



深物業集團  
—SZPRD—

# **SHENZHEN PROPERTIES & RESOURCES DEVELOPMENT (GROUP) LTD.**

## **ANNUAL REPORT 2020**

(Announcement No. 2021-07)

**March 2021**

## **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 Properties & Resources Development (Group) 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 Shengxiang, the Company’s legal representative, Cai Lili, the Company’s head of financial affairs, and Liu Qiang, 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.**

**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.**

**The Company has described in detail in this Report the possible risks facing it, along with countermeasures. Please refer to the section headed “Prospects” of “Part IV Operating Performance Discussion and Analysis” of this Report.**

**The Board has approved a final dividend plan as follows: based on the share capital of 595,979,092 shares, a cash dividend of RMB4.1 (tax inclusive) per 10 shares is to be distributed to the shareholders, with no bonus issue from either profit or capital reserves.**

**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
The “Company”, the “Group”, “SZPRD” or “we”	ShenZhen Properties & Resources Development (Group) Ltd. and its consolidated subsidiaries, except where the context otherwise requires
SIHC	Shenzhen Investment Holdings Co., Ltd.
ITC Technology Park	Shenzhen ITC Technology Park Service Co., Ltd.
Huangcheng Real Estate	Shenzhen Huangcheng Real Estate Co., Ltd.
Dongguan Company	Dongguan ITC Changsheng Real Estate Development Co., Ltd.
Xuzhou Company	SZPRD Xuzhou Dapeng Real Estate Development Co., Ltd.
Yangzhou Company	SZPRD Yangzhou Real Estate Development Co., Ltd.
Rongyao Real Estate	Shenzhen Rongyao Real Estate Development Co., Ltd.
ITC Property Management	Shenzhen International Trade Center Property Management Co., Ltd.
Huangcheng Property Management	Shenzhen Huangcheng Property Management Co., Ltd.
Shandong Shengguomao Real Estate Management	Shandong Shengguomao Real Estate Management Co., Ltd.
Chongqing Shengguomao Real Estate Management	Chongqing Shengguomao Real Estate Management Co., Ltd.
Shouxihu Jingyue	Yangzhou Shouxihu Jingyue Property Development Co., Ltd.
Shenshan Guomao Property Development	Shenzhen Shenshan Special Cooperation Zone Guomao Property Development Co., Ltd.
Guomao Tongle Property Management	Shenzhen Guomao Tongle Property Management Co., Ltd.
Commercial Operation Company	Shenzhen SZPRD Commercial Operation Co., Ltd.
Guomao Catering	Shenzhen Guomao Catering Co., Ltd.
Supervision Company	Shenzhen Property Engineering and Construction Supervision Co., Ltd.
RMB, RMB’0,000, RMB’00,000,000	Expressed in the Chinese currency of Renminbi, expressed in tens of thousands of Renminbi, expressed in hundreds of millions of Renminbi
COVID-19	The novel coronavirus disease that started in 2019

## Part II Corporate Information and Key Financial Information

### I Corporate Information

Stock name	PRD, PRD-B	Stock code	000011, 200011
Changed stock name (if any)	N/A		
Stock exchange for stock listing	Shenzhen Stock Exchange		
Company name in Chinese	深圳市物业发展(集团)股份有限公司		
Abbr.	深物业集团		
Company name in English (if any)	ShenZhen Properties & Resources Development (Group) Ltd.		
Abbr. (if any)	SZPRD		
Legal representative	Liu Shengxiang		
Registered address	39/F and 42/F, International Trade Center, Renmin South Road, Luohu District, Shenzhen, Guangdong Province, P.R.China		
Zip code	518014		
Office address	16/F, 20/F, 39/F and 42/F, International Trade Center, Renmin South Road, Luohu District, Shenzhen, Guangdong Province, P.R.China		
Zip code	518014		
Company website	www.szwuye.com.cn		
Email address	000011touzizhe@szwuye.com.cn		

### II Contact Information

	Board Secretary	Securities Representative
Name	Zhang Gejian	Ding Minghua and Chen Qianying
Address	20/F, International Trade Center, Renmin South Road, Luohu District, Shenzhen, Guangdong Province, P.R.China	39/F, International Trade Center, Renmin South Road, Luohu District, Shenzhen, Guangdong Province, P.R.China
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Email address	000011touzizhe@szwuye.com.cn	000011touzizhe@szwuye.com.cn

### III Media for Information Disclosure and Place where this Report Is Lodged

Newspapers designated by the Company for information disclosure	For A-stock investors: Securities Times For B-stock investors: Ta Kung Pao (HK)
Website designated by CSRC for publication of this Report	www.cninfo.com.cn
Place where this Report is lodged	Board Office, 39/F, International Trade Center, Renmin South Road, Luohu District, Shenzhen, Guangdong Province, P.R.China

### IV Change to Company Registered Information

Unified social credit code	No change
Change to principal activity of the Company since going public (if any)	No change
Every change of controlling shareholder since incorporation (if any)	<p>On 29 September 2004, the State-Owned Assets Supervision and Administration Commission of Shenzhen Municipality (“SASAC Shenzhen”) decided to incorporate Shenzhen Investment Holdings Co., Ltd. (“SIHC”) to include Shenzhen Investment Management Co., Ltd. (“SIM”, the former controlling shareholder of the Company) and Shenzhen Construction Investment Holdings Corporation (“SCIHC”). SCIHC and SIM hold 323,796,324 and 56,582,573 shares respectively in the Company, representing a combined stake of 63.82%.</p> <p>On 19 October 2018, the Company was notified by its actual controlling shareholder SIHC that it had received the Confirmation of Securities Transfer Registration from China Securities Depository and Clearing Co., Ltd. (Shenzhen branch), marking the completion of the equity transfer to SIHC. As such, SIHC has become the controlling shareholder of the Company.</p> <p>The controlling shareholder remained unchanged during the Reporting Period.</p>

### V Other Information

The independent audit firm hired by the Company:

Name	Baker Tilly China Certified Public Accountants LLP
Office address	9/F, Zhonghe Plaza, 2002 Shennan Middle Road, Futian District, Shenzhen, Guangdong Province, China
Accountants writing signatures	Li Ming and Chen Zihan

The independent sponsor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable  Not applicable

The independent financial advisor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable  Not applicable

## VI Key Financial Information

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

√ Yes □ No

Reasons for the retrospective restatements:

Business combination involving entities under common control

	2020	2019	2020-over-2019 change (%)	2018	
				Before	Restated
Operating revenue (RMB)	4,104,374,646.02	3,961,669,942.44	3.60%	2,787,240,632.53	3,376,673,249.90
Net profit attributable to the listed company's shareholders (RMB)	798,572,121.74	817,805,780.12	-2.35%	592,723,852.71	698,050,728.96
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	788,377,322.39	695,675,201.19	13.33%	591,362,024.37	591,362,024.37
Net cash generated from/used in operating activities (RMB)	385,497,782.12	939,789,565.96	-58.98%	1,123,594,927.59	1,231,718,056.18
Basic earnings per share (RMB/share)	1.3399	1.3722	-2.35%	0.9945	1.1713
Diluted earnings per share (RMB/share)	1.3399	1.3722	-2.35%	0.9945	1.1713
Weighted average return on equity (%)	23.47%	20.46%	3.01%	18.94%	19.47%
	31 December 2020	31 December 2019	Change of 31 December 2020 over 31 December 2019 (%)	31 December 2018	
				Before	Restated
Total assets (RMB)	12,207,356,912.54	10,772,491,740.53	13.32%	5,820,202,137.54	7,023,354,613.55
Equity attributable to the listed company's shareholders (RMB)	3,727,917,440.03	3,147,949,009.38	18.42%	3,337,949,324.64	3,872,406,104.67

Indicate by tick mark whether the lower of the net profit attributable to the listed company's shareholders before and after exceptional gains and losses was negative for the last three accounting years, and the latest independent auditor's report indicated that there was uncertainty about the Company's ability to continue as a going concern.

Yes  No

Indicate by tick mark whether the lower of the net profit attributable to the listed company's shareholders before and after exceptional gains and losses was negative.

Yes  No

## VII Accounting Data Differences under China's Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

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

Applicable  Not applicable

No difference for the Reporting Period.

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

Applicable  Not applicable

No difference for the Reporting Period.

## VIII Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	861,546,080.08	559,531,687.75	332,619,949.47	2,350,676,928.72
Net profit attributable to the listed company's shareholders	152,014,318.10	59,953,416.66	-19,555,182.58	606,159,569.56
Net profit attributable to the listed company's shareholders before exceptional gains and losses	152,909,860.77	57,711,762.61	-19,618,268.67	597,373,967.68
Net cash generated from/used in operating activities	-609,307,576.52	-1,013,874,562.38	1,170,415,181.72	838,264,739.30

Indicate by tick mark whether any of the quarterly financial data in the table above or their summations differs materially from what have been disclosed in the Company's quarterly or interim reports.

Yes  No

## IX Exceptional Gains and Losses

Applicable  Not applicable

Unit: RMB



Item	2020	2019	2018	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	-322,603.77	47,015.23	-79,489.58	
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)	7,100,657.34	2,410,184.82	165,676.08	Pandemic-related government grant
Current profit or loss on subsidiaries obtained in business combinations involving enterprises under common control from the period-beginning to combination dates, net		118,680,871.93	105,442,907.48	
Gain or loss on contingencies that do not arise in the Company's ordinary course of business	-2,396,947.00			Expected lawsuit-related compensation
Reversed portions of impairment allowances for receivables and contract assets which are tested individually for impairment	19,900.00			
Non-operating income and expense other than the above	9,089,508.74	2,048,751.21	1,724,017.41	Demolition compensation received
Other gains and losses that meet the definition of exceptional gain/loss	94,284.37	91,337.56		
Less: Income tax effects	3,470,226.55	1,146,936.51	448,375.57	
Non-controlling interests effects (net of tax)	-80,226.22	645.31	116,031.23	
Total	10,194,799.35	122,130,578.93	106,688,704.59	--

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item defined or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

Applicable  Not applicable

No such cases for the Reporting Period.

## Part III Business Summary

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

#### (I) Core Business Overview

Established in 1982, the Company was originally known as "Luohu Engineering and Construction Headquarters" and renamed "Shenzhen Municipal Property Development Corporation" in August 1985. The Company was determined as the second batch of pilot units for joint-stock reform of state-owned enterprises in 1988. Approved by the municipal government, the Company renamed to ShenZhen Properties & Resources Development (Group) Ltd. in 1990. The stock of the group company (stock name: SZPRD, A/B; stock code: 000011, 200011) was officially listed in Shenzhen Stock Exchange in March 1992.

The Company contracted and built Shenzhen International Trade Center Building as Party A and created, planned, and organized the world-famous "Shenzhen Speed". The building was the place where Chairman Deng Xiaoping gave talks in his inspection to the south. SZPRD came into being because of the building and has risen amid the Reform and Opening up campaign. Emerging and growing together with Shenzhen, a city of miracles, the Company has been "a loyal practitioner of the spirit of the ox" and overcome difficulties in proposing new services in the new era. In the past four decades of trials and hardships, generations of SZPRD employees have manifested the enterprise spirit of "going ahead and reforming" and centered on the functional positioning as state assets of "serving national economic and social development, the city, the industry, and the people". The Company has adhered to the original aspiration and striven ahead to be a pioneer. Therefore, it has made remarkable achievements in development speed and quality. So far, the Company has grown into a large comprehensive industrial group from the project company that built Shenzhen International Trade Center Building. Looking ahead, it will size up the situation and seize the momentum in the new era and phase and forge ahead toward the goal and vision of becoming a "leading smart operator of industry-city space in China".

The year 2020 marks the end of the "13th Five-Year" plan and is a key year for the Company to make major adjustments to win critical battles in implementing its reforms on all fronts. In the Reporting Period, facing the abrupt COVID-19 and deep regulation and control in real estate, the Company vigorously explored ways to make breakthroughs in transformation and integrated and renovated traditional businesses, such as real estate, property management, and house asset operations. Besides, it optimized and reshaped its business segments so as to form four major business segments, that is, industry-city space development, property management services, industrial ecosystem operation, and main business ecosystem investment. SZPRD endeavored to further consolidate and highlight its advantages of industry-city integration and the whole industry chain through expanding the main business and making breakthroughs.

#### 1. Industrial & urban space development

In terms of the space development segment, the Company is specialized in developing the residence, the hi-end apartment, the office building, and the industrial park and has developed a batch of brand projects, including Shenzhen International Trade Center Building, Huanggang Port, Tian'an International Building, Qianhai Gangwan Garden, and Golden Collar Holiday Apartment. Based on its present real estate development business, the Company will improve its existing portfolio and plan for new businesses. It will engage a number of subsidiaries in property development and urban renewals, including Huangcheng Real Estate, Rongyao Real Estate, the Urban Renewal Company, Dongguan Company, Xuzhou Company, and Yangzhou Company, strengthen capital operation via the listing platform, and make a reasonable layout of the city space development segment. In the Reporting Period, SZPRD made multiple efforts for this segment. For instance, it steadily advanced the existing project development inside and outside Shenzhen, accelerated the sales of projects in Xuzhou, Yangzhou, and Dongguan, and sped up the recovery of investment. Moreover, it focused on the development and construction of industry-city complexes and accelerated to create an integrated and co-existing model for the development of boutique urban residences and high-end industry space.

## 2. Property management services

In the Reporting Period, SZPRD deeply integrated its property management segment to establish a business layout featuring the platform of ITC Property Management and "1+1>2" coordinated development. The total area of property management exceeded 24 million square meters. Over more than 30 years of development, ITC Property Management has developed into a domestic top branded property service provider of industrial parks. It has won the titles of "Top 100 National Property Management Enterprises" and "Excellent Enterprise of Property Management of Industrial Park in China" for several years successively, and has subsidiaries, including Shenzhen Guomaomei Life Service Co., Ltd., Shandong Shengguomao Real Estate Management, and Chongqing Shengguomao Real Estate Management, and three joint ventures, namely, Shenshan Guomao Property Management, Guomao Tongle Property Management, and Shouxihu Jingyue. It has built striking brand advantages and established property service projects all over the country. Next, the Company will take advantage of the brand, ITC Property Management, strive to integrate property management resources inside and outside the system, quickly expand channel space, upgrade property management, and significantly enhance channel service quality. In addition, it will combine industry chain and new requirements of community development and earnestly utilize new technologies, such as the Internet of Things (IoT), big data, and artificial intelligence (AI) to develop a smart service platform where production and life services can be scheduled in a unified manner.

## 3. Industrial ecosystem operation

With respect to the industrial ecosystem operation segment, the Company gave full play to its foundation in the three basic industries, namely, real estate development, property management, and leasing and the advantage of the whole industry chain and deepened internal and external strategic cooperation. It is committed to creating a closed loop of the whole industrial ecosystem, covering project development services, park operation services, and supporting rental operations, and keeping improving the space service and rental ecosystem in the industrial park. The Company is expediting the stock taking and assessment of its properties in stock and strengthening the management over them. In the future, it will gradually expand the scope of leasing and raise the development capability of property rental. Moreover, the Company will gradually shift the focus of industrial ecosystem operation to sci-tech parks, provide supporting services covering the whole value chain, such as the import of industrial ecosystem, project development services, and park operation services, and serve the role of "space service provider" centering on sci-tech parks.

## 4. Other business

In the Reporting Period, the Company's businesses also included catering service and project supervision service. The catering service is operated by Shenzhen Guomao Catering Co., Ltd. Guomao Catering Co., Ltd., established in 1986, became famous at home and abroad, as it was the place where President Deng Xiaoping gave talks during his inspection to the south in 1992. Since its establishment, it has received more than 600 domestic and overseas state heads, famous people, and numerous domestic and overseas guests, with its reputation spreading all over the world. The revolving restaurant had its integrated renovation completed and was reopened in 2020. The project supervision service is handled by the subordinated supervision company of the Group. The company has the Grade A supervision qualification of building works of the Ministry of Housing and Urban-Rural Development (MOHURD). It was originally known as Shenzhen Property Engineering Management Department, and takes part in the construction and management work of Shenzhen International Trade Center Building. It is a witness of the whole process of "Shenzhen speed", and mainly serves for the development project of the Group.

## (II) Industry development stage and cyclic characteristics of the Company, and industry position of the Company during the

### Reporting Period

#### 1. Real estate industry

During the Reporting Period, China maintained the basic tone of real estate policy regulation and control unchanged, including "Houses are for living in, not for speculating on." and "three stabilities" and further reinforced its financial regulation. In order to fight against the COVID-19 pandemic, the primary objectives for the first half of the year were "six stabilities" and "six guarantees". Local governments adopted more flexible policies commensurate with their local situations. Multiple regions released an

underpinning policy for the real estate market. Thus, real estate sales remained high in the country. In the second half of the year, China constantly tightened its real estate financing policies, issued new regulations for the investment of insurance funds and trusts in real estate, and strictly investigated the rule-violating transfer of funds from the bank to the real estate industry. Under such a policy background, China's real estate industry mainly presents the following characters:

**(1) Real estate market remains resilient and has broad prospects**

According to the National Bureau of Statistics, in 2020, the sales area of national commercial housing was 1,761 million square meters, with an increase of 2.6% year-on-year (YoY), while the sales amount was RMB17.36 trillion, up by 8.7% YoY and higher than the growth rate of 6.5% in 2019. The sales amount of residential housing reached RMB15.46 trillion, rising by 10.8% YoY, representing nearly 90% of the total sales amount of commercial housing. However, the sales amount of office buildings and houses for business use dropped by 5.3% and 11.2%, respectively, from the same period last year. Prices of commercial housing generally climbed and demonstrated apparent differences by region. The dramatic increase in the prices in core cities, such as those in the Yangtze River Delta and the Pearl River Delta, drove the growth in surrounding areas. The real estate industry remained resilient amid the pandemic.

**(2) Financing regulation turned stricter than expectations. The capital chain of real estate enterprises became tight**

The central monetary policies were loose so as to effectively promote the resumption of work and production at the beginning of the year. Governments in multiple regions loosened the regulation and credit policies for real estate enterprises. Monetary policies have resume tight since May, as the adverse impact of the pandemic turned weaker and weaker and the sales of commercial housing and land remained hot. The principle that "Houses are for living in, not for speculating on." has been stressed again. The monitoring of the flow of funds from the bank to real estate enterprises has been intensified. The "Three Red Lines" policy was introduced and piloted in August to further regulate the financing of real estate enterprises. Financing in the real estate industry slowed down in 2020 amid stricter regulation over financing and growth in the scale of debts due. The financing scale fell. The overall financing cost dropped slightly. In terms of structure, self-raised funds and mortgage loans accounted for a higher proportion. Bond issuance continued to grow in China, while the scale of bonds overseas plunged drastically. Innovative products like ABS became increasingly important. The peak of the repayment of overseas bonds brought some cash flow risks to real estate enterprises. The industry might usher in a new cycle of supply-side reform.

**(3) Land sales remained hot. Both sales volumes and prices increased**

Real estate enterprises showed an increasing willingness to purchase land, attributable to the loose monetary policies and performance of the commercial housing market better than expectations. Besides, local governments accelerated to promote land sales. Both the supply and demand sides jointly pushed forward the increase in sales volumes and prices. In 2020, turnover of land sales through tendering, auctioning and listing was approximately RMB8.05 trillion, rising by 18.8% YoY. 4,925 million square meters of planned building area were transferred with a YoY increase of 14.9%. The average sales price of land was RMB1,635/square meter throughout the year, which climbed by 3.5% YoY. By regions, tier-1 cities represented by those in the Yangtze River Delta, the Pearl River Delta, and the Beijing-Tianjin-Hebei Region maintained high increases in both the sales area and amount of land, followed by tier-3 cities. Because of a high inventory, the growth rates in tier-2 cities were weak and at the downside of the cycle.

**2. Industry of property management**

With the acceleration of urbanization, the upgrading of citizen's consumption level, and the constant increase of stock property area, the Chinese property management industry enters a cycle of rapid progress, as driven by favorable policies. At present, the property management industry is scattered in China. In other words, its market concentration is not high. Large property management enterprises will occupy a higher market share, along with the progress of M&As of such enterprises. China's property management industry mainly presents the following characteristics:

**(1) Market prospects are broad. Revenue grows rapidly**

According to the *Evaluation Report of Comprehensive Strengths of Property Service Enterprises for 2020*, in 2019, the total national management area of the property management industry was 31 billion square meters with a YoY increase of 11%. The top 100

property management enterprises actively implemented diversified expansion strategies. Their number of projects under management in 2019 averaged 212, up by 10.42% YoY, while the area under management, 42,788,300 square meters with a YoY increase of 15.08%. The market share of the top 100 property management enterprises was approximately 43.6%. The industry concentration further increased. The gap among enterprises at different levels turned wider. In general, the property service fee grew. In December 2020, the composite index of property service prices in 20 major cities reached 1070.32, up by 0.6% YoY. The property service industry in China will enter a golden period of rapid development, along with the increase in the existing and new properties and the progress of new types of communities. The industry scale will hopefully surpass RMB2 trillion.

**(2) The craze of listing among property management enterprises continues. Industry competition is becoming stronger**

Property management enterprises have endeavored to get listed since 2018, thanks to the high valuation in the market. The year 2020 witnessed the listing of 17 such enterprises, most of which were H-share-listed, indicating an apparent Matthew Effect. Nevertheless, the stock prices on the first day of over half of the property management enterprises listed in 2020 were lower than their issue prices, which implied that the valuation of property management enterprises diverged from reality. Property management enterprises accelerate to perform M&As and integration in order to cope with the increasingly fierce industry competition and expand scale and business. Quality underlying assets are like "sweet pastries". Leading enterprises have raised the area under management to a new level of 500 million square meters through M&As.

**(3) The industry speeds up to transform and vigorously expand the Blue Ocean Market**

The ten ministries and departments of China published the *Notice on Strengthening and Improving Residential Property Management* in January 2021. The document encourages property service enterprises to proactively employ technologies, such as the IoT, cloud computing, big data, blockchain, and AI, to build a smart property management service platform and explore the "property service + life service" model. As property services are expanding to cover elderly and child care, housekeeping, culture, health, house agency, and express delivery and receipt, multi-level and diversified residential and life demands of owners will be better satisfied. Furthermore, property management enterprises will hopefully expand the Blue Ocean Market and improve the profitability per unit area. The legal status of the owners' committee of the community is specified upon the implementation of the *Civil Code*. The committee is becoming stronger. Disputes over the rights to operations and earnings of public space are surging, leading to pressure on the sustainable development of the property management industry.

**3. Industry position of the Company**

SZPRD arises together with Shenzhen opening up and devotes to Shenzhen real estate and property management and other fields for more than 30 years. Its comprehensive capacity and brand influence is getting stronger. Its industry position improves gradually. It has won many honors and awards in the past years. During the Reporting Period, at the 10th Grand Ceremony of Shenzhen Real Estate held by the Shenzhen Real Estate Association, the Group won the honor of "Brand Value Enterprise of Shenzhen Real Estate Development Industry".

ITC Property Management was among the first batch of national qualified Level I enterprises of property management. During the Reporting Period, thanks to its continuous improvement in internal control, steady progress in property management quality, and constant R&D of services and products matching customer requirements, ITC Property Management was granted the titles of "Top 100 Enterprises of China's Property Management in 2020" and "Property Management Enterprises of China's Industrial Park in 2020". Additionally, it was ranked 27th among China's top 100 property services for comprehensive competency, up by six places over 2019. It has been included in the Top 100 Enterprises of China's Property Service for five consecutive years since 2016. Besides, it was ranked 11th of the "Top 100 of Comprehensive Capacity of Shenzhen Property Service Enterprises in 2019".

## II Significant Changes in Major Assets

### 1. Significant Changes in Major Assets

Major assets	Main reason for significant changes
--------------	-------------------------------------

Equity assets	Up 1.41% from the beginning amount, primarily driven by return on investment in joint ventures recognized at the equity method
Fixed assets	Up 24.24% from the beginning amount, primarily driven by decoration spending for the Company's own housing properties
Intangible assets	Down 31.17% from the beginning amount, primarily driven by amortization
Construction in progress	No such assets
Monetary assets	Up 27.54% from the beginning amount, primarily driven by settlement of sales and an increase in bank borrowings
Long-term prepaid expenses	Up 68.64% from the beginning amount, primarily driven by additional decoration spending for housing properties in the lease business
Deferred income tax assets	Up 44.45% from the beginning amount, primarily driven by an increase in tax-related deductible loss

## 2. Major Assets Overseas

Applicable  Not applicable

## III Core Competitiveness Analysis

**Long-lasting enterprise spirit** The enterprise spirit of "going ahead and reforming" has run through the development of the Company, from the pioneering implementation of the joint-stock system reform at the end of the 1980s to the acquisition of the ITC Sci-tech Park, epitomizing the "Shenzhen Speed" of marketized incorporation of state-owned enterprises in Shenzhen and the first adoption of the following investment system of urban renewal projects in municipal state-owned asset system. The key of the Company to maintain its vitality over the past three decades lies in being brave and courageous to reform and good at reform. The Company will fully study and judge the macro-economic environment and the industry development progress and deeply analyze its advantages and disadvantages, while stepping on the new journey of the "14th Five-year Plan". It will make a forward-looking layout, transform in an appropriate time, and seek progress based on reform.

**Rise of all major businesses based on accumulated strength** The Company has devoted enormous resources in real estate and property management industries. It has kept a foothold in Shenzhen and earnestly expanded the external market. Up to now, it has created a market layout where key businesses are highlighted and promoted hierarchically. In regard to the real estate business, the Company regards Huangcheng Real Estate as its primary platform and Rongyao Real Estate, Xuzhou Company, Yangzhou Company, and Dongguan Company as property development entities. At present, its main projects are distributed in Shenzhen, Xuzhou, Yangzhou, and Dongguan. In terms of the property management business, ITC Property Management embraces subsidiaries, such as Shenzhen Guomaomei Life Service Co., Ltd., Chongqing Shenguo Real Estate Management, and Yangzhou Jingyue Property Management Co., Ltd., and has grown into a first-class property service provider for industrial parks in China. Currently, its area under management exceeds 24 million square meters, including nearly 8 million square meters in high-end industrial parks, demonstrating its ever-growing business expansion capabilities.

**Standardized and effective corporate governance** Guided by the philosophy of running by law, the Company constantly deepened system construction and improved its governance structure. It revised nearly 30 regulations and rules in the year, including the *Articles of Association*, the *Rules of Procedure of Shareholders' Meeting*, the *Rules of Procedure of the Board of Directors*, the *Rules of Procedure of Board of Supervisors*, implementation rules of special committees under the Board of Directors, as well as

documents on bidding and tendering, investment and merger, internal control, and authorities. The internal governance structure is clear and sound. In the meantime, the Group deeply implemented the remuneration reform, established market-oriented and multi-level incentive and performance assessment mechanisms, and stimulated the enthusiasm of all employees for work and entrepreneurship.

**Widely recognized brand value** SZPRD arises together with Shenzhen opening up and has been highly recognized in the market by virtue of its "ITC" brand that carries the spirit of opening up. At the 10th Grand Ceremony of Shenzhen Real Estate held by the Shenzhen Real Estate Association, the Group won the honor of "Brand Value Enterprise of Shenzhen Real Estate Development Industry". Moreover, it has won multiple honors for years consecutively, such as the "Best 500 of China Real Estate Developers" and the "Guangdong Top 500 Enterprises", with its social influence and brand reputation improved constantly.

## Part IV Operating Performance Discussion and Analysis

### I Overview

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.

#### (I) Industry review for the Reporting Period

##### 1. Macro economic situation

The COVID-19 pandemic exerted a severe impact across the world in 2020 and became a systematic system with extremely great uncertainties co-existing with trade frictions and geopolitics. It constituted a tremendous shock to the world economy. Currently, COVID-19 has been effectively controlled in China, while the situation overseas is still not optimistic. In the financial field, the economic downturn has resulted in soaring risk aversion and frequent fluctuations in the global stock market. Rising unemployment rates and decreasing income are inhibiting consumption. Central banks in all countries have taken loose monetary policies to promote economic recovery. Global debts have hit a new high. Generally, pandemic rebound hinders economic recovery in the United States and Europe. Global inflation remains sluggish. It is predicted that the economy in 2020 would shrink by 3.5%. That said, the severest moment has passed. The world economy will hopefully enter a recovery cycle, as the pandemic across the world becomes a new normal, the world political situation turns stable, and trade protection measures are expected to decrease. The recovery progress is mainly determined by the pandemic trend all over the world.

In the context of the global economic depression, China recorded a GDP of RMB101.6 trillion in 2020 with a YoY increase of 2.3%. It was the first time for China to surpass RMB10 billion. Besides, China was the only major economy in the world that achieved positive growth in the year. Most regions across the country stopped work and production, as influenced by the sudden outbreak of COVID-19 at the beginning of the year. Consequently, the first quarter (Q1) witnessed a YoY decrease of 6.8% in GDP. However, as the pandemic was gradually controlled and the resumption of work and production was orderly promoted, China's economy steadily recovered. The YoY growth rates of GDP in Q2, Q3, and Q4 were 3.2%, 4.9%, and 6.5%, respectively. China took the lead in controlling the pandemic, while repeated outbreaks occurred overseas. Hence, China had an outstanding performance in exports. The export trade totaled RMB32.16 trillion in the year, growing by 1.9% YoY. Specifically, exports rose by 4%, while imports declined by 0.7%. Total retail sales of consumer goods amounted to RMB3.92 billion, down by 3.9% YoY. Prices slowly recovered after a slight decrease at the beginning of the year. The annual CPI climbed by 2.5%. Generally, investment in fixed assets first declined and then rose. The growth rates of investment in manufacturing and infrastructure construction gradually picked up. Investment in the real estate industry continued to be resilient. From January to November, investment in real estate development amounted to RMB12,949.2 billion with a YoY increase of 6.8%. The industry prospects kept recovering.

The year 2021 marks the start of the "14th Five-year Plan". The pandemic still exists. China is recovering its economy. Its fiscal and monetary policies will resume neutral. Endogenous consumption and manufacturing investment will become the main engine of economic growth. It is expected that China's economy will gradually return to normal in 2021 and make significant contributions to the global economic recovery. In general, the momentum of the steady economic progress in China will remain unchanged.

##### 2. Policy environment of the industry

In 2020, the central government of China observed the basic tone that "Houses are for living in, not for speculating on." in terms of real estate regulation and control. It adopted loose monetary policies, when the pandemic was the most severe in the first half of the year. As a result, the fund environment of the real estate industry was improved. Local governments implemented more flexible policies in line with their actual situations. For the demand side, priority was given to the talent attraction policy and loosened requirements for household registration. For the supply side, relevant market support policies were released. For instance, Shanghai,



Hangzhou, and Nanjing relaxed the time limit for real estate enterprises to pay the land transfer fee. Fuzhou, Huzhou, and Tianjin allowed the delay of the start and completion of projects. Xuzhou and Dongguan adjusted the pre-sale conditions for commercial housing. Nanchang, Jinan, Wuxi, and Xi'an reduced the regulatory requirements for funds. Xiamen, Shenzhen, and Guangzhou raised credit lines.

In the second half of the year, as the pandemic turned weaker and the real estate market enjoyed high popularity against the trend, regulation and control policies turned tighter. Financial regulation was constantly reinforced. In August, the MOHURD and the People's Bank of China (PBoC) held a symposium attended by key real estate enterprises in order to stress again that "Houses are for living in, not for speculating on.", stabilize land prices, house prices, and expectations, and maintain the continuity and stability of regulation and control policies for the real estate industry. Fund monitoring and financing management rules were formulated for key real estate enterprises at the symposium. Through the "Three Red Lines", new requirements were raised to change the traditional financing model of real estate enterprises, which would be beneficial to guide the benign development of the real estate industry.

Eight key tasks of the central government of China were proposed for 2021 at the Central Economic Work Conference held in December 2020. Prominent problems about housing in major cities should be properly addressed. Housing problems are related to the well-being of the people. Multiple policies should be adopted in line with the actual situation to push forward the steady and wholesome progress of the real estate market. Great importance should be attached to the construction of security rental houses. The long-term rental market should be strictly standardized. Moreover, more land should be provided for the construction of rental houses. Real estate enterprises should be encouraged to utilize collective land for construction and self-owned idle land to construct rental houses. Meanwhile, the tax burden of rental houses should be reduced. The rental market should be remedied. The rent level should be reasonably regulated and controlled.

The PBoC and the China Banking and Insurance Regulatory Commission (CBIRC) jointly published a notice on December 31, 2020, to decide to formulate a policy for managing the concentration of real estate loans provided by financial institutions in the banking industry. The policy is designated to facilitate market entities to form stable policy expectations and promote the sustainable development of the real estate market.

### **3. Regional market layout**

In 2020, the real estate market in Shenzhen led the national market in both supply and demand despite the pandemic and policy regulation and control. In Q1, due to the impact of the pandemic, the real estate market was basically stagnant. In Q2, as the pandemic was gradually controlled and policies were relaxed, a large amount of capital flew in to boost the real estate market. House prices surged dramatically, resulting in pain points, such as hot housing speculation, the rule-violating flow of funds, and supply-demand imbalance. In view of this, the Shenzhen Municipal Bureau of Housing and Urban-Rural Development issued eight measures on July 15 to regulate and control the real estate market from eight aspects, including identification of the house purchase qualification and time of household registration, adjustment of the policy for the restricted purchase of commercial houses, and promotion of signing of the mortgage loan contract online. The market quickly recovered upon the implementation of new policies. Second-hand houses were sold at a low price. The government relaxed the pre-sales policy, followed by an increase in the supply of houses. Q4 marked the 40th anniversary of the establishment of the Shenzhen Special Economic Zone. The construction of the Guangdong-Hong Kong-Macao Greater Bay Area and the Demonstration Area of Socialism with Chinese Characteristics was promoted constantly. There were high expectations for the long-term prospects of the real estate market. The enthusiasm of buyers ran high again.

Generally, in 2020, Shenzhen supplied 54,000 sets of new houses. 4,489,000 square meters/45,384 sets of new residential houses were sold, up by 20.5% and 19.8% YoY, respectively. The transaction scale had reached a record high since 2016. Throughout the year, the sales rate on the opening day was higher than 60%, setting a new record in the past three years. The average annual transaction price of new houses was RMB53,000/square meter, which was stable with a slight decline. 95,273 sets of second-hand houses were sold in the year, rising by 23.5% YoY. The Longgang Center, Buji, and Xixiang took the first three places in transaction volumes. The average transaction price in the city was RMB66,000/square meter, higher than that in the same period last year. Throughout the year, 24,910 sets of commercial apartments were approved and sold with a total area of 1.47 million square meters.

The two figures increased by 23.6% and 23.7% over the same period last year. Apartments demonstrated a stronger quasi-residential property. In 2020, Shenzhen listed and transferred 96 plots of land, including 34 plots of residential land with an accumulative land transfer fee of RMB80 billion. Looking into 2021, the real estate market in Shenzhen will continue the basic tone that "Houses are for living in, not for speculating on." and raise house supply. Shenzhen will stabilize land prices, house prices, and expectations, drive the steady and wholesome progress of the real estate market, and effectively prevent and mitigate risks in the market.

## **(II) Business Review for the Company in 2020**

In 2020, the Company successfully accomplished various objectives. For the year, it recorded operating revenue of approximately RMB4.1 billion and a gross profit of around RMB1.03 billion. In addition, its total assets reached RMB12.2 billion, hitting a record high. All these remarkable results represented a perfect ending for the "13<sup>th</sup> Five-Year Plan" of the Company.

For the 13<sup>th</sup> Five Year, the Company cumulatively recorded operating revenue, a gross profit and a net profit of RMB16.82 billion, RMB4.33 billion and RMB3.19 billion respectively, up 132%, 114% and 112% compared to the 12<sup>th</sup> Five Year; and its total assets and net assets as at the end of the period went up 179% and 80% respectively from five years ago. These data represented considerable over-fulfillment of the goals set. During the 13<sup>th</sup> Five Year, the Company adopted a sustained, consistent and active dividend policy, taking into account both reasonable return to investors and the sustainability of the Company. The five-year period saw a total dividend payout amount of RMB924 million (including the 2020 dividend payout plan).

### **1. A phased victory was achieved in fighting against the pandemic through unity of efforts**

In the face of the sudden outbreak of the COVID-19 pandemic, the Group immediately established an anti-pandemic leading group, accurately implemented all anti-pandemic tasks, and spared no pains to arrange the resumption of work and production. No suspicious or confirmed cases were identified among over 8,000 employees of the Group. In addition, the Group actively adopted the policy requirement for rent reduction and exemption and joined hands with small- and medium-sized private enterprises to respond to challenges. Approximately RMB38 million of rents were reduced and exempted, benefiting nearly 700 tenants. The Group and individuals donated over RMB2 million, which fully reflected the mission and responsibility as a state-owned enterprise.

### **2. The Company stuck to the business philosophy of market orientation and achieved remarkable performances in the two major segments**

In the Reporting Period, the Company hosted a real estate work meeting and introduced a whole-cycle development management system. It specified the goal of "efficiency, benefits and effects" of operations and management of real estate projects and strove to manage the process in a planned, coordinated, and cooperative manner. Furthermore, it followed the "117" specific implementation path to holistically and constantly improve the operations and management of real estate projects. The Company planned and precisely implemented strategies amid the pandemic. It delivered 100% of finely decorated Tower C of Golden Collar Holiday Apartment in advance and successfully sold Phase II of Xuzhou out. Throughout the year, the Company recorded revenue of approximately RMB2.9 billion in real estate and a net profit of around RMB661 million. Project resources were expanded through multiple channels, such as tendering, auctioning, listing, and cooperative development. Substantial progress was made in the Integrated Industry-city Project of the Ecological Health Valley of Yangzhou Shouxihu, the urban renewal project in the Fuyuan Industry Park, the Guangming Tangjia Project, and the Baolu Project in the year.

With respect to the property management segment, the Company vigorously blazed a trail based on endogenous expansion and M&As. In 2020, it accumulatively had 27 new projects with a total area of over 3 million square meters, better than the annual objective for endogenous growth. Moreover, the Company explored non-conventional investment methods for the first time, such as overseas investment and private non-controlling investment so as to open a new path to cope with the fierce competition. First, it successfully expanded the overseas market by establishing a subsidiary in Vietnam. Besides, it entered into an agreement with VCEP to jointly create a national demonstration zone of the "the Belt and Road" initiative. The new area under property management in the park was approximately 1.96 million square meters. Second, new investment cooperation models were proposed. The three joint ventures, namely, Shenzhen Guomao Tongle Property Management Co., Ltd., Shenshan Guomao Property Development, and Shouxihu Jingyue, have grown gradually by taking advantage of the resources of their partners. Especially, Shouxihu Jingyue won

key projects like Sanwan Scenic Spot of Yangzhou Canal, Songjia City, and Hua Du Hui. Its area under management was up to around 3.7 million square meters. It is an effective example of the market-oriented expansion of the property management business.

### **3. The Company adhered to the idea that development is the top priority and addressed many prominent problems concerning overall operations and development.**

First, it actively promoted the demolition of the Bangling Project, held the opening ceremony in October, and started the substantial construction of Phase II. Second, it assisted foreign trade groups in activating assets. The first batch of assets have been disposed of. Over RMB1.5 billion was realized. Third, it actively supported the tax examination over the key and large enterprises specified by the State Taxation Administration, spared no effort to solve the historical problem of land costs in the Huangyuyuan Area, and basically eliminated the risk of a supplementary payment of increment tax on land value. Fourth, it strongly supported shanty house renovation projects of the government and completed the signing for the removal of tenants and house delivery of tenants on Chuanbu Street. It is estimated that the Group will obtain an area of relocated property of approximately 14,000 square meters by 2025. For other aspects, a comprehensive agreement was signed for Yupinluanshan Garden project after nearly one decade. The Fumin Complex was renovated and put into operation, becoming the first rental house project for special talent of professional lawyers. Effective measures have been adopted to promote Phase II of Fuchang, upon negotiation with several parties. Basements were constructed in the Reporting Period.

### **4. Internal reform was deepened. Vitality and power of quality development of the Group were significantly stimulated**

The remuneration reform was earnestly promoted. The long-acting incentive and restraint plan for the first phase has been implemented. The integration of business segments was coordinated. Incentive and performance assessment mechanisms, such as the remuneration reform and incremental sharing, were comprehensively conducted in all subordinated companies from top to bottom. In addition, the Company orderly promoted the optimization of the organizational structure after the acquisition of TK Property and the integration of property management and rental segments. The Project Management Department and the Industry Operation Office were newly set up in the Headquarters. Shortcomings in operations were improved. A development platform was created for the four major businesses. A platform business system with a reasonable structure and independent operations was developed. Furthermore, policies were revised as appropriate. Over 30 regulations and rules were revised, including the Articles of Association, to practically improve corporate governance. In terms of other aspects, a new stride was made in integrated financial management. Approximately RMB1.6 billion new financing was added. Tendering and the determination of bid winners were strengthened. Cost control was reinforced. Additionally, the Company firmly upheld the concept of safe development and took multiple measures to ensure production safety.

## **(III) Land Bank**

### **1. New additions to the land bank**

There were no new additions to the land bank in the current period.

### **2. 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> )
Yupinluanshan Garden project	2.19	7.89	7.89
Baolu project	3.24	8.16	8.16
Land in Danshui, Huiyang District, Huizhou City	1.77	6.20	6.20
Land in Hongqi Town, Haikou City	15.8	-	-

Total	23	22.25	22.25
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Note: The floor areas of the Yupinluanshan Garden project, the Baolu project and the land in Danshui, Huiyang District, Huizhou City are floor areas with plot ratio.

#### (IV) Development status of major projects

City/region	Name of project	Location	Usage	The Company's interest	Time for commencement of construction	% developed	% that has completed construction	Site area (m <sup>2</sup> )	Planned floor area with plot ratio (m <sup>2</sup> )	Floor area that completed construction in the Current Period (m <sup>2</sup> )	Cumulative floor area that has completed construction (m <sup>2</sup> )	Estimated total investment (RMB'0,000)	Cumulative investment (RMB'0,000)
Shenzhen	Golden Collar's Resort apartments	Futian District	Residential	100%	2014.03	100%	100%	12,598	133,800	0	183,295	138,311	108,406
Shenzhen	Fuhui Huayuan	Futian District	Affordable housing	100%	2018.12	Under construction	Concrete roof completed for the basements in Section 1 and 2; structure completed for -2/F of Section 3	4,274	33,430	0	0	90,439	60,072
Xuzhou City	Banshan Yujing (Phase II)	Tongshan District	Residential	100%	2019.03	Under construction	Pre-acceptance completed for the main frame	31,537	22,795	0	0	23,581	15,997
Shenzhen	Guanlan Bangling	Longhua District	Residential, commercial apartments and industrial	69%	2020.10	Under construction	75.88% completed for demolition	68,300	433,640	0	0	694,150	330,262

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**(V) Sales status of major projects**

City/re gion	Name of project	Location	Usage	The Comp any's interes t	Floor area with plot ratio (m <sup>2</sup> )	Floor area available for sale (m <sup>2</sup> )	Cumulativ e pre-sold/s old floor area (m <sup>2</sup> )	Floor area pre-sold/s old in the Current Period (m <sup>2</sup> )	Pre-sale/sal es revenue generate in the Current Period (RMB'0,00 0)	Cumulativ e 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)
Shenz hen	Golde n Collar' Resort apartm ents	Intersecti on of Futian South Road and Binhe Road in Futian District	Residenti al, studio apartmen ts and commerc ial	100%	133,800.6	125,231.07	68,323.44	33,414.96	262,382	64,287.07	37,184.94	274,075
Dongg uan City	Songh u Langy uan	Dalang Town	Residenti al, commerc ial	100%	147,139.96	140,911	140,911	0	0	145,443	0	0
Shenz hen	SZPR D-Qia nhai Gang wan Garde n	Intersecti on of Yueliang wan Boulevard and Xinghai Boulevard in Nanshan District	Residenti al	100%	64,625.13	63,448.26	63,448.26	0	0	63,336.29	0	0
Xuzho u City	Bansh an Yujing (Phase I)	6 Huashan Road, Tongshan District, Xuzhou City,	Villa	100%	54,589.12	85,652.81	85,652.81	0	0	85,652.81	2,331.54	1,802.17

		Jiangsu Province											
Xuzhou City	Banshan Yujing (Phase II)	6 Huashan Road, Tongshan District, Xuzhou City, Jiangsu Province	Residential (elevator houses of 4-7 floors)	100%	22,794.76	21,720.72	21,720.72	9992.97	12,256.85	0	0	0	0
Yangzhou City	Hupan Yujing Phase I	Intersection of Shouxiu Road and Hangou Road	Residential units, shops, apartments, parking garages and lots	100%	36,141.28	48,870.98	42,349.26	870.59	332.2	42,215.85	944.67	575.03	
Yangzhou City	Hupan Yujing Phase II	Intersection of Shouxiu Road and Hangou Road	Residential units, shops, apartments, parking garages and lots	100%	56,935.75	73,121.96	67,523.37	1,317.54	1,678.47	64,177.89	1,060.9	1,042.74	

**(VI) Rental status of major projects**

Name of project	Location	Usage	The Company's working interest	Rentable area (m <sup>2</sup> )	Cumulative rented area (m <sup>2</sup> )	Average occupancy rate
Xi Apartments (Longyuan)	Shenzhen	Apartments for long-term rental	100.00%	3967	3967	100.00%
Xi Apartments (Longhua)	Shenzhen	Apartments for long-term rental	100.00%	1609	1609	100.00%
Xi Apartments (Xinhu)	Shenzhen	Apartments for	100.00%	1600	1600	100.00%

		long-term rental				
Food Court in the International Trade Center	Shenzhen	Commercial	100.00%	4049	2645	65.00%
Fumin Complex	Shenzhen	Commercial, apartments	100.00%	6450	4576	71.00%
Tower A of Wenjindu Port Building	Shenzhen	Office building	75.00%	5884	5703	97.00%
Haiwai Lianyi Building	Shenzhen	Commercial units and offices	75.00%	9788	9788	100.00%
Anhua Building	Shenzhen	Offices	75.00%	1414	1414	100.00%
Training Building/Dormitory	Shenzhen	Residential units/offices /commercial units	75.00%	4244	4244	100.00%
Pengfu Building	Shenzhen	Offices	75.00%	6494	6494	100.00%
Jinfu Building	Shenzhen Shenzhen	Commercial	75.00%	1702	1702	100.00%
Jinfu Building	Shenzhen Shenzhen	Commercial	100.00%	568	568	100.00%
Fuxing Garden	Shenzhen	Residential/commercial	75.00%	5877	5877	100.00%
Fuxing Garden	Shenzhen	Commercial	100.00%	1417	1417	100.00%
Plant area in Tangxia Town, Dongguan City	Dongguan City	Plant	75.00%	22034	22034	100.00%
Pacific Business Building	Shenzhen	Commercial units/offices	75.00%	3199	3199	100.00%
Pacific Business Building	Shenzhen	Commercial units/offices	15.00%	14889	14718	99.00%
Kangti Building	Shenzhen	Commercial units/offices	75.00%	2096	2096	100.00%

Kangti Building	Shenzhen	Commercial units/offices	15.00%	1147	1147	100.00%
Lyuhua Building	Shenzhen	Commercial and residential	75.00%	6960	6578	94.51%
Shops on the ground floor of Tower 48 in Lianhua North Village	Shenzhen	Shops	75.00%	1000	1000	100.00%
Haonianhua Building	Shenzhen	Apartments and commercial units	100.00%	1803	1774	98.00%
Haonianhua Building	Shenzhen	Apartments and commercial units	75.00%	2278	2235	98.00%
Hostel 2 at Yuxin School	Shenzhen	Hostel	75.00%	3000	3000	100.00%
Kaifeng Garden in Shangmeilin	Shenzhen	Residential	100.00%	1307	1084	83.00%
Fuyuan Industrial Zone	Shenzhen	Plant area	75.00%	47130	47130	100.00%
Tonglu Industrial Zone	Shenzhen	Plant area	100.00%	76886	73221	95.00%
Gonglu Building	Shenzhen	Commercial /offices	75.00%	317	317	100.00%
Gonglu Building	Shenzhen	Offices	100.00%	89	89	100.00%
Jiangling Industrial Zone	Shenzhen	Plant area	75.00%	10397	10397	100.00%
Zone 21	Shenzhen	Commercial /offices	75.00%	9514	9514	100.00%
Baoli Community	Shenzhen	Residential	75.00%	9020	9003	99.81%
Songgang Plant	Shenzhen	Plant area	75.00%	5700	5700	100.00%
Longbu Plant	Shenzhen	Plant area	75.00%	7471	7471	100.00%
Gonglu Building in	Shenzhen	Offices	75.00%	4600	4461	96.98%



Huanggang	n					
Yuetong Complex	Shenzhen	Offices	75.00%	3044	3044	100.00%

**(VII) Primary land development**

Applicable  Not applicable

**(VIII) 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
Bank loans	3,618,800,000.00	4%-6%			3,000,000.00	3,615,800,000.00
Total	3,618,800,000.00	4%-6%			3,000,000.00	3,615,800,000.00

**(IX) Development strategy and operating plan for the coming year**

In regard to land reserves, the Company will continue to expand its land reserves through market competition and capital operation in 2021. It will exert more efforts in this aspect and push forward the fast launch of projects. By property types, residential projects will be mainly distributed in the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta Metropolitan Area, and the areas with existing projects. Besides, the Company will gradually pay attention to and expand its presence in key cities in the central urban agglomeration centering on Wuhan, the Chengdu-Chongqing Region in western China, and the Beijing-Tianjin-Hebei Region. Urban renewal projects will primarily be launched in Shenzhen and the areas surrounding Shenzhen like Dongguan and Huizhou. The Company will gradually track such projects in Guangzhou. Most of the comprehensive industry-city projects will be located in the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta, central China centering on Wuhan, and the Chengdu-Chongqing Region in western China.

