



**SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE &  
PROPERTIES (GROUP) CO., LTD.**

**INTERIM REPORT 2020**

**2020-065**

**August 2020**

## **Part I Important Notes, Table of Contents and Definitions**

**The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of ShenZhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd. (hereinafter referred to as the “Company”) hereby guarantee the factuality, accuracy and completeness of the contents of this Report and its summary, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.**

**Liu Zhengyu, chairman of the Company’s Board, Tang Xiaoping, the Company’s head for financial affairs, and Qiao Yanjun, head of the Company’s financial department (equivalent to financial manager) hereby guarantee that the Financial Statements carried in this Report are factual, accurate and complete.**

**All the Company’s directors have attended the Board meeting for the review of this Report and its summary.**

**Certain descriptions about the Company’s operating plans or work arrangements for the future mentioned in this Report and its summary, the implementation of which is subject to various factors, shall NOT be considered as promises to investors. Therefore, investors are reminded to exercise caution when making investment decisions.**

**The Company is subject to the Guideline No. 3 of the Shenzhen Stock Exchange on Information Disclosure by Industry—for Listed Companies Engaging in Real Estate.**

**Risks facing the Company have been explained in detail in “X Risks Facing the Company and Countermeasures” in “Part IV Operating Performance Discussion and Analysis” herein.**

**The Company has no interim dividend plan, either in the form of cash or stock.**

**This Report and its summary have been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese versions shall prevail.**

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## Definitions

Term	Definition
“SPG”, the “Company”, the “Group” or “we”	ShenZhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd. and its consolidated subsidiaries, except where the context otherwise requires
Holding Company	Shenzhen Investment Holdings Co., Ltd.

## Part II Corporate Information and Key Financial Information

### I Corporate Information

Stock name	SPG, SPG-B	Stock code	000029, 200029
Stock exchange for stock listing	Shenzhen Stock Exchange		
Company name in Chinese	深圳经济特区房地产(集团)股份有限公司		
Abbr. (if any)	深房集团		
Company name in English (if any)	ShenZhen Special Economic Zone Real Estate&Properties (Group).co., Ltd.		
Abbr. (if any)	SPG		
Legal representative	Liu Zhengyu		

### II Contact Information

	Board Secretary	Securities Representative
Name	Tang Xiaoping	Luo Yi
Address	47/F, SPG Plaza, Renmin South Road, Shenzhen, Guangdong, P.R.China	47/F, SPG Plaza, Renmin South Road, Shenzhen, Guangdong, P.R.China
Tel.	(86 755) 82293000-4638	(86 755) 82293000-4715
Fax	(86 755) 82294024	(86 755) 82294024
Email address	tangxiaoping0086@126.com	spg@163.net

### III Other Information

#### 1. Contact Information of the Company

Indicate by tick mark whether any change occurred to the registered address, office address and their zip codes, website address and email address of the Company in the Reporting Period.

☐ Applicable ☒ Not applicable

No change occurred to the said information in the Reporting Period, which can be found in the 2019 Annual Report.

#### 2. Media for Information Disclosure and Place where this Report is Kept

Indicate by tick mark whether any change occurred to the information disclosure media and the place for keeping the Company's

periodic reports in the Reporting Period.

☐ Applicable ☒ Not applicable

The newspapers designated by the Company for information disclosure, the website designated by the CSRC for disclosing the Company's periodic reports and the place for keeping such reports did not change in the Reporting Period. The said information can be found in the 2019 Annual Report.

## IV Key Financial Information

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

☐ Yes ☒ No

	H1 2020	H1 2019	Change (%)
Operating revenue (RMB)	596,258,495.40	1,251,337,802.57	-52.35%
Net profit attributable to the listed company's shareholders (RMB)	97,274,985.72	333,155,843.41	-70.80%
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	85,184,270.99	322,865,954.53	-73.62%
Net cash generated from/used in operating activities (RMB)	-212,242,798.59	685,675,245.10	-130.95%
Basic earnings per share (RMB/share)	0.0962	0.3293	-70.79%
Diluted earnings per share (RMB/share)	0.0962	0.3293	-70.79%
Weighted average return on equity (%)	2.68%	9.81%	-7.13%
	30 June 2020	31 December 2019	Change (%)
Total assets (RMB)	4,485,810,299.86	4,909,669,536.09	-8.63%
Equity attributable to the listed company's shareholders (RMB)	3,597,595,143.65	3,666,874,569.99	-1.89%

## V Accounting Data Differences under Chinese Accounting Standards (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

### 1. Net Profit and Equity Differences under CAS and IFRS

☒ Applicable ☐ Not applicable

Unit: RMB

	Net profit attributable to the listed company's shareholders		Equity attributable to the listed company's shareholders	
	H1 2020	H1 2019	Ending amount	Beginning amount

Under CAS	97,274,985.72	333,155,843.41	3,597,595,143.65	3,666,874,569.99
Adjusted as per IFRS				
Under IFRS	97,274,985.72	333,155,843.41	3,597,595,143.65	3,666,874,569.99

## 2. Net Profit and Equity Differences under CAS and Foreign Accounting Standards

☐ Applicable ☒ Not applicable

No such differences for the Reporting Period.

## 3. Reasons for Accounting Data Differences Above

☐ Applicable ☒ Not applicable

## XI Exceptional Gains and Losses

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Reporting Period	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	-19,011.53	
Government subsidies charged to current profit or loss (exclusive of government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)	2,792,616.39	Pandemic-related government subsidy
Gain or loss on assets entrusted to other entities for investment or management	15,217,058.60	Gains on investments in structured deposits at bank
Non-operating income and expense other than the above	-1,369,710.49	
Anti-pandemic donation expenses	-500,000.00	
Less: Income tax effects	4,030,238.24	
Total	12,090,714.73	--

Explanation of why the Company classifies a gain/loss item as exceptional according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items, or reclassifies any exceptional item listed in the said explanatory announcement as recurrent:

☐ Applicable ☒ Not applicable

No such cases for the Reporting Period.

## Part III Business Summary

### I Principal Activity of the Company in the Reporting Period

The Company primarily develops and sells residential properties in two cities, Shenzhen and Shantou. In Shenzhen, the Chuanqi Donghu Mingyuan project completed the filing for completed construction in December 2019 and has started the hand-over and move-in process, which is cumulatively around 60% sold; and regarding the Cuilinyuan project, residential units have been sold out and the sale of commercial/retail portion is underway. In Shantou, the Tianyuewan Phase I project is around 60% sold cumulatively; and the Tianyuewan Phase II project has been topped out.

### II Significant Changes in Major Assets

#### 1. Significant Changes in Major Assets

Major assets	Main reason for significant changes
Equity assets	No significant change
Fixed assets	No significant change
Intangible assets	No significant change
Construction in progress	No significant change
Accounts payable	The ending amount was down by RMB79,913,337.00 (or 32.72%) from the beginning amount, primarily driven by the payments made for construction.
Advances from customers	The ending amount was down by RMB151,366,151.23 (or 94.91%) from the beginning amount, primarily driven by the reclassification to contract liabilities.
Taxes payable	The ending amount was down by RMB378,466,874.92 (or 64.62%) from the beginning amount, primarily driven by the payment of land VAT.

#### 2. Major Assets Overseas

☐ Applicable ☒ Not applicable

### III Core Competitiveness Analysis

As one of the earliest real estate listed companies in Shenzhen, the Company has a history over 40 years in real estate development in Shenzhen and rich experience in the main business of real estate development. In recent years, thanks to the experience learned from the Shenzhen-located Chuanqishan project, Chuanqi Shanglin project, Chuanqi Jingyuan project and Chuanqi Donghu Mingyuan project, as well as from the Shantou-located projects, the Company accelerates the establishment of a modern enterprise HR management system and works hard in building a



professional and high-quality development team. It also keeps improving the management mechanism and processes for project development. As a result, the professionalism and management capability of the Company have improved significantly; planning, construction, cost control, marketing capability and brand image have been effectively enhanced; and the operational capability in the main business of real estate keeps increasing, along with the core competitiveness. As of the Reporting Period (inclusive), the Company has been honored jointly by the Guangdong Provincial Enterprise Confederation and the Guangdong Provincial Association of Entrepreneurs as a “Most Honest Enterprise in Guangdong Province” for eight years in a row. It has also won accolades from the Shenzhen Real Estate Association, namely, the “Real Estate Developer in Shenzhen with the Highest Brand Value” for the past two years.

## Part IV Operating Performance Discussion and Analysis

### I Overview

For the first half of 2020, the Company recorded operating revenue of RMB596 million, down 52.35% year-on-year; a profit before tax of RMB141 million, down 68.40% year-on-year; and a net profit attributable to the listed company's shareholders of RMB97 million, down 70.80% year-on-year. As at 30 June 2020, total assets stood at RMB4,486 million, down 8.63% from the beginning amount; total liabilities stood at RMB1,030 million, down 25.63% from the beginning amount; and the debt/asset ratio was 22.96%, down by 5.25 percentage points from the beginning ratio.

Since its abrupt occurrence at the beginning of 2020, COVID-19 has continued to spread throughout the whole world, dragging global economy into the most severe recession since the Great Depression. The central government has stepped up effort in regular epidemic prevention and control, and promoted the resumption of work and production on all fronts. In the first quarter, with the substantial decline in domestic consumption and investment, the economy faced greater downward pressure; in the second quarter, the real estate market operation exhibited a momentum of recovery. In terms of policy, the country has continued the orientation that "Houses are for living in, not for speculating on" and implemented real estate policies appropriate to local situation, leading to an obvious trend of differentiation between urban regions.

Facing the complicated and tough macro-economic environment and the fierce market competition, the Company's operation team has braved the challenges and implemented policies in a targeted way. They have balanced between the epidemic prevention and control and business development and tightened effort in all work, in a bid to counter the negative impact brought by COVID-19. In general, the Company has carried out its work orderly in all aspects, including the development of main businesses, operations management, assets restructuring, Party building, epidemic prevention and control, and production safety.

#### (I) Highlights in Main Business Development

1. Property sales reached the target. To weaken the negative impact of COVID-19 on property sales, the Company carried out promotion and developed customers through multiple channels, including placing equal focus on online and offline promotion. During the Reporting Period, the Company outperformed the target for new contract-based sales, laying a solid foundation for the accomplishment for the target of the whole year.
2. Projects were advanced steadily. As at the end of the Reporting Period, landscaping of Chuanqi Donghu Mingyuan in Shenzhen was improved and handed over, and the construction and installation for the residence gate were completed; main works of Shantou Tianyuewan were completed, and landscaping of the mountain park was completed.

#### (II) Stable Operations Management with Improvement

1. Financial management was regulated and effective. While ensuring the satisfaction of need for working capital, the Company fully increased the efficiency of idle fund. It strengthened communication with its cooperating banks to withdraw the fund from property sales. In early May, the Company successfully executed the cash dividends for 2019. During the Reporting Period, the Company gained an income of more than RMB20 million from wealth management, including structured deposits and agreement-based deposits with banks.
2. Property leasing moved ahead under pressure. Under the double impact of COVID-19 and economic downturn, situations such as cancellation of leasing and reduction of leasing size have been frequent. Focusing on customers' needs, the Company made every effort to retain existing customers and develop new customers in a bid to expand business while maintaining the base.
3. Breakthroughs were made in problems carried over from the past. During the Reporting Period, the Company sped up the collection of overdue payment in lawsuits involving overdue rentals and management fees, and won the lawsuits with executable judgement.
4. Solid achievements were made in cost control. By firmly sticking to a full-cost, whole-process and penetrating management concept in production and operation, the Company continued to strengthen project cost control, with satisfying results achieved.

### **(III) Continuous Advancement of Assets Restructuring**

During the Reporting Period, the Company remained in share trading suspension due to major assets restructuring. It continued to proactively work on fundamental matters, including due diligence for restructuring, additional audit, additional evaluation and the updating of restructuring related material and information. The Company disclosed the progress of those matters strictly in accordance with regulations and went through the procedures for share trading suspension and resumption. It continued to keep in touch with all restructuring related parties, and strengthened communication with regulatory authorities. In addition, it answered calls from investors patiently and attentively, and replied to their questions on [irm.cninfo.com.cn](http://irm.cninfo.com.cn), winning their understanding and support.

### **(IV) Realistic and Pragmatic Approach for Party Building**

The Company persisted in synchronous research, arrangement and advancement for its efforts in Party building and business. It gave full play to the leading role of the Party committee in controlling the direction, managing the overall situation and ensuring implementation. The Company attached great importance to the Party's political theory learning and education, and ensured regular and policy-based learning in the Theory Center Group of its Party committee. All its Party committee and branches strictly implemented the "Three Meeting One Lesson" System and the "Five-One" Project for Party members' education, promoted Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era into the Company's front line, and consolidated the results of themed education. The Company continued to improve the accountability for the development of honest and non-corruptible practice. It established a list of key tasks for such development, strengthened the "Two responsibility", and continuously enforced full and strict discipline over its Party members.

### **(V) Marked Achievements in Epidemic Prevention and Control**

During the Reporting Period, there was no cluster infection among the Group's more than 1,900 employees, over 30 residences operated and managed by its property management subsidiary, and thousands of office workers at SPG Plaza. Additionally, the Company proactively fulfilled its social responsibilities as a state-owned enterprise. During the Reporting Period, it cut and exempted property rentals of more than RMB10 million and donated RMB500,000 for the epidemic prevention and control in Hubei.

#### (VI) Stable and Orderly Safe Production

The Company upheld the safety concept in its entire production process, implemented the accountability system for production safety, and strengthened the roles in production safety. It kept a tight grip on the identification and management of safety hazards, persisted in zero tolerance on safety hazards, and reinforced its defense line for production safety. Through a combination of measures, the Company conducted training to promote safety knowledge to its employees as a tangible step to strengthen the safety awareness among all its staff. It continued to organize emergency drills on a regular basis to improve its emergency management capability in all aspects. During the Reporting Period, the Company's project construction and the production situations of its subsidiaries were stable and orderly without any major safety accident.

The Company is subject to the Guideline No. 3 of the Shenzhen Stock Exchange on Information Disclosure by Industry—for Listed Companies Engaging in Real Estate.

Currently, China is gradually getting rid of the negative impact brought by COVID-19. While its economic operation takes on a momentum of growth towards recovery, the future situation remains complicated and tough with great instability and uncertainties. The Company will actively adapt to the macro economic development trend, and stick to the concept of pursuing progress while ensuring stability and of seeking continuous development. It will continue to focus on the goal of building a competitive and professional real estate enterprise, and speed up the development and construction of existing land and projects. It will prudently look for new investment opportunities, and seek a path of high quality development in the context of complicated and changeable external environment and intense market competition.

New additions to the land bank:

Name of land lot or project	Location	Planned use of land	Site area (m <sup>2</sup> )	Floor area with plot ratio (m <sup>2</sup> )	How the land is obtained	The Company's interest	Total land price (RMB'0,000)	Consideration of the Company's interest (RMB'0,000)
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Cumulative land bank:

Name of project/area	Site area (0,000 m <sup>2</sup> )	Floor area (0,000 m <sup>2</sup> )	Floor area available for development (0,000 m <sup>2</sup> )
Xinfeng Building in Shantou	0.59	2.67	2.67
Total	0.59	2.67	2.67

Development status of major projects:

City/reg ion	Name of project	Locatio n	Status	The Compan y's interest	Time for commen cement of construc tion	% develop ed	% construc ted	Site area (m <sup>2</sup> )	Planned floor area with plot ratio (m <sup>2</sup> )	Floor area comple ted in the Current Period (m <sup>2</sup> )	Cumulat ively comple ted floor area (m <sup>2</sup> )	Expecte d total investm ent (RMB'0 ,000)	Cumulat ive investm ent (RMB'0 ,000)
Shenzhe n	Chuanqi Donghu Mingyu an	Luohu District	Constru ction complet ed on 18 Decemb er 2019	100.00 %	1 Februar y 2016	100%	100.00 %	5,890	45,256	45,256	45,256	51,000	41,602
Shantou	Tianyue wan Phase II	Chaoya ng District	Framew ork in construc tion	100.00 %	1 October 2018	80%	80.00%	31,168	153,470	0	0	65,485	40,241

## Sales status of major projects:

City/regi on	Name of project	Location	Status	The Compan y's interest	Floor area with plot ratio (m <sup>2</sup> )	Floor area available for sale (m <sup>2</sup> )	Cumulati vely pre-sold/ sold floor area (m <sup>2</sup> )	Floor area pre-sold/ sold in the Current Period (m <sup>2</sup> )	Pre-sale/ sales revenue generate in the Current Period (RMB'0, 000)	Cumulati vely settled floor area (m <sup>2</sup> )	Floor area settled in the Current Period (m <sup>2</sup> )	Pre-sale/ sales revenue settled in the Current Period (RMB'0, 000)
Shenzhe n	Chuanqi Donghu Mingyu an	Luohu District	Ready for sale	100.00%	45,256	32,857	18,575	10,885	71,529	8,220	3,450	21,160
Shenzhe n	Cuilinyu an	Longgan g District	Ready for sale	100.00%	60,111	56,137	51,507	813	2,843	48,427	7,302	9,147
Shantou	Tianyue wan Phase I	Chaoyan g District	Ready for sale	100.00%	153,470	151,594	82,268	13,070	7,179	66,668	13,715	7,558

## Rental status of major projects:

Name of project	Location	Use	The Company's interest	Rentable area (m <sup>2</sup> )	Cumulative rented area (m <sup>2</sup> )	Average occupancy rate
Real Estate Mansion	Shenzhen	Commercial	100.00%	3,413.88	3,413.88	100.00%

North Block of Guoshang Mansion	Shenzhen	Commercial	100.00%	4,819.71	4,819.71	100.00%
Petrel Building	Shenzhen	Commercial	100.00%	22,475.47	22,475.47	100.00%
SPG Plaza	Shenzhen	Office building	100.00%	59,462.52	37,633.20	63.29%
SPG Plaza Podium	Shenzhen	Commercial	100.00%	21,449.72	10,327.14	48.00%
Wenjin Garden	Shenzhen	Commercial	100.00%	3,531.60	3,531.60	100.00%

Primary land development:

√ Applicable □ Not applicable

Name of project	Location	The Company's interest	Expected total investment (RMB', 0,000)	Cumulative investment (RMB', 0,000)	Area of land planned to be formed (m²)	Area of land cumulatively formed (m²)	Area of land formed in the Current Period (m²)	Cumulatively sold floor area (m²)	Floor area sold in the Current Period (m²)	Cumulatively settled land area (m²)	Land area settled in the Current Period (m²)	Cumulative revenue from primary land development (RMB', 0,000)	Revenue from primary land development in the Current Period (RMB', 0,000)	Revenue collected (RMB', 0,000)
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Financing channels:

Financing channel	Ending balance of financings	Financing cost range/average financing cost	Maturity structure			
			Within 1 year	1-2 years	2-3 years	Over 3 years

Development strategy and operating plan for the coming year:

Centering around the goal for 2020, the Company will set the tone of “improving operations, advancing restructuring, ensuring safety and strengthening Party building”, and make every effort in the following four aspects.

### (I) Achieving Business Stability with Focus on Business

The Company will focus on project sales and ensure the accomplishment of its annual sales target. It will make full effort to guarantee the quality and progress of its project construction, and develop projects with fine quality. It will closely follow the land market updates, and strive to develop new land or make breakthroughs in project development within the year. In terms of property leasing, the Company will endeavor to reach the year's leasing target by all possible means. Its subsidiaries should drive the resumption of work and production in a steady pace, and strive towards the annual targets.

### (II) Ensuring Orderly Progress of Key Work through Rational Coordination

The Company will keep close watch on the trends of capital market and regulatory policies and strengthen communication with regulatory authorities. It will perform its obligation of information

disclosure, properly handle its investor relations, and drive the restructuring process together with all parties of the major assets restructuring according to regulations. The Company will continue to improve the allocation of human resources, strengthen its staff team building, optimize the age structure and knowledge structure of its talent team, and maintain the strength and execution of the team. It will work on the formulation of its “14th Five-Year” strategic plan as a blueprint for the new journey of the next five-year plan. It will make solid steps to ensure the sustainability and stability of its routine operations management, and continue to enhance its management quality.

### **(III) Implementing the Epidemic Prevention and Control and Ensuring Production Safety through Persistent Effort**

The Company will always be on full alert and implement the epidemic prevention and control with high standards and strict requirements. It will ensure targeted and strong epidemic prevention and control, and make full effort in the battle against the virus. The Company will promote the concept of production safety, continue to improve the production safety management system, and advance the standardization of production safety and the building of the “double” prevention mechanism. It will strengthen the accountability for production safety, step up effort in the identification of safety hazards, and intensify safety management in key areas, so as to prevent production safety accident and create favorable conditions for the accomplishment of the year’s business target.

### **(IV) Strengthening the Development of Honest and Non-corruptible Practice Led by Party Building**

The Company will further study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and put into effect the guiding principles of the Party’s 19th National Congress and the second and third plenary sessions of its 19th Central Committee. It will strengthen the roles of political discipline and political rules, intensify supervision, discipline implementation and accountability, and extend the strict discipline over the Party to its grassroots level. The Company will fully implement the decisions and arrangements of the superior Party committees, exert its leading role in controlling the direction, managing the overall situation and ensuring implementation as a Party committee of a state-owned enterprise, and integrate Party leadership into its corporate governance to lead itself into high quality development.

Provision of guarantees for homebuyers on bank mortgages:

√ Applicable □ Not applicable

Project	Guarantee period	Guarantee amount (RMB'0,000)	Note
Cuilinyuan	Until the property ownership certificate is registered as collateral and handed over to bank for keeping	10,273.65	
Chuanqi Donghu Mingyuan	Until the property ownership certificate is registered as collateral and handed over to bank for keeping	8,116.93	
Tianyuewan Phase I	Until the property ownership certificate is registered as collateral and handed over to bank for	18,994.00	

	keeping		
<b>Total</b>		<b>37,384.58</b>	

As at 30 June 2020, the guarantees provided by the Group for the mortgage loans of buyers of its residential units, which is a normal practice in the real estate industry, were RMB373.8458 million in total.

Joint investments by directors, supervisors and senior management and the listed company (applicable for such investments where the directors, supervisors and senior management are the major source of investment):

☐ Applicable ☒ Not applicable

## II Core Business Analysis

See “I Overview” above.

Year-on-year changes in key financial data:

Unit: RMB

	H1 2020	H1 2019	Change (%)	Main reason for change
Operating revenue	596,258,495.40	1,251,337,802.57	-52.35%	Decrease in property sales carryforwards
Cost of sales	343,908,087.46	437,127,976.25	-21.33%	
Selling expense	8,536,448.38	18,474,060.33	-53.79%	Sales halt in Q1 caused by the pandemic
Administrative expense	40,253,977.26	30,812,771.33	30.64%	
Finance costs	-5,747,585.98	-6,626,259.12	13.26%	
Income tax expense	43,599,689.97	112,729,793.86	-61.32%	Decrease in profit
Net cash generated from/used in operating activities	-212,242,798.59	685,675,245.10	-130.95%	Decrease in proceeds from sale of commodities and rendering of services
Net cash generated from/used in investing activities	1,020,263,040.32	-388,696,596.57	362.48%	Recovery of principal and related income of structured deposit at bank upon maturity in May
Net cash generated from/used in financing activities	-166,923,900.00	-204,332,000.00	18.31%	Payment of the 2019 final dividend
Net increase in cash and cash equivalents	641,032,673.52	91,958,457.22	597.09%	
Return on investment	15,217,058.60	14,288,098.55	6.50%	Income from structured deposit at bank

Major changes in the profit structure or sources of the Company in the Reporting Period:

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

Breakdown of operating revenue:



Unit: RMB

	H1 2020		H1 2019		Change (%)
	Operating revenue	As % of total operating revenue (%)	Operating revenue	As % of total operating revenue (%)	
Total	596,258,495.40	100%	1,251,337,802.57	100%	-52.35%
By business segment					
Real estate	382,458,149.70	64.14%	983,278,946.94	78.58%	-61.10%
Construction service	124,548,909.59	20.89%	149,651,610.68	11.96%	-16.77%
Rental service	21,780,551.36	3.65%	32,096,693.65	2.56%	-32.14%
Property management service	63,715,063.94	10.69%	77,686,206.46	6.21%	-17.98%
Other	3,755,820.81	0.63%	8,624,344.84	0.69%	-56.45%
By product					
Housing units	381,862,911.60	64.04%	182,142,033.38	14.56%	109.65%
Apartments	0.00	0.00%	795,797,573.30	63.60%	-100.00%
Shops and parking place	595,238.10	0.10%	6,456,714.32	0.52%	-90.78%
Other	213,800,345.70	35.86%	266,941,481.57	21.33%	-19.91%
By geographic segment					
Guangdong Province	546,573,961.29	91.67%	1,142,030,927.15	91.26%	-52.14%
Other regions in China	49,542,269.40	8.31%	108,983,973.87	8.71%	-54.54%
Overseas	142,264.71	0.02%	322,901.55	0.03%	-55.94%

Operating division, product category or operating segment contributing over 10% of operating revenue or operating profit:

√ Applicable □ Not applicable

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By business segment						
Real estate	382,458,149.70	138,000,861.61	63.92%	-61.10%	-31.22%	-15.68%
Construction service	124,548,909.59	122,182,750.01	1.90%	-16.77%	-15.20%	-1.82%
Rental service	21,780,551.36	17,080,923.54	21.58%	-32.14%	25.23%	-35.93%
Property management	63,715,063.94	61,918,257.30	2.82%	-17.98%	-12.88%	-5.69%

service						
Other	3,755,820.81	7,648,018.09	-103.63%	-56.45%	-0.52%	-114.49%
By product						
Housing units	381,862,911.60	137,763,181.19	63.92%	109.65%	63.49%	10.19%
Shops and parking place	595,238.10	237,680.42	60.07%	-90.78%	-90.76%	60.07%
Other	213,800,345.70	205,907,225.85	3.69%	-19.91%	-13.34%	-7.30%
By geographic segment						
Guangdong Province	546,573,961.29	294,947,142.62	46.04%	-52.14%	-11.27%	-24.86%
Other regions in China	49,542,269.40	48,960,944.84	1.17%	-54.54%	-53.25%	-2.74%
Overseas	142,264.71		100.00%	-55.94%		0.00%

Main business data of the most recent period restated according to changed statistical caliber for the Reporting period

☐ Applicable ☒ Not applicable

Any over 30% YoY movements in the data above and why:

☒ Applicable ☐ Not applicable

Affected by the COVID-19 epidemic, businesses of property sales, rental income and hotels declined year-on-year.

### III Non-Core Business Analysis

☐ Applicable ☒ Not applicable

### IV Analysis of Assets and Liabilities

#### 1. Significant Changes in Asset Composition

Unit: RMB

	End of Reporting Period		End of the same period of last year		Increase/decrease in proportion	Notes to significant changes
	Amount	Proportion to total assets	Amount	Proportion to total assets		
Monetary assets	2,148,222,433.87	47.89%	1,240,480,893.15	24.47%	23.42%	Caused by expiration of bank structured deposits
Accounts receivable	49,341,432.90	1.10%	39,421,868.07	0.78%	0.32%	
Inventories	1,435,950,855.23	32.01%	1,602,436,237.11	31.61%	0.40%	
Investment	619,021,572.7	13.80%	611,746,542.66	12.07%	1.73%	

property	4					
Long-term equity investments	469,838.65	0.01%	12,561,107.24	0.25%	-0.24%	
Fixed assets	29,086,917.96	0.65%	31,903,409.26	0.63%	0.02%	
Short-term borrowings	45,904,965.19	1.02%	21,334,705.19	0.42%	0.60%	
Long-term borrowings		0.00%		0.00%	0.00%	
Accounts payable	164,311,141.46	3.66%	244,224,478.46	4.97%	-1.31%	
Taxes payable	207,233,940.44	4.62%	585,700,815.36	11.93%	-7.31%	Caused by payment of taxes

## 2. Assets and Liabilities Measured at Fair Value

√ Applicable □ Not applicable

Unit: RMB

Item	Beginning amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes charged to equity	Impairment allowance for the Reporting Period	Purchased in the Reporting Period	Sold in the Reporting Period	Other changes	Ending amount
Financial assets								
4. Investments in other equity instruments	33,126,730.04	-415,909.17						32,710,820.87
Total of the above	33,126,730.04	-415,909.17						32,710,820.87
Financial liabilities	0.00							0.00

Other change

Significant changes to the measurement attributes of the major assets in the Reporting Period:

□ Yes √ No

## 3. Restricted Asset Rights as at the Period-End

Item	Ending carrying value	Reasons
------	-----------------------	---------

Accounts receivable	45,904,965.19	Pledge for short-term borrowings
Total	45,904,965.19	--

## V Investment Analysis

### 1. Total Investments Made

☐ Applicable ☒ Not applicable

### 2. Significant Equity Investments Made in the Reporting Period

☐ Applicable ☒ Not applicable

### 3. Significant Non-equity Investments Ongoing in the Reporting Period

☐ Applicable ☒ Not applicable

### 4. Financial Assets at Fair Value

☐ Applicable ☒ Not applicable

### 5. Financial Investments

#### (1) Securities Investments

☐ Applicable ☒ Not applicable

No such cases in this Reporting Period

#### (2) Investment in Derivative Financial Instruments

☐ Applicable ☒ Not applicable

No such cases in this Reporting Period

## VI Sale of Major Assets and Equity Interests

### 1. Sale of Major Assets

☐ Applicable ☒ Not applicable

No such cases in this Reporting Period

### 2. Sale of Major Equity Interests

☐ Applicable ☒ Not applicable

## VII Principal Subsidiaries and Joint Stock Companies

√ Applicable □ Not applicable

Principal subsidiaries and joint stock companies with an over 10% effect on the Company's net profit:

Unit: RMB

Company name	Relationship with the Company	Main business scope	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shenzhen SPG Longgang Development Co., Ltd.	Subsidiary	Development of real estate	30,000,000.00	405,539,843.85	123,463,343.01	91,902,660.95	50,319,673.83	37,739,755.37
Shantou SEZ, Wellam FTY, Building Development Co., Ltd.	Subsidiary	Development of real estate	91,226,120.44	186,989,164.26	98,038,844.04	3,894,630.45	1,009,239.63	-2,231,560.52
Shantou Huafeng Real Estate Development Co., Ltd.	Subsidiary	Development of real estate	80,000,000.00	894,785,023.10	21,341,063.56	75,582,142.07	223,546.51	26,948.42
Great Wall Estate Co., Inc. (U.S.)	Subsidiary	Lease	2,051,146.00	19,124,375.28	-87,150,881.75	142,264.71	114,909.18	114,909.18
Shenzhen Zhentong Engineering Co., Ltd.	Subsidiary	Installation and construction	10,000,000.00	179,323,533.91	24,337,408.63	125,058,062.17	95,637.11	51,854.24
Shenzhen Property Management Co., Ltd.	Subsidiary	Property management	7,250,000.00	96,184,885.73	29,594,171.03	65,456,729.66	398,666.02	1,575,210.74
Shenzhen Petrel Hotel Co., Ltd.	Subsidiary	Hotel Service	30,000,000.00	49,206,430.09	41,842,103.47	4,787,492.29	-4,805,255.51	-4,378,988.31
Shenzhen Huazhan Construction	Subsidiary	Construction supervision	8,000,000.00	9,812,000.10	9,397,408.54	1,244,103.06	-24,889.40	-14,889.40

Supervision Co., Ltd.								
Xin Feng Enterprise Co., Ltd.	Subsidiary	Investment and management	502,335.00	125,117,088.62	-468,942,718.41	2,273,925.21	-2,576,791.40	-2,795,409.82

Subsidiaries obtained or disposed in the Reporting Period:

☐ Applicable ☒ Not applicable

Information about principal subsidiaries and joint stock companies:

1. Except the Company, the subordinate subsidiaries engaged in real estate development mainly include: Shenzhen SPG Longgang Development Co., Ltd., Shantou SEZ, Wellam FTY, Building Development, Co., Ltd., Shantou Huafeng Real Estate Development Co., Ltd. The Cuilinyuan project developed by Shenzhen SPG Longgang Development Co., Ltd. brought forward RMB91.47 million in H1 of 2020 with an accumulated sales rate of 92%, accounting for 24% of the Company's real estate sector income, and 15% of the Group's combined profits. Jinyedao and YuejingDongfang developed by Shantou SEZ, Wellam FTY, Building Development, Co., Ltd. were sold as remaining buildings with relatively small percentages of sales volume and carry-over amount. And Shantou Huafeng Real Estate Development Co., Ltd. was responsible for the development of Tianyuewan project (divided into Phase I and Phase II). Tianyuewan Phase I was opened for sale in October 2016, and Phase II started construction in November 2018. The accumulated sales rate of the Phase I as of now is 60%.
2. Shenzhen Zhentong Engineering Co., Ltd. was engaged in the business of building installation and maintenance with the operating revenues of RMB125.06 million for H1 of 2020 and of 21% to the operating revenues of the Company with a YoY decrease of 16.80%.
3. Shenzhen Property Management Co., Ltd was engaged in the industry of property management. The operating revenues were of RMB65.46 million for H1 of 2020 that was of 11% to the operating revenues of the Company with a YoY decrease of 18.69%.
4. Shenzhen Petrel Hotel Co., Ltd. was engaged in hotel and rental business which was relatively affected most by the COVID-19 epidemic. The operating revenues were of RMB4.79 million for H1 of 2020 with a YoY decrease of 63.32%.