In regard to sales, in 2021, the Company will constantly enhance the overall control over the general goal, phased objectives, schedule, and investment plan of all projects, pay close attention to the whole sales of Tower A and the remaining houses of Tower C of Golden Collar Holiday Apartment, and fully promote the construction of Phases I and II of Guanlan Bangling. Furthermore, it will strive to sell all houses of Hupan Yujing out and complete and deliver Banshan Yujing Phase II in Xuzhou and endeavor to complete the project setup of the Fuyuan Industry Park, the land replacement of Baolu, the capping of Phase II of Fuchang, and the construction of Yupin Luanshan.

Please refer to “IX Prospects” in “Part IV Operating Performance Discussion and Analysis”.

**(X) Provision of guarantees for homebuyers on bank mortgages**

Applicable  Not applicable

As a usual practice for real estate developers, the Company has been providing guarantees and security deposits for its homebuyers on their bank mortgages. As at 31 December 2020, security deposits for such outstanding guarantees amounted to RMB1,148,647.30, which will be returned upon the expiry of the guarantees, i.e. when the relevant homebuyers paid off their bank mortgages. On the ground that there have been no default by the homebuyers so far and that the market prices of the relevant properties are currently higher than the trading prices, the Company believes the risk associated with such guarantees is low.

**(XI) 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 investment entities)**

Applicable  Not applicable

Name of project	Type of investment entity	Amount of investment	% of investment	As % of the peak of the	Cumulative	Disinvestment	Compatibility of actual
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		(RMB'0,000)	Investment amount	Project funds	Income		Investment amount and distributed income
Urban Renewal of Bangling Section at Guanlan Street	Mandatory investment entities (including directors and senior management)	2,647.00	66.18%	N/A	0	None	N/A
	Voluntary investment entities	1,353.00	33.82%	N/A	0	None	N/A

Note: Since this is an ongoing project, the peak of the project funds, cumulative income and disinvestment are unknown. For details, please refer to the relevant announcements disclosed by the Company on [www.cninfo.com.cn](http://www.cninfo.com.cn) dated 9 November 2019.

## II Core Business Analysis

### 1. Overview

See "I Overview" above.

### 2. Revenue and Cost Analysis

#### (1) Breakdown of Operating Revenue

Unit: RMB

	2020		2019		Change (%)
	Operating revenue	As % of total operating revenue (%)	Operating revenue	As % of total operating revenue (%)	
Total	4,104,374,646.02	100%	3,961,669,942.44	100%	3.60%
By operating division					
Property development	2,895,323,736.80	70.54%	2,665,571,690.51	67.28%	8.62%
Property management	1,070,094,746.33	26.07%	1,097,767,114.02	27.71%	-2.52%
Property rental	138,956,162.89	3.39%	198,331,137.91	5.01%	-29.94%
By product category					
Property development	2,895,323,736.80	70.54%	2,665,571,690.51	67.28%	8.62%
Property management	1,070,094,746.33	26.07%	1,097,767,114.02	27.71%	-2.52%

Property rental	138,956,162.89	3.39%	198,331,137.91	5.01%	-29.94%
By operating segment					
Shenzhen	3,718,740,286.40	90.60%	3,712,909,688.00	93.72%	0.16%
Other	385,634,359.62	9.40%	248,760,254.44	6.28%	55.02%

## (2) 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 operating division						
Property development	2,895,323,736.80	388,253,086.57	86.59%	8.62%	-10.56%	2.88%
Property management	1,070,094,746.33	912,325,050.31	14.74%	-2.52%	-0.56%	-1.68%
By product category						
Property development	2,895,323,736.80	388,253,086.57	86.59%	8.62%	-10.56%	2.88%
Property management	1,070,094,746.33	912,325,050.31	14.74%	-2.52%	-0.56%	-1.68%
By operating segment						

Core business data of the prior year restated according to the changed statistical caliber for the Reporting Period:

Applicable  Not applicable

## (3) Whether Revenue from Physical Sales Is Higher than Service Revenue

Yes  No

Operating division	Item	Unit	2020	2019	Change (%)
Property development	Sales volume	m <sup>2</sup>	47,540.93	69,138.45	-31.23%
	Output	m <sup>2</sup>	262,098	262,098	0.00%
	Inventory	m <sup>2</sup>	76,447.91	114,628	-38.18%

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

Applicable  Not applicable

Due to cyclical changes in the industry, as well as the development and sales progress of projects, etc., the sales volume and the

inventory both showed a decrease.

#### (4) Execution Progress of Major Signed Sales Contracts in the Reporting Period

Applicable  Not applicable

#### (5) Breakdown of Cost of Sales

By operating division

Unit: RMB

Operating division	Item	2020		2019		Change (%)
		Cost of sales	As % of total cost of sales (%)	Cost of sales	As % of total cost of sales (%)	
Property development		388,253,086.57	28.00%	434,102,478.63	30.28%	-10.56%
Property management		912,325,050.31	65.79%	917,506,251.33	64.00%	-0.56%
Property rental		86,132,102.66	6.21%	82,007,155.47	5.72%	5.03%

#### (6) Changes in the Scope of Consolidated Financial Statements for the Reporting Period

Yes  No

One new entity was added to the consolidated financial statements of the year under review compared to last year. See “VIII Changes to the Consolidation Scope” in “Part XII Financial Statements” in this Report.

#### (7) Major Changes to the Business Scope or Product or Service Range in the Reporting Period

Applicable  Not applicable

#### (8) Major Customers and Suppliers

Major customers:

Total sales to top five customers (RMB)	354,418,642.97
Total sales to top five customers as % of total sales of the Reporting Period (%)	8.64%
Total sales to related parties among top five customers as % of total sales of the Reporting Period (%)	1.17%

Information about top five customers:

No.	Customer	Sales revenue contributed	As % of total sales revenue (%)
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		for the Reporting Period (RMB)	
1	Property Management Center of the Government of Futian District, Shenzhen	237,929,904.00	5.80%
2	Shenzhen Bay Technology Development Co., Ltd.	47,871,320.92	1.17%
3	Tencent Technology (Shenzhen) Co., Ltd.	27,967,605.26	0.68%
4	Tao Bao (China) Co., Ltd.	22,981,728.34	0.60%
5	WeBank Co., Ltd.	17,668,084.45	0.43%
Total	--	354,418,642.97	8.64%

Other information about major customers:

Applicable  Not applicable

Major suppliers:

Total purchases from top five suppliers (RMB)	338,484,600.00
Total purchases from top five suppliers as % of total purchases of the Reporting Period (%)	50.06%
Total purchases from related parties among top five suppliers as % of total purchases of the Reporting Period (%)	0.00%

Information about top five suppliers:

No.	Supplier	Purchase in the Reporting Period (RMB)	As % of total purchases (%)
1	The Fifth Construction Co., Ltd of China Construction Fourth Engineering Bureau	227,074,600.00	33.59%
2	Shenzhen Futian Security Service Co., Ltd.	34,299,200.00	5.07%
3	Shenzhen Ruihe Construction Decoration Co., Ltd.	29,126,900.00	4.31%
4	Shenzhen Weiye Decoration Group Co., Ltd.	29,004,600.00	4.29%
5	Shenzhen Shenxu Air-Conditioning Eng. Co., Ltd.	18,979,300.00	2.81%
Total	--	338,484,600.00	50.06%

Other information about major suppliers:

Applicable  Not applicable

### 3. Expense

Unit: RMB

	2020	2019	Change (%)	Reason for any significant change
Selling expenses	44,753,247.18	111,553,952.50	-59.88%	Decrease in commissions for sales agents and advertising expenditure
Administrative expenses	238,625,143.31	204,654,552.64	16.60%	Increase in remunerations, intermediary agent expense, and depreciation and amortization expense
Finance costs	111,263,558.80	134,718,833.57	-17.41%	Decrease in the average interest rate of borrowings

### 4. R&D Investments

Applicable  Not applicable

### 5. Cash Flows

Unit: RMB

Item	2020	2019	Change (%)
Subtotal of cash generated from operating activities	4,809,961,005.82	5,264,435,040.93	-8.63%
Subtotal of cash used in operating activities	4,424,463,223.70	4,324,645,474.97	2.31%
Net cash generated from/used in operating activities	385,497,782.12	939,789,565.96	-58.98%
Subtotal of cash generated from investing activities	136,131.48	357,613.40	-61.93%
Subtotal of cash used in investing activities	48,482,853.70	1,031,698,003.98	-95.30%
Net cash generated from/used in investing activities	-48,346,722.22	-1,031,340,390.58	-95.31%
Subtotal of cash generated from financing activities	2,176,820,000.00	2,236,220,000.00	-2.66%
Subtotal of cash used in financing activities	1,627,885,573.80	2,740,366,078.11	-40.60%
Net cash generated from/used in financing activities	548,934,426.20	-504,146,078.11	-208.88%
Net increase in cash and cash equivalents	882,809,678.36	-595,682,024.42	-248.20%

Explanation of why any of the data above varies significantly:

Applicable  Not applicable

① Net cash generated from operating activities decreased year on year, primarily driven by the payment of a large amount of taxes and levies in the Reporting Period for which provisions were made in the prior period.

② Net cash used in investing activities decreased year on year, primarily driven by a decrease in payments for the acquisition of equity investments in the Reporting Period.

③ Net cash generated from financing activities increased year on year, primarily driven by new bank borrowings.

Reason for any big difference between the net operating cash flow and the net profit for this Reporting Period

Applicable  Not applicable

For the Reporting Period, net cash generated from operating activities stood at RMB385,497,782.12, representing a big difference from the net profit of RMB731,337,869.73, primarily driven by the time difference between making tax provisions for real estate development projects and the actual payments, as well as between the receipt of property sales and the recognition of these sales.

### III Analysis of Non-Core Businesses

Applicable  Not applicable

Unit: RMB

	Amount	As % of total profit	Source/Reason	Recurrent or not
Return on investment	634,098.07	0.06%	Share of profits of joint ventures	Yes
Asset impairments	-51,185.46	0.00%	Changes in inventory valuation allowances	Not
Non-operating income	11,697,661.23	1.13%	Compensation for demolition	Not
Non-operating expense	5,244,329.50	0.51%	Lawsuit-related compensation and compensation for removing tenants	Not
Credit impairments	4,623,356.81	0.45%	Changes in allowances for doubtful receivables	Not

### IV Analysis of Assets and Liabilities

#### 1. Significant Changes in Asset Composition

Indicate whether the Company has adopted the new accounting standards governing revenue and leases since 2020 and restated the beginning amounts of relevant financial statement line items in the year.

Applicable.

Unit: RMB

	31 December 2020		1 January 2020		Change in percentage (%)	Reason for any significant change
	Amount	As % of	Amount	As % of		

		total assets		total assets		
Monetary assets	4,206,266,629.32	34.46%	3,297,890,935.91	30.61%	3.85%	Increase in sales recognized and bank borrowings
Accounts receivable	187,697,631.47	1.54%	216,923,663.25	2.01%	-0.47%	Decrease in arrears due to greater efforts spent by the property management subsidiaries on payment collection
Inventories	5,312,489,258.20	43.52%	4,913,510,876.66	45.61%	-2.09%	Recognition of cost of the Golden Collar project, and increase in capitalized expense of the Bangling and other projects
Investment property	484,738,506.83	3.97%	503,323,428.61	4.67%	-0.70%	Depreciation allowances
Long-term equity investments	45,710,220.79	0.37%	45,076,122.72	0.42%	-0.05%	
Fixed assets	116,233,936.04	0.95%	93,557,782.83	0.87%	0.08%	Increase in decoration expense on the Company's own housing properties
Long-term borrowings	3,587,800,000.00	29.39%	2,193,833,000.00	20.37%	9.02%	New borrowing in the Reporting Period
Other receivables	789,050,350.51	6.46%	917,981,165.74	8.52%	-2.06%	Settlement of certain receivables from external parties
Deferred income tax assets	950,681,245.50	7.79%	658,153,122.73	6.11%	1.68%	Increase in tax-related deductible loss
Accounts payable	468,269,685.65	3.84%	577,689,139.10	5.36%	-1.52%	Decrease in accounts payable for engineering
Contract liabilities	666,893,629.72	5.46%	690,543,580.95	6.41%	-0.95%	Recognition of operating revenue



Other non-current liabilities	108,778,327.45	0.89%	108,164,737.46	1.00%	-0.11%	
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## 2. Assets and Liabilities 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								
Investments in other equity instruments	1,580,475.86		-494,182.95				-41,387.79	1,044,905.12
Subtotal of financial assets	1,580,475.86		-494,182.95				-41,387.79	1,044,905.12
Total of the above	1,580,475.86		-494,182.95				-41,387.79	1,044,905.12
Financial liabilities	0.00		0.00				0.00	0.00

Other changes are impacts of exchange rate fluctuations.

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

- (1) In term of monetary assets with restricted right to use at the period-end, there was limited capital of frozen account with RMB11,031.58 in the subsidiary company Shenzhen Huazhengpeng Property Management Co., Ltd.
- (2) In term of monetary assets with restricted right to use at the period-end, there was custody deposit account with RMB44,554.35 in the subsidiary company Catering Branch of Shandong Shengguomao Real Estate Management.
- (3) In term of monetary assets with restricted right to use at the period-end, there was RMB1,148,647.30, which is the Company as a real estate developer and historically provided mortgage guarantees and paid loan guarantees for commercial housing purchasers in accordance with real estate business practices.
- (4) In term of monetary assets with restricted right to use at the period-end, there was payment guarantee with RMB11,213,310.06

(principal of RMB11,075,002.60 and interest of RMB138,307.46) in the subsidiary company Xuzhou Company, which signed the No. Xingyin Xubao (2020) 25 payment guarantee with Jiangsu Hanjian Group on 1 June 2020.

(5) In term of monetary assets with restricted right to use at the period-end, there was RMB25,394,174.20 which is the interest of fixed deposits accrued at the end of the period.

(6) In term of monetary assets with restricted right to use at the period-end, there was an guarantee letter of RMB300,000.00 issued by the subsidiary company Supervision Company for the second phase project supervision and service project of Bangling District, Guanlan Street, Longhua District of Rongyao Real Estate in 2020.

(7) The Company applied for a loan from Shenzhen Branch of Bank of Communication Co., Ltd. with the land use right of Fumin New Village, Futian District as the pledge due to the needs of its daily business activities. The period of the loan is from 27 November 2020 to 27 November 2023. The interest of the loan is a floating interest rate and the first execution interest rate is 4.655%.

## V Investments Made

### 1. Total Investment Amount

Applicable  Not applicable

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

Applicable  Not applicable

### 3. Major Non-Equity Investments Ongoing in the Reporting Period

Applicable  Not applicable

### 4. Financial Investments

#### (1) Securities Investments

Applicable  Not applicable

Unit: RMB

Variety of security	Code of security	Name of security	Initial investment cost	Accounting measurement method	Beginning carrying value	Gain/Loss on fair value changes in Reporting Period	Accumulated fair value changes charged to equity	Purchased in Reporting Period	Sold in Reporting Period	Gain/loss in Reporting Period	Ending carrying value	Accounting title	Source of investment funds
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Dome stic/Fo reign stock	400016、 420016	Gintia n A, Gintia n B	3,565,85 6.06	Fair value metho d	1,580,47 5.86	0.00	-494,1 82.95	0.00	0.00	-41,387. 79	1,044,90 5.12	Investm ents in other equity instrume nts	Obtain ed in Gintia n's debt restruc turing
Total			3,565,85 6.06	--	1,580,47 5.86	0.00	-494,1 82.95	0.00	0.00	-41,387. 79	1,044,90 5.12	--	--
Disclosure date of announcement on Board's consent for securities investment													
Disclosure date of announcement on shareholders' meeting's consent for securities investment (if any)													

## (2) Investments in Derivative Financial Instruments

Applicable  Not applicable

No such cases in the Reporting Period.

## 5. Use of Funds Raised

Applicable  Not applicable

No such cases in the Reporting Period.

## VI Sale of Major Assets and Equity Interests

### 1. Sale of Major Assets

Applicable  Not applicable

No such cases in the Reporting Period.

### 2. Sale of Major Equity Interests

Applicable  Not applicable

## VII Major Subsidiaries

Applicable  Not applicable

Major fully/majority-owned subsidiaries and those minority-owned subsidiaries with an over 10% effect on the Company's net profit:

Unit: RMB

Name	Relationship with the Company	Principal activity	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shenzhen Huangcheng Real Estate Co., Ltd.	Subsidiary	Development and sales of real estate	30000000	4,640,791,319.39	1,592,008,734.84	2,842,263,700.56	1,111,460,791.87	831,385,847.81
Shenzhen Rongyao Real Estate Development Co., Ltd.	Subsidiary	Development and sales of real estate	10000000	4,379,435,501.61	125,509,116.39	0.00	-289,665,846.19	-217,986,090.23

Subsidiaries obtained or disposed in the Reporting Period:

Applicable  Not applicable

Subsidiary	How subsidiary was obtained or disposed in the Reporting Period	Effects on overall operations and operating performance
Shenzhen SZPRD Fuyuantai Development Co., Ltd.	Newly established	Income was of RMB0, and the loss was of RMB2000

## VIII Structured Bodies Controlled by the Company

Applicable  Not applicable

For details, see IX 1. Equity interests in subsidiaries in Part XII Financial Report herein.

## IX Prospects

### (I) Development Environment Analysis

Refer to "(I) Review of industry development during the reporting period" in "Part IV: Operating Performance Discussion and Analysis"

### (II) The Company's Future Development Strategy

As the traditional real estate market's development declines on the whole, various industrial resources have been continuously occupied by the large-scale brand houses, which has threatened the survival and development of medium and small-sized property companies. "Large-scale Enterprises Taking All Advantages" has become normal in the industry, and the positioning of "Houses are for living in, not for speculating on" has already been established. In this case, Shenzhen Properties & Resources Development (Group)Ltd. specialized in the traditional real estate will be confronted with the extremely severe industrial situation.

In this context, the Company put forward the "12345" overall development idea of "1 Vision + 2 Major Sectors + 3 Driving Factors + 4 Businesses + 5 Value-added Services". In other words, the Company will take effective measures with the focus on "spatial asset management" and "data asset management" to develop four major businesses including industrial and urban space development,

industrial ecological operation, property management services, and main ecological investment through expanding the main business and making breakthroughs. Meanwhile, the Company will realize rapid deployment and integration of five major value-added services including high-end consulting services, customized housekeeper services, intelligent operation platform, big data operation and ecosystem integration. Base on Shenzhen with scientific and technological innovation as the primary driving force, the Company will include Guangdong, Hong Kong and Macao metropolitan area and surrounding areas to maximize the leverage of capital to build a door type intelligent management and control service platform with basic functions, aiming to build “the world’s leading intelligent operator of industrial and urban space”.

In accordance with three-step strategic implementation route of “strengthening bases, brink breakthrough, and focus on leading”, the Company will seek transformation and upgrading in the development base on the current development conditions, and promote incremental development in the transformation to build unique development advantages and create a new pattern of innovation and development of the Company.

### **(III) Key tasks in 2021**

Standing at the new historical starting point, the Company will keep the general principal of steady and progress in 2021 and focus on promoting high-quality transformation and development based on the guide line of “expansion, acceleration, transformation, empowerment and effectiveness”.

**I. Focusing on project launch.** The Company will increase investment in expansion to cover the planned construction of new integration project of production towns over 600,000 m<sup>2</sup> in the year, including the promotion of launch of projects of Yangzhou Slender West Lake Ecological Health Valley and urban renewal of Fuyuan Industrial Zone, the signing of cooperation development agreement on Tianjun Industrial Park project, and completion of adjustment of the renewal direction of Guangming Tangjia project and functional substitution of industrial land of Baolu.

**II. Overall control and promotion of project construction.** The newly started construction area is over 620,000m<sup>2</sup>, including the construction of Phase I and II of Bengling project, which shall be fully and legally started, the advance booking of Phase II of Bengling project; the completion of improvement of Block A of Jinling project to ensure sales and admission; the signing of contract on the capping and counter-purchase of the main part of Fuchang Phase II project; and the construction of Yupinluanshan Garden to ± 0 level, focusing on the completion of approval procedure of project separation and transfer and listing.

**III. Consolidation of the base of four business platforms.** The Company will basically form platform operation capability of space development plate with the ability to independently execute project operation in the whole process; construct investment management system of industrial ecological operation section to explore operation transformation and upgrading and improve asset operation ability, aiming to complete the industrial positioning report and investment operation plan of Bengling project, Yangzhou project and Fuyuan Industrial Zone; complete the construction of professional operation standard model and precise assessment system, focusing on the completion of repositioning and system process reconstruction of the headquarters of ITC Property Management Co., Ltd.; achieve new material management area not less than 10 million m<sup>2</sup> and endogenous growth not less than 1 million m<sup>2</sup> by means of M&A and joint venture cooperation, and try to complete the establishment and operation mechanism construction of the industrial investment platform company of the Group, establish and operate industrial funds, and carry out targeted investment.

**IV. Financial management enhancement for business development.** The Company will enhance comprehensive budget management to control and assess budget; improve the integration of industry and finance, financial analysis and tax planning, and dynamic traction of asset liability ratio, ROE and IRR on business operation; innovate financing methods, broaden financing channels, reduce overall capital cost, and raise funds from multiple channels according to the company’s financial standing and actual conditions to ensure business development of the Group.

**V. Risk control enhancement for safety in production.** The Company will keep promoting the standardization of safe production and the construction of “dual prevention mechanism” by implementing list management on key areas and risk points of important links and building information platform for safe production and construction for accident prevention throughout the year. The Company will also work on request from complaint letters and visits and risk investigation and prevention, and strengthen dynamic

tracking and implementation of major risks to maintain stable operation and development of the Group.

**VI. Talent team development for joint force of development.** The Company will actively promote the construction of multi-level incentive mechanism, focusing on the tenure system and contractual management of managers, by formulating and implementing incentive schemes such as long-term incentive, excess bonus, project node award and incremental sharing of subordinate enterprises on the basis of salary benchmarking market, and realize full coverage of incentive principles for incremental performance determined by incremental revenue. The Company will develop cadre teams by broadening personnel selection and employment, and optimize talent introduction, reservation, training and use to meet the business development needs of the Group. The Company will also strengthen branding of the Group training center, build a high-level talent training system, and increase the exchange and rotation of Group employees to fully improve the comprehensive ability and quality of employees for group business development.

#### **(IV) Risk analysis**

##### **1. Market risk**

Affected by the epidemic, China's economic growth rate declined in 2020. As consumption decreased, the Company faces business development opportunities and challenges. The guidance of polices of "ensuring stability in employment, financial operation, foreign trade, foreign investment, domestic investment and expectations", "ensuring security in job, basic living needs, operations of market entities, food and energy security, stable industrial and supply chains, and the normal functioning of primary-level government", "three red lines" and "houses are for living in, not for speculating on" which remain unchanged led to a downward track of the demand end of real estate market, and the central government is implementing strict financial supervision on the real estate market. Due to the epidemic, the construction period of some projects under construction has lagged behind. As payment rate of property management fee is low and main income from sales and rent are under downward pressure, the market environment is complex.

Facing the difficulties, the Company studied the opportunities and challenges brought by macroeconomic and policy trend for strategic breakthrough. The Company put forward the "12345" overall development idea of "1 Vision + 2 Major Sectors + 3 Driving Factors + 4 Businesses + 5 Value-added Services", and included Guangdong, Hong Kong and Macao metropolitan area and surrounding areas in expansion target based on Shenzhen to improve sustainable development ability.

##### **2. Land Reserve Risk**

As a matter of fact, the Company still lacks enough land reserves and development power at later stages. In recent years, the supply of residential land on Shenzhen Market has continuously declined. As the price of each single plot increases year after year, various large-scale real estate enterprises have enlarged their market shares and accelerated their M&A pace. While the real estate industry is centralizing, the degree of centralization of the land reserve scale has also been enhanced. As the external environment and the industry's trend become much more complicated and severe, the increment market scale will further shrink and the market competition will become increasingly fierce.

Facing the challenges, the Company will continue to expand through market competition, capital operation and urban renewal, increase land reserves and promote the launch of projects. In respect to property type, residential projects will focus on Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Delta metropolitan area and areas where existing projects locate, and gradually turn to central urban agglomeration surrounding Wuhan, key cities in Chengdu- Chongqing in the West and those in Beijing, Tianjin and Hebei. Urban renewal projects will focus on Shenzhen, Dongguan and Huizhou, and follow-up of urban renewal projects in Guangzhou. Comprehensive industry and urban projects will focus on Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Delta region, Wuhan region in the central part and Chengdu-Chongqing area in the West.

##### **3. Financing Risk**

As the central government tightened financial supervision over real estate and implemented the "three red lines" in the second half of 2020, financing of real estate enterprises are further restricted. In the process of actively increasing land reserves and accelerating the business development, the Company needs to invest a large amount of funds for land acquisition and project development. In addition to its own funds, the Company's project development funds need to be externally financed through bank loans and issuing securities.

Currently, the Company has steady financial situation, sufficient cash flow and good credit condition, and will further strictly control

financial risks, actively explore various financing channels so as to raise funds for project development in the future.

**The above business plan and business objectives do not represent the listed Company's profit forecast for 2021. Whether it can be achieved depends on various factors including changes in market conditions and the effort made by the management team. Investors must pay special attention to that because there exists huge uncertainty.**

## **X Communications with the Investment Community such as Researches, Inquiries and Interviews**

### **1. During the Reporting Period**

√ Applicable □ Not applicable

Date of visit	Place of visit	Way of visit	Type of visitor	Visitor	Contents and materials provided
2020-01-02	The Company	Others	Individual	Individual	Inquired of disclosure of the Company's 2011 annual report
2020-01-06	The Company	Others	Individual	Individual	Inquired of completion of occupation of Golden Collar's Resort Project
2020-02-24	The Company	Others	Individual	Individual	Inquired of the transfer of some shares by SIHC Agreement
2020-03-04	The Company	By phone	Individual	Individual	Inquired of the Company's stock price performance and result
2020-03-05	The Company	Others	Individual	Individual	Inquired of the custody situation of China Shenzhen Foreign Trade Group
2020-03-18	The Company	By phone	Individual	Individual	Inquired of the construction status of the project in the annual report
2020-03-18	The Company	By phone	Individual	Individual	Inquired of the inventory and project construction status in the annual report
2020-03-18	The Company	By phone	Individual	Individual	Inquired of the income of the property management sector and the progress of the Bangling project in the annual report
2020-03-21	The Company	Others	Individual	Individual	Inquired of the performance of Rongyao Real Estate
2020-03-23	The	By phone	Individual	Individual	Inquired of the proportion of business

	Compa ny				sectors and project progress in the annual report
2020-04-02	The Compa ny	By phone	Individual	Individual	Inquired of the Company's share price performance
2020-04-02	The Compa ny	By phone	Individual	Individual	Inquired of the Company's general meeting of shareholders
2020-04-02	The Compa ny	Others	Individual	Individual	Inquired of the Company's work resumption
2020-04-03	The Compa ny	Others	Individual	Individual	Inquired of the Company's first-quarter report disclosure time
2020-04-07	The Compa ny	By phone	Individual	Individual	Inquired of the profitability of the Company's 2019 property management sector
2020-04-08	The Compa ny	By phone	Individual	Individual	Inquired of the Company's implementation of dividends
2020-04-08	The Compa ny	By phone	Individual	Individual	Inquired of the Company's leasing business development
2020-04-13	The Compa ny	By phone	Individual	Individual	Inquired of the Company's 2020 sales forecast, dividends, restructuring, project progress
2020-04-14	The Compa ny	By phone	Individual	Individual	Inquired of the Company's sales and construction of Bangling project and Golden Collar's Resort project
2020-04-15	The Compa ny	Others	Individual	Individual	Inquired of the Company's annual report information disclosure
2020-04-16	The Compa ny	Others	Individual	Individual	Inquiry of the date of equity registration
2020-04-18	The Compa ny	Others	Individual	Individual	Inquired of the Company's saleable real estate projects
2020-04-23	The Compa	By phone	Individual	Individual	Inquired of the Company's Golden Collar's Resort project sales



	ny				
2020-04-23	The Company	Others	Individual	Individual	Inquired of the Company's three main businesses
2020-04-27	The Company	By phone	Individual	Individual	Inquired of the Company's general meeting of shareholders
2020-04-27	The Company	Others	Individual	Individual	Inquired of stock dividends
2020-04-29	The Company	By phone	Individual	Individual	Inquired of the impact of COVID-19 on the Company's first-quarter operations
2020-04-29	The Company	Others	Individual	Individual	Inquired of the Company's net profit and dividend in the first quarter
2020-05-06	The Company	By phone	Individual	Individual	Inquiry of the implementation of dividend distribution of the Company
2020-05-11	The Company	By phone	Individual	Individual	Inquired of the Bangling and other projects
2020-05-12	The Company	Others	Individual	Individual	Inquiry of the Company's property management business scope
2020-05-14	The Company	Others	Individual	Individual	Inquired of the demolition progress of Bangling project
2020-05-18	The Company	Others	Individual	Individual	Inquired of the Company's first-quarter revenue and profit in the property management sector
2020-05-20	The Company	Others	Individual	Individual	Inquired of the Company's B-share stock price
2020-05-26	The Company	Others	Individual	Individual	Inquired of number of the Company's shareholders
2020-05-26	The Company	By phone	Individual	Individual	Inquired of the Company's dividend payment status

2020-05-27	The Company	Others	Individual	Individual	Inquired of the impact of the mixed reform of state-owned enterprises for the Company
2020-05-28	The Company	Others	Individual	Individual	Inquired of the Company's stock XR dividends
2020-05-28	The Company	By phone	Individual	Individual	Inquired of the Company's property management sector composition and project construction progress
2020-06-01	The Company	Others	Individual	Individual	Inquired of number of the Company's shareholders
2020-06-03	The Company	Others	Individual	Individual	Inquiry of the Company's expected performance in the first half of the year
2020-06-03	The Company	By phone	Individual	Individual	Inquiry of the Company's Huiyang plot construction progress
2020-06-04	The Company	By phone	Individual	Individual	Inquiry of the Company's stock price changes
2020-06-04	The Company	Others	Individual	Individual	Inquiry of the Company's market value
2020-06-05	The Company	Others	Individual	Individual	Inquiry of the Company's stock price changes
2020-06-08	The Company	Others	Individual	Individual	Inquiry of if the Company has any major investment plans in the near future
2020-06-10	The Company	By phone	Individual	Individual	Inquiry of the Company's stock price changes
2020-06-12	The Company	Others	Individual	Individual	Inquiry of managers of the Company
2020-06-12	The Company	By phone	Individual	Individual	Inquiry of the Company's stock price changes
2020-06-15	The	Others	Individual	Individual	Inquiry of managers of the Company

	Compa ny				
2020-06-16	The Compa ny	Field research	Institution	Researche rs from several funds and securities companies	Inquiry of the Company's business in 2019, project construction and future business plans
2020-06-17	The Compa ny	By phone	Individual	Individual	Inquiry of the Company's stock price changes
2020-06-17	The Compa ny	By phone	Individual	Individual	Inquiry of the Company's B-share stock price
2020-06-19	The Compa ny	By phone	Individual	Individual	Inquiry of the Company's stock price rise, property management model
2020-06-19	The Compa ny	By phone	Individual	Individual	Inquiry of the Company's stock price rise and the recovery of the inquiry letter
2020-06-23	The Compa ny	Others	Individual	Individual	Inquiry of the Company's major asset restructuring plan
2020-06-24	The Compa ny	Others	Individual	Individual	Inquiry of the Company's real estate subsidiary
2020-06-28	The Compa ny	Others	Individual	Individual	Inquiry of the Company's progress of Bangling project
2020-06-29	The Compa ny	Others	Individual	Individual	Inquiry of the Company's partial equity transfer
2020-07-01	The Compa ny	Others	Individual	Individual	Inquiry of the inventory in the Company's financial statements
2020-07-01	The Compa ny	Others	Individual	Individual	Inquiry of the Company's semi-annual report
2020-07-02	The Compa	Others	Individual	Individual	Inquiry of the Company's performance in the first half of the year

	ny				
2020-07-06	The Company	Others	Individual	Individual	Inquiry of if the Company has applied for a tax-exempt business license plan
2020-07-06	The Company	By phone	Individual	Individual	Inquiry of the Company's semi-annual report
2020-07-07	The Company	Others	Individual	Individual	Inquiry of the cooperation between the Company and Shenzhen Duty Free Group
2020-07-15	The Company	Others	Individual	Individual	Inquiry of the Company's property rights
2020-07-20	The Company	By phone	Individual	Individual	Inquiry of major shareholders' shareholding reduction
2020-07-23	The Company	By phone	Individual	Individual	Inquiry of the cooperation between the Company and Shenzhen Duty Free Group
2020-07-24	The Company	Others	Individual	Individual	Inquiry of the impact of Sino-U.S. relations for the Company's performance
2020-07-27	The Company	Others	Individual	Individual	Inquiry of the Company's future development plans
2020-08-10	The Company	Others	Individual	Individual	Inquiry of the revitalization project of the Renmin South Commercial District in Luohu District is led by the Company
2020-08-17	The Company	Others	Individual	Individual	Inquiry of the Company whether to undertake the construction project of the "Shenzhen Demonstration Pilot Zone" or provide property services for it
2020-08-25	The Company	By phone	Individual	Individual	Inquiry of the reasons for the sharp drop in the Company's share price
2020-08-28	The Company	Others	Individual	Individual	Inquiry of the Company's stock price changes
2020-08-31	The Company	Others	Individual	Individual	Inquiry of the progress of the Renmin South Commercial District renovation plan

	ny				
2020-09-07	The Company	Others	Individual	Individual	Inquiry of the progress of Bangling project
2020-09-14	The Company	Others	Individual	Individual	Inquiry of the cooperation between the Company and Shenzhen Duty Free Group
2020-10-15	The Company	Others	Individual	Individual	Inquiry of the Company's land reserves, area under construction, and sales of Golden Collar's Resort project
2020-10-18	The Company	Others	Individual	Individual	Inquiry of if the Company has plans to invest in marine industry clusters
2020-10-20	The Company	Others	Individual	Individual	Inquiry of the cash flow of the semi-annual report
2020-10-21	The Company	Others	Individual	Individual	Inquiry of the Company's future business plans
2020-10-26	The Company	Others	Individual	Individual	Inquiry of the Company's third-quarter report revenue and cash flow
2020-10-27	The Company	Others	Individual	Individual	Inquiry of number of the Company's shareholders
2020-10-28	The Company	Others	Individual	Individual	Inquiry of the progress of the Bangling project and Fuchang Building
2020-10-29	The Company	Others	Individual	Individual	Inquiry of the operation of smart park
2020-11-20	The Company	Others	Individual	Individual	Inquiry of the progress of the Company's major shareholders' shareholding reduction
2020-11-26	The Company	By phone	Individual	Individual	Inquiry of the reasons for the sharp drop in the Company's share price
2020-11-26	The Company	Others	Individual	Individual	Inquiry of the reasons for the sharp drop in the Company's share price

2020-12-08	The Company	Others	Individual	Individual	Inquiry of the progress of Vietnam project
2020-12-19	The Company	Others	Individual	Individual	Inquiry of the Company's cash flow and tax expenditures
Times of communications			90		
Number of institutions communicated with			1		
Number of individuals communicated with			89		
Number of other communication parties			0		
Tip-offs or leakages of substantial supposedly-confidential information during communications			None		

## Part V Significant Events

### I Profit Distributions to Ordinary Shareholders (in the Form of Cash and/or Stock)

How the profit distribution policy, especially the cash dividend policy, for ordinary shareholders was formulated, executed or revised in the Reporting Period:

Applicable  Not applicable

The profit distributions to ordinary shareholders, either in the form of cash or stock, in the past three years (including the Reporting Period) are summarized as follows:

Year	Profit distributions (in the form of cash or stock)
2020	A cash dividend of RMB4.10 (tax included) per 10 shares and no share capital increase from capital reserve
2019	A cash dividend of RMB3.60 (tax included) per 10 shares and no share capital increase from capital reserve
2018	A cash dividend of RMB3.00 (tax included) per 10 shares and no share capital increase from capital reserve

Cash dividend for ordinary shareholders in the past three years (including the Reporting Period):

Unit: RMB

Year	Cash dividends (tax inclusive) (A)	Net profit attributable to ordinary shareholders of the listed company in consolidated statements for the year (B)	A as % of B (%)	Cash dividends in other forms (such as share repurchase) (C)	C as % of B (%)	Total cash dividends (including those in other forms) (D)	D as % of B (%)
2020	244,351,427.72	798,572,121.74	30.60%			244,351,427.72	30.60%
2019	214,552,473.12	817,805,780.12	26.24%			214,552,473.12	26.24%
2018	178,793,727.60	698,050,728.96	25.61%			178,793,727.60	25.61%

Indicate by tick mark whether the Company fails to put forward a cash dividend proposal for the ordinary shareholders despite the facts that the Company has made profits in the Reporting Period and the profits of the Company as the parent distributable to the ordinary shareholders are positive.

Applicable  Not applicable

### II Final Dividend Plan for the Reporting Period

Applicable  Not applicable

Bonus shares for every 10 shares (share)	0
Dividend for every 10 shares (RMB) (tax inclusive)	4.1
Total shares as the basis for the profit distribution proposal (share)	595,979,092
Cash dividends (RMB) (tax inclusive)	244,351,427.72
Cash dividends in other forms (such as share repurchase) (RMB)	0.00
Total cash dividends (including those in other forms) (RMB)	244,351,427.72
Distributable profit (RMB)	1,487,964,894.53
Total cash dividends (including those in other forms) as % of total profit distribution	100%
<b>Cash dividend policy</b>	
If the Company is in a mature development stage and has no plans for any significant expenditure, in profit allocation, the ratio of cash dividends in the profit allocation shall be 80% or above.	
<b>Details about the proposal for profit distribution and converting capital reserve into share capital</b>	
According to the Company's Articles of Association as well as the actual situation of its development and operation, the proposal of the Company for 2020 annual profit distribution is as follows: Based on the total 595,979,092 shares of the Company as at 31 December 2020, a cash dividend of RMB4.1 (tax included) will be distributed to all its shareholders for every 10 shares they hold, with the total cash dividends to be distributed amounting to RMB244,351,427.72. No capital reserves will be turned into share capital for 2020.	

### III Fulfillment of Commitments

#### 1. Commitments of the Company's Actual Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and other Entities Fulfilled in the Reporting Period or Ongoing at the Period-end

√ Applicable □ Not applicable

Commitment	Promisor	Type of commitment	Details of commitment	Date of commitment making	Term of commitment	Fulfillment
Commitments made in acquisition documents or shareholding alteration documents	Shenzhen Investment Holdings Co., Ltd.	Commitments on horizontal competition, related-party transactions and capital occupation	Wholly-owned subsidiary Shenzhen Expander and subsidiary holding SPG of Shenzhen Investment Holdings deal with real estate operation and commercial house sales, which belong to the same industry of the Listed Company, and has horizontal competition with the Listed Company. To avoid horizontal competition, Shenzhen Investment Holdings make	6 September 2018	Three years	Normal performance



			the following commitments <sup>1</sup> .			
	Shenzhen Investment Holdings Co., Ltd.	Commitments on horizontal competition, related-party transactions and capital occupation	To reduce and standardize related transactions with the Listed Company, Shenzhen Investment Holdings makes the following commitments <sup>2</sup> .	6 September 2018	Long-term	Normal performance
Other commitments made to minority shareholders	Shenzhen Investment Holdings Co., Ltd.	Performance commitment and compensation arrangement	Shenzhen Investment Holdings signed equity transfer contract on 100% equity transfer of TK Property with the Company, and the contract stipulated relevant commitments on performance <sup>3</sup> .	23 September 2019	Three years	Normal performance
Fulfilled on time	Yes					

**Note 1:** Wholly-owned subsidiary Shenzhen Expander and subsidiary holding SPG of Shenzhen Investment Holdings deal with real estate operation and commercial house sales, which belong to the same industry of the Listed Company, and has horizontal competition with the Listed Company. To avoid horizontal competition, Shenzhen Investment Holdings make the following commitments: 1. On the horizontal competition solution of Shenzhen Expander: as the holding shareholder of the Listed Company, during the listing period at Shenzhen Stock Exchange of the Listed Company, as for the current business of Shenzhen Expander which has horizontal competition with the Listed Company, within the scope permitted by law and regulation, within 12 months from the equity of SZPRD being transferred to Shenzhen Investment Holdings, Shenzhen Investment Holdings will start the solution with practical operability among below horizontal competition solution timely and complete implementation of the solution within 3 years from the date that the equity of SZPRD is transferred to Shenzhen Investment Holdings to solve current horizontal competition problems: (1) Shenzhen Expander signs asset custody agreement with the Listed Company, entrusts the assets which has direct competition with the Listed Company to the Listed Company, confirms fair custodian fee at the same time, and takes effective measures to solve horizontal competition within commitment period; (2) Inject assets with direct competition with the Listed Company into the Listed Company; (3) Transfer assets with direct competition with the Listed Company to unrelated third party; (4) other measures which can solve horizontal competition effectively and is favorable for protecting the interest of the Listed Company and legal interests of other shareholders. Before solving current horizontal competition, while company, enterprise, economic organization (not including enterprises controlled by the Listed Company, hereinafter referred to as subordinated Companies) which the Listed Company and Shenzhen Investment Holdings hold controlling shares or controls actually have business, in case the involved dispute, etc. have major influence on the business, Shenzhen Investment Holdings should keep neutral as a controlling shareholder to ensure that the Listed Company and subordinated Companies can take part in market competition on the principle of fair competition. 2. Horizontal competition solution of SPG: From 14 September 2016 to now, SPG has had stock suspension because of major assets reconstruction. According to *Review Opinions on Delaying Stock Resumption because of Major Assets Reconstruction of SPG announced by CITIC Securities and Huatai Securities* on 26 November 2016, the reconstruction solution is that SPG plans to issue A share and / or use currency to purchase 100% equity of Evergrande Group (hereinafter referred to as “the reconstruction of SPG”). On 9 November 2020, SPG issued an announcement that the current condition to continue to promote the major assets reconstruction was not sound yet based on the current market environment and decided to terminate this transaction to safeguard interests of the Company and all shareholders. After the termination of this transaction, Shenzhen Investment Holdings is still the controlling shareholder of SPG. For business of SPG which has horizontal competition with the Listed Company, Shenzhen Investment Holdings, within the scope permitted by law and regulation, Shenzhen Investment Holdings will start a rational horizontal competition solution according to actual situation at the time within 12 months after the termination of reconstruction of SPG and

stock resumption announcement date, and fulfill announcement obligation, and SPG will complete to implement the solution and solve the horizontal competition between SZPRD and SPG within 3 years from the date SPG terminates the reconstruction and announces stock resumption. 3. Other commitments to avoid horizontal competition: as the controlling shareholder of the Listed Company and during the listing period of the Listed Company at Shenzhen Stock Exchange, other subordinated Companies of Shenzhen Investment Holdings will not engage in relevant business which has direct horizontal business competition with the Listed Company in new business fields except for in the business field where it already has had horizontal competition with the Listed Company. Shenzhen Investment Holdings promises not to seek improper benefits with the position of controlling shareholder of the Listed Company and damage the interest of the Listed Company and its shareholders. In case of violating above commitment, Shenzhen Investment Holdings shall undertake corresponding legal liabilities, including but not limited to undertaking compensation responsibilities for all losses caused to the Listed Company.

On 17 October 2019, the Company received *Correspondence on the Progress of Horizontal Competition Solving* from controlling shareholder Shenzhen Investment Holdings. During the commitment period of horizontal competition solving, Shenzhen Investment Holdings actively fulfilled its relevant commitments, with the details as the following: 1. Shenzhen Investment Holdings is sorting out the relevant assets and business of Shenzhen Expander, and studying to formulate the solution of horizontal competition. Due to the long history of Shenzhen Expander and the complicated asset state, relevant solution needs to be further analyzed and demonstrated. Shenzhen Investment Holdings will active promote relevant work, strives for solve competition problem within commitment period. 2. The reconstruction of SPG with Evergrande Group is terminated for some reason, Shenzhen Investment Holdings will start a rational horizontal competition solving solution according to ongoing situation of reconstruction and announce timely. 3. Within the commitment period, Shenzhen Investment Holdings will not engage in relevant business which has direct horizontal business competition with SZDRP in new business fields except for in the business field where it already has had horizontal competition with SZDRP. Shenzhen Investment Holdings does not seek improper benefits with the position of controlling shareholder of SZPRD and damage the interest of the Listed Company and its shareholders.

**Note 2:** To reduce and standardize related transactions with the Listed Company, as controlling shareholder of the Listed company and during the listing period of the Listed Company at Shenzhen Exchange Stock, Shenzhen Investment Holdings promises: 1. Shenzhen Investment Holdings and its controlling or actually controlled companies, enterprises, economic organizations (not including enterprises controlled by the Listed Company, hereinafter referred to as the “subordinated companies”) will strictly exercise the rights of shareholders according to provisions of laws, regulations, and other normative documents, and fulfill the obligations of shareholders, and keep the independence of the Listed Company in assets, finance, employees, business and agency, etc. 2. Shenzhen Investment Holdings promises not to use its position of controlling shareholder to promote board of shareholders or board of directors to make resolutions which may damage the legal interest of the Listed Company or other shareholders; 3. Shenzhen Investment Holdings and its subordinated companies will try their best to avoid having related transactions with the Listed Company. In case the transaction with the Listed Company is inevitable, Shenzhen Investment Holdings and its subordinated companies will have transaction with the Listed Company on the basis of equality and free will, according to fair, rational and normal commercial transaction conditions, will not require or accept conditions which is more preferential than the Listed Company gives to the third party in any fair market transactions, and strictly fulfill various related transactions with the Listed Company with good will. 4. Shenzhen Investment Holdings and its subordinated companies will strictly fulfill decision making procedures and relevant information disclosure obligations of related transactions according to articles of association of the Listed Company and relevant laws and regulations. 5. Shenzhen Investment Holdings and its subordinated companies will make sure that they will not seek special interests beyond above stipulations by having related transactions with the Listed Company, will not use related transactions to illegally transfer funds and profits of the Listed Company and to maliciously damage the legal interests of the Listed Company and its shareholders. 6. As for current related transaction with the Listed Company, within the scope permitted by laws and regulations, Shenzhen Investment Holdings promises to confirm rational related transaction solution within 12 months after the Company shares are transferred to Shenzhen Investment Holdings, and complete to implement the solution within 5 years after the Company shares are transferred to Shenzhen Investment Holdings, to solve such related transactions completely. The specific forms include: (1) After

current related transaction contract expires, it will not be renewed. In case contract renewal is necessary according to the operation needs of the Listed Company, it will fulfill relevant decision making procedures strictly according to procedures of related transactions. (2) Under the precondition of possible realization, terminate contract which is being fulfilled, and adopt marketized and open bid invitation, etc., inquire again on service items involved in such related transactions to confirm appropriate service provider. In case related transaction is involved, it should fulfill relevant decision making procedures according to related transaction procedures. (3) In case there is possibility of price re-negotiation in the related transaction contract which is being fulfilled, conduct price negotiation again, make the contract amount after re-pricing conform to market price and not higher than the amount of contract which is being fulfilled, and strictly fulfill relevant decision making procedures according to related transaction procedures.(4) Other appropriate measures which can reduce and finally eliminate current related transaction but not necessary. 7. In case of violating above commitments, Shenzhen Investment Holdings shall undertake corresponding legal liabilities, including but not limited to undertaking compensation liability for all the losses caused to the Listed Company.