## VIII Structured Bodies Controlled by the Company

☐ Applicable ☒ Not applicable

## IX Operating Performance Forecast for January-September 2020

Warning of a forecast negative net profit for the January-September period of the current year or a considerable YoY change therein, as well as the reasons:

☒ Applicable ☐ Not applicable

Forecast of operating results: the net profit is positive with a YoY decrease over 50%

Type of forecast data: Interval data

	January-December 2020	January-Dece	Change
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				mber 2019				
Equity attributable to shareholders of the listed company (RMB'0,000)	16,000	--	22,000	43,952	Down	-63.60%	--	-49.95%
Basic earnings per share (RMB /share)	0.1582	--	0.2175	0.4344	Down	-63.59%	--	-49.94%
Note	The sales carryforwards of the Company's real estate decreased year on year.							

## X Risks Facing the Company and Countermeasures

### (1) Risks Facing the Company:

1. Risks from macroeconomic environment. In 2020, the economic development of China faces unprecedented difficulties and challenges. Although, we have achieved remarkable fruits in the prevention and control of COVID-19 epidemic, the recovery of domestic economy is still under high pressure due to the spread of overseas epidemic and increasing uncertainty generated from global and regional political friction and conflict.
2. Risks from policy on real estate industry. The Chinese government adheres to the principle that "Houses are for living in, not for speculating on", adheres not to take the real estate as a shore-term measure for stimulating economy and adheres to the target of "stabilizing land prices, housing prices and expectations". Each region implements policies based on its actual situation and adopts differentiated accurate control. The real estate markets of some regions still face new challenges.
3. Potential risks from assets restructuring. The major assets restructuring of the Company is a significant and unprecedented event with complex trading structure for involved in the Shenzhen State-owned Enterprise Reform and with large-scale assets since the underlying assets it plans to purchase are industrial leading assets. Thus, the trading of its shares has been suspended for almost four years. At present, all matters in restructuring are steadily pushed forward. For the uncertainty of related events, investors are reminded of the investment risks.
4. Risks from sustainable development. The Company does not increase its land reserve in recent years, influenced by the major assets restructuring and the land reserve at present is limited. The Company faces major challenges in operation and development of main business.
5. Operating risks from COVID-19 epidemic. The COVID-19 epidemic has brought impacts to the Company's main business and affiliates to some extent, putting pressure on the annual operating income and performance targets.

### 2. Countermeasures

1. The Company will unremittingly pay attention to international and domestic macroeconomic situation and the industrial trend, and then formulate flexible coping strategies.
2. The Company will further strengthen its ability to develop main business, raise its management level and make efforts to reinforce the marketing of projects so as to stabilize the fundamental of the Company.
3. The Company will enhance the communication with regulators together with parties involved in the restructuring and make full efforts to promote the process of major assets restructuring.
4. The Company will increase its land reserve timely and in an appropriate way to maintain the sustainable development of the Company in the future.

5. The Company will do well in the safety in project construction, rental property and workplace, and will properly reduce the influence of the epidemic on production and operation so as to create good conditions for achieving the annual business goals.



## Part V Significant Events

### I. Annual and Extraordinary General Meeting Convened during the Reporting Period

#### 1. General Meeting Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Index to disclosed information
The 1 <sup>st</sup> Extraordinary General Meeting of 2020	Extraordinary General Meeting	63.59%	15 January 2020	16 January 2020	Resolutions of the 1 <sup>st</sup> Extraordinary General Meeting of 2020 disclosed on www.cninfo.com.cn
The 2019 Annual General Meeting	Annual General Meeting	63.60%	29 April 2020	30 April 2020	Resolutions of 2019 Annual General Meeting disclosed on www.cninfo.com.cn
The 2 <sup>nd</sup> Extraordinary General Meeting of 2020	Extraordinary General Meeting	63.59%	30 June 2020	1 July 2020	Resolutions of the 2 <sup>nd</sup> Extraordinary General Meeting of 2020 disclosed on www.cninfo.com.cn

#### 2. Extraordinary General Meeting Convened at Request of Preference Shareholders with Resumed Voting Rights

☐ Applicable ☒ Not applicable

### II. Interim Dividend Plan for the Reporting Period

☐ Applicable ☒ Not applicable

The Company has no interim dividend plan.

### III. Commitments of the Company's Actual Controller, Shareholders, Related Parties and Acquirer, as well as the Company and Other Commitment Makers, Fulfilled in the Reporting Period or still Ongoing at Period-End

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

#### IV. Engagement and Disengagement of CPAs Firm

Has the interim financial report been audited?

☐ Yes ☒ No

This interim Report is unaudited.

#### V. Explanations Given by Board of Directors and Supervisory Committee Regarding “Modified Auditor’s Report” Issued by CPAs Firm for the Reporting Period

☐ Applicable ☒ Not applicable

#### VI. Explanations Given by Board of Directors Regarding “Modified Auditor’s Report” Issued for Last Year

☐ Applicable ☒ Not applicable

#### VII. Bankruptcy and Restructuring

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

#### VIII. Legal Matters

Significant lawsuits or arbitrations:

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

Other legal matters:

☒ Applicable ☐ Not applicable

Lawsuit/arbitration	Amount involved (RMB'0,000)	Estimated liabilities or not	Progress	Decision and influence	Execution of decision	Disclosure date	Index to disclosed information
Xi'an Project Lawsuit	2,100	No	In execution	① Business Tourism Company had to pay for the compensation RMB36.62 million and the relevant interest (from 14 September 1998 to the payment day) to Xi'an	The applicant has received RMB15.20 million. Now Business Tourism Company has no executable properties and Xi'an Joint Commission on Commerce has	14 March 2020	Annual Report 2019 (full text) on www.cninfo.com.cn

				<p>Fresh Peak Company within one month after the judgment entering into force. If the Business Tourism Company failed to pay in time, it had to pay double debt interests to Xi'an Fresh Peak Company for the overdue period;</p> <p>② Xi'an Joint Commission on Commerce had jointly and severally obligation of the interests of the compensation; ③ Business Tourism Company shall bear RMB227,500 of the acceptance fee and the security fee.</p>	<p>been refusing to execute the ruling. It is difficult to recover the rest.</p>		
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## IX. Media Query

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

## X. Punishments and Rectifications

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

## XI. Credit Conditions of the Company as well as its Controlling Shareholder and Actual Controller

☐ Applicable ☒ Not applicable

## **XII. Equity Incentive Plans, Employee Stock Ownership Plans or Other Incentive Measures for Employees**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

## **XIII. Major Related-Party Transactions**

### **1. Continuing Related-Party Transactions**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

### **2. Related-Party Transactions Regarding Purchase or Sales of Assets or Equity Interests**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

### **3. Related Transactions Regarding Joint Investments in Third Parties**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

### **4. Credits and Liabilities with Related Parties**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

### **5. Other Major Related-Party Transactions**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

## **XIV. Particulars about the Non-operating Occupation of Funds by the Controlling Shareholder and Other Related Parties of the Company**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

## XV. Major Contracts and Execution thereof

### 1. Entrustment, Contracting and Leases

#### (1) Entrustment

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

#### (2) Contracting

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

#### (3) Leases

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

### 2. Significant Guarantees

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

### 3. Wealth Management Entrustment

☒ Applicable ☐ Not applicable

Unit: RMB'0,000

Type of wealth management	Funding source	Principal	Outstanding amount before maturity	Overdue amount
Bank financial products	Self-funded	100,000	0	0
Total		100,000	0	0

Particulars of cash entrusted for wealth management with single significant amount or low security, bad liquidity, and no capital preservation

☐ Applicable ☒ Not applicable

Wealth management entrustments with possible impairments including an expectedly unrecoverable principal:

☐ Applicable ☒ Not applicable

### 4. Other Significant Contracts

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

## XVI. Social Responsibilities

### 1. Significant Environment Protection

Indicate by tick mark whether the Company or any of its subsidiaries is a heavily polluting business identified by the environmental protection authorities of China

No

The Company and its subsidiaries isn't a heavily polluting business identified by the environmental protection authorities of China.

### 2. Targeted Measures Taken to Help People Lift Themselves Out of Poverty

#### (1) Plan for Targeted Measures

#### (2) Outline of Targeted Measures in the Reporting Period

#### (3) Effects of Targeted Measures

Indicator	Measurement unit	Number/Progress
I. General condition	——	——
II. Itemized investment	——	——
1. Out of poverty by industrial development	——	——
2. Out of poverty by transferring employment	——	——
3. Out of poverty by relocating	——	——
4. Out of poverty by education	——	——
5. Out of poverty by improving health	——	——
6. Out of poverty by protecting ecological environment	——	——
7. Subsidy for the poorest	——	——
8. Social poverty alleviation	——	——
9. Other items	——	——
III. Received awards(contents and rank)	——	——

#### (4) Subsequent Targeted Measure Plans

## XVII. Other Significant Events

☐ Applicable ☒ Not applicable

Since the controlling shareholder of the Company is planning a significant event that involves the Company, upon the application to the Shenzhen Stock Exchange, trading in the stocks of the Company (A-stock under the name of “SPG A” and the symbol of “000029”; B-stock under the

name of “SPG B” and the symbol of “200029”) was suspended starting from the opening of 14 September 2016. The Company disclosed the *Announcement on Share Trading Suspension due to Planning of Significant Event* (No. 2016-022), the *Announcement on Continued Share Trading Suspension due to Planning of Significant Event* (No. 2016-023) and the *Announcement on Continued Share Trading Suspension due to Planning of Significant Event* (No. 2016-024) on 14 September 2016, 22 September 2016 and 29 September 2016, respectively. Upon ascertainment, the event constituted a material asset restructuring. The Company disclosed the *Announcement on Share Trading Suspension due to Planning of Major Assets Restructuring* (No. 2016-025) on 30 September 2016 and the *Announcement on Signing Cooperation Agreement on Restructuring and Listing* (No. 2016-027) on 10 October 2016.

The Company convened the 33<sup>rd</sup> Meeting of the 7<sup>th</sup> Board of the Directors on 11 November 2016, which the *Proposal on Continued Share Trading Suspension due to Planning of Major Assets Restructuring* was reviewed and approved. For details, see the *Announcement on Continued Share Trading Suspension after Expiration of Period of Share Trading Suspension due to Planning of Major Assets Restructuring* (No. 2016-039) disclosed on 14 November 2016.

The Company convened the 1<sup>st</sup> Extraordinary General Meeting of 2016 on 12 December 2016, on which the *Proposal on Continued Share Trading Suspension due to Planning of Major Assets Restructuring* was reviewed and approved. For details, see the *Announcement on Application for Continued Share Trading Suspension after Expiration of Period of Share Trading Suspension due to Planning of Major Assets Restructuring* (No. 2016-047) disclosed on 13 December 2016.

The Company held an online illustration meeting to investors on 10 March 2017, communicating this major assets restructuring with them and answering questions that they were generally concerned about with the information allowed to be disclosed. For details, see the *Announcement on Online Illustration Meeting to Investors* (No. 2017-012) disclosed on 11 March 2017.

On 14 December 2019, the Company disclosed the *Announcement on Signing the Supplementary Agreement VI of the Cooperation Agreement governing Restructuring and Listing* (No. 2019-090), which extends the exclusivity period and validity period stipulated in the restructuring cooperation agreement to 31 December 2020.

To ensure the smooth progress of this major assets restructuring, prevent abnormal fluctuations in the prices of its stocks and protect the rights and interests of its non-controlling interests, the Company has applied to the Shenzhen Stock Exchange for continued share trading suspension for no more than 1 month as of 14 August 2020 and expects to disclose the major assets restructuring plan or report according to the requirements of the Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 26-Major Assets Restructuring of Listed Companies prior to 14 December 2020. For details, see the *Announcement on Delay of Share Trading Resumption of Planning of Major Assets Restructuring* (No. 2020-061) disclosed on 14 August 2020.

During the share trading suspension period, the Company shall disclose the progress of this major assets restructuring at least every five trading days in strict accordance with the requirements of applicable laws and regulations. At present, this major assets restructuring is proceeding smoothly.

This major assets restructuring is subject to great uncertainty. Therefore, investors are kindly reminded to pay attention to possible investment risk.

## **XVIII. Significant Events of Subsidiaries**

☐ Applicable ☒ Not applicable



## Part VI Share Changes and Shareholder Information

### I. Share Changes

#### 1. Share Changes

Unit: share

	Before the change		Increase/decrease (+/-)					After the change	
	Shares	Percentage (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Shares	Percentage (%)
1. Restricted shares	0	0.00%	0	0	0	0	0	0	0.00%
1.1 Shares held by the state	0	0.00%	0	0	0	0	0	0	0.00%
1.2 Shares held by state-own legal person	0	0.00%	0	0	0	0	0	0	0.00%
1.3 Shares held by other domestic investors	0	0.00%	0	0	0	0	0	0	0.00%
Among which: shares held by domestic legal person	0	0.00%		0	0	0	0	0	0.00%
Shares held by domestic natural person	0	0.00%	0	0	0	0	0	0	0.00%
1.4 Oversea shareholdings	0	0.00%	0	0	0	0	0	0	0.00%
Among which: shares held by overseas legal person	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by overseas natural person	0	0.00%	0	0	0	0	0	0	0.00%
2. Unrestricted shares	1,011,660,000	100.00%	0	0	0	0	0	1,011,660,000	100.00%
2.1 RMB ordinary shares	891,660,000	88.14%	0	0	0	0	0	891,660,000	88.14%
2.2 Domestically listed foreign shares	120,000,000	11.86%	0	0	0	0	0	120,000,000	11.86%
2.3 Oversea listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
2.4 Other	0	0.00%	0	0	0	0	0	0	0.00%

3. Total shares	1,011,660, 000	100.00%	0	0	0	0	0	1,011,660, 000	100.00%
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Reasons for share changes:

☐ Applicable ☒ Not applicable

Approval of share changes:

☐ Applicable ☒ Not applicable

Transfer of share ownership:

☐ Applicable ☒ Not applicable

Progress on any share repurchase:

☐ Applicable ☒ Not applicable

Progress on reducing the repurchased shares by means of centralized bidding:

☐ Applicable ☒ Not applicable

Effects of share changes on the basic and diluted earnings per share, equity per share attributable to the Company's ordinary shareholders and other financial indicators of the prior year and the prior accounting period, respectively:

☐ Applicable ☒ Not applicable

Other information that the Company considers necessary or is required by the securities regulator to be disclosed:

☐ Applicable ☒ Not applicable

## 2. Changes in Restricted Shares

☐ Applicable ☒ Not applicable

## II. Issuance and Listing of Securities

☐ Applicable ☒ Not applicable

## III. Total Number of Shareholders and Their Shareholdings

Unit: share

Total number of ordinary shareholders at the period-end	76,442	Total number of preference shareholders with resumed voting rights at the period-end (if any) (see Note 8)	0					
Shareholding of ordinary shareholders holding more than 5% shares or the top 10 of ordinary shareholders								
Name of shareholder	Nature of shareholder	Holding percentage (%)	Number of shareholdings	Increase and decrease of	Number of shares held	Number of shares held subject to	Pledged or frozen shares	
							Status of	Amount

			ng at the end of the Reporting Period	shares during Reporting Period	subject to trading moratorium	trading moratorium	shares	
Shenzhen Investment Holdings Co., Ltd.	State-owned legal person	63.55%	642,884,262			642,884,262		
Shandong Gold Financial Holding Capital Management Co., Ltd. — Shandong Gold Financial Holding Sustaining Fund 1	Domestic non-state-owned legal person	1.02%	10,300,000			10,300,000		
Lu Zhigao	Domestic natural person	0.32%	3,246,949			3,246,949		
Tan Shiqing	Domestic natural person	0.13%	1,286,701			1,286,701		
Yang Shuilian	Domestic natural person	0.13%	1,273,700			1,273,700		
Yang Jianxiong	Domestic natural person	0.12%	1,255,750			1,255,750		
Central Huijin Asset Management Co., Ltd.	State-owned legal person	0.12%	1,165,500			1,165,500		
Peng Wei	Domestic natural person	0.11%	1,129,082			1,129,082		
Wu Haoyuan	Foreign natural person	0.11%	1,109,300			1,109,300		
Guotai Junan Securities (Hong Kong) Limited	Foreign legal person	0.10%	1,015,683			1,015,683		
Strategic investor or general legal person becoming a top-10 ordinary shareholder due to rights issue (if		None						

any) (see Note 3)			
Related or acting-in-concert parties among the shareholders above	The Company has found no related parties or acting-in-concert parties as defined in the Administrative Measures for Shareholding Changes in Listed Companies among the shareholders above.		
Top 10 unrestricted shareholders			
Name of shareholder	Unrestricted shares held at the period-end	Shares by type	
		Type	Shares
Shenzhen Investment Holdings Co., Ltd.	642,884,262	RMB ordinary shares	642,884,262
Shandong Gold Financial Holding Capital Management Co., Ltd. — Shandong Gold Financial Holding Sustaining Fund 1	10,300,000	RMB ordinary shares	10,300,000
Lu Zhigao	3,246,949	RMB ordinary shares	3,246,949
Tan Shiqing	1,286,701	RMB ordinary shares	1,286,701
Yang Shuilian	1,273,700	RMB ordinary shares	1,273,700
Yang Jianxiong	1,255,750	Domestically listed foreign share	1,255,750
Central Huijin Asset Management Co., Ltd.	1,165,500	RMB ordinary shares	1,165,500
Peng Wei	1,129,082	RMB ordinary shares	1,129,082
Wu Haoyuan	1,109,300	Domestically listed foreign share	1,109,300
Guotai Junan Securities (Hong Kong) Limited	1,015,683	Domestically listed foreign share	1,015,683
Related or acting-in-concert parties among top 10 unrestricted public shareholders, as well as between top 10 unrestricted public shareholders and top 10 shareholders	The Company has found no related parties or acting-in-concert parties as defined in the Administrative Measures for Shareholding Changes in Listed Companies among the shareholders above.		
Top 10 ordinary shareholders involved in securities margin	The fourth shareholder holds all his shares in the Company in his accounts of collateral securities for margin trading. And the third shareholder holds some of his shares in the		

trading (if any) (see Note 4)	Company in such accounts.
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Indicate by tick mark whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any promissory repo during the Reporting Period.

☐ Yea ☒ No

No such cases in the Reporting Period.

#### **IV. Change of the Controlling Shareholder or the Actual Controller**

Change of the controlling shareholder in the Reporting Period

☐ Applicable ☒ Not applicable

There was no any change of the controlling shareholder of the Company in the Reporting Period.

Change of the actual controller in the Reporting Period

☐ Applicable ☒ Not applicable

There was no any change of the actual controller of the Company in the Reporting Period.

## **Part VII Preferred Shares**

☐ Applicable ☒ Not applicable

No preferred shares in the Reporting Period.

## Part VIII Convertible Bonds

☐ Applicable ☒ Not applicable

No convertible bonds in the Reporting Period.

## Part IX Directors, Supervisors, Senior Management and Staff

### I. Changes in Shareholdings of Directors, Supervisors and Senior Management

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period. For details, see Annual Report 2019.

### II. Changes in Directors, Supervisors and Senior Management

☒ Applicable ☐ Not applicable

Name	Office title	Type of change	Date of change	Reason for change
Liu Zhengyu	Chairman of the Board	Elected	15 January 2020	
Dai Xianhua	Chairman of the Supervisory Board	Elected	15 January 2020	
Zhou Jianguo	Chairman of the Board	Left	15 January 2020	Retired
Zhuang Quan	Chairman of the Supervisory Board	Left	15 January 2020	Retired
Chen Maozheng	Director	Left	30 June 2020	Job changed
Chen Maozheng	General manager	Left	30 June 2020	Job changed
Song Botong	Independent director	Leave office	30 June 2020	Expiration of the term
Zhang Shunwen	Independent director	Leave office	30 June 2020	Expiration of the term
He Zuowen	Independent director	Elected	30 June 2020	
Mi Xuming	Independent director	Elected	30 June 2020	
Zhang Hongwei	Vice GM	Employed	15 July 2020	



## **Part X Corporate Bonds**

Are there any corporate bonds publicly offered and listed on the stock exchange, which were undue before the approval date of this Report or were due but could not be redeemed in full?

No

## Part XI Financial Statements

### I. Auditor's Report

Whether the semi-annual report has been audited?

☐ Yes ☒ No

The semi-annual report of the Company has not been audited.

### II. Financial Statements

The financial statements of the Company have been prepared in RMB.

#### 1. Consolidated Balance Sheet

Prepared by Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd

As at June 30 2020

Expressed in RMB

Item	June 30 2020	December 31 2019
Current assets:		
Cash at bank and on hand	2,148,222,433.87	2,511,140,445.35
Provision of Settlement fund		
Funds lent		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable		
Accounts receivable	49,341,432.90	62,059,055.68
Accounts receivable financing		
Prepayments	3,655,533.53	219,948.17
Insurance premiums receivables		
Cession premiums receivables		
Provision of cession premiums receivables		
Other receivables	21,907,433.48	28,275,228.26
Including: Interest receivable		
Dividends receivable	1,052,192.76	1,052,192.76

Recoursable Financial assets acquired		
Inventories	1,435,950,855.23	1,462,229,048.18
Contractual assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	106,201,417.52	102,781,855.48
Total current assets	3,765,279,106.53	4,166,705,581.12
Non-current assets:		
Loans and payments		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	469,838.65	469,838.65
Investments in other equity instruments	32,710,820.87	33,126,730.04
Other non-current financial assets		
Investment property	619,021,572.74	632,241,900.20
Fixed assets	29,086,917.96	30,522,035.11
Construction in progress		
Productive living assets		
Oil and gas assets		
Use rights assets		
Intangible assets		
Development costs		
Goodwill		
Long-term prepaid expense	128,119.84	162,125.72
Deferred tax assets	39,113,923.27	46,441,325.25
Other non-current assets		
Total non-current assets	720,531,193.33	742,963,954.97
Total assets	4,485,810,299.86	4,909,669,536.09
Current liabilities:		
Short-term loans	45,904,965.19	51,647,260.17
Borrowings from central bank		
Deposit funds		

Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable		
Accounts payable	164,311,141.46	244,224,478.46
Advances from customers	8,116,359.20	159,482,510.43
Contractual liabilities	278,989,120.12	
Funds from sale of financial assets with repurchase agreements		
Deposits from customer and interbank		
Funds received as an agent of stock exchange		
Funds received as stock underwrite		
Payroll payable	55,807,291.16	53,909,576.49
Taxes payable	207,233,940.44	585,700,815.36
Other payables	261,098,346.11	277,319,174.53
Including: Interest payable	16,535,277.94	16,535,277.94
Dividends payable		
Handling charges and commissions payable		
Cession premiums payables		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	1,021,461,163.68	1,372,283,815.44
Non-current liabilities:		
Provision for insurance contracts		
Long-term loans		
Debentures payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables	8,274,256.86	7,499,192.92
Long-term employee benefits payable		

Provisions		
Deferred income		
Deferred tax liabilities		4,903,293.58
Other non-current liabilities		
Total non-current liabilities	8,274,256.86	12,402,486.50
Total liabilities	1,029,735,420.54	1,384,686,301.94
Shareholders' equity:		
Share capital	1,011,660,000.00	1,011,660,000.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	978,244,910.11	978,244,910.11
Less: treasury shares		
Other comprehensive income	21,200,492.07	20,831,004.13
Specific reserve		
Surplus reserves	191,222,838.94	191,222,838.94
General reserve		
Retained earnings	1,395,266,902.53	1,464,915,816.81
Total equity attributable to shareholders of the Company	3,597,595,143.65	3,666,874,569.99
Non-controlling interests	-141,520,264.33	-141,891,335.84
Total shareholders' equity	3,456,074,879.32	3,524,983,234.15
Total liabilities and shareholders' equity	4,485,810,299.86	4,909,669,536.09

Legal representative: Liu Zhengyu

The person in charge of accounting affairs:

Tang Xiaoping

The head of the accounting department: Qiao Yanjun

## 2. the Company Balance Sheet

Expressed in RMB

Item	June 30 2020	December 31 2019
Current assets:		
Cash at bank and on hand	1,812,862,695.88	1,967,688,122.55
Financial assets at fair value through profit or loss		
Derivative financial assets		

Notes receivable		
Accounts receivable	282,853.61	156,935.84
Accounts receivable financing		
Prepayments	200,000.00	200,000.00
Other receivables	1,122,154,158.12	835,275,498.69
Including: Interest receivable		
Dividends receivable		
Inventories	368,448,151.37	419,453,091.86
Contractual assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	403,864.57	407,560.64
Total current assets	3,304,351,723.55	3,223,181,209.58
Non-current assets:		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	150,676,516.92	150,676,516.92
Investments in other equity instruments	13,549,874.72	13,229,501.03
Other non-current financial assets		
Investment property	510,592,141.91	522,038,731.16
Fixed assets	18,363,599.71	19,586,720.47
Construction in progress		
Productive living assets		
Oil and gas assets		
Use rights assets		
Intangible assets		
Development costs		
Goodwill		
Long-term prepaid expense		

Deferred tax assets	110,159.90	162,125.72
Other non-current assets	20,975,294.54	20,975,294.54
Total non-current assets	714,267,587.70	726,668,889.84
Total assets	4,018,619,311.25	3,949,850,099.42
Current liabilities:		
Short-term loans		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable		
Accounts payable	95,664,957.60	103,915,931.14
Advances from customers		59,409,454.38
Contractual liabilities	177,754,233.70	
Payroll payable	33,640,904.52	25,544,403.23
Taxes payable	195,127,048.11	143,434,273.95
Other payables	178,640,738.31	190,666,487.82
Including: Interest payable	16,535,277.94	16,535,277.94
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	680,827,882.24	522,970,550.52
Non-current liabilities:		
Long-term loans		
Debentures payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income		
Deferred tax liabilities	1,295,046.51	1,295,046.51

Other non-current liabilities		
Total non-current liabilities	1,295,046.51	1,295,046.51
Total liabilities	682,122,928.75	524,265,597.03
Shareholders' equity:		
Share capital	1,011,660,000.00	1,011,660,000.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	964,711,931.13	964,711,931.13
Less: Treasury shares		
Other comprehensive income	1,242,499.46	922,125.77
Specific reserve		
Surplus reserves	168,093,225.53	168,093,225.53
Retained earnings	1,190,788,726.38	1,280,197,219.96
Total owners' equity	3,336,496,382.50	3,425,584,502.39
Total liabilities and shareholders' equity	4,018,619,311.25	3,949,850,099.42

### 3. Consolidated Income Statement

Expressed in RMB

Item	Jan to June 2020	Jan to June 2019
1. Revenue	596,258,495.40	1,251,337,802.57
Including: Operating revenue	596,258,495.40	1,251,337,802.57
Interest income		
Insurance premium income		
Handling charge and commission income		
2. Overall Cost	472,559,039.99	820,118,047.65
Including: operating costs	343,908,087.46	437,127,976.25
Interest expense		
Handling charge and commission expense		
Refund of Insurance premium		



Net payment for insurance claims		
Net provision for insurance contracts		
Commissions on insurance policies		
Cession charges		
Taxes and surcharges	85,608,112.87	340,329,498.86
Selling and distribution expenses	8,536,448.38	18,474,060.33
General and administrative expenses	40,253,977.26	30,812,771.33
Research and development expenses		
Financial expenses	-5,747,585.98	-6,626,259.12
Including: Interest expense		38,742.51
Interest income	5,932,973.60	7,623,553.05
Add: Other income	557,379.14	
Investment income ("-" for losses)	15,217,058.60	14,288,098.55
Including: Income from investment in associates and joint ventures ("-" for losses)		
Income from the derecognition of financial assets at amortized cost ("-" for loss)		
Foreign exchange gain ("-" for loss)		
Net gain on exposure hedges ("-" for loss)		
Gains from changes in fair value ("-" for losses)		
Credit impairment loss ("-" for loss)		
Impairment losses ("-" for losses)	534,500.00	

Gains from assets disposal ("-" for losses)		
3. Operating profit ("-" for loss)	140,008,393.15	445,507,853.47
Add: Non-operating income	2,902,033.77	363,709.11
Less: Non-operating expense	2,001,278.48	3,755.82
4. Profit before income tax ("-" for losses)	140,909,148.44	445,867,806.76
Less: Income tax expense	43,599,689.97	112,729,793.86
5. Net profit for the year ("-" for net losses))	97,309,458.47	333,138,012.90
5.1 Classification according to operation continuity		
5.1.1 Net profit from continuing operations ("-" for net loss)	97,309,458.47	333,138,012.90
5.1.2 Net profit from discontinued operations ("-" for net loss)		
5.2 Classification according to attribute		
5.2.1 Shareholders of the company ("-" for net loss)	97,274,985.72	333,155,843.41
5.2.1 Non-controlling interests ("-" for net loss)	34,472.75	-17,830.51
6. Other comprehensive income, net of tax	706,086.70	121,770.51
Other comprehensive income (net of tax) attributable to shareholders of the company	369,487.94	85,239.36
6.1 Items that will not be reclassified to profit or loss	-415,909.17	
6.1.1 Remeasurement of defined benefit plan liability or asset		
6.1.2 Share of other comprehensive income of the equity method investments		
6.1.3 Changes in the fair value of investments in other equity instruments	-415,909.17	

6.1.4 Changes in the fair value of the company's credit risks		
6.1.5 Other		
6.2 Items that may be reclassified to profit or loss	785,397.11	85,239.36
6.2.1 Share of other comprehensive income of the equity method investments		
6.2.2 Changes in the fair value of investments in other debt obligations		
6.2.3 Other comprehensive income arising from the reclassification of financial assets		
6.2.4 Allowance for credit impairments in investments in other debt obligations		
6.2.5 Effective portion of gains or losses arising from cash flow hedging instruments		
6.2.6 Translation differences arising from translation of foreign currency financial statements	785,397.11	85,239.36
6.2.7 Other		
Other comprehensive income (net of tax) attributable to non-controlling interests	336,598.76	36,531.15
7. Total comprehensive income for the year	98,015,545.17	333,259,783.41
Attributable to Shareholders of the company	97,644,473.66	333,241,082.77
Attributable to non-controlling interests	371,071.51	18,700.64
8. Earnings per share		
8.1 Basic earnings per share	0.0962	0.3293
8.2 Diluted earnings per share	0.0962	0.3293

In a business combination involving enterprises under common control, (net losses)/net profit of the acquiree before the combination date is RMB 0.00, and (net losses)/net profit of the acquiree in prior

period is RMB 0.00.