**Note 3:** Shenzhen Investment Holdings signed equity transfer contract on 100% equity transfer of TK Property with the Company, and the contract stipulated: 1. Shenzhen Investment Holdings promises that the cumulative net profits (net profit after deducting extraordinary items) of TK Property from 2019 to 2021 will not be less than 18% of the equity transfer payment amount of this transaction, i.e. three-year cumulative net profits  $\geq$  equity transfer payment \* 18%. The above net profits are subject to the amount which is confirmed by audited financial report of TK Property. 2. In case three-year cumulative profits of TK Property fails to reach above promised amount, TP Property shall compensate the insufficient part to the Company in full amount by cash. In case three-year cumulative profits (net profit after deducting extraordinary items) of TK Property is more than the promised amount, the Company will not refund. 3. In case Shenzhen Investment Holdings needs to fulfill performance compensation obligation, it shall complete the performance compensation obligation within 30 days after receiving the compensation notice of the Company, and the specific delivery method will be agreed by both parties. In case Shenzhen Investment Holdings delays to pay the performance compensation, it shall pay liquidated damages of 3/10000 of unpaid amount for each day delay. In case of failing to pay for more than 90 days, then Company has the right to cancel the contract. On 27 November 2019, the Company completed the procedures for registration changes in industry and commerce regarding 100% equity transfer of Shenzhen Investment Holdings. According to the Equity Transfer Contract and the audit result on profit or loss of transitional period in the audit report, the final price for this equity transfer was determined bilaterally as RMB1,027,382,513.56. As of 28 April 2020, the Company had paid off above accounts and the related-party transaction was formally completed. Above commitments are under normal performance.

**2. Where there had been an earnings forecast for an asset or project and the Reporting Period was still within the forecast period, explain why the forecast has been reached for the Reporting Period.**

Applicable  Not applicable

**IV Occupation of the Company's Capital by the Controlling Shareholder or Its Related Parties for Non-Operating Purposes**

Applicable  Not applicable

No such cases in the Reporting Period.

**V Explanations Given by the Board of Directors, the Supervisory Board and the Independent Directors (if any) Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of the Reporting Period**

Applicable  Not applicable

## VI YoY Changes to Accounting Policies, Estimates and Methods

Applicable  Not applicable

The Company has adopted the provisions of Accounting Standard for Business Enterprises No. 14 –Revenue (CK [2017] No. 22) since 1 January 2020. According to cumulative effects, the Company adjusted retained earnings at the beginning of the year and other relevant items in the financial statements, without adjustment of any information of the comparable period. The impact of accounting policy changes includes:

Contents of changes in accounting policies and reasons thereof	Items and amounts of financial statements affected
Consideration paid by customers before the delivery of goods is listed as “contract liabilities” in accordance with the new standard for income, and tax included is listed as “other current liabilities”.	In the consolidated balance sheet on 1 January 2020, “Advances from customers” are RMB516,988.76, “Contract liabilities” are RMB690,543,580.95 and “Other current liabilities” are RMB37,125,462.92;  In the balance sheet of the Company as the Parent on 1 January 2020, “Advances from customers” are RMB320,469.53, “Contract liabilities” are RMB0.00 and “Other current liabilities” are RMB0.00.
The right to receive consideration for goods or services that have been transferred to customers (which depends on other factors other than time) is listed as “contract assets” in accordance with the new standard for income.	In the consolidated balance sheet on 1 January 2020, “Contract assets” are RMB0.00;  In the balance sheet of the Company as the Parent on 1 January 2020, “Contract assets” are RMB0.00.
Incremental cost (such as sales commission) incurred for contract acquisition is recognized as an asset as cost of contract acquisition, and listed as cost of contract acquisition in “other current assets” or “other non-current assets” in accordance with the new standard for income. However, if the amortization of asset is within one year, it can be included in the current profit and loss when it occurs.	In the consolidated balance sheet on 1 January 2020, “Other current assets” are RMB0.00 and “Other non-current assets” are RMB0.00;  In the balance sheet of the Company as the Parent on 1 January 2020, “Other current assets” are RMB0.00 and “Other non-current assets” are RMB0.00.

The Company adopts simple treatment method to include sales commission with amortization period within one year in the current profit and loss when it occurs. The amortization period of sales commission in 2019 is within one year.

## VII Retrospective Restatements due to Correction of Material Accounting Errors in the Reporting Period

Applicable  Not applicable

No such cases in the Reporting Period.

## VIII YoY Changes to the Scope of the Consolidated Financial Statements

Applicable  Not applicable

For the detailed changes to the scope of the Company’s consolidated statements of the Reporting Period, see “Part XII Financial Statements”, VIII.

## IX Engagement and Disengagement of Independent Auditor

Current independent auditor:

Name of the domestic independent auditor	Baker Tilly China Certified Public Accountants (LLP)
The Company's payment to the domestic independent auditor (RMB'0,000)	84
How many consecutive years the domestic independent auditor has provided audit service for the Company	One year
Names of the certified public accountants from the domestic independent auditor writing signatures on the auditor's report	Li Ming, Chen Zihan
How many consecutive years the certified public accountants have provided audit service for the Company	One year for Li Ming and one year for Chen Zihan

Indicate by tick mark whether the independent auditor was changed for the Reporting Period.

Yes  No

Indicate by tick mark whether the independent auditor was changed during the audit period.

Yes  No

Indicate by tick mark whether an approval procedure was implemented for the change of independent auditor.

Yes  No

Further details about the change of independent auditor:

Pan-China Certified Public Accountants (LLP) (hereinafter referred to as "Pan-China CPA") originally hired by the Company provided the audit service for the Company. Pan-China CPA adhered to the principle of independent audit in the course of practicing, and reflected the financial status of the Company in an objective, fair and impartial way, earnestly fulfilled their due responsibilities, and effectively safeguarded the legitimate rights and interests of the Company and its shareholders from a professional perspective.

Based on the demand of business development and future audit of the Company and bilateral communication and negotiation, Pan-China CPA was no longer the independent auditor of the Company. The Company held the 12<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors and the 2019 Annual General Meeting of Shareholders respectively on 7 April 2020 and 28 April 2020 and determined to hire Baker Tilly China Certified Public Accountants (LLP) as the auditor for the 2020 Financial Statements and internal control of the Company. The said proposal has been approved both on the board meeting and shareholders meeting.

Independent auditor, financial advisor or sponsor engaged for the audit of internal controls:

Applicable  Not applicable

In this Reporting Period, the Company engaged Baker Tilly China Certified Public Accountants (LLP) for its internal control audit and paid an internal control audit fee of RMB0.15 million to it for the period.

## X Possibility of Delisting after Disclosure of this Report

Applicable  Not applicable

## XI Insolvency and Reorganization

Applicable  Not applicable

No such cases in the Reporting Period.

## XII Major Legal Matters

Applicable  Not applicable

General information	Involved amount (RMB'0,000)	Provision	Progress	Decisions and effects	Execution of decisions	Disclosure date	Index to disclosed information
Litigation matters in disputes over environmental pollution liability of CSCEC and the Company (180 cases in total)	815.4	Not	The verdict was reached in the first instance and the plaintiff appealed	The first instance judged that the Company undertook no compensation liabilities.	No need to perform		
Summary of other contract disputes	840.62	See Part XII Financial Report-XIV-2	See Part XII Financial Report-XIV-2	See Part XII Financial Report-XIV-2	See Part XII Financial Report-XIV-2		

## XIII Punishments and Rectifications

Applicable  Not applicable

No such cases in the Reporting Period.

## XIV Credit Quality of the Company as well as Its Controlling Shareholder and Actual Controller

Applicable  Not applicable

## XV Equity Incentive Plans, Employee Stock Ownership Plans or Other Incentive Measures for Employees

Applicable  Not applicable

No such cases in the Reporting Period.

## XVI Major Related-Party Transactions

### 1. Continuing Related-Party Transactions

Applicable  Not applicable

Related	Relati	Type	Specif	Pricin	Trans	Total	As %	Appro	Over	Metho	Obtain	Disc	Ind
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party	onship with the Company	of transaction	ic transaction	g principle	action price	value (RM B'0,000)	of total value of all same-type transactions	ved transaction line (RM B'0,000)	the approved line or not	d of settlement	ble market price for same-type transactions	losure date	ex to disclosed information
Shenzhen Bay Technology Development Co., Ltd.	Wholly-owned subsidiary of the Company as the parent	Related-party transactions governing sales of commodity and providing of labors	Property management services	Market principle	Agreement price	4,787.13	4.47%	3,792	Yes	Cash	4,787.13		
Shenzhen Bay Technology Development Co., Ltd.	Wholly-owned subsidiary of the Company as the parent	Related-party transactions governing purchase of commodity and providing of labors	Management services	Market principle	Agreement price	6,460.99	7.08%	6,692	Not	Cash	6,460.99		
Shenzhen	Wholly-owned	Lease	Entrusted	Market	Agreement	4,834.13	34.79%	6,080	Not	Cash	4834.13		

Shentou Real Estate Development Co.,Ltd	ed subsidiary of the Company as the parent		management services of houses	principle	price								
Total				--	--	16,082.25	--	16,564	--	--	--	--	--
Large-amount sales return in detail				N/A									
Give the actual situation in the Reporting Period (if any) where an estimate had been made for the total value of continuing related-party transactions by type to occur in the Reporting Period				The total amount of daily related-party transactions of the Company in 2020 is expected to be RMB168.87 million, and actual total amount of daily related-party transactions is RMB170.39 million. The excess amount is lower than the disclosure standard. For details, please refer to the Proposal on Daily-Related Party Transactions in 2021 disclosed on the same day of this report.									
Reason for any significant difference between the transaction price and the market reference price (if applicable)				N/A									

## 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

Indicate by tick mark whether there were any credits and liabilities with related parties for non-operating purposes.

Yes  No

Receivable from related parties

Related party	Relationship with the Company	Reason	Capital occupation for non-ope	Beginning balance (RMB'0,000)	Amount newly added in current period (RMB'0	Amount received in current period (RMB'0,000)	Interest rate	Current interest (RMB'0,000)	Ending balance (RMB'0,000)
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			rating purpose s (yes/no)		,000)				
Shenzhen Xinhai Holdings Co., Ltd.	The parent company of the subsidiary Rongyao Real Estate's minority shareholder Xinhai Rongyao	Business circulating funds before acquisitio n	No	55,150		15,000			40,150
Shenzhen Xinhai Rongyao Real Estate Developm ent Co., Ltd.	Minority shareholder of the subsidiary Rongyao Real Estate	Business circulating funds before acquisitio n	No	33,047.29					33,047.29
Influence on the Company's operating results and financial condition		All were within the risks control of the Company and not influenced the operating results and the financial conditions.							

## Liabilities payable to related parties

Related party	Relation with the Company	Formation reason	Beginning balance (RMB'0,0 00)	Amount newly added in current period (RMB'0,000)	Amount returned in current period (RMB'0,00 0)	Inter est rate	Current interest (RMB'0,0 00)	Ending balance (RMB'0,00 0)
Shenzhen Jifa Warehouse Co., Ltd.	Joint vent ure	Intercours e funds	3,579.67					3,579.67
Shenzhen Tian'an International Building Property Management Co., Ltd.	Joint vent ure	Intercours e funds	521.43					521.43

Influence on the Company's operating results and financial condition	All were within the risks control of the Company and not influenced the operating results and the financial conditions.
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## 5. Other Major Related-Party Transactions

Applicable  Not applicable

1. On September 6 and 23, 2019, the Company held the eighth meeting of the ninth session of the Board of Directors and the 2019 second extraordinary general meeting of shareholders respectively to review and pass the Proposal on Acquisition of 100% of Equity Interests in TK Property and Related-party Transaction. The Company purchased 100% equity of TK Property held by Shenzhen Investment Holdings Co., Ltd., the controlling shareholder of TK Property, in the form of cash payment. On November 27, 2019, the Company completed the industrial and commercial registration procedures for the transfer of 100% equity interests of TK Property. According to the agreement on Equity Interest Transfer Contract and audit report on the profit and loss of the transition period, both parties confirmed that the final price of equity interests transfer was RMB 1,027,382,513.56. As of April 28, 2020, the Company has paid the above amount, and completed the related-party transaction. For details, please refer to the Announcement on Acquisition of 100% of Equity Interests in TK Property and Related-party Transaction published on [www.cninfo.com.cn](http://www.cninfo.com.cn) on April 28, 2020.

2. On December 28, 2020, the Company held the 21st meeting of the ninth session of Board of Directors to review and pass the Proposal on Signing the Property Management Service Contract with An Duong Industrial Park of Haiphong, Vietnam and Related-Party Transaction. VCEP entrusted ITC Property Management to provide property management services to An Duong Industrial Park located in Hongfeng Township, An Duong Town, Haiphong City, Vietnam, with a service area of 1.961 million square meters of industrial park (including administrative office and dormitory buildings). VCEP, a wholly-owned subsidiary of Shenzhen Investment Holdings, the controlling shareholder of the Company, is a related party of the Company, and this transaction constituted a related-party transaction. For details, please refer to the Announcement on Signing the Property Management Service Contract with An Duong Industrial Park of Haiphong, Vietnam and Related-Party Transaction published on [www.cninfo.com](http://www.cninfo.com) on December 28, 2020.

## XVII Major Contracts and Execution thereof

### 1. Entrustment, Contracting and Leases

#### (1) Entrustment

Applicable  Not applicable

Description of trusteeship situation:

The Company signed the *Agreement for Engagement in Assisted Management* with its controlling shareholder Shenzhen Investment Holdings Co., Ltd. (SIHC) on 1 March 2020. According to the Agreement, the Company was appointed to exercise assisted management over China Shenzhen Foreign Trade (Group) Co., Ltd., a wholly-owned subsidiary of SIHC. The assisted management period would be six months, from 1 March 2020 to 31 August 2020. For the specific content, please refer to the Company's *Voluntary Information Disclosure Announcement on the Agreement for Engagement in Assisted Management Signed with the Controlling Shareholder*, No. 2020-5, disclosed on <http://www.cninfo.com.cn> on 3 March 2020.

Projects whose profits and losses for the Company reached more than 10% of the total profits during the Reporting Period:

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. Major guarantees**

Applicable  Not applicable

**(1) Guarantees**

Unit: RMB'0,000

Guarantees provided by the Company as the parent and its subsidiaries for external parties (exclusive of those for subsidiaries)								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
Guarantees provided by the Company for its subsidiaries								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
Shenzhen Rongyao Real Estate Development Co., Ltd.	18 October 2019	500,000	27 November 2019	299,980	Joint-liability	27 November 2019 to 20 November 2024	No	Yes
Total approved line for such guarantees in the Reporting Period (B1)				0	Total actual amount of such guarantees in the Reporting Period (B2)		80,700	
Total approved line for such guarantees at the end of the Reporting Period (B3)				500,000	Total actual balance of such guarantees at the end of the Reporting		299,980	

				Period (B4)				
Guarantees provided between subsidiaries								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
Total guarantee amount (total of the three kinds of guarantees above)								
Total guarantee line approved in the Reporting Period (A1+B1+C1)				Total actual guarantee amount in the Reporting Period (A2+B2+C2)		80,700		
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)		500,000		Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)		299,980		
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets				80.47%				
Of which:								
Balance of guarantees provided for shareholders, actual controller and their related parties (D)				0				
Balance of debt guarantees provided directly or indirectly for obligors with an over 70% debt/asset ratio (E)				299,980				
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)				113,584				
Total of the three amounts above (D+E+F)				299,980				

Compound guarantees:

Naught

## (2) Irregularities in Provision of Guarantees

Applicable  Not applicable

No such cases in the Reporting Period.

## 3. Cash Entrusted to Other Entities for Management

### (1) Cash Entrusted for Wealth Management

Applicable  Not applicable

No such cases in the Reporting Period.

**(2) Entrusted Loans**

Applicable  Not applicable

No such cases in the Reporting Period.

**4. Continuing Major Contracts**

Applicable  Not applicable

**5. Other Major Contracts**

Applicable  Not applicable

No such cases in the Reporting Period.

**XVIII Corporate Social Responsibility (CSR)****1. Measures Taken to Fulfill CSR Commitment**

Since its inception, SZPRD has been adhering to the concept of honesty, responsibility and win-win cooperation for the benefit of society. The Company actively fulfills its social responsibilities and always takes repaying the society as an important development concept. It actively fulfills its statutory social responsibilities and ethical social obligations, and unifies the realization of economic and social benefits to create an excellent corporate image. The Company carried out the following activities to perform its social responsibility in 2020:

**(1) Carry forward the spirit of reform and opening-up, create a building brand with CCP characteristics**

To maximize the historical value of International Trade Center Building, and inherit and carry forward the spirit of reform and opening-up, SZPRD started the preparation of history exhibition in Shenzhen International Trade Center in early 2019 to create a red tour route on the basis of functioning as on-site teaching center of Shenzhen Party School on reform and opening up. The exhibition was completed at the end of August 2020 and launched on September 1.

The exhibition in Shenzhen International Trade Center truly presented the building in the 1980s, which was famous for the “Shenzhen Speed” that “one floor was completed in three days”, and reproduced the important historical scene of Deng Xiaoping’s Talks in the South. The exhibition consists of six parts to show the scenes of Deng Xiaoping, Jiang Zemin, Hu Jintao and other leader’s visit to Shenzhen International Trade Center and reform and opening up of Shenzhen Special Economic Zone, including the Preface Hall (Leaders’ care), Shenzhen Speed, Talks in the South, Historical Moment, Video stories and Enterprise Development, which display precious historical materials to show “Shenzhen story” and the spirit of “venture, courage and work hard” of Shenzhen Special Zone.

SZPRD created a red education route in International Trade Center to innovate and promote the building work with CCP characteristics, and strengthen the construction of Party Member Service Center to share with government departments, streets and communities, and provide a learning platform and rich teaching materials to SZPRD internal staff, Party members and the public.

Since its opening, the exhibition hall has received 147 interviews of People.cn, Xuexi.cn and other media, who made 114 reports, and visits of 2755 person-time, including important receptions of leaders of the Organization Department of the CPC Central Committee, Guangdong Provincial Government and Shenzhen Municipal Government. The building with CCP characteristics built by SZPRD is recognized by Shenzhen municipal and Luohu district departments. It has become an important part of red education resources in Shenzhen, being listed as a red route visiting spot by the Organization Department of the Municipal Party Committee and education site on reform and opening up of the Party School.

SZPRD held the exhibition on reform and opening up to revitalize and reshape the cultural image and business atmosphere of International Trade Center for the landing of duty-free town in Guangdong-Hong Kong-Macao Greater Bay Area to promote the revitalization of Renmin South Business District of Luohu.

**(2) Carry out blood donation, create projects with CCP characteristics on the principals of “projects led by the Secretary, brands created by branches, achievements made by Party members”**

To celebrate the 99th anniversary of the founding of CCP, consolidate the educational achievements of the theme of “remain true to our original aspiration and keep our mission firmly in mind”, on 1 July, the party committee of Shenzhen International Trade Center Property Management Co., Ltd. subordinated to SZPRD together with the Jiabei Community Station of Nanhu Sub-district in Luohu District and International Trade Center Sub-branch of Shenzhen Branch of Bank of China held the activity of “Red Banner & Red Action” Voluntary Blood Donation, attracting a total of 115 people to voluntarily donate their blood on the day with the total amount of blood donation 41,950 ml.

Since 2011, the party committee of Shenzhen International Trade Center Property Management Co., Ltd. has insisted on carrying out the theme activity for public benefits of “Red Banner & Red Action” to commemorate the party’s birthday every year, allowing party member volunteers to play an exemplary role. Fortunately, the activity has attracted the active response from the owners and tenants of ITC Building, various party organizations in the southern business district and Jiabei Community station and people from all walks of life, and become a unique party building activity featuring “the secretary controls the activity, the party branch creates the brand, and the party members strive for becoming the vanguard”. This activity has been held for consecutive nine years. In terms of this activity, more than 700 people have donated their blood voluntarily with the total unpaid blood donation volume nearly 270,000 ml.

In addition, to support Shenzhen blood bank to meet the urgent demand after the outbreak of the epidemic this year and carry forward the voluntary service spirit of “dedication, fraternal love, mutual aid and progress”, the Youth League Committee of SZPRD organized and carried out the public welfare activity of “Fraternal Love, TK’s Support in People’s Livelihood” for blood donation from March 24 to 25. About 110 Youth League members from Youth League Committees of TK Property, and Youth League branches of Huangcheng Real Estate and Huangcheng Property Management, which are affiliated to the Youth League Committee of the Group, participated in blood donation and donated 43400ml blood in total. Grass-roots Youth League members supported the epidemic prevention and control voluntarily to respond to the activity of “show your party member identities in epidemic prevention and build brands with love” held by the Group, fully demonstrating the actions of the new era youth fresh troops and commandos of Shenzhen property group, and make great contributions to the promotion of urban civilization in Shenzhen and epidemic prevention and control.

**(3) Donate RMB2 Million to support epidemic prevention and control, exempt small and medium-sized enterprises from payment of rent approximating RMB38 Million**

After the outbreak of COVID-19 epidemic in 2020, residential quarters, office buildings and industrial parks managed by property management enterprises of the Group worked hard on epidemic prevention and control and work resumption. Leaders and staff of property management enterprises made great contributions to epidemic prevention and control and recognized by the society and property owners. In March 2020, the Group donated RMB2 million to support Hubei and Wuhan to tackle the epidemic, including RMB50 thousand donated by Party members.

To implement the policies and requirements of the Municipal Party Committee, Municipal Government and Municipal State-owned Assets Supervision and Administration Commission (SASAC) on tackling the epidemic and supporting enterprises to tide over the difficulties, SZPRD acted quickly to implement property rent reduction policy to support private enterprises to relieve operation difficulties.

In March 2020, SZPRD exempted non-state-owned enterprises, scientific research institutions, medical institutions and individual businesses from payment of two months’ rent in three stages. Based on the policy of moderate leniency, the Group also included natural persons who rent properties for production and operation in the scope of two months’ rent exemption, covering office buildings, shops, factories, supporting service facilities and other properties with an area of about 310,000m<sup>2</sup>, which accounted for about 83% of the Company’s total areas for lease, benefiting 447 leasees and 700 companies by rent reduction of RMB24.88 million

in total.

In August 2020, to respond to the requirements of the Municipal Government and SASAC on alleviation rent pressure of small and micro enterprises in the service industry and individual business, SZPRD extended the rent exemption period of state-owned property for one month, which involved a property area of about 270,000m<sup>2</sup>, benefiting 584 leasees by rent reduction of approximating RMB13 million. So far, SZPRD exempted rent payment approximating RMB38 million in total.

#### **(4) Carry out poverty alleviation work**

The Group carried out pro-consumption activities to aid poverty alleviation, and purchased agricultural and side-line products totalled RMB865,432 from poor areas online.

Meanwhile, Huangcheng Real Estate Co., Ltd. of the Group supported targeted poverty alleviation and elimination, and made a targeted donation of RMB10,000 to Mulam Nationality in Luocheng.

#### **(5) Care for employees, take on social responsibility**

To implement the Group's assistance mechanism, SZPRD Party Committee carried out activities before the Spring Festival to express care for employees with difficulties on January 17. Liu Shengxiang, Secretary of the Party Committee and Chairman of the Group, Wang Hangjun, Deputy Secretary of the Party committee and General Manager of the Group, Wei Xiaodong, Deputy secretary of the Party Committee and Secretary of the Discipline Inspection Commission visited employee families in difficulties and sent gifts and consolation money to express care and greetings on behalf of the Group.

To celebrate the 99th anniversary of the founding of the CCP and implement the inner-party incentive, care and assistance mechanism, SZPRD Party Committee carried out "July 1st conversations" to express care to Party members in difficulties in the morning of August 3. To help party members in need in an effective way, the Party Committee and Party branches of the Group conducted an in-depth investigation on family life of party members and determined member families to visit.

#### **(6) Social honors**

In 2020, Housing and Urban-Rural Development of Shandong Province announced the list of outstanding enterprises in the property service industry in Shandong Province. Shandong Shengguomao Real Estate Management of SZPRD was awarded the title of "Provincial Model Enterprise for Civilization of the Property Management Service Industry", and Zhang Ning, employee of the Company, was awarded the title of "Provincial Service Star for Civilization of the Property Management Service Industry".

On May 13, China Index Academy released the list of China's Top 100 Property Management Service Enterprises 2020. ITC Property Management of SZPRD was awarded the title of "China's Top 100 Property Management Service Enterprises 2020" and "China's Excellent Enterprises in Industrial Park Service 2020" by virtue of continuous improvement of internal control, property management quality and service products meeting customers' needs. ITC Property Management ranked 27th in the top 100 property management service companies. It is the fifth consecutive year that ITC Property Management won this honor.

At the 10th Grand Ceremony hosted by Shenzhen Real Estate Association on August 28, SZPRD was awarded the title of "enterprise with brand value" in Shenzhen real estate development industry. Wang Hangjun, General Manager of the Group, was awarded the title of "40 Outstanding Persons of Real Estate Industry in Shenzhen Special Economic Zone".

## **2. Measures Taken for Targeted Poverty Alleviation**

The Company didn't take any targeted measures to help people lift themselves out of poverty during the Reporting Period, no targeted poverty alleviation plan temporarily too.

## **3. Issues Related to Environmental Protection**

Indicate by tick mark whether the Company or any of its subsidiaries is identified as a major polluter by the environmental protection authorities.

Yes  No

### **XIX Other Significant Events**

Applicable  Not applicable

No such cases in the Reporting Period.

### **XX Significant Events of Subsidiaries**

Applicable  Not applicable



## Part VI Share Changes and Shareholder Information

### I. Share Changes

#### 1. Share Changes

Unit: share

	Before		Increase/decrease in the Reporting Period (+/-)					After	
	Shares	Percentage (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Shares	Percentage (%)
I. Restricted shares	1,931,280	0.33%	0	0	0	-32,974	-32,974	1,898,306	0.32%
1. Shares held by State	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned legal person	0	0.00%	0	0	0	3,326	3,326	3,326	0.00%
3. Shares held by other domestic investors	1,931,280	0.33%	0	0	0	-36,300	-36,300	1,894,980	0.32%
Among which: Shares held by domestic legal person	1,894,980	0.32%	0	0	0	0	0	1,894,980	0.32%
Shares held by domestic natural person	36,300	0.01%	0	0	0	-36,300	-36,300	0	0.00%
4. Shares held by other foreign investors	0	0.00%	0	0	0	0	0	0	0.00%
II. Unrestricted shares	594,047,812	99.67%	0	0	0	32,974	32,974	594,080,786	99.68%
1. RMB common shares	526,442,569	88.33%	0	0	0	32,974	32,974	526,475,543	88.34%
2. Domestically listed foreign shares	67,605,243	11.34%	0	0	0	0	0	67,605,243	11.34%
3. Overseas listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	595,979,092	100.00%	0	0	0	0	0	595,979,092	100.00%

Reasons for share changes:

Applicable  Not applicable

On 16 January 2020, the shareholder with restricted public shares of the Company Han Yihua repaid the advanced shares for share reform of 3,326 to the Company's controlling shareholder Shenzhen Investment Holdings and transferred the share ownership to the latter. On 30 April 2020, all 32,974 restricted shares held by Han Yihua were desterilized and officially circulated in the market.

Approval of share changes:

Applicable  Not applicable

Above-mentioned desterilization of non-tradable shares has been approved by Shenzhen Stock Exchange and completed the change registration in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

Transfer of share ownership:

Applicable  Not applicable

Progress on any share repurchases:

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

On January 29, 2021, the Company disclosed the Announcement of Shenzhen Properties & Resources Development (Group) Ltd. on the Transfer of Some State-owned Shares Held by Controlling Shareholders to Social Security Fund without Compensation. The controlling shareholders of the Company decided to transfer 38037, 890 unrestricted common A shares of the Company to Shenzhen State-owned Equity Management Co., Ltd. for the purpose of replenishing social security fund. On March 15, the transfer procedures of state-owned shares without Compensation were completed by China Securities Depository and Clearing Corporation Limited. After the transfer, Shenzhen Investment Holdings holds 301,414,637 shares of the Company, accounting for 50.575% of the total share capital, and Shenzhen State-owned Equity Management Co., Ltd. holds 38,037,890 shares of the Company, accounting for 6.382% of the total share capital. Shenzhen State-owned Equity Management became the second largest shareholder of the Company.

## 2. Changes in Restricted Shares

Applicable  Not applicable

Unit: share

Name of shareholders	Number of restricted shares at the period-begin	Number of increased restricted shares	Number of released restricted shares	Number of restricted shares at the period-end	Reason for restriction	Date of restriction release
Han Yihua	36,300	0	32,974	0	Share reform commitments	30 April 2020
Shenzhen Investment Holdings Co.,	0	3,326	0	3,326	Repayment of advance shares for	-

Ltd.					stock reform	
Total	36,300	3,326	32,974	3,326	--	--

## II. Issuance and Listing of Securities

### 1. Securities (Exclusive of Preferred Shares) Issued in the Reporting Period

Applicable  Not applicable

### 2. Changes to Total Shares, Shareholder Structure and Asset and Liability Structures

Applicable  Not applicable

### 3. Existing Staff-Held Shares

Applicable  Not applicable

## III Shareholders and Actual Controller

### 1. Shareholders and Their Shareholdings at the Period-End

Unit: share

Number of ordinary shareholders	52,587	Number of ordinary shareholders at the month-end prior to the disclosure of this Report	54,313	Number of preferred shareholders with resumed voting rights (if any)	0	Number of preferred shareholders with resumed voting rights at the month-end prior to the disclosure of this Report (if any)	0	
								5% or greater shareholders or top 10 shareholders
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Increase/decrease in the Reporting Period	Restricted shares held	Unrestricted shares held	Shares in pledge or frozen	
							Status	Shares
Shenzhen Investment Holdings Co., Ltd.	State-owned legal person	56.96%	339,452,527	-40,926,370	3,326	339,449,201		
China Orient Asset Management Co., Ltd.	State-owned legal person	4.99%	29,798,300	29,798,300	0	29,798,300		

Hong Kong Securities Clearing Company Ltd.	Foreign legal person	0.31%	1,874,823	1,874,823	0	1,874,823		
Shenzhen Duty-Free Commodity Enterprises Co., Ltd.	Domestic non-state-owned legal person	0.29%	1,730,300	0	1,730,300	0		
Duan Shaoteng	Domestic natural person	0.27%	1,618,565	550,865	0	1,618,565		
Yang Yaochu	Domestic natural person	0.25%	1,500,384	75,364	0	1,500,384		
Mai Furong	Domestic natural person	0.18%	1,049,200	-132,300	0	1,049,200		
UBS AG	Foreign legal person	0.17%	1,036,938	1,036,938	0	1,036,938		
He Simo	Domestic natural person	0.17%	1,011,750	249,100	0	1,011,750		
China Construction Bank-Wanjia Selected Mixed Type Securities Investment Fund	Other	0.16%	982,300	982,300	0	982,300		
Strategic investor or general legal person becoming a top-10 ordinary shareholder due to rights issue (if any)	N/A							
Related or acting-in-concert parties among the shareholders above	The first largest shareholder, Shenzhen Investment Holdings Co., Ltd., is the actual controlling shareholder of the Company. And the Company does not know whether there are related parties or acting-in-concert parties among the other 9 shareholders.							
Top 10 unrestricted shareholders								
Name of shareholder	Unrestricted shares held at the period-end	Shares by type						
		Type	Shares					
Shenzhen Investment Holdings Co., Ltd.	339,449,201	RMB common share	339,449,201					
China Orient Asset Management Co., Ltd.	29,798,300	RMB common share	29,798,300					
Hong Kong Securities Clearing Company Ltd.	1,874,823	RMB common share	1,874,823					
Duan Shaoteng	1,618,565	RMB common share	1,618,565					
Yang Yaochu	1,500,384	Domestically listed	1,500,384					

		foreign share	
Mai Furong	1,049,200	Domestically listed foreign share	1,049,200
UBS AG	1,036,938	RMB common share	1,036,938
He Simo	1,011,750	Domestically listed foreign share	1,011,750
China Construction Bank-Wanjia Selected Mixed Type Securities Investment Fund	982,300	RMB common share	982,300
Shenzhen Junhao Trading Co., Ltd.	831,200	RMB common share	831,200
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 first largest shareholder, Shenzhen Investment Holding Corporation, is the actual controlling shareholder of the Company. And the Company does not know whether there are related parties or acting-in-concert parties among the other 9 shareholders.		
Top 10 ordinary shareholders involved in securities margin trading (if any)	N/A		

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.

Yes  No

No such cases in the Reporting Period.

## 2. Controlling Shareholder

Nature of the controlling shareholder: Controlled by a local state-owned legal person

Type of the controlling shareholder: legal person

Name of controlling shareholder	Legal representative/person in charge	Date of establishment	Unified social credit code	Principal activity
Shenzhen Investment Holdings Co., Ltd.	Wang Yongjian	13 October 2004	914403007675664218	To execute investments and M&A on financial equity such as banks, securities, insurance, funds and guarantees and pseudo-banking equity; to engage in the property development and operation business within the scale of legally acquire the land use right; to execute investments and services in strategic

				<p>emerging industry; to execute the investment, operating and management of the state-owned equities of the wholly-owned, controlling and stock-participating enterprises through the methods such as the restructuring integration, capital operation and assets disposal; other business developed with the authority from the Municipal State-owned Assets Supervision and Administration Commission (if the activity needs approval as required by state regulations, it shall not be operated until it is approved).</p>
<p>Shareholdings of the controlling shareholder in other listed companies at home or abroad in this Reporting Period</p>	<p>Shenzhen Textile A (000045) holds 234.07 million shares, accounting for 46.10%; SPG A (000029) holds 642.88 million shares, accounting for 63.55%; Shenzhen Universe A (000023) holds 9.59 million shares, accounting for 6.91%; Ping'an (601318) holds 962.72 million shares, accounting for 5.27%; Guosen Securities (002736) holds 3,223.11 million shares, accounting for 33.53%; Guotai Jun'an (601211) holds 609.43 million A-shares and 103.37 million H-shares, totally accounting for 8.00%; Telling Telecommunication (000829) holds 195.03 million shares, accounting for 18.89%; Shenzhen International (00152) holds 952.01 million shares, accounting for 43.39%; Beauty Star (002243) holds 604.82 million shares, accounting for 49.96%; Bay Area Development (00737) holds 2,213.45 million shares, accounting for 71.83%; Infinova (002528) holds 315.83 million shares, accounting for 26.35%; Eternal Asia (002183) holds 388.45 million shares, accounting for 18.30%; Shenzhen Energy (000027) holds 6.77 million shares, accounting for 0.14%; Bank of Communications (601328) holds 9.52 million shares, accounting for 0.01%; Techand (300197) holds 113.98 million shares, accounting for 4.84%; Vanke (02202) holds 77.27 million shares, accounting for 0.67%.</p>			

Change of the controlling shareholder in the Reporting Period:

Applicable  Not applicable

No such cases in the Reporting Period.

### 3. Actual Controller and Its Acting-in-Concert Parties

Nature of the actual controller: local institution for state-owned assets management

Type of the actual controller: legal person

Name of actual controller	Legal representative/ person in charge	Date of establishment	Unified social credit code	Principal activity
Shenzhen Municipal State-owned Assets Supervision and Administration Commission	Yu Gang	1 July 2004	K31728067	<p>(I) Implementing and practicing state, provincial and municipal laws and regulations related to management on state-owned assets, drafting local laws, regulations, and policies about management on state-owned assets, and organizing implementation activities upon approvals. Intending to draft supervision systems and methods about operational state-owned assets, and organizing implementation activities.</p> <p>(II) On the basis of authorization from municipal government, fulfilling duties of investors according to laws and regulations, and protecting the rights and interests of investors for state-owned assets according to laws</p> <p>(III) Taking charge of Party-building work for enterprises in its supervision and organs entrusted</p> <p>(IV) Undertaking the supervision over state-owned assets of municipal enterprises, strengthening management on state-owned assets, further perfecting the management mechanism for state-owned assets with the unification of power, obligation, and duties, as well as the combination of managing assets, people, and affairs</p> <p>(V) Being responsible for hedging and appreciation of the value of state-owned assets of enterprises in its supervision, establishing and perfecting the index system for hedging and appreciation of the value of state-owned assets, setting out assessment standards, supervising on hedging and appreciation of the value of state-owned assets of enterprises in its</p>

			<p>supervision by statistics, audit, and check, and urging enterprises in its supervision to fulfill social duties</p> <p>(VI) In charge of researching and preparing the general planning for transformation and development of state-owned enterprise in its supervision, guiding and boosting transformation and re-organization of state-owned enterprises, prompting the construction of modern enterprise system, carrying forward operation of state-owned capital, pushing the strategic adjustment on state-owned economy layout and structure, and making state-owned capital play the role in significant industries and key fields including national security, national economy lifeline, etc.</p> <p>(VII) Directing and propelling enterprises in its supervision to perfect company governance structure, intensifying construction of Board and Supervision Committees of enterprises in its supervision, and forming the governance mechanism with specific duties, coordinating operation, and effective counterbalance</p> <p>(VIII) Assuming the management work of income distribution for enterprises in its supervision, and standardizing the income distribution and position-related consumption over people in charge of enterprises in its supervision</p> <p>(IX) In line with rules of municipal Party committee, appointing and dismissing, appraising, as well as, in accordance with business performance, rewarding and punishing people in charge of enterprises in its supervision by applying legal procedures, establishing the mechanism of selecting and choosing candidates meeting the requirements of socialist market economy system and modern enterprise system, and perfecting the incentive and control system for operators</p> <p>(X) Being responsible for appointing or recommending board directors, supervisors,</p>
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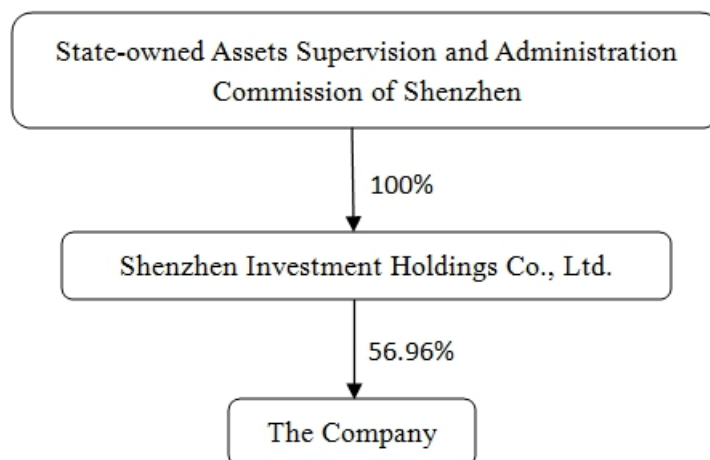
			<p>CFOs to enterprises in its supervision, and auditing on economic duties of people in charge of enterprises in its supervision according to rules about management authorization to people in charge of enterprises</p> <p>(XI) In charge of preparing the draft of budgets and final accounts of annual state-owned capital of enterprises in its supervision, including it to the government budget system, organizing the execution upon approvals, and collecting earnings of state-owned capital handed in by enterprises in its supervision</p> <p>(XII) In charge of strategy research, policy formulation, and guidance for transformation, development, and asset management related to collectively-owned enterprises</p> <p>(XIII) Assuming other assignments assigned by municipal government and superior departments</p>
<p>Shareholdings of the actual controller in other listed companies at home or abroad in this Reporting Period</p>		<p>Listed companies such as the Shenzhen Airport, YTP, Shenzhen Energy, Shenzhen Zhenye, Shenzhen Tagen and SDGI.</p>	

Change of the actual controller during the Reporting Period:

Applicable  Not applicable

No such cases in the Reporting Period.

Ownership and control relations between the actual controller and the Company:



Indicate by tick mark whether the actual controller controls the Company via trust or other ways of asset management.

Applicable  Not applicable

**4. Other 10% or Greater Corporate Shareholders**

Applicable  Not applicable

**5. Limitations on Shareholding Decrease by the Company's Controlling Shareholder, Actual Controller, Reorganizer and Other Commitment Makers**

Applicable  Not applicable

## **Part VII Preference Shares**

Applicable  Not applicable

No preference shares in the Reporting Period.

## **Part VIII Convertible Corporate Bonds**

Applicable  Not applicable

No convertible corporate bonds in the Reporting Period.

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

### I Change in Shareholdings of Directors, Supervisors and Senior Management

Name	Office title	Incumbent/Former	Gender	Age	Start of tenure	End of tenure	Beginning shareholding (share)	Increase in the Reporting Period (share)	Decrease in the Reporting Period (share)	Other increase/decrease (share)	Ending shareholding (share)
Liu Shengxiang	Party Secretary and Chairman of the Board	Incumbent	Male	50	15 June 2018	14 June 2021	0	0	0	0	0
Wang Hangjun	Director, Deputy Party Secretary, GM	Incumbent	Male	55	15 June 2018	14 June 2021	0	0	0	0	0
Wei Xiaodong	Director, Deputy Party Secretary	Incumbent	Male	51	15 June 2018	14 June 2021	0	0	0	0	0
Shen Xueying	Director and CFO	Incumbent	Female	52	15 June 2018	14 June 2021	0	0	0	0	0
Wang Ge	Director	Incumbent	Male	50	15 June 2018	14 June 2021	0	0	0	0	0
Xie Chang	Director	Incumbent	Male	49	7 April 2020	14 June 2021	0	0	0	0	0
Zhang Shilei	Director	Former	Male	43	15 June 2018	6 April 2020	0	0	0	0	0
Yuan Hongchang	Independent Director	Incumbent	Male	50	14 April 2017	14 June 2021	0	0	0	0	0
Mei Yonghong	Independent Director	Incumbent	Male	57	15 June 2018	14 June 2021	0	0	0	0	0
Li Qingyuan	Independent Director	Incumbent	Male	44	15 June 2018	14 June 2021	0	0	0	0	0
Dai	Chairman of the	Incumbent	Male	59	15 June 2018	14 June 2021	0	0	0	0	0

Xianhua	Supervisory Committee, Secretary of Committee for Discipline Inspection	bent	le								
Zhang Manhua	Supervisor	Incumbent	Male	46	15 June 2018	14 June 2021	0	0	0	0	0
Li Qinghua	Supervisor	Incumbent	Male	39	15 June 2018	14 June 2021	0	0	0	0	0
Wang Qiuping	Employee supervisor, executive director of ITC Technology Park, Party Secretary, GM	Incumbent	Female	51	15 June 2018	14 June 2021	0	0	0	0	0
Gu Weimin	Employee supervisor, Director of Discipline Inspection Office	Incumbent	Female	40	15 June 2018	14 June 2021	0	0	0	0	0
Fan Weiping	Member of the Party Committee, Vice GM, General Counsel, Board Secretary	Former	Male	56	15 June 2018	28 December 2020	0	0	0	0	0
Chen Hongji	Member of the Party Committee, Vice GM	Incumbent	Male	52	28 December 2020	14 June 2021	0	0	0	0	0
Cai Lili	Member of the Party Committee, Vice GM	Incumbent	Female	49	15 June 2018	14 June 2021	0	0	0	0	0
Li Peng	Member of the Party Committee, Vice GM	Incumbent	Male	45	15 June 2018	14 June 2021	0	0	0	0	0
Zhang Gejian	Member of the Party Committee, Vice GM, Board Secretary (Acting)	Incumbent	Male	46	15 June 2018	14 June 2021	0	0	0	0	0
<b>Total</b>	--	--	--	--	--	--	0	0	0	0	0

## II Change of Directors, Supervisors and Senior Management

√ Applicable □ Not applicable

Name	Office title	Type of change	Date of change	Reason for change
Zhang Shilei	Director	Leaving	7 April 2020	Leaving for job turnover
Fan Weiping	Vice GM, Board Secretary	Leaving	28 December 2020	Leaving for job turnover

## III Biographical Information

Professional backgrounds, major work experience and current duties in the Company of the incumbent directors, supervisors and senior management:

### Members of the Board of Directors:

**Mr. Liu Shengxiang**, born in August 1971, is a now member of the Communist Party of China, professor-level senior engineer, National Certified Architect (Level 1), and has obtained his Bachelor Degree, Master of Engineering, and MBA. In June 1994, he joined Shenzhen Tagen Group Co., Ltd., and successively served as the deputy general manager, general manager, and general Party branch secretary of Shenzhen Municipal Engineering Corp. and the deputy general manager of Shenzhen Tagen Group Co., Ltd. In June 2013, he joined Shenzhen Road & Bridge Group as the executive director, Secretary of the Party Committee and general manager. He starts to serve as the Secretary of the Party Committee and the Chairman (June 2018) of the Company & the Secretary of the Party Committee, Executive director and GM (from August 2018 to May 2020) in Shenzhen Toukong Property Management Co., Ltd. & the Secretary of the Party Committee and the Chairman of the Board (from March 2020 to now) in China Shenzhen Foreign Trade (Group) Corp. Ltd. since September 2017. Mr. Liu Shengxiang was awarded the title of Outstanding Communist Party Member of Shenzhen in 2001, and obtained Tien-yow Jeme Civil Engineering Prize in 2013, and May 1<sup>st</sup> Labor Medal of Shenzhen in 2015, the Party representative of the 6<sup>th</sup> Party Congress in Shenzhen.

**Mr. Wang Hangjun**, born in Nov. 1966, member of Communist Party of China, is a senior auditor with a master degree of economy. He ever took post of Deputy Chief of Audit Bureau of Nanshan District, Shenzhen; Vice Minister, Minister of Audit Department of Shenzhen Investment and Management Company; Vice Minister, Minister of Supervision Department of Shenzhen Investment and Management Company; Minister of Audit and Inspection Department of Shenzhen Investment Holding Co., Ltd. He has been Deputy GM of the Company since Oct. 2007. Now he is the Director, deputy Party Secretary and GM of the Company.

**Mr. Wei Xiaodong**, born in January 1970, is a member of the Communist Party of China with the Bachelor's Degree. Mr. Wei Xiaodong ever worked in the municipal government department of Shenzhen for many years. In 2008, he began to work for Shenzhen State-owned Assets Supervision and Administration Commission, and successively served as the deputy director and director of Shenzhen SASAC Office. In June 2014, he served as the deputy director of Shenzhen SASAC Office, and now, he is the Director, deputy secretary of the Party committee and Chairman of the Labor Union in the Company.

**Ms. Shen Xueying**, born in October 1969, Bachelor of Economics, is a senior accountant. Ms. Shen Xueying has been engaged in the financial management of listed companies for more than 20 years. She joined the Finance Department of the Company in 1991 and successively served as the clerk and deputy manager of the financial management department of the Company. She was the manager of the financial management department of the Company from 2007-2018 and now she is currently the Director and Chief Financial Officer of the Company.

**Mr. Wang Ge**, born in October 1971, the member of the Communist Party of China, is now the senior engineer with the degree of Bachelor of Engineering. Mr. Wang Ge has been engaged in the enterprise management for many years. He successively served as

the deputy director and director of the engineering department of Shenzhen Jian'an (Group) Co., Ltd., the manager and the deputy secretary of the Party Branch of Jian'an Group Construction and Municipal Engineering Company, and the deputy general manager, director, the deputy secretary of the Party Committee and the general manager of Jian'an Group. From March 2017 to present, he has served as the Chief Engineer of Shenzhen Investment Holdings Co., Ltd.

**Mr. Xie Chang**, born in November 1971, CPC member, bachelor of engineering, senior engineer, economist, and political engineer. He used to be the head of the Party and Mass Work Department, member of the Disciplinary Committee, and head of the Asset Management Department of Shenzhen Jian'an (Group) Co., Ltd.; the deputy GM of Shenzhen Sibiono GeneTech Co., Ltd.; the head of the operation management department, office director, secretary of the Board of Directors of Shenzhen Foreign Labor Service Co., Ltd.; office director of Shenzhen Talent Exchange Service Center Co., Ltd. He has served as the head of the comprehensive management department of Shenzhen Investment Holdings Co., Ltd. from September 2017, and plans to be the director of the Company from April 2020.

**Mr. Yuan Hongchang**, born in Mar. 1971, Chinese nationality without overseas residency, is a undergraduate and postgraduate of Tsinghua University, EMBA of Central Europe. He holds professional qualification of registered land appraiser of China and registered real estate broker. He joined in Shenzhen WorldUnion Properties Consultancy Incorporated in 2001, and acted as Secretary of Board, vice GM of Director Group, director in Shenzhen WorldUnion Properties Consultancy Incorporated. Now he works as Chairman of the Supervisory Committee of Shenzhen WorldUnion Properties Consultancy Incorporated. & GM of Shanghai WorldUnion.

**Mr. Mei Yonghong**, born in October 1964, is the member of the Communist Party of China, and graduated from the Department of Agriculture of Huazhong Agricultural University with the Degree of Bachelor of Agriculture. He successively served as the deputy director of the General Office of Ministry of Science and Technology and the director of the information research office, the director of the Policy, Regulations and System Reform Department of Ministry of Science and Technology and the mayor of Jining City in Shandong Province. Now he serves as the Chairman of the Board of BGI Agricultural Group, Vice president of Country Garden Group & CEO of Country Garden Holdings Co. Ltd.

**Mr. Li Qingyuan**, Born in 1977, is the member of the Communist Party of China with the Chinese nationality. After he obtained the degree of the Doctor of Accountancy, he became a visiting scholar of Columbia University, and was successively supported by Program for New Century Excellent Talents in University of Ministry of Education in 2012, 351 Program for Talents of Wuhan University in 2011 and Outstanding Accounting Talents (Academic) of Ministry of Finance in 2008. Meanwhile, he also serves as the member of the Academic Exchange Committee of Accounting Society of China, the editor member of China Journal of Accounting Studies, the professional editor-in-chief of Luojia Management Review and the director of the Board of Journal of Management Accounting Studies. As a professor (Level 4), he is nominated and elected into National Support Program for Outstanding Young Talents, and now serves as the deputy dean of the department of economy and management and the director of the department of accounting of Wuhan University.

#### **Members of the Supervisory Committee:**

**Mr. Dai Xianhua**, was born in April 1962, doctor degree, Party member of CPC. He worked as a lecturer in School of Business and Economy of Zhongnan University of Economics and Law from 1986 to 1989. He took posts of editor of department of theory and review, vice director, and editor-in-chief, in Shenzhen Economic Daily from 1992 to 1997; worked in Shenzhen State Assets Administration Committee (hereinafter referred as "Shenzhen SAC") as Vice Section Chief of Assets Management Department, investigator of property right management Department, Vice Director, investigator of Office, and investigator of Appraisal and Distribution Department from 1997 to 2012. Since 2012 he is the Chairman of the Supervisory Committee of the Company and is the Party Secretary since 2020.

**Mr. Zhang Manhua**, born in Feb. 1975, master's degree, member of the Communist Party of China, studied and worked in Central South University from 1992 to 2004; Senior Manager in the Investment Center of Konka Group and concurrently worked as the Board Secretary for Shenzhen Jvlong Optoelectronic Co., Ltd., and Investment Manager in Shencho Technological Investment Co., Ltd. from 2004 to 2013; he worked as deputy director in the Strategy & Development Department in Shenzhen Investment Holding



Co., Ltd from 2013 to 2018. He is the director in Law and Risks Management department of Shenzhen Investment Holdings Co., Ltd since 2018.

**Mr. Li Qinghua**, born in April 1982, has obtained his Bachelor degree. From 2003 to 2013, he worked for DZX International Appraisal Limited, and successively served as the project assistance, the project manager and the senior manager; from 2013 to 2017, he served as the senior executive of the property right management and legal affairs department of Shenzhen Investment Holdings Co., Ltd., and from 2017 till now, he serves as the deputy director of the audit department of Shenzhen Investment Holdings Co., Ltd.

**Ms. Wang Qiuping**, born in Jan. 1970, Bachelor degree, member of the Communist Party of China, is a senior economist. From 1992 to 2015, she ever took post in GM office, Plan and Finance Department, and Development Management. Now she is the Executive director and GM of Shenzhen ITC Technology Park Property Management Co., Ltd.

**Ms. Gu Weimin**, Born in October 1981, is the member of the Communist Party of China with the Master's Degree. From 2007 to 2010, he served as the audit assistance manager of KPMG Shenzhen; from 2011 till now, he has worked for the Company in the audit department (the office of the board of supervisors), and is now the director of the Discipline Inspection Office.

#### **Executive officers:**

**Mr. Wang Hangjun**, born in Nov. 1966, member of Communist Party of China, is a senior auditor with a master degree of economy. He ever took post of Deputy Chief of Audit Bureau of Nanshan District, Shenzhen; Vice Minister, Minister of Audit Department of Shenzhen Investment and Management Company; Vice Minister, Minister of Supervision Department of Shenzhen Investment and Management Company; Minister of Audit and Inspection Department of Shenzhen Investment Holding Co., Ltd. He has been Deputy GM of the Company since Oct. 2007. Now he is the Director, deputy Party Secretary and GM of the Company.

**Mr. Chen Hongji**, born in May 1968, CPC member, postgraduate degree, and master of philosophy. He has worked in Shenzhen Municipal People's Government for many years. He joined Shenzhen Construction Investment Holding Co., Ltd. in January 1998 and successively served as section chief of development research department, deputy director of office, deputy director of Party committee office and director of secretary office of board of directors. In October 2004, he joined Shenzhen Investment Holding Co., Ltd. and successively served as director of the party mass department and director of the board office. Since July 2012, he has been the deputy GM of Shenzhen Expander. From December 2020, he has served as a member of the party committee and deputy GM of the Company.

**Ms. Cai Lili**, Born in November 1972, is the member of the Communist Party of China, and has obtained the Master's Degree in Economics. Since 1995, he has worked in Shenzhen Tax Service, SAT, and ever served as the deputy chief of the taxation and scientific and technological development department of Shenzhen Tax Service, SAT, and the member of the Party Organization and the deputy director of Futian District Tax Bureau in Shenzhen. Currently, he is the member of the Party Committee, deputy general manager and Chief Financial Officer.

**Mr. Li Peng**, Born in May 1976, is the member of the Communist Party of China, the Bachelor of Engineering and the intermediate economist. Since July 1999, he has worked for the Company as the operation manager, and successively served as the deputy manager of the Company's development management department, the manager of the cost control department, and the secretary of the Party branch and the deputy general manager of Shenzhen Huangcheng Real Estate Co., Ltd. Currently, he now is the member of the Party Committee, and deputy general manager.

**Mr. Zhang Gejian**, born in September 1975, the member of the Communist Party of China, MBA, is an Accountant as well as Auditor. He was engaged in internal auditing work in Audit Department of the Company since July 1997. He acted as the audit manager, Supervisor of the Company and concurrently the Cost Control Manager. Now he is the member of the Party Committee, the vice GM and Board Secretary (Acting) of the Company.

**Ms. Shen Xueying**, born in October 1969, the member of the Communist Party of China, Bachelor of Economics, is a senior accountant. Ms. Shen Xueying has been engaged in the financial management of listed companies for more than 20 years. She joined the Finance Department of the Company in 1991 and successively served as the clerk and deputy manager of the financial management department of the Company. She has been the manager of the financial management department of the Company from 2007 to 2018, and now she is the Director, and Chief Financial Officer of the Company.

Offices held concurrently in shareholding entities:

√Applicable Not applicable

Name	Shareholding entity	Office held in the shareholding entity	Start of tenure	End of tenure	Remuneration or allowance from the shareholding entity
Wang Ge	Shenzhen Investment Holdings Co., Ltd.	Chief Engineer of Shenzhen Investment Holdings Co., Ltd.	1 March 2017		Yes
Xie Chang	Shenzhen Investment Holdings Co., Ltd.	Director of the general management department of Shenzhen Investment Holdings Co., Ltd.	7 April 2020		Yes
Zhang Manhua	Shenzhen Investment Holdings Co., Ltd.	Director of the legal and risk management department of Shenzhen Investment Holdings Co., Ltd.	1 January 2017		Yes
Li Qinghua	Shenzhen Investment Holdings Co., Ltd.	Deputy director of the audit department of Shenzhen Investment Holdings Co., Ltd.	1 January 2017		Yes

Offices held concurrently in other entities:

√Applicable Not applicable

Name	Other entity	Office held in the entity	Start of tenure	End of tenure	Remuneration or allowance from the entity
Yuan Hongchang	Shenzhen WorldUnion Properties Consultancy Incorporated	Chairman of the Supervisory Committee of Shenzhen WorldUnion Properties Consultancy Incorporated & GM of Shanghai WorldUnion	1 September 2013		Yes
Mei Yonghong	BGI Agricultural Group, County Garden	Chairman of BGI Agricultural Group, Vice president of County Garden Group & CEO of Country Garden Holdings Co. Ltd.	1 September 2015		Yes
Li Qingyuan	Wuhan University	Deputy dean of the department of economy	1 December 2015		Yes

		and management and the director of the department of accounting of Wuhan University.			
Dai Xianhua	ShenZhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd.	Chairman of the Supervisory Committee of ShenZhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd.	16 January 2020	31 December 2020	No

Punishments imposed in the recent three years by the securities regulator on the incumbent directors, supervisors and senior management as well as those who left in the Reporting Period:

Applicable  Not applicable

#### IV Remuneration of Directors, Supervisors and Senior Management

Decision-making procedure, determination basis and actual payments of remuneration for directors, supervisors and senior management:

During this Reporting Period, the board and the management of the Company signed statement of operation objectives responsibility for 2020, conducted appraisal system integrating operation indicators, classification indicators with management objectives. After the end of this Reporting Period, assessment was implemented by the board. Remuneration of senior executives was determined according to “Management Method of Annual salary System of Directors, Supervisors and Senior Executives” and “Long-term Incentive-and-Restraint Mechanism of ShenZhen Properties & Resources Development (Group) Ltd.” and need to be implemented after the annual assessment of the board.

Remuneration of directors, supervisors and senior management for the Reporting Period

Unit: RMB'0,000

Name	Office title	Gender	Age	Incumbent/Former	Total before-tax remuneration from the Company	Any remuneration from related party
Liu Shengxian	Party Secretary and Chairman of the Board	Male	50	Incumbent	226.33	No
Wang Hangjun	Director, Deputy Party Secretary, GM	Male	55	Incumbent	201.63	No
Wei Xiaodong	Director, Deputy Party Secretary	Male	51	Incumbent	161.75	No
Shen Xueying	Director and CFO	Female	52	Incumbent	129.42	No
Wang Ge	Director	Male	50	Incumbent	0	Yes
Xie Chang	Director	Male	49	Incumbent	0	Yes

Zhang Shilei	Director	Male	43	Former	0	Yes
Yuan Hongchang	Independent Director	Male	50	Incumbent	8	Yes
Mei Yonghong	Independent Director	Male	57	Incumbent	8	Yes
Li Qingyuan	Independent Director	Male	44	Incumbent	8	Yes
Dai Xianhua	Chairman of the Supervisory Committee, Secretary of Committee for Discipline Inspection	Male	59	Incumbent	133.63	No
Zhang Manhua	Supervisor	Male	46	Incumbent	0	Yes
Li Qinghua	Supervisor	Male	39	Incumbent	0	Yes
Wang Qiuping	Employee supervisor, executive director of ITC Technology Park, Party Secretary, GM	Female	51	Incumbent	61.49	No
Gu Weimin	Employee supervisor, Director of Discipline Inspection Office	Female	40	Incumbent	57.15	No
Fan Weiping	Member of the Party Committee, Vice GM, General Counsel, Board Secretary	Male	56	Former	161.93	No
Chen Hongji	Member of the Party Committee, Vice GM	Male	52	Incumbent	0	Yes
Cai Lili	Member of the Party Committee, Vice GM	Female	49	Incumbent	173.33	No
Li Peng	Member of the Party Committee, Vice GM	Male	45	Incumbent	173.54	No
Zhang Gejian	Member of the Party Committee, Vice GM, Board Secretary (Acting)	Male	46	Incumbent	141.04	No
Total	--	--	--	--	1,645.24	--

Equity incentives for directors, supervisors and senior management in the Reporting Period:

Applicable  Not applicable

## V Employees

### 1. Number, Functions and Educational Backgrounds of Employees

Number of in-service employees of the Company as the parent	101
Number of in-service employees of major subsidiaries	7,934
Total number of in-service employees	8,035
Total number of paid employees in the Reporting Period	8,035
Number of retirees to whom the Company as the parent or its major subsidiaries need to pay retirement pensions	0
<b>Functions</b>	
Function	Employees
Production	5,557
Sales	214
Technical	1,380
Financial	244
Administrative	453
Managerial	187
Total	8,035
<b>Educational backgrounds</b>	
Educational background	Employees
College and Technical secondary school graduates and above	3,273
High school graduates and below	4,762
Total	8,035

### 2. Employee Remuneration Policy

In 2020, the Group stuck to remuneration system of industrialization within the Group and marketization in the industry, referred to market remuneration level of the same industry, reformed bravely and promoted the income distribution system reform and upgrading of the subordinate companies stably by learning from external experience as well as multiple demonstration, completed remuneration performance management system, established incremental sharing mechanism, studied and revised organization framework design, department function division, fixed position and fixed arrangement and remuneration performance of subordinated Companies based on marketized principle.

### 3. Employee Training Plans

In 2020, the Group promoted the construction of learning type organization, formulated training plan according to operation development needs, with the key contents including special courses of real estate, comprehensive management ability, team expansion, position ability and quality improvement, and other courses, taking the method of combining internal training and external

training, organized all the employees to take part in training by grade as planned, improved the professional quality, business ability and execution ability of staff team, enhanced the understanding and conscientiousness for governing the enterprise by law and acting according to rules.

#### **4. Labor Outsourcing**

Applicable  Not applicable

## Part X Corporate Governance

### I General Information of Corporate Governance

The internal control system of the Company is complete, accomplished and defined that in accordance with Company Law, Articles of Association and other laws and regulations as well as requirements of regulatory documents. The convene of Shareholders' General Meeting, the Board of Directors and Supervisory Board are strictly in accordance with relevant rules and regulations, all directors and supervisors earnestly and diligently commit their responsibilities. Corporate structure of the Company is complete and the operation of the Company is standardized.

During the reporting period, the Company revised the Articles of Association, Rules of Procedures for General Meeting of Shareholders, Rules of Procedures for the Board of Directors, Rules of Procedures for the Board of Supervisors and regulations on the work of special committees under the Board of Directors in accordance with the Company Law, Securities Law, Listing Rules and other relevant provisions based on the actual conditions of the Company to establish and improve internal management and control system.

Abiding by the principle of being scientific, simplified and high efficient, the Company adjusted the its setting of departments and institutions, currently set up Party-mass office, discipline inspection and supervision office (the audit department, office of the supervisory committee, office of board of directors, comprehensive office (procedure and information center, letters and visits office), HR department (training center), financial management department (settlement center), investment development department, operation and management department, design management department (technological center), cost contract department, engineering management department (office of security committee), office of industrial operation. Each department performs its own functions, and strictly carries out work according to internal control system, to ensure the normal and efficient operation of the Company.

The Company has always attached great importance on standardizing insider information management, formulated and completed *Management Provisions on Information Disclosure*, *Work Procedures of Annual Report of Auditing Committee*, *Accountability System of Major Errors in Information Disclosure of Annual Report*, *Work System of Annual Report*, *Insider Management System of Insider Information*, *Management System of Investor Relationship*, and other internal control system, to ensure the authenticity, accuracy and completeness of Company information disclosure. During the reporting period, the Company strictly carried out information disclosure, corporate governance conference organization, and other work according to requirements of securities supervision, disclosed information timely, accurately and completely, without any accidents which violate relevant internal control system of information disclosure.

At the end of the reporting period, the Company carried out quality self-examination of listed companies according to the requirements of Shenzhen Securities Regulatory Bureau to find out deficiencies in the operation of the Company and formulate rectification plan to improve company governance and standard operation.

Indicate by tick market whether there is any material incompliance with the regulatory documents issued by the CSRC governing the governance of listed companies.

Yes  No

No such cases in the Reporting Period.

### II The Company's Independence from Its Controlling Shareholder in Business, Personnel, Asset, Organization and Financial Affairs

The Company was independent from the controlling shareholder in business, personnel, assets, organization and finance to realize that independent personnel, independent finance, complete assets, independent organization and independent business.

1. In aspect of business: The Company was independent from the controlling shareholder with independent and complete business and independent operation capability. There was no business which was same or competitive with the controlling shareholder.
2. In aspect of personnel: The Company was complete independent from the controlling shareholder in terms of labor and personnel, management on remuneration. Personnel of the Company are independent, all ones signed labor contract with the Company. The Company was independent from the shareholders or other related parties in personnel management, social security, salary etc.
3. In aspect of asset: The Company's assets were complete and independent, the property relationship was clear. There was no capital occupation by controlling shareholder, and assets of the Company were completely independent from controlling shareholder.
4. In aspect of organization: The Company's organization was independent, and the Company implemented rules and regulations as well as responsibilities for all departments, formed independent responsibilities and rights, scientific and rational internal control system.
5. In aspect of finance: The Company's finance was independent with independent finance department. The Company established the independent finance settling system and financial management system, had its own finance account and paid the tax in line with laws, run finance decision-making independently.

The controlling shareholder of the Company performed normatively with no conduct that intervened with the operation decision-making and operation activities directly or indirectly over the shareholders' general meeting, however, the controlling shareholder could influence on the significant decision-making through the shares holding.

### III Horizontal Competition

Applicable  Not applicable

## IV Annual and Special General Meetings Convened during the Reporting Period

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

Meeting	Type	Investor participation ratio	Date of the meeting	Disclosure date	Index to disclosed information
The 1 <sup>st</sup> Extraordinary General Meeting of 2020	Extraordinary General Meeting	63.90%	15 January 2020	16 January 2020	Announcement on Resolutions of the 1 <sup>st</sup> Extraordinary General Meeting of 2020 (No.: 2020-3) on Cninfo
The 2019 Annual General Meeting	Annual General Meeting	63.90%	28 April 2020	29 April 2020	Announcement on Resolutions of the 2019 Annual General Meeting (No.: 2020-21) on Cninfo
The 2 <sup>nd</sup> Extraordinary General Meeting of 2020	Extraordinary General Meeting	62.91%	12 October 2020	13 October 2020	Announcement on Resolutions of the 2 <sup>nd</sup> Extraordinary General Meeting of 2020 (No.: 2020-47)



					on Cninfo
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## 2. Special General Meetings Convened at the Request of Preferred Shareholders with Resumed Voting Rights

Applicable  Not applicable

## V Performance of Duty by Independent Directors in the Reporting Period

### 1. Attendance of Independent Directors at Board Meetings and General Meetings

Attendance of independent directors at board meetings and general meetings							
Independent director	Total number of board meetings the independent director was eligible to attend	Board meetings attended on site	Board meetings attended by way of telecommunication	Board meetings attended through a proxy	Board meetings the independent director failed to attend	The independent director failed to attend two consecutive board meetings (yes/no)	General meetings attended
Yuan Hongchang	9	0	9	0	0	No	3
Mei Yonghong	9	0	9	0	0	No	3
Li Qingyuan	9	0	9	0	0	No	3

Why any independent director failed to attend two consecutive board meetings:

Not applicable

### 2. Objections Raised by Independent Directors on Matters of the Company

Indicate by tick mark whether any independent directors raised any objections on any matter of the Company.

Yes  No

No such cases in the Reporting Period.

### 3. Other Information about the Performance of Duty by Independent Directors

Indicate by tick mark whether any suggestions from independent directors were adopted by the Company.

Yes  No

Suggestions from independent directors adopted or not adopted by the Company:

With attitude of credibility and diligence to the Company and all shareholders, independent directors was diligent and responsible, reviewed all resolutions, and in line with their professional knowledge and capability, made independent, objective and fair judgment away from influence from the Company and principal shareholders of the Company. Also, independent directors expressed

independent, objective and fair opinion on relevant events, which made practical efforts to safeguard interests of the Company and minority shareholders.

## **VI Performance of Duty by Specialized Committees under the Board in the Reporting Period**

The four special committees under the 9<sup>th</sup> board—the Strategic Development and Investment Decision-Making Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Audit Committee—according to “Governance Principle of listed Company”, “Articles of Association”, “and Rules of Procedure of the Board of Directors” and implementation rules of special committee, earnestly performed their duties.

During this Reporting Period, strategic development and investment decision-making committee paid attention to authorization of the board to project development and financing, kept good contact with the management and had a good knowledge of matters within their power.

The Nomination Committee communicated and exchanged with relevant departments of the Company on the demand for directors and senior executives to adapt to the development and changes of the Company’s business pattern and asset scale, and held a meeting to review the qualification of Mr. Chen Hongji to act as a Senior Manager and offered opinions.

The Compensation and Assessment Committee communicated with the Management and held four meetings to respectively review the performance appraisal of company organizations in 2019, the Long-term Incentive and Restraint Plan, executive appraisal method and executive appraisal results for 2019.

The Audit Committee held five meetings to listen to the audit opinions on the Company’s audit work report for 2019 and audit work plan for 2020, offer audit opinions on the re-employment of accounting firm, internal audit work in the first half of 2020 and internal audit work in the third quarter of 2020, and review the comprehensive budget for 2021 (draft).

## **VII Performance of Duty by the Supervisory Committee**

Indicate by tick mark whether the Supervisory Committee found any risk to the Company during its supervision in the Reporting Period.

Yes  No

The Supervisory Committee raised no objections in the Reporting Period.

## **VIII Appraisal and Incentive for Senior Management**

During the reporting period, the Board of Directors signed the Letter of Responsibility for Business Objectives of 2020 with the Management of the Company referring to the Measures for Assessment of Senior Management by the Board of Directors of SZPRD and Measures for Performance Assessment of Deputy General Manager of SZPRD, and adopted the assessment method integrating performance assessment with bonus item for assessment at the end of the year. The salary system of the Company’s senior managers is based on the Management Measures for Annual Salary of Directors, Supervisors and Senior Managers, which is implemented after annual assessment of the Board of Directors. The first long-term incentive and restraint plan of the Group has been implemented, which is conducive to better motivate senior executives to achieve good performance.

## **IX Internal Control**

### **1. Material Internal Control Weaknesses Identified for the Reporting Period**

Yes  No

## 2. Internal Control Self-Evaluation Report

Disclosure date of the internal control self-evaluation report	31 March 2021	
Index to the disclosed internal control self-evaluation report	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>	
Evaluated entities' combined assets as % of consolidated total assets	99.00%	
Evaluated entities' combined operating revenue as % of consolidated operating revenue	99.00%	
Identification standards for internal control weaknesses		
Type	Weaknesses in internal control over financial reporting	Weaknesses in internal control not related to financial reporting
Nature standard	<p>Indications of the serious defect of the financial report were including: 1. the control environment is invalid;</p> <p>2. Commitment of major fraud by directors, supervisors or senior management of the Company;</p> <p>3. the audit institution discovered the current financial report had great defect while the internal control of the Company didn't found out during the operating process;</p> <p>4. Correction of major misstatement in financial reports reported or disclosed by the Company;</p> <p>5. the supervision of the Company's Audit Committee and the internal audit department on the internal control was invalid.</p> <p>Indications of the important defect of the financial report were including: 1. didn't abide by the universally acknowledged accounting standard to choose and apply the accounting policies; 2. had not built up the anti-fraud process and the control measures; 3. had not built up the corresponding control mechanism or had not executed the corresponding compensating control for the accounting</p>	<p>Major defects include: 1. Serious violation of national laws and regulations leading to major litigation, or investigation of regulatory agencies, ordered suspension of business for rectification, investigation for criminal responsibility or replacement of senior managers;</p> <p>2. Abnormal major changes of directors, supervisors, senior management and main technical personnel of the Company;</p> <p>3. Major decision-making errors due to lack of internal democratic decision-making procedures or unscientific procedures;</p> <p>4. Serious loss of core management or technical personnel;</p> <p>5. Vicious negative news frequently appeared in the media, involving a wide range and negative existing influence;</p> <p>6. Significant impact on the Company's production and operation due to lack of system control or system failure of important business;</p> <p>7. Major defects of internal control</p>

	<p>treatment which was unconventional or with special transaction; 4. the control during the process of the financial report at the period-end existed one or multiple defects that could not guarantee the compile of the financial report reach the goal of being real and complete;</p> <p>5. Important or general defects of internal control to be rectified.</p> <p>Common defect: refers to the other control defect except for the above great defect and significant defect.</p>	<p>evaluation to be rectified;</p> <p>8. Any other negative circumstances generating significant impact on the Company.</p> <p>Significant defects include: 1. Incomplete democratic decision-making process that affects production and operation of the Company;</p> <p>2. Violation of internal rules and regulations leading to important losses;</p> <p>3. Exposure of negative news by the media leading to significant impact on the Company;</p> <p>4. Important defects of important business regulations or system to be rectified;</p> <p>5. Any other negative case leading to great impact on the Company.</p> <p>Common defects: any other control defect except for the above major and significant defects.</p>
<p>Quantitative standard</p>	<p>Serious defect: potential misstatement of the operating income <math>\geq 1\%</math> of the operating income of the consolidated statements of the Company, potential misstatement of the total assets amount <math>\geq 0.40\%</math> of the total assets of the consolidated statements of the Company, potential misstatement of the net assets <math>\geq 1.00\%</math> of the net assets of the consolidated statements of the Company.</p> <p>Important defect: <math>0.50\%</math> of the operating income of the consolidated statements of the Company <math>\leq</math> misstatement <math>&lt; 1\%</math> of the operating income of the consolidated statements of the Company; <math>0.2\%</math> of the total assets of the consolidated statements of the Company <math>\leq</math> misstatement <math>&lt; 0.4\%</math> of the total assets of the consolidated statements of the Company, <math>0.5\%</math> of the net assets of the consolidated statements of the Company <math>\leq</math> misstatement <math>&lt; 1\%</math> of the net assets of the consolidated statements of</p>	<p>Major defects: direct property loss <math>\geq 1.00\%</math> of net assets of the previous year;</p> <p>Significant defects: <math>0.5\%</math> of net assets of the previous year <math>\leq</math> direct property loss <math>&lt; 1.00\%</math> of net assets of the previous year;</p> <p>Common defects: direct property loss <math>&lt; 0.5\%</math> of net assets of the previous year.</p>

	the Company. Common defect: misstatement of the operating income<0.5% of the operating income of the consolidated statements of the Company, misstatement of the total assets amount<0.2% of the total assets amount of the consolidated statements of the Company, misstatement of the net assets<0.5% of the net assets of the consolidated statements of the Company.	
Number of material weaknesses in internal control over financial reporting		0
Number of material weaknesses in internal control not related to financial reporting		0
Number of serious weaknesses in internal control over financial reporting		0
Number of serious weaknesses in internal control not related to financial reporting		0

## X Independent Auditor's Report on Internal Control

Applicable  Not applicable

Opinion paragraph in the independent auditor's report on internal control	
We believe that Shenzhen Properties & Resources Development (Group) Ltd. maintained efficient internal control of financial reports in all significant aspects according to "Basic Standards of Corporate Internal Control" and relevant regulations.	
Independent auditor's report on internal control disclosed or not	Disclosed
Disclosure date	31 March 2021
Index to such report disclosed	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Type of the auditor's opinion	Unmodified unqualified opinion
Material weaknesses in internal control not related to financial reporting	None

Indicate by tick mark whether any modified opinion is expressed in the independent auditor's report on the Company's internal control.

Yes  No

Indicate by tick mark whether the independent auditor's report on the Company's internal control is consistent with the internal control self-evaluation report issued by the Company's Board.

Yes  No

## **Part XI Corporate Bonds**

Does the Company have any corporate bonds publicly offered on the stock exchange, which were outstanding before the date of this Report's approval or were due but could not be redeemed in full?

No.

## Part XII Financial Statements

### I Independent Auditor's Report

Type of the independent auditor's opinion	Unmodified unqualified opinion
Date of signing this report	30 March 2021
Name of the independent auditor	Baker Tilly China Certified Public Accountants (LLP)
Reference number of Audit Report	Baker Tilly YZ[2021]No.14873
Name of the certified public accountants	Li Ming, Chen Zihan

### Text of the Auditor's Report

**All shareholders of Shenzhen Properties & Resources Development (Group) Ltd.:**

#### 1. Opinion

We have audited the financial statements of Shenzhen Properties & Resources Development (Group) Ltd. (the "Company"), which comprise the consolidated and parent company balance sheets as of 31 December 2020, the consolidated and parent company statements of income, cash flows and changes in shareholders' equity for the year then ended, as well as the notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated and parent company financial position of the Company at 31 December 2020, and the consolidated and parent company operating results and cash flows for the year then ended, in conformity with the Chinese Accounting Standards (CAS).

#### 2. Basis for Opinion

We conducted our audits in accordance with the Audit Standards for Chinese Registered Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for Audit of Financial Statements section of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the said Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 3. Key audit items

Key audit items are the items that are considered most important for the audit of the current financial statements based on our professional judgment. The response to these items is based on the audit of the financial statements as a whole and the formation of audit opinions. We do not comment on these items separately.

Key audit item	Audit response
<b>1. Recognition and measurement of revenue from real estate development and sales</b>	
SZPRD achieved a revenue of RMB2.792 billion from real estate development projects in 2020, accounting for 68.03% of the total operating revenue. SZPRD confirms revenue from real estate development projects when all the following conditions are met: (1) Real estate products of sales contracts under development are completed and accepted; (2) Irreversible sales	Our audit procedures for this key audit issue include: Understanding and sampling key control measures related to property sales business to evaluate the effectiveness of implementation of control procedures. Obtaining and reviewing completion acceptance documents of projects; reviewing property sales contracts and verifying the



<p>contracts are signed and buyers' payment certificates are received; (3) Notice of property acceptance is issued.</p> <p>The recognition and measurement of revenue from real estate business has a significant impact on the operating results of SZPRD, which may be inaccurately measured or recognized in improper accounting period. Therefore, we regard the recognition and measurement of real estate development and sales revenue as key audit issues.</p> <p>For accounting policies and details of revenue from real estate development and sales, please refer to Note III, (26), VI, (32) to the financial statement.</p>	<p>authenticity of revenue from property sales recognized in this year; checking original collection certificates or certificates of bank mortgage procedures to determine whether full payment amount is received; reviewing admission notice or other supporting documents on delivery of properties to evaluate whether revenue from property sales meets the conditions for revenue recognition as stipulated by the Company's accounting policy.</p> <p>Obtaining and reviewing supporting documents for property delivery before and after the balance sheet date to evaluate whether revenue from property sales is recorded in proper accounting period.</p>
<b>2. Provision of increment tax on land value</b>	
<p>The Company shall pay increment tax on land value at the rate of 30-60% of extra progressive tax rate of increment amount on land value for real estate sales and development. At the end of each financial reporting period, the Management shall estimate the provision amount of increment tax on land value. When making estimation judgment, main factors to be included in consideration shall include the provisions and explanations of relevant tax laws and regulations, the amount of estimated revenue from sale of real estate minus estimated deductible land cost, real estate development cost, interest expense and development cost, etc. The actual amount in final settlement payable by SZPRD for increment tax on land value may be different from the estimated amount.</p> <p>As the importance of provision of increment tax on land value on the profit and loss of real estate enterprises, and Management includes the understanding of relevant tax laws and regulations and actual practices in consideration for estimation judgment, we determine the provision of increment tax on land value of SZPRD as a key audit issue.</p>	<p>Our audit procedures for this key audit issue include:</p> <p>Obtaining calculation data of increment tax on land value of main real estate development projects to review and calculate the accuracy of amount of increment tax on land value accrued by the Company in this year.</p> <p>Combining the audit revenue from real estate sales to review the rationality of estimated amount of revenue from real estate sales made by the Management in the calculation of increment tax on land value.</p> <p>Combining inventory audit to review the accuracy of land cost, real estate development cost, interest expense and development cost deducted by the Management in the calculation of increment tax on land value.</p>

#### 4. Other Information

The Company's management (hereinafter referred to as the Management") is responsible for the other information. The other information comprises all of the information included in the Company's 2020 Annual Report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## 5. Responsibilities of Management and Those Charged with Governance for Financial Statements

The Management is responsible for the preparation of the financial statements that give a fair view in accordance with CAS, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance (hereinafter referred to as the "Governance") are responsible for overseeing the Company's financial reporting process.

## 6. Auditor's Responsibilities for Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by CAS to draw users' attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding the planned scope and timing of the audit and significant audit findings, including any noteworthy deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in

the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Baker Tilly YZ[2021]No.14873

Beijing·China

30 March 2021

Chinese CPA

(Engagement Partner): Li Ming

Chinese CPA: Chen Zihan

## II Financial Statements

Currency unit for the financial statements and the notes thereto: RMB

### 1. Consolidated Balance Sheet

Prepared by Shenzhen Properties &amp; Resources Development (Group) Ltd.

31 December 2020

Unit: RMB

Item	31 December 2020	31 December 2019
Current assets:		
Monetary assets	4,206,266,629.32	3,297,890,935.91
Settlement reserve		
Interbank loans granted		
Held-for-trading financial assets		
Derivative financial assets		
Notes receivable		
Accounts receivable	187,697,631.47	216,923,663.25
Accounts receivable financing		
Prepayments	50,543,422.85	69,546,774.17
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	789,050,350.51	917,981,165.74

Including: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	5,312,489,258.20	4,913,510,876.66
Contract assets		
Assets held for sale		
Current portion of non-current assets		
Other current assets	48,991,965.92	42,500,585.94
Total current assets	10,595,039,258.27	9,458,354,001.67
Non-current assets:		
Loans and advances to customers		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	45,710,220.79	45,076,122.72
Investments in other equity instruments	1,044,905.12	1,580,475.86
Other non-current financial assets		
Investment property	484,738,506.83	503,323,428.61
Fixed assets	116,233,936.04	93,557,782.83
Construction in progress		
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	482,049.51	700,369.66
Development costs		
Goodwill		
Long-term prepaid expense	11,862,716.14	7,034,472.79
Deferred income tax assets	950,681,245.50	658,153,122.73
Other non-current assets	1,564,074.34	4,711,963.66
Total non-current assets	1,612,317,654.27	1,314,137,738.86
Total assets	12,207,356,912.54	10,772,491,740.53

Current liabilities:		
Short-term borrowings		
Borrowings from the central bank		
Interbank loans obtained		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	468,269,685.65	577,689,139.10
Advances from customers	473,274.48	728,186,032.63
Contract liabilities	666,893,629.72	
Financial assets sold under repurchase agreements		
Customer deposits and interbank deposits		
Payables for acting trading of securities		
Payables for underwriting of securities		
Employee benefits payable	177,190,197.36	143,493,868.80
Taxes payable	2,487,212,979.37	2,598,283,291.68
Other payables	847,142,613.09	1,149,104,928.85
Including: Interest payable		
Dividends payable	12,202,676.04	12,202,676.04
Handling charges and commissions payable		
Reinsurance payables		
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities	36,722,824.88	3,921,032.24
Other current liabilities	43,354,691.51	
Total current liabilities	4,727,259,896.06	5,200,678,293.30
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	3,587,800,000.00	2,193,833,000.00
Bonds payable		

Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions	2,396,947.00	2,903,327.87
Deferred income		341,259.63
Deferred income tax liabilities	262.20	3,821.08
Other non-current liabilities	108,778,327.45	108,164,737.46
Total non-current liabilities	3,698,975,536.65	2,305,246,146.04
Total liabilities	8,426,235,432.71	7,505,924,439.34
Owners' equity:		
Share capital	595,979,092.00	595,979,092.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	80,488,045.38	80,488,045.38
Less: Treasury stock		
Other comprehensive income	-6,749,589.41	-2,698,371.44
Specific reserve		
Surplus reserves	19,205,979.63	17,060,448.05
General reserve		
Retained earnings	3,038,993,912.43	2,457,119,795.39
Total equity attributable to owners of the Company as the parent	3,727,917,440.03	3,147,949,009.38
Non-controlling interests	53,204,039.80	118,618,291.81
Total owners' equity	3,781,121,479.83	3,266,567,301.19
Total liabilities and owners' equity	12,207,356,912.54	10,772,491,740.53

Legal representative: Liu Shengxiang

Head of financial affairs: Cai Lili

Head of the financial department: Liu Qiang

## 2. Balance Sheet of the Company as the Parent

Unit: RMB

Item	31 December 2020	31 December 2019
Current assets:		
Monetary assets	3,216,703,036.69	2,455,001,204.14
Held-for-trading financial assets		
Derivative financial assets		
Notes receivable		
Accounts receivable	2,624,500.42	755,932.14
Accounts receivable financing		
Prepayments		496,729.09
Other receivables	145,325,697.20	501,082,153.81
Including: Interest receivable		
Dividends receivable		
Inventories	653,885,107.24	624,499,208.02
Contract assets		
Assets held for sale		
Current portion of non-current assets		
Other current assets	496,729.09	1,113,935.28
Total current assets	4,019,035,070.64	3,582,949,162.48
Non-current assets:		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	1,071,176,101.18	1,070,542,003.11
Investments in other equity instruments	1,275,405.12	1,810,975.86
Other non-current financial assets		
Investment property	303,827,356.62	312,638,785.76
Fixed assets	51,091,963.72	26,337,488.29
Construction in progress		
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets		

Development costs		
Goodwill		
Long-term prepaid expense	432,440.01	605,416.29
Deferred income tax assets	252,331,518.26	343,958,821.07
Other non-current assets	1,197,407,234.55	1,613,657,031.92
Total non-current assets	2,877,542,019.46	3,369,550,522.30
Total assets	6,896,577,090.10	6,952,499,684.78
Current liabilities:		
Short-term borrowings		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	55,887,947.36	64,503,938.37
Advances from customers		320,469.53
Contract liabilities		
Employee benefits payable	50,710,148.02	36,735,205.68
Taxes payable	3,736,082.67	1,322,751,671.37
Other payables	3,971,988,862.11	3,146,684,268.89
Including: Interest payable		
Dividends payable	29,642.40	29,642.40
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities	31,573,154.86	
Other current liabilities		
Total current liabilities	4,113,896,195.02	4,570,995,553.84
Non-current liabilities:		
Long-term borrowings	588,200,000.00	
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		



Provisions		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities	40,000,000.00	40,000,000.00
Total non-current liabilities	628,200,000.00	40,000,000.00
Total liabilities	4,742,096,195.02	4,610,995,553.84
Owners' equity:		
Share capital	595,979,092.00	595,979,092.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	53,876,380.11	53,876,380.11
Less: Treasury stock		
Other comprehensive income	-2,545,451.19	-2,051,268.24
Specific reserve		
Surplus reserves	19,205,979.63	16,403,637.61
Retained earnings	1,487,964,894.53	1,677,296,289.46
Total owners' equity	2,154,480,895.08	2,341,504,130.94
Total liabilities and owners' equity	6,896,577,090.10	6,952,499,684.78

### 3. Consolidated Income Statement

Unit: RMB

Item	2020	2019
1. Revenue	4,104,374,646.02	3,961,669,942.44
Including: Operating revenue	4,104,374,646.02	3,961,669,942.44
Interest income		
Insurance premium income		
Handling charge and commission income		
2. Costs and expenses	3,094,700,417.31	2,966,054,505.18
Including: Cost of sales	1,386,710,239.54	1,433,615,885.43
Interest expense		
Handling charge and commission expense		
Surrenders		

Net insurance claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surcharges	1,313,348,228.48	1,081,511,281.04
Selling expense	44,753,247.18	111,553,952.50
Administrative expense	238,625,143.31	204,654,552.64
R&D expense		
Finance costs	111,263,558.80	134,718,833.57
Including: Interest expense	182,930,469.55	194,545,794.14
Interest income	72,357,101.87	61,860,403.42
Add: Other income	12,770,810.75	5,150,377.43
Return on investment (“-” for loss)	634,098.07	5,076,839.48
Including: Share of profit or loss of joint ventures and associates	634,098.07	5,076,839.48
Income from the derecognition of financial assets at amortized cost (“-” for loss)		
Exchange gain (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)		
Credit impairment loss (“-” for loss)	4,623,356.81	-18,701,016.31
Asset impairment loss (“-” for loss)	-51,185.46	-1,234,250.84
Asset disposal income (“-” for loss)	2,311.70	
3. Operating profit (“-” for loss)	1,027,653,620.58	985,907,387.02
Add: Non-operating income	11,697,661.23	23,732,348.28
Less: Non-operating expense	5,244,329.50	4,793,503.85
4. Profit before tax (“-” for loss)	1,034,106,952.31	1,004,846,231.45
Less: Income tax expense	302,769,082.58	262,716,180.91
5. Net profit (“-” for net loss)	731,337,869.73	742,130,050.54
5.1 By operating continuity		
5.1.1 Net profit from continuing	731,337,869.73	742,061,273.73

operations (“-” for net loss)		
5.1.2 Net profit from discontinued operations (“-” for net loss)		68,776.81
5.2 By ownership		
5.2.1 Net profit attributable to shareholders of the Company as the parent	798,572,121.74	817,805,780.12
5.2.1 Net profit attributable to non-controlling interests	-67,234,252.01	-75,675,729.58
6. Other comprehensive income, net of tax	-4,051,217.97	-912,189.75
Attributable to owners of the Company as the parent	-4,051,217.97	-912,189.75
6.1 Items that will not be reclassified to profit or loss	-494,182.95	-2,051,268.24
6.1.1 Changes caused by remeasurements on defined benefit schemes		
6.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
6.1.3 Changes in the fair value of investments in other equity instruments	-494,182.95	-2,051,268.24
6.1.4 Changes in the fair value arising from changes in own credit risk		
6.1.5 Other		
6.2 Items that will be reclassified to profit or loss	-3,557,035.02	1,139,078.49
6.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
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 Credit impairment allowance for investments in other debt obligations		
6.2.5 Reserve for cash flow hedges		
6.2.6 Differences arising from the translation of foreign currency-denominated financial	-3,557,035.02	1,139,078.49

statements		
6.2.7 Other		
Attributable to non-controlling interests		
7. Total comprehensive income	727,286,651.76	741,217,860.79
Attributable to owners of the Company as the parent	794,520,903.77	816,893,590.37
Attributable to non-controlling interests	-67,234,252.01	-75,675,729.58
8. Earnings per share		
8.1 Basic earnings per share	1.3399	1.3722
8.2 Diluted earnings per share	1.3399	1.3722

Where business combinations under common control occurred in the Current Period, the net profit achieved by the acquirees before the combinations was RMB0.00, with the amount for the same period of last year being RMB118,680,871.93.