Legal representative: Liu Zhengyu  
Tang Xiaoping

The person in charge of accounting affairs:  
The head of the accounting department: Qiao Yanjun

#### 4. Income Statement of the Company as the Parent

Expressed in RMB

Item	Jan to Jun 2020	Jan to Jun 2019
1. Operating revenue	231,361,037.44	828,403,076.11
Less: Cost of sales	64,778,297.24	125,366,701.31
Taxes and surcharges	69,869,636.48	305,591,891.73
Selling and distribution expenses	3,544,826.68	12,219,149.43
General and administrative expenses	23,912,101.72	12,993,667.10
Research and development expenses		
Financial expenses	-21,037,122.06	-16,493,119.65
Including: Interest expense		
Interest income	17,954,071.46	17,457,395.53
Add: Other income	28,083.69	
Investment income ("-" for losses)	15,217,058.60	532,988,230.19
Including: Income from investment in associates and joint ventures ("-" for losses)		
Income from the derecognition of financial assets at amortized cost ("-" for loss)		
Net gain on exposure hedges ("-" for loss)		
Gains from changes in fair value ("-" for losses)		
Credit impairment loss ("-" for loss)		
Impairment losses ("-" for losses)		

Gains from assets disposal ("-" for losses)		
2. Operating profit ("-" for loss)	105,538,439.67	921,713,016.38
Add: Non-operating income	170,000.10	129,179.14
Less: Non-operating expense	502,140.62	
3. Profit before income tax ("-" for losses)	105,206,299.15	921,842,195.52
Less: Income tax expense	27,690,892.73	100,591,211.17
4. Net profit for the year ("-" for net losses)	77,515,406.42	821,250,984.35
4.1 Net profit from continuing operations ("-" for net loss)	77,515,406.42	821,250,984.35
4.2 Net profit from discontinued operations ("-" for net loss)		
5. Other comprehensive income, net of tax	320,373.69	
5.1 Items that will not be reclassified to profit or loss	320,373.69	
5.1.1 Remeasurement of defined benefit plan liability or asset		
5.1.2 Share of other comprehensive income of the equity method investments		
5.1.3 Changes in the fair value of investments in other equity instruments	320,373.69	
5.1.4 Changes in the fair value of the company's credit risks		
5.1.5 Other		
5.2 Items that may be reclassified to profit or loss		
5.2.1 Share of other comprehensive income of the equity method investments		
5.2.2 Changes in the fair value of investments in other debt		

obligations		
5.2.3 Other comprehensive income arising from the reclassification of financial assets		
5.2.4 Allowance for credit impairments in investments in other debt obligations		
5.2.5 Effective portion of gains or losses arising from cash flow hedging instruments		
5.2.6 Translation differences arising from translation of foreign currency financial statements		
5.2.7 Other		
6. Total comprehensive income for the year	77,835,780.11	821,250,984.35
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

## 5. Consolidated Cash Flow Statement

Expressed in RMB

Item	Jan to Jun 2020	Jan to Jun 2019
1. Cash flows from operating activities		
Proceeds from sales of goods or rendering of services	685,612,219.39	1,551,108,627.63
Net increase deposits from customers and placements from corporations in the same industry		
Net increase in loans from central bank		
Net increase in loans from other financial institutions		
Cash premiums received on		

original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments from insurers		
Interest, handling charges and commissions received		
Net increase in fund deposits		
Net increase in proceeds from repurchase transactions		
Net proceeds from acting trading of securities		
Refund of taxes	15,618.75	
Proceeds from other operating activities	42,510,375.71	36,673,219.30
Sub-total of cash inflows	728,138,213.85	1,587,781,846.93
Payment for goods and services	214,833,176.41	325,301,988.40
Net increase in loans and payments on behalf		
Net increase in deposits in central bank and interbank		
Payments of claims for original insurance contracts		
Net increase in fund paid		
Interest, handling charges and commissions paid		
Commissions on issuance policies paid		
Payment to and for employees	73,647,542.55	75,087,594.73
Payments of various taxes	543,169,493.34	372,824,861.97
Payment for other operating activities	108,730,800.14	128,892,156.73
Sub-total of cash outflows	940,381,012.44	902,106,601.83
Net cash flows from operating activities	-212,242,798.59	685,675,245.10
2. Cash flows from investing activities:		

Proceeds from disposal of investments		
Investment returns received	20,317,808.22	11,365,734.25
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets	1,000.00	
Net proceeds from disposal of subsidiaries and other business units		
Proceeds from other investing activities	1,000,000,000.00	900,000,000.00
Sub-total of cash inflows	1,020,318,808.22	911,365,734.25
Payment for acquisition of fixed assets, intangible assets and other long-term assets	55,767.90	62,330.82
Payment for acquisition of investments		
Net increase in pledged loans		
Net payment for acquisition of subsidiaries and other business units		
Payment for other investing activities		1,300,000,000.00
Sub-total of cash outflows	55,767.90	1,300,062,330.82
Net cash flows from investing activities	1,020,263,040.32	-388,696,596.57
3. Cash flows from financing activities:		
Proceeds from investors		
Including: Proceeds from non-controlling shareholders of subsidiaries		
Proceeds from borrowings		
Proceeds from other financing activities		
Sub-total of cash inflows		
Repayments of borrowings		2,000,000.00
Payment for dividends, profit	166,923,900.00	202,332,000.00



distributions or interest		
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries		
Payment for other financing activities		
Sub-total of cash outflows	166,923,900.00	204,332,000.00
Net cash flows from financing activities	-166,923,900.00	-204,332,000.00
4. Effect of foreign exchange rate changes on cash and cash equivalents	-63,668.21	-688,191.31
5. Net increase in cash and cash equivalents	641,032,673.52	91,958,457.22
Add: Cash and cash equivalents as at the year beginning	1,507,189,760.35	1,148,522,435.93
6. Cash and cash equivalent as at the ended	2,148,222,433.87	1,240,480,893.15

## 6. Cash Flow Statement of the Company as the Parent

Expressed in RMB

Item	Jan to Jun 2020	Jan to Jun 2019
1. Cash flows from operating activities:		
Proceeds from sales of goods or rendering of services	350,704,786.01	1,082,309,354.32
Refund of taxes		
Proceeds from other operating activities	7,424,276.64	25,673,942.66
Sub-total of cash inflows	358,129,062.65	1,107,983,296.98
Payment for goods and services	14,267,901.93	54,302,822.21
Payment to and for employees	17,517,984.42	19,289,743.31
Payments of various taxes	68,674,752.15	135,622,840.23
Payment for other operating activities	261,704,229.68	26,108,489.89
Sub-total of cash outflows	362,164,868.18	235,323,895.64

Net cash flows from operating activities	-4,035,805.53	872,659,401.34
2. Cash flows from investing activities:		
Proceeds from disposal of investments		
Investment returns received	20,317,808.22	142,838,563.97
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		
Net proceeds from disposal of subsidiaries and other business units		
Proceeds from other investing activities	1,000,000,000.00	900,000,000.00
Sub-total of cash inflows	1,020,317,808.22	1,042,838,563.97
Payment for acquisition of fixed assets, intangible assets and other long-term assets	41,498.00	6,050.00
Payment for acquisition of investments		
Net payment for acquisition of subsidiaries and other business units		
Payment for other investing activities		1,300,000,000.00
Sub-total of cash outflows	41,498.00	1,300,006,050.00
Net cash flows from investing activities	1,020,276,310.22	-257,167,486.03
3. Cash flows from financing activities:		
Proceeds from investors		
Proceeds from borrowings		
Cash generated from other financing activities		
Sub-total of cash inflows		
Repayments of borrowings		
Payment for dividends, profit	166,923,900.00	202,332,000.00

distributions or interest		
Payment for other financing activities		
Sub-total of cash outflows	166,923,900.00	202,332,000.00
Net cash flows from financing activities	-166,923,900.00	-202,332,000.00
4. Effect of foreign exchange rate changes on cash and cash equivalents	-191,346.36	-676,807.86
5. Net increase in cash and cash equivalents	849,125,258.33	412,483,107.45
Add: Cash and cash equivalents as at the year beginning	963,737,437.55	444,486,378.53
6. Cash and cash equivalent as at the ended	1,812,862,695.88	856,969,485.98

## 7. Consolidated Statement of Changes in Shareholders' Equity

Expressed in RMB

Items	Jan To Jun 2020														
	Attributable to shareholders' equity of the parent company													Non-controlling interests	Total
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General reserve	Retained earnings	Others	Subtotal		
		Preference shares	Perpetual bond	Other											
I. Balance at the end of last year	1,011,660,000.00				978,244,910.11		20,831,004.13		191,222,838.94		1,464,915,816.81		3,666,874,569.99	-141,891,335.84	3,524,983,234.15
Add: Changes of accounting policies															
Correction of prior period errors															

Business combination involving enterprises under common control															
Others															
II. Balance at the Beginning of the Year	1,011,660,000.00				978,244,910.11		20,831,004.13		191,222,838.94		1,464,915,816.81		3,666,874,569.99	-141,891,335.84	3,524,983,234.15
III. Changes in equity during the year ("-"for decrease)							369,487.94				-69,648,914.28		-69,279,426.34	371,071.51	-68,908,354.83
(I) Total comprehensive income							369,487.94				97,274,985.72		97,644,473.66	371,071.51	98,015,545.17
(II) Shareholders' contribution															

s and decrease of capital															
1. Contributi on by ordinary shareholders															
2. Holders of other equity instruments invested capital															
3. Equity settled share-based payments															
4. Others															
(III) Appropriati on of profits											-166,923,900. 00		-166,923,900. 00		-166,923,900. 00
1. Appropriat ion for surplus															

reserves															
2.Appropriation for general reserves															
3.Distribution to shareholders											-166,923,900.00		-166,923,900.00		-166,923,900.00
4.Others															
(IV)Transfer within equity															
1.Share capital increased by capital reserves transfer															
2.Share capital increased by surplus reserves transfer															

3. Transfer of surplus reserve to offset losses															
4. Remeasurement of defined benefit plan liability or asset transfer to retained earnings															
5. Other comprehensive income carried forward to retained earnings															
6. Others															
(V) Special Reserve															



1. Appropriation during the year															
2. Utilization during the year															
(VI) Others															
IV. Balance at the end of the period	1,011,660,000.00				978,244,910.11		21,200,492.07		191,222,838.94		1,395,266,902.53		3,597,595,143.65	-141,520,264.33	3,456,074,879.32

Expressed in RMB

Item	Jan To Jun 2019														
	Attribute to the equity of parent company												Minority interests	Total owners' S equity	
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings	Others			Subtotal
		Preference shares	Perpetual bond	Other											
I. Balance at the end of last year	1,011,660,000.00				978,244,910.11		10,564,385.97		95,906,222.59		1,235,884,122.72		3,332,259,641.39	-131,524,530.88	3,200,735,110.51

Add: Changes of accounting policies															
Correction of prior period errors															
Business combination involving enterprises under common control															
Others															
II. Balance at the Beginning of the Year	1,011,660,00 0.00				978,244,91 0.11		10,564,385. 97		95,906,222 .59		1,235,884,12 2.72		3,332,259,64 1.39	-131,524,53 0.88	3,200,735,11 0.51
III. Changes in equity							85,239.36				130,823,843. 41		130,909,082. 77	18,700.64	130,927,783. 41

during the year ("-" for decrease)															
(I) Total comprehensive income							85,239.36				333,155,843.41		333,241,082.77	18,700.64	333,259,783.41
(II) Shareholders' contributions and decrease of capital															
1. Contribution by ordinary shareholders															
2. Holders of other equity instruments invested capital															
3. Equity settled															

share-based payments															
4.Others															
(III) Appropriation of profits											-202,332,000.00		-202,332,000.00		-202,332,000.00
1.Appropriation for surplus reserves															
2.Appropriation for general reserves															
3.Distribution to shareholders											-202,332,000.00		-202,332,000.00		-202,332,000.00
4.Others															
(IV)Transfer within equity															
1.Share capital increased by															

capital reserves transfer															
2.Share capital increased by surplus reserves transfer															
3.Transfer of surplus reserve to offset losses															
4. Remeasure ment of defined benefit plan liability or asset transfer to retained earnings															
5. Other comprehensi															

ve income carried forward to retained earnings															
6. Others															
(V) Special Reserve															
1. Appropriatio n during the year															
2. Utilization during the year															
(VI) Others															
IV. Balance at the end of the period	1,011,660,00 0.00				978,244,91 0.11		10,649,625. 33		95,906,222 .59		1,366,707,96 6.13		3,463,168,72 4.16	-131,505,83 0.24	3,331,662,89 3.92

## 8. Company's Statement of Changes in Shareholders' Equity

Expressed in RMB

Items	Jan to Jun 2020											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Others	Total owners' S equity
		Preference shares	Perpetual bond	Other								
I. Balance at the end of last year	1,011,660,000.00				964,711,931.13		922,125.77		168,093,225.53	1,280,197,219.96		3,425,584,502.39
Add: Changes of accounting policies												
Correction of prior period errors												
Others												
II. Balance at the Beginning of the Year	1,011,660,000.00				964,711,931.13		922,125.77		168,093,225.53	1,280,197,219.96		3,425,584,502.39
III. Changes in equity during the year (“- ”for decrease)							320,373.69			-89,408,493.58		-89,088,119.89
(I) Total comprehensive income							320,373.69			77,515,406.42		77,835,780.11

(II) Shareholders' contributions and decrease of capital												
1. Contribution by ordinary shareholders												
2. Holders of other equity instruments invested capital												
3. Equity settled share-based payments												
4. Others												
(III) appropriation of profits										-166,923,900.00		-166,923,900.00
1. Appropriation for surplus reserves												
2. Appropriation for general reserves										-166,923,900.00		-166,923,900.00
3. Others												



(IV) Transfer within equity												
1.Share capital increased by capital reserves transfer												
2.Share capital increased by surplus reserves transfer												
3.Transfer of surplus reserve to offset losses												
4. Remeasurement of defined benefit plan liability or asset transfer to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Others												

(V) Special Reserve												
1. Appropriation during the year												
2. Utilization during the year												
(VI) Others												
IV. Balance at the end of the period	1,011,660,000.00				964,711,931.13		1,242,499.46		168,093,225.53	1,190,788,726.38		3,336,496,382.50

Expressed in RMB

Items	Jan To Jun 2019											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Others	Total owners' S equity
		Preference shares	Perpetual bond	Other								
I. Balance at the end of last year	1,011,660,000.00				964,711,931.13				72,776,609.18	615,038,028.05		2,664,186,568.36
Add: Changes of accounting policies												
Correction of prior period errors												

Others												
II. Balance at the Beginning of the Year	1,011,660,000.00				964,711,931.13				72,776,609.18	615,038,028.05		2,664,186,568.36
III. Changes in equity during the year ("-" for decrease)										618,918,984.35		618,918,984.35
(I) Total comprehensive income										821,250,984.35		821,250,984.35
(II) Shareholders' contributions and decrease of capital												
1. Contribution by ordinary shareholders												
2. Holders of other equity instruments invested capital												
3. Equity settled share-based payments												

4.Others												
(III) appropriation of profits										-202,332,000.00		-202,332,000.00
1. Appropriation for surplus reserves												
2. Appropriation for general reserves										-202,332,000.00		-202,332,000.00
3.Others												
(IV) Transfer within equity												
1.Share capital increased by capital reserves transfer												
2.Share capital increased by surplus reserves transfer												
3.Transfer of surplus reserve to offset losses												
4. Remeasurement of defined benefit plan liability or												

asset transfer to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Others												
(V) Special Reserve												
1. Appropriation during the year												
2. Utilization during the year												
(VI) Others												
IV. Balance at the end of the period	1,011,660,000.00				964,711,931.13				72,776,609.18	1,233,957,012.40		3,283,105,552.71

### III. Company information

Shenzhen Special Economic Zone Real Estate and Properties (Group) Co., Ltd. (the “Group” or “the Company”) was established in July 1993, as approved by the Shenzhen Municipal Government with document SFBF (1993) 724. The Company issued A shares on 15 September 1993 and issued B shares on 10 January 1994. On 31 August 1994, the issued B shares were listed in the New York Exchange market as class A recommendation. The total share capital is 1,011,660,000 shares, including 891,660,000 of A shares, and 120,000,000 of B shares. The company business license registration number is 440301103225878, and the registered capital is RMB 1,011,660,000.00. The Company's headquarter is at Floor 45-48, Shen Fang Plaza, Ren Min South Road, Luo Hu District, Shen Zhen, Guangdong province.

On 13 October 2004, according to the document No. (2004) 223 “Decision on establishing Shenzhen investment Holding Co., Ltd.” issued by State-Owned Assets Supervision and Administration Commission of Shenzhen Municipal Government, former major shareholder – Shenzhen Construction Investment Holding Company with two assets management companies merged to form the Shenzhen Investment Holding Co., Ltd. By the State-owned Assets Supervision and Administration Commission of the state council, and quasi-exempt obligations tender offer as approved by China Security Regulatory Committee with document No. (2005)116, this issue of consolidated has been authorized and the change in registration had been completed on 15 February 2006. At the end of the reporting period, Shenzhen Investment Holding Limited holds 642,884,262 shares of the Company (63.55% of the total share capital). The shares are all tradable unrestricted shares.

The Company has established the corporate governance structure of the general meeting of shareholders, the board of directors and board of supervisors with human resources department, financing plan department, marketing department, engineering management department etc. in place.

The Company and its subsidiaries (hereinafter referred to as "the Group") are principally engaged in real estate development and sales, property leasing and management, retail merchandising and trade, hotel, equipment installation and maintenance, construction, interior decoration, etc.

The consolidated and company financial statements and the notes to financial statements have been approved by the 7<sup>th</sup> Board of Directors in the 54<sup>th</sup> board meeting on 18 August 2020.

The company's consolidation scope for the current year has not changed compared with the previous year. For details please refer to Note VIII “Changes in the scope of consolidation” and Note IX “Interests in other entities”.

### IV. The Basis of Preparation of Financial Statements

#### 1. Basis of preparation

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and corresponding application guidance, interpretations and other related provisions issued by the Ministry of Finance (collectively, "Accounting Standards for Business Enterprises"). In addition, the Group also discloses relevant financial information in accordance with the rules of information disclosure for publicly issued securities companies No. 15 - general provisions on financial reporting (revised in 2014) of the China securities regulatory commission.

The Company adopts the accrual basis of accounting. Except for certain financial instruments, the financial statements are prepared under the historical cost convention. In the event that impairment of assets occurs, a provision for impairment is made accordingly in accordance with the relevant regulations.

## **2. Going concern**

The financial statements of the Company have been prepared on going concern basis.

## **V. Significant accounting policies and accounting estimates**

Reminders on specific accounting policies and accounting estimates:

The company according to the new revenue standard and the characteristics of the company's production and operation to determine the revenue recognition policy, the specific accounting policy please refer to Note V.39

### **1. Statement of compliance with the Accounting Standards for Business Enterprises**

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely present the Company and consolidated financial position as at June 30 2020 and the Company and consolidated operating results and cash flows for 1 January 1 to 30 June 2020.

### **2. Accounting Period**

The accounting period of the Company is from 1 January to 31 December.

### **3. Operating Period**

The operating period of the Company is 12 months.

### **4. Functional currency**

The Company and domestic subsidiaries use Renminbi ("RMB") as their functional currency. Offshore subsidiaries determine US Dollar ("USD") as their functional currency according to the primary economic environment where they operate. The financial statements of the Company have been prepared in RMB.

### **5. Accounting treatments for business combinations involving enterprises under common control and not under common control**

#### **(1) Business combinations involving enterprises under common control**

For a business combination involving enterprises under common control, the assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date, except for adjustments due to different accounting policies. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings.

Business combinations involving enterprises under common control and achieved in stages.

In the separate financial statements, the initial investment cost is calculated based on the shareholding portion of the assets and liabilities obtained and are measured at the carrying amounts as recorded by the enterprise being combined at the combination date. The difference between the initial investment cost and the sum of the carrying amount of the original investment cost and the carrying amount of consideration paid for the combination is adjusted to the capital reserve, if the capital reserve is not sufficient to absorb the difference, the excess difference shall be adjusted to retained earnings.

In the consolidated financial statements, the assets and liabilities obtained at the combination shall be measured at the carrying value as recorded by the enterprise at combination date, except for adjustments of different accounting policies. The difference between the sum of the carrying value from original shareholding portion and the new investment cost incurred at combination date and the carrying value of net assets obtained at combination date shall be adjusted to capital reserve, if the balance of capital reserve is not sufficient to absorb the differences, any excess is adjusted to retained earnings. The long-term investment held by the combination party, the recognized profit or loss comprehensive income and other change of shareholding's equity at the closer date of the acquisition date and combination date under common control shall separately offset the opening balance of retained earnings and profit or loss during comparative statements.

## (2) Business combinations involving enterprises not under common control

For business combinations involving enterprises not under common control, the consideration costs include acquisition-date fair value of assets transferred, liabilities incurred or assumed and equity securities issued by the acquirer in exchange for control of the acquiree. At the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree are measured at their fair value. The acquiree's identifiable asset, liabilities and contingent liabilities, are recognised at their acquisition-date fair value.

Where the combination cost exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill, and subsequently measured on the basis of its cost less accumulated impairment provisions. Where the combination cost is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period after reassessment.

### Business combinations involving enterprises not under common control and achieved in stages

In the separate financial statements, the initial investment cost of the investment is the sum of the carrying amount of the equity investment held by the entity prior to the acquisition date and the additional investment cost at the acquisition date. The disposal accounting policy of other comprehensive income related with equity investment prior to the purchase date recognized under equity method shall be compliance with the method when the acquiree disposes the related assets or liabilities. Shareholder's equity due to the changes of other shareholder's equity other than the changes of net profit, other comprehensive income and profit distribution shall be transferred to profit or loss for current period when disposed. If the equity investment held by the entity prior to the acquisition date is measured at fair value, the cumulative changes in fair value recognized in other comprehensive income shall be transferred to profit or loss for current period when accounted for using cost method.

In the consolidation financial statements, the combination cost is the sum of consideration paid at acquisition date and fair value of the acquiree's equity investment held prior to acquisition date; the cost of equity of the acquiree held prior to acquisition date shall be re-measured at the fair value at acquisition date, the difference between the fair value and book value shall be recognized as investment income or loss for the current period. Other comprehensive income and changes of investment equity related with acquiree's equity held prior to acquisition date shall be transferred to investment profit or loss for current period at acquisition date, besides there is other comprehensive income incurred by the changes of net assets or net liabilities due to the re-measurement of defined benefit plan.



### (3) Transaction costs for business combination

The overhead for the business combination, including the expenses for audit, legal services, valuation advisory, and other administrative expenses, are recorded in profit or loss for the current period when incurred. The transaction costs of equity or debt securities issued as the considerations of business combination are included in the initial recognition amount of the equity or debt securities.

## 6. Consolidated financial statements

### (1) Scope of consolidated financial statements

The scope of consolidated financial statements is based on control. Control exists when the Company has power over the investee; exposure, or rights to variable returns from its involvement with the investee and has the ability to affect its returns through its power over the investee. A subsidiary is an entity that is controlled by the Company (including enterprise, a portion of an investee as a deemed separate component, and structured entity controlled by the enterprise).

### (2) Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries and other relevant information. When preparing consolidated financial statements, the accounting policies and accounting periods of the subsidiaries should be consistent with those established by the Company, and all significant intra-group balances and transactions are eliminated.

Where a subsidiary or business was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary or business are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control.

Where a subsidiary or business was acquired during the reporting period, through a business combination involving enterprises not under common control, the identifiable assets and liabilities of the acquired subsidiaries or business are included in the scope of consolidation from the date that control commences.

The portion of a subsidiary's equity that is not attributable to the parent is treated as non-controlling interests and presented separately in the consolidated balance sheet within shareholders' equity. The portion of net profit or loss of subsidiaries for the period attributable to non-controlling interests is presented separately in the consolidated income statement below the "net profit" line item. When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

### (3) Changes in non-controlling interests

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the

transaction is treated as equity transaction, and the book value of shareholder's equity attributed to the Company and to the non-controlling interest is adjusted to reflect the change in the Company's interest in the subsidiaries. The difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve in the consolidated balance sheet, with any excess adjusted to retained earnings.

#### (4) Disposal of subsidiaries

When the Company loses control over a subsidiary because of disposing part of equity investment or other reasons, the remaining part of the equity investment is re-measured at fair value at the date when the control is lost. A gain or loss is recognised in the current period and is calculated by the aggregate of consideration received in disposal and the fair value of remaining part of the equity investment deducting the share of net assets in proportion to previous shareholding percentage in the former subsidiary since acquisition date and the goodwill.

Other comprehensive income related to the former subsidiary is transferred to profit or loss when the control is lost, except for the comprehensive income arising from the movement of net liabilities or assets in the former subsidiary's re-measurement of defined benefit plan.

### **7. Joint arrangement classification and accounting treatment for joint operation**

A joint arrangement is an arrangement of which two or more parties have joint control. The Company classifies joint arrangements into joint operations and joint ventures.

#### (1) Joint operations

A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Company recognizes the following items relating to its interest in a joint operation, and account for them in accordance with relevant accounting standards:

- A. its solely-held assets, and its share of any assets held jointly;
- B. its solely-assumed liabilities, and its share of any liabilities assumed jointly;
- C. its solely-assumed liabilities, and its share of any liabilities assumed jointly;
- D. its share of the revenue from the sale of the output by the joint operation; and
- E. its solely-incurred expenses, and its share of any expenses incurred jointly.

#### (2) Joint ventures

A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement.

The Company adopts equity method under long-term equity investment in accounting for its investment in joint venture.

## 8. Cash and cash equivalents

Cash comprises cash in hand and deposits that can be readily withdrawn on demand. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

## 9. Foreign currency transactions and translation of foreign currency financial statements

### 1) Foreign currency transactions

Foreign currency transactions are translated to the functional currency of the Company at the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences between the spot exchange rate on balance sheet date and the spot exchange rate on initial recognition or on the previous balance sheet date are recognised in profit or loss. Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognised in profit or loss.

### (2) Translation of foreign currency financial statements

When translating the foreign currency financial statements of overseas subsidiaries, assets and liabilities of foreign operation are translated to Renminbi at the spot exchange rate at the balance sheet date. Equity items, excluding “retained earnings”, are translated to Renminbi at the spot exchange rates at the transaction dates.

Income and expenses of foreign operation are translated to Renminbi at the spot exchange rates at the transaction dates.

Cash flow statement of foreign operation is translated to Renminbi at the spot exchange rates [the rates determined under a systematic and rational method that approximate the spot exchange rates] at the cash flow occurrence dates. Effect of foreign exchange rate changes on cash and cash equivalents is presented separately as “Effect of foreign exchange rate changes on cash and cash equivalents” in the cash flow statement.

The resulting translation differences are recognised in other comprehensive income in shareholders’ equity of balance sheet.

The translation differences accumulated in shareholders’ equity with respect to a foreign operation are transferred to profit or loss in the period when the foreign operation is disposed.

## 10. Financial instruments

Financial instruments refer to the contracts of forming enterprise financial assets and other entities’ financial liabilities or equity instruments.

### (1) Recognition and Derecognition of financial instruments

A financial asset or financial liability is recognised when the Group becomes one party of financial instrument contracts.

If one of the following conditions is met, the financial assets are terminated:

- ① The right of the contract to receive the cash flows of financial assets terminates
- ② The financial asset has been transferred, and is in accordance with the following conditions for derecognition.

If the obligations of financial liability have been discharged in total or in part, derecognize all or part of it. If the Group (debtor) makes an agreement with the creditor to replace the current financial liability of assuming new financial liability which contract provisions are different in substance, derecognize the current financial liability and meanwhile recognize as the new financial liability.

If the financial assets are traded routinely, they are recognised and derecognised at the transaction date.

### (2) Classification and measurement of financial assets

Financial assets are classified into the following three categories depends on the Group's business mode of managing financial assets and cash flow characteristics of financial assets: financial assets measured at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

#### **Financial assets measured at amortised cost**

The Group shall classify financial assets that meet the following conditions and are not designated as financial assets at fair value through profit or loss as financial assets measured at amortized cost:

- The Group's business model for managing the financial assets is to collect contractual cash flows;
- The terms of the financial asset contract stipulate that cash flows generated on a specific date are only payments of principal and interest based on the amount of outstanding principal.

After initial confirmation, the real interest rate method is used to measure the amortized cost of such financial assets. Profits or losses arising from financial assets measured at amortized costs and not part of any hedging relationship is included in current profits and losses when the recognition is terminated, amortized or impaired according to the Actual Interest Rate Law.

#### **Financial assets at fair value through other comprehensive income**

The Group shall classify financial assets that meet the following conditions and are not designated as financial assets measured at fair value and whose changes are recorded in current profits and losses as financial assets measured at fair value through other comprehensive income:

- The Group's business model for managing the financial assets is both to collect contractual cash

flows and to sell the financial assets;

- The terms of the financial asset contract stipulate that cash flows generated on a specific date are only payments of principal and interest based on the amount of outstanding principal.

After initial recognition, financial assets are subsequently measured at fair value. Interest, impairment losses or gains and exchange gains calculated by the effective interest rate method are recognised in profit or loss, while other gains or losses are recognised in other comprehensive gains. When derecognized, the accumulated gains or losses previously recognised in other comprehensive gains are transferred from other comprehensive gains and recorded in current profits and losses.

### **Financial assets at fair value through profit or loss**

In addition to the aboving financial assets which are measured at amortized cost or at fair value a through other comprehensive income, the Group classifies all other financial assets as financial assets measured at fair value through profit or loss. When initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Group irrevocably designates some financial assets that should have been measured at amortized cost or at fair value through other comprehensive gains as financial assets at fair value through profit or loss.

After initial recognition, the financial assets are subsequently measured at fair value, and the profits or losses (including interest and dividend income) generated from which are recognised in profit or loss, unless the financial assets are part of the hedging relationship.

However, for non-tradable equity instrument investment, when initially recognized, the Group irrevocably designates them as financial assets at fair value through other comprehensive gains. The designation is made on the basis of individual investment, and the relevant investment conforms to the definition of equity instruments from the issuer's point of view.

After initial confirmation, financial assets are subsequently measured at fair value. Dividend income that meets the requirements is recognised in profit and loss, and other gains or losses and changes in fair value are recognised in other comprehensive gains. When derecognized, the accumulated gains or losses previously recognised in other comprehensive gains are transferred from other comprehensive gains to retained earnings.

The business model of managing financial assets refers to how the group manages financial assets to generate cash flow. The business model decides whether the source of cash flow of financial assets managed by the Group is to collect contract cash flow, sell financial assets or both of them. Based on objective facts and the specific business objectives of financial assets management decided by key managers, the Group determines the business model of financial assets management.

The Group evaluates the characteristics of the contract cash flow of financial assets to determine whether the contract cash flow generated by the relevant financial assets on a specific date is only to pay principal and interest based on the amount of unpaid principal. Among them, principal refers to the fair value of financial assets at the time of initial confirmation; interest includes the consideration of time value of money, credit risk related to the amount of unpaid principal in a specific period, and other basic borrowing risks, costs and profits. In addition, the Group evaluates the terms and conditions of

the contracts that may lead to changes in the time distribution or amount of cash flow in financial asset contracts to determine whether they meet the requirements of the aboving contract cash flows. characteristics

Only when the Group changes its business model of managing financial assets, all the financial assets affected shall be reclassified on the first day of the first reporting period after the business model changes, otherwise, financial assets shall not be reclassified after initial confirmation.

Financial assets are measured at fair value at initial recognition. For financial assets that are measured at fair value and whose changes are included in the current profit and loss, related transaction costs are directly included in the current profit and loss; for other types of financial assets, related transaction costs are included in the initially recognized amount. For accounts receivable arising from the sale of products or the provision of labor services that do not include or take into account significant financing components, the Group considers the amount of consideration expected to be entitled as the initial recognition amount.

### (3) Classification and Measurement of financial liabilities

On initial recognition, financial liabilities are classified as: financial liabilities at fair value through profit or loss (FVTPL), and financial liabilities measured at amortized cost. For financial liabilities not classified as at fair value through profit or loss, the transaction costs are recognised in the initially recognised amount.

#### **Financial liabilities at fair value through profits and losses**

Financial liabilities at FVTPL include transaction financial liabilities and financial liabilities designated as at fair value through profit or loss in the initial recognition. Such financial liabilities are subsequently measured at fair value, all gains and losses arising from changes in fair value and dividend and interest expense relative to the financial liabilities are recognised in profit or loss for the current period.

#### **Financial liabilities measured at amortized cost**

Other financial liabilities are subsequently measured at amortized cost using the effective interest method; gains and losses arising from derecognition or amortization is recognised in profit or loss for the current period.

#### **Distinction between financial liabilities and equity instruments**

The financial liability is the liability that meets one of following criteria:

- ① Contractual obligation to deliver cash or other financial instruments to another entity.
- ② Under potential adverse condition, contractual obligation to exchange financial assets or financial liabilities with other parties.
- ③ A contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity

instruments.

- ④ A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the group cannot unconditionally avoid fulfilling a contractual obligation by delivering cash or other financial assets, the contractual obligation meets the definition of financial liability.

If a financial instrument must or are able to be settled by the group's own equity instrument, the group should consider whether the group's equity instrument as the settlement instrument is a substitute of cash or other financial assets or the residual interest in the assets of an entity after deducting all of its liabilities. If the former, the tool is the group's financial liability; if the latter, the tool is the equity instrument of the group.

#### (4) Fair value of financial instruments

The recognition of fair value of financial assets and financial liability is set out in note V. 11.

#### (5) Impairment of financial assets

On the basis of expected credit losses, the Group performs impairment assessment on the following items and confirms the loss provision.

- Financial assets measured at amortized cost;
- Accounts receivable and debt investments measured at fair value through profit or loss that account in other comprehensive income.
- Contractual assets as defined in "Accounting Standard for Business Enterprises No. 14-Revenue"
- Lease receivables;
- Financial guarantee contract (except measured at fair value through profit or loss or formed by continuing involvement of transferred financial assets or the transfer does not qualify for derecognition).

#### Measurement of expected credit losses

The expected credit losses refer to the weighted average of the credit losses of financial instruments that are weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable from the contract and all cash flows expected to be received by the Group at the original effective interest rate, that is, the present value of all cash shortages.

The company considers reasonable and reliable information about past events, current conditions,

future forecasts, and weights the risk of default to calculate the probability-weighted amount of the present value of the difference between the cash flow receivable under the contract and the cash flow expected to be received in recognition of the expected credit loss.

The Group separately measures the expected credit losses of financial instruments at different stages. The credit risk on a financial instrument has not increased significantly since initial recognition, which is in the first stage. The Group shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. If the credit risk of financial instruments has increased significantly since the initial recognition, but no credit impairment has occurred, which is in the second stage. The Group shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses. If the financial instrument has occurred credit impairment since initial recognition, which is in the third stage, and the Group shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses.

For financial instruments with lower credit risk at the balance sheet date, the Group assumes that their credit risk has not increased significantly since the initial recognition, and shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The lifetime expected credit losses, refer to the expected credit losses caused by all possible defaults during the whole expected lifetime. The 12-month expected credit losses, refer to the expected credit losses caused by all possible defaults during the 12-month after balance sheet date (if the expected duration of financial instrument is less than 12 months, then for the expected duration), which is part of the lifetime expected credit losses

When measure the expected credit loss, the longest contract period (including the option of renewal) that the group needs to consider is the longest contract period the enterprise facing credit risk.

For financial instruments in the first stages, second stages and with lower credit risk, the Group calculates interest income on the basis of their book balances without deduction of impairment provisions and actual interest rates. For financial instruments in the third stage, the Group calculates interest income according to their book balance minus the impairment provision and the actual interest rate.

For bills receivable and accounts receivable, whether or not there are significant financing elements, the Group shall always measure the loss allowance for them at an amount equal to the lifetime expected credit losses.

When information on expected credit losses cannot be assessed for a single financial asset, in accordance with the characteristics of credit risk, the group divides and combines bills receivable, accounts receivable and leased receivables. On the basis of the combination, the group calculates the expected credit losses. The basis of determining the combination is as follows:

A. Notes receivable

- Notes receivable group 1: Bank acceptance bills
- Notes receivable group 2: Trade acceptance bills



**B. Accounts receivable**

- Accounts receivable group 1: Amount receivables of related parties
- Accounts receivable group 2: Amount receivables of other customers

**C. Contractual assets**

- Contractual assets group 1: Product sales
- Contractual assets group 2: Engineering construction

For the accounts receivable divided into group, the group refers to the historical credit losses, combines the current situation with the forecast of future economic situation, compiles a comparison table between the age of accounts receivable and the lifetime expected credit losses rate to calculate the expected credit losses.

For the bills receivables and contractual assets divided into group, the Group refers to historical credit losses, with the current situation and the forecast of future economic situation, calculates the expected credit losses through the exposure on default and the lifetime expected credit losses rate.

**Other receivables**

- According to the characteristics of credit risk, the group divides other receivables into group. On the basis of the combination, the group calculates the expected credit losses. The basis of determining the combination is as follows:
- Other receivables group 1: Amount receivables from employee's inprest fund
- Other receivables group 2: Amount receivables from Deposit and security deposit
- Other receivables group 3: Amount receivables from related parties
- Other receivables group 4: Amount receivables from other transactions

For other receivables a divided into group, the Group calculates the expected credit losses through the exposure on default and the lifetime expected credit losses rate or the next 12 months.

**Debt investments and Other debt investments**

For debt investments and other debt investments, the group calculates the expected credit losses through the exposure on default and the future 12-month or lifetime expected credit losses rate, according to the nature of the investment, the types of counterparty and risk exposure.

**Assessment of Significant Increase in Credit Risk**

By comparing the default risk of financial instruments on balance sheet day with that on initial recognition day, the Group determines the relative change of default risk of financial instruments during the expected life of financial instruments, to evaluate whether the credit risk of financial instruments has increased significantly since the initial recognition.

To determine whether credit risk has increased significantly since the initial recognition., the Group considers reasonable and valid information, including forward-looking information, that can be obtained without unnecessary additional costs or efforts. Information considered by the Group includes:

- The debtor cannot pay principal and interest on the expiration date of the contract;
- Serious deterioration of external or internal credit ratings (if any) of financial instruments that have occurred or are expected to occur;
- Serious deterioration of the debtor's operating results that have occurred or are expected to occur;
- Changes in the existing or anticipated technological, market, economic or legal environment will have a significant negative impact on the debtor's repayment capacity.

According to the nature of financial instruments, the Group evaluates whether credit risk has increased significantly on the basis of a single financial instrument or a combination of financial instruments. When assessing on the basis of the combination of financial instruments, the Group can classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk rating.

If the delay exceeds 30 days, the Group determines that the credit risk of financial instruments has increased significantly.

The Group considers that financial assets default in the following circumstances

- The debtor is unlikely to full pay its arrears to the group, and the assessment does not take into account recourse actions taken by the group, such as liquidation of collateral (if held);
- Financial assets have delay more than 90 days.

#### **Financial assets that have occurred credit impairment**

On the balance sheet date, the Group assesses whether credit impairment has occurred in financial assets measured at amortized cost and debt investments measured at fair value through other comprehensive income. When one or more events adversely affect the expected future cash flow of a financial asset occur, the financial asset becomes a financial asset with credit impairment. Evidence of credit impairment of financial assets includes the following observable information:

- Significant financial difficulties occur to the issuer or debtor
- The debtor breaches any of the contractual stipulations, for example, fails to pay or delays the payment of interests or the principal, etc.
- For economic or contractual considerations related to the financial difficulties of the debtor, the Group grants concessions to the debtor that will not be made under any other circumstances.
- The debtor is probable to go bankrupt or undergo other financial restructuring.

- Financial difficulties of issuer or debtor lead to the disappearance of financial assets active market. Presentation of expected credit losses reserve.

### **Presentation of provision for expected credit losses**

In order to reflect the changes happened to the credit risk of financial instruments since the initial recognition, the Group recalculates the expected credit losses on each balance sheet day. The increase or reversal of the loss provision resulting therefrom is recognised as an impairment loss or gain in the current profit or loss. For financial assets measured at amortized cost, loss provision offsets the carrying amount of the financial assets shown on the balance sheet; for debt investments measured at fair value through other comprehensive income, the Group recognizes its loss provision through other comprehensive income and does not offset the financial assets' carrying amount.

### **Write off**

If the Group no longer reasonably expects that the financial assets contract cash flow can be recovered fully or partially, the financial assets book balance will be reduced directly. Such reduction constitute the derecognition of the financial assets. What usually occurs when the Group determines that the debtor has no assets or sources of income to generate sufficient cash flows to pay the amount to be reduced. However, in accordance with the Group's procedures for recovering due payment, the financial assets reduced may still be affected by enforcement activities.

If the reduced financial assets are recovered later, the returns as impairment losses shall be included in the profits and losses of the recovery period.

#### **(6) Transfer of financial assets**

Transfer of financial assets refers to the transference or deliverance of financial assets to the other party (the transferee) other than the issuer of financial assets.

The Group derecognizes a financial asset only if it transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; the Group should not derecognize a financial asset if it retains substantially all the risks and rewards of ownership of the financial asset.

The Group neither transfers nor retains substantially all the risks and rewards of ownership, shows as the following circumstances: if the Group has forgone control over the financial assets, derecognize the financial assets and verify the assets and liabilities; if the Group retains its control of the financial asset, the financial asset is recognized to the extent of its continuing involvement in the transferred financial asset and recognize an associated liability is recognized.

#### **(7) Offsetting financial assets and financial liabilities**

When the Group has the legal rights to offset the recognized financial assets and financial liabilities and is capable to carry it out, the Group plans to net settlement or realize the financial assets and pay off the financial liabilities, the financial assets and financial liabilities shall be listed separately with the neutralized amount in balance sheet and are not allowed to be offset.

## 11. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company measures related assets or liabilities at fair value assuming the assets or liabilities are exchanged in an orderly transaction in the principal market; in the absence of a principal market, assuming the assets or liabilities are exchanged in an orderly transaction in the most advantageous market. Principal market (or the most advantageous market) is the market that the Company can normally enter into a transaction on measurement date. The Company adopts the presumptions that would be used by market participants in achieving the maximized economic value of the assets or liabilities.

For financial assets or financial liabilities with active markets, the Company uses the quoted prices in active markets as their fair value. Otherwise, the Company uses valuation technique to determine their fair value.

Fair value measurement of a non-financial asset takes into account market participants' ability to generate economic benefits using the asset in its best way or by selling it to another market participant that would best use the asset.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs, and using unobservable inputs only if the observable inputs aren't available or impractical.

Fair value level for assets and liabilities measured or disclosed at fair value in the financial statements are determined according to the significant lowest level input to the entire measurement: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date; Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly; Level 3 inputs are unobservable inputs for the assets or liabilities.

At the balance sheet date, the Company revalues assets and liabilities being measured at fair value continuously in the financial statements to determine whether to change the levels of fair value measurement.

## 12. Notes receivable

Please refer to Note V. 10 financial instruments (5) Impairment of financial assets.

## 13. Accounts receivable

Please refer to Note V.10 financial instruments (5) Impairment of financial assets.

**14. Accounts receivable financing**

Inapplicable

**15. Other receivables**

Determination method and accounting treatment method of expected credit loss of other receivables  
Please refer to Note V 10. financial instruments (5) Impairment of financial assets.

**16. Inventories****(1) Classification**

The Group's inventory is classified by real estate development and non-real estate development. Inventory is mainly for real estate development, including development costs and development products. Development cost include the development costs of development products to be developed and development products under construction. Development products includes completed development products and intended to sell but temporarily leased development products. Non-real estate developments include raw materials, finished goods and construction.

**(2) Measurement method of cost of inventories**

Inventories are initially measured at cost. The cost of product development includes land transfer fee, infrastructure expenditure, construction and installation project expenditure, borrowing expenses incurred before the completion of the development project and other related expenses in the development process. When a product is developed and shipped, the actual cost is determined by specific identification method.

Raw materials and finished goods are calculated using weighted average method.

**(3) Basis for determining the net realisable value and method for provision for obsolete inventories**

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realisable value is measured based on the verified evidences and considerations for the purpose of holding inventories and the effect of post balance sheet events.

Any excess of the cost over the net realisable value of inventories is recognised as a provision for obsolete inventories, and is recognised in profit or loss. The Company usually recognises provision for decline in value of inventories by a single inventory item. If the factors caused the value of inventory previously written-down have disappeared, the provision for decline in value of inventories previously made is reversed.

**(4) Inventory count system**

The Company maintains a perpetual inventory system.

(5) Amortization methods of low-value consumables

Low-value consumables are charged to profit or loss when they are used.

## 17. Contractual assets

Inapplicable

## 18. Contractual cost

The contractual costs include the incremental cost incurred in obtaining the contract and the cost for performance of the contract

The incremental cost incurred in obtaining the contract refers to the cost which will not incur as long as the Group does not obtain the contract (such as sales commission, etc.) If the cost is expected to be recoverable, the Group recognizes it as a contract acquisition cost as an asset. The Group's expenses incurred in obtaining the contract other than the incremental cost expected to be recovered are included in the current profit and loss when incurred.

If the cost incurred in implementing the contract does not fall within the scope of other accounting standards and regulations such as inventory and meets the following conditions at the same time, the Group shall recognize it as an asset as the contract performance cost:

- ① The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), clearly borne by the customer, and other costs incurred solely due to the contract;
- ② This cost increases the Group's resources for future performance obligations;
- ③ This cost is expected to be recoverable

Assets recognized for contract acquisition costs and assets recognized for contract performance costs (hereinafter referred to as "assets related to contractual cost") are amortized on the same basis as the revenue recognition of goods or services related to the asset and included in the current profit and loss. (If the amortization period does not exceed one year, it shall be included in the current profit and loss when it incurs.

When the book value of the asset related to the contractual cost is higher than the difference between the following two items, the Group makes provision for impairment of the excess part and recognizes it as an asset impairment loss:

- ① The residual consideration that the Group expects to obtain due to the transfer of the goods or services related to the asset;
- ② The costs that shall incur for transferring the related goods or services as estimated.

The contract performance cost recognized as an asset is presented in the item of "inventories" with the amortization period not exceeding one year or one normal business cycle at the initial recognition,

while it is presented in the item of "other non-current assets" with the amortization period not exceeding one year or one normal operation cycle.

The contract acquisition cost recognized as an asset is presented in the item of "other current assets" with the amortization period not exceeding one year or one normal business cycle at the initial recognition, while it is presented in the item of "other non-current assets" with the amortization period not exceeding one year or one normal operation cycle at the initial recognition.

## **19. Assets held for sale**

Inapplicable

## **20. Equity investment**

Inapplicable

## **21. Other equity investment**

Inapplicable

## **22. Long-term receivables**

Inapplicable

## **23. Long-term equity investments**

Long-term equity investments include equity investments in subsidiaries and equity investments in joint ventures and associates. An associate is an enterprise over which the Company has significant influence.

### **(1) Determination of initial investment cost**

The initial cost of a long-term equity investment acquired through a business combination involving enterprises under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial cost is the combination cost.

A long-term equity investment acquired other than through a business combination: A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Company acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

### **(2) Subsequent measurement and recognition of profit or loss**

Long-term equity investments in subsidiaries are accounted for using the cost method. An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement.

For a long-term equity investment which is accounted for using the cost method, Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

For a long-term equity investment which is accounted for using the equity method, where the initial cost of a long-term equity investment exceeds the Company's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Company's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.

Under the equity method, the Company recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Company. Changes in the Company's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution (referred to as "other changes in owners' equity"), is recognised directly in the Company's equity, and the carrying amount of the investment is adjusted accordingly. In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition.

When the Company becomes capable of exercising joint control or significant influence (but not control) over an investee due to additional investment or other reasons, the Company uses the fair value of the previously-held equity investment, together with additional investment cost, as the initial investment cost under the equity method. The difference between the fair value and carrying amount of the previously-held equity investment, and the accumulated changes in fair value included in other comprehensive income, shall be transferred to profit or loss for the current period upon commencement of the equity method.

When the Company can no longer exercise joint control of or significant influence over an investee due to partial disposal of the equity investment or other reasons, the remaining equity investment shall be accounting for using Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying amount of the remaining equity investment shall be charged to profit or loss for the current period at the date of the loss of joint control or significant influence. Any other comprehensive income previously recognised under the equity method shall be accounted for on the same basis as would have been required if the Company had directly disposed of the related assets or liabilities for the current period upon discontinuation of the equity method. Other movement of owner's equity related to original equity investment is transferred to profit or loss for the current period.

When the Company can no longer exercise control over an investee due to partial disposal of the equity investment or other reasons, and the remaining equity after disposal can exercise joint control of or



significant influence over an investee, the remaining equity is adjusted as using equity method from acquisition. When the remaining equity can no longer exercise joint control of or significant influence over an investee, the remaining equity investment shall be accounted for using Accounting Standard for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying amount of the remaining equity investment shall be charged to profit or loss for the current period at the date of loss of control.

When the Company can no longer exercise control over an investee due to new capital injection by other investors, and the Company can exercise joint control of or significant influence over an investee, the Company recognizes its share of the investee's new added net assets using new shareholding percentage. The difference between its new share of the investee's new added net assets and its decreased shareholding percentage of the original investment is recognized in profit or loss. And the Company adjusts to the equity method using the new shareholding percentage as if it uses the equity method since it obtains the investment.

Unrealized internal trading gains and losses between the group and associated enterprises and joint ventures shall be calculated as part of the group according to the shareholding ratio and investment gains and losses shall be recognized on an offset basis. However, unrealized internal trading losses between the group and the investee shall not be offset if they are impairment losses of the transferred assets.

### (3) Criteria for determining the existence of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. When assessing whether the Company can exercise joint control over an investee, the Company first considers whether no single participant party is in a position to control the investee's related activities unilaterally, and then considers whether strategic decisions relating to the investee's related activities require the unanimous consent of all participant parties that sharing of control. All the parties, or a group of the parties, control the arrangement collectively when they must act together to direct the relevant activities. When more than one combination of the parties can control an arrangement collectively, joint control does not exist. A party that holds only protective rights does not have joint control of the arrangement.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but does not have control or joint control over those policies. When determining whether the Company can exercise significant influence over an investee, the effect of potential voting rights (for example, warrants, share options and convertible bonds) held by the Company or other parties that are currently exercisable or convertible shall be considered.

When the Company, directly or indirectly through subsidiaries, owns 20% of the investee (including 20%) or more but less than 50% of the voting shares, it has significant influence over the investee unless there is clear evidence to show that in this case the Company cannot participate in the production and business decisions of the investee, and cannot form a significant influence. When the Company owns less than 20% of the voting shares, generally it does not have significant influence over the investee, unless there is clear evidence to show that in this case the Company can participate in the

production and business decisions of the investee so as to form a significant influence.

#### (4) Method of impairment testing and impairment provision

For investments in subsidiaries, associates and joint ventures, refer to Note V. 32 for the impairment of assets.

## 24. Investment property

Investment property measurement method

Cost method

Depreciation or amortization method

Investment properties are properties held either to earn rental income or for capital appreciation or for both. The Group's investment real estate includes leased houses, buildings and leased land use rights. In addition, for a vacant building held by the company for operating lease, if the board of directors (or a similar institution) makes a written resolution expressly indicating that it is used for operating lease and the intention of holding does not change in the short term, it is also considered as Investment property.

Investment properties are initially measured at acquisition cost, and depreciated or amortized using the same policy as that for fixed assets or intangible assets.

For the impairment of the investment properties accounted for using the cost model, refer to Note V. 32 for the impairment of assets.

Gains or losses arising from the sale, transfer, retirement or disposal of an item of investment property are determined as the difference among the net disposal proceeds, the carrying amount of the item, related taxes and surcharges, and are recognised in profit or loss for current period.

## 25. Fixed assets

### (1) Recognition of fixed assets

Fixed assets represent the tangible assets held by the Company for use in production of goods, use in supply of services, rental or for administrative purposes with useful lives over one accounting year. Fixed assets are only recognised when its related economic benefits are likely to flow to the Company and its cost can be reliably measured. Fixed assets are initially measured at cost.

### (2) Depreciation of fixed assets

Category	Depreciation method	Useful life (years)	Residual value rate %	Annual depreciation rate %
Plant and buildings	straight-line method	30	5	3.17%

Motor vehicles	straight-line method	6	5	15.83%
Electronic equipment and others	straight-line method	5	5	19.00%

The cost of a fixed asset is depreciated using the straight-line method since the state of intended use, unless the fixed asset is classified as held for sale. Not considering impairment provision, the estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

### (3) Recognition and measurement of fixed assets acquired under finance leases

Fixed assets under finance leases are recognised if they meet one or more of the following criteria:

- ①The ownership of leased assets is transferred to the Company by the end of the lease term.
- ②The Company has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date of the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised.
- ③Even if the ownership of assets is not transferred, the lease term covers the major part of the useful life of the asset.
- ④At the inception of lease, the present value of minimum lease payments amount to substantially all of the fair value of leased asset.
- ⑤Leased assets are of a specialized nature that only the Company can use them without major modifications.

An asset acquired under a finance lease is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, each determined at the inception of the lease. Long-term payable is recorded at an amount equal to the sum of all future minimum lease payments. The difference between the carrying amount of the leased assets and the minimum lease payments is accounted for as unrecognised finance charges. Initial direct costs attributable to a finance lease incurred during the process of lease negotiation and the signing of the lease agreement, including service charges, attorney's fees, travelling expenses and stamp duty, that are incurred by the Company are added to the carrying amount of the leased asset. Unrecognised finance charges are recognised as finance charge for the period using the effective interest method over the lease term.

Depreciation is accounted for in accordance with the accounting policies of fixed assets. If there is reasonable certainty that the Company will obtain ownership of a leased asset at the end of the lease term, the leased asset is depreciated over its estimated useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life.

### (4) Impairment of the fixed assets

For the impairment of the fixed assets, please refer to Note V. 32. Impairment of assets

Useful lives, estimated residual values and depreciation methods are reviewed at least at each year-end.

The Company adjusts the useful lives of fixed assets if their expected useful lives are different with the original estimates and adjusts the estimated net residual values if they are different from the original estimates.

#### (6) Overhaul costs

Overhaul costs occurred in regular inspection are recognized in the cost if there is undoubted evidence to confirm that this part meets the recognition criteria of fixed assets, otherwise, the overhaul costs are recognized in profit or loss for the current period. Depreciation is provided during the period of regular overhaul.

### **26. Construction in progress**

Construction in progress is recognized based on the actual construction cost, including all expenditures incurred for construction projects, capitalized borrowing costs and any other costs directly attributable to bringing the asset to working condition for its intended use.

Construction in progress is transferred to fixed asset when it is ready for its intended use.

The impairment of construction in progress is set out in Note V. 32. Impairment of assets

### **27. Borrowing costs**

#### (1) Capitalisation criteria

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised as part of the cost of that asset. Other borrowing costs are expensed in profit or loss as incurred. The capitalisation of borrowing costs shall commence only when the following criteria are met:

- ① capital expenditures have been incurred, including expenditures that have resulted in payment of cash, transfer of other assets or the assumption of interest-bearing liabilities;
- ② borrowing costs have been incurred;
- ③ the activities that are necessary to prepare the asset for its intended use or sale have commenced.

#### (2) Capitalisation period

The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use, the borrowing costs incurred thereafter are recognised in profit or loss for the current period.

Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

#### (3) Capitalisation rate of borrowing costs and calculation basis of capitalised amount

For interest expense actually incurred on specific borrowings, the eligible capitalised amount is the net amount of the borrowing costs after deducting any investment income earned before some or all of the funds are used for expenditures on the qualifying asset. To the extent that the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset, the capitalisation rate shall be the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings specifically for the purpose of obtaining a qualifying asset.

In the capitalisation period, exchange differences of specific borrowings in foreign currency shall be capitalised; exchange differences of general borrowings in foreign currency is recognised in profit or loss for the current period.

## **28. Productive biological assets**

Inapplicable

## **29. Oil and gas assets**

Inapplicable

## **30. Use right assets**

Inapplicable

## **31. Intangible assets**

### **(1) Valuation, use life, and impairment**

**Intangible assets include software, land use right, and patent rights etc.**

Intangible assets are stated at actual cost upon acquisition and the useful economic lives are determined at the point of acquisition. When the useful life is finite, amortisation method shall reflect the pattern in which the asset's economic benefits are expected to be realised. If the pattern cannot be determined reliably, the straight-line method shall be used. An intangible asset with an indefinite useful life shall not be amortised.

The Company shall review the useful life and amortisation method of an intangible asset with a finite useful life at least at each year end. Changes of useful life and amortisation method shall be accounted for as a change in accounting estimate.

An intangible asset shall be derecognised in profit or loss when it is not expected to generate future economic benefits.

The impairment of intangible assets is set out in NOTE V.32.Impairment of assets

## **(2) Accounting policy for internal research and development expenditure**

### **32. Impairment of assets**

The impairment of long-term equity investments in subsidiaries, associates and joint ventures, investment properties measured using a cost model, fixed assets, construction in progress, productive biological assets measured using a cost model, intangible assets, goodwill, proven oil and gas mining rights and wells and related facilities, etc. (Excluding inventories, investment property measured using a fair value model, deferred tax assets and financial assets) is determined as follows:

At each balance sheet date, the Company determines whether there is any indication of impairment. If any indication exists, the recoverable amount of the asset is estimated. In addition, the Company estimates the recoverable amounts of goodwill, intangible assets with indefinite useful lives and intangible assets not ready for use at each year-end, irrespective of whether there is any indication of impairment.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its present value of expected future cash flows. The recoverable amount is estimated for each individual asset. If it is not possible to estimate the recoverable amount of each individual asset, the Company determines the recoverable amount for the asset group to which the asset belongs. An asset group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly.

For goodwill impairment test, the carrying amount of goodwill arising from a business combination is allocated reasonably to the relevant asset group since the acquisition date. If the carrying amount of goodwill is unable to be allocated to asset group, the carrying amount of goodwill will be allocated to asset portfolio. Asset group or portfolio of asset group is asset group or portfolio of asset group which can benefit from synergies of a business combination and is not greater than the reportable segment of the Company.

In impairment testing, if impairment indication exists in asset group or portfolio of asset group containing allocated goodwill, impairment test is first conducted for asset group or portfolio of asset group that does not contain goodwill, and corresponding recoverable amount is estimated and any impairment loss is recognized. Then impairment test is conducted for asset group or portfolio of asset group containing goodwill by comparing its carrying amount and its recoverable amount. If the recoverable amount is less than the carrying amount, impairment loss of goodwill is recognized.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

### **33. Long-term deferred expenses**

Long-term deferred expenses are recorded at the actual cost, and amortized using a straight-line method

within the benefit period. For long-term deferred expense that cannot bring benefit in future period, the Company recognized its amortised cost in profit or loss for the current period.

### **34. Contractual liabilities**

Inapplicable

### **35. Employee benefits**

#### **(1) Scope of employee benefits**

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to the Company's spouse, children, dependents, family members of deceased employees or other beneficiaries are also part of the employee benefits.

In the current period, the Company has accrued for the actual wages, bonuses, medical insurance for employees based on standard rate, work injury insurance and maternity insurance and other social insurance and housing fund incurred and these are recognised as liabilities and corresponding costs in the profit or loss. If these liabilities are not expected to be fully paid 12 months after the end of the reporting period in which employee renders the service to the Company, and if the financial impact is significant, these liabilities shall be discounted using the net present value method.

#### **(2) Post-employment benefits**

Post-employment benefit plan includes defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which an enterprise pays fixed contributions into a separate fund and will have no future obligations to pay the contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Defined contribution plans

Defined contribution plans include primary endowment insurance, unemployment insurance, corporation pension plan and etc.

Besides basic pension insurance, the Company establishes corporate pension plans in accordance with the related policies of corporate pension regulations. Employees can join the pension plan voluntarily. The Company has no other significant commitment of employees' social security.

The Company shall recognise, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to the profit or loss for the current period or the cost of a relevant asset.