Legal representative: Liu Shengxiang

Head of financial affairs: Cai Lili

Head of the financial department: Liu Qiang

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

Unit: RMB

Item	2020	2019
1. Operating revenue	64,151,369.60	393,330,909.38
Less: Cost of sales	45,749,528.01	61,706,002.23
Taxes and surcharges	8,552,661.46	152,745,770.45
Selling expense	2,287,301.10	13,078,323.49
Administrative expense	98,340,542.43	77,139,133.61
R&D expense		
Finance costs	-43,492,708.54	-43,712,067.17
Including: Interest expense	15,950,523.75	
Interest income	65,751,243.49	42,193,217.20
Add: Other income	253,884.96	85,442.53
Return on investment (“-” for loss)	116,246,519.46	86,697,646.64
Including: Share of profit or loss of joint ventures and associates	634,098.07	5,076,839.48
Income from the derecognition of financial assets at amortized cost (“-”		

for loss)		
Net gain on exposure hedges ("-" for loss)		
Gain on changes in fair value ("-" for loss)		
Credit impairment loss ("-" for loss)	-116,544.34	811,051.45
Asset impairment loss ("-" for loss)		
Asset disposal income ("-" for loss)		
2. Operating profit ("-" for loss)	69,097,905.22	219,967,887.39
Add: Non-operating income	9,989,210.85	359,518.50
Less: Non-operating expense	374,965.45	1,292,469.73
3. Profit before tax ("-" for loss)	78,712,150.62	219,034,936.16
Less: Income tax expense	50,688,730.41	54,998,560.04
4. Net profit ("-" for net loss)	28,023,420.21	164,036,376.12
4.1 Net profit from continuing operations ("-" for net loss)	28,023,420.21	164,036,376.12
4.2 Net profit from discontinued operations ("-" for net loss)		
5. Other comprehensive income, net of tax	-494,182.95	-2,051,268.24
5.1 Items that will not be reclassified to profit or loss	-494,182.95	-2,051,268.24
5.1.1 Changes caused by remeasurements on defined benefit schemes		
5.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
5.1.3 Changes in the fair value of investments in other equity instruments	-494,182.95	-2,051,268.24
5.1.4 Changes in the fair value arising from changes in own credit risk		
5.1.5 Other		
5.2 Items that will be reclassified to profit or loss		
5.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		

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 Credit impairment allowance for investments in other debt obligations		
5.2.5 Reserve for cash flow hedges		
5.2.6 Differences arising from the translation of foreign currency-denominated financial statements		
5.2.7 Other		
6. Total comprehensive income	27,529,237.26	161,985,107.88
7. Earnings per share		
7.1 Basic earnings per share	0.0470	0.2752
7.2 Diluted earnings per share	0.0470	0.2752

## 5. Consolidated Cash Flow Statement

Unit: RMB

Item	2020	2019
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	4,390,400,364.60	4,536,821,506.05
Net increase in customer deposits and interbank deposits		
Net increase in borrowings from the central bank		
Net increase in loans from other financial institutions		
Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Interest, handling charges and commissions received		
Net increase in interbank loans obtained		
Net increase in proceeds from repurchase		

transactions		
Net proceeds from acting trading of securities		
Tax rebates	17,586,334.90	
Cash generated from other operating activities	401,974,306.32	727,613,534.88
Subtotal of cash generated from operating activities	4,809,961,005.82	5,264,435,040.93
Payments for commodities and services	1,398,688,587.24	2,805,353,837.83
Net increase in loans and advances to customers		
Net increase in deposits in the central bank and in interbank loans granted		
Payments for claims on original insurance contracts		
Net increase in interbank loans granted		
Interest, handling charges and commissions paid		
Policy dividends paid		
Cash paid to and for employees	660,768,525.22	635,119,649.94
Taxes paid	2,200,056,926.04	698,846,233.34
Cash used in other operating activities	164,949,185.20	185,325,753.86
Subtotal of cash used in operating activities	4,424,463,223.70	4,324,645,474.97
Net cash generated from/used in operating activities	385,497,782.12	939,789,565.96
2. Cash flows from investing activities:		
Proceeds from disinvestment		
Return on investment		
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	136,131.48	357,613.40
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	136,131.48	357,613.40
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	48,482,853.70	62,167,787.99
Payments for investments		
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units		969,530,215.99

Cash used in other investing activities		
Subtotal of cash used in investing activities	48,482,853.70	1,031,698,003.98
Net cash generated from/used in investing activities	-48,346,722.22	-1,031,340,390.58
3. Cash flows from financing activities:		
Capital contributions received	1,820,000.00	3,220,000.00
Including: Capital contributions by non-controlling interests to subsidiaries	1,820,000.00	3,220,000.00
Borrowings raised	2,175,000,000.00	2,193,000,000.00
Cash generated from other financing activities		40,000,000.00
Subtotal of cash generated from financing activities	2,176,820,000.00	2,236,220,000.00
Repayment of borrowings	750,133,000.00	2,193,067,000.00
Interest and dividends paid	411,945,003.98	423,796,908.60
Including: Dividends paid by subsidiaries to non-controlling interests		
Cash used in other financing activities	465,807,569.82	123,502,169.51
Subtotal of cash used in financing activities	1,627,885,573.80	2,740,366,078.11
Net cash generated from/used in financing activities	548,934,426.20	-504,146,078.11
4. Effect of foreign exchange rates changes on cash and cash equivalents	-3,275,807.74	14,878.31
5. Net increase in cash and cash equivalents	882,809,678.36	-595,682,024.42
Add: Cash and cash equivalents, beginning of the period	3,285,345,233.47	3,881,027,257.89
6. Cash and cash equivalents, end of the period	4,168,154,911.83	3,285,345,233.47

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

Unit: RMB

Item	2020	2019
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	64,857,663.10	338,520,399.21
Tax rebates		
Cash generated from other operating activities	2,041,809,928.38	3,301,015,120.23
Subtotal of cash generated from operating activities	2,106,667,591.48	3,639,535,519.44
Payments for commodities and services	67,846,809.36	617,310,657.83
Cash paid to and for employees	50,551,468.21	47,049,144.09



Taxes paid	1,296,096,715.75	342,530,888.32
Cash used in other operating activities	377,760,390.30	45,901,384.05
Subtotal of cash used in operating activities	1,792,255,383.62	1,052,792,074.29
Net cash generated from/used in operating activities	314,412,207.86	2,586,743,445.15
2. Cash flows from investing activities:		
Proceeds from disinvestment	565,000,000.00	100,000,000.00
Return on investment		42,319,444.45
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	7,398.06	690.00
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	565,007,398.06	142,320,134.45
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	33,629,541.56	25,563,107.56
Payments for investments	495,807,569.82	2,634,574,943.74
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	529,437,111.38	2,660,138,051.30
Net cash generated from/used in investing activities	35,570,286.68	-2,517,817,916.85
3. Cash flows from financing activities:		
Capital contributions received		
Borrowings raised	619,000,000.00	
Cash generated from other financing activities		40,000,000.00
Subtotal of cash generated from financing activities	619,000,000.00	40,000,000.00
Repayment of borrowings		
Interest and dividends paid	229,729,842.01	178,793,727.60
Cash used in other financing activities		
Subtotal of cash used in financing activities	229,729,842.01	178,793,727.60
Net cash generated from/used in financing activities	389,270,157.99	-138,793,727.60
4. Effect of foreign exchange rates changes on cash and cash equivalents	-28,110.51	14,878.31
5. Net increase in cash and cash equivalents	739,224,542.02	-69,853,320.99
Add: Cash and cash equivalents, beginning	2,450,935,673.17	2,520,788,994.16

of the period		
6. Cash and cash equivalents, end of the period	3,190,160,215.19	2,450,935,673.17

## 7. Consolidated Statements of Changes in Owners' Equity

2020

Unit: RMB

Item	2020													Non-controlling interests	Total owners' equity
	Equity attributable to owners of the Company as the parent														
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	General reserve	Retained earnings	Other	Subtotal		
Preferred shares		Perpetual bonds	Other												
1. Balance as at the end of the prior year	595,979,092.00				80,488,045.38		-2,698,371.44		17,060,448.05		2,457,119,795.39		3,147,949,009.38	118,618,291.81	3,266,567,301.19
Add: Adjustment for change in accounting policy															
Adjustment for correction of previous error															
Adjustment for business combination under common control															
Other adjustments															
2. Balance as at the beginning of	595,979,092.00				80,488,045.38		-2,698,371.44		17,060,448.05		2,457,119,795.39		3,147,949,009.38	118,618,291.81	3,266,567,301.19

the year	92.00				8		4		5		5.39		9.38	81	1.19
3. Increase/decrease in the period (“-” for decrease)							-4,051,217.97		2,145,531.58		581,874,117.04		579,968,430.65	-65,414,252.01	514,554,178.64
3.1 Total comprehensive income							-4,051,217.97				798,572,121.74		794,520,903.77	-67,234,252.01	727,286,651.76
3.2 Capital increased and reduced by owners														1,820,000.00	1,820,000.00
3.2.1 Ordinary shares increased by owners														1,820,000.00	1,820,000.00
3.2.2 Capital increased by holders of other equity instruments															
3.2.3 Share-based payments included in owners' equity															
3.2.4 Other															
3.3 Profit distribution									2,145,531.58		-216,698,004.70		-214,552,473.12		-214,552,473.12
3.3.1 Appropriation to surplus reserves									2,802,342.02		-2,802,342.02				
3.3.2 Appropriation to general															

reserve																
3.3.3 Appropriation to owners (or shareholders)										-214 ,552, 473. 12			-214 ,552, 473. 12			-214 ,552, 473. 12
3.3.4 Other										-656 ,810. 44						
3.4 Transfers within owners' equity																
3.4.1 Increase in capital (or share capital) from capital reserves																
3.4.2 Increase in capital (or share capital) from surplus reserves																
3.4.3 Loss offset by surplus reserves																
3.4.4 Changes in defined benefit schemes transferred to retained earnings																
3.4.5 Other comprehensiv e income transferred to retained																



for correction of previous error															
Adjustment for business combination under common control															
Other adjustments															
2. Balance as at the beginning of the year	595,979.92.00			483,347.184.25		-1,786,181.69		299,569.569.96		2,495,296.440.15		3,872,406.104.67		9,111,409.91	3,881,517.514.58
3. Increase/decrease in the period (“-” for decrease)				-402,859.138.87		-912,189.75		-282,509.121.91		-38,176.644.76		-724,457,095.29		109,506.881.90	-614,950.213.39
3.1 Total comprehensive income						-912,189.75				817,805.780.12		816,893,590.37		-75,675.729.58	741,217.860.79
3.2 Capital increased and reduced by owners				-402,859.138.87				-298,912.759.52		-660,785,059.67		-1,362,556.958.06		185,182.611.48	-1,177,374,346.58
3.2.1 Ordinary shares increased by owners														3,220,000.00	3,220,000.00
3.2.2 Capital increased by holders of other equity instruments															
3.2.3 Share-based															

payments included in owners' equity															
3.2.4 Other				-402,859,138.87				-298,912,759.52		-660,785,059.67		-1,362,556.958.06	181,962,611.48		-1,180,594,346.58
3.3 Profit distribution								16,403,637.61		-195,197,365.21		-178,793,727.60			-178,793,727.60
3.3.1 Appropriation to surplus reserves								16,403,637.61		-16,403,637.61					
3.3.2 Appropriation to general reserve															
3.3.3 Appropriation to owners (or shareholders)										-178,793,727.60		-178,793,727.60			-178,793,727.60
3.3.4 Other															
3.4 Transfers within owners' equity															
3.4.1 Increase in capital (or share capital) from capital reserves															
3.4.2 Increase in capital (or share capital)															

from surplus reserves														
3.4.3 Loss offset by surplus reserves														
3.4.4 Changes in defined benefit schemes transferred to retained earnings														
3.4.5 Other comprehensive income transferred to retained earnings														
3.4.6 Other														
3.5 Specific reserve														
3.5.1 Increase in the period														
3.5.2 Used in the period														
3.6 Other														
4. Balance as at the end of the period	595,979.00			80,488.00		-2,698.34		17,060.45		2,457.11		3,147.94	118,618.29	3,266,567.301.19

## 8. Statements of Changes in Owners' Equity of the Company as the Parent

2020

Unit: RMB

Item	2020
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	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
1. Balance as at the end of the prior year	595,979,092.00				53,876,380.11		-2,051,268.24		16,403,637.61	1,677,296,289.46		2,341,504,130.94
Add:												
Adjustment for change in accounting policy												
Adjustment for correction of previous error												
Other adjustments												
2. Balance as at the beginning of the year	595,979,092.00				53,876,380.11		-2,051,268.24		16,403,637.61	1,677,296,289.46		2,341,504,130.94
3. Increase/decrease in the period ("-" for decrease)							-494,182.95		2,802,342.02	-189,331,394.93		-187,023,235.86
3.1 Total comprehensive income							-494,182.95			28,023,420.21		27,529,237.26
3.2 Capital increased and reduced by owners												
3.2.1 Ordinary shares increased by owners												
3.2.2 Capital												

increased by holders of other equity instruments												
3.2.3 Share-based payments included in owners' equity												
3.2.4 Other												
3.3 Profit distribution								2,802,342.02	-217,354,815.14			-214,552,473.12
3.3.1 Appropriation to surplus reserves								2,802,342.02	-2,802,342.02			
3.3.2 Appropriation to owners (or shareholders)									-214,552,473.12			-214,552,473.12
3.3.3 Other												
3.4 Transfers within owners' equity												
3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus												

reserves												
3.4.4 Changes in defined benefit schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other												
4. Balance as at the end of the period	595,979,092.00				53,876,380.11		-2,545,451.19		19,205,979.63	1,487,964.894.53		2,154,480,895.08

2019

Unit: RMB

Item	2019											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferrred shares	Perpetual bonds	Other								
1. Balance as at the end of	595,979,				92,326,467.				298,912,75	2,080,513,737.		3,067,732,056.76

the prior year	092. 00				62			9.52	62		
Add: Adjustment for change in accounting policy											
Adjustment for correction of previous error											
Other adjustments											
2. Balance as at the beginning of the year	595, 979, 092. 00				92,32 6,467. 62			298,9 12,75 9.52	2,080,5 13,737. 62		3,067,73 2,056.76
3. Increase/ decrease in the period ("—" for decrease)					-38,45 0,087. 51	-2,051 ,268.2 4		-282, 509,1 21.91	-403,21 7,448.1 6		-726,227, 925.82
3.1 Total comprehensiv e income						-2,051 ,268.2 4			164,03 6,376.1 2		161,985, 107.88
3.2 Capital increased and reduced by owners					-38,45 0,087. 51			-298, 912,7 59.52	-372,05 6,459.0 7		-709,419, 306.10
3.2.1 Ordinary shares increased by owners											
3.2.2 Capital increased by holders of other equity instruments											
3.2.3 Share-based payments included in											

owners' equity												
3.2.4 Other					-38,450,087.51				-298,912,759.52	-372,056,459.07		-709,419,306.10
3.3 Profit distribution									16,403,637.61	-195,197,365.21		-178,793,727.60
3.3.1 Appropriation to surplus reserves									16,403,637.61	-16,403,637.61		
3.3.2 Appropriation to owners (or shareholders)										-178,793,727.60		-178,793,727.60
3.3.3 Other												
3.4 Transfers within owners' equity												
3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												
3.4.4 Changes in defined												

benefit schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other												
4. Balance as at the end of the period	595,979,092.00				53,876,380.11		-2,051,268.24		16,403,637.61	1,677,296,289.46		2,341,504,130.94

### III Company Profile

Shenzhen Properties & Resources Development (Group) Ltd. (hereinafter referred to as “the Company” or “Company”) was incorporated based on the reconstruction of Shenzhen Properties & Resources Development Co., Ltd. after obtaining approval of ZFBF [1991] No. 831 from People’s Government of Shenzhen Municipality. It was registered with Shenzhen Industrial and Commercial Administration Bureau on 17 January 1983 with Shenzhen as its headquarters. Now the Company holds the business license for legal person with the registration number/unified social credit code of 91440300192174135N. The registered capital was RMB595,979,092 with the total shares of 595,979,092 (RMB1 face value per share), among which, restricted public shares: 1,898,306 A shares and 0 B shares; unrestricted public shares: 526,475,543 A shares and 67,605,243 B shares. The stock of the Company has been listed on the Shenzhen Stock Exchange on 30 March 1992.

The Company is in the real estate sector. Its main business includes development of real estate and sale of commercial housing, construction and management of buildings, house rent, supervision of construction, domestic trading and materials supply and marketing (excluding exclusive dealing and monopoly sold products and commodities under special control to purchase). Main products or services rendered mainly include the development and sales of commercial residential housing; property management; buildings and the building devices maintenance, garden afforestation and cleaning service; property leasing; supervise and management of the engineering; retails of the Chinese food, Western-style food and wines, and etc.

The financial statements were approved and authorized for issue by the 22<sup>nd</sup> Meeting of the 9<sup>th</sup> Board of Directors of the Company on 30 March 2021.

The consolidation scope of the Company's consolidated financial statements was determined based on the control. There were 44 subsidiaries including Shenzhen Huangcheng Real Estate Co., Ltd., Dongguan Guomao Changsheng Real Estate Development Co., Ltd., Shenzhen International Trade Center Property Management Co., Ltd. included in the consolidation financial statements in this report. Please refer to the Note VIII and Note IX of the financial report for details.

## **IV Basis for Preparation of Financial Statements**

### **1. Preparation Basis**

Based on the continuing operation, the financial statements of the Company are prepared in accordance with the actual transactions, governing provisions of the Accounting Standards for Business Enterprises and the following major accounting policies and estimates.

### **2. Continuation**

There was no such case where the sustainable operation ability within 12 months since the end of the Reporting Period was highly doubted.

## **V. Important Accounting Policies and Estimations**

Indication of specific accounting policies and estimations:

### **1. Statement for Complying with the Accounting Standard for Business Enterprise**

The financial statement prepared by the Company complies with the requirements of the latest accounting standards for business enterprises as well as the application guidelines, interpretations and other relevant regulations (hereinafter referred to as the "accounting standards for business enterprises") issued by the Ministry of Finance. It reflects the Company's financial conditions, operating results, cash flow and other related information in a truthful and complete manner.

In addition, in the preparation of the financial report, reference was made to the presentation and disclosure requirements of the *Rule for Information Disclosure by Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports* (2014 Revision) and the *Notice on Related Matters of the Implementation of New Accounting Standards for Business Enterprises by Listed Companies* (KJBH [2018] No. 453).

### **2. Fiscal Period**

The fiscal year of the Company is a solar calendar year, which is from 1 January to 31 December.

### **3. Operating Cycle**

Except for the real estate industry, other businesses run by the Company have relatively short operating cycles according to the classification standard of 12-month's liquidity of assets and liabilities. The operating cycle of the real estate industry shall be generally more than 12 months from real estate development to cash the sales. The specific cycle shall be determined by the development project and classified by the assets and liabilities liquidity.

### **4. Standard Currency of Accounts**

The Company adopts Renminbi as a standard currency of accounts.

## **5. Accounting Process of Business Combinations under the Same Control and not under the Same Control**

### **1. Accounting Process of Business Combinations under the Same Control**

The assets and liabilities that the Company obtains in a business combination shall be measured on the basis of their carrying amount combined party in the consolidated financial statements of the final controller on the combining date. As for the balance between the carrying amount of combined party's owners equities in the consolidated financial statements of the final controller and the carrying amount of the consideration paid by it or the total par value of the shares issued), the additional paid-in capital shall be adjusted. If the additional paid-in capital is not sufficient to be offset, the retained earnings shall be adjusted.

### **2. Accounting Process of Business Combinations not under the Same Control**

The Company shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets obtained from the acquiree on purchase date as goodwill. If the combination costs are less than the fair value of the identifiable net assets obtained from the acquiree, the Company shall recheck the various identifiable assets and liabilities obtained from the acquiree, fair value with liabilities, and measurement of combination costs. If the combination costs are less than the fair value of the identifiable net assets obtained from the acquiree after recheck, the Company shall record the balance into the profit and loss of the current period.

## **6. Methods for Preparing Consolidated Financial Statements**

The Company as the parent included its all subsidiaries into the consolidation scope of consolidated financial statements. Based on the financial statements of the Company as the parent and its subsidiaries and other related materials, the consolidated financial statements were prepared by the Company as the parent according to Accounting Standards for Enterprises No. 33 –Consolidated Financial Statements.

## **7. Classification of Joint arrangements and Accounting Treatment of Joint Operations**

1. Joint arrangement is classified into joint operation and joint ventures.
2. When the Company is a party of a joint operation, recognize the following items related to the profits in the joint operation:
  - (1) Recognize the assets held independently, and recognize the assets held jointly in the holding portion;
  - (2) Recognize the liabilities borne independently, and recognize the liabilities held jointly in the holding portion;
  - (3) Recognize the revenue generated from the output portion of joint operation shared for selling the Company;
  - (4) Recognize the revenue generated from the sale of assets in joint operation in the holding portion of the Company;
  - (5) Recognize the expenses incurred independently, and recognize the expenses incurred in joint operation in the holding portion of the Company.

## **8. Recognition Standard for Cash and Cash Equivalents**

In the Company's understanding, cash and cash equivalents include cash on hand, any deposit that can be used for cover, and short-term (usually due within 3 months since the day of purchase) and high circulating investments, which are easily convertible into known amount of cash and whose risks in change of value are minimal.

## **9. Foreign Currency Businesses and Translation of Foreign Currency Financial Statements**

### **(1) Accounting treatments for translation of foreign currency business**

As for a foreign currency transaction in its initial recognition, the amount in the foreign currency shall be translated into the amount in the Renminbi at the spot exchange rate of the transaction date. On balance sheet date, the foreign currency monetary items shall be translated as the spot exchange rate on the balance sheet date, the balance occurred thereof shall be recorded into the profits and losses at the current period except that the balance of exchange arising from the principal and interests of foreign currency borrowings for the purchase and construction or production of assets eligible for capitalization. The foreign currency non-monetary items measured at the historical cost shall still be translated at the spot exchange rate on the transaction date, of which the amount of functional currency shall not be changed. The foreign currency non-monetary items measured at the fair value shall be translated at the spot exchange rate on the confirming date of fair value, of which the balance of exchange shall be included into the profit and



loss of the current period or other comprehensive income.

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

The asset and liability items in the balance sheets shall be translated at a spot exchange rate on the balance sheet date. Among the owner's equity items, except for the items as "retained earnings", other items shall be translated at the spot exchange rate at the time when they are incurred. The income and expense items in the income statements shall be translated at the approximate spot exchange rate at the time when they are incurred. The difference from translation of foreign currency financial statements thereof shall be recorded into other comprehensive income.

## **10. Financial Instruments**

### **1. Classification of Financial Assets and Financial Liabilities**

Financial assets shall be classified into the following three categories when they are initially recognized: (1) financial assets measured at amortized cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

Financial liabilities shall be classified into the following four categories when they are initially recognized: (1) financial liabilities at fair value through profit or loss; (2) financial liabilities generated from transfer of financial assets not conforming to requirements of derecognition or continuous involvement of transferred financial assets; (3) financial guarantee contracts not belonging to above (1) or (2), and loan commitments not belonging to above (1) and at lower interest rate than the market interest rate; (4) financial liabilities measured at amortized cost.

### **2. Recognition Basis, Calculation Method, and Termination of Recognition of Financial Assets and Liabilities**

#### **(1) Recognition basis and initial calculation method of financial assets and liabilities**

When the Company becomes a party to a financial instrument, it shall recognize a financial asset or financial liability. The financial assets and financial liabilities initially recognized shall be measured at their fair values. For the financial assets and liabilities measured at their fair values and of which the variation is recorded into the profits and losses of the current period, the transaction expenses thereof shall be directly recorded into the profits and losses of the current period; for other categories of financial assets and financial liabilities, the transaction expenses thereof shall be included into the initially recognized amount. However, when the accounts receivable initially recognized by the Company do not include significant financing or the Company does not consider the financing in contracts not over one year, it shall be initially calculated at the transaction price.

#### **(2) Subsequent calculation method of financial assets**

##### **1) Financial assets at amortized cost**

The Company shall make subsequent measurement on its financial assets at amortized cost by adopting the actual interest rate method. The gains or losses generated from the financial assets at amortized cost and not belonging to any hedging relationship shall be recorded into the current profit or loss when derecognized, reclassified, amortized with the actual interest rate method or recognizing impairments.

##### **Investments in debt instruments at fair value through other comprehensive income**

The Company shall make subsequent measurement at fair value. The interest calculated by adopting the actual interest rate method, impairment losses or profits and foreign exchange gains shall be recorded into the current profit or loss, and other profits or losses shall be recorded into other comprehensive income. When derecognized, the accumulative profits or losses thereof originally recorded into other comprehensive income shall be transferred out and then recorded into the current profit or loss.

##### **Investments in equity instruments at fair value through other comprehensive income**

The Company shall make subsequent measurement at fair value. The dividends obtained (exclude those belong to recovery of investment cost) shall be recorded into the current profit or loss, and other gains or losses recorded into other comprehensive income. When derecognized, the accumulative gains or losses thereof originally recorded into other comprehensive income shall be transferred out and then recorded into the retained earnings.

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

The Company shall make subsequent measurement at fair value. The gains or losses generated (include interest and dividend income)

shall be recorded into the current profit or loss, unless the financial asset is one part of a hedging relationship.

Subsequent calculation method of financial liabilities

Financial liabilities at fair value through profit or loss

Such financial liabilities include trading financial liabilities (include derivative instruments belonging to financial liabilities) and those designated as financial liabilities at fair value through profit or loss. For such financial liabilities, the subsequent measurement shall be conducted at fair value. The amount of changes in fair value of designated financial liabilities at fair value through profit or loss due to the Company's credit risk changes shall be recorded into other comprehensive income, unless this treatment will result in or enlarge accounting mismatch of the profit or loss. The other gains or losses generated from such financial liabilities (including interest expense, changes of fair value not caused by the Company's credit risk changes) shall be recorded into the current profit or loss, unless the they are one part of a hedging relationship. And when derecognized, the accumulative gains or losses thereof originally recorded into other comprehensive income shall be transferred out and then recorded into the retained earnings.

Financial liabilities generated from financial assets transfer not conforming to derecognition conditions or continuous involvement of transferred financial assets

They shall be measured in accordance with regulations of Accounting Standards for Business Enterprises No.23-Transfer of Financial Assets

financial guarantee contracts not belonging to above (1) or (2), and loan commitments not belonging to above (1) and at lower interest rate than the market interest rate;

The subsequent measurement shall be conducted according to the higher of the following two amounts after initial recognition: ① amount of allowance for impairments recognized in accordance with the impairment provisions of financial instruments; ② the residual of initial recognized amount after deducted accumulative amortized amount recognized as relevant regulations.

Financial liabilities at amortized cost

The Company shall measure at amortized cost by adopting actual interest rate method. The gains or losses generated from financial liabilities at amortized cost and not belonging to any hedging relationship shall be recorded into the current profit or loss when derecognized or amortized with actual interest rate method.

Derecognition of financial assets and financial liabilities

Derecognize financial assets when meeting one of the following conditions:

- ① The contract rights for collecting cash flow of financial assets have terminated;
- ② Financial asset has been transferred and the transfer meets the provisions of Accounting Standards for Business Enterprises No.23-Transfer of Financial Assets governing the derecognition of financial assets.

2) When the current obligation of the financial liability (or some of it) has been relieved, the financial liability (or some of it) shall be accordingly derecognized.

### **3. Recognition Basis and Measurement of Transfer of Financial Assets**

Where the Company has transferred nearly all of the risks and rewards related to the ownership of the financial asset to the transferee, it shall stop recognizing the financial asset and separately recognize the rights and obligations generated retained from the transfer as assets or liabilities. If it retained nearly all of the risks and rewards related to the ownership of the financial asset, it shall continue to recognize the transferred financial asset. Where the Company does not transfer or retain nearly all of the risks and rewards related to the ownership of a financial asset, it shall deal with it according to the circumstances as follows, respectively: (1) If it gives up its control over the financial asset, it shall stop recognizing the financial asset and separately recognize the rights and obligations generated retained from the transfer as assets or liabilities; (2) If it does not give up its control over the financial asset, it shall, according to the extent of its continuous involvement in the transferred financial asset, recognize the related financial asset and recognize the relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for stopping recognition, the difference between the amounts of the following 2 items shall be recorded in the profits and losses of the current period: (1) The carrying value of the transferred financial asset on the derecognition date; (2) The sum of consideration received from the transfer of financial assets, and derecognition amount

among the accumulative amount of the changes of the fair value originally recorded in the other comprehensive income (the financial assets involve transfer are investments in debt instruments at fair value through other comprehensive income. If the transfer of partial financial asset satisfies the conditions to stop the recognition, the entire carrying value of the transferred financial asset shall, between the portion whose recognition has been stopped and the portion whose recognition has not been stopped, be apportioned according to their respective relative fair value on the transfer date, and the difference between the amounts of the following two items shall be included into the profits and losses of the current period: (1)The carrying value of the portion whose recognition has been stopped; (2)The sum of consideration of the portion whose recognition has been stopped, and derecognition amount among the accumulative amount of the changes of the fair value originally recorded in the other comprehensive income (the financial assets involve transfer are investments in debt instruments at fair value through other comprehensive income.

#### **4. Recognition Method of Financial Assets and Financial Liabilities' Fair Value**

The Company adopts the valuation technique with sufficient useful data and supported by other information which is suitable for the current situation to recognize the fair value of related financial assets and liabilities. The Company classifies the input value used in the valuation technique into the following levels and uses them in sequence:

- (1) The first level of input value is the non-adjustable offer of the same assets or liabilities in the active market on the calculation date;
- (2) The second level of input value is the directly or indirectly observable input value of related assets or liabilities except the input value on the first level, including: offer of similar assets or liabilities in the active market; offer of identical or similar assets or liabilities in the non-active market; other observable input value except offer, including the observable interest rate during the interval period of common offer, profit rate curve, etc.; the input value for market verification etc..
- (3) The third level of input value is the non-observable input value of related assets or liabilities, including interest rates that cannot be observed directly or verified by the data of observable market, stock fluctuation rate, future cash flow of the disposal obligation borne in corporate mergers, financial forecast based on self-data, etc..

#### **5. Impairment of financial instrument**

- (1) Impairment measurement and accounting handling of financial instrument

Based on expected credit loss, the Company conducts impairment handling and confirms loss reserve for financial assets which is measured by amortized cost, debt instrument investment which is measured by fair value and whose change is calculated into other comprehensive profits, accounts receivable of rental, loan commitment which is beyond financial debt classified as the one which is measured by fair value and whose change is calculated into current profits and losses, financial debt which does not belong to the one which is measured by fair value and whose change is calculated into current profits or losses, or financial guarantee contract of financial debt which is formed when it does not belong to financial asset transfer and doesn't conform to confirmation condition of termination or keeps on being involved in transferred financial asset.

Expected credit loss refers to weighted average of credit loss of financial instrument which takes the risk of contract breach occurrence as the weight. Credit loss refers to the difference between all contract cash flow which is converted into cash according to actual interest rate and receivable according to contract and all cash flow which to be charged as expected, i.e. current value of all cash shortage. Among it, as for financial asset purchased or original which has had credit impairment, it should be converted into cash according actual interest rate of this financial asset after credit adjustment.

As for financial asset purchased or original which has had credit impairment, the Company only confirms cumulative change of expected credit loss within the whole duration after initial confirmation on the balance sheet date as loss reserve.

As for accounts receivable which don't include major financing contents or the Company does not consider financing contents in contract which is less than one year, the Company applies simplified measurement method, and measures loss reserve according to amount of expected credit loss within the whole duration.

As for account receivable of rental and accounts receivable including major financing contents, the Company applies simplified measurement method, and measure loss reserve according to amount of expected credit loss within the whole duration.

As for financial asset beyond above mentioned measurement methods, the Company evaluates whether its credit risk has increased

obviously since the initial confirmation on each balance sheet date. In case credit risk has increased obviously, the Company measures the loss reserve according to amount of expected credit loss within the whole duration; in case the credit risk does not increase obviously, the Company measures loss reserve according to the amount of expected credit loss in next 12 months.

By utilizing obtainable rational and well grounded information, including forward-looking information, comparing the risk of contract breach on balance sheet date and risk of contract breach on initial confirmation date, the Company confirms whether the credit risk of financial instrument has increased obviously from initial confirmation.

On balance sheet date, in case the Company judges that the financial instrument just has relatively low credit risk, then it will be assumed that credit risk of the financial instrument has not increased obviously.

Based on single financial instrument or financial portfolio, the Company evaluates expected credit risk and measures expected credit loss. When based on financial instrument portfolio, the Company takes common risk characteristics as the basis, and divides financial instruments into different portfolios.

The Company measures expected credit loss again on each balance sheet date, the increase of loss reserve or amount which is transfer back generated by it is calculated into current profits and losses as impairment profits or losses. As for financial asset which is measured by amortized cost, loss reserve offsets the carrying value of the financial asset listed in the balance sheet; as for debt investment which is measured by fair value and whose change is calculated into other comprehensive profits, the Company confirms its loss reserve in other comprehensive profits and does not offset the carrying value of the financial asset.

(2) Financial instruments assessing expected credit risk by groups and measuring expected credit losses

Item	Recognition basis	Method of measuring expected credit losses
Other receivables-intercourse funds among related party group within the consolidation scope	Accounts nature	Consulting historical experience in credit losses, combining actual situation and prediction for future economic situation, the group's expected credit loss rate shall be accounted through exposure at default and the expected credit loss rate within the next 12 months or the entire life
Other receivables-interest receivable group		
Other receivables-other intercourse funds among related party group		
Other receivables-credit risk characteristics group	Aging group	Consulting historical experience in credit losses, combining actual situation and prediction for future economic situation, the group's expected credit loss rate shall be accounted through exposure at default and the expected credit loss rate within the next 12 months or the entire life

(3) Accounts receivable with expected credit losses measured by groups

① Specific groups and method of measuring expected credit loss

Item	Recognition basis	Method of measuring expected credit losses
Bank's acceptance bills receivable	Bill type	Consulting historical experience in credit losses, combining actual situation and prediction for future economic situation, the group's expected credit loss rate shall be accounted through exposure at default and the expected credit loss rate within the entire life
Trade acceptance bills receivable		
Accounts receivable-other intercourse funds among related party group	Account nature	Consulting historical experience in credit losses, combining actual situation and prediction for future economic situation, the group's expected credit loss rate shall be accounted through exposure at default

		and the expected credit loss rate within the entire life
Accounts receivable-credit risk characteristics group	Aging group	Prepare the comparative list between aging of accounts receivable and expected credit loss rate over the entire life by consulting historical experience in credit losses, combining actual situation and prediction for future economic situation

② Accounts receivable-the comparative list between aging of common customer group and expected credit loss rate over the entire life

Aging	Expected credit loss rate of accounts receivable (%)
Within 1 year (inclusive, the same below)	3.00
1 to 2 years	10.00
2 to 3 years	30.00
3 to 4 years	50.00
4 to 5 years	80.00
Over 5 years	100.00

#### 6. Offset between financial asset and financial debt

Financial asset and financial debt are listed in the balance sheet separately and don't offset each other. However, when the following conditions are met at the same time, the Company will list the net amount after mutual offset in the balance sheet: (1) The Company has the legal right to offset the confirmed amount, and the legal right is executable currently; (2) The Company plans to settle by net amount, or monetize the financial asset and liquidate the financial debt at the same time.

For those transfers of financial assets not meeting the derecognition conditions, the Company does not offset the transferred financial assets and relative liabilities.

#### 11. Notes Receivable

Refer to Note V 10 Financial Instruments of the financial statements for details.

#### 12. Accounts Receivable

Refer to Note V 10 Financial Instruments of the financial statements for details.

#### 13. Accounts Receivable Financing

Not applicable.

#### 14. Other Receivables

Recognition and accounting treatment methods regarding expected credit losses of other receivables

Refer to Note V 10 Financial Instruments of the financial statements for details.

#### 15. Inventory

##### (1) Inventories Classification

Inventories include development land held for sale or consumption in the process of development and operation, development products, temporarily leased development products which intended for sale, relocation housing, stock materials, inventory equipment, and low-value consumables, etc., as well as development costs in the process of development.

##### (2) Cost Flow Assumption

1) Send-out materials shall adopt the moving weighted average method.

2) During the development of the project, the development land shall be included in the development cost of the project by the floor area apportionment of the developed products.

- 3) Send-out developed products shall be accounted by specific identification method.
- 4) The temporarily leased development products which intended for sale and relocation housing shall be amortized averagely by stages according to the expected useful life of the same kind of fixed assets of the Company.
- 5) If the public supporting facilities are completed earlier than the relevant development products, after the final account of the public supporting facilities, it shall be account into the development cost of the relevant development projects according to the building area; If the public supporting facilities are completed later than the relevant development products, the relevant development products shall withhold the public supporting facilities fees, and adjust the relevant development product costs according to the difference between the actual occurrence and the withhold amount after the completed public supporting facilities' final accounts.

### **(3) Recognition basis of Net Realizable Value of Inventory**

On the balance sheet date, inventory shall be measured at the lower of cost or net realizable value, and provision shall be made for falling price of inventories on the ground of the difference between the cost of each item of inventories and the net realizable value. Inventories directly for sale, under normal producing process, to the amount after deducting the estimated sale expense and relevant taxes from the estimated sell price of the inventory, the net realizable value has been recognized; inventories which need to be processed, under normal producing process, to the amount after deducting the estimated cost of completion, estimated sale expense and relevant taxes from the estimated sale price of produced finished goods, the net realizable value has been recognized; on the balance sheet date, in the same item of inventories, if some have contractual price agreement while others do not, the net realizable value shall be recognized respectively and compared with their cost, and the amount of provision withdrawal or reversal for falling price of inventories shall be recognized respectively.

### **(4) Inventory System for Inventories**

Inventory system: Perpetual inventory system

### **(5) Amortization Method of the Low-value Consumption Goods and Packing Articles**

#### 1) Low-value Consumption Goods

One-off amortization method

#### 2) Packing Articles

One-off amortization method

## **16. Contract Assets**

The Company presents contract assets or contract liabilities on the balance sheet according to the relationship between the fulfillment of its contract performance obligations and its customers' payment. Considerations that the Company has the right to collect for commodities transferred or services provided to customers (except for accounts receivable) are presented as contract assets.

For contract assets that do not contain significant financing components, the Company uses the simplified model of expected credit loss, measuring the loss provision according to an amount that is equivalent to the amount of expected credit loss of the entire duration. The increased loss provision or reversed amount thereof shall be recorded into the current profit or loss as impairment losses or gains.

For contract assets that contain significant financing components, the Company has made the accounting policy choice and selected the simplified model of expected credit loss, measuring the loss provision according to an amount that is equivalent to the amount of expected credit loss of the entire duration. The increased loss provision or reversed amount thereof shall be recorded into the current profit or loss as impairment losses or gains.

## **17. Contract Costs**

Contract costs comprise contract performance cost and contract acquisition cost.

The cost incurred by the Company from performing a contract is recognized into an asset as contract performance cost when it meets the following conditions:

This cost directly relates to an existing contract or a contract expected to be acquired. It consists of direct labor, direct materials, manufacture costs (or similar costs), costs specified to be borne by the customer and other costs incurred from this contract solely.

This cost has increased the Company's sources that are used to fulfill its contract performance obligations in the future.

This cost is expected to be recovered.

An incremental cost that is incurred by the Company for acquiring a contract and expected to be recovered is recognized into an asset as contract acquisition cost. However, for such asset with an amortization period of less than one year, the Company recognizes them into current profit/loss at their occurrence.

Assets related to contract costs are amortized on the same basis for recognizing the revenue from commodities or services related to such assets.

When the carrying value of an asset related to contract costs is higher than the difference between the following two items, the Company will withdraw impairment provision for the exceeded part and recognize it as asset impairment loss:

Residual consideration expected to be gained from transferring commodities and services related to this asset;

Costs expected to be incurred from transferring such commodities or services.

When the aforementioned asset impairment provision is reversed later, the carrying value of the asset after the reversal should not exceed its carrying value on the reversal date under the assumption of no withdrawal of impairment provision.

### **18. Assets Held for Sale**

The Company divides its components (or non-current assets) meeting the following conditions into available for sale assets: (1) Assets can be sold immediately under the current conditions according to the practice of selling such assets or disposal groups in similar transactions; (2) The sale is likely to occur, and a resolution has been made on a sale plan and a firm purchase commitment is obtained (a firm purchase commitment refers to a legally binding purchase agreement signed between an enterprise and other parties, which contains important terms such as transaction price, time and severe penalty for breach of contract to minimize the possibility of major adjustment or cancellation of the agreement. The sale is expected to be completed within a year. It has been approved by relevant authorities or regulatory authorities according to relevant regulations.

The Company adjusts the estimated net residual value of available for sale assets to the net amount of its fair value minus the selling expenses (which shall not exceed the original book value of the assets available for sale). The difference between the original book value and the adjusted estimated net residual value shall be included in the current profit and loss as the loss of asset impairment, and provisions for impairment of assets available for sale shall be made. For the amount of impairment loss of disposal group available for sale recognized, the book value of goodwill of the disposal group shall be offset first, and then the book value of disposal group shall be offset in proportion according to the share of the book value of non-current assets in the disposal group measured according to this Standard.

When the net amount of fair value of non-current assets available for sale minus the selling expenses increases on the subsequent balance sheet date, the amount previously written down shall be restored and reversed within the amount of asset impairment loss recognized after being classified as available for sale assets, and the reversed amount shall be included in the current profits and losses. The impairment loss of assets recognized before being classified as available for sale assets shall not be reversed. When the net amount of fair value of disposal group available for sale minus the selling expenses increases on the subsequent balance sheet date, the amount previously written down shall be restored and reversed within the amount of asset impairment loss recognized as non-current assets in the disposal group measured according to this Standard after being classified into the categories available for sale assets, and the reversed amount shall be included in the current profits and losses. The book value of goodwill that has been offset and the impairment loss of non-current assets measured according to this Standard shall not be reversed before they are classified as available for sale assets. The subsequent reversal amount of asset impairment loss recognized as disposal group available for sale shall be increased in proportion to the share of the book value of non-current assets in the disposal group, except goodwill, which are measured according to this Standard. In case that an enterprise loses its control over a subsidiary due to sale of its investment in the subsidiary, the investment in the subsidiary to be sold shall be divided into the available for sale category in individual financial statement of the parent company when the proposed investment in the subsidiary meets the conditions for classification of available for sale category, and all assets and liabilities of the subsidiary shall be classified into available for sale

category in the consolidated financial statements, no matter whether the enterprise retains part of equity investment after the sale.

#### **19. Investments in Debt Obligations**

Not applicable.

#### **20. Investments in other Debt Obligations**

Not applicable.

#### **21. Long-term Receivable**

Not applicable.

#### **22. Long-term Equity Investments**

##### **1. Judgment of Joint Control and Significant Influences**

The term "joint control" refers to the joint control over an arrangement in accordance with the related agreements, which does not exist unless the participants sharing the control power agree with each other about the related arranged activity. The term "significant influences" refers to the power to participate in making decisions on the financial and operating policies of an enterprise, but not to control or do joint control together with other parties over the formulation of these policies.

##### **2. Recognition of Investment Cost**

(1) If the business combination is under the common control and the acquirer obtains long-term equity investment in the consideration of cash, non-monetary asset exchange, bearing acquiree's liabilities, or the issuance of equity securities, the initial cost is the carrying amount of the proportion of the acquiree's owner's equity at the acquisition date. The difference between the initial cost of the long-term equity investment and the carrying amount of the paid combination or the total amount of the issued shares should be adjusted to capital surplus. If the capital surplus is not sufficient for adjustment, retained earnings are adjusted respectively. When a long-term equity investment is formed from the business combination under common control through the Company's multiple transactions step by step, the treatment shall be carried out based on whether the transactions constitute the "package deal". If they do, the accounting treatment shall be carried out on the basis of assuming all transactions as one transaction with the acquisition of control. If they do not, the initial investment cost shall be the portion of the carrying value of acquiree's net assets entitled in the consolidated financial statements of the final controller after the consolidation. The difference between the initial investment cost of the long-term equity investment on the combination date and the carrying value of the investment before the combination plus the carrying value of the newly-paid consideration for the acquisition of the shares on the consolidation date shall be adjusted to capital reserve; if the capital reserve is insufficient for the adjustment, retained earnings should be adjusted accordingly.

(2) For those formed from the business combination under different control, the initial investment cost is the fair value of the combination consideration paid on the acquisition date.

When a long-term equity investment is formed from the business combination under different control through the Company's multiple transactions step by step, the accounting treatment shall be carried out based on whether the financial statements are individual or consolidated:

1) In individual financial statements, the initial investment cost accounted in cost method is the sum of the carrying value of the equity investment originally held and the cost of new investment.

2) In consolidate financial statements, judge whether the transactions constitute the "package deal". If they do, the accounting treatment shall be carried out on the basis of assuming all transactions as one transaction with the acquisition of control. If they do not, for the acquiree's equity held before the acquisition date, re-measurement shall be carried out according to the fair value of the equity on the acquisition date and the difference between the fair value and the carrying value shall be recorded into current investment income; if the acquiree's equity held before the acquisition date involves other comprehensive income accounted in equity method, other comprehensive income related to it shall be transferred into the income for the period in which the acquisition date falls, with the exception of the other comprehensive incomes occurred because of the changes of net liabilities or net assets of



the defined benefit pension plans be re-measured for setting by the investees.

3) For those formed other than from business combination: If they are acquired in cash payment, the initial investment cost is the purchase price actually paid; if they are acquired in the issue of equity securities, the initial investment cost is the fair value of the issued equity securities; if they are acquired in debt restructuring, the initial investment cost shall be recognized according to the Accounting Standards for Enterprises No. 12 - Debt Restructuring; if they are acquired in the exchange of non-monetary assets, the initial investment shall be recognized according to the Accounting Standards for Enterprises No. 7 - Exchange of Non-Monetary Assets.

### **3. Method of subsequent measurement and recognition of profits and losses**

Long-term equity investment with control over investees shall be accounted in cost method; long-term equity investment on associated enterprises and joint ventures shall be accounted in equity method.

### **4. Method of treating the disposal of the investment in a subsidiary stem by step through multiple transactions until the loss of the controlling right**

#### **(1) Individual financial statements**

For the disposed equity, the difference between its fair value and the actually obtained price shall be recorded into current profits or losses. For the residual equity, the part that still has significant effects on investees or with common control jointly with other parties shall be accounted in equity method; the part that has no more control, common control or significant effects on investees shall be accounted in accordance with the relevant regulation of the Accounting Standards for Enterprises No. 22 - Recognition and Measurement of Financial Instruments.

#### **(2) Consolidated financial statements**

1) For the disposal of the investment in subsidiaries step by step until the loss of the controlling right through multiple transactions, which do not constitute the “package deal”

Before the loss of the controlling right, for the balance between the disposal remuneration and the shares of net assets in the subsidiaries that have been calculated since the acquisition date or combination date corresponding to the disposal of long-term equity investment, capital reserve (capital premium) shall be adjusted, and if the capital premium is not sufficient for the write-down, the retained earnings shall be written down.

At the loss of the controlling right over the original subsidiaries, the residual equity shall be re-measured at its fair value on the date of losing the controlling right. The difference between the consideration obtained in the equity disposal, plus the fair value of the remaining equities, less the Company’s share of net assets enjoyed of the former subsidiary that has been calculated since the acquisition date or combination date according to the former shareholding ratio, shall be recorded into the investment gains for the period when the control ceases; meanwhile, goodwill shall be written down. Other comprehensive income related to former subsidiary's equity investment shall be transferred into current investment income when the control ceases.

2) For the disposal of the investment in subsidiaries step by step until the loss of the controlling right through multiple transactions, which constitute the “package deal”

The accounting treatment shall be carried out on the basis of considering each transaction as a transaction of disposing the subsidiary and losing control. However, before losing control, the difference between each disposal price before losing the control, and the corresponding net assets share enjoyed of subsidiary when disposing long-term equity investment, shall be recognized as other comprehensive income in the consolidated financial statements and when the control ceases, transferred into current profits or losses of the period of losing control.

#### **(5) Impairment test method and impairment provision method**

When there is objective evidence indicating impairment of the investment in subsidiaries, joint ventures and cooperative enterprises on the balance sheet date, corresponding provision for impairment shall be made according to the difference between the book value and recoverable amount.

## **23. Investment Property**

Measurement mode of investment real estates

Measurement of cost method

Depreciation or amortization method

1. The term "investment real estate" includes the right to use any land which has already been rented, the right to use any land which is held and prepared for transfer after appreciation, and the right to use any building which has already been rented.
2. The Company initially measures the investment property according to the costs, and adopts the cost method in the subsequent measurement of investment property, and adopts the same methods with fixed assets and intangible assets to withdraw depreciation or amortization. When there is any indication of impairment of investment property on the balance sheet date, corresponding provision for impairment shall be made according to the difference between the book value and recoverable amount.

## 24. Fixed Assets

### (1) Recognized Standard of Fixed Assets

The term "fixed assets" refers to the tangible assets that simultaneously possess the features as follows: they are held for the sake of producing commodities, rendering labor service, renting or business management; and their useful life is in excess of one fiscal year. No fixed asset may be recognized unless it simultaneously meets the conditions as follows: (1) The economic benefits are likely to flow into the enterprise; (2) The cost of the fixed asset can be measured reliably.

### (2) Depreciation Method

Category	Depreciation method	Useful life (year)	Expected net salvage value	Annual depreciation
Houses and buildings	Straight-line depreciation	20-25	5-10	3.6-4.75
Transportation	Straight-line depreciation	5	5	19
Other equipment	Straight-line depreciation	5	5	19
Machinery equipment	Straight-line depreciation	5	5	19
Decoration of fixed assets	Straight-line depreciation	5	0	20

### (3) Recognition Basis, Pricing and Depreciation Method of Fixed Assets by Finance Lease

Not applicable.

## 25. Construction in Progress

1. No construction in progress may be recognized unless it simultaneously meets the conditions as follows: (1) The economic benefits are likely to flow into the enterprise; (2) The cost of the fixed asset can be measured reliably. Construction in progress shall be measured according to the occurred actual costs before the assets available for the intended use.
2. When the construction in progress is available for the intended use, it shall be transferred to fixed assets according to the actual cost of the project. For construction in progress available for the intended use but not dealing with final accounts of completed project, it shall be transferred to fixed assets according to the estimated value first, and then adjust original temporarily estimated value based on the actual costs after the final accounts of completed project, but not adjust the depreciation that was already calculated.

## 26. Borrowing Costs

### 1. Recognition Principle of Capitalization of Borrowing Costs

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it shall be capitalized and recorded into the costs of relevant assets. Other borrowing costs shall be recognized as expenses when it occurred, and shall be recorded into the current profits and losses.

### 2. Capitalization Period of Borrowings Costs

(1) The borrowing costs shall not be capitalized unless they simultaneously meet the following requirements: 1) The asset disbursements have already incurred; 2) The borrowing costs have already incurred; 3) The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

(2) Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended. The borrowing costs incurred during such period shall be recognized as expenses, and shall be recorded into the profits and losses of the current period, till the acquisition and construction or production of the asset restarts.

(3) When the acquisition and construction or production of a qualified asset eligible for capitalization are available for its intended use or sale, the capitalization of borrowing costs shall be stopped.

### 3. Capitalized rate and amount of borrowing costs

To the extent that funds are borrowed specifically for the purpose of acquiring or constructing a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset is determined as the actual interest costs (including amortization of discount and premium confirmed according to effective interest method) incurred on that borrowing during the period less any investment income on the temporary investment of the borrowing. To the extent that funds are borrowed generally and used for the purpose of acquiring or constructing a qualifying asset, the amount of borrowing costs eligible for capitalization shall be determined by applying a capitalization rate to the weighted average of excess of accumulated expenditures on qualifying asset over that on specific purpose borrowing.

## 27. Biological Assets

Not applicable.

## 28. Oil and Gas Assets

Not applicable.

## 29. Right-of-use Assets

Not applicable.

## 30. Intangible Assets

### (1) Pricing Method, Useful Life and Impairment Test

1. Intangible assets include right to use land sites, use right of software etc. and conduct the initial measurement according to the costs.

2. With regard to intangible assets with limited service life, it shall be amortized systematically and reasonably within their service life according to the expected implementation of economic interests related to the intangible assets. If it can't recognize the expected implementation reliably, it shall be amortized by straight-line method. The specific useful lives are as follows:

Items	Useful life for amortization (years)
Use right of lands	Statutory life of land use right
Use right of software	5

The intangible assets with uncertain service life shall not be amortized, and the Company rechecks the service life of the intangible

assets in every accounting period. For intangible assets with uncertain service, the recognition basis is without certain service life and expected benefit life.

3. For intangible assets with definite service life, when there is any indication of impairment on the balance sheet date, corresponding provision for impairment shall be made according to the difference between the book value and recoverable amount; for intangible assets with uncertain service life and those not ready for service, impairment test shall be conducted every year no matter whether there is any indication of impairment.

## **(2) Accounting Policies of Internal R&D Expenses**

Not applicable.