Defined benefit plan

For the defined benefit plan, independent actuary uses an actuarial technique, the projected unit credit method, to make a reliable estimate of the ultimate cost to the entity of the benefit that employees have earned in return for their service in the current and prior periods, on the balance sheet date. The Group set the defined benefit plan including the following components:

①Service costs, including current service costs, any past service costs and gain or loss on settlement. Among them, the current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period; the past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by a plan).

②Net interest on the net defined benefit liability (asset) can be viewed as comprising interest income on plan assets, interest cost on the defined benefit obligation and interest on the effect of the asset ceiling.

③Re-measurements of the net defined benefit liability and assets.

The Group makes determining amounts to be recognized in profit or loss except other accounting standards stipulates or allows employee benefits recorded as asset cost. Re-measurements of the changes in the net defined benefit liability (asset) recognized in other comprehensive income shall not be reclassified to profit or loss in a subsequent period. However, the entity may transfer those amounts recognized in other comprehensive income within equity, when original defined benefit plan is terminated.

### **(3) Termination benefits**

The Company provides for termination benefits to the employees and shall recognize an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss for the current period, at the earlier of the following dates: When the Company cannot unilaterally withdraw the offer of the termination benefits from an employment termination plan or a redundancy proposal; the Company recognizes the costs or expenses relating to a restructuring that involves the payment of the termination benefits..

If an employee's internal retirement plan is implemented, the economic compensation before the official retirement date is a dismissal benefit. From the date when the employee stops providing services to the normal retirement date, the salary of the retired employee and the social insurance premium to be paid are included in the current period at one time profit and loss. Financial compensation after the official retirement date (such as a normal retirement pension) is treated as after-service benefits.



**(5) Other long-term employee benefits**

Other long-term employee benefits provided by the Company to the employees satisfied the conditions for classifying as a defined contribution plan; those benefits shall be accounted for in accordance with the above requirements relating to defined contribution plan. When the benefits satisfy a defined benefit plan, it shall be accounted for in accordance with the above requirements relating to defined benefit plan, but the movement of net liabilities or assets in re-measurement of defined benefit plan shall be recorded in profit or loss for the current period or cost of relevant assets.

**36. Lease liability**

Inapplicable

**37. Provisions**

A provision is recognised for an obligation related to a contingency if all the following conditions are satisfied:

- (1) the Company has a present obligation;
- (2) it is probable that an outflow of economic benefits will be required to settle the obligation;
- (3) the amount of the obligation can be estimated reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. The Company reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

If all or part of the expenditure necessary for settling the provision is expected to be compensated by a third party, the amount of compensation is separately recognized as an asset when it is basically certain to be received. The recognized compensation amount shall not exceed the carrying amount of the provision.

**38. Share-based payment**

Inapplicable

**39. Other financial instruments, such as preferred shares, perpetual liabilities, etc.**

Inapplicable

#### 40. Revenue

The accounting policy used for revenue recognition and measurement

##### (1) General principle

The Company recognizes revenue when it has satisfied the performance obligation under the contract, that is, when the customer has obtained the right to control the relevant goods or services.

If a contract contains two or more performance obligations, the Company shall allocate the transaction price to each individual performance obligation in accordance with the relative proportion of the stand-alone selling price of the goods or services promised by each individual performance obligation on the date of the contract. The Company measures revenue based on the transaction price allocated to each individual performance obligation.

When one of the following conditions is met, the Group shall perform its performance obligations within a certain period; otherwise, it shall perform its performance obligations at a certain point in time:

- ① A customer obtains and consumes the economic benefits brought by the Company's performance at the same time as the Company's performance.
- ② A customer may control the products under construction in the Company's performance process.
- ③ The goods produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to collect payment for the cumulative performance part that has been completed so far during the entire contract period.

For performance obligations performed within a certain period of time, the Company recognizes revenue in accordance with the performance progress during that period, except where the performance progress cannot be reasonably determined. The Company determines the progress of a contract by using the output method or input method with consideration of the nature of goods or services. When the performance progress cannot be reasonably determined, and the costs incurred are expected to be compensable, the Company recognizes the revenue according to the amount of the costs incurred until the performance progress can be reasonably determined.

For performance obligations performed at a certain point of time, the Company recognizes revenue at the point when a customer obtains control of the relevant goods or services. In judging whether a customer has obtained control of goods or services, the Company considers the following signs:

- ① The Company has the current right to receive payment for the goods or services, that is, the customer has the current payment obligation for the goods or services.
- ② The Company has transferred the legal ownership of the product to the customer, that is, the customer has the legal ownership of the product.
- ③ The Company has transferred the goods to the customer in kind, that is, the customer has taken possession of the goods in kind.

- ④ The Company has transferred the main risks and rewards of the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the goods
- ⑤ The customer has accepted the goods or services, etc.
- ⑥ Other signs that the customer has obtained control of the product.

The Group has transferred goods or services to customers and has the right to receive consideration (and the right depends on other factors other than the passage of time) as contractual assets, and contractual assets are impaired on the basis of expected credit losses (see Note V, 10 (6)) The Group's unconditional (only depending on the passage of time) right to receive consideration from customers are listed as receivables. The Group's obligation to transfer goods or services to customers for consideration received or receivable from customers is regarded as contractual liabilities.

Contractual assets and contractual liabilities under the same contract are listed as net amount. If the net amount is the debit balance, it is listed in the "contractual assets" or "other non-current assets" item according to its liquidity; if the net amount is the credit balance, according to its liquidity, it is listed in the items of "contractual liabilities" or "other non-current liabilities".

## (2) Specific revenue recognition

Specific revenue recognition is as follows:

### ① Real estate development sales revenue recognition

1) the sales contract has been signed and filed with the land department; 2) the real estate has been completed and accepted; 3) For a lump-sum payment, all the room payment has been received, for installment payments, if the delayed payment has a financing nature, it shall be calculated and determined in accordance with the present value of the contract price, for mortgage, the first installment has been received and the bank mortgage approval procedures have been completed; 4) completed the procedures for entering the partnership in accordance with the requirements stipulated in the sales contract.

### ② Provide the specific method of property service income recognition

According to the service date agreed in the property service contract and agreement and the area and unit price corresponding to the service, the realization of the property service income shall be confirmed when the relevant service fee has been received or evidence of payment has been obtained.

### ③ Rental property income recognition of the specific method

The realization of the income from the leased property shall be confirmed when the relevant rent has been received or evidence of collection has been obtained according to the lease contract and agreement on the date of lease (consider the rent-free period if there is a rent-free period) and the rent amount.

### ④ Other income recognition methods

Including project construction income, hotel operating income, etc., according to the relevant contract, agreement, in the relevant payment has been received or is likely to receive the realization of revenue recognition.

There are differences in revenue recognition due to different business models in the same businesses

#### **41. Government grants**

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value. If fair value cannot be reliably determined, it is measured at a nominal amount of RMB 1.

The government grants relating to assets are grants that Group purchases, construction or other methods to acquire long-term assets of government grants. Exception of the above grants, others are related to gains.

For government grants with unspecified purpose, the amount of grants used to form a long-term asset is regarded as government grants related to an asset, the remaining amount of grants is regarded as government grants related to income. If it is not possible to distinguish, the amount of grants is treated as government grants related to income.

A government grant related to an asset is offset against the carrying amount of the related asset, or recognised as deferred income and amortised to profit or loss over the useful life of the related asset on a reasonable and systematic manner. A grant that compensates the Group for expenses or losses already incurred is recognised in profit or loss or offset against related expenses directly. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in profit or loss or offset against related expenses in the periods in which the expenses or losses are recognised.

A grant related to ordinary activities is recognised as other income or offset against related expenses based on the economic substance. A grant not related to ordinary activities is recognised as non-operating income.

When a recognised government grant is reversed, carrying amount of the related asset is adjusted if the grant was initially recognized as offset against the carrying amount of the related asset. If there is balance of relevant deferred income, it is offset against the carrying amount of relevant deferred income. Any excess of the reversal to the carrying amount of deferred income is recognised in profit or loss for the current period. For other circumstances, reversal is directly recognized in profit or loss for the current period.

## 42. Deferred tax assets and deferred tax liabilities

Income tax comprises of current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to transactions or items recognised directly in equity and goodwill arising from a business combination.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

All the taxable temporary differences are recognized as deferred tax liabilities except for those incurred in the following transactions:

- (1) initial recognition of goodwill, or assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss);
- (2) taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, and the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The Company recognises a deferred tax asset for deductible temporary differences, deductible losses and tax credits carried forward to subsequent periods, to the extent that it is probable that future taxable profits will be available against which deductible temporary differences, deductible losses and tax credits can be utilised, except for those incurred in the following transactions:

- (1) a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss);
- (2) deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred tax asset is recognized when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future; and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the reporting date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

### **43. Operating leases and finance leases**

#### **(1) Accounting treatments for operating lease**

The Group recognizes leases that a lease has substantially transferred all risks and rewards incidental to ownership of a leased asset to the lessee as financial leases. An operating lease is a lease other than a finance lease.

Rental payments under operating leases are recognized as part of the cost of another related asset or as expenses on a straight-line basis over the lease term. Initial direct costs are charged to profit or loss immediately.

#### **(2) Accounting treatment method for finance lease**

At the commencement of the lease term, the Company 110ecognized the aggregate of the minimum lease receipts determined at the inception of a lease and the initial direct costs as finance lease receivable, and 110ecognized unguaranteed residual value at the same time. The difference between the aggregate of the minimum lease receipts, the initial direct costs and the unguaranteed residual value, and the aggregate of their present value is 110ecognized as unearned finance income. Unearned finance income is allocated to each accounting period during the lease term using the effective interest method.

When the Company acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, each determined at the inception of the lease. At the commencement of the lease term, the minimum lease payments are recorded as long-term payables. The difference between the carrying amount of the leased assets and the minimum lease payments is accounted for as 110ecognized110d finance charges. Initial direct costs attributable to a finance lease that are incurred by the Company are added to the carrying amount of the leased asset. Unrecognised finance charges arising from a finance lease are 110ecognized using an effective interest method over the lease term. Depreciation is accounted for in accordance with the accounting policies of fixed assets.

### **44. Other significant accounting policies and accounting estimates**

Estimates as well as underlying assumptions involved are reviewed on an ongoing basis, based on historical experience and other factors, including reasonableness of estimation about future events.

The followings are significant accounting estimations and key assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Classification of financial assets

The Group's major judgments in determining the classification of financial assets include the analysis of business models and the characteristics of contract cash flows.

At the level of financial asset group, the Group determines the business model for managing financial assets, taking into account factors such as the way to evaluate and report financial assets performance to key managers, the risks affecting financial assets performance and their management methods, and the way in which relevant business managers are paid.

In assessing whether the contract cash flow of financial assets is consistent with the basic lending arrangements, the Group has the following judgments: whether the principal's time distribution or amount may change during the lifetime for early repayment and other reasons; whether the interest only includes the time value of money, credit risk, other basic lending risks and the consideration of cost and profit. For example, does the amount of advance payment only reflect the unpaid principal and interest based on the unpaid principal, and reasonable compensation paid for the early termination of the contract.

#### Measurement of Expected Credit Loss of Account Receivable

The Group calculates the expected credit losses of accounts receivable by default risk exposure and expected credit losses rate of accounts receivable, and determines the expected credit losses rate based on default probability and default loss rate. In determining the expected credit losses rate, the Group uses internal historical credit loss and other data, and adjusts the historical data with current situation and forward-looking information. In considering forward-looking information, the indicators used by the Group include the risks of economic downturn, external market environment, technological environment and changes in customer conditions. The Group regularly monitors and reviews assumptions related to the calculation of expected credit losses.

#### Deferred tax assets

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The management needs significant judgment to estimate the time and extent of the future taxable profits and tax planning strategy to recognise the appropriate amount of Deferred tax assets

#### The provision of land appreciation tax

The Group is subject to land appreciation tax ("LAT"). The Group recognised LAT based on management's best estimates, however, LAT is recognised by tax authorities according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact tax provision in periods in which such taxes have been finalised with local tax authorities.

#### Determination of fair value of unlisted equity investment

The fair value of an unlisted equity investment is the future cash flow discounted from the current discount rate of a project with similar terms and risks. This valuation requires the group to estimate

future cash flows and discount rates. Therefore, it causes high uncertainty. In some cases, there is insufficient information to determine fair value, or the distribution of possible estimates is wide. On the contrary, the cost represents the best estimate of fair value within that range. As a whole, the cost can represent the appropriate estimate of fair value within that range.

#### **45.Changes in significant accounting policies, accounting estimates and correction of errors in prior periods**

##### **(1) Changes in accounting policies.**

√ Applicable □ Inapplicable

On July 5, 2017, the Ministry of Finance revised and issued the "Accounting Standards for Enterprises No.14-Revenue". According to the required of the Ministry of Finance, the group implemented the above new standard and changed the accounting policy from January 1 2020, the main conditions as follows.

The Company recognizes revenue when it has satisfied the performance obligation under the contract, that is, when the customer has obtained the right to control the relevant goods or services "Obtaining the right to control the relevant goods or services" means that it is able to dominate the use of the goods or services and derive almost all economic benefits therefrom. When certain conditions are met, the Group shall perform its performance obligations within a certain period of time; otherwise, it shall perform its performance obligations at a certain point in time. If a contract contains two or more performance obligations, the company shall allocate the transaction price to each individual performance obligation in accordance with the relative proportion of the stand-alone selling price of the goods or services promised by each individual performance obligation on the date of the contract The Company measures revenue based on the transaction price allocated to each individual performance obligation.

The group adjusted relevant accounting policies in accordance with the specific provisions of the new revenue standards on specific matters or transactions, for example: contractual cost, quality assurance, distinction between principal and agent, sales with sales return clauses, additional purchase options, intellectual property license, repurchase arrangement, advances from customers and handling of initial fee without refund, etc.

The Group has the right to receive consideration by transferring goods to customers, and this right depends on factors other than the passage of time as contractual assets. The Group's obligation to transfer goods to customers for consideration received or receivable from customers is listed as contractual liabilities.

Reclassify the tax-exclusive part of the " advance form customers" that should have the delivery obligation to the customer to contractual liabilities, and reclassify the tax part to tax payable. The company will adjust the retained earnings at the beginning of the year and the amount of other related items in the financial statements based on the cumulative impact of the first implementation of the new income standard when preparing the financial reports for 2020 and each period, and will not adjust the information for the comparable period. Please refer the table below



Item	Dec 31 2019	Jan 1 2020	Adjusted amount
Advance form customers	159,482,510.43	4,864,243.00	-154,618,267.43
contractual liabilities		151,007,450.32	151,007,450.32
Tax payable	585,700,815.36	589,311,632.47	3,610,817.11

## (2) Changes in significant accounting estimates

☐ applicable ☒ applicable

## (3) Adjustment of the relevant financial statements at the current year beginning according to the new standards for revenues and the new standards for lease initially implemented commencing from 2020

Whether to adjust the balance sheet account at the beginning of the year

☒ Yes ☐ No

Consolidated balance sheet

Expressed in RMB

Item	Dec 31 2019	Jan 1 2020	Adjusted amount
Current assets:			
Cash at bank and on hand	2,511,140,445.35	2,511,140,445.35	
Provision of Settlement fund			
Funds lent			
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable	62,059,055.68	62,059,055.68	
Accounts receivable financing			
Prepayments	219,948.17	219,948.17	
Insurance premiums receivables			
Cession premiums receivables			
Provision of cession premiums receivables			
Other receivables	28,275,228.26	28,275,228.26	
Including: Interest receivable			

Dividends receivable	1,052,192.76	1,052,192.76	
Recoursable Financial assets acquried			
Inventories	1,462,229,048.18	1,462,229,048.18	
Contractual assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	102,781,855.48	102,781,855.48	
Total current assets	4,166,705,581.12	4,166,705,581.12	
Non-current assets:			
Loans and payments			
Investments in debt obligations			
Investments in other debt obligations			
Long-term receivables			
Long-term equity investments	469,838.65	469,838.65	
Investments in other equity instruments	33,126,730.04	33,126,730.04	
Other non-current financial assets			
Investment property	632,241,900.20	632,241,900.20	
Fixed assets	30,522,035.11	30,522,035.11	
Construction in progress			
Productive living assets			
Oil and gas assets			
Use rights assets			
Intangible assets			
Development costs			
Goodwill			
Long-term prepaid expense	162,125.72	162,125.72	
Deferred tax assets	46,441,325.25	46,441,325.25	
Other non-current assets			
Total non-current assets	742,963,954.97	742,963,954.97	
Total assets	4,909,669,536.09	4,909,669,536.09	
Current liabilities:			
Short-term loans	51,647,260.17	51,647,260.17	
Borrowings from central bank			

Deposit funds			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payable	244,224,478.46	244,224,478.46	
Advances from customers	159,482,510.43	4,864,243.00	-154,618,267.43
Contractual liabilities		151,007,450.32	151,007,450.32
Funds from sale of financial assets with repurchase agreements			
Deposits from customer and interbank			
Funds received as an agent of stock exchange			
Funds received as stock underwrite			
Payroll payable	53,909,576.49	53,909,576.49	
Taxes payable	585,700,815.36	589,311,632.47	3,610,817.11
Other payables	277,319,174.53	277,319,174.53	
Including: Interest payable	16,535,277.94	16,535,277.94	
Dividends payable			
Handling charges and commissions payable			
Cession premiums payables			
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	1,372,283,815.44	1,372,283,815.44	
Non-current liabilities:			
Provision for insurance contracts			
Long-term loans			
Debentures payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables	7,499,192.92	7,499,192.92	
Long-term employee benefits payable			

Provisions			
Deferred income			
Deferred tax liabilities	4,903,293.58	4,903,293.58	
Other non-current liabilities			
Total non-current liabilities	12,402,486.50	12,402,486.50	
Total liabilities	1,384,686,301.94	1,384,686,301.94	
Shareholders' equity:			
Share capital	1,011,660,000.00	1,011,660,000.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	978,244,910.11	978,244,910.11	
Less: treasury shares			
Other comprehensive income	20,831,004.13	20,831,004.13	
Specific reserve			
Surplus reserves	191,222,838.94	191,222,838.94	
General reserve			
Retained earnings	1,464,915,816.81	1,464,915,816.81	
Total equity attributable to shareholders of the Company	3,666,874,569.99	3,666,874,569.99	
Non-controlling interests	-141,891,335.84	-141,891,335.84	
Total shareholders' equity	3,524,983,234.15	3,524,983,234.15	
Total liabilities and shareholders' equity	4,909,669,536.09	4,909,669,536.09	

Adjustment description:

The company adjusted according to the actual situation as: Reclassifying the tax-exclusive part of "advance form customers" that should have the delivery obligation to the customer into "contractual liabilities", and reclassifying the part for tax to tax payable.

The new revenue standard takes the transfer of control as revenue recognition, and there is no significant change in the company's revenue recognition.

#### Parent Company Balance Sheet

Expressed in RMB

Item	Dec 31 2019	Jan 1 2020	Adjust amount
Currently assets:			
Cash at bank and on hand	1,967,688,122.55	1,967,688,122.55	

Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable	156,935.84	156,935.84	
Accounts receivable financing			
Prepayments	200,000.00	200,000.00	
Other receivables	835,275,498.69	835,275,498.69	
Including: Interest receivable			
Dividends receivable			
Inventories	419,453,091.86	419,453,091.86	
Contractual assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	407,560.64	407,560.64	
Total current assets	3,223,181,209.58	3,223,181,209.58	
Non-current assets:			
Loans and payments			
Investments in other debt obligations			
Long-term receivables			
Long-term equity investments	150,676,516.92	150,676,516.92	
Investments in other equity instruments	13,229,501.03	13,229,501.03	
Other non-current financial assets			
Investment property	522,038,731.16	522,038,731.16	
Fixed assets	19,586,720.47	19,586,720.47	
Construction in			

progress			
Productive living assets			
Oil and gas assets			
Use rights assets			
Intangible assets			
Development costs			
Goodwill			
Long-term prepaid expense			
Deferred tax assets	162,125.72	162,125.72	
Other non-current assets	20,975,294.54	20,975,294.54	
Total non-current assets	726,668,889.84	726,668,889.84	
Total assets	3,949,850,099.42	3,949,850,099.42	
Current liabilities:			
Short-term loans			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payable	103,915,931.14	103,915,931.14	
Advances from customers	59,409,454.38		-59,409,454.38
Contractual liabilities		56,580,432.74	56,580,432.74
Payroll payable	25,544,403.23	25,544,403.23	
Taxes payable	143,434,273.95	146,263,295.59	2,829,021.64
Other payables	190,666,487.82	190,666,487.82	
Including: Interest payable	16,535,277.94	16,535,277.94	
Dividends payable			
Liabilities held for sale			
Non-current			

liabilities due within one year			
Other current liabilities			
Total current liabilities	522,970,550.52	522,970,550.52	
Non-current liabilities:			
Long-term loans			
Debentures payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities	1,295,046.51	1,295,046.51	
Other non-current liabilities			
Total non-current liabilities	1,295,046.51	1,295,046.51	
Total liabilities	524,265,597.03	524,265,597.03	
Owners' equity:			
Share capital	1,011,660,000.00	1,011,660,000.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	964,711,931.13	964,711,931.13	
Less: Treasury shares			
Other comprehensive income	922,125.77	922,125.77	

Specific reserve			
Surplus reserves	168,093,225.53	168,093,225.53	
Retained earnings	1,280,197,219.96	1,280,197,219.96	
Total shareholders' equity	3,425,584,502.39	3,425,584,502.39	
Total liabilities and shareholders' equity	3,949,850,099.42	3,949,850,099.42	

Adjustment description:

According to the company's revenue recognition, After the company adopts the "New Revenue Standard", no "contractual assets" will be formed; the impact of financial statement mainly is the reclassification between "contractual liabilities", "advance in customers" and "taxes payable".

**(4) Note to the retroactive adjustment of the previous comparative data according to the new standards for revenue and the new standards for lease to be implemented commencing from year 2020**

☐ applicable ☒ Inapplicable

**46. Other**

Inapplicable

**VI. Taxation**

**1. Main types of taxes and corresponding tax rates**

Tax type	Tax basis	Tax rate%
VAT	Taxable income	9,6,5,3
City maintenance and construction tax	Turnover tax payable	7
Corporate income tax	Taxable profits	25,16.5
Land appreciation tax	It shall be levied on the basis of the value-added value of the real estate transferred and the prescribed tax rate and paid in advance according to the type of real estate product	Four progressive rates of excess rate: 30,40,50, 60
Property tax	70% of the original value of properties	1.2
Education surcharge	Turnover tax payable	3
Local education surcharge	Turnover tax payable	2

In case there were taxpayers subject to different corporate income tax rates, disclose the information:

Inapplicable



**2. Tax Preferences**

Inapplicable

**3. Others**

The corporate income tax rate for companies registered in China is 25%, and the corporate income tax rate for companies registered in Hong Kong is 16.5%.

**VII. Notes to items of consolidated financial statements****1. Cash at bank and on hand**

Expressed in RMB

Item	As at June 30 2020	As at Dec 31 2019
Cash in hand	68,146.22	66,252.42
Deposits with banks:	426,154,287.65	1,493,123,507.93
Other Monetary Funds	1,722,000,000.00	1,017,950,685.00
Total	2,148,222,433.87	2,511,140,445.35
Including: Total overseas deposits	8,100,588.74	7,936,545.69

Note: At the end of the period, other monetary assets 1,722,000,000.00 are “seven-day notice deposits”

**2. Transactional financial assets**

Inapplicable

**3. Derivative financial assets**

Inapplicable

**4. Notes receivable**

Inapplicable

**5. Accounts receivable****(1) Accounts receivables disclosed by category**

Expressed in RMB

Item	As at June 30 2020			As at Dec 31 2019		
	Book balance	Provision for	Carryin	Book balance	Provision for bad	Carrying

			bad and doubtful debts		g amount			and doubtful debts		amount
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Individually assessed for impairment individually	24,866,900.27	32.09%	24,866,900.27	100.00%	0.00	24,866,900.27	27.56%	24,866,900.27	100.00%	0.00
Including:										
Collectively assessed for impairment based on credit risk characteristics	52,633,893.57	67.91%	3,292,460.67	6.26%	49,341,432.90	65,351,516.35	72.44%	3,292,460.67	5.04%	62,059,055.68
Including:										
Receivable from other customers	52,633,893.57	67.91%	3,292,460.67	6.26%	49,341,432.90	65,351,516.35	72.44%	3,292,460.67	5.04%	62,059,055.68
Total	77,500,793.84	100.00%	28,159,360.94	36.33%	49,341,432.90	90,218,416.62	100.00%	28,159,360.94	31.21%	62,059,055.68

A. Provision for bad and doubtful debts for accounts receivable which are individually assessed for impairment individually:

Expressed in RMB

Item	As at June 30 2020			
	Book balance	Provision for bad and doubtful debts	Provision proportion	Provision reason
Agent for import and export business payment	11,574,556.00	11,574,556.00	100.00%	Expected to be unrecoverable
Long-term receivable of selling properties	10,626,436.84	10,626,436.84	100.00%	Expected to be unrecoverable
Accounts receivable from the revoked subsidiary	2,328,158.40	2,328,158.40	100.00%	Expected to be unrecoverable
Other client receivable	337,749.03	337,749.03	100.00%	Expected to be unrecoverable
Total	24,866,900.27	24,866,900.27	--	--

A. Provision for bad and doubtful debts for accounts receivable which are individually assessed for impairment individually:

Expressed in RMB

Item	As at June 30 2020			
	Book balance	Provision for bad and doubtful debts	Provision proportion	Provision reason

Accounts receivable which are collectively assessed for impairment using the aging analysis method (Receivable from other customers group) at the end of the period:

Expressed

in RMB

Item	As at June 30 2020		
	Book balance	Provision for bad and doubtful debts	Provision proportion
Within 1 year	52,567,375.57	3,289,134.77	5.04%
1 to 2 years	66,518.00	3,325.90	5.00%
Total	52,633,893.57	3,292,460.67	--

Note to the basis for determining the combination:

Inapplicable

Total provision for bad and doubtful debts based on portfolio:

Inapplicable

Note to the basis for determining the combination:

Inapplicable

Disclosure by aging

Expressed in RMB

Aging	As at June 30 2020
Within 1 year	33,383,469.47
Over 3 years	44,117,324.37
3 to 4 years	24,956,115.96
Over 5 years	19,161,208.41
Total	77,500,793.84

(2) Additions, recoveries or reversals of provision for bad and doubtful debts during the reporting period

Inapplicable

(3) Accounts receivable written off during this period

Inapplicable

**(4) the top five balance of accounts receivable at the ending**

Expressed in RMB

Item	Ending balance	Proportion in total ending balance	Ending balance of the provision for bad debts
China Construction Third Bureau Group Co., Ltd.	18,581,256.93	23.98%	929,062.85
Wuhan Linyun Real Estate Development Co., Ltd.	13,209,585.96	17.04%	660,479.30
Jiangsu Huajian Construction Co., Ltd. Shenzhen Branch	8,147,885.22	10.51%	407,394.26
China Construction Eighth Engineering Bureau Co., Ltd.	4,555,820.56	5.88%	227,791.03
Liu Zihua	28,308,470.82	36.53%	1,415,423.54
Total	72,803,019.49	93.94%	

**(5) Derecognition of accounts receivable due to transfer of financial assets**

Inapplicable

**(6) Amount of assets and liabilities formed through transfer of account receivable**

At the end of the period, the Group handled the factoring of accounts receivable. The factoring amount was RMB 45,904,965.19, and the corresponding book value of accounts receivable was RMB 45,904,965.19, which was not derecognized. For details of the pledge of accounts receivable, please refer to Note VII. 81 "Ownership or Use Assets with restricted rights".

**6. Accounts Receivable Financing**

Inapplicable

**7. Prepayments****(1) the aging analysis of prepayments is as follows:**

Expressed in RMB

Aging	As at June 30 2020		As at Dec 31 2019	
	Amount	Proportion (%)	Amount	Proportion (%)

Within 1 year	3,454,983.53	94.51%	19,398.17	8.82%
1 and 2 years	200,000.00	5.47%	200,000.00	90.93%
More than 3 years	550.00	0.02%	550.00	0.25%
<b>Total</b>	<b>3,655,533.53</b>	<b>--</b>	<b>219,948.17</b>	<b>--</b>

Note to the reason why a significant prepayment with age exceeding 1 year not been settled:

Inapplicable

(2) Top 5 entities with the largest balances of prepayment

The total amount of prepayment is RMB3,148,820.81, accounting for 86.14% of the total amount of the ending balance of prepayment.

Other note:

Inapplicable

## 8. Other receivables

Expressed in RMB

Item	As at June 30 2020	As at Dec 31 2019
Dividend receivables	1,052,192.76	1,052,192.76
Other receivables	20,855,240.72	27,223,035.50
<b>Total</b>	<b>21,907,433.48</b>	<b>28,275,228.26</b>

### (1) Interest receivables

#### 1) Classification of interest receivable

Inapplicable

#### 2) Significant overdue interest

Inapplicable

#### 3) Provision for bad debts

Inapplicable

### (2) Dividends receivable

#### 1) Classification of dividends receivable

Expressed in RMB

Item	As at June 30 2020	As at Dec 31 2019
------	--------------------	-------------------

Yunnan KunPeng Flight service Co., Ltd	1,052,192.76	1,052,192.76
<b>Total</b>	<b>1,052,192.76</b>	<b>1,052,192.76</b>

## 2) significant dividends receivable aging over 1 year:

Expressed in RMB

Item	As at June 30 2020	Aging	Reason why uncollected	Any impairment and the basis
Yunnan KunPeng Flight service Co., Ltd	1,052,192.76	5 years	Delay to issue	No
<b>Total</b>	<b>1,052,192.76</b>	<b>--</b>	<b>--</b>	<b>--</b>

## 3) Provision for bad debts

Inapplicable

### (3) Other receivables

#### 1) Other receivables categorized by nature

Expressed in RMB

Item	As at June 30 2020	As at Dec 31 2019
Other receivables from government	3,687,234.61	4,371,247.34
Other receivables from employee's petty cash	721,884.01	716,684.01
Other receivables from the collecting and paying on behalf	595,286.34	594,012.08
Other receivables from other customers	56,715,709.87	56,713,292.62
Other receivables from related parties	144,838,546.96	160,190,001.38
<b>Total</b>	<b>206,558,661.79</b>	<b>222,585,237.43</b>

## 2) Provision for bad and doubtful debts

Expressed in RMB

Item	The first stage	The second stage	The third stage	Total
	To 12-month expected credit loss	To lifetime expected credit loss (no credit impairment)	To lifetime expected credit loss (has occurred credit impairment)	

Balance as at Jan 1 2020	1,133,741.68		194,228,460.25	195,362,201.93
Balance as at Jan 1 2020 in current period	—	—	—	—
Other changes			-10,710,973.62	-10,710,973.62
Balance as at June 30 2020	1,133,741.68		183,517,486.63	184,651,228.31

Changes in the book balance with significant changes in the loss provision for the current period:

Inapplicable

Other receivables by aging

Expressed in RMB

Item	As at Jun 30 2020
Within 1 year	20,271,255.02
1 to 2 years	5,424,624.80
Over 3 years	180,862,781.97
4 to 5 years	180,862,781.97
Total	206,558,661.79

### 3) Additions, recoveries or reversals of provision for bad and doubtful debts during the year:

Provision for bad debts in the current period:

Expressed in RMB

Item	As at Dec 31 2019	Change in current period				As at Jun 30 2020
		additions	recoveries or reversals	Write-off	Others	
Foreign currency statement translation difference	195,362,201.93				-10,710,973.62	184,651,228.31
Total	195,362,201.93				-10,710,973.62	184,651,228.31

Note: The provision for bad debts for the current period decreased by RMB 10,710,973.62, which is the translation difference of foreign currency statements.

Including significant recoveries or reversals during the year:

Inapplicable

### 4) Other receivables written off during this year

Inapplicable

**5) Top 5 entities with the largest balances of other receivables**

Expressed in RMB

Item	Nature	Amount	Aging	Proportion of the amount to the total OR (%)	Bad debt provision
Canada Great Wall (Vancouver) Co., Ltd	Current account	89,035,748.07	More than 5 years	43.10%	89,035,748.07
Paklid Limited	Current account	19,319,864.85	More than 5 years	9.35%	19,319,864.85
Bekaton property Limited	Current account	12,559,290.58	More than 5 years	6.08%	12,559,290.58
Guangdong province Huizhou Luofu Hill Mineral Water Co., Ltd	Current account	10,465,168.81	More than 5 years	5.07%	10,465,168.81
Xi'an Fresh Peak Property Trading Co., Ltd	Current account	8,419,205.19	More than 5 years	4.08%	8,419,205.19
<b>Total</b>	--	<b>139,799,277.50</b>	--	<b>67.68%</b>	<b>139,799,277.50</b>

**6) Accounts receivable involving government subsidy**

Inapplicable

**7) Other receivables with recognition terminated due to transfer of financial assets**

Inapplicable

**8) Amount of assets and liabilities formed through transfer of account receivable and continuing to be involved**

Inapplicable

**9. Inventories**

Does the Company need to comply with the disclosure requirements of real estate industry

Yes

**(1) Classification of inventories**

The company complies with the disclosure requirements of "Shenzhen Stock Exchange Industry



## Information Disclosure Guidelines No. 3-Listed Companies Engaged in Real Estate Business"

Classified by nature:

Expressed in RMB

Item	As at June 30 2020			As at Dec 31 2019		
	Book value	Provision for impairment of inventories	Carrying amount	Book value	Provision for impairment of inventories	Carrying amount
Real estate developing cost	431,446,135.98		431,446,135.98	400,425,673.85		400,425,673.85
Real estate developed products	922,129,810.03	268,941.60	921,860,868.43	1,060,130,671.64	268,941.60	1,059,861,730.04
Raw materials	1,083,812.12	240,000.00	843,812.12	882,857.81	240,000.00	642,857.81
Finished products	358,038.92	38,891.91	319,147.01	317,200.81	38,891.91	278,308.90
Construction in progress	81,480,891.69		81,480,891.69	1,020,477.58		1,020,477.58
Total	1,436,498,688.74	547,833.51	1,435,950,855.23	1,462,776,881.69	547,833.51	1,462,229,048.18

The main items of " Real estate developing cost " and their interest capitalization are shown below:

Expressed in RMB

Item	Starting time	Finished time	Estimated total investment	As at Dec 31 2019	Less: Transfer to "Real estate developed products"	Less: Other reduction	Add: Increase in this period	As at Jun 30 2020	Cumulative interest capitalization	Include: Amount of interest capitalized in the current period	Sources of funds
TianYue Bay No.2	Sep 1 2019	Sep 12 2020	654,850,000.00	375,133,765.74	31,020,462.13			406,154,227.87			Others
ShanTou Fresh Peak Building				25,291,908.11				25,291,908.11			Others
Total	--	--	654,850,000.00	400,425,673.85	31,020,462.13			431,446,135.98			--

The main items of " Real estate developed products" and their interest capitalization are shown below:

Expressed in RMB

Item	Finished time	As at Dec 31 2019	Increase	Decrease	As at Jun 30 2020	Cumulative interest capitalization	Include: Amount of interest capitalized in the current period
Jinye Island Multi-tier villa	Sep 16 1997	39,127,219.14			39,127,219.14		
Jinye Island villa No.10	Dec 02 2010	3,527,928.93		1,446,263.78	2,081,665.15		

Jinye Island villa No.11	Aug 20 2008	4,341,162.49		55,252.56	4,285,909.93		
YueJing dongfang Project	Nov 18 2014	7,846,006.07		118,459.23	7,727,546.84		
Wenjin Garden		92,212.77			92,212.77		
HuaFeng Building		1,631,743.64			1,631,743.64		
HuangPu XinCun		729,430.00			729,430.00		
XingHu Garden		156,848.69			156,848.69		
Shenfeng Shanglin Garden	Jan 01 2014	10,206,656.46			10,206,656.46	820,623.32	
Beijing Fresh Peak Buliding		304,557.05			304,557.05		
TianYue Bay No.1	Dec 15 2017	475,748,123.14		59,486,914.47	416,261,208.67		
Shengfang CuiLin Building	May 8 2018	99,946,066.54		25,889,031.08	74,057,035.46		
Chuanqi Donghu	Dec 18 2019	416,472,716.72		51,004,940.49	365,467,776.23	2,412,880.86	
Total	--	1,060,130,671.64	0.00	138,000,861.61	922,129,810.03	3,233,504.18	

The main items of " Raw material " Finished products "and "Construction in progress" are shown below:

Inapplicable

**(2) Provision for impairment of inventories or provision for impairment of contract performance costs**

Expressed in RMB

Item	Opening balance	Increase in the reporting period		Decrease in the reporting period		Ending balance	Note
		Provision	Others	Reversal or Offset	Others		
Real estate developed products	268,941.60					268,941.60	
Raw material	240,000.00					240,000.00	
Finished products	38,891.91					38,891.91	
Total	547,833.51					547,833.51	--

Classified by items:

Expressed in RMB

Item	Opening balance	Increase in the reporting period		Decrease in the reporting period		Ending balance	Note
		Provision	Others	Reversal or Offset	Others		

**(3) Note to the amount of capitalized borrowing costs involved in the ending balance of inventories**

As at June 30 2020, the Group's inventory balance contains the amount capitalized on the borrowing costs is RMB 3,233,504.18 (As at Dec 31 2019, RMB 4,910,251.90).

**(4) Inventory restrictions**

Inapplicable

**10. Contractual assets**

Inapplicable

**11. Assets held for sale**

Inapplicable

**12. Non-current assets due within one year**

Inapplicable

**13. Other non-current assets**

Expressed in RMB

Item	As at 30 Jun 2020	As at Dec 31 2019
Income tax prepaid	71,828,974.61	84,000,516.75
VAT overpaid or prepaid	3,973,658.77	10,211,601.86
Deductible input VAT	24,829,389.60	4,741,727.70
LAT prepaid	4,248,831.33	2,617,779.37
Business tax prepaid	342,952.47	353,427.19
Others	977,610.74	856,802.61
<b>Total</b>	<b>106,201,417.52</b>	<b>102,781,855.48</b>

Note:

Inapplicable

**14. Equity investment**

Inapplicable

**15. Other equity investment**

Inapplicable

**16. Long-term receivables****(1) About long-term accounts receivable**

Inapplicable

**(2) Long term account receivable with recognition terminated due to transfer of financial assets****(3) Amount of assets and liabilities formed through transfer of long-term accounts receivable and continuing to be involved**

Inapplicable

**17. Long-term equity investments**

Expressed in RMB

Investees	As at 31/12/2019	Movements during the period								As at 30 Jun 2020	Balance of provision for impairment as June 30 2020
		Increase in apital	Decrease in capital	Investment in come recogn sed under equity me hod	Other comp ehensive inc m	Other eq uity movem ents	Declared distributio n of cash dividends or profits	Provision f or impairm ent	Other		
I. Joint Venture											
Guangdong province Huizhou Luofu Hill Mineral Water Co., Ltd	9,969,206.09									9,969,206.09	9,969,206.09
Fengkai Xinhua Hotel	9,455,465.38									9,455,465.38	9,455,465.38
Subtotal	19,424,671.47									19,424,671.47	19,424,671.47
II. Associates											
Shenzhen Ronghua JiDian Co., Ltd	1,546,793.29									1,546,793.29	1,076,954.64

Shenzhen Runhua Automobile trading Co., Ltd	1,445,425.56									1,445,425.56	1,445,425.56
Dongyi Real Estate Co., Ltd	30,376,084.89									30,376,084.89	30,376,084.89
Subtotal	33,368,303.74									33,368,303.74	32,898,465.09
Total	52,792,975.21									52,792,975.21	52,323,136.56

Note:

Inapplicable

Note: See the table below for other equity investments:						
Investee	Accounting treatment	cost of investment	As at Dec 30 2019	movement	As at Jun 30 2020	Provision for impairment
Paklid Limited	Cost method	201,100.00	201,100.00	--	201,100.00	201,100.00
Bekaton Property Limited	Cost method	906,630.00	906,630.00	--	906,630.00	906,630.00
Shenzhen Shenfang Department Store Co. Ltd.	Cost method	10,000,000.00	10,000,000.00	--	10,000,000.00	10,000,000.00
Shantou Fresh Peak Building	Cost method	68,731,560.43	58,547,652.25	--	58,547,652.25	58,547,652.25
Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd	Cost method	121,265,000.00	56,228,381.64	--	56,228,381.64	56,228,381.64
Total		201,104,290.43	125,883,763.89	0.00	125,883,763.89	125,883,763.89

Note: For other equity investments, please refer to Note IX. 1 "Equity in Subsidiaries".

**18. Other equity instrument investments**

Expressed in RMB

Item	As at 30 Jun 2020	As at Dec 31 2019
Shantou Small &Medium Enterprises Financing Guarantee Co., Ltd	13,549,874.72	13,229,501.03
Yunnan KunPeng Flight service Co., Ltd	19,160,946.15	19,897,229.01
<b>Total</b>	<b>32,710,820.87</b>	<b>33,126,730.04</b>

Itemized disclosure of investment in non-trading equity instruments for the current period

Expressed in RMB

Item	Dividend income recognized for the current period	The cumulative gains	The cumulative loss	The amount of other comprehensive reserve transferred into retained earnings	Reasons for designating fair value measurement and its changes included in other comprehensive income	Transferring reasons
Shantou Small &Medium Enterprises Financing Guarantee Co., Ltd		3,444,300.00				
Yunnan KunPeng Flight service Co., Ltd		1,653,305.67				
<b>Total</b>		<b>5,097,605.67</b>				

Note:

Inapplicable

**19. Other non-current financial assets**

Inapplicable



**20. Investment properties****(1) Investment properties measured using the cost model**

√ Applicable □ Inapplicable

Expressed in RMB

Item	Plant & buildings	Land use rights	Construction in progress	Total
<b>I. Cost</b>				
1. Balance as at Dec 31 2019	1,043,243,872.75	107,528,851.63		1,150,772,724.38
2. Additions during the year				
(1) Purchase				
(2) Transfers from inventories/fixed assets/construction in progress				
(3) Additions due to business combinations				
3. Decrease during the year		1,692,421.08		1,692,421.08
(1) Disposals				
(2) Other transfers out				
(3) Others (change on foreign exchange)		1,692,421.08		1,692,421.08
4. Balance as at Jun 30 2020	1,043,243,872.75	105,836,430.55		1,149,080,303.30
<b>II. Accumulated depreciation or amortization</b>				
1. Balance as at Dec 31 2019	416,148,333.67			416,148,333.67
2. Charge for the year	12,916,955.33			12,916,955.33
(1) Depreciated or amortised	12,916,955.33			12,916,955.33
3. Reductions during the year				
(1) Disposals				

(2) Other transfers out				
4. Balance as at Jun 30 2020	429,065,289.00			429,065,289.00
<b>III. Provision for impairment</b>				
1. Balance as at Dec 31 2019	14,128,544.62	88,253,945.89		102,382,490.51
2. Charge for the year				
(1) Provision				
3. Reductions on disposals		1,389,048.95		1,389,048.95
(1) Disposals				
(2) Other transfers out				
(3) Others (change on foreign exchange)		1,389,048.95		1,389,048.95
4. Balance as at Jun 30 2020	14,128,544.62	86,864,896.94		100,993,441.56
<b>IV. Carrying amounts</b>				
1. As at Jun 30 2020	600,050,039.13	18,971,533.61		619,021,572.74
2. As at Dec 31 2019	612,966,994.46	19,274,905.74		632,241,900.20

**(2) Investment property measured at fair value**

☐ Applicable ☒ Inapplicable

The company complies with the disclosure requirements of "Shenzhen Stock Exchange Industry Information Disclosure Guidelines No. 3-Listed Companies Engaged in Real Estate Business"

Does the company have investment real estate that is currently under construction?

☐ Yes ☒ No

Whether the company has new investment real estate measured at fair value in the current period

☐ Yes ☒ No

**(3) Investment properties pending certificates of ownership**

Inapplicable

**21. Fixed assets**

Expressed in RMB

Item	As at 30 Jun 2020	As at Dec 31 2019
Fixed assets	29,086,917.96	30,522,035.11
Total	29,086,917.96	30,522,035.11

**(1) Fixed assets**

Expressed in RMB

Item	Plant & buildings	Motor vehicles	Electronic equipment and others	Total
cost:				
1. Balance as at Dec 31 2019	107,110,751.42	10,441,067.49	13,926,522.79	131,478,341.70
2. Additions during the year		342,687.96	184,920.76	527,608.72
(1) Purchases		342,687.96	184,920.76	527,608.72
(2) Transfers from construction in progress				
(3) Additions due to business combinations				
3. Decrease during the year		190,900.00	100,087.33	290,987.33
(1) Disposals or written-offs		190,900.00	100,087.33	290,987.33
4. Balance as at Jun 30 2020	107,110,751.42	10,592,855.45	14,011,356.22	131,714,963.09
II. Accumulated depreciation				
1. Balance as at Dec 31 2019	80,644,047.51	8,945,201.13	11,367,057.95	100,956,306.59
2. Charge for the year	1,440,244.28	143,086.27	349,710.44	1,933,040.99
(1) Provision	1,440,244.28	143,086.27	349,710.44	1,933,040.99
3. Reductions for the year		171,334.32	89,968.13	261,302.45
(1) Disposal or written-offs		171,334.32	89,968.13	261,302.45

4. Balance as at Jun 30 2020	82,084,291.79	8,916,953.08	11,626,800.26	102,628,045.13
III. Provision for impairment				
1. Balance as at Dec 31 2019				
2. Charge for the year				
(1) Provision				
3. Reductions for the year				
(1) Disposals or written-offs				
4.. Balance as at Jun 30 2020				
IV. Carrying amount				
1. As at Jun 30 2020	25,026,459.63	1,675,902.37	2,384,555.96	29,086,917.96
2. As at Dec 31 2019	26,466,703.91	1,495,866.36	2,559,464.84	30,522,035.11

**(2) Temporarily idle fixed assets**

Inapplicable

**(3) Fixed assets acquired under finance leases**

Inapplicable

**(4) Fixed assets leased out under operating leases**

Inapplicable

**(5) Fixed assets pending certificates of ownership**

Inapplicable

**(6) Fixed assets to be disposed of**

Inapplicable

**22. Construction in progress****(1) Construction in progress**

Inapplicable

**(2) Movements of major construction projects in progress**

Inapplicable

**(3) Provision for impairment of construction in progress**

Inapplicable

**(4) Construction materials**

Inapplicable

**23. Productive biological assets****(1) Productive biological assets using cost measurement models**

Inapplicable

**(2) Productive biological assets using fair value measurement model**

Inapplicable

**24. Oil and gas asset**

Inapplicable

**25. Right to use assets**

Inapplicable

**26. Intangible assets****(1) Intangible assets**

Expressed in RMB

Item	Land rights	Patent right	Know-how	Software	Total
I.Cost					
1.Balance as at				2,241,800.00	2,241,800.00

Dec 31 2019					
2.Additions during the year					
(1) Purchase					
(2) Internal development					
(3) Additions due to business combinations					
3. Decrease during the year					
(1) Disposals					
4. Balance as at Jun 30 2020				2,241,800.00	2,241,800.00
二. Accumulative amortisation					
1. Balance as at Dec 31 2019				2,241,800.00	2,241,800.00
2. Charge for the year					
(1) Provision					
3. Reduction for the year					
(1) Disposals					
4. Balance as at Jun 30 2020				2,241,800.00	2,241,800.00
III. Provision for impairment					
1. Balance as at Dec 31 2019					
2. Charge for the year					
(1) Provision					
3. Reduction for the year					
(1) Disposals					
4. Balance as at Jun 30 2020					

四. Carrying amount					
1. As at Jun 30 2020					
2. As at Dec 31 2019					

Note: Inapplicable

## (2) Land use rights pending certificates of ownership

Inapplicable

## 27. Development costs

Inapplicable

## 28. Goodwill

### (1) Book value of goodwill

Inapplicable

### (2) Provision for impairment of the goodwill

Inapplicable

## 29. Long-term deferred expenses

Expressed in RMB

Item	As at Dec 31 2019	Additions during the year	Amortisation of or the year	Others decreases	As at Jun 30 2020
Leasehold improvement	162,125.72		34,005.88		128,119.84
Total	162,125.72		34,005.88		128,119.84

Note:

## 30. Deferred tax assets and deferred tax liabilities

### (1) Deferred income tax asset without offsetting

Expressed in RMB

Item	As at Jun 30 2020		As at Dec 31 2019	
	Deductible or taxable temporary	Deferred tax assets/	Deductible or taxable temporary	Deferred tax assets/

	differences	deferred tax liabilities	differences	deferred tax liabilities
Provisions for impairment of assets	5,157,896.86	1,289,474.22	5,157,896.86	1,289,474.22
Unrealised profits of intra-group transactions	0.00		29,309,607.92	7,327,401.98
Deductible tax losses	46,877,417.46	11,719,354.37	46,877,417.46	11,719,354.37
Provision for land appreciation tax liquidation reserves	83,816,495.81	20,954,123.95	83,816,495.81	20,954,123.95
Accrued Contractual cost	20,603,882.91	5,150,970.73	20,603,882.91	5,150,970.73
Total	156,455,693.04	39,113,923.27	185,765,300.96	46,441,325.25

**(2) Deferred tax liabilities without offsetting**

Expressed in RMB

Item	As at Jun 30 2020		As at Dec 31 2019	
	Deductible or taxable temporary differences	Deferred tax liabilities	Deductible or taxable temporary differences	Deferred tax liabilities
Changes in the fair value of other debt investments			3,950,685.00	987,671.25
Changes in the fair value of other equity instrument investments			15,662,489.30	3,915,622.33
Total			19,613,174.30	4,903,293.58

**(3) Deferred tax assets or deferred tax liabilities disclosed as net amount after offsetting**

Expressed in RMB

Item	As at 30 Jun 2020		As at Dec 31 2019	
	Amount of offsetting	Deferred tax assets or liabilities after offsetting	Amount of offsetting	Deferred tax assets or liabilities after offsetting



Deferred tax assets		39,113,923.27		46,441,325.25
Deferred tax liabilities				4,903,293.58

## (5) (4) Details of unrecognized deferred tax assets

Expressed in RMB

Item	As at 30 Jun 2020	As at Dec 31 2019
Deductible tax losses	11,987,650.99	31,568,944.69
Bad debt provision	212,266,973.53	218,911,499.52
Provision for impairment of long-term equity.	220,084,700.95	220,084,700.95
Provision for impairment of investment real estate	100,993,441.56	102,382,490.51
Total	545,332,767.03	572,947,635.67

## (5) Expiration of deductible tax losses for unrecognised deferred tax assets

Expressed in RMB

Year	As at 30 Jun 2020	As at Dec 31 2019	Note
2019			
2020	53,561.64	9,692,495.52	
2021	9,692,495.52	11,349,323.06	
2022	11,349,323.06	5,753,184.38	
2023	5,753,184.38	4,085,485.24	
2024	4,085,485.24	688,456.49	
Total	30,934,049.84	31,568,944.69	--

Note: Inapplicable

**31. Other non-current assets**

Inapplicable

**32. Short term loans**

## (1) Classification of short-term loans

Expressed in RMB

Item	As at 30 Jun 2020	As at Dec 31 2019
Pledge loan	45,904,965.19	51,647,260.17
Total	45,904,965.19	51,647,260.17

Note: At the end of the period, the Group discounted the account receivables amounted to RMB 45,904,965.19 by factoring to financial institutions and received cash proceeds of RMB 45,904,965.19.

## (2) Past due short-term loan

Inapplicable

## 33. Transactional financial liabilities

Inapplicable

## 34. Derivative financial liabilities

Inapplicable

## 35. Notes payable

Inapplicable

## 36. Accounts payable

### (1) Accounts payable by nature

Expressed in RMB

Item	As at 30 Jun 2020	As at Dec 31 2019
Construction	162,858,915.88	241,850,173.72
Others	1,452,225.58	2,374,304.74
Total	164,311,141.46	244,224,478.46

### (2) Significant accounts payable with aging over 1 year

Inapplicable

## 37. Advances from customers

### (1) Advances from customers by nature

Expressed in RMB

Item	As at 30 Jun 2020	As at Dec 31 2019
Payment for goods	351,328.33	351,328.33
Property management fees	3,301,364.20	65,874.55
Rental	29,772.00	29,772.00

Current account from historical issues	4,218,370.69	4,218,370.69
Others	215,523.98	198,897.43
Total	8,116,359.20	4,864,243.00

**(2) Significant advances from customers with aging over 1 year**

The company complies with the disclosure requirements of "Shenzhen Stock Exchange Industry Information Disclosure Guidelines No. 3-Listed Companies Engaged in Real Estate Business"

the top five project of pre-sale amount:

Expressed in RMB

No.	Project	As at Dec 31 2019	As at Jun 30 2020	Estimated completion time	Pre-sale ratio
1	ChuanQi DongHu Building	59,409,454.38	186,641,945.38	Dec 18 2019	56.00%
2	Shengfang CuiLin Building	61,877,681.00	4,315,392.00	May 08 2018	92.00%
3	TianYue Bay No.1	28,465,188.50	26,675,556.34	Dec 15 2017	51.00%
4	YueJing dongfang Project	0.00	30,000.00	Apr27 2018	99.00%
5	Jinye Island	1,249,435.25	94,666.67	Aug 1 2010	99.00%

**38. Contractual liabilities**

Expressed in RMB

Item	As at 30 Jun 2020	As at Dec 31 2019
Advance in house payment	208,664,353.85	145,226,181.25
Advance in construction payment	70,324,766.27	5,781,269.07
Total	278,989,120.12	151,007,450.32

Expressed in RMB

Item	Change amount	Reason for change
Advance in house payment	63,438,172.60	The Shenzhen property market recovered rapidly in the second quarter.
Advance in construction payment	64,543,497.20	Project construction business resumed.
Total	127,981,669.80	—

**39. Employee benefits payable****(1) Employee benefits payable**

Expressed in RMB

Item	As at Dec 31 2019	Accrued during the year	Decreased during the year	As at Jun 30 2020
Short-term employee benefits	53,817,671.14	79,137,401.89	77,234,324.03	55,720,749.00
Post-employment benefits - defined contribution plans	91,905.35	2,811,709.85	2,817,073.04	86,542.16
Total	53,909,576.49	81,949,111.74	80,051,397.07	55,807,291.16

**(2) Short-term employee benefits**

Expressed in RMB

Item	As at Dec 31 2019	Accrued during the year	Decreased during the year	As at Jun 30 2020
Salaries, bonus, allowances	52,543,725.42	71,947,309.37	70,016,850.89	54,474,183.90
Staff welfare	37,800.00	1,351,134.00	1,351,134.00	37,800.00
Social insurances	1,578.57	1,513,741.26	1,513,741.26	1,578.57
Including: 1. Medical insurance	1,503.22	1,340,093.50	1,340,093.50	1,503.22
2. Work-related injury insurance	591.04	5,354.76	5,354.76	591.04
3. Maternity insurance	-515.69	168,293.00	168,293.00	-515.69
Housing Fund	583,666.83	2,958,902.89	2,958,902.89	583,666.83
Labor union fees, staff and workers' education fee	650,900.32	1,366,314.37	1,393,694.99	623,519.70
Total	53,817,671.14	79,137,401.89	77,234,324.03	55,720,749.00

**(3) Post-employment benefits - defined contribution plans**

Expressed in RMB

Item	As at Dec 31 2019	Accrued during the year	Decreased during the year	As at Jun 30 2020
Post-employment benefits	75,075.11	739,590.08	743,399.27	71,265.92

Including: 1. Basic pension insurance	914.12	22,533.67	22,533.67	914.12
2. Unemployment insurance	15,916.12	2,049,586.10	2,051,140.10	14,362.12
Total	91,905.35	2,811,709.85	2,817,073.04	86,542.16

Note: Inapplicable

#### 40. Taxes payable

Expressed in RMB

Item	As at 30 Jun 2020	As at Dec 31 2019
Value-added tax	7,574,137.41	13,832,233.99
Corporate income tax	38,436,696.79	51,397,791.31
Individual income tax	676,368.15	1,049,224.90
City maintenance and construction tax	393,855.15	632,944.99
Property tax	2,369,174.67	262,015.56
Land appreciation tax	156,136,644.78	521,540,610.07
Education surcharge	353,043.72	455,651.52
Others	1,294,019.77	141,160.13
Total	207,233,940.44	589,311,632.47

Note: Inapplicable

#### 41. Other payables

Expressed in RMB

Item	As at 30 Jun 2020	As at Dec 31 2019
Interest payables	16,535,277.94	16,535,277.94
Other payables	244,563,068.17	260,783,896.59
Total	261,098,346.11	277,319,174.53

##### (1) Interest payables

Expressed in RMB

Item	As at 30 Jun 2020	As at Dec 31 2019
Non-financial institution borrowing	16,535,277.94	16,535,277.94

interest (interest payable to parent company)		
Total	16,535,277.94	16,535,277.94

Significant overdue interest outstanding:

Expressed in RMB

Debtor	Overdue amount	Overdue reason
Shenzhen Investment Holdings Co., Ltd.	16,535,277.94	Payment suspension
Total	16,535,277.94	--

Note: Inapplicable

## (2) Dividend payables

Inapplicable

## (3) Other payables

### 1) Other payments by nature

Expressed in RMB

Item	As at 30 Jun 2020	As at Dec 31 2019
Accrued land appreciation tax		59,710,423.57
Current account to Related parties	14,341,496.70	12,549,466.41
Deposits	81,152,608.21	105,828,118.27
Others	149,068,963.26	82,695,888.34
Total	244,563,068.17	260,783,896.59

### 2) Including significant other payables with aging over 1 year

Inapplicable

## 42. Held-for-sale liabilities

Inapplicable

## 43. Non-current liabilities due within a year

Inapplicable

**44. Other current liabilities**

Inapplicable

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

Inapplicable

**46. Debentures payable****(1) Debentures payable**

Inapplicable

**(2) Increase/Decrease of Debentures payable (excluding other financial instruments classified as financial liabilities, such as preferred shares, perpetual bonds, etc.)**

Inapplicable

**(3) Note to the conditions and time of share conversion of convertible company bonds**

Inapplicable

**(4) Note to other financial instruments classified as financial liabilities**

Inapplicable

**47. Lease liabilities**

Inapplicable

**48. Long-term payables**

Expressed in RMB

Item	As at 30 Jun 2020	As at Dec 31 2019
Long-term payables	8,274,256.86	7,499,192.92
Total	8,274,256.86	7,499,192.92

**(1) Long-term payables**

Expressed in RMB

Item	As at 30 Jun 2020	As at Dec 31 2019
Maintenance fund	8,274,256.86	7,499,192.92

Note: Inapplicable

## (2) Special payables

Inapplicable

## 49. Long term payroll payable

### (1) Long-term employee benefits payable by nature

Inapplicable

### (2) Movement of defined benefit plans

Inapplicable

## 50. Provisions

Inapplicable

## 51. Deferred income

Inapplicable

## 52. Other non-current liabilities

Inapplicable

## 53. Share capital

Expressed in RMB

	As at Dec 31 2019	Increase / Decrease (+/-)					As at Jun 30 2020
		New issuing	Bonus shares	Shares converted from reserve	Others	Sub-total	
Shares	1,011,660,000.00						1,011,660,000.00

Note: Inapplicable



**54. Other equity instruments****(1) Basic information on the outstanding other financial instruments, including preferred shares, perpetual bonds, etc. at the end of the reporting period**

Inapplicable

**(2) Movement of the outstanding other financial instruments, including preferred shares, perpetual bonds, etc. at the end of the reporting period**

Inapplicable

**55. Capital reserve**

Expressed in RMB

Item	As at Dec 31 2019	Increase in the reporting period	Decrease in the reporting period	As at Jun 30 2020
Capital premium (share premium)	557,433,036.93			557,433,036.93
Other capital reserve	420,811,873.18			420,811,873.18
Total	978,244,910.11			978,244,910.11

Note: Inapplicable

**56. Treasury shares**

Inapplicable

**57. Other comprehensive income**

Expressed in RMB

Item	As at Dec 31 2019	Jan to Jun 2020						As at Jun 30 2020
		Amount incurred before income tax in the reporting period	Less: the amount counted to the profit and loss during the reporting period which had been	Less: the amount counted to the retained earnings during the reporting period	Less: Income tax expense	Attributable to the parent company after tax	Attributable to minority shareholders after tax	

			counted to the other comprehens ive income in the previous period.	which had been counted to the other comprehe nsive income in the previous period.				
<b>I. Items that will not be reclassified to profit or loss</b>	11,746,866.97	-415,909.17				-415,909.17		11,330,957.80
Changes in fair value of other equity instruments	11,746,866.97	-415,909.17				-415,909.17		11,330,957.80
<b>II. Items that may be reclassified to profit or loss</b>	9,084,137.16	785,397.11	0.00		0.00	785,397.11	336,598.76	9,869,534.27
Translation differences arising from translation of foreign currency financial statements	9,084,137.16	785,397.11				785,397.11	336,598.76	9,869,534.27
<b>Total</b>	20,831,004.13	369,487.94	0.00		0.00	369,487.94	336,598.76	21,200,492.07

Note: Inapplicable

## 58. Special reserve

Inapplicable

## 59. Surplus reserve

Expressed in RMB

Item	As at Dec 31 2019	Increase in the reporting period	Decrease in the reporting period	As at Jun 30 2020
Surplus reserve	191,222,838.94			191,222,838.94
Total	191,222,838.94			191,222,838.94

Note: According to the "Company Law" and the company's articles of association, the company appropriates a statutory surplus reserve at 10% of its net profit. It will no longer be appropriated if the accumulative amount of statutory surplus reserve reaches more than 50% of the company's registered capital.