### **31. Impairment of Long-term Assets**

For long-term assets, such as long-term equity investment, investment property measured by cost model, fixed assets, construction in progress, and intangible assets with limited service life, the Company shall estimate the recoverable amount if there are signs of impairment on balance sheet date. For intangible assets with uncertain goodwill or service life formed by enterprise combination, whether or not there is sign of impairment, impairment test shall be conducted every year. Goodwill combination and its related assets group or combination of assets group shall be conducted the impairment test.

If the recoverable amount of the above-mentioned long-term assets is lower than its carrying value, it shall make the preparation for assets impairment based on its balance and be recorded into current profits and losses.

### **32. Long-term Prepaid Expenses**

Long-term deferred expenses refer to general expenses with the amortized period over one year (one year excluded) that have occurred. Long-term prepaid expense shall be recorded into the account according to the actual accrual. Long-term prepaid expense shall be amortized averagely within benefit period or specified period. In case of no benefit in the future accounting period, the amortized value of such project that fails to be amortized shall be transferred into the profits and losses of the current period.

### **33. Contract Liabilities**

The Company presents contract assets or contract liabilities on the balance sheet according to the relationship between the fulfillment of its contract performance obligations and its customers' payment. Obligations to be fulfilled by the Company of transferring commodities or providing services to customers, as the Company has received or should receive customers' considerations, are presented as contract liabilities.

### **34. Payroll**

#### **(1) Accounting Treatment of Short-term Compensation**

During the accounting period when the employees providing the service for the Company, the actual short-term compensation shall be recognized as liabilities, and be recorded into the current profits and losses or related assets costs.

#### **(2) Accounting Treatment of the Welfare after Demission**

The Company's welfare after demission plans is divided into defined contribution plans and defined benefit plans (1) During the accounting period when the employee providing service for the Company, the amount paid in line with the setting drawing plan will be recognized as liabilities and recorded into current profits or losses or cost of relevant assets.

(2) The accounting treatment of defined benefit plans usually consists of the following steps:

1) According to the expected cumulative welfare unit method, adopt unbiased and mutually consistent actuarial assumptions to evaluate related demographic variables and financial variables, measure the obligations generated from defined benefit plans and recognize the period in respect of related obligations. Meanwhile, discount the obligations generated from defined benefit plans to recognize their present value and the current service costs;

2) If there are any assets in a defined benefit plan, the deficit or surplus formed from the present value of the defined benefit plan obligations less the fair value of the defined benefit plan assets shall be recognized as net liabilities or net assets of a defined benefit

plan. If there is any surplus in a defined benefit plan, the net assets of the plan shall be measured at the lower of the surplus or the upper asset limit;

3) At the end of the period, the staff remuneration costs generated from a defined benefit plan shall be recognized as services costs, net interests of the net liabilities or net assets of the plan and changes from the re-measurement of the net liabilities or net assets of the plan. Service costs and net interests of the net liabilities or net assets of the plan shall be recorded into the current profits or losses or related asset costs, while changes from the re-measurement of the net liabilities or net assets of the plan shall be recorded into other comprehensive income and shall not be transferred back to profits or losses in subsequent accounting periods. But the amounts recognized in other comprehensive income may be transferred within the equity scope.

### **(3) Accounting Treatment of Demission Welfare**

When the Company is unable to unilaterally withdraw the plan on the cancellation of labor relationship or the layoff proposal, or when recognizing the costs or expenses (the earlier one between the two) related to the reorganization of paying the demission welfare, should recognize the payroll liabilities from the demission welfare and include in the current gains and losses.

### **(4) Accounting Treatment of Other Welfare of the Long-term Employees**

The Company provides the other long-term employee benefits for the employees, and for those met with the defined contribution plans, accounting treatment should be conducted according to the related regulations of the defined contribution plans; the for the others long-term employee benefits except for the former, accounting treatment should be conducted according to the related regulations of the defined benefit plans. In order to simplify the related accounting treatment, the payrolls shall be recognized as service costs, the net amount of interest of net liabilities and net assets of other welfare of the long-term employees. The total net amounts made up from the changes of measuring the net liabilities and net assets of other welfare of the long-term employees again shall be recorded into the current profits and losses or related assets costs.

## **35. Lease Liabilities**

Not applicable.

## **36. Provisions**

1. The obligation such as external guaranty, litigation or arbitration, product quality assurance, loss contract, pertinent to a contingencies shall be recognized as the provisions when the following conditions are satisfied simultaneously: ① That obligation is a current obligation of the enterprise; ② It is likely to cause any economic benefit to flow out of the enterprise as a result of performance of the obligation; and ③ The amount of the obligation can be measured in a reliable way.

2. The Company shall conduct the initial measurement to provisions according to the best estimate number needed for performing the related current obligation and recheck the carrying value of accrued liabilities on balance sheet date.

## **37. Share-based Payment**

Not applicable.

## **38. Other Financial Instruments such as Preference Shares and Perpetual Bonds**

Not applicable.

## **39. Revenue**

The Accounting Policy Adopted for Recognition and Measurement of Revenue

### **(1) Recognition of revenue**

The Company gains revenue mainly from property sales, property management and property leasing (refer to 42. Leasing for more detail).

The Company recognizes revenue when it has fulfilled the obligation of contract performance, namely, when it has acquired the control of the related commodity. The acquisition of control over a commodity refers to the capacity to control the use of the commodity and to gain almost all economic interests thereof.

**(2) The Company judges whether a contract performance obligation is “a contract performance obligation fulfilled in a time**

**period” or “a contract performance obligation fulfilled at a time point” according to the terms in revenue standards, and recognizes revenue according to the following principles.**

When the Company meets one of the following conditions, the obligation should be classified as a contract performance obligation fulfilled in a specific time period:

The customer gains and consumes the economic interests brought by the Company’s contract performance when the Company performs the contract.

The customer is able to control the assets in progress during the Company’s contract performance.

The assets produced during the Company’s contract performance have irreplaceable use, and the Company has the right to collect payment in respect of its completed contract performance accumulated as of now throughout the entire contract period.

For a contract performance obligation fulfilled in a time period, the Company recognizes revenue according to the progress towards contract completion in that period, but excluding the case when such progress cannot be reasonably determined. The Company uses the output or input method to determine the right progress towards contract completion by considering the nature of the commodity.

For one that is classified as a contract performance obligation fulfilled at a time point instead of in a time period, the Company recognizes revenue when the customer acquires the control over the related commodity.

In judging whether the customer has acquired the control over a commodity, the Company considers the following signs:

The Company is entitled to the current right of payment collection in respect of the commodity. In other words, the customer has the current obligation to pay for the commodity.

The Company has transferred the legal ownership of the commodity to the customer. In other words, the customer has owned the legal ownership of the commodity.

The Company has transferred the physical commodity to the customer. In other words, the customer has taken physical possession of the commodity.

The Company has transferred the major risks and remunerations in respect of the ownership of the commodity. In other words, the customer has acquired the major risks and remunerations in respect of the ownership of the commodity.

The customer has accepted the commodity.

Other signs indicating that the customer has acquired control over the commodity.

3) Specific policies of the Company for recognizing revenue:

#### **(1) Real Estate Sales Contracts**

The realization of sales revenue shall be recognized under the following conditions: the developed products have been completed and accepted, the sales contract has been signed and the obligations stipulated in the contract have been fulfilled, the main risks and rewards of ownership of the developed products have been transferred to the buyer at the same time, the Company shall no longer retain the continuous management rights normally associated with ownership and effectively control the sold developed products, the revenue amount can be measured reliably, the related economic benefits are likely to flow in, and the related costs that have occurred or will occur can be measured reliably.

For the sale of self-occupied housing, the realization of sales income shall be recognized under the following conditions: the main risks and rewards of ownership of self-occupied houses are transferred to the buyer, the Company will no longer retain the continuous management rights normally associated with ownership and effectively control the sold development products, the amount of income can be measured reliably, relevant economic benefits are likely to flow in, the relevant costs that have occurred or will occur can be measured reliably.

Only recognizing the sales income realization under the following conditions: acquired the real estate completed and accepted as qualified (the completion and acceptance reports), signed an irreversible sales contract, obtained the buyer's payment certificate (for those who chose bank mortgage, the first installment and the full amount of bank mortgage must be required; for those who did not choose the bank mortgage to make their payment, the full house payment must be required) issued the notice of repossession (if the owner fails to go through the formalities in time within the specified time limit the building shall be deemed as repossessed).

#### **(2) Providing Labor Services**

If the provision of labor services can be reliably estimated (all the following conditions are met: ① The amount of income can be measured reliably; ② The relevant economic benefits are likely to inflow to the Company; ③ The progress of the transaction can be reliably determined; ④ The cost incurred and to be incurred in the transaction can be measured reliably), it shall recognize the revenue from providing services employing the percentage-of-completion method, and confirm the completion of labor service according to the costs incurred as a percentage of the total estimated costs. If the Company can't, on the date of the balance sheet, reliably estimate the outcome of a transaction concerning the labor services it provides, it shall be handled under the following conditions: If the cost of labor services incurred is expected to be compensated, the revenue from the providing of labor services shall be recognized in accordance with the amount of the cost of labor services incurred, and the cost of labor services shall be carried forward at the same amount; If the cost of labor services incurred is not expected to compensate, the cost incurred should be included in the current profits and losses, and no revenue from the providing of labor services may be recognized.

Property management revenue shall be recognized when property management services have been provided, economic benefits related to property management services can flow into the enterprise, and costs related to property management can be reliably measured.

### **(3) Transferring the Right to Use Assets**

The revenue of transferring the right to use assets may not be recognized unless the following conditions are both met: the relevant economic benefits are likely to inflow to the Company; and the revenue can be reliably measured. The interest income shall be recognized according to the time and actual interest rate in which other people use the Company's monetary funds. Royalty revenue shall be recognized according to the chargeable time and method stipulated in related contracts and agreements.

According to the lease date and lease amount agreed in the lease contract and agreement, the realization of rental property income shall be recognized when relevant economic benefits are likely to flow in.

### **(4) Other Business Income**

According to the stipulations of relevant contracts and agreements, when the economic benefits related to the transaction can flow into the enterprise and the costs related to the income can be reliably measured, the realization of other business income shall be confirmed.

### **(3) Measurement of Revenue**

The Company should measure revenue according to the transaction prices apportioned to each of the individual contract performance obligations. In determining a transaction price, the Company considers the impact of a number of factors, including variable consideration, significant financing components in contracts, non-cash consideration, and consideration payable to customers.

#### Variable consideration

The Company determines the best estimate of variable consideration according to the expected value or the amount most likely to occur. But a transaction price containing variable consideration should not exceed the amount from the accumulated recognized revenue that will probably not have any significant reversal when related uncertainties are eliminated. When assessing whether the significant reversal of accumulated recognized revenue is almost impossible or not, a company should concurrently consider the possibility and weight of the revenue reversal.

#### Significant financing component

When a contract contains any financing component, the Company should determine the transaction price according to the amount payable that is assumed to be paid in cash by the customer when it acquires control over the commodity. The difference between the transaction price and the contract consideration should be amortized in the effective interest method during the contract period.

#### Non-cash consideration

When a customer pays non-cash consideration, the Company should determine the transaction price according to the fair value of the non-cash consideration. When such fair value cannot be reasonably estimated, the Company will indirectly determine the transaction price by reference to the individual price committed by the Company for transferring the commodity to the customer.

#### Consideration payable to a customer

For consideration payable to a customer, the Company should deduct the transaction price from the consideration payable, and

deduct the revenue for the current period at either the recognition of related revenue or the payment (or committed payment) of the consideration to the customer, whichever is earlier, but excluding the case in which the consideration payable to the customer is for the purpose of acquiring from the customer other commodities that can be obviously distinguished.

If the Company's consideration payable to a customer is for the purpose of acquiring from the customer other commodities that can be obviously distinguished, the Company should confirm the commodity purchased in the same way as in its other purchases. When the Company's consideration payable to a customer exceeds the fair value of the commodity that can be obviously distinguished, the exceeded amount should be used to deduct the transaction price. If the fair value of the commodity acquired from the customer that can be obviously distinguished cannot be reasonably estimated, the Company should deduct the transaction price from the consideration payable to the customer.

Differences in accounting policies for the recognition of revenue caused by different business models for the same type of business  
Not applicable.

#### **40. Government Grants**

**1. If the government subsidies meet with the following conditions at the same, it should be recognized:** (1) The entity will comply with the condition attaching to them; (2) The grants will be received from government. If a government subsidy is a monetary asset, it shall be measured according to the amount received or receivable. If a government subsidy is a non-monetary asset, it shall be measured at its fair value, and shall be measured at a nominal amount when the fair value cannot be obtained reliably.

#### **2. Judgment basis and accounting methods of government subsidies related to assets**

The government subsidies that are acquired for construction or form long-term assets in other ways according to government documents shall be defined as asset-related government subsidies. For those not specified in government documents, the judgment shall be made based on the compulsory fundamental conditions for acquiring the subsidies. If the subsidies are acquired with construction or the formation of long-term assets in other ways as fundamental conditions, they shall be recognized as asset-related government subsidies. For asset-related government subsidies, the carrying value of related assets shall be written down or recognized as deferred income. If asset-related government subsidies are recognized as deferred income, it shall be recorded into profits or losses by period in a reasonable and systemic manner within the life of related assets. Government subsidies measured at the nominal amount shall be directly recorded into current profits or losses. If related assets are sold, transferred, disposed of or destroyed before the end of their life, the undistributed balance of related deferred income shall be transferred into the profits or losses for the period of the asset disposal.

#### **3. Judgment basis and accounting treatment of profits-related government subsidies**

Government subsidies other than asset-related government subsidies shall be defined as profits-related government subsidies. For government subsidies consisting of both asset-related parts and profits-related parts, which are difficult to judge whether they are related to assets or profits, the entirety shall be classified as profits-related government subsidies. Profits-related government subsidies that are used to compensate the related future expenses or losses shall be recognized as deferred income and shall be included into the current profit/losses during the period when the relevant expenses or losses are recognized; those subsidies used to compensate the related expenses or losses incurred shall be directly included into the current profits/losses.

**4. Government subsidies related to the Company's routine operating activities** shall be included into other income or write down related costs according to the economic business nature. Government subsidies not related to the Company's routine activities shall be included into non-operating income and expenditure.

#### **41. Deferred Income Tax Assets/Deferred Income Tax Liabilities**

1. In accordance with the balance (the item not recognized as assets and liabilities can confirm their tax bases according to the tax law, the balance between the tax bases and its carrying amount) between the carrying amount of assets or liabilities and their tax bases, deferred tax assets and deferred tax liabilities should be recognized at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.



2. A deferred tax asset shall be recognized within the limit of taxable income that is likely to be obtained to offset the deductible temporary differences. At the balance sheet date, where there is strong evidence showing that sufficient taxable profit will be available against which the deductible temporary difference can be utilized, the deferred tax asset unrecognized in prior period shall be recognized.

3. The Company assesses the carrying amount of deferred tax asset at the balance sheet date. If it's probable that sufficient taxable profit will not be available against which the deductible temporary difference can be utilized, the Company shall write down the carrying amount of deferred tax asset, or reverse the amount written down later when it's probable that sufficient taxable profit will be available.

4. The current income tax and deferred income tax of the Company are recorded into the current gains and losses as income tax expenses or revenue, except in the following circumstances: (1) Business combination; (2) The transaction or event directly included in owner' equity.

#### **42. Lease**

##### **(1) Accounting Treatment of Operating Lease**

As a Lessee, the Company shall record the rent into relevant assets cost or recognize it as the current profit or loss on a straight-line basis over the lease term. The initial direct costs incurred shall be recognized as the current profit or loss; Contingent rents shall be charged into the current profit or loss when they are incurred.

When the Company acts as lessor, rents shall be recognized as the current profit and loss according to straight-line method in each period of the lease term. Initial direct expenses incurred shall be directly included in the current profit and loss, except for those with large amount which are capitalized and included in the profit and loss by stages. Contingent rents shall be included in the current profits and losses when they actually incur.

##### **(2) Accounting Treatments of Financial Lease**

For the lessee, a fixed asset acquired under finance lease shall be valued at the lower of the fair value of the leased asset and the present value of the minimum lease payments at the inception of lease. The minimum lease payments as the entering value in long-term account payable, the difference as unrecognized financing charges; the initial direct costs shall be directly recorded into leasing asset value. At each period during the lease term, the effective interest rate method shall be adopted to calculate and confirm the current financing charge.

On the initial date of financial lease, lessee of the financial lease shall record the sum of the minimum lease payments and initial direct costs as the financing lease accounts receivable, and also record the non-guaranteed residual value; recognize the difference between the total minimum lease payments, initial direct costs, non-guaranteed residual value and sum of the present value as the unrealized financing income; At each period during the lease term, the effective interest rate method shall be adopted to calculate and confirm the current financing income.

#### **43. Other Important Accounting Policies and Accounting Estimations**

##### **(1) Confirmation standard and accounting handling method for operation termination**

Components which meet one of the following conditions, have been disposed or divided as held for sale category and can be distinguished separately are confirmed as operation termination.

- 1) The component represents one important independent main business or one single main operation area.
- 2) The component is one part of a related plan which plans to dispose one independent main business or one single main operation area.
- 3) The component is a subsidiary which is obtained for resale specially.

##### **(2) Accounting Method for Maintenance fund and Quality Deposit**

- 1) Maintenance fund accounting method

According to the local relevant regulations of the development project, the maintenance fund shall collect from the buyers, or withdraw from the development costs of the Company's relevant development products when development products sell (pre-sell),

and shall uniformly turn them over to the maintenance fund management department.

## 2) Quality deposit accounting method

The quality guarantee fund shall be reserved from the project fund of the construction unit according to the provisions of the construction contract. Maintenance fees incurred during the warranty period of the developed products shall be offset against the quality guarantee deposit; After the expiration of the warranty period agreed upon in the development of products, the balance of the quality guarantee deposit shall be returned to the construction unit.

## (3) Segmental report

The Group recognizes the operating segments according to the internal organization structure, the management requirements and the internal report system. Operating segments refer to the compose parts of the Group which meet with the following conditions at the same time:

the compose part could cause revenues and expenses in the daily activities;

the management layer could periodically evaluate the operation results of the compose part and base which to distribute the resources and evaluate the performance;

3) the Group could acquire the relevant accounting information of the financial conditions, operation results and the cash flows of the compose part through analysis.

## 44. Changes in Main Accounting Policies and Estimates

### (1) Change of Accounting Policies

Applicable  Not applicable

1. The Company has adopted the provisions of Accounting Standard for Business Enterprises No. 14 –Revenue (CK [2017] No. 22) since January 1, 2020. According to cumulative effects, the Company adjusted retained earnings at the beginning of the year and other relevant items in the financial statements, without adjustment of any information of the comparable period. The impact of accounting policy changes includes:

Contents of changes in accounting policies and reasons thereof	Items and amounts of financial statements affected
Consideration paid by customers before the delivery of goods is listed as “contract liabilities” in accordance with the new standard for income, and tax included is listed as “other current liabilities”.	In the consolidated balance sheet on 1 January 2020, “Advances from customers” are RMB516,988.76, “Contract liabilities” are RMB690,543,580.95 and “Other current liabilities” are RMB37,125,462.92;  In the balance sheet of the Company as the Parent on 1 January 2020, “Advances from customers” are RMB320,469.53, “Contract liabilities” are RMB0.00 and “Other current liabilities” are RMB0.00.
The right to receive consideration for goods or services that have been transferred to customers (which depends on other factors other than time) is listed as “contract assets” in accordance with the new standard for income.	In the consolidated balance sheet on 1 January 2020, “Contract assets” are RMB0.00;  In the balance sheet of the Company as the Parent on 1 January 2020, “Contract assets” are RMB0.00.
Incremental cost (such as sales commission) incurred for contract acquisition is recognized as an asset as cost of contract acquisition, and listed as cost of contract acquisition in “other current assets” or “other	In the consolidated balance sheet on 1 January 2020, “Other current assets” are RMB0.00 and

non-current assets” in accordance with the new standard for income. However, if the amortization of asset is within one year, it can be included in the current profit and loss when it occurs.	“Other non-current assets” are RMB0.00; In the balance sheet of the Company as the Parent on 1 January 2020, “Other current assets” are RMB0.00 and “Other non-current assets” are RMB0.00.
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The Company adopts simple treatment method to include sales commission with amortization period within one year in the current profit and loss when it occurs. The amortization period of sales commission in 2019 is within one year.

## (2) Changes in Accounting Estimates

Applicable  Not applicable

## (3) Adjustments to the Financial Statements at the Beginning of the First Execution Year of any New Standards Governing Revenue or Leases since 2020

Applicable

Whether items of balance sheets at the beginning of the year need to be adjusted

Yes  No

Consolidated balance sheet

Unit: RMB

Item	31 December 2019	1 January 2020	Adjustment
Current assets:			
Monetary assets	3,297,890,935.91	3,297,890,935.91	
Settlement reserve			
Interbank loans granted			
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	216,923,663.25	216,923,663.25	
Accounts receivable financing			
Prepayments	69,546,774.17	69,546,774.17	
Premiums receivable			
Reinsurance receivables			
Receivable reinsurance contract reserve			
Other receivables	917,981,165.74	917,981,165.74	
Including: Interest receivable			
Dividends			

receivable			
Financial assets purchased under resale agreements			
Inventories	4,913,510,876.66	4,913,510,876.66	
Contract assets			
Assets held for sale			
Current portion of non-current assets			
Other current assets	42,500,585.94	42,500,585.94	
Total current assets	9,458,354,001.67	9,458,354,001.67	
Non-current assets:			
Loans and advances to customers			
Investments in debt obligations			
Investments in other debt obligations			
Long-term receivables			
Long-term equity investments	45,076,122.72	45,076,122.72	
Investments in other equity instruments	1,580,475.86	1,580,475.86	
Other non-current financial assets			
Investment property	503,323,428.61	503,323,428.61	
Fixed assets	93,557,782.83	93,557,782.83	
Construction in progress			
Productive living assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	700,369.66	700,369.66	
Development costs			
Goodwill			
Long-term prepaid expense	7,034,472.79	7,034,472.79	
Deferred income tax assets	658,153,122.73	658,153,122.73	

Other non-current assets	4,711,963.66	4,711,963.66	
Total non-current assets	1,314,137,738.86	1,314,137,738.86	
Total assets	10,772,491,740.53	10,772,491,740.53	
Current liabilities:			
Short-term borrowings			
Borrowings from the central bank			
Interbank loans obtained			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable	577,689,139.10	577,689,139.10	
Advances from customers	728,186,032.63	516,988.76	-727,669,043.87
Contract liabilities		690,543,580.95	690,543,580.95
Financial assets sold under repurchase agreements			
Customer deposits and interbank deposits			
Payables for acting trading of securities			
Payables for underwriting of securities			
Employee benefits payable	143,493,868.80	143,493,868.80	
Taxes payable	2,598,283,291.68	2,598,283,291.68	
Other payables	1,149,104,928.85	1,149,104,928.85	
Including: Interest payable			
Dividends payable	12,202,676.04	12,202,676.04	
Handling charges and commissions payable			
Reinsurance payables			
Liabilities directly associated with assets held			

for sale			
Current portion of non-current liabilities	3,921,032.24	3,921,032.24	
Other current liabilities		37,125,462.92	37,125,462.92
Total current liabilities	5,200,678,293.30	5,200,678,293.30	
Non-current liabilities:			
Insurance contract reserve			
Long-term borrowings	2,193,833,000.00	2,193,833,000.00	
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions	2,903,327.87	2,903,327.87	
Deferred income	341,259.63	341,259.63	
Deferred income tax liabilities	3,821.08	3,821.08	
Other non-current liabilities	108,164,737.46	108,164,737.46	
Total non-current liabilities	2,305,246,146.04	2,305,246,146.04	
Total liabilities	7,505,924,439.34	7,505,924,439.34	
Owners' equity:			
Share capital	595,979,092.00	595,979,092.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	80,488,045.38	80,488,045.38	
Less: Treasury stock			
Other comprehensive income	-2,698,371.44	-2,698,371.44	
Specific reserve			
Surplus reserves	17,060,448.05	17,060,448.05	
General reserve			

Retained earnings	2,457,119,795.39	2,457,119,795.39	
Total equity attributable to owners of the Company as the parent	3,147,949,009.38	3,147,949,009.38	
Non-controlling interests	118,618,291.81	118,618,291.81	
Total owners' equity	3,266,567,301.19	3,266,567,301.19	
Total liabilities and owners' equity	10,772,491,740.53	10,772,491,740.53	

## Notes to the adjustments

All above adjustments are caused by implementing the new standards governing financial instruments.

1. Influence of implementing the new standards governing revenue on the Company's financial statements on 1 January 2020 is as follows:

Item	Balance sheet		
	31 December 2019	Influenced	1 January 2020
Advances from customers	728,186,032.63	-727,669,043.87	516,988.76
Contract liabilities		690,543,580.95	690,543,580.95
Other current liabilities		37,125,462.92	37,125,462.92

## Balance sheet of the Company as the parent

Unit: RMB

Item	31 December 2019	1 January 2020	Adjustment
Current assets:			
Monetary assets	2,455,001,204.14	2,455,001,204.14	
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	755,932.14	755,932.14	
Accounts receivable financing			
Prepayments	496,729.09	496,729.09	
Other receivables	501,082,153.81	501,082,153.81	
Including: Interest receivable			
Dividends receivable			
Inventories	624,499,208.02	624,499,208.02	
Contract assets			

Assets held for sale			
Current portion of non-current assets			
Other current assets	1,113,935.28	1,113,935.28	
Total current assets	3,582,949,162.48	3,582,949,162.48	
Non-current assets:			
Investments in debt obligations			
Investments in other debt obligations			
Long-term receivables			
Long-term equity investments	1,070,542,003.11	1,070,542,003.11	
Investments in other equity instruments	1,810,975.86	1,810,975.86	
Other non-current financial assets			
Investment property	312,638,785.76	312,638,785.76	
Fixed assets	26,337,488.29	26,337,488.29	
Construction in progress			
Productive living assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets			
Development costs			
Goodwill			
Long-term prepaid expense	605,416.29	605,416.29	
Deferred income tax assets	343,958,821.07	343,958,821.07	
Other non-current assets	1,613,657,031.92	1,613,657,031.92	
Total non-current assets	3,369,550,522.30	3,369,550,522.30	
Total assets	6,952,499,684.78	6,952,499,684.78	
Current liabilities:			
Short-term borrowings			
Held-for-trading financial liabilities			



Derivative financial liabilities			
Notes payable			
Accounts payable	64,503,938.37	64,503,938.37	
Advances from customers	320,469.53	320,469.53	
Contract liabilities			
Employee benefits payable	36,735,205.68	36,735,205.68	
Taxes payable	1,322,751,671.37	1,322,751,671.37	
Other payables	3,146,684,268.89	3,146,684,268.89	
Including: Interest payable			
Dividends payable	29,642.40	29,642.40	
Liabilities directly associated with assets held for sale			
Current portion of non-current liabilities			
Other current liabilities			
Total current liabilities	4,570,995,553.84	4,570,995,553.84	
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities	40,000,000.00	40,000,000.00	
Total non-current liabilities	40,000,000.00	40,000,000.00	

Total liabilities	4,610,995,553.84	4,610,995,553.84	
Owners' equity:			
Share capital	595,979,092.00	595,979,092.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	53,876,380.11	53,876,380.11	
Less: Treasury stock			
Other comprehensive income	-2,051,268.24	-2,051,268.24	
Specific reserve			
Surplus reserves	16,403,637.61	16,403,637.61	
Retained earnings	1,677,296,289.46	1,677,296,289.46	
Total owners' equity	2,341,504,130.94	2,341,504,130.94	
Total liabilities and owners' equity	6,952,499,684.78	6,952,499,684.78	

Notes to the adjustments

**(4) Retroactive Adjustments to Comparative Data of Prior Years when First Execution of any New Standards Governing Revenue or Leases since 2020**

Applicable  Not applicable

**45. Other**

In the Note of the financial statements, the data of the period-beginning refers to the financial statement data on 1 January 2020; the data of the period-end refers to the financial statement data on 31 December 2020; the Reporting Period refers to the 2020; the same period of last year refers to the 2019. The same to the Company as the parent.

**VI Taxes**

**1. Main Taxes and Tax Rates**

Category of taxes	Tax basis	Tax rate
VAT	Sales of goods or provision of taxable services	[Note 1]
Urban maintenance and construction tax	Turnover tax payable	Applied to 7%, 5%, 1% separately according to the regional level
Enterprise income tax	Taxable income	25%、20%、15%、16.5% [Note 2]
VAT of land	Added value generated from paid transfer of the use right of state-owned lands and property right of above-ground	30%-60%

	buildings and other attachments	
Real estate tax	Levied according to price: paid according to 1.2% of the residual value of the real estate's original value after deducted 30% at once; levied according to lease: paid according to 12% of the rental income	1.2%、12%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%

Notes of the disclosure situation of the taxpaying bodies with different enterprises income tax rate

Name	Income tax rate
Chongqing Shenzhen International Trade Center Property Management Co., Ltd.	15%
Shenzhen SZPRD Housing Assets Operation and Management Co., Ltd.	20%
Shenzhen Guomao Catering Co., Ltd.	20%
Shenzhen Property Engineering and Construction Supervision Co., Ltd.	20%
Shenzhen Julian Human Resources Development Co.,Ltd.	20%
Shenzhen Huazhengpeng Property Management Development Co., Ltd.	20%
Shenzhen Jinhailian Property Management Co.,Ltd.	20%
Shenzhen Zhongtongda House Xiushan Service Co.,Ltd.	20%
Shenzhen Kangping Industry Co.,Ltd.	20%
Shenzhen Teacher Family Training Co., Ltd.	20%
Shenzhen Education Industry Co., Ltd.	20%
Shenzhen Yufa Industry Co., Ltd.	20%
Chongqing Aobo Elevator Co., Ltd.	20%
Subsidiaries registered in Hong Kong area	16.50%
Other taxpaying bodies within the consolidated scope	25%

## 2. Tax Preference

[Note 2]: According to the regulations of No. 2, Property Service of No. 37, Commercial Service among the encouraging category of the Guidance Catalogue of Industry Structure Adjustment (Y2011), the western industry met with the conditions should be collected the corporate income tax according to 15% of the tax rate. The subsidiary of the Group Chongqing Shenzhen International Trade Center Property Management Co., Ltd. applies to above policy.

According to the State Administration of Taxation Notice on the Implementation of Inclusive Tax Relief Policy for Small and Micro

Enterprises (Fiscal [2019] No.13), from 1 January 2019, to 31 December 2021, the portion of the annual taxable income of small and micro enterprises that does not exceed RMB1 million shall be included in the taxable income at a reduced rate of 25%, and the enterprise income tax shall be paid at a tax rate of 20%. If the annual taxable income exceeds RMB1 million and does not exceed RMB3 million, it shall be included in the taxable income at a reduced rate of 50%, and the enterprise income tax shall be paid at a tax rate of 20%. This policy applies to 12 subsidiaries of our group from 2019 onwards, including Chongqing Aobo Elevator Co., Ltd., Shenzhen International Trade Center Catering Co., Ltd., etc.

### 3. Other

[Note 1]: Taxable items and tax rate of the VAT of the Company and its subsidiaries are as follows:

Type of the revenue	General rate	Percentage charges of
Sales of house property	9%	5%
Rent of real estate	9%	5%
Property service	6%	3%
Catering service	6%	3%
Others	13%	--

## VII. Notes to Major Items in the Consolidated Financial Statements of the Company

### 1. Monetary Assets

Unit: RMB

Item	Ending balance	Beginning balance
Cash on hand	96,389.26	130,048.49
Bank deposits	4,193,301,592.08	3,276,826,087.46
Other monetary assets	12,868,647.98	20,934,799.96
Total	4,206,266,629.32	3,297,890,935.91
Of which: the total amount deposited overseas	51,323,986.36	54,480,940.07
The total amount with restricted right of use for mortgage, pledge or freeze	38,111,717.09	12,545,702.44

Other notes

The RMB 12,868,647.98 other monetary assets mainly include RMB 1,148,647.30 guarantee deposit, RMB 11,557,864.41 cash deposits for L/G and RMB 11,031.58 bank frozen assets; The RMB 4,193,301,592.08 bank deposits include RMB 25,394,174.20 accrued interest on time deposits at Period-end. The above amount is not regarded as cash and cash equivalents due to restrictions on use.

**2. Held-for-trading Financial Assets**

Unit: RMB

Item	Ending balance	Beginning balance
Of which:		
Of which:		

Other notes:

**3. Derivative Financial Assets**

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes:

**4. Notes Receivable****(1) Notes Receivable Listed by Category**

Unit: RMB

Item	Ending balance	Beginning balance
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Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Of which:										
Of which:										

Bad debt provision separately accrued:

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Withdrawal reason

Bad debt provision withdrawn according to groups:

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion

Notes of the basis of recognizing the group:

If the bad debt provision for notes receivable was withdrawn in accordance with the general model of expected credit losses,

information related to bad debt provision shall be disclosed by reference to the disclosure method of other receivables:

Applicable  Not applicable

## (2) Bad Debt Provision Withdrawn, Reversed or Collected during the Reporting Period

Bad debt provision withdrawn in the Reporting Period:

Unit: RMB

Category	Beginning balance	Increase/decrease				Ending balance
		Withdrawn	Reversed or collected	Verified	Other	

Of which, bad debt provision collected or reversed with significant amount:

Applicable  Not applicable

## (3) Notes Receivable Pledged by the Company at the Period-end

Unit: RMB

Item	Amount

## (4) Notes Receivable which Had Endorsed by the Company or had Discounted and had not Due on the Balance Sheet Date at the Period-end

Unit: RMB

Item	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end

## (5) Notes Transferred to Accounts Receivable because Drawer of the Notes Failed to Execute the Contract or Agreement

Unit: RMB

Item	Amount of the notes transferred to accounts receivable at the period-end

Other notes

## (6) Notes Receivable with Actual Verification for the Reporting Period

Unit: RMB

Item	Amount

Of which, verification of significant notes receivable:

Unit: RMB

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of related-party

						transactions
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Notes of the verification of notes receivable

## 5. Accounts Receivable

### (1) Accounts Receivable Classified by Category

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable with single bad debt provision accrued	105,273,564.00	34.37%	105,273,564.00	100.00%		106,958,370.47	31.79%	105,293,364.00	98.44%	1,665,006.47
Of which:										
Accounts receivable with bad debt provision withdrawn according to groups	201,040,006.98	65.63%	13,342,375.51	6.64%	187,697,631.47	229,476,481.62	68.21%	14,217,824.84	6.20%	215,258,656.78
Of which:										
Total	306,313,570.98	100.00%	118,615,939.51	38.72%	187,697,631.47	336,434,852.09	100.00%	119,511,188.84	35.52%	216,923,663.25

Bad debt provision separately accrued: 105,273,564.00

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Withdrawal reason
Shenzhen Jiyong Properties & Resources Development Company	93,811,328.05	93,811,328.05	100.00%	Involved in the lawsuit and no executable property
Shenzhen Teweï	2,836,561.00	2,836,561.00	100.00%	Uncollectible for a

Industry Co., Ltd.				long period
Lunan Industry Corporation	2,818,284.84	2,818,284.84	100.00%	Poor operating conditions, uncollectible for a long period
Those with insignificant single amount for which bad debt provision separately accrued	5,807,390.11	5,807,390.11	100.00%	Uncollectible for a long period
<b>Total</b>	<b>105,273,564.00</b>	<b>105,273,564.00</b>	<b>--</b>	<b>--</b>

Bad debt provision separately accrued:

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Withdrawal reason

Bad debt provision withdrawn according to groups: 13,342,375.51

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Within 1 year	105,789,544.65	3,173,686.37	3.00%
1 to 2 years	13,591,883.22	1,359,188.34	10.00%
2 to 3 years	3,170,747.25	951,224.18	30.00%
3 to 4 years	2,893,200.67	1,446,600.35	50.00%
4 to 5 years	635,598.25	508,478.60	80.00%
Over 5 years	3,767,450.19	3,767,450.19	100.00%
<b>Total</b>	<b>129,854,860.25</b>	<b>11,206,821.11</b>	<b>--</b>

Notes of the basis of recognizing the group:

Bad debt provision withdrawn according to groups: 13,342,375.51

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Portfolio of credit risk features	129,848,424.23	11,206,628.03	8.63%
Other intercourse funds among related party group	71,191,582.75	2,135,747.48	3.00%
<b>Total</b>	<b>201,040,006.98</b>	<b>13,342,375.51</b>	<b>--</b>

Notes of the basis of recognizing the group:



Bad debt provision withdrawn according to groups:

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion

Notes of the basis of recognizing the group:

If the bad debt provision for accounts receivable was withdrawn in accordance with the general model of expected credit losses, information related to bad debt provision shall be disclosed by reference to the disclosure method of other receivables:

Applicable  Not applicable

Disclosed by aging

Unit: RMB

Aging	Carrying amount
Within 1 year (including 1 year)	177,505,054.92
1 to 2 years	13,067,955.70
2 to 3 years	3,170,747.25
Over 3 years	112,569,813.11
3 to 4 years	2,893,200.67
4 to 5 years	635,598.25
Over 5 years	109,041,014.19
Total	306,313,570.98

## (2) Bad Debt Provision Withdrawn, Reversed or Collected during the Reporting Period

Bad debt provision withdrawn in the Reporting Period:

Unit: RMB

Category	Beginning balance	Increase/decrease				Ending balance
		Withdrawn	Reversed or collected	Verified	Other	
Bad debt provision separately accrued	105,293,364.00		19,800.00			105,273,564.00
Bad debt provision withdrawn according to groups	14,217,824.84	-875,449.33				13,342,375.51
Total	119,511,188.84	-875,449.33	19,800.00			118,615,939.51

Of which, bad debt provision collected or reversed with significant amount:

Unit: RMB

Name of the entity	Amount reversed or collected	Method
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**(3) Accounts Receivable with Actual Verification for the Reporting Period**

Unit: RMB

Item	Amount
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Of which, verification of significant accounts receivable:

Unit: RMB

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of related-party transactions
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Notes of the verification of accounts receivable:

**(4) Top 5 of the Ending Balance of the Accounts Receivable Collected according to the Arrears Party**

Unit: RMB

Name of the entity	Ending balance of accounts receivable	% of total ending balance of accounts receivable	Ending balance of bad debt provision
Shenzhen Jiyong Properties & Resources Development Company	93,811,328.05	30.63%	93,811,328.05
Shenzhen Bay Technology Development Co., Ltd.	60,785,586.79	19.84%	1,823,567.60
Shenzhen Investment Holdings Co., Ltd.	8,357,589.14	2.73%	250,727.67
SF Technology Co., Ltd.	4,310,687.27	1.41%	129,320.62
Shenzhen Tewe Industry Co., Ltd.	2,836,561.00	0.93%	2,836,561.00
Total	170,101,752.25	55.54%	

**(5) Accounts Receivable Derecognized due to the Transfer of Financial Assets****(6) The Amount of the Assets and Liabilities Formed due to the Transfer and the Continued Involvement of Accounts Receivable**

Other notes:

**6. Accounts Receivable Financing**

Unit: RMB

Item	Ending balance	Beginning balance
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Increase or decrease of accounts receivable financing and changes in fair value thereof

 Applicable  Not applicable

If the depreciation reserve for accounts receivable financing was withdrawn in accordance with the general model of expected credit losses, the information related to depreciation reserve shall be disclosed by reference to the disclosure method of other receivables:

 Applicable  Not applicable

Other notes:

**7. Prepayment****(1) List by Aging Analysis**

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	28,553,066.87	55.83%	36,985,187.03	53.18%
1 to 2 years	1,208,311.68	2.36%	3,797,085.70	5.46%
2 to 3 years	769,153.00	1.50%	8,360,467.04	11.36%
Over 3 years	20,012,891.30	40.31%	20,404,034.40	29.00%
Total	50,543,422.85	--	69,546,774.17	--

Notes of the reasons of the prepayment aging over 1 year with significant amount but failed settled in time:

The prepayment aging over one year are the various prepaid taxes, like land VAT, urban construction tax and educational surtax of prepayment of real estate projects still not reaching the recognition of income conditions according to tax law; the relevant procedures of conscience money including land price transaction fees and municipal supporting facilities fee hasn't been completed yet.

**(2) Top 5 of the Ending Balance of the Prepayment Collected according to the Prepayment Target**

Name of the entity	Carrying amount	As % of the total ending balance of the prepayments (%)
Shenzhen Qianhai Advanced Information Service Co., Ltd.	25,900,000.00	51.24
Financial Committee of Shenzhen	19,509,471.00	38.60
Beijing Jingdong Century Information Technology Co., Ltd.	805,068.25	1.59
Shenzhen Yuetong Construction	771,452.87	1.53

Engineering Co., Ltd.		
Chongqing Electric Power Corporation	435,482.12	0.86
<b>Subtotal</b>	<b>47,421,474.24</b>	<b>93.82</b>

Other notes:

The total prepayments of the top 5 ending balances are RMB 47,421,474.24, accounting for 93.82% of the total ending balances of prepayments.

## 8. Other Receivables

Unit: RMB

Item	Ending balance	Beginning balance
Other Receivables	789,050,350.51	917,981,165.74
Total	789,050,350.51	917,981,165.74

### (1) Interest Receivable

#### 1) Category of Interest Receivable

Unit: RMB

Item	Ending balance	Beginning balance
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#### 2) Significant Overdue Interest

Unit: RMB

Entity	Ending balance	Overdue time	Overdue reason	Whether occurred impairment and the judgment basis
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Other notes:

#### 3) Withdrawal of Bad Debt Provision

Applicable  Not applicable

### (2) Dividends Receivable

#### 1) Category of Dividends Receivable

Unit: RMB

Item (or investees)	Ending balance	Beginning balance
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**2) Significant Dividends Receivable Aged over 1 Year**

Unit: RMB

Item (or investees)	Ending balance	Aging	Reason	Whether occurred impairment and the judgment basis

**3) Withdrawal of Bad Debt Provision**

□ Applicable √ Not applicable

Other notes:

**(3) Other Receivables****1) Other Receivables Disclosed by Account Nature**

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Margin	10,259,805.89	13,439,816.18
Cash deposit	45,948,194.30	30,202,817.84
Petty cash	595,148.50	1,853,585.88
Payments on behalf	8,381,989.28	5,218,908.47
External intercourse funds	763,481,109.87	915,411,567.13
Other	13,537,736.74	9,087,762.19
<b>Total</b>	<b>842,203,984.58</b>	<b>975,214,457.69</b>

**2) Withdrawal of Bad Debt Provision**

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2020	29,257,660.02		27,975,631.93	57,233,291.95
Balance of 1 January 2020 in the Reporting Period	—	—	—	—
Withdrawal of the Reporting Period	-4,076,276.51			-4,076,276.51

Reversal of the Reporting Period	-3,281.37		-100.00	-3,381.37
Balance of 31 December 2020	25,178,102.14	0.00	27,975,531.93	53,153,634.07

Changes of carrying amount with significant amount changed of loss provision in the reporting period

Applicable  Not applicable

Disclosed by aging

Unit: RMB

Aging	Carrying amount
Within 1 year (including 1 year)	763,219,151.59
1 to 2 years	17,722,590.46
2 to 3 years	3,599,266.14
Over 3 years	57,662,976.39
3 to 4 years	2,598,698.34
4 to 5 years	436,932.23
Over 5 years	54,627,345.82
Total	842,203,984.58

### 3) Bad Debt Provision Withdrawn, Reversed or Collected during the Reporting Period

Bad debt provision withdrawn in the Reporting Period:

Unit: RMB

Category	Beginning balance	Increase/decrease				Ending balance
		Withdrawn	Reversed or collected	Verified	Other	
Bad debt provision separately accrued	27,975,631.93			-100.00		27,975,531.93
Withdrawal of bad debt provision by groups	29,257,660.02	-4,076,276.51		-3,281.37		25,178,102.14
Total	57,233,291.95	-4,076,276.51		-3,381.37		53,153,634.07

Individual withdrawal of bad debt provision of other receivables at the period-end

Name of the entity	Carrying amount	Bad debt provision	Withdrawal proportion (%)	Withdrawal reason

Shanghai Yutong Real Estate Development Co., Ltd.	5,676,000.00	5,676,000.00	100.00	Difficult to recover the lawsuit judgment
Hong Kong Yueheng Development Co., Ltd.	3,271,837.78	3,271,837.78	100.00	Uncollectible for a long period
Dameisha Tourism Center	2,576,445.69	2,576,445.69	100.00	Projects construction ceased
Elevated train project	2,542,332.43	2,542,332.43	100.00	Projects construction ceased
Those with insignificant single amount for which bad debt provision separately accrued	13,908,916.03	13,908,916.03	100.00	Uncollectible for a long period
<b>Subtotal</b>	<b>27,975,531.93</b>	<b>27,975,531.93</b>	<b>100.00</b>	

Of which bad debt provision reversed or recovered with significant amount:

Unit: RMB

Name of the entity	Reversed or collected amount	Method
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#### 4) Particulars of the Actual Verification of Other Receivables during the Reporting Period

Unit: RMB

Item	Amount
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Of which significant actual verification of other receivables:

Unit: RMB

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of related-party transactions
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Notes of verification of other receivables:

#### 5) Top 5 of the Ending Balance of the Other Receivables Collected according to the Arrears Party

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to ending balance of other receivables (%)	Ending balance of bad debt provision
Shenzhen Xinhai Holding Co., Ltd.	External intercourse funds	401,499,990.18	Within 1 year	47.67%	
Shenzhen Xinhai Rongyao Real Estate Development Co., Ltd.	External intercourse funds	330,472,932.33	Within 1 year	39.24%	

Shenzhen Bangling Stock Cooperative Company	External intercourse funds	30,000,000.00	Within 1 year	3.56%	900,000.00
Shanghai Yutong Real Estate Development Co., Ltd.	External intercourse funds	5,676,000.00	Over 5 years	0.67%	5,676,000.00
Hong Kong Yueheng Development Co., Ltd.	External intercourse funds	3,271,837.78	Over 5 years	0.39%	3,271,837.78
Total	--	770,920,760.29	--	91.53%	9,847,837.78

#### 6) Accounts Receivable Involving Government Subsidies

Unit: RMB

Name of the entity	Project of government subsidies	Ending balance	Aging at period-end	Estimated recovering time, amount and basis
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#### 7) Derecognition of Other Receivables due to the Transfer of Financial Assets

#### 8) The Amount of the Assets and Liabilities Formed due to the Transfer and the Continued Involvement of Other Receivables

Other notes:

#### 9. Inventories

Whether the Company needs to comply with the disclosure requirements for real estate industry

Yes

##### (1) Category of Inventories

The Company needs to comply with the disclosure requirements of *Shenzhen Stock Exchange Industry Information Disclosure Guidelines No.3-Listed Companies Engaged in Real Estate Industry*

Classification by nature:

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Falling price reserves of inventory or	Carrying value	Carrying amount	Falling price reserves of inventory or	Carrying value



		depreciation reserves of contract performance cost			depreciation reserves of contract performance cost	
R&D expenses	4,867,562,388. 16	6,648,404.13	4,860,913,984. 03	4,528,429,076. 71	6,648,404.13	4,521,780,672. 58
Developing properties	450,832,522.28		450,832,522.28	390,363,836.20		390,363,836.20
Raw materials	1,169,494.26	535,302.89	634,191.37	1,743,790.82	484,117.43	1,259,673.39
Inventory goods	2,141,714.37	2,094,300.39	47,413.98	2,132,162.67	2,094,300.39	37,862.28
Low-value consumption goods	61,146.54		61,146.54	68,832.21		68,832.21
Total	5,321,767,265. 61	9,278,007.41	5,312,489,258. 20	4,922,737,698. 61	9,226,821.95	4,913,510,876. 66

Disclose main items of "R&amp;D expenses" and interest capitalization in the following format:

Unit: RMB

Name of project	Date of commencement	Estimated date of completion	Estimated total investment	Beginning balance	Transferred to developing properties for this period	Other decrease for this period	Increase (R&D expenses) for this period	Ending balance	Accumulative amount of capitalized interests	Of which: amount of capitalized interests for this period	Capital resources
Guanlan Bangling Project			6,941,500,000.00	3,004,198,155.43			566,300,973.66	3,570,499,129.09			Bank loan
SZPRD-Banshan Yujing Phase II	15 March 2019	31 May 2021	235,810,000.00	103,895,147.96			64,920,187.23	168,815,335.19			Other
SZPRD-Golden Collar's Resort-Building A	1 March 2014	31 December 2021	138,311,000.00	579,765,854.55	499,347,853.04		165,178,391.56	245,596,393.07	1,059,684.29		Other
SZPRD-Fuchang Garden Phase II	1 December 2018	1 June 2021	904,390,000.00	581,416,971.33			27,163,888.88	608,580,860.21			Other
Yupinluanshan Garden				215,502,512.42			11,111,413.82	226,613,926.24			Other
Hainan Qionshan Land				6,648,404.13				6,648,404.13			Other
Shenhui Garden				37,002,030.89				37,002,030.89			Other

## ShenZhen Properties &amp; Resources Development (Group) Ltd.

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Fuyantai Project							1,143,184.20	1,143,184.20			Other
Other projects							2,663,125.14	2,663,125.14			Other
Total	--	--	8,220,011,000.00	4,528,429,076.71	499,347,853.04		838,481,164.49	4,867,562,388.16	1,059,684.29		--

Disclose main items of “Developing properties” in the following format:

Unit: RMB

Name of project	Date of completion	Beginning balance	Increase	Decrease	Ending balance	Accumulative amount of capitalized interests	Of which: amount of capitalized interests for this period
SZPRD-Langqiao International	1 December 2012	11,517,196.11		8,132,833.87	3,384,362.24		
SZPRD-Hupan Yujing Phase I	1 June 2015	64,058,372.70	-7,428,922.82	-2,317,600.89	58,947,050.77	10,446,911.43	
SZPRD-Banshan Yujing Phase I	1 November 2016	29,392,977.73	2,956,082.10	13,564,093.28	18,784,966.55	27,205,315.95	
SZPRD-Songhu Langyuan	1 July 2017	27,098,111.12		1,947,935.17	25,150,175.95	30,539,392.65	
SZPRD-Hupan Yujing Phase II	1 November 2017	90,059,024.33	-30,607,095.50	-20,758,116.04	80,210,044.87		
SZPRD-Golden Collar's Resort-Building B and Building C	1 December 2019	158,235,034.42	499,347,853.04	402,758,861.61	254,824,025.85	25,325,952.00	22,508,124.71
International Trade Center Plaza	1 December 1995	4,839,083.10			4,839,083.10		
Huangyuyuan A Area	1 June 2001	790,140.58			790,140.58		
Podium Building of Fuchang Building	1 November 1999	645,532.65			645,532.65		
Other projects		3,728,363.46	404,216.85	875,440.59	3,257,139.72	83,077,702.96	
Total	--	390,363,836.20	464,672,133.67	404,203,447.59	450,832,522.28	176,595,274.99	22,508,124.71

Classification of “Developing properties with the collection of payments in installments”, “Renting developing properties” and

“Temporary Housing”:

Unit: RMB

Name of project	Beginning balance	Increase	Decrease	Ending balance
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**(2) Falling Price Reserves of Inventory and Depreciation Reserves of Contract Performance Cost**

Disclosure of falling provision withdrawal of inventory in the following format:

Classification by nature:

Unit: RMB

Item	Beginning balance	Increase		Decrease		Ending balance	Note
		Withdrawn	Other	Reversal or write-off	Other		
R&D expenses	6,648,404.13					6,648,404.13	
Raw materials	484,117.43	51,185.46				535,302.89	
Inventory goods	2,094,300.39					2,094,300.39	
Total	9,226,821.95	51,185.46				9,278,007.41	--

Classified by nature:

Unit: RMB

Name of project	Beginning balance	Increase		Decrease		Ending balance	Note
		Withdrawn	Other	Reversal or write-off	Other		
Hainan Qiongsan Land	6,648,404.13					6,648,404.13	
Total	6,648,404.13					6,648,404.13	--

**(3) Notes to the Ending Balance of Inventories Including Capitalized Borrowing Expense**

Name of project	Period-begin	Reporting Period	Carry-over in Reporting Period	Period-end
SZPRD-Banshan Phase I	Yujing	740,173.97	740,173.97	
SZPRD-Songhu Langyuan		43,719.57	43,719.57	
SZPRD-Langqiao		2,971,986.54		2,971,986.54

## International

SZPRD-Hupan Yujing Phase		1,624,566.49		201,937.59	1,422,628.90
I					
SZPRD-Golden Collar's Resort		3,097,352.86	22,508,124.71	12,865,212.06	12,740,265.51
<b>Subtotal</b>		<b>8,477,799.43</b>	<b>22,508,124.71</b>	<b>13,851,043.19</b>	<b>17,134,880.95</b>

**(4) Inventory restrictions**

Disclosing restricted inventory by project:

Unit: RMB

Name of project	Beginning balance	Ending balance	Reason for the Limit

**10. Contract Assets**

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value

Amount of significant changes in carrying value of contract assets in the Reporting Period and reasons thereof:

Unit: RMB

Item	Amount changed	Reason

If the bad debt provision for contract assets in accordance with the general model of expected credit losses, the information related to the bad debt provision shall be disclosed by reference to the disclosure method of other receivables:

Applicable  Not applicable

Withdrawal of impairment provision for contract assets in the Reporting Period

Unit: RMB

Item	Withdrawal of the Reporting Period	Reversal of the Reporting Period	Write-off/verified	Reason

Other notes:

**11. Held-for-sale Assets**

Unit: RMB

Item	Ending carrying amount	Depreciation reserves	Ending carrying value	Fair value	Estimated disposal expense	Estimated disposal time

Other notes:

**12. Current Portion of Non-current Assets**

Unit: RMB

Item	Ending balance	Beginning balance
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Significant investments in debt obligations /other investments in debt obligations

Unit: RMB

Item	Ending balance				Beginning balance			
	Par value	Coupon rate	Actual interest rate	Maturity date	Par value	Coupon rate	Actual interest rate	Maturity date

Other notes:

**13. Other Current Assets**

Unit: RMB

Item	Ending balance	Beginning balance
Prepaid VAT	7,467,152.90	34,291,844.93
Deducted input tax	11,705,028.57	8,191,279.34
Prepaid income tax		17,461.67
Prepaid land VAT	28,960,506.43	
Prepaid urban construction tax	501,245.53	
Prepaid education surcharge	358,032.49	
<b>Total</b>	<b>48,991,965.92</b>	<b>42,500,585.94</b>

Other notes:

**14. Investments in debt obligations**

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value

Significant investments in debt obligations

Unit: RMB

Item	Ending balance				Beginning balance			
	Par value	Coupon rate	Actual interest rate	Maturity date	Par value	Coupon rate	Actual interest rate	Maturity date

Withdrawal of impairment provision

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2020 in the Reporting Period	—	—	—	—

Changes of carrying amount with significant amount changed of loss provision in the reporting period

 Applicable  Not applicable

Other notes:

**15. Other Investments in Debt Obligations**

Unit: RMB

Item	Beginning balance	Accrued interest	Change in fair value in the Reporting Period	Ending balance	Costs	Accumulated changes in fair value	Accumulated provision for losses recognized in other comprehensive income	Note
Significant other investments in debt obligations								

Significant other investments in debt obligations

Unit: RMB

Item	Ending balance				Beginning balance			
	Par value	Coupon rate	Actual interest rate	Maturity date	Par value	Coupon rate	Actual interest rate	Maturity date
Withdrawal of impairment provision								

Withdrawal of impairment provision

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2020 in the Reporting Period	—	—	—	—

Changes of carrying amount with significant amount changed of loss provision in the reporting period

 Applicable  Not applicable

Other notes:



**16. Long-term Receivables****(1) List of Long-term Receivables**

Unit: RMB

Item	Ending balance			Beginning balance			Interval of discount rate
	Carrying amount	Bad debt provision	Carrying value	Carrying amount	Bad debt provision	Carrying value	

Impairment of bad debt provision

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2020 in the Reporting Period	—	—	—	—

Changes of carrying amount with significant amount changed of loss provision in the reporting period

 Applicable  Not applicable**(2) Derecognition of Long-term Receivables due to the Transfer of Financial Assets****(3) The Amount of the Assets and Liabilities Formed due to the Transfer and the Continued Involvement of Long-term Receivables**

Other notes

## 17. Long-term Equity Investment

Unit: RMB

Investees	Beginning balance (carrying value)	Increase/decrease								Ending balance (carrying value)	Ending balance of depreciation reserves	
		Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of depreciation reserves	Other			
I. Joint ventures												
Shenzhen Real Estate Jifa Warehousing Co., Ltd.	38,614,771.66				439,152.26						39,053,923.92	
Shenzhen Tian'an International Mansion Property Administration Co., Ltd.	6,461,351.06				194,945.81						6,656,296.87	
Subtotal	45,076,122.72				634,098.07						45,710,220.79	
II. Associated enterprises												
Shenzhen Wufang Pottery	18,983,614.14										18,983,614.14	18,983,614.14

& Porcelain Industrial Co., Ltd.											
Shenzhen Kangfu Health Products Co., Ltd.	165,000.00									165,000.00	165,000.00
Shenzhen Xinghao Imitation Porcelain Co., Ltd.	756,670.68									756,670.68	756,670.68
Shenzhen Social Welfare Company Fuda Electronics Factory	326,693.24									326,693.24	326,693.24
Shenzhen Fulong Industry Development Co., Ltd.	1,684,350.00									1,684,350.00	1,684,350.00
Haonianhua Hotel	2,733,570.05									2,733,570.05	2,733,570.05
Shenzhen Education Fund Longhua Investment	500,000.00									500,000.00	500,000.00

Shenzhen Kangle Sports Club Huangfa Branch	540,060.00									540,060.00	540,060.00
Dankeng Village Plants of Fumin in Guanlan Town, Shenzhen City	1,168,973.20									1,168,973.20	1,168,973.20
Shenzhen Bull Entertainment Co., Ltd.	500,000.00									500,000.00	500,000.00
Shenzhen Lianhua Caitian Property Management Co., Ltd.	1,475,465.91									1,475,465.91	1,475,465.91
Shenzhen Yangyuan Industrial Co., Ltd.	1,030,000.00									1,030,000.00	1,030,000.00
Jiakai Feng Co., Ltd. Bao'an Company	600,000.00									600,000.00	600,000.00
Guiyuan Garage	350,000.00									350,000.00	350,000.00
Shenzhen	500,000.00									500,000.00	500,000.00

Wuweiben Roof Greening Co., Ltd.	0										
Shenzhen Yuanping Plastic Steel Doors Co., Ltd.	240,000.00									240,000.00	240,000.00
Shenzhen Youfang Printing Co., Ltd.	100,000.00									100,000.00	100,000.00
Shenzhen Lusheng Industrial Development Co., Ltd.	100,000.00									100,000.00	100,000.00
Subtotal	31,754,397.22									31,754,397.22	31,754,397.22
Total	76,830,519.94				634,098.07					77,464,618.01	31,754,397.22

Other notes

**18. Other equity instrument investment**

Unit: RMB

Item	Ending balance	Beginning balance
Gintian Industry (Group) Co., Ltd.	1,044,905.12	1,580,475.86
Total	1,044,905.12	1,580,475.86

Non-trading equity instrument investment in the Reporting Period disclosed by items

Unit: RMB

Name of project	Dividend income recognized	Accumulative gains	Accumulative losses	Amount of other comprehensive income transferred to retained earnings	Reason for assigning to measure in fair value of which changes included other comprehensive income	Reason for other comprehensive income transferred to retained earnings
Gintian Industry (Group) Co., Ltd.			2,545,451.19		Not aiming at gaining earnings by selling equity	

Other notes:

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

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes:

**20. Investment Property****(1) Investment Property Adopting the Cost Measurement Mode**

√ Applicable □ Not applicable

Unit: RMB

Item	Houses and buildings	Land use right	Construction in progress	Total
I. Original carrying value				
1. Beginning balance	813,946,283.50	30,262,437.05	21,830,409.39	866,039,129.94

2. Increased amount of the period	16,353,757.18		11,489,350.36	27,843,107.54
(1) Outsourcing			11,489,350.36	11,489,350.36
(2) Transfer from inventories/fixed assets/construction in progress	14,410,282.68			14,410,282.68
(3) Enterprise combination increase				
4. Others	1,943,474.50			1,943,474.50
3. Decreased amount of the period	23,813,335.30			23,813,335.30
(1) Disposal	16,874,291.98			16,874,291.98
(2) Other transfer	1,197,548.71			1,197,548.71
(3) Exchange adjustment	748,262.70			748,262.70
4. Others	4,993,231.91			4,993,231.91
4. Ending balance	806,486,705.38	30,262,437.05	33,319,759.75	870,068,902.18
II. Accumulative depreciation and accumulative amortization				
1. Beginning balance	345,223,823.39	14,815,343.57	2,676,534.37	362,715,701.33
2. Increased amount of the period	28,936,867.75	527,566.50	4,366,082.76	33,830,517.01
(1) Withdrawal or amortization	27,087,701.73	527,566.50	4,366,082.76	31,981,350.99
(2) Others	1,849,166.02			1,849,166.02
3. Decreased amount of the period	11,215,822.99			11,215,822.99
(1) Disposal	9,367,302.16			9,367,302.16
(2) Other transfer	1,137,671.27			1,137,671.27
(3) Exchange adjustment	710,849.56			710,849.56
4. Ending balance	362,944,868.15	15,342,910.07	7,042,617.13	385,330,395.35
III. Depreciation reserves				

1. Beginning balance				
2. Increased amount of the period				
(1) Withdrawal				
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Ending balance				
IV. Carrying value				
1. Ending carrying value	443,541,837.23	14,919,526.98	26,277,142.62	484,738,506.83
2. Beginning carrying value	468,722,460.11	15,447,093.48	19,153,875.02	503,323,428.61

## (2) Investment Property Adopting the Fair Value Measurement Mode

Applicable  Not applicable

The Company needs to comply with the disclosure requirements of Shenzhen Stock Exchange Industry Information Disclosure Guidelines No.3-Listed Companies Engaged in Real Estate Industry

Investment properties measured in fair value by project disclosure:

Unit: RMB

Name of project	Geographic location	Date of completion	Building area	Lease income during this Reporting Period	Beginning fair value	Ending fair value	Range of fair value changes	Reason for fair value changes and report index

Whether the Company has new investment properties in construction period measured in fair value

Yes  No

Whether the Company has new investment properties measured in fair value

Yes  No

## (3) Investment Property Failed to Accomplish Certification of Property

Unit: RMB

Item	Carrying value	Reason
02-01 plot of Statutory plan in Baolong	9,013,112.34	Replaced from the construction of



East Area		Xiamen-Shenzhen Railway, and hasn't exchanged for the new certification
Meilin land	0.00	Obtained after the success in the last instance in 2017, relevant certifications of property are in the procedure [note 1]
507 units, Block No. 6, Maguling	20,608.61	The house is used for property management, once occupied by the third party, a property management company, now has been recovered, but hasn't handled the warrant yet.
Subtotal	13,246,672.70	

Other notes

[Note 1] As of 31 December 2020, with regard to the Meilin land, the gross amount was RMB3,885,469.40, the cumulative depreciation was RMB3,885,469.40, and the carrying amount was RMB0.

## 21. Fixed assets

Unit: RMB

Item	Ending balance	Beginning balance
Fixed assets	116,233,936.04	93,557,782.83
Total	116,233,936.04	93,557,782.83

### (1) List of Fixed Assets

Unit: RMB

Item	Houses and buildings	Machinery equipment	Transportation	Decoration of the fixed assets	Other equipment	Total
I. Original carrying value						
1. Beginning balance	160,964,738.86	965,877.00	14,203,435.60	16,304,309.37	33,934,422.85	226,372,783.68
2. Increased amount of the period	1,547,351.71	3,967,320.00	1,630,549.05	42,999,040.72	12,833,497.84	62,977,759.32
(1) Purchase		187,320.00	1,630,549.05	2,225,259.53	5,348,684.10	9,391,812.68
(2) Transfer from construction in progress		3,780,000.00		23,016,667.70		26,796,667.70
(3) Enterprise						

combination increase						
4. Others	1,547,351.71			17,757,113.49	7,484,813.74	26,789,278.94
3. Decreased amount of the period	1,584,535.32		857,501.65	25,241,927.23	4,237,649.51	31,921,613.71
(1) Disposal or scrap			857,501.65		4,181,519.54	5,039,021.19
(2) Exchange adjustment	346,283.53					346,283.53
(3) Others	1,238,251.79			25,241,927.23	56,129.97	26,536,308.99
4. Ending balance	160,927,555.25	4,933,197.00	14,976,483.00	34,061,422.86	42,530,271.18	257,428,929.29
II. Accumulative depreciation						
1. Beginning balance	101,569,557.74	24,064.14	9,779,304.95	815,215.47	20,551,141.39	132,739,283.69
2. Increased amount of the period	4,982,612.30	195,621.04	1,068,162.08	5,390,567.94	4,103,430.91	15,740,394.27
(1) Withdrawal	3,844,941.03	195,621.04	1,068,162.08	4,517,454.59	3,734,694.51	13,360,873.25
(2) Others	1,137,671.27			873,113.35	368,736.40	2,379,521.02
3. Decreased amount of the period	1,491,097.31		807,303.83	1,241,849.75	3,820,150.98	7,360,401.87
(1) Disposal or scrap			807,303.83		3,816,978.00	4,624,281.83
(2) Exchange adjustment	314,758.11					314,758.11
(3) Others	1,176,339.20			1,241,849.75	3,172.98	2,421,361.93
4. Ending balance	105,061,072.73	219,685.18	10,040,163.20	4,963,933.66	20,834,421.32	141,119,276.09
III. Depreciation reserves						
1. Beginning balance					75,717.16	75,717.16
2. Increased						

amount of the period						
(1) Withdrawal						
3. Decreased amount of the period						
(1) Disposal or scrap						
4. Ending balance					75,717.16	75,717.16
IV. Carrying value						
1. Ending carrying value	55,866,482.52	4,713,511.82	4,936,319.80	29,097,489.20	21,620,132.70	116,233,936.04
2. Beginning carrying value	59,395,181.12	941,812.86	4,424,130.65	15,489,093.90	13,307,564.30	93,557,782.83

**(2) List of Temporarily Idle Fixed Assets**

Unit: RMB

Item	Original carrying value	Accumulative depreciation	Depreciation reserves	Carrying value	Note
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**(3) Fixed Assets Leased in by Financing Lease**

Unit: RMB

Item	Original carrying value	Accumulative depreciation	Depreciation reserves	Carrying value
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**(4) Fixed Assets Leased out by Operation Lease**

Unit: RMB

Item	Ending carrying value
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**(5) Fixed Assets Failed to Accomplish Certification of Property**

Unit: RMB

Item	Carrying value	Reason
Room 406, 2 units, Hulunbuir Guangxia Digital Building	2,756,744.14	Property right disputes before, now has won a lawsuit with unaccomplished certification of property.
Room 401, 402, Sanxiang Business Building Office Building	806,859.50	The office building will be removed due to the project adjustment and a high-rise office building will be established nearby the present address. The existing property shall be replaced after the completion of the new office building. Thus, the certification of the property is failed to transact.
Subtotal	3,563,603.64	

Other notes

**(6) Proceeds from Disposal of Fixed Assets**

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes

**22. Construction in progress**

Unit: RMB

Item	Ending balance	Beginning balance
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**(1) List of Construction in Progress**

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value

**(2) Changes in Significant Construction in Progress during the Reporting Period**

Unit: RMB

Name of project	Budget	Beginning balance	Increase	Transferred in fixed assets	Other decrease for this period	Ending balance	Proportion of accumulated investment in constructions	Job schedule	Accumulative amount of capitalized interests	Of which: Amount of capitalized interests for the	Capitalization rate of interests for the Reporting Period	Capital resources
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							to budget			Reporting Period		
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**(3) List of the Withdrawal of the Depreciation Reserves for Construction in Progress**

Unit: RMB

Item	Amount withdrawn	Reason for withdrawal
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Other notes

**(4) Engineering Materials**

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value

Other notes:

**23. Productive Living Assets****(1) Productive Living Assets Adopting Cost Measurement Mode** Applicable  Not applicable**(2) Productive Living Assets Adopting Fair Value Measurement Mode** Applicable  Not applicable**24. Oil and Gas Assets** Applicable  Not applicable**25. Right-of-use Assets**

Unit: RMB

Item	Total
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Other notes:

**26. Intangible Assets****(1) List of Intangible Assets**

Unit: RMB

Item	Land use right	Patent right	Non-patent technology	Software use right	Total
I. Original carrying value					
1. Beginning balance				1,234,387.66	1,234,387.66
2. Increased amount of the period					
(1) Purchase					
(2) Internal R&D					
(3) Enterprise combination increase					
3. Decreased amount of the period					
(1) Disposal					
4. Ending balance				1,234,387.66	1,234,387.66
II. Accumulated amortization					
1. Beginning balance				534,018.00	534,018.00
2. Increased amount of the period				218,320.15	218,320.15
(1) Withdrawal				218,320.15	218,320.15
3. Decreased amount of the period					
(1) Disposal					
4. Ending balance				752,338.15	752,338.15
III. Depreciation reserves					

1. Beginning balance					
2. Increased amount of the period					
(1) Withdrawal					
3. Decreased amount of the period					
(1) Disposal					
4. Ending balance					
IV. Carrying value					
1. Ending carrying value				482,049.51	482,049.51
2. Beginning carrying value				700,369.66	700,369.66

The proportion of intangible assets formed from the internal R&D of the Company at the Period-end to the ending balance of intangible assets was 0.00%.

## (2) Land Use Right Failed to Accomplish Certification of Property

Unit: RMB

Item	Carrying value	Reason
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Other notes:

## 27. Development Costs

Unit: RMB

Item	Beginning balance	Increase			Decrease			Ending balance
		Internal development	Other		Recognized as intangible assets	Transfer to current gains and losses		
Total								

Other notes

**28. Goodwill****(1) Original Carrying Value of Goodwill**

Unit: RMB

Name of the invested units or events generating goodwill	Beginning balance	Increase		Decrease		Ending balance
		Formed by business combination		Disposal		
<b>Total</b>						

**(2) Depreciation Reserves of Goodwill**

Unit: RMB

Name of the invested units or events generating goodwill	Beginning balance	Increase		Decrease		Ending balance
		Withdrawn		Disposal		
<b>Total</b>						

Information on the assets group or combination of assets groups which goodwill belongs to

Notes of the testing process of goodwill impairment, parameters (such as growth rate of the forecast period, growth rate of stable period, rate of profit, discount rate, forecast period and so on for prediction of future present value of cash flows) and the recognition method of goodwill impairment losses:

Influence of goodwill impairment testing

Other notes

**29. Long-term Prepaid Expense**

Unit: RMB

Item	Beginning balance	Increase	Amortization amount of the period	Other decreased amount	Ending balance
Renovation costs	6,446,136.79	8,615,879.18	3,199,299.83		11,862,716.14
Rental fees	588,336.00		588,336.00		
<b>Total</b>	<b>7,034,472.79</b>	<b>8,615,879.18</b>	<b>3,787,635.83</b>		<b>11,862,716.14</b>

Other notes



**30. Deferred Income Tax Assets/Deferred Income Tax Liabilities****(1) Deferred Income Tax Assets that Had not Been Off-set**

Unit: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	152,217,586.91	36,392,566.23	157,586,654.91	38,312,198.03
Unrealized profit of internal transactions	28,484,507.52	7,121,126.86	49,316,338.72	12,329,084.68
Deductible losses	1,340,927,414.29	334,560,251.68	162,281,053.40	40,570,263.35
Accrued land VAT	1,979,350,706.70	494,837,676.67	2,148,670,831.53	537,167,707.90
Estimated profit calculated at pre-sale revenue of property enterprises	307,175,110.51	76,793,777.63	119,095,335.72	29,773,833.93
Advertising expenses	1,272,210.76	318,052.69		
Other accrued expenses	4,548,732.57	657,793.74		
Payroll payable unpaid but withdrawn			139.36	34.84
<b>Total</b>	<b>3,813,976,269.26</b>	<b>950,681,245.50</b>	<b>2,636,950,353.64</b>	<b>658,153,122.73</b>

**(2) Deferred Income Tax Liabilities Had not Been Off-set**

Unit: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
The carrying value of fixed assets was larger than the tax basis	1,048.80	262.20	15,284.32	3,821.08
<b>Total</b>	<b>1,048.80</b>	<b>262.20</b>	<b>15,284.32</b>	<b>3,821.08</b>

**(3) Deferred Income Tax Assets or Liabilities Listed by Net Amount after Off-set**

Unit: RMB

Item	Mutual set-off amount of deferred income tax assets and liabilities at the period-end	Ending balance of deferred income tax assets or liabilities after off-set	Mutual set-off amount of deferred income tax assets and liabilities at the period-begin	Beginning balance of deferred income tax assets or liabilities after off-set
Deferred income tax assets		950,681,245.50		658,153,122.73
Deferred income tax liabilities		262.20		3,821.08

**(4) List of Unrecognized Deferred Income Tax Assets**

Unit: RMB

Item	Ending balance	Beginning balance
Deductible temporary difference	61,255,144.06	60,809,797.81
Deductible losses	201,769,872.08	187,768,845.36
Total	263,025,016.14	248,578,643.17

**(5) Deductible Losses of Unrecognized Deferred Income Tax Assets will Due in the Following Years**

Unit: RMB

Years	Ending amount	Beginning amount	Note
Y2019		7,443.23	The deductible losses of 2014
Y2020		8,494.90	The deductible losses of 2015
Y2021		3,456.91	The deductible losses of 2016
Y2022	55,165,608.46	62,919,255.68	The deductible losses of 2017
Y2024	124,830,194.64	124,830,194.64	The deductible losses of 2019
Y2025	21,774,068.98		The deductible losses of 2020
Total	201,769,872.08	187,768,845.36	--

Other notes:

**31. Other Non-current Assets**

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Prepayment for purchase of fixed assets, investment properties and intangible	867,619.10		867,619.10	4,711,963.66		4,711,963.66

assets						
Other	696,455.24		696,455.24			
Total	1,564,074.34		1,564,074.34	4,711,963.66		4,711,963.66

Other notes:

### 32. Short-term Borrowings

#### (1) Category of Short-term Borrowings

Unit: RMB

Item	Ending balance	Beginning balance
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Notes of short-term borrowings category:

#### (2) List of the Short-term Borrowings Overdue but not Returned

The amount of the overdue unpaid short-term borrowings at the period-end was RMB , of which the significant overdue unpaid short-term borrowings are as follows:

Unit: RMB

Entity	Ending balance	Interest rate	Overdue time	Overdue charge rate
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Other notes:

### 33. Trading Financial Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Of which:		
Of which:		

Other notes:

### 34. Derivative Financial Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes:

### 35. Notes Payable

Unit: RMB

Item	Ending balance	Beginning balance
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The total amount of notes payable due but unpaid was RMB XXX.

### 36. Accounts Payable

#### (1) List of Accounts Payable

Unit: RMB

Item	Ending balance	Beginning balance
Engineering construction expense payable	334,297,738.31	420,433,422.07
Accrued expenses	46,894,644.22	90,484,298.98
Other	87,077,303.12	66,771,418.05
<b>Total</b>	<b>468,269,685.65</b>	<b>577,689,139.10</b>

#### (2) Significant Accounts Payable Aged over 1 Year

Unit: RMB

Item	Ending balance	Unpaid/ Un-carry-over reason
China Construction Fourth Engineering Division Corp., Ltd.	91,604,763.90	Unsettled
Shenzhen Planning Bureau of Land Resources	25,000,000.00	Historical problems
The Second Construction Company Ltd. of China Construction Third Engineering Bureau	14,657,519.42	Unsettled
Shenzhen Hongtao Group Co., Ltd.	8,425,583.78	Unsettled
Shenzhen Ruihe Construction & Decoration Co., Ltd.	8,180,740.76	Unsettled
<b>Total</b>	<b>147,868,607.86</b>	--

Other notes:

### 37. Advances from Customers

#### (1) List of Advances from Customers

Unit: RMB

Item	Ending balance	Beginning balance
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Rent	473,274.48	516,988.76
Total	473,274.48	516,988.76

**(2) Significant Advances from Customers Aged over 1 Year**

Unit: RMB

Item	Ending balance	Unpaid/ Un-carry-over reason
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The Company needs to comply with the disclosure requirements of Shenzhen Stock Exchange Industry Information Disclosure Guidelines No.3-Listed Companies Engaged in Real Estate Industry

The proceeds information of top five advance sale amount:

**38. Contract Liabilities**

Unit: RMB

S/N	Name of project	Beginning balance	Ending balance	Estimated date of completion	Advance sale proportion
1	Golden Collar's Resort Building B/C	358,877,583.81	557,454,007.62	25 December, 2019	80.54%
2	Banshan Yujing Phase II	247,769,597.25	64,990,744.95	31 March, 2020	90.67%
3	Banshan Yujing Phase I	20,523,809.52	13,507,405.72	30 November, 2016	100.00%
4	HupanYujing Phase II	5,766,348.62	5,850,395.41	30 November, 2017	86.80%
5	HupanYujing Phase I	128,440.37	91,743.12	1 June 2015	86.39%

Unit: RMB

Item	Ending balance	Beginning balance
House payment in advance	633,340,922.42	657,977,482.24
Property fee in advance	13,124,519.01	10,572,288.04
Other payment in advance	20,428,188.29	21,993,810.67
Total	666,893,629.72	690,543,580.95

Significant changes in amount of carrying value and the reason in the Reporting Period

Unit: RMB

Item	Amount changed	Reason
Golden Collar's Resort	198,576,423.81	Golden Collar's Resort Building B/C received the sales return

Building B/C		and carried forward the income.
Total	198,576,423.81	—

### 39. Payroll Payable

#### (1) List of Payroll Payable

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
I. Short-term salary	141,448,850.23	676,721,649.24	642,788,460.56	175,382,038.91
II. Post-employment benefit-defined contribution plans	1,921,102.65	21,148,241.17	21,261,185.37	1,808,158.45
III. Termination benefits	123,915.92	592,872.83	716,788.75	
Total	143,493,868.80	698,462,763.24	664,766,434.68	177,190,197.36

#### (2) List of Short-term Salary

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Salary, bonus, allowance, subsidy	127,467,198.54	599,497,889.31	566,041,720.26	160,923,367.59
2. Employee welfare	179,903.05	24,307,049.83	22,717,286.25	1,769,666.63
3. Social insurance	309,821.38	15,124,241.03	15,211,021.61	223,040.80
Of which: Medical insurance premiums	307,218.00	13,472,063.18	13,556,240.38	223,040.80
Work-related injury insurance		202,038.26	202,038.26	
Maternity insurance	2,603.38	958,192.93	960,796.31	
Other commercial insurance		491,946.66	491,946.66	
4. Housing fund	552,529.86	18,768,120.78	18,811,139.67	509,510.97
5. Labor union budget and employee education budget	12,939,397.40	12,280,851.65	13,263,796.13	11,956,452.92
8. Non-monetary welfare		6,743,496.64	6,743,496.64	
Total	141,448,850.23	676,721,649.24	642,788,460.56	175,382,038.91

**(3) List of Defined Contribution Plans**

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Basic pension benefits	168,430.00	9,240,950.41	9,409,380.41	
2. Unemployment insurance		213,627.75	213,627.75	
3. Annuity	1,752,672.65	11,693,663.01	11,638,177.21	1,808,158.45
<b>Total</b>	<b>1,921,102.65</b>	<b>21,148,241.17</b>	<b>21,261,185.37</b>	<b>1,808,158.45</b>

Other notes:

**40. Taxes Payable**

Unit: RMB

Item	Ending balance	Beginning balance
VAT	47,751,975.47	70,818,175.32
Corporate income tax	448,111,036.28	368,461,498.66
Personal income tax	4,826,634.10	1,556,780.71
Urban maintenance and construction tax	3,165,158.73	3,668,311.19
Land VAT	1,979,388,881.01	2,149,507,199.99
Land use tax	941,099.10	942,757.19
Property tax	447,199.94	526,309.33
Education surcharge	1,372,723.27	1,592,152.99
Local education surcharge	918,545.34	1,067,591.60
Other	289,726.13	142,514.70
<b>Total</b>	<b>2,487,212,979.37</b>	<b>2,598,283,291.68</b>

Other notes:

**41. Other Payables**

Unit: RMB

Item	Ending balance	Beginning balance
Dividends payable	12,202,676.04	12,202,676.04
Other Payables	834,939,937.05	1,136,902,252.81
<b>Total</b>	<b>847,142,613.09</b>	<b>1,149,104,928.85</b>

**(1) Interest payable**

Unit: RMB

Item	Ending balance	Beginning balance
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List of the significant overdue unpaid interest:

Unit: RMB

Entity	Overdue amount	Overdue reason
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Other notes:

**(2) Dividends payable**

Unit: RMB

Item	Ending balance	Beginning balance
Ordinary share dividends	12,202,676.04	12,202,676.04
Total	12,202,676.04	12,202,676.04

Other notes, including significant dividends payable unpaid for over 1 year, the unpaid reason shall be disclosed:

Significant Other Payables Aged over 1 Year

Item	Amount unpaid	Unpaid reason
Shenzhen South China Investment Development Co., Ltd.	9,871.20	Without access to its account
Wenling Quality Control Association	9,871.02	Without access to its account
Shanghai Weihong Industry & Trade Co., Ltd.	9,900.00	Without access to its account
China Shenzhen International Cooperation (Group) Co., Ltd.	0.18	Without access to its account
Shenzhen Greening Department	10,869,036.68	Company restructured without clearing payment object
Labor Union of Shenzhen Greening Department	1,300,000.00	Company restructured without clearing payment object
Shenzhen Sports Administration	3,996.96	Final payment unpaid
<u>Total</u>	<u>12,202,676.04</u>	

**(3) Other Payables****1) Other Payables Listed by Nature**

Unit: RMB

Item	Ending balance	Beginning balance
Margin	236,714,842.73	201,013,437.65



Cash deposit	18,041,272.10	51,062,427.71
Residual funds of equity transfer unpaid		465,807,569.82
Agency fund	12,818,680.31	7,531,813.31
Intercourse fund	426,354,105.87	316,244,391.26
Accrued expenses	93,276,622.77	64,684,769.05
Payments on behalf	14,038,360.90	9,235,637.59
Other	33,696,052.37	21,322,206.42
<b>Total</b>	<b>834,939,937.05</b>	<b>1,136,902,252.81</b>

## 2) Significant Other Payables Aged over 1 Year

Unit: RMB

Item	Ending balance	Unpaid/ Un-carry-over reason
Shenzhen Pason Aluminum Technology Co., Ltd.	198,352,106.44	Did not submit the payment application due to redundant reasons
Shenzhen Real Estate Jifa Warehousing Co., Ltd.	35,796,665.14	Come-and-go accounts without specific payment term
Shenzhen Tian'an International Mansion Property Administration Co., Ltd.	5,214,345.90	Come-and-go accounts without specific payment term
Shenzhen Social Commonweal Foundation	3,323,202.00	Did not submit the payment application
Rainbow Co., Ltd.	2,380,000.00	Margin within the leasing period
<b>Total</b>	<b>245,066,319.48</b>	--

Other notes

## 42. Held-for-sale Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
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Other notes:

## 43. Current Portion of Non-current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Current portion of long-term borrowings	36,722,824.88	3,921,032.24
<b>Total</b>	<b>36,722,824.88</b>	<b>3,921,032.24</b>

Other notes:

**44. Other Current Liabilities**

Unit: RMB

Item	Ending balance	Beginning balance
Taxes to be written off	43,354,691.51	37,125,462.92
Total	43,354,691.51	37,125,462.92

Increase/decrease of the short-term bonds payable:

Unit: RMB

Bonds name	Par value	Issuing date	Duration	Issuing amount	Beginning balance	The current issue	Withdrawal of interest by par value	Amortization of premium and depreciation	Repayment in the Reporting Period	Ending balance
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Other notes:

**45. Long-term Borrowings****(1) Category of Long-term Borrowings**

Unit: RMB

Item	Ending balance	Beginning balance
Pledged borrowings	2,999,600,000.00	2,192,900,000.00
Mortgage loan	3,000,000.00	
Guaranteed borrowings		933,000.00
Credit borrowings	585,200,000.00	
Total	3,587,800,000.00	2,193,833,000.00

Notes to the category of long-term borrowings:

Other notes, including the interval of interest rate:

The pledged borrowings at the period-end were used to develop the Bangling urban renewal project of Shenzhen Rongyao Real Estate Development Co., Ltd. (hereinafter referred to as "Rongyao Real Estate") with the duration from 29 November 2019 to 20 November 2024, applying the borrowing rate by rising 1.55% complying with one-year level of loan prime rate. And 69% equity of Rongyao Real Estate held by the Company was pledged and the guarantee mode was the joint liability guaranty.

The pledged borrowings at the period-end were used for the daily operating activities of ShenZhen Properties & Resources Development (Group) Ltd. (hereinafter referred to as the Company) with the duration from 27 November 2020 to 27 November 2023, applying a floating interest rate. The first-phase execution interest rate was 4.655%, and the pledge was the land use right of Fumin New Village in Futian District of the Company.

The credit borrowings at the period-end were used for the transaction payment of equity of Shenzhen Toukong Property Management Co., Ltd. with the duration from 18 May 2020 to 10 May 2023, applying the borrowing rate by adding 23.5 basis points complying with one-year level of loan prime rate.

**46. Bonds Payable****(1) List of Bonds Payable**

Unit: RMB

Item	Ending balance	Beginning balance
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**(2) Increase/Decrease of Bonds Payable (Excluding Other Financial Instrument Classified as Financial Liabilities such as Preferred Shares and Perpetual Bonds)**

Unit: RMB

Bonds name	Par value	Issuing date	Duration	Issuing amount	Beginning balance	The current issue	Withdrawal of interest by par value	Amortization of premium and depreciation	Repayment in the Reporting Period		Ending balance
Total	--	--	--								

**(3) Notes to the Conditions and Time of the Shares Transfer of the Convertible Corporate Bonds****(4) Notes to Other Financial Instruments Classified as Financial Liabilities**

Basic situation of other financial instruments such as preferred shares and perpetual bonds outstanding at the period-end

Changes in financial instruments such as preferred shares and perpetual bonds outstanding at the period-end

Unit: RMB

Outstanding financial instrument	Period-begin		Increase		Decrease		Period-end	
	Amount	Carrying value	Amount	Carrying value	Amount	Carrying value	Amount	Carrying value

Notes to basis for the classification of other financial instruments as financial liabilities

Other notes

**47. Lease Liabilities**

Unit: RMB

Item	Ending balance	Beginning balance

Other notes

**48. Long-term Payables**

Unit: RMB

Item	Ending balance	Beginning balance

**(1) Long-term Payables Listed by Nature**

Unit: RMB

Item	Ending balance	Beginning balance

Other notes:

**(2) Specific Payables**

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance	Reason for formation

Other notes:

**49. Long-term Payroll Payable****(1) List of Long-term Payroll Payable**

Unit: RMB

Item	Ending balance	Beginning balance

**(2) Changes in Defined Benefit Plans**

Obligation present value of defined benefit plans:

Unit: RMB

Item	Reporting period	Same period of last year

Plan assets:

Unit: RMB

Item	Reporting period	Same period of last year
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Net liabilities (net assets) of defined benefit plans:

Unit: RMB

Item	Reporting period	Same period of last year
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Notes of influence of content of defined benefit plans and its relevant risks to the future cash flow, time and uncertainty of the Company:

Notes to the results of significant actuarial assumptions and sensitivity analysis of defined benefit plans:

Other notes:

**50. Provisions**

Unit: RMB

Item	Ending balance	Beginning balance	Reason for formation
Pending litigation	2,396,947.00	2,903,327.87	Cai Baolin's lawsuit on the residual value of decoration
Total	2,396,947.00	2,903,327.87	--

Other notes, including notes to related significant assumptions and evaluation of significant provisions:

Refer to Note XIV (2) for details.

**51. Deferred Income**

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance	Reason for formation
Government grants	341,259.63		341,259.63	0.00	
Total	341,259.63		341,259.63		--

Item involving government grants:

Unit: RMB

Item	Beginning balance	Amount of newly subsidy	Amount recorded into non-operating income in the Reporting Period	Amount recorded into other income in the Reporting Period	Amount offset cost in the Reporting Period	Other changes	Ending balance	Related to assets/related to income
Government grants for Huangyuan Primary School	341,259.63			341,259.63				Related to assets
Total	341,259.63			341,259.63				

Other notes:

**52. Other Non-current Liabilities**

Unit: RMB

Item	Ending balance	Beginning balance
Utility specific fund	490,603.18	237,163.63
Housing principle fund	16,825,921.62	13,215,811.13
House warming deposit	6,925,380.49	7,052,274.22
Electric Equipment Maintenance fund	4,019,415.44	4,019,415.44
Deputed maintenance fund	34,453,351.12	36,337,634.47
Follow-up investment of employees for Guanlan Bangling project	40,000,000.00	40,000,000.00
Other	6,063,655.60	7,302,438.57
<b>Total</b>	<b>108,778,327.45</b>	<b>108,164,737.46</b>

Other notes:

**53. Share Capital**

Unit: RMB

	Beginning balance	Increase/decrease (+/-)					Ending balance
		New shares issued	Bonus shares	Bonus issue from profit	Other	Subtotal	
The sum of shares	595,979,092.00						595,979,092.00

Other notes:

**Other notes:****(1) The Basic Information of Other Financial Instruments such as Preferred Stock and Perpetual Bond Outstanding at the End of the Period****(2) Changes in Financial Instruments such as Preferred Stock and Perpetual Bond Outstanding at the End of the Period**

Unit: RMB

Outstanding financial instruments	Period-begin		Increase		Decrease		Period-end	
	Amount	Carrying value	Amount	Carrying value	Amount	Carrying value	Amount	Carrying value

The current changes in other equity instruments and the corresponding reasons and the basis of the relevant accounting treatment

Other notes:

**55. Capital Reserve**

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Other capital reserves	80,488,045.38			80,488,045.38
<b>Total</b>	<b>80,488,045.38</b>			<b>80,488,045.38</b>

Other notes, including changes and reason of change:

**56. Treasury Shares**

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance

Other notes, including changes and reason of change:

**57. Other Comprehensive Income**

Unit: RMB

Item	Beginning balance	Reporting Period						Ending balance
		Income before taxation in the Current Period	Less: Recorded in other comprehensive income in prior period and transferred in profit or loss in the Current Period	Less: Recorded into other comprehensive income in prior period and transferred in retained earnings in the Current period	Less: Income tax expense	Attributable to owners of the Company as the parent after tax	Attributable to non-controlling interests after tax	
I. Other comprehensive income that may not be reclassified to profit or loss	-2,051,26 8.24	-494,18 2.95				-494,18 2.95		-2,545, 451.19
Changes in fair value of other equity instrument investment\	-2,051,26 8.24	-494,18 2.95				-494,18 2.95		-2,545, 451.19
II. Other comprehensive income that may subsequently be reclassified to profit or loss	-647,103. 20	-3,557,0 35.02				-3,557,0 35.02		-4,204, 138.22
Differences arising from translation of foreign currency denominated financial statements	-647,103. 20	-3,557,0 35.02				-3,557,0 35.02		-4,204, 138.22
Total of other comprehensive income	-2,698,37 1.44	-4,051,2 17.97				-4,051,2 17.97		-6,749, 589.41

Other notes, including the adjustment of the effective gain/loss on cash flow hedges to the initial recognized amount:

**58. Specific Reserve**

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
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Other notes, including changes and reason of change:

**59. Surplus Reserves**

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus	16,695,044.92	2,145,531.58		18,840,576.50

reserves				
Discretionary surplus reserve	365,403.13			365,403.13
Total	17,060,448.05	2,145,531.58		19,205,979.63

Notes, including changes and reason of change:

The increase in surplus reserve in the current period is the statutory surplus reserve provided at 10% of net profit.

## 60. Retained Earnings

Unit: RMB

Item	Reporting Period	Same period of last year
Beginning balance of retained earnings before adjustments	2,457,119,795.39	2,495,296,440.15
Beginning balance of retained earnings after adjustments	2,457,119,795.39	2,495,296,440.15
Add: Net profit attributable to owners of the Company as the parent	798,572,121.74	817,805,780.12
Less: Appropriate statutory surplus reserve	2,802,342.02	16,403,637.61
Dividend of ordinary shares payable	214,552,473.12	178,793,727.60
Other	-656,810.44	660,785,059.67
Ending retained earnings	3,038,993,912.43	2,457,119,795.39

List of adjustment of beginning retained earnings:

- 1) RMBXXX beginning retained earnings was affected by retrospective adjustment conducted according to the Accounting Standards for Business Enterprises and relevant new regulations.
- 2) RMBXXX beginning retained earnings was affected by changes in accounting policies.
- 3) RMBXXX beginning retained earnings was affected by correction of significant accounting errors.
- 4) RMBXXX beginning retained earnings was affected by changes in combination scope arising from same control.
- 5) RMBXXX beginning retained earnings was affected totally by other adjustments.

## 61. Operating Revenue and Cost of Sales

Unit: RMB

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	3,970,087,178.43	1,355,179,663.50	3,878,813,785.99	1,412,220,130.41
Other operations	134,287,467.59	31,530,576.04	82,856,156.45	21,395,755.02
Total	4,104,374,646.02	1,386,710,239.54	3,961,669,942.44	1,433,615,885.43

Whether the lower of the audited net profit before and after deduction of non-recurring gains and losses is negative

Yes  No

Relevant information of revenue:

Unit: RMB

Category of contracts	Segment 1	Segment 2	Total
Product Types	4,104,374,646.02		4,104,374,646.02
Of which:			
Real estate business	2,895,323,736.80		2,895,323,736.80
Property management	1,070,094,746.33		1,070,094,746.33
Leasing business	138,956,162.89		138,956,162.89

Classified by business area	4,104,374,646.02			4,104,374,646.02
Of which:				
Shenzhen	3,718,740,286.40			3,718,740,286.40
Other areas	385,634,359.62			385,634,359.62
Of which:				
Of which:				
Of which:				
Of which:				
Of which:				

Information related to performance obligations:

On 31 December 2020, the transaction price assigned to unfulfilled (or partially unfulfilled) performance obligations was estimated to RMB667 million, which is mainly expected future revenue of transaction price that haven't met the delivery conditions stipulated in sales contracts of real estate. The Company is expected to recognize the realization of sales revenue within one year when the house property is completed and passed the acceptance which meet the delivery conditions stipulated in sales contracts, and when the customers acquire the control rights of relevant goods or services.

Information related to transaction value assigned to residual performance obligations:

The amount of revenue corresponding to performance obligations of contracts signed but not performed or not fully performed yet was RMB667,344,367.32 at the period-end, among which RMB667,344,367.32 was expected to be recognized in 2021, RMBXXX in XXX year and RMBXXX in XXX year.