**60. Retained earnings**

Expressed in RMB

Item	Jan to Jun 2020	Jan to Jun 2019
Before adjustment: Retained earnings at the end of the previous period	1,464,915,816.81	1,235,884,122.72
After adjustment: Retained earnings at the beginning of the reporting period	1,464,915,816.81	1,235,884,122.72
Plus: Net profit attributable to the parent company's owner in the report period	97,274,985.72	333,155,843.41
Dividends payable to ordinary shares	166,923,900.00	202,332,000.00
Retained earnings at the end of the reporting period	1,395,266,902.53	1,366,707,966.13

Statement of adjustment of retained earnings at the beginning of the reporting period:

- 1). Retrospective adjustments of RMB 0.00 made on beginning retained earnings in accordance with CAS and related new regulations.
- 2). RMB 0.00 on beginning retained earnings due to changes in accounting policies.
- 3). RMB 0.00 on beginning retained earnings due to corrections of significant accounting errors.
- 4). RMB 0.00 on beginning retained earnings due to changes in consolidation scope resulting from business combinations involving entities under common control.
- 5). RMB 0.00 on beginning retained earnings due to other adjustments.

**61. Operation Income and Costs**

Expressed in RMB

Item	Jan to Jun 2020		Jan to Jun 2019	
	Income	Costs	Income	Costs
Principal activities	592,168,994.82	342,975,012.09	1,242,185,437.00	435,833,288.18
Other operating activities	4,089,500.58	933,075.37	9,152,365.57	1,294,688.07
Total	596,258,495.40	343,908,087.46	1,251,337,802.57	437,127,976.25

Income related information:

Inapplicable

Information related to performance obligations:

The Group's current real estate projects for sale are all existing properties, it usually takes 3-5 months from contract signing to online signing, mortgage loan and final deliver. The contracts that have been signed at the end of the reporting period are expected to be implemented before the end of 2020.

Information related to the transaction price allocated to the remaining performance obligations:

At the end of the reporting period, the amount of revenue corresponding to the performance obligations that have been signed but not yet performed or not yet completed is RMB 712,771,664.00, Among

them, RMB 712,771,664.00 yuan is expected to be recognized as revenue in 2020, RMB 0 is expected to be recognized as revenue in the year, and RMB 0 is expected to be recognized as revenue in the year.

Note:

The company complies with the disclosure requirements of "Shenzhen Stock Exchange Industry Information Disclosure Guidelines No. 3-Listed Companies Engaged in Real Estate Business"

Information of the top five projects that the revenue recognized during the reporting period:

Expressed in RMB

No.	Project	Income amount
1	ChuanQi DongHu Building	211,598,844.76
2	Shengfang CuiLin Building	91,474,775.24
3	TianYue Bay No.1	75,582,142.07
4	Jinye Island	3,602,387.63
5	YueJing dongfang Project	200,000.00

## 62. Taxes and surcharges

Expressed in RMB

Item	Jan to Jun 2020	Jan to Jun 2019
Urban maintenance and construction tax	1,825,068.95	4,231,214.16
Education surcharge	811,262.23	1,853,152.20
Property tax	2,110,622.87	4,194,843.79
Land use tax	107,733.28	1,777.06
Vehicle and vessel usage tax	4,710.00	9,300.00
Stamp duty	213,285.17	634,612.37
Business tax	16,283.92	14,811.80
Land appreciation tax	79,824,750.12	328,213,378.55
Local education surcharge	491,930.13	1,168,752.72
Embankment protection fees	202,466.20	7,656.21
Total	85,608,112.87	340,329,498.86

Note: The criteria of taxes and surcharges accrued and paid refer to Note XI.6 Taxation

## 63. Selling and distribution expenses

Expressed in RMB

Item	Jan to Jun 2020	Jan to Jun 2019
Employee benefits	2,823,089.29	1,986,157.74

Advertising expenses	1,284,043.70	3,495,309.87
Entertainment expenses	238,746.50	445,386.30
Commissions	3,615,467.32	10,153,801.11
Others	575,101.57	2,393,405.31
<b>Total</b>	<b>8,536,448.38</b>	<b>18,474,060.33</b>

Note: The selling and distribution expenses incurred in the current period are RMB 8,536,448.38, there is a decrease of 53.79% over the same period of the previous period. The main reason was the impact of the COVID-19 and the decrease in the property on sale.

#### 64. General and administrative expenses

Expressed in RMB

Item	Jan to Jun 2020	Jan to Jun 2019
Employee benefits	33,335,370.04	21,455,353.43
Taxes		381,863.80
Depreciation	1,362,176.52	1,493,957.93
Entertainment expenses	820,263.83	855,870.94
Professional fee	337,923.08	748,240.08
Travel expense	16,813.77	160,955.48
Office expenses	628,812.36	889,536.21
Maintenance expenses	395,651.84	443,034.63
Utilities	190,945.62	300,958.94
Amortization	150,041.78	209,939.04
Others	3,015,978.42	3,873,060.85
<b>Total</b>	<b>40,253,977.26</b>	<b>30,812,771.33</b>

Note: The General and administrative expenses incurred in the current period amounted to RMB 40,253,977.26, there is an increase of 30.64% over the same period of the previous period, the main reason was the after the construction project finished the employee expense included in general and administrative expenses.

#### 65. R & D expenditures

Inapplicable

#### 66. Financial expenses

Expressed in RMB

Item	Jan to Jun 2020	Jan to Jun 2019
------	-----------------	-----------------

Interest expenses		38,742.51
Less: Interest income	5,932,973.60	7,623,553.05
Less: capitalized interest		
Exchange losses/-gains	-28,526.54	672,254.35
Less: Exchange losses and gains capitalized		
Bank charges and others	213,914.16	286,297.07
<b>Total</b>	<b>-5,747,585.98</b>	<b>-6,626,259.12</b>

Note: Inapplicable

#### 67. Other income

Expressed in RMB

Item (Source of other income)	Jan to Jun 2020	Jan to Jun 2019
Input VAT deduction	557,379.14	

#### 68. Investment income

Expressed in RMB

Item	Jan to Jun 2020	Jan to Jun 2019
Dividend from investments in other equity instruments		928,200.00
Financial product	15,217,058.60	13,359,898.55
<b>Total</b>	<b>15,217,058.60</b>	<b>14,288,098.55</b>

Note: Inapplicable

#### 69. Net exposure hedge income

Inapplicable

#### 70. Income from change of the fair value

Inapplicable

#### 71. Loss from impairment of credit

Inapplicable

**72. Loss from impairment of assets**

Expressed in RMB

Item	Jan to Jun 2020	Jan to Jun 2019
I. impairment of assets, such as Receivables, Inventories	534,500.00	
Total	534,500.00	

Note:

**73. Income from disposal of assets**

Inapplicable

**74. Non-operating income**

Expressed in RMB

Item	Jan to Jun 2020	Jan to Jun 2019	Amount counted to the current non-operating gain and loss
Government grants	2,792,616.39		2,792,616.39
Confiscated income	70,000.00	180,000.00	70,000.00
Others	39,417.38	183,709.11	39,417.38
Total	2,902,033.77	363,709.11	2,902,033.77

Government subsidy counted to the current profit and loss: +

Expressed in RMB

Item	Issuer	Reason for issue	Subsidy nature	Does the subsidy affect the profit and loss of the year	Whether special subsidy	Current period	Jan to Jun 2019	Related to asset/income
Local government subsidy for COVID-19 prevention	Luohu District Government	Subsidy	Government subsidies to avoid losses of listed companies	No	Yes	2,792,616.39		income

Note: Inapplicable

**75. Non-operating expenses**

Expressed in RMB

Item	Jan to Jun 2020	Jan to Jun 2019	Amount counted to the current non-operating gain and loss
Donations provided	500,000.00		500,000.00
Fine		150.00	0.00
Others	1,501,278.48	3,605.82	1,501,278.48
Total	2,001,278.48	3,755.82	2,001,278.48

Note:

## 76. Income tax expense

### (1) (1) Details of income tax expenses

Expressed in RMB

Item	Jan to Jun 2020	Jan to Jun 2019
Current tax expense for the year based on tax law and regulations	43,599,689.97	114,631,330.89
Changes in deferred tax assets/liabilities		-1,901,537.03
Total	43,599,689.97	112,729,793.86

### (2) (2) Reconciliation between income tax expenses and accounting profit is as follows:

Expressed in RMB

Item	Jan to Jun 2020
Profits/losses before tax	140,909,148.44
Expected income tax expenses at applicable tax rate	35,227,287.11
Effect of different tax rates applied by subsidiaries	0.00
Effect of non-deductible costs, expenses and losses	8,372,402.90
Effect of deductible temporary differences or deductible losses for which no deferred tax asset was recognized this year	0.00
Income tax expenses	43,599,689.97

Note:

## 77. Other comprehensive income

For the detail, refer to Note VII. 57.



**78. Cash Flow Statement****(1) Proceeds from other operating activities**

Expressed in RMB

Item	Jan to Jun 2020	Jan to Jun 2019
Interest income	5,407,752.35	5,457,487.50
Deposits and security deposits	2,919,486.01	4,341,166.84
Maintenance Fund	588,849.58	2,806,860.02
Collecting fee for certifications on behalf	259,013.65	318,872.66
Others	33,335,274.12	23,748,832.28
<b>Total</b>	<b>42,510,375.71</b>	<b>36,673,219.30</b>

Note to Proceeds from other operating activities:

Inapplicable

**(2) Payment for other operating activities**

Expressed in RMB

Item	Jan to Jun 2020	Jan to Jun 2019
Payment for general and administrative expenses	5,953,780.78	9,012,769.52
Payment for selling and distribution expenses	10,827,564.54	21,249,982.55
Deposits and security deposits	2,573,686.00	3,827,745.89
Paying fee for certifications on behalf	75,218.11	1,006,131.98
Others	89,300,550.71	93,795,526.79
<b>Total</b>	<b>108,730,800.14</b>	<b>128,892,156.73</b>

Note to payment for other operating activities:

Inapplicable

**(3) Proceeds from other investing activities**

Expressed in RMB

Item	Jan to Jun 2020	Jan to Jun 2019
Restricted cash recovered in the current period – structured deposit	1,000,000,000.00	900,000,000.00

Total	1,000,000,000.00	900,000,000.00
-------	------------------	----------------

Note to proceeds from other investing activities:

Inapplicable

#### (4) Payment for other investing activities

Expressed in RMB

Item	Jan to Jun 2020	Jan to Jun 2019
Restricted cash paid in the current period —structured deposit		1,300,000,000.00
Total		1,300,000,000.00

Note to payment for other investing activities:

Inapplicable

#### (5) Proceeds from other financing activities

Inapplicable

#### (6) Payment for other financing activities

Inapplicable

### 79. Supplementary information of the cash flow statement

#### (1) Supplementary information of the cash flow statement

Expressed in RMB

Supplementary information	Jan to Jun 2020	Jan to Jun 2019
<b>1. Reconciliation of net profit/loss to cash flows from operating activities:</b>	--	--
Net profit	97,309,458.47	333,138,012.90
Add: Provisions for impairment of assets	13,145,126.03	13,279,140.03
Amortization of the long-term expenses to be apportioned	59,662.86	353,309.40
Loss from scrapping of fixed assets ("-" for gains)	17,829.60	774.32
Financial expenses ("-" for income)	3,135,908.80	-143,574.86

Losses arising from investment ("-" for gains)	-15,217,058.60	-14,288,098.55
Decrease of the deferred tax asset ("-" for increase)	7,327,401.98	-1,901,537.03
Increase of deferred income tax liability ("-" for decrease)	-4,903,293.58	
Decrease of inventories ("-" for increase)	186,722,872.58	163,504,710.44
Decrease in operating receivables ("-" for increase)	-225,749,300.15	53,925,974.21
Increase in operating payables ("-" for decrease)	-274,147,130.87	139,929,891.38
Others	55,724.29	-2,123,357.14
Net cash flows from operating activities	-212,242,798.59	685,675,245.10
<b>2. Investing and financing activities not requiring the use of cash:</b>	--	--
<b>3. Change in cash and cash equivalents:</b>	--	--
Cash as at Jun 30 2020	2,148,222,433.87	1,240,480,893.15
Less: cash as at Dec 31 2019	1,507,189,760.35	1,148,522,435.93
Net increase in cash and cash equivalents	641,032,673.52	91,958,457.22

**(2) Net cash paid to acquirement of subsidiary in the reporting period**

Inapplicable

**(3) Net cash received from disposal of subsidiary in the reporting period**

Inapplicable

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

Expressed in RMB

Items	As at Jun 30 2020	As at Dec 31 2019
I. Cash	2,148,222,433.87	1,507,189,760.35
Including: Cash on hand	68,146.22	66,252.42
Cash in bank	426,154,287.65	1,493,123,507.93

Other monetary fund used for payment at any time	1,722,000,000.00	14,000,000.00
III. Ending balance of cash and cash equivalents	2,148,222,433.87	1,507,189,760.35

Note: Inapplicable

## 80. Notes to statement of changes in shareholders' equity

Specify the description of the item "others" and the adjusted amount of the balance at the end of last year: Inapplicable

## 81. Assets with restrictive ownership title or right of use

Expressed in RMB

Items	Book value at the end of the reporting period	Reason of restriction
Account receivable	45,904,965.19	Short-term loan pledge
Total	45,904,965.19	--

Note: Inapplicable

## 82. Foreign currency translation

### (1) Items in Foreign currency

Expressed in RMB

Item	Ending balance of foreign currency	Conversion rate	Ending balance of Renminbi converted
Cash at bank and on hand	--	--	
Including: USD	22,259.36	6.8664	152,841.67
Euro			
HKD	8,733,756.68	0.9100	7,947,747.07
Accounts receivable	--	--	
Including: USD			
Euro			
HKD	4,905,150.10	0.9100	4,463,702.59
Long-term Loan	--	--	
Including: USD			
Euro			
HKD			

Other receivables			
Including: USD		--	
HKD	20,165,086.70	0.9100	18,350,294.68
Other payables			
Including: USD	655,299.33	6.8664	4,499,547.33
HKD			

Note:

The company's important overseas business entities are Great Wall Real Estate Co., Ltd. and Xinfeng Enterprise Co., Ltd. Since Great Wall Real Estate Co., Ltd. is mainly operating in the United States, it chooses the US dollar as the bookkeeping currency; Xinfeng Enterprise Co., Ltd. is an investment company, the main business activities of its investment entities are all in mainland China, and the RMB is used as the standard currency for bookkeeping, so it chooses RMB as the standard currency for bookkeeping.

**(2) Note to overseas operating entities, including important overseas operating entities, which should be disclosed about its principal business place, function currency for bookkeeping and basis for the choice. In case of any change in function currency, the cause should be disclosed.**

Inapplicable

### 83. Hedging

Disclosure of qualitative and quantitative information on hedged items, related hedging tools, and hedged risks according to hedge categories:

### 84. Government subsidies

#### (1) Basic information of government subsidies

Expressed in RMB

Categories	Amount	Items presented	Amount counted to the current profit and loss
Local government subsidy for COVID-19 prevention	2,792,616.39	Other income	2,792,616.39

#### (2) Refunding of the government subsidies

Inapplicable

### 85. Others

Inapplicable

**VIII. Change in consolidation scope****1. Business combinations involving enterprises not under common control****(1) Business combinations involving enterprises not under common control occurred during the year**

Inapplicable

**(2) Acquisition cost and goodwill**

Inapplicable

**(3) Identifiable assets and liabilities of the acquiree at the acquisition date**

Inapplicable

**(4) Gain or loss from remeasurement of equity interests held prior to acquisition date to fair value**

Does there exist any transaction in which the enterprise consolidation is realized step by step through several transactions and the control power is obtained within the reporting period.

☐ Yes ☒ No

**(5) Note to the consolidation consideration or the fair value of the distinguishable assets and liabilities of the purchase which cannot be reasonably identified as at the date of purchase or at the end of the very period of consolidation**

Inapplicable

**(6) Other notes:**

No change took place in the consolidation scope of the Company in 2020

**2. Business combinations involving enterprises under common control****(1) Business combinations involving enterprises under common control during the period**

Inapplicable

**(2) Combination cost**

Inapplicable

**(3) Assets and liabilities of the acquire at the combination date**

Inapplicable

**3. Counter purchase**

Inapplicable

**4. Disposal of subsidiaries**

Does there exist any such situation that disposal of investments in subsidiaries through a single transaction resulting in loss of control?

☐ Yes ☒ No

Does there exist any such situation that disposal of investments in subsidiaries through multiple transactions resulting in loss of control during the year.

☐ Yes ☒ No

**5. Change of consolidation scope due to other reason**

Note to the change in the consolidation scope (e.g. new subsidiaries, liquidation subsidiaries, etc.) caused by other reasons and relevant information:

Inapplicable

**6. Others**

Inapplicable

**IX. Equity in other entities****1. Interests in subsidiaries****(1) Composition of the Group**

Subsidiaries	Principal place of business	Place of registration	Nature of business	Shareholding proportion		Way of acquisition
				Direct	Indirect	
Shenzhen City SPG Long Gang Development Ltd.	Shenzhen	Shenzhen	Real estate development	95.00%	5.00%	Acquiring through establishment or investment
American Great Wall Co., Ltd	U.S.	U.S.	Real estate development	70.00%		Acquiring through establishment

						or investment
Shenzhen City Property Management Ltd.	Shenzhen	Shenzhen	Property management	95.00%	5.00%	Acquiring through establishment or investment
Shenzhen Petrel Hotel Co. Ltd.	Shenzhen	Shenzhen	Hotel Services	68.10%	31.90%	Acquiring through establishment or investment
Shenzhen Zhen Tung Engineering Ltd.	Shenzhen	Shenzhen	Installation and maintenance	73.00%	27.00%	Acquiring through establishment or investment
Shenzhen City We Gen Construction Management Ltd.	Shenzhen	Shenzhen	Supervision	75.00%	25.00%	Acquiring through establishment or investment
Shenzhen Lain Hua Industry and Trading Co., Ltd.	Shenzhen	Shenzhen	Mechanical & Electrical device installation	95.00%	5.00%	Acquiring through establishment or investment
Fresh Peak Zhiye Co., Ltd.	Hong Kong	Hong Kong	Investment and management	100.00%		Acquiring through establishment or investment
Xin Feng Enterprise Co., Ltd.	Hong Kong	Hong Kong	Investment and management	100.00%		Acquiring through establishment or investment
Shenzhen City Shenfang Free Trade Trading Ltd.	Shenzhen	Shenzhen	Commercial trade	95.00%	5.00%	Acquiring through establishment or investment
Shenzhen City Shenfang Investment Ltd.	Shenzhen	Shenzhen	Investment	90.00%	10.00%	Acquiring through establishment or investment
Shenzhen Special Economic Zone	Shenzhen	Shenzhen	Real estate	95.00%	5.00%	Acquiring through establishment



Real Estate (Group) Guangzhou Property and Estate Co., Ltd.						or investment
Beijing fresh peak property development management limited company	Beijing	Beijing	Real estate	75.00%	25.00%	Acquiring through establishment or investment

Note:

①In consolidation scope, there are five subsidiaries in “revoked but not cancelled” condition: Beijing SPG Property Management Limited, Guangzhou Huangpu Xizun real estate limited company, Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Property and Estate Co., Ltd., Fresh Peak Real Estate Dev. Construction (Wuhan) Co. Ltd. and Beijing Shenfeng Property Management Co., Ltd. They are presented on the basis of discontinued operations; these five subsidiaries have made full provision for impairment of debt for the companies outside the consolidation scope.

②The cancelled, revoked and closed subsidiaries of the Company that are not included in the scope of consolidation are as follows:

Name	Principal place of business	Registration place	Business nature	Shareholding proportion		Way of acquisition
				Direct	Indirect	
Shenzhen Shenfeng Department Store Co. Ltd	Shenzhen	Shenzhen	Commercial trade	95.00	5.00	Acquiring through establishment or investment
Paklid Limited	Hong Kong	Hong Kong	Commercial trade	60.00	40.00	Acquiring through establishment or investment
Bekaton Property Limited	Australia	Australia	Real estate	60.00	--	Acquiring through establishment or investment
Canada Great Wall (Vancouver)	Canada	Canada	Real estate	--	60.00	Acquiring through establishment or investment
Guangdong Fengkai County Lianfeng Cement Manufacturing Co., Ltd.	Fengkai Guangdong	Fengkai Guangdong	Manufacturing	--	90.00	Acquiring through establishment or investment
Jiangmen Xinjiang Real Estate Co., Ltd	Jiangmen Guangdong	Jiangmen Guangdong	Real estate	--	90.91	Acquiring through establishment or investment
Xi'an Fresh Peak Property	Xi'an Shanxi	Xi'an Shanxi	Real estate	--	67.00	Acquiring through

Trading Co., Ltd						establishment or investment
Shenxi Limited	Shenzhen	Shenzhen	Building Decoration	70.00	--	Acquiring through establishment or investment
Shenzhen Zhentong New Electromechanical Industry Development Co., Ltd.	Shenzhen	Shenzhen	Mechanical and electrical engineering	95.00	5.00	Acquiring through establishment or investment
Shenzhen Real Estate Electromechanical Management Company	Shenzhen	Shenzhen	Electromechanical Management	100.00	--	Acquiring through establishment or investment
Shenzhen Nanyang Hotel Co., Ltd.	Shenzhen	Shenzhen	Hotel Management	95.00	5.00	Acquiring through establishment or investment
Shenzhen Kangtailong Industrial Electric Cooker Co., Ltd.	Shenzhen	Shenzhen	Industrial manufacturing	--	100.00	Acquiring through establishment or investment
Shenzhen Longgang Henggang Huagang Industrial Co., Ltd.	Shenzhen	Shenzhen	Industrial Investment	--	79.92	Acquiring through establishment or investment

Note: 1. Shenzhen Shenfang Department Store Co. Ltd held a shareholders meeting on 29 October 2007, decided to terminate the business, and formed a group for liquidation. The liquidation group issued a liquidation report on 7 December, 2007.

2. Paklid Limited, Bekaton Property Limited and Canada Great Wall (Vancouver), they were companies established by the group overseas in the early years. On 13 December 2000, the group held a board of directors and decided to liquidate these three companies. Bekaton Property Limited and Canada Great Wall (Vancouver), the cancellation procedures were completed.

3. All assets from Guangdong Fengkai County Lianfeng Cement Manufacturing Co., Ltd. (including tangible and intangible asset) was auctioned by the court on 22 January 2019, and it became a shell company.

4. Shenxi Limited was the Group's cancelled subsidiary Shenzhen Tefa Real Estate Consolidated Services Co., Ltd.'s subsidiary, By the Group "The notice on the merger of Shenzhen Zhen Tung Engineering Ltd and Shenxi Limited" (Shenfang [1997] No.19) announcement, all businesses form Shenxi Limited were undertaken by Shenzhen Zhen Tung Engineering Ltd and Shenxi Limited was revoked on 8 February 2002.

These invested companies that have not been included in the consolidation scope were either been cancelled or ceased operation many years ago, and the company entities were no longer exist, the Group could no longer effectively control them. According to "Accounting Standard for Business Enterprises No. 33-Consolidated Financial Statements", the above companies are not included in the

consolidated scope of the group consolidated financial statement, the group already fully provision for impairment the investment or the book value of the net investment in these companies.

## (2) Material non-wholly owned subsidiaries

Expressed in RMB

Name	Proportion of ownership interest held by non-controlling interests %	Profit or loss allocated to non-controlling interests during the year	Dividend declared to non-controlling shareholders during the year	Balance of non-controlling interests as at June 30 2020
Great Wall Estate Co., Inc	30.00%	34,472.75		-21,825,629.75
Fresh Peak Investment Ltd	45.00%	-7,071.37		-116,161,941.11
Barenie Co. Ltd.	20.00%	-3,155.03		-3,879,518.63

Note: Inapplicable

## (3) Key financial information about material non-wholly owned subsidiaries

Expressed in RMB

Name	As at Jun 30 2020						As at Dec 31 2019					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Great Wall Estate Co., Inc	152,841.67	18,971,533.61	19,124,375.28	106,275,257.03		106,275,257.03	38,598.97	19,274,905.74	19,313,504.71	107,974,695.34		107,974,695.34
Fresh Peak Investment Ltd	220,030,128.55		220,030,128.55	254,791,710.04		254,791,710.04	220,030,114.17		220,030,114.17	254,775,981.50		254,775,981.50
Barenie Co. Ltd.	1,064.90		1,064.90	32,858,028.84		32,858,028.84	1,045.70		1,045.70	32,842,234.42		32,842,234.42

Continued

Expressed in RMB

Name	Jan to Jun 2020				Jan to Jun 2019			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities

Great Wall Estate Co., Inc	142,264.71	114,909.18	114,909.18	114,087.11	322,901.55	-59,435.04	-59,435.04	-59,442.30
Fresh Peak Investment Ltd		-15,714.16	-15,714.16			-14,211.32	-14,211.32	
Barenie Co. Ltd.		-15,775.13	-15,775.13			-15,975.45	-15,975.45	

Note: Inapplicable

**(4) Material restriction on the use of the Group's assets and the settlement of the Group's liabilities**

Inapplicable

**(5) Financial support or other support provided to the structured entities incorporated in the scope of consolidated financial statements**

Inapplicable

**2. Transactions that cause changes in the Group's interests in subsidiaries that do not result in loss of control**

**(1) Changes in the Group's interests in subsidiaries:**

Inapplicable

**(2) Impact from transactions with non-controlling interests and equity attributable to the shareholders of the Company:**

Inapplicable

**3. Interests in joint ventures or associates**

**(1) Material joint ventures or associates**

Inapplicable

**(2) Key financial information of material joint ventures:**

Inapplicable

**(2) Key financial information of material associates**

Inapplicable

**(3) Summarised financial information of immaterial joint ventures and associates:**

Expressed in RMB

	Ending balance/amount incurred in the reporting period	Opening balance/amount incurred in the reporting period
<b>Joint ventures:</b>	--	--
Aggregate amount of share of	--	--
<b>Associates:</b>	--	--
Aggregate carrying amount of investments		469,838.65
Aggregate amount of share of	--	--
Net profit		75,629.25

Note:

**(4) Material restrictions on transfers of funds from investees to the Group**

Inapplicable

**(5) Excess loss from joint ventures or associates**

Expressed in RMB

Investee	Accumulated unrecognized loss in prior periods	Unrecognized loss (or share of net profit) for the year	Accumulated unrecognized loss as at 31/12/2019
Shenzhen Fresh Peak property consultant Co., Ltd	941,374.25	154,587.30	1,095,961.55

Note: Shenzhen Fresh Peak property consultant Co., Ltd was established on 15 March 1990, Registered capital of 3,000,000, the group subscribed RMB 600,000 (20% in total capital). As at 31 December 2019, the group contributed RMB 600,000 and already confirmed long-term equity invest lose RMB 600,000.

**(6) The company shall disclose its unrecognized commitments in connection with its investment in joint ventures.**

Inapplicable

The company shall disclose its contingent liabilities in connection with its investment in joint ventures or associates.

Inapplicable

**5. Material joint operations**

Inapplicable

## 6. Others

Inapplicable

## X. Financial instruments and risk management

The major financial instruments of the Group include cash at bank and on hand, accounts receivable, other receivable, other current assets, other equity instrument, account payables, other payables, short-term loans, and long-term payables. The details of these financial instruments are disclosed in the respective notes. The financial risk of these financial instruments and financial management policies used by the Group to minimize the risk are disclosed as below. The management manages and monitors the exposure of these risks to ensure the above risks are controlled in the limited range.

### 1. Objectives and policies of financial risk management

The Group's objective in risk management is to obtain an appropriate equilibrium between risk and return. It also focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Based on the objectives of financial risk management, certain policies are made to recognize and analyze risk and internal control is designed according to proper acceptable in order to monitor the risk position of the Group. Both the policies and internal control will be reviewed and revised regularly to adapt the changes of the market and business activities of the Group. The performance of internal control will be reviewed regularly or randomly in accordance with the financial management policies.

The Group's financial instrument risks mainly include credit risk, liquidity risk and market risk. (Including currency risk, interest rate risk and commodity price risk)

The board of directors is responsible for planning and establishing the risk management structure of the Group, formulating the Group's risk management policies and related guidelines, supervising the implementation of risk management measures. The Group has established risk management policies to identify and analyze the risks faced by the Group. These risk management policies clearly define specific risks, covering market risk, credit risk and liquidity risk. The Group regularly assesses changes in the market environment and the Group's operating activities to determine whether update risk management policies and systems.

The Group diversifies the risk of financial instruments through appropriate diversified investments and business combinations, and reduces the risk of concentration in a single industry, a specific region or a specific counterparty by developing appropriate risk management policies.

#### (1) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

Credit is managed on the grouping basis. Credit risk is mainly arising from cash at bank, accounts receivable, and other receivables

The Group expects that there is no significant credit risk associated with cash at bank since it is deposited or will be accepted by the state-owned banks and other medium or large size listed banks.

The Group has policies to limit the credit risk exposure on accounts receivables and other receivables. The Group assesses the credit quality of and sets credit limits on its customers by taking into account

their financial position, the availability of guarantee from third parties, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

The Group's debtors of account receivables are in difference industries and regions, the Group continues in evaluation the debtor's financial status.

The highest credit risk exposed to the Group is limited to the carrying amount of each financial instrument illustrated in the balance sheet. The Group would not provide any guarantee that might cause credit risk to the Group.

Among the accounts receivable of the Group, the bills receivable and accounts receivable of the top five customers accounted for 61.97% (2019: 53.79%); among the other receivables of the Group, the other receivable of the top five customers accounted for 67.68% (2019: 62.80%)

## (2) Liquidity risk

Liquidity risk refers to the risks that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

Cash flow forecasting is performed by Group's finance department. The Group's finance management monitors cash and cash equivalents to meet operational needs and reduce the effect of floating cash flow. The department monitors the usage of bank loan so that the Group does not breach borrowing limits or covenants while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institute to meet the short-term and long-term liquidity requirements.

The Group raises working capital from its operations, bank and other borrowings. As at June 30 2020, the amount of bank loans not yet used by the Group is RMB 0.00.

he financial assets and liabilities, off-balance-sheet guarantee items of the Group at June 30 2020 are analyzed by their maturity date below at their undiscounted contractual cash flows (RMB in ten thousand):

Item	As at June 30 2020			
	Within 1 year	1 to 5 years	Over 5 years	Total amount
Financial liabilities:				
Short-term loans	4,590.50	--	--	4,590.50
Accounts payable	16,431.11	--	--	16,431.11
Interest payables	1,653.53	--	--	1,653.53
Other payables	20,051.11	--	--	20,051.11
Long-term payables	--	827.43	--	827.43
Guarantees for client	37,384.58	--	--	37,384.58
<b>Total liabilities</b>	<b>80,110.83</b>	<b>827.43</b>	<b>--</b>	<b>80,938.26</b>

The financial assets and liabilities, off-balance-sheet guarantee items of the Group as at Dec 31 2019 are analyzed by their maturity date below at their undiscounted contractual cash flows (RMB in ten thousand):

Item	2019.12.31			
	Within 1 year	1 to 5 years	Over 5 years	Total amount
Financial liabilities:				
Short-term loans	5,164.73	--	--	5,164.73
Accounts payable	24,422.45	--	--	24,422.45
Interest payables	1,653.53	--	--	1,653.53
Other payables	20,051.11	--	--	20,051.11
Long-term payables	--	749.92	--	749.92
Guarantees for client	47,539.67	--	--	47,539.67
<b>Total liabilities</b>	<b>98,831.49</b>	<b>749.92</b>	<b>--</b>	<b>99,581.41</b>

The amount of financial liabilities disclosed in the above table is undiscounted contractual cash flow and may differ from the carrying amount in the balance sheet.

The maximum guarantee contract that already signed does not represent the amount need to paid.

### (3) Market risk

Market risk, includes interest rate risk and foreign currency risk, refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate because of the changes in market price.

#### Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate because of the floating rate. Interest rate risk arises from recognized interest-bearing financial instrument and unrecognized financial instrument (e.g. loan commitments).

The Group's interest rate risk arises from long-term bank loans and other interest-bearing liabilities. Financial liabilities issued at floating rate expose the Group to cash flows interest rate risk. Financial liabilities issued at fixed rate expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. At the same time, the Group monitors and maintains the combined financial instruments of fixed rate and floating rate.

During the reporting period, the Group operates by its own working capital. As at 31 December, 2019, the Group has no financial liabilities with fixed or floating interest rate, such as bank loan. Therefore, the Group believes that the interest rate risk is insignificant.

Interest-bearing financial instruments held by the Group (RMB in ten thousand):

#### Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. Foreign currency risk arises from the functional currency denominated financial instrument measured at individual entity.



The foreign currency risk is mainly comes from the group's financial position and cash flow which is affected by the fluctuations of the foreign exchange rates. As the subsidiary establish in Hong Kong SAR and U.S. are using local currency as settlement currency, other foreign currency assets and liabilities held by the Group compare with the group's total assets and liabilities are insignificant, therefore, the Company believe the foreign currency risk is insignificant.

## 2. Capital risk management

The objectives of the Group's capital risk management are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or disposes assets to reduce its liabilities.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net liabilities divided by total capital. As at June 30 2020, the group's debt to asset ratio is 22.96%. (As at Dec 31 2019: 28.20%)

## XI. Fair Value

### 1. Fair value of assets and liabilities measured at fair value

Expressed in RMB

Item	As at June 30 2020			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
<b>I. Recurring fair value measurement</b>	--	--	--	--
(3) Other Equity instruments			32,710,820.87	32,710,820.87
<b>III. Non-recurring fair value measurements</b>	--	--	--	--
<b>Total assets measured at fair value on a non-recurring basis</b>			32,710,820.87	32,710,820.87

**2. Basis for determining the market price of the items measured based on the continuous and non-continuous first level fair value**

**3. Items measured based on the continuous or uncontinuous 2nd level fair value, valuation technique as used, nature of important parameters and quantitative information**

**4. Items measured based on the continuous or uncontinuous 3rd level fair value, valuation technique as used, nature of important parameters and quantitative information**

Items	Fair value As at 31/12/2019	Valuation techniques	Unobservable inputs	Range (weighted average)
Unlisted equity investments	33,126,730.04	Net asset method	Inapplicable	N/A

**5. Items measured based on the continuous 3rd level fair value, sensitivity analysis on adjusted information and unobservable parameters between the book value at beginning and end of the period**

**6. In case items measured based on fair value are converted between different levels incurred in the current period, state the cause of conversion and determine conversion time point**

**7. Change of valuation technique incurred in the current period and cause of such change**

**8. Fair value of financial assets and financial liabilities not measured at fair value**

The financial assets and financial liabilities of the Group measured at amortized cost mainly include: cash, accounts receivable, other receivables, short-term loans, accounts payable, other payables and long-term payable.

In addition to above financial assets and liabilities, other financial asset and liabilities that not measured at fair value, the differ between book values and fair value are not significant.

**9. Others**

The level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities.

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities.

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

## XII. Related parties and related party transactions

### 1.Information about the parent of the Company

Name	Registration place	Business nature	Registered capital (RMB in ten thousand)	Shareholding percentage %	Percentage of voting rights %
Shenzhen Investment Holdings Co., Ltd.	Shenzhen, Guangdong province	Investment, real estate development, guarantee	2,764,900.00	63.55%	63.55%

The ultimate controlling party of the company is: State-owned Assets Supervision and Management Commission of Shenzhen Municipal People's Government

### 2. Information about the subsidiaries of the Company

For information about the subsidiaries of the Company, refer to Note IX.1.

### 3. Information about joint ventures and associates of the Company

For information about the joint ventures and associates of the Company, refer to NoteXI.3.

### 4. Information on other related parties

Name	Related party relationship
Shenzhen Jian 'an Group Co., Ltd.	Same controlling shareholders
Shenzhen Dongfang New world store Co., Ltd	Participating stock companies
Shenxi Limited	Not included in Consolidated Financial Statements' Subsidiary that had been terminated its licenses by law but not cancellation
Shenzhen Zhentong New Electromechanical Industry Development Co., Ltd.	Not included in Consolidated Financial Statements' Subsidiary (Long-term without operation)
Shenzhen Nanyang Hotel Co., Ltd.	Not included in Consolidated Financial Statements' Subsidiary that had been terminated its licenses by law but not cancellation
Shenzhen Real Estate Electromechanical Management Company	Not included in Consolidated Financial Statements' Subsidiary that had been terminated its licenses by law but not cancellation
Shenzhen Longgang Henggang Huagang Industrial Co., Ltd.	Not included in Consolidated Financial Statements' Subsidiary that had been terminated its licenses by law but not cancellation

**5. Transactions with related parties****(1) Purchases/sales**

Purchase of goods/receiving of services

Expressed in RMB

Related party	Nature of transaction	Jan to Jun 2020	Approved transaction limit	Whether it exceeds the transaction limit	Jan to Jun 2019
Shenzhen RongHua JiDian Co., Ltd	Elevator maintenance	554,150.94		No	554,150.94

Sales of goods/rendering of services

Expressed in RMB

Related party	Nature of transaction	Jan to Jun 2020	Jan to Jun 2019
Shenzhen Jian'an Group Co., Ltd.	Decoration services	1,484,806.59	3,849,090.95
Shenzhen RongHua JiDian Co., Ltd	Property Services	34,435.70	41,766.60

**(2) Trust/contracting arrangement**

Asset management/contracting undertaken by the Group on behalf of related parties:

Note: Inapplicable

Asset management / contracting undertaken by related parties on behalf of the Group:

Expressed in RMB

Name of trustor/main contractor	Name of related party	Type of assets entrusted/contracted	Inception date of trust/contracting	Maturity date of trust/contracting	Trust/contracting revenue	Trust/contracting revenue recognized in June 30 2020
Shantou City Huafeng Real Estate Development Co., Ltd	Shenzhen Jian'an Group Co., Ltd.	Construction	19 Oct 2018	1 May 2021	Negotiations	70,596,511.27

Note: Inapplicable

**(3) Leases**

Inapplicable

**(4) Guarantee**

Inapplicable

**(5) Funding from related party**

Expressed in RMB

Related party	Amount of funding	Inception date	Maturity date	Note
Funds received				
Shenzhen Investment Shareholding Co. Ltd	16,535,277.94	Nov 11 2006	Dec 22 2016	The principal of the loan was repaid on 22 December 2016, and the remaining amount was interest payable.
Funds provided				

**(6) Transfer of assets and debt restructuring**

Inapplicable

**(7) Remuneration of key management personnel**

Expressed in RMB

Item	Jan to Jun 2020	Jan to Jun 2019
Remuneration of key management personnel	2,252,200.00	3,506,900.00

**(8) Other related party transactions**

Inapplicable

**6. Receivables from and payables to related parties****(1) Receivables from related parties**

Expressed in RMB

Item	Related party	As at Jun 30 2020		As at Dec 31 2019	
		Book value	Provision for bad and doubtful debts	Book value	Provision for bad and doubtful debts
Accounts receivable	Shenzhen Fresh Peak property consultant Co., Ltd	1,223,645.89	1,223,645.89	1,205,588.76	1,205,588.76
Other receivables	Guangdong Province Huizhou Luofu Hill Mineral	10,465,168.81	10,465,168.81	10,465,168.81	10,465,168.81

	Water Co., Ltd				
Other receivables	Shenzhen Runhua Automobile Trading Co., Ltd	3,072,764.42	3,072,764.42	3,072,764.42	3,072,764.42
Other receivables	Canada GreatWall (Vancouver) Co., Ltd	89,035,748.07	89,035,748.07	89,035,748.07	89,035,748.07
Other receivables	Bekaton Property Limited	12,559,290.58	12,559,290.58	12,559,290.58	12,559,290.58
Other receivables	Paklid Limited	19,450,684.59	19,450,684.59	19,319,864.85	19,319,864.85
Other receivables	Shenzhen Shenfeng Department Store Co. Ltd.	237,648.82	237,648.82	237,648.82	237,648.82
Other receivables	Shenzhen RongHua JiDian Co., Ltd	475,223.46	23,761.17	475,223.46	23,761.17
Other receivables	Xi'an Fresh Peak property management & Trading Co., Ltd	8,419,205.19	8,419,205.19	8,419,205.19	8,419,205.19
Other receivables	Shenxi Limited	7,660,529.37	7,660,529.37	7,660,529.37	7,660,529.37
Other receivables	Shenzhen Nanyang Hotel Co., Ltd.	3,168,721.00	3,168,721.00	3,168,721.00	3,168,721.00
Other receivables	Shenzhen Jian'an Group Co., Ltd.	33,517.63	823.21	16,464.28	823.21

**(2) Payables to related parties**

Expressed in RMB

Item	Related party	As at Jun 30 2020	As at Dec 31 2019
Interest payables	Shenzhen Investment Shareholding Co. Ltd	16,535,277.94	16,535,277.94
Accounts payable	Shenzhen Jian'an Group Co., Ltd.	1,952,979.95	68,172,202.04
Other payables	Shenzhen Dongfang New world store Co., Ltd	902,974.64	902,974.64
Other payables	Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd.	1,867,348.00	1,867,348.00
Other payables	Shenzhen Real Estate Electromechanical Management Company	14,981,420.99	14,981,420.99
Other payables	Shenzhen Zhentong New Electromechanical Industry Development Co., Ltd.	8,310,832.50	8,827,940.07
Other payables	Shenzhen Shenfeng	639,360.38	639,360.38

	Department Store Co. Ltd.		
Other payables	Shenzhen Longgang Henggang Huagang Industrial Co., Ltd.	165,481.09	165,481.09

## 7. Commitments and contingencies

### 1. Significant commitments

#### (1) Capital commitments

Capital commitments have been entered into but not have not been in the financial statements	As at June 30 2020	As at Dec 31 2019
Significant outsourcing contracts	183,075,110.80	200,684,729.85

Note: The significant outsourcing contract was based on the construction contract between Shantou Tianyuewan II Project and the contractor Shenzhen Jian'an (Group) Co., Ltd.

#### (2) Information on implementation of commitments in previous year

For details, refer Note XII, 5(2).

As at June 30 2020, there is no other material commitment to be disclosed.

### 2. Contingencies

#### (1) Contingent liabilities arising from pending arbitration and pending litigation and related financial impact

Plaintiff	Defendant	Case	Appellate court	Amount of the object of action	Progress of cases
Xi'an Fresh Peak Holding limited company	Ki'an Commercial and Trade Commission Ki'an Commerce and Tourism Co., Ltd.	Investment compensation disputes	Shaanxi Higher People's Court	36.62 million yuan and interest	Pending

Note: Xi'an Fresh Peak Holding limited company (hereinafter referred to as "Fresh Peak Company") was Sino-foreign joint venture set up in Xi'an city. Among them, Fresh Peak Enterprise Co., Ltd made 67% of the shares in cash. Xi'an Trade Building, a company directly under the Xi'an Commercial and Trade Commission (hereinafter referred to as "Xi'an C&T Commission"), invested 16% of the shares in land use rights. Hong Kong Dadiwang Industrial Investment Company holds 17% of the shares. The core business was property development. And the project was Xi'an Trade Building. The project was started on 28 November 1995. But the project had been stopped in 1996 because of the two parties' differences on the operating policy of the project. In 1997, the Xi'an government withdrew the Xi'an Fresh Peak investment project compulsively and assigned the project to Xi'an Business Tourism Co., Ltd (hereinafter referred to as "Business Tourism Company"). But the two parties had insulted a

lawsuit on compensation. The ShanXi Province High Peoples Court made a judgement “(2000) SJ-CZ No.25”. The judgement was as follows: 1. Business Tourism Company had to pay for the compensation RMB 36,620 thousand to Xi'an Fresh Peak Company after the judgment entering into force. If the Business Tourism Company failed to pay in time, it had to pay double debt interests to Xi'an Fresh Peak Company. 2. Xi'an Joint Commission on Commerce had jointly and severally obligation of the interests of the compensation.

Until 31 December 2019, the amount of RMB 15,201,000.00 had been called back. The company has obtained new property clues, submitted an application for resumption of execution, this case is still pending.

As at 31 December 2019, the book value of the long-term equity investment of Xi'an Fresh Peak Company was RMB 32,840,729.61. The book balance of assets was RMB 8,419,205.19. Both have been taken full provision for impairment loss.

(2) Contingent liabilities arising from guarantee provided to other entities and related financial effects.

As at 31 December 2019, The Group follows the real estate operating routine provides a total of 47,593.67 (RMB in ten thousand) mortgage guarantee to real estate buyers.

Item	Duration	Amount (In ten thousand)	Note
Shengfang CuiLin Building	Until the Premises Permit mortgage registration is finished and in bank custody	10,273.65	
ChuanQi DongHu Building (Former DongHuDiJing Building)	Until the Premises Permit mortgage registration is finished and in bank custody	8,116.93	
TianYue Bay No.1	Until the Premises Permit mortgage registration is finished and in bank custody	18,894.00	
<b>Total</b>		<b>37,284.58</b>	

(3) Other contingencies

For contingent liabilities related to joint venture or associate investment, please refer to Note IX,3(2).

As at June 30 2020, there is no other contingency to be disclosed.

## 8. Others

Inapplicable

## XIII. Stock payment

### 1. General

Inapplicable



**2. Stock payment for equity settlement**

Inapplicable

**3. Stock payment for cash settlement**

Inapplicable

**4. Correction and termination of stock payment**

Inapplicable

**5. Others****XIV. Commitments and contingencies****1. Important commitments**

Inapplicable

**2. Other contingencies****(1) Significant contingencies existing as at the balance sheet date**

Inapplicable

**(2) Important contingencies unnecessary to be disclosed but necessary to be explained**

As of June 30, 2020, there exist no other contingencies in the Group necessary to be disclosed.

**3. Others**

Inapplicable

**XV. Post balance sheet date events****1. Significant non-adjustment events**

Inapplicable

**2. Profit distribution**

Inapplicable

### **3. Sales return**

Inapplicable

### **4. Note to other matters after the balance sheet date**

Since January 2020 pneumonia caused by COIVD-19 is spreading across the country. The prevention of pneumonia is continuing nationwide. The Group follows the arrangement of State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal and the Shenzhen Investment Holding Co., Ltd., combined with the actual situation of the leased property within the group, planned to make a reduction of rents for more than 300 companies and individuals for two-month, total amount about RMB10,000,000.

As of the financial report issuance date, there are no other events after the balance sheet date to be disclosed.

## **XVI. Other significant events**

### **1. Correction of the accounting errors in the previous period**

#### **(1) Retroactive restatement**

Inapplicable

#### **(2) Prospective application**

Inapplicable

### **2. Liabilities restructuring**

Inapplicable

### **3. Replacement of assets**

#### **(1) Non-monetary assets exchange**

Inapplicable

#### **(2) Other assets exchange**

Inapplicable

### **4. Pension plan**

Inapplicable

**5. Discontinuing operation**

Inapplicable

**6. Segment information****(1) Basis for determining the reporting segments and accounting policy**

Inapplicable

**(2) Financial information of the reporting segments**

Inapplicable

**(3) In case there is no reporting segment or the total assets and liabilities of the reporting segments cannot be disclosed, explain the reason**

Inapplicable

**(4) Other notes**

Inapplicable

**7. Other significant transactions and matters that may affect investors' decision making**

From 14 September 2016, the Group planned the reorganization of material assets. The Group announced it intended to buy 100% stock equity of Evergrande real estate group co., LTD by issue shares or cash payment on 14 October 2016. Guangzhou Chiron real estate co., LTD will become the controlling shareholder of the company after the acquisition.

The restructuring of material assets is still in process as scheduled by the financial report day.

**8. Others**

Inapplicable

**XVII. Notes to the parent company's financial statements****1. Accounts receivable****(1) Accounts receivables disclosed by categories**

Expressed in RMB

Item	As at Jun 30 2020	As at Dec 31 2019
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	Book balance		Provision for bad and doubtful debts		Carrying amount	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Individually assessed for impairment individually	10,707,224.66	98.12%	10,626,436.84	100.00%	80,787.82	10,626,436.84	98.51%	10,626,436.84	100.00%	
Including:										
Collectively assessed for impairment based on credit risk characteristics	205,630.01	1.88%	3,564.22	2.22%	202,065.79	160,500.06	1.49%	3,564.22	2.22%	156,935.84
Include:										
Accounts receivable from related parties in consolidated scope	89,215.69	0.82%	0.00	0.00%	89,215.69	89,215.69	0.83%			89,215.69
Accounts receivable from sales of properties	116,414.32	1.07%	3,564.22	5.00%	112,850.10	71,284.37	0.66%	3,564.22	5.00%	67,720.15
Total	10,912,854.67	100.00%	10,630,001.06	98.55%	282,853.61	10,786,936.90	100.00%	10,630,001.06	98.55%	156,935.84

Provision made on an individual basis: Sales of properties for long-term uncollected

Expressed in RMB

Item	As at Jun 30 2020			
	Book balance	Provision for bad and doubtful debts	Percentage of provision	Rationale of Provision
Amount receivables of sales of properties for long-term uncollected	10,707,224.66	10,626,436.84	100.00%	Expected to be not recoverable
Total	10,626,436.84	10,626,436.84	--	--

Individual provision for bad and doubtful debts:

Expressed in RMB

Item	As at Jun 30 2020
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	Book balance	Bad debt reserve	Provision proportion	Provision reason
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Provision for bad debts based on portfolio: Related parties within the scope of consolidation

Expressed in RMB

Item	As at Jun 30 2020		
	Book balance	Bad debt reserve	Provision proportion
Over three years	89,215.69		0.00%
Total	89,215.69		--

Note to the basis for determining the combination:

Inapplicable

Total provision for bad and doubtful debts based on portfolio:

Expressed in RMB

Item	As at Jun 30 2020		
	Book balance	Bad debt reserve	Provision proportion
Within 1 year	49,896.32	238.32	5.00%
1 to 2 years	66,518.00	3,325.90	5.00%
Total	116,414.32	3,564.22	--

Note to the basis for determining the combination:

Inapplicable

Total provision for bad and doubtful debts based on portfolio:

Inapplicable

Note to the basis for determining the combination:

Inapplicable

Disclosed based on aging

Expressed in RMB

Aging	As at Jun 30 2020
Within 1 year (with 1 year inclusive)	125,917.77
1-2 year	155,733.69
Above 3 year	10,631,203.21
Above 5 year	10,631,203.21
Total	10,912,854.67

## (2) Provision, recovery or reversal of reserve for bad debts during the reporting period

Inapplicable

## (3) Accounts receivable written off in current period

Inapplicable

**(4) Accounts receivable owed by the top five debtors based on the ending balance**

Expressed in RMB

Description of Units	As at June 30 2020	Proportion of the ending balance of the accounts receivable	Provision for bad debts as at June 30 2020
Daxing Auto Parts Co., Ltd.	2,075,881.79	19.02%	2,075,881.79
Shenzhen Xinfeng Real Estate Consulting Co., Ltd.	1,223,645.89	11.21%	1,223,645.89
Wang Weidong	1,200,000.00	11.00%	1,200,000.00
Wang Guodong	821,272.45	7.53%	821,272.45
Cai Guangyao	876,864.11	8.04%	876,864.11
Total	6,197,664.24	56.80%	

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

Inapplicable

**(6) Amount of assets and liabilities formed through transfer of account receivable and continuing to be involved**

Inapplicable

**2. Other receivables**

Expressed in RMB

Items	As at Jun 30 2020	As at Dec 31 2019
Other receivables	1,122,154,158.12	835,275,498.69
Total	1,122,154,158.12	835,275,498.69

**(1) Interest receivable****1) Classification of interest receivable**

Inapplicable

**2) Significant overdue interest**

Inapplicable

**3) Provision for bad debts**

Inapplicable

**(2) Dividends receivable****1) Classification of dividends receivable**

Inapplicable

**2) Significant dividends receivable with age exceeding 1 year**

Inapplicable

**3) Provision for bad debts**

Inapplicable

**(3) Other receivables****1) Classification of other receivables based on nature of payment**

Expressed in RMB

Category	As at June 31 2020	As at Dec 31 2019
Amount receivables from government	721,755.80	721,755.80
Accounts receivable from employee's inprest fund	152,691.21	182,691.21
Amount receivables of the collecting and paying on another's behalf	7,472.22	3,248.36
Amount receivables of other customers	11,431,203.21	6,818,306.11
Amount receivables of related parties	143,140,616.12	135,567,522.22
Amount receivables in consolidated scope	1,767,695,750.60	1,492,977,306.03
Total	1,923,149,489.16	1,636,270,829.73

**2) Provision for bad debts**

Expressed in RMB

Bad debt reserve	The 1st stage	The 2nd stage	The 3rd stage	Total
	Predicted credit loss in the Total	Predicted credit loss in the whole duration (no	Predicted credit loss in the whole duration	

	future 12 months	credit impairment taken place)	(credit impairment already taken place)	
Balance as at Jan 01 2020	81,118.11	660,150,746.68	140,763,466.25	800,995,331.04
Balance as at Jan 01 2020 during current period	—	—	—	—
Balance as at June 30 2020	81,118.11	660,150,746.68	140,763,466.25	800,995,331.04

Movement of the book balance of provision for loss with significant amount in the reporting period

Inapplicable

Disclosed based on aging:

Expressed in RMB

Aging	As at Jun 30 2020
Within 1 year (with 1 year inclusive)	89,981,136.31
1 to 2 years	140,180,572.84
2 to 3 years	142,778,168.63
Over 3 years	1,550,209,611.38
4 to 5 years	1,550,209,611.38
Total	1,923,149,489.16

### 3) Provision, recovery or reversal of reserve for bad debts during the reporting period

Inapplicable Where the significant amount of the provision for bad debt recovered or reversed:

### 4) Accounts receivable actually written off in the reporting period

Inapplicable

### 5) Accounts receivable owed by the top five debtors based on the ending balance

Expressed in RMB

Name of Entity	Relationship with the group	As at Jun 30 2020	Aging	Proportion of the amount to the total OR	Bad debt provision
Shantou Huafeng Estate Development Co., Ltd	Subsidiary	732,384,395.50	Within 1 year. 1-3 years. More than 3 years	38.08%	
Fresh Peak Enterprise Co., Ltd	Subsidiary	545,999,208.06	Within 1 year. More than 3 years	28.39%	508,377,320.74



Shenzhen Shenfeng Group Longgang Development Co., Ltd.	Subsidiary	237,997,397.18	Within 1 year	12.38%	
American Great Wall Co., Ltd	Subsidiary	103,403,196.15	More than 3 years	5.38%	103,403,196.15
Fresh Peak Zhiye Co., Ltd.	Subsidiary	90,966,169.62	More than 3 years	4.73%	90,363,926.75
Total	--	1,710,750,366.51	--	88.96%	702,144,443.64

**6) Accounts receivable involving government subsidy**

Inapplicable

**7) Other receivables with recognition terminated due to transfer of financial assets**

Inapplicable

**8) Amount of assets and liabilities formed through transfer of account receivable and continuing to be involved**

Inapplicable

**3. Long-term equity investments**

Expressed in RMB

Item	As at Jun 30 2020			As at Dec 31 2019		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Investment in subsidiaries	303,045,949.42	152,839,271.15	150,206,678.27	303,045,949.42	152,839,271.15	150,206,678.27
Investment in associates and joint ventures	12,447,684.23	11,977,845.58	469,838.65	12,447,684.23	11,977,845.58	469,838.65
Total	315,493,633.65	164,817,116.73	150,676,516.92	315,493,633.65	164,817,116.73	150,676,516.92

**(1) Investment in subsidiaries**

Expressed in RMB

Name of investee	As at Dec 31 2019	Increase/ Decrease (+ / -) in the Jan to Jun 2020				As at June 30 2020 (book	As at June 30 2020 of the
		Additional	Decrease of	Provision for	Others		

		investment	investment	impairment		value)	provision for impairment
Shenzhen City Property Management Ltd.	12,821,791.52					12,821,791.52	
Shenzhen Petrel Hotel Co. Ltd.	20,605,047.50					20,605,047.50	
Shenzhen City Shenfang Investment Ltd.	9,000,000.00					9,000,000.00	
Fresh Peak Enterprise Ltd.	556,500.00					556,500.00	
Fresh Peak Zhiye Co., Ltd.	22,717,697.73					22,717,697.73	
Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Property and Estate Co., Ltd.							19,000,000.00
Shenzhen Zhen Tung Engineering Ltd	11,332,321.45					11,332,321.45	
American Great Wall Co., Ltd	1,435,802.00					1,435,802.00	
Shenzhen City Shenfang Free Trade Trading Ltd.	4,750,000.00					4,750,000.00	
Shenzhen City Hua Zhan Construction Management Ltd.	6,000,000.00					6,000,000.00	
QiLu Co., Ltd	212,280.00					212,280.00	
Beijing Shenfang Property Management Co., Ltd.							500,000.00
Shenzhen Lain Hua Industry and Trading Co., Ltd.	13,458,217.05					13,458,217.05	

Shenzhen City SPG Long Gang Development Ltd.	30,850,000.00					30,850,000.00	
Beijing Fresh Peak Property Development Management Limited Company							64,183,888.90
Shantou City Huafeng Real Estate Development Co., Ltd	16,467,021.02					16,467,021.02	
Paklid Limited							201,100.00
Bekaton Property Limited							906,630.00
Shenzhen Shenfang Department Store Co. Ltd.							9,500,000.00
Shantou Fresh Peak Building							58,547,652.25
Total	150,206,678.27					150,206,678.27	152,839,271.15

## (2) Investment in associates and joint ventures

Expressed in RMB

Investees	Opening balance (book value)	Increase/ Decrease (+ / -) in the Jan to Jun 2020								Ending balance (book value)	Ending balance of the provision for impairment
		Addition al investment	Decrease of investment	Income from equity investment recognized under equity method	Other comprehensive income adjustment	Other equity movement	Announced for distributing cash dividend or profit	Provision for impairment	Others		
I. Joint Venture											
Fengkai Xinghua Hotel											9,455,465.38
Subtotal											9,455,465.38

											5.38
II. Associates											
Shenzhen Ronghua Jidian Co., Ltd	469,838.65									469,838.65	1,076,954.64
Shenzhen Runhua Automobile Trading Co., Ltd											1,445,425.56
Subtotal	469,838.65									469,838.65	2,522,380.20
Total	469,838.65									469,838.65	11,977,845.58

**(3) Other notes****4. Operation Income and Costs**

Expressed in RMB

Items	Jan to Jun 2020		Jan to Jun 2019	
	Income	Costs	Income	Costs
Principal business	231,360,942.20	64,778,297.24	828,375,457.04	125,366,701.31
Other businesses	95.24		27,619.07	
Total	231,361,037.44	64,778,297.24	828,403,076.11	125,366,701.31

Revenue related information:

Inapplicable

Information related to performance obligations:

The Group's current real estate projects for sale are all existing properties, it usually takes 3-5 months from contract signing to online signing, mortgage loan and final deliver. The contracts that have been signed at the end of the reporting period are expected to be implemented before the end of 2020.

Information related to the transaction price allocated to the remaining performance obligations:

Information related to the transaction price allocated to the remaining performance obligations:

At the end of the reporting period, the amount of revenue corresponding to the performance obligations that have been signed but not yet performed or not yet completed is RMB 641,831,187.09, Among

them, RMB 641,831,187.09 yuan is expected to be recognized as revenue in 2020, RMB 0 is expected to be recognized as revenue in the year, and RMB 0 is expected to be recognized as revenue in the year.

## 5. Investment income

Expressed in RMB

Item	Jan to Jun 2020	Jan to Jun 2019
Investment income from long-term investments under cost method		518,700,131.64
Investment income from other equity instrument		928,200.00
Finance product	15,217,058.60	13,359,898.55
Total	15,217,058.60	532,988,230.19

## 6. Others

Inapplicable

## XVIII. Supplementary information

### 1. Statement of non-recurring gains and losses in the reporting period

Expressed in RMB

Items	Amount	Note
Gain/Loss from disposal of non-current assets	-19,011.53	
The government subsidies included in the profits and losses of the current period (excluding government grants which are closely related to the Company's business and conform with the national standard amount or quantity)	2,792,616.39	Local government subsidy for COVID-19 prevention
Profit or loss on entrusted investments or assets management	15,217,058.60	Bank structured deposit income
Non-operating income/(expenses) except the above	-1,369,710.49	
Anti-epidemic donation	-500,000.00	
Less: Amount affected by the income tax	4,030,238.24	

Total	12,090,714.73	--
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For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering their Securities to the Public – Non-recurring Gains and Losses and its non-recurring gain/loss items as illustrated in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering their Securities to the Public – Non-recurring Gains and Losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

Inapplicable

## 2. ROE and EPS

Profit in the reporting period	Return on equity, weighted average	Earnings per share	
		Basic earnings per share (CNY/share)	Diluted earnings per share (CNY/share)
Net profit attributable to the Company's shareholders of ordinary shares	2.68%	0.0962	0.0962
Net profit attributable to the Company's shareholders of ordinary shares less non-recurring gains and loss	2.35%	0.0842	0.0842

## 3. Discrepancy in accounting data between IAS and CAS

**(1) Discrepancy in net profit and net assets as disclosed in the financial report respectively according to IAS and CAS**

Expressed in RMB

Item	Net profit		Net assets	
	Jan to Jun 2020	Jan to Jun 2019	As at Jun 30 2020	As at Dec 31 2019
According to CAS	97,274,985.72	333,155,843.41	3,597,595,143.65	3,666,874,569.99
Adjustment according to IAS				
According to IAS	97,274,985.72	333,155,843.41	3,597,595,143.65	3,666,874,569.99

**(2) Discrepancy in net profit and net assets as disclosed in the financial report respectively according to the accounting standards outside Mainland China and CAS**

Inapplicable

**(3) Note to the discrepancy in accounting data under the accounting standards outside Mainland China. In case the discrepancy in data which have been audited by an overseas auditing agent has been adjusted, please specify the name of the overseas auditing agent**

Inapplicable

#### **4. Others**

Inapplicable

## **Part XII Documents Available for Reference**

1. The financial statements with the personal signatures and stamps of the Company's legal representative, head for financial affairs and head of the financial department; and
2. The originals of all the documents and announcements disclosed by the Company on Securities Times, China Securities Journal and Ta Kung Pao during the Reporting Period.