Other notes

The Company needs to comply with the disclosure requirements of Shenzhen Stock Exchange Industry Information Disclosure Guidelines No.3-Listed Companies Engaged in Real Estate Industry

The top 5 accounts received with confirmed amount in the Reporting Period:

Unit: RMB

No.	Name of project	Income balance
1	Golden Collar's Resort	2,740,747,887.62
2	Huangyuyuan	82,739,428.57
3	Songhu Langyuan	18,585,235.82
4	Banshan Yujing Phase I	18,021,691.42
5	Hupan Yujing Phase I, II	14,842,021.18

## 62. Taxes and Surtaxes

Unit: RMB

Item	Reporting Period	Same period of last year
Urban maintenance and construction tax	14,940,404.05	13,199,586.55
Education Surcharge	6,420,882.98	5,689,568.83
Resource tax		104,316.94
Property tax	10,257,159.82	10,984,861.45
Land use tax	1,310,782.19	1,647,805.28
Business tax	41,966.40	
Local education surtax	4,278,425.22	3,716,788.54
Land VAT	1,273,927,485.51	1,043,898,373.56
Other taxes	2,171,122.31	2,269,979.89



Total	1,313,348,228.48	1,081,511,281.04
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Other notes:

**63. Selling Expense**

Unit: RMB

Item	Reporting Period	Same period of last year
Agency fee	7,676,210.19	84,330,766.24
Consultancy and sales service charges	10,939,043.07	8,639,346.44
Advertising	10,794,534.19	6,975,770.00
Employee benefits	5,534,877.38	3,847,637.11
Other	9,808,582.35	7,760,432.71
Total	44,753,247.18	111,553,952.50

Other notes:

**64. Administrative Expense**

Unit: RMB

Item	Reporting Period	Same period of last year
Employee benefits	166,493,999.24	143,843,884.07
Administrative office cost	35,213,262.38	38,579,803.69
Assets amortization and depreciation expense	10,987,180.16	6,357,837.46
Litigation costs	482,904.31	1,596,900.60
Other	25,447,797.22	14,276,126.82
Total	238,625,143.31	204,654,552.64

Other notes:

**65. Development Expense**

Unit: RMB

Item	Reporting Period	Same period of last year

Other notes:

**66. Finance Costs**

Unit: RMB

Item	Reporting Period	Same period of last year
Interest expense	182,930,469.55	194,545,794.14
Less: Interest income	-72,357,101.87	-61,860,403.42
Foreign exchange gains or losses	-421,264.01	770,739.07
Other	1,111,455.13	1,262,703.78
Total	111,263,558.80	134,718,833.57

Other notes:

**67. Other Income**

Unit: RMB

Sources	Reporting Period	Same period of last year
Government grants related to income [Note]	6,837,267.10	1,015,033.29
Government grants related to assets [Note]	341,259.63	48,751.37

Commission charges return of deductible income tax	94,284.37	91,337.56
Additional deduction of VAT	5,476,769.70	3,995,255.21
Other	55,729.95	
Total	12,770,810.75	5,150,377.43

**68. Investment Income**

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by equity method	634,098.07	5,076,839.48
Total	634,098.07	5,076,839.48

Other notes:

**69. Net Gain on Exposure Hedges**

Unit: RMB

Item	Reporting Period	Same period of last year

Other notes:

**70. Gain on Changes in Fair Value**

Unit: RMB

Sources	Reporting Period	Same period of last year

Other notes:

**71. Credit Impairment Loss**

Unit: RMB

Item	Reporting Period	Same period of last year
Bad debt loss	4,623,356.81	-18,701,016.31
Total	4,623,356.81	-18,701,016.31

Other notes:

**72. Asset Impairment Loss**

Unit: RMB

Item	Reporting Period	Same period of last year
II. Loss on inventory valuation and contract performance cost	-51,185.46	-1,234,250.84
Total	-51,185.46	-1,234,250.84

Other notes:

**73. Asset Disposal Income**

Unit: RMB

Sources	Reporting Period	Same period of last year
Income from disposal of fixed assets	2,311.70	
Total	2,311.70	

**74. Non-operating Income**

Unit: RMB

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss

Government grants	34,500.00	1,543,085.40	34,500.00
Gains on damage and scrap of non-current assets	2,000.00	70,145.12	2,000.00
Compensation income	759,208.33	537,474.45	759,208.33
Accounts unpayable	689,801.09	19,416,063.33	689,801.09
Other	10,212,151.81	2,165,579.98	10,212,151.81
Total	11,697,661.23	23,732,348.28	11,697,661.23

Government grants recorded into current profit or loss

Unit: RMB

Item	Distribution entity	Distribution reason	Nature	Whether influence the profits or losses of the year or not	Special subsidy or not	Reporting Period	Same period of last year	Related to assets/related to income
Difficult subsidies	Social Security Bureau of Jiulongpo District, Chongqing	Subsidy	Obtained by undertaking state's functions of ensuring certain public service or social necessary products supply or price control	No	No		718,712.26	Related to income
Public rental housing decoration subsidies	Chongqing Beibei Financial Treasury Payment Center	Subsidy	Obtained by undertaking state's functions of ensuring certain public service or social necessary products supply or price	No	No		777,708.00	Related to income

			control					
Other		Subsidy	Obtained by undertaking state's functions of ensuring certain public service or social necessary products supply or price control	No	No	34,500.00	36,665.14	Related to income

Other notes:

#### 75. Non-operating Expense

Unit: RMB

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Donation	476,485.29	35,000.00	476,485.29
Loss of non-current assets damaged and scrapped	275,730.01	510,294.93	275,730.01
Litigation expenses	2,396,947.00	1,696,470.00	2,396,947.00
Penalty and fine for delaying payment	237,572.81	128,035.72	237,572.81
Other	1,857,594.39	2,423,703.20	1,857,594.39
Total	5,244,329.50	4,793,503.85	5,244,329.50

Other notes:

#### 76. Income Tax Expense

##### (1) List of Income Tax Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Current income tax expense	588,275,917.87	400,037,961.67
Deferred income tax expense	-285,506,835.29	-137,321,780.76
Total	302,769,082.58	262,716,180.91

##### (2) Adjustment Process of Accounting Profit and Income Tax Expense

Unit: RMB

Item	Reporting Period
Profit before taxation	1,034,106,952.31
Current income tax expense accounted at statutory/applicable	258,437,901.32

tax rate	
Influence of applying different tax rates by subsidiaries	-224,819.33
Influence of income tax before adjustment	-4,500,274.91
Influence of non-deductible costs, expenses and losses	33,187,291.63
The effect of using deductible losses of deferred income tax assets that have not been recognized in the previous period	-7,327,696.02
Influence of deductible temporary difference or deductible losses of unrecognized deferred income tax in the Reporting Period	21,774,068.98
The tax rate adjustment results in changes in the balance of deferred tax assets/liabilities at the beginning of the period	1,422,610.91
Income tax expense	302,769,082.58

Other notes:

### 77. Other Comprehensive Income

Refer to Note VII-57 for details.

### 78. Cash Flow Statement

#### (1) Cash Generated from Other Operating Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Large intercourse funds received	225,792,047.12	599,052,281.39
Interest income	46,807,781.51	70,613,994.05
Security deposit and various special funds received	83,064,444.34	31,810,440.56
Government subsidy received	7,178,526.73	2,751,444.45
Other small receivables	39,131,506.62	23,385,374.43
Total	401,974,306.32	727,613,534.88

Notes:

#### (2) Cash Used in Other Operating Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Paying administrative expense in cash	62,579,627.01	54,452,831.11
Paying selling expense in cash	39,218,369.80	96,486,380.21
Net amount of utilities, miscellaneous fees and accident fee and other payments on behalf	26,822,888.41	23,473,862.52
Other small payments	36,328,299.98	10,912,680.02
Total	164,949,185.20	185,325,753.86

Notes:

#### (3) Cash Generated from Other Investing Activities

Unit: RMB

Item	Reporting Period	Same period of last year
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Notes:

**(4) Cash Used in Other Investing Activities**

Unit: RMB

Item	Reporting Period	Same period of last year
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Notes:

**(5) Cash Generated from Other Financing Activities**

Unit: RMB

Item	Reporting Period	Same period of last year
Follow-up investment of Guanlan Bangling project		40,000,000.00
Total		40,000,000.00

Notes:

**(6) Cash Used in Other Financing Activities**

Unit: RMB

Item	Reporting Period	Same period of last year
Distribution of profit to original shareholder by merged company under the same control		123,502,169.51
Cash paid in current period due to business consolidation occurring in previous period	465,807,569.82	
Total	465,807,569.82	123,502,169.51

Notes:

**79. Supplemental Information for Cash Flow Statement****(1) Supplemental Information for Cash Flow Statement**

Unit: RMB

Supplemental information	Reporting Period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operating activities	--	--
Net profit	731,337,869.73	742,130,050.54
Add: Provision for impairment of assets	-4,572,171.35	20,061,463.19
Depreciation of fixed assets, oil-gas assets, and productive living assets	45,342,224.24	49,096,658.15
Depreciation of right assets		
Amortization of intangible assets	218,320.15	204,396.36
Amortization of long-term prepaid expenses	3,787,635.84	2,254,888.85
Loss on disposal of fixed assets, intangible assets and other long-term assets (gains: negative)	-2,311.70	
Losses on scrap of fixed assets (gains: negative)	273,730.01	440,149.81
Loss from fair value change (gains: negative)		

Finance costs (gains: negative)	183,674,281.47	194,530,915.83
Investment loss (gains: negative)	-634,098.07	-5,250,050.75
Decrease in deferred income tax assets (gains: negative)	-292,528,122.77	-137,320,326.24
Increase in deferred income tax liabilities (“-” means decrease)	-3,558.88	-1,454.52
Decrease in inventory (gains: negative)	-391,011,344.87	-1,903,681,041.67
Decrease in accounts receivable generated from operating activities (gains: negative)	150,130,667.50	458,314,454.42
Increase in accounts payable used in operating activities (decrease: negative)	-40,515,339.18	1,519,009,461.99
Other		
Net cash generated from/used in operating activities	385,497,782.12	939,789,565.96
2. Significant investing and financing activities without involvement of cash receipts and payments	--	--
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets under financing lease		
3. Net increase/decrease of cash and cash equivalent:	--	--
Ending balance of cash	4,168,154,911.83	3,285,345,233.47
Less: Beginning balance of cash	3,285,345,233.47	3,881,027,257.89
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	882,809,678.36	-595,682,024.42

**(2) Net Cash Paid For Acquisition of Subsidiaries**

Unit: RMB

	Amount
Of which:	--
Of which:	--
Add: Payment of cash or cash equivalents in the Current Period for previous enterprise combination	465,807,569.82
Of which:	--
Shenzhen International Trade Science Park Service Co., Ltd. (formerly known as Shenzhen Investment Property Management Co., Ltd.)	465,807,569.82
Net payments for acquisition of subsidiaries	465,807,569.82

Other notes:

**(3) Net Cash Receive from Disposal of the Subsidiaries**

Unit: RMB

	Amount
Of which:	--
Of which:	--
Of which:	--

Other notes:

**(4) Cash and Cash Equivalents**

Unit: RMB

Item	Ending balance	Beginning balance
I. Cash	4,168,154,911.83	3,285,345,233.47
Including: Cash on hand	96,389.26	130,048.49
Bank deposit on demand	4,167,907,417.88	3,272,524,570.94
Other monetary assets on demand	151,104.69	12,690,614.04
III. Ending balance of cash and cash equivalents	4,168,154,911.83	3,285,345,233.47

Other notes:

**80. Notes to Items of the Statements of Changes in Owners' Equity**

Notes to the name of "Other" of ending balance of the same period of last year adjusted and the amount adjusted:

**81. Assets with Restricted Ownership or Right of Use**

Unit: RMB

Item	Ending carrying value	Reason for restriction
Monetary assets	38,111,717.49	Note 1, Note 2, Note 3, Note 4, Note 5, Note 6
Land use right of Fumin New Village, Futian District	542,507,314.43	Note 7
Total	580,619,031.92	--

Other notes:

Note 1: In terms of monetary assets with restricted right to use at the period-end, there was limited capital of frozen account with RMB11,031.58 in the subsidiary company Shenzhen Huazhengpeng Property Management Co., Ltd. Refer to Note XI-(II)1 for relevant matters involved with lawsuit for details.

Note 2: In terms of monetary assets with restricted right to use at the period-end, there was escrow margin amount with RMB44,554.35 in the catering branch of the subsidiary company Shandong Shengguomao Real Estate Management Co., Ltd.

Note 3: In terms of monetary assets with restricted right to use at the period-end, as a real estate developer, the Company has provided mortgage guarantees for commercial housing purchasers and paid loan guarantees of RMB1,148,647.30 according to real estate business practices. Refer to Note XI-(II) 2 for details.

Note 4: In terms of monetary assets with restricted right to use at the period-end, there was payment guarantee of RMB 11,213,310.06 signed by the Company's subsidiary SZPRD Xuzhou Dapeng Real Estate Development Co., Ltd. and Jiangsu Hanjian Group Co., Ltd. on 1 June 2020, of which the principal was RMB 11,075,002.60 and the interest was RMB 138,307.46. The number of the payment guarantee was Xingyin Xubao (2020) 25.

Note 5: In terms of monetary assets with restricted right to use at the period-end, there was interest of fixed time deposit of RMB25,394,174.20 undue but withdrawn at the period-end.

Note 6: In terms of monetary assets with restricted right to use at the period-end, there was letter of guarantee of RMB 300,000.00 issued by Shenzhen Property Engineering and Construction Supervision Co., Ltd. for project bidding for supervision service of



Shenzhen Rongyao Real Estate Development Co., Ltd. phase II urban renewal unit project of Bangling Area, Guanlan Street, Longhua District in 2020.

Note 7: Due to the needs of daily business activities, the company applied for loan from Bank of Communications, Shenzhen Branch to mortgage the land use right of Fumin New Village, Futian District. The term of the loan was from 27 November 2020 to 27 November 2023. The interest rate of the loan was floating, and the first execution interest rate was 4.655%.

## 82. Foreign Currency Monetary Items

### (1) Foreign Currency Monetary Items

Unit: RMB

Item	Ending foreign currency balance	Exchange rate	Ending balance converted to RMB
Monetary assets	--	--	51,762,160.28
Of which: USD			
EUR			
HKD	61,504,468.01	0.8416	51,762,160.28
Prepayment	8,102.52		6,819.08
Of which: HKD	8,102.52	0.8416	6,819.08
Other payables	15,033.42		12,652.13
Of which: HKD	15,033.42	0.8416	12,652.13
Accounts receivable	--	--	
Of which: USD			
EUR			
HKD			
Long-term borrowings	--	--	
Of which: USD			
EUR			
HKD			

Other notes:

**(2) Notes to Overseas Entities Including: for Significant Oversea Entities, Main Operating Place, Recording Currency and Selection Basis Shall Be Disclosed; if there Are Changes in Recording Currency, Relevant Reasons Shall Be Disclosed.**

Applicable  Not applicable

Item	Main operating place	Recording currency	Basis for choosing
Shum Yip Properties Development Co., Ltd. and its subsidiary	Hong Kong	HKD	Located in HK, settled by HKD

## 83. Arbitrage

Qualitative and quantitative information of relevant arbitrage instruments, hedged risk in line with the type of arbitrage to disclose:

Not applicable.

## 84. Government Grants

### (1) Basic Information on Government Grants

Unit: RMB

Category	Amount	Listed items	Amount recorded in the current profit or loss
Subsidy of epidemic prevention	3,077,722.82	Other income	3,077,722.82
Stable post subsidy	2,806,695.19	Other income	2,806,695.19
Real estate tax refund from rent calculation	380,742.93	Other income	380,742.93
Subsidy income of Huangyuyuan Primary School and Kindergarten	341,259.63	Other income	341,259.63
Purchase subsidy	148,409.59	Other income	148,409.59
New apprenticeship training subsidy for enterprises	100,000.00	Other income	100,000.00
Water supply subsidy	94,605.93	Other income	94,605.93
Small and micro businesses VAT exemption	77,869.39	Other income	77,869.39
Other subsidies	116,721.25	Other income	116,721.25
Other subsidies	34,500.00	Non-operating income	34,500.00
Total	7,178,526.73		7,178,526.73

**(2) Return of Government Grants**

Applicable  Not applicable

Other notes:

**85. Other****VIII. Changes of Consolidation Scope****1. Business Combination Not under the Same Control****(1) Business Combination Not under the Same Control during the Reporting Period**

Unit: RMB

Name of acquiree	Time and place of gaining the equity	Cost of gaining the equity	Proportion of equity	Way to gain the equity	Purchase date	Recognition basis of purchase date	Income of acquiree from the purchase date to period-end	Net profits of acquiree from the purchase date to period-end

Other notes:

**(2) Combination Cost and Goodwill**

Unit: RMB

Combination cost	

Note to determination method of the fair value of the combination cost, consideration and changes:

The main formation reason for the large goodwill:

Other notes:

**(3) The Identifiable Assets and Liabilities of Acquiree on Purchase Date**

Unit: RMB

	Fair value on purchase date	Carrying value on purchase date
--	-----------------------------	---------------------------------

The determination method of the fair value of identifiable assets and liabilities:

Contingent liability of acquiree undertaken in the business combination:

Other notes:

#### (4) Gains or losses from Re-measurement of Equity Held before the Purchase Date at Fair Value

Whether there is a transaction that through multiple transaction step by step to realize business combination and gaining the control during the Reporting Period

Yes  No

#### (5) Notes to Reasonable Consideration or Fair Value of Identifiable Assets and Liabilities of the Acquiree that Cannot Be Determined on the Acquisition Date or during the Period-end of the Merger

#### (6) Other Notes

### 2. Business Combination under the Same Control

#### (1) Business Combination under the Same Control during the Reporting Period

Unit: RMB

Combined party	Proportion of the equity	Basis	Combination date	Recognition basis of combination date	Income from the period-begin to the combination date of the acquiree	Net profits from the period-begin to the combination date of the acquiree	Income of the acquiree during the period of comparison	Net profits of the acquiree during the period of comparison

Other notes:

#### (2) Combination Cost

Unit: RMB

Combination cost	
------------------	--

Contingent liabilities of the combined party undertaken in the business combination

Other notes:

#### (3) The Carrying Value of Assets and Liabilities of the Combined Party on the Combination Date

Unit: RMB

	Combination date
	Period-end of the last period

Contingent liabilities of the combined party undertaken in the business combination:

Other notes:

### 3. Counter Purchase

Basic information of trading, the basis of transactions constitute counter purchase, the retain assets, liabilities of the listed companies whether constituted a business and its basis, the determination of the combination costs, the amount and calculation of adjusted rights and interests in accordance with the equity transaction process:

#### 4. Disposal of Subsidiary

Whether there is a single disposal of the investment to the subsidiary and lost control?

Yes  No

Whether there are several disposals of the investment to the subsidiary and lost controls?

Yes  No

**5. Changes in Combination Scope for Other Reasons**

Note to changes in combination scope for other reasons (such as newly establishment or liquidation of subsidiaries, etc.) and relevant information:

## Increase in combination scope

Name of company	Way to gain equity	Time and place of gaining equity	Capital contribution	Proportion
SZPRD Fuyuantai Development Co., Ltd.	Newly-established subsidiary	20 August 2020	10,000,000.00	100%

**6. Other****IX. Equity in Other Entities****1. Equity in Subsidiary****(1) Subsidiaries**

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Shenzhen Huangcheng Real Estate Co., Ltd.	Shenzhen	Shenzhen	Real estate	100.00%		Set-up
Shenzhen Wuhe Industry Investment Development Co., Ltd. [Note 1]	Shenzhen	Shenzhen	Real estate	100.00%		Set-up
PRD Group Xuzhou Dapeng Real Estate Development Co., Ltd.	Xuzhou	Xuzhou	Real estate	100.00%		Set-up
Dongguan International Trade Center Changsheng Real Estate Development Co., Ltd.	Dongguan	Dongguan	Real estate	100.00%		Set-up
PRD Yangzhou Real Estate Development Co., Ltd.	Yangzhou	Yangzhou	Real estate	100.00%		Set-up
Shenzhen	Shenzhen	Shenzhen	Real estate	100.00%		Set-up

International Trade Center Property Management Co., Ltd.						
Shenzhen Guomao Meishenghuo Service Co., Ltd. [Note 2]	Shenzhen	Shenzhen	Real estate		100.00%	Set-up
Shandong Shenzhen International Trade Center Property Management Co., Ltd.	Jinan	Jinan	Real estate		100.00%	Set-up
Chongqing Shenzhen International Trade Center Property Management Co., Ltd.	Chongqing	Chongqing	Real estate		100.00%	Set-up
Chongqing Aobo Elevator Co., Ltd.	Chongqing	Chongqing	Service		100.00%	Set-up
Chongqing Tianque Elevator Technology Co., Ltd.	Shenzhen	Shenzhen	Service		100.00%	Set-up
Shenzhen Guoguan Electromechanical Device Co., Ltd.	Shenzhen	Shenzhen	Service		100.00%	Set-up
Shenzhen International Trade Center Catering Co., Ltd.	Shenzhen	Shenzhen	Hotels and catering services		100.00%	Set-up
Shenzhen Property	Shenzhen	Shenzhen	Service	100.00%		Set-up

Engineering Construction Supervision Co., Ltd.						
SZPRD Commercial Operation Co., Ltd.[Note 3]	Shenzhen	Shenzhen	Service	100.00%		Set-up
Zhanjiang Shenzhen Real Estate Development Co., Ltd.	Zhanjiang	Zhanjiang	Real estate	100.00%		Set-up
Shum Yip Properties Development Co., Ltd.	Hong Kong	Hong Kong	Real estate	100.00%		Set-up
Wayhang Development Co., Ltd.	Hong Kong	Hong Kong	Real estate		100.00%	Set-up
Chief Link Properties Co., Ltd.	Hong Kong	Hong Kong	Real estate		70.00%	Set-up
Syndis Investment Co., Ltd.	Hong Kong	Hong Kong	Real estate		70.00%	Business combination not under the same control
Yangzhou Slender West Lake Jingyue Property Development Co., Ltd.	Yangzhou	Yangzhou	Real estate		51.00%	Set-up
Shandong International Trade Center Hotel Management Co., Ltd.	Jinan	Jinan	Real estate		100.00%	Set-up
Shenzhen Shenshan Special Cooperation Zone Guomao	Shenzhen	Shenzhen	Real estate		65.00%	Set-up

Property Development Co., Ltd.						
Shenzhen Guomao Tongle Property Management Co., Ltd.	Shenzhen	Shenzhen	Real estate		51.00%	Set-up
Shenzhen Rongyao Real Estate Development Co., Ltd.	Shenzhen	Shenzhen	Real estate		69.00%	Business combination not under the same control
Shenzhen Guomao Science and Technology Park Service Co., Ltd. [Note 4]	Shenzhen	Shenzhen	Real estate		100.00%	Business combination under the same control
Shenzhen Julian Human Resources Development Co., Ltd.	Shenzhen	Shenzhen	Service		100.00%	Business combination under the same control
Shenzhen Huazhengpeng Property Management Development Co., Ltd.	Shenzhen	Shenzhen	Real estate		100.00%	Business combination under the same control
SZPRD Urban Renewal Co., Ltd. [Note 5]	Shenzhen	Shenzhen	Real estate		100.00%	Business combination under the same control
Shenzhen Penghongyuan Industrial Development Co., Ltd.	Shenzhen	Shenzhen	Hotels and catering services		100.00%	Business combination under the same control
Shenzhen Jinhailian Property	Shenzhen	Shenzhen	Real estate		100.00%	Business combination under the same

Management Co., Ltd.						control
Shenzhen Social Welfare Co., Ltd.	Shenzhen	Shenzhen	Health and social work		100.00%	Business combination under the same control
Shenzhen Fuyuanmin Property Management Limited Liability Company	Shenzhen	Shenzhen	Real estate		100.00%	Business combination under the same control
Shenzhen Meilong Industrial Development Co., Ltd.	Shenzhen	Shenzhen	Service		100.00%	Business combination under the same control
Shenzhen Guomao Shenlv Garden Co., Ltd. [Note 6]	Shenzhen	Shenzhen	Public facilities management		90.00%	Business combination under the same control
Shenzhen Jiayuan Property Management Co., Ltd.	Shenzhen	Shenzhen	Real estate		54.00%	Business combination under the same control
Shenzhen Helinhua Construction Management Co., Ltd.	Shenzhen	Shenzhen	Real estate		90.00%	Business combination under the same control
Shenzhen Zhongtongda House Xiushan Service Co., Ltd.	Shenzhen	Shenzhen	Construction industry		90.00%	Business combination under the same control
Shenzhen Kangping Industrial Co., Ltd.	Shenzhen	Shenzhen	Retail business		90.00%	Business combination under the same control
Shenzhen Sports Service	Shenzhen	Shenzhen	Manufacturing industry		100.00%	Business combination



Co., Ltd.						under the same control
Shenzhen Teacher's Home Training Co., Ltd.	Shenzhen	Shenzhen	Retail business		100.00%	Business combination under the same control
Shenzhen Education Industrial Co., Ltd.	Shenzhen	Shenzhen	Service		100.00%	Business combination under the same control
Shenzhen Yufa Industrial Co., Ltd.	Shenzhen	Shenzhen	Retail business		80.95%	Business combination under the same control
SZPRD Fuyuantai Development Co., Ltd.	Shenzhen	Shenzhen	Real estate		100.00%	Set-up

Notes to holding proportion in subsidiary different from voting proportion:

Basis of holding half or less voting rights but still controlling the investee and holding more than half of the voting rights but not controlling the investee:

Significant structural entities and controlling basis in the scope of combination:

Basis of determining whether the Company is the agent or the principal:

Other notes:

Note 1: In November 2020, SZPRD Real Estate Development Co., Ltd. was renamed Shenzhen Wuhe Industrial Investment Development Co., Ltd.

Note 2: In July 2020, Shenzhen Huangcheng Property Management Co., Ltd. was renamed Shenzhen Guomao Meishenghuo Service Co., Ltd.

Note 3: In July 2020, Shenzhen SZPRD Housing Assets Operation and Management Co., Ltd. was renamed SZPRD Commercial Operation Co., Ltd.

Note 4: In July 2020, Shenzhen Toukong Property Management Co., Ltd. was renamed Shenzhen Guomao Science and Technology Park Service Co., Ltd.

Note 5: In July 2020, Shenzhen Taixinli Property Management Co., Ltd. was renamed SZPRD Urban Renewal Co., Ltd.

Note 6: In October 2020, Shenzhen Shenlv Garden Technology Industrial Co., Ltd. was renamed Shenzhen Guomao Shenlv Garden Co., Ltd.

## (2) Significant Non-wholly-owned Subsidiary

Unit: RMB

Name	Shareholding proportion of non-controlling interests	The profit or loss attributable to the non-controlling interests	Declaring dividends distributed to non-controlling interests	Balance of non-controlling interests at the period-end
Shenzhen Rongyao Real Estate	31.00%	-67,575,687.97		38,907,826.08

Development Co., Ltd.				
Yangzhou Shouxihu Jingyue Property Development Co., Ltd.	49.00%	526,848.43		4,818,381.94
Shenzhen Guomao Shenlv Garden Co., Ltd.	10.00%	-90,932.35		270,575.75

Holding proportion of non-controlling interests in subsidiary different from voting proportion:

Other notes:

**(3) The Main Financial Information of Significant Not Wholly-owned Subsidiary**

Unit: RMB

Name	Ending balance						Beginning balance					
	Curren t assets	Non-c urrent assets	Total assets	Curren t liabiliti es	Non-c urrent liabilit y	Total liabilit ies	Curren t assets	Non-c urrent assets	Total assets	Curren t liabiliti es	Non-c urrent liabilit y	Total liabiliti es
Shenz hen Rongy ao Real Estate Develo pment Co., Ltd.	4,265, 252,71 5.28	114,18 2,786. 33	4,379, 435,50 1.61	224,32 6,385. 22	4,029, 600,00 0.00	4,253, 926,38 5.22	4,111, 815,61 2.87	42,716 ,564.2 2	4,154, 532,17 7.09	53,136 ,970.4 7	3,757, 900,00 0.00	3,811, 036,97 0.47
Yangz hou Shoux ihu Jingyu e Proper ty Develo pment Co., Ltd.	15,397 ,601.2 2	877,95 8.80	16,275 ,560.0 2	6,442, 127.49		6,442, 127.49	8,613, 306.97	848,86 2.50	9,462, 169.47	2,703, 937.82		2,703, 937.82
Shenz hen Guom ao Shenlv Garde	31,973 ,980.1 1	1,389, 548.34	33,363 ,528.4 5	30,657 ,770.9 4		30,657 ,770.9 4	32,340 ,229.8 7	596,87 6.54	32,937 ,106.4 1	29,322 ,025.3 6		29,322 ,025.3 6

n Co., Ltd.												
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Unit: RMB

Name	Reporting Period				Same period of last year			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Shenzhen Rongyao Real Estate Development Co., Ltd.		-217,986,090.23	-217,986,090.23	-428,153,632.73		-243,632,621.48	-243,632,621.48	-957,858,901.03
Yangzhou Shouxihu Jingyue Property Development Co., Ltd.	27,454,217.70	1,075,200.88	1,075,200.88	3,369,179.34	7,340,745.68	-1,115,032.25	-1,115,032.25	-4,922,102.11
Shenzhen Guomao Shenlv Garden Co., Ltd.	13,548,955.86	-909,323.54	-909,323.54	1,413,554.68	21,381,370.38	6,394,132.31	6,394,132.31	-23,167,201.63

Other notes:

**(4) Significant Restrictions on Using the Assets and Liquidating the Liabilities of the Company****(5) Financial Support or Other Supports Provided to Structural Entities Incorporated into the Scope of Consolidated Financial Statements**

Other notes:

**2. The Transaction of the Company with Its Owner's Equity Share Changed but Still Controlling the Subsidiary****(1) Note to the Owner's Equity Share Changed in Subsidiary****(2) The Transaction's Influence on the Equity of Non-controlling Interests and the Owner's Equity Attributable to the Company as the Parent**

Unit: RMB

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Other notes:

**3. Equity in Joint Ventures or Associated Enterprises****(1) Significant Joint Ventures or Associated Enterprises**

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Accounting treatment of the investment to joint venture or associated enterprise
				Directly	Indirectly	

Shenzhen Jifa Warehouse Co., Ltd.	Shenzhen	Shenzhen	Warehouse service	50.00%		Equity method
Tian'an International Building Property Management Company of Shenzhen	Shenzhen	Shenzhen	Property management	50.00%		Equity method

Notes to holding proportion of joint venture or associated enterprise different from voting proportion:

Basis of holding less than 20% of the voting rights but has a significant impact or holding 20% or more voting rights but does not have a significant impact:

## (2) Main Financial Information of Significant Joint Ventures

Unit: RMB

	Ending balance/Reporting Period		Beginning balance/The same period of last year	
	Shenzhen Jifa Warehouse Co., Ltd.	Tian'an International Building Property Management Company of Shenzhen	Shenzhen Jifa Warehouse Co., Ltd.	Tian'an International Building Property Management Company of Shenzhen
Current assets	5,408,927.72	56,100,422.58	7,020,791.77	53,771,789.30
Of which: Cash and cash equivalents	5,408,401.36	35,387,944.60	3,913,864.25	34,531,027.99
Non-current assets	75,370,802.09	49,234.16	75,129,933.91	42,265.30
Total assets	80,779,729.81	56,149,656.74	82,150,725.68	53,814,054.60
Current liabilities	2,671,881.97	26,716,095.36	4,921,182.36	24,725,254.19
Non-current liability		16,120,967.63		16,166,098.30
Total liabilities	2,671,881.97	42,837,062.99	4,921,182.36	40,891,352.49
Equity attributable To owners of the Company as the parent	78,107,847.84	13,312,593.75	77,229,543.32	12,922,702.11
Portion of net assets calculated according to proportion of shareholdings	39,053,923.92	6,656,296.88	38,614,771.66	6,461,351.06
Carrying value of equity investment to joint ventures	39,053,923.92	6,656,296.88	38,614,771.66	6,461,351.06
Operating revenue	6,298,927.01	18,268,841.02	15,900,285.14	20,445,172.55
Finance expense	-7,369.67	-567,932.96	-17,194.43	-421,003.02
Income tax expense	184,895.52	130,585.02	3,097,834.74	379,274.15
Net profit	878,304.52	389,891.64	9,021,862.53	1,131,816.44
Total comprehensive	878,304.52	389,891.64	9,021,862.53	1,131,816.44

income				
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Other notes

### (3) Main Financial Information of Significant Associated Enterprise

Unit: RMB

	Ending balance/Reporting Period	Beginning balance/The same period of last year

Other notes

### (4) Summary Financial Information of Insignificant Joint Ventures or Associated Enterprises

Unit: RMB

	Ending balance/Reporting Period	Beginning balance/The same period of last year
Joint ventures:	--	--
The total of following items according to the shareholding proportions	--	--
Associated enterprises:	--	--
The total of following items according to the shareholding proportions	--	--

Other notes

### (5) Note to the Significant Restrictions on the Ability of Joint Ventures or Associated Enterprises to Transfer Funds to the Company

### (6) The Excess Loss of Joint Ventures or Associated Enterprises

Unit: RMB

Name	The cumulative recognized losses in previous accumulatively derecognized	The derecognized losses (or the share of net profit) in Reporting Period	The accumulative unrecognized losses in Reporting Period

Other notes

### (7) The Unrecognized Commitment Related to Investment to Joint Ventures

### (8) Contingent Liabilities Related to Investment to Joint Ventures or Associated Enterprises

## 4. Significant Common Operation

Name	Main operating place	Registration place	Nature of business	Proportion /Share portion	
				Directly	Indirectly

Notes to holding proportion or share portion in common operation different from voting proportion:

For common operation as a single entity, basis of classifying as common operation

Other notes

## 5. Equity in the Structured Entity Excluded in the Scope of Consolidated Financial Statements

Notes to the structured entity excluded in the scope of consolidated financial statements:

## 6. Other

## X. The Risk Related to Financial Instruments

The Company is engaged in risk management to achieve balance between risks and returns, minimizing the negative effects of risks on its operation performance and maximizing the interests of its shareholders and other equity investors. Based on that risk management goal, the fundamental strategy of its risk management is to identify and analyze various risks facing the Company, establish an appropriate risk bottom line, carry out risk management and monitor various risks in a timely and reliable manner to control them within a restricted scope.

The Company faces various risks related to financial instruments in its routine activities, mainly including credit risk, liquidity risk market risk. The management has reviewed and approved the policies of managing those risks, which are summarized as follows.

### **Credit Risk**

Credit risk means the risk of financial losses incurred to the other party when one party of a financial instrument is unable to fulfill its obligations.

#### **1. Credit Risk Management Practice**

##### **(1) Credit Risk Evaluation Method**

On each balance sheet date, the Company shall evaluate whether the credit risk of relevant financial instruments has increased significantly since the initial recognition. After determining whether the credit risk has increased significantly since the initial recognition, the Company shall consider obtaining reasonable and reliable information without paying unnecessary extra costs or efforts, including qualitative and quantitative analysis based on historical data, external credit risk rating and forward-looking information. On the base of the single financial instrument or combination of financial instruments with similar credit risk characteristics, the Company compares the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date to determine the change of default risk of financial instruments during their expected duration.

When one or more of the following quantitative and qualitative criteria prevails, the Company shall believe the credit risk of financial instruments has increased significantly:

- 1) For the quantitative standard, it can be mainly analyzed from the probability of default for the remaining duration on the balance sheet date rises by more than a certain proportion compared with the initial confirmation.
- 2) For the qualitative standard, it can be mainly analyzed from the major adverse changes in the debtor's operation or financial situation, changes in existing or expected technology, market, economy or legal environment which shall have major adverse impacts on the debtor's repayment ability of the Company, etc.
- 3) The upper limit is that the debtor's contract payment (including principal and interest) is overdue for more than 90 days.

##### **(2) Definition of Default and Credit Impairment-Assets**

When a financial instrument meets one or more of the following conditions, the Company shall define the financial asset as having defaulted, and its criteria are consistent with the definition of having incurred credit impairment:

###### **1) Quantitative Standard**

The debtor fails to make the payment after the contract payment date for more than 90 days;

###### **2) Qualitative criteria**

- ① The debtor has major financial difficulties;
- ② The debtor violates the binding provisions on the debtor in the contract;
- ③ The debtor is likely to go bankrupt or carry out other financial restructurings;
- ④ The creditor shall give the debtor concessions that will not be made in any other circumstances due to the economic or contractual considerations related to the debtor's financial difficulties.

#### **2. Measurement of Expected Credit Loss**

Key parameters of the expected credit loss measurement include default probability, loss given default, and default risk exposure. The Company considers the quantitative analysis and forward-looking information of historical statistical data (such as counterparty rating, guarantee method, collateral type, repayment method, etc.) to establish exposure models of default probability, loss given default, and default risk.

3. Refer to Note VI (1), VI (2), VI (8) for details of the reconciliation statements of beginning balance and ending balance of financial instrument loss provision.

#### **4. Credit Risk Exposure and Credit Risk Concentration**

The Company's credit risk mainly comes from bank deposits and accounts receivable. To control the aforementioned relevant risks, the Company has adopted the following measures.

##### **(1) Bank deposits**

The Company places its bank deposits with financial institutions of high credit ratings. Thus, its credit risk is low.

## (2)Accounts receivable

The Company conducts credit assessment on the customers trading in the mode of credit on a regular basis. Based on the credit assessment result, the Company chooses to trade with recognized customers with good credit and monitor the balance of the accounts receivable from them to ensure that the Company will not face any significant bad debt risk.

Due to the Company merely trades with the authorized third party with good credit, the guarantee is not required. Credit risk concentration is managed in accordance with the customers. As of 31 December 2020, there are certain credit concentration risks, and 55.41% of accounts receivable of the Company (63.81% on 31 December 2019) comes from top 5 customers of balance. The Company hasn't held any guarantee or other credit enhancement for balance of accounts receivable.

The maximum credit risk exposure the Company undertook shall be the carrying value of each financial asset in balance sheet.

## Liquidity Risk

Liquidity risk refers to the risk of fund shortage occurring when the Company fulfills the settlement obligation in the mode of cash delivery or other financial assets. Liquidity risk may originate from the failure to sell financial assets at fair value as soon as possible; or from the other party's failure to pay off its contractual debts; or from the earlier maturity of debts; or from the failure to generate the expected cash flow.

To control the risk, the Company comprehensively adopts bank loans as financing approach, appropriately combine long-term and short-term financing modes and optimize the financing structure to maintain the balance between financing sustainability and flexibility. The Company has obtained the line of credit from a number of commercial banks to satisfy its operation fund needs and capital expenditure.

Financial liabilities classified by remaining maturity

Item	Ending balance				
	Carrying value	Undiscounted contract amount	Within 1 year	1 to 3 years	Over 3 years
Bank loans	3,587,800,000.00	4,314,545,187.20	184,013,456.59	499,101,299.39	3,631,430,431.22
Accounts payable	468,269,685.65	468,269,685.65	468,269,685.65		
Other payables	834,939,937.05	834,939,937.05	834,939,937.05		
Other non-current liabilities due within one year	36,722,824.88	36,722,824.88	36,722,824.88		
Subtotal	4,927,732,447.58	5,654,477,634.78	1,523,945,904.17	499,101,299.39	3,631,430,431.22

(Continued)

Item	Beginning balance				
	Carrying value	Undiscounted contract amount	Within 1 year	1 to 3 years	Over 3 years
Bank loans	2,193,833,000.00	2,809,760,244.87	122,965,009.77	254,890,988.43	2,431,904,246.67
Accounts payable	577,689,139.10	577,689,139.10	577,689,139.10		
Other payables	1,136,902,252.81	1,136,902,252.81	1,136,902,252.81		
Other non-current liabilities due	3,921,032.24	3,926,732.24	3,926,732.24		

within one year

Subtotal	3,912,345,424.15	4,528,278,369.02	1,841,483,133.92	254,890,988.43	2,431,904,246.67
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### Market Risk

Market risk means the fluctuation risk of the fair value of financial instruments or the future cash flow due to market price changes.

#### 1. Interest rate risk

Interest rate risk means the fluctuation risk of the fair value of financial instruments or the future cash flow due to changes of market interest rate. The Company has faced the interest rate risk of fair value generated from the financial instrument with interest of fixed rate, and the interest rate risk of cash flows generated from financial instrument with interest of floating interest rate. The Company will determined the proportion between the financial instrument with interest of fixed rate and floating interest rate according to the market environment, as well as review regularly, supervise and maintain appropriate portfolio of financial instrument. The interest rate risk of cash flows facing the Company is mainly related to the bank loans calculated by floating interest rate of the Company.

As of 31 December 2020, under the assumption of fixed variables with 50 basis points changed in interest rate, the bank loan with RMB3,618,800,000.00 (RMB2,193,933,000.00 on 31 December 2019) calculated at floating rate will not result in significant influence on total profit and shareholders' equity of the Company.

#### 2. Foreign exchange risk

Foreign exchange rate refers to the risk that may lead to the changes of fair value of financial instruments or future cash flows due to fluctuation in exchange rate. The risk of changes of exchange rate facing the Company is mainly related to foreign currency monetary assets and liabilities of the Company. The Company operates in mainland China, and the main activities are recorded by RMB. Thus, the foreign exchange market risk undertaken is insignificant for the Company.

## XI. The Disclosure of Fair Value

### 1. Ending Fair Value of Assets and Liabilities at Fair Value

Unit: RMB

Item	Ending fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
(III) Other equity instrument investment	1,044,905.12			1,044,905.12
Total amount of assets at fair value	1,044,905.12			1,044,905.12
II. Inconsistent fair value measurement	--	--	--	--

### 2. Market Price Recognition Basis for Consistent and Inconsistent Fair Value Measurement Items at Level 1

Other equity instrument held by the Company belongs to stocks of listed company, of which the closing price of stock exchange on 30 June 2020 shall be regarded as the fair value.



3. Valuation Technique Adopted and Nature and Amount Determination of Important Parameters for Consistent and Inconsistent Fair Value Measurement Items at Level 2
4. Valuation Technique Adopted and Nature and Amount Determination of Important Parameters for Consistent and Inconsistent Fair Value Measurement Items at Level 3
5. Sensitiveness Analysis on Unobservable Parameters and Adjustment Information between Beginning and Ending Carrying Value of Consistent Fair Value Measurement Items at Level 3
6. Explain the Reason for Conversion and the Governing Policy when the Conversion Happens if Conversion Happens among Consistent Fair Value Measurement Items at Different Levels
7. Changes in the Valuation Technique in the Current Period and the Reason for Such Changes
8. Fair Value of Financial Assets and Liabilities Not Measured at Fair Value
9. Other

## XII. Related Party and Related-party Transactions

### 1. Information Related to the Company as the Parent of the Company

Name	Registration place	Nature of business	Registered capital	Proportion of share held by the Company as the parent against the Company (%)	Proportion of voting rights owned by the Company as the parent against the Company (%)
Shenzhen Investment Holdings Co., Ltd	Shenzhen	Managing state-owned assets	RMB28,009 million	56.96%	56.96%

Notes: Information on the Company as the parent

The Company as the parent of the Company is Shenzhen Investment Holdings Co., Ltd., a newly-established and organized state-owned capital investment company based on the original three state-owned assets management companies in October 2004, among which the main function is to manage the partial municipal state-owned companies according to the authorization of Municipal SASAC. As a government department, Shenzhen State-owned Assets Supervision and Administration Bureau manages Shenzhen Investment Holdings Co., Ltd. on behalf of People's Government of Shenzhen Municipality.

The final controller of the Company is Shenzhen State-owned Assets Supervision and Administration Committee of Shenzhen Government.

Other notes:

### 2. Subsidiaries of the Company

Refer to Note V I I I for details.

### 3. Information on the Joint Ventures and Associated Enterprises of the Company

Refer to Note V I I I for details about significant joint ventures or associated enterprises.

Information on other joint venture or associated enterprise of occurring related-party transactions with the Company in Reporting Period, or forming balance due to related-party transactions made in previous period:

Name	Relationship with the Company
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Other notes

### 4. Information on Other Related Parties

Name	Relationship with the Company
Shenzhen Investment Holdings Co., Ltd.	Wholly-owned subsidiary of the Company as the parent of the

	Company
Shenzhen Bay Technology Development Co., Ltd.	Wholly-owned subsidiary of the Company as the parent of the Company
Wholly-owned subsidiary of Shenzhen Bay Technology Development Co., Ltd.	Wholly-owned subsidiary of Shenzhen Bay Technology Development Co., Ltd.
Shenzhen Xinhai Holding Co., Ltd.	The Company as the parent of Xinhai Rongyao of subsidiary Rongyao Real Estate by non-controlling interests
Shenzhen Xinhai Rongyao Real Estate Development Co., Ltd.	Subsidiary Rongyao Real Estate by non-controlling interests
Shenzhen Real Estate Jifa Warehousing Co., Ltd.	Joint venture of the Company
Shenzhen Tian'an International Mansion Property Administration Co., Ltd.	Joint venture of the Company
Shenzhen Wufang Ceramics Industrial Co., Ltd.	Associated enterprise of the Company
Hebei Shenbao Investment Development Co., Ltd.	Parent company's grandson company
Shenzhen General Institute of Architectural Design and Research Co., Ltd.	Wholly-owned subsidiary of the parent company
Shenzhen Bay Area Urban Construction Development Co., Ltd.	Wholly-owned subsidiary of the parent company

Other notes

## 5. List of Connected Transactions

### (1) Information on Acquisition of Goods and Reception of Labor Service

Information on acquisition of goods and reception of labor service

Unit: RMB

Related party	Content	Reporting Period	The approval trade credit	Whether exceed trade credit or not	Same period of last year
Shenzhen Bay Technology Development Co., Ltd.	Management service fee	64,609,934.18			28,161,790.79
Shenzhen General Institute of Architectural Design and Research Co., Ltd.	Project architectural design plan	3,326,087.00			

Information of sales of goods and provision of labor service

Unit: RMB

Related party	Content	Reporting Period	Same period of last year
Shenzhen Hi-tech Zone Development Construction Co., Ltd	Property service fee	1,432,390.32	1,420,903.83
Shenzhen Bay Technology Development Co., Ltd.	Property service fee	47,871,320.92	58,533,639.69
Hebei Shenbao Investment	Property service fee	5,688,129.37	

Development Co., Ltd.			
Shenzhen Bay Area Urban Construction Development Co., Ltd.	Property service fee	2,072,632.08	

Notes on acquisition of goods and reception of labor service

## (2) Information on Related-party Trusteeship/Contract

Lists of trusteeship/contract:

Unit: RMB

Name of the entruster/contractee	Name of the trustee/contractor	Type	Start date	Due date	Pricing basis	Income recognized in this Reporting Period
Shenzhen Shentou Property Development Co., Ltd.	ShenZhen Properties & Resources Development (Group) Ltd.	Investment property	6 November 2019	5 November 2025	Market pricing	48,341,260.17

Notes:

Lists of entrust/contractee

Unit: RMB

Name of the entruster/contractee	Name of the trustee/contractor	Type	Start date	Due date	Pricing basis	Charge recognized in this Reporting Period
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Notes:

## (3) Information on Related-party Lease

The Company was lessor:

Unit: RMB

Name of lessee	Category of leased assets	The lease income confirmed in the Reporting Period	The lease income confirmed in the Same period of last year
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The Company was lessee:

Unit: RMB

Name of lessor	Category of leased assets	The lease fee confirmed in the Reporting Period	The lease fee confirmed in the Same period of last year
Shenzhen Shentou Property Development Co., Ltd.	Investment property	380,681.16	373,194.96

Notes:

## (4) Information on Related-party Guarantee

The Company was guarantor:

Unit: RMB

Secured party	Guarantee amount	Start date	End date	Execution accomplished or not
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The Company was secured party

Unit: RMB

Guarantor:	Guarantee amount	Start date	End date	Execution accomplished or not
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Notes:

**(5) Information on Inter-bank Lending of Capital of Related Parties**

Unit: RMB

Related party	Amount	Start date	End date	Note
Borrowing				
Lending				

**(6) Information on Assets Transfer and Debt Restructuring by Related Party**

Unit: RMB

Related party	Content	Reporting period	Same period of last year
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**(7) Information on Remuneration for Key Management Personnel**

Unit: RMB

Item	Reporting period	Same period of last year
Remuneration for key management personnel	16,452,700.40	11,861,114.20

**(8) Other Related-party Transactions****6. Accounts Receivable and Payable of Related Party****(1) Accounts Receivable**

Unit: RMB

Item	Related party	Ending balance		Beginning balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable	Shenzhen Bay Technology Development Co., Ltd.	60,785,586.79	1,823,567.60	93,790,305.70	4,689,515.29
	Hebei Shenbao Investment Development Co., Ltd.	1,465,286.24	43,958.59	1,470,640.73	44,119.22
	Shenzhen Hi-tech Zone Development Construction Co., Ltd.	583,120.29	17,493.61	1,045,589.81	31,367.69
	Shenzhen Investment Holdings Co., Ltd.	8,357,589.14	250,727.67	8,282,669.14	248,480.07
Total		71,191,582.75	2,135,747.48	104,589,205.38	5,013,482.27
Other receivables	Shenzhen Xinhai	401,499,990.18		551,499,990.18	

	Holding Co., Ltd.				
	Shenzhen Xinhai Rongyao Real Estate Development Co., Ltd.	330,472,932.33		330,472,932.33	
	Shenzhen Wufang Ceramics Industrial Co., Ltd.	1,747,264.25	1,747,264.25	1,747,264.25	1,747,264.25
	Shenzhen Hi-tech Zone Development Construction Co., Ltd.	138,689.46	110,951.57	138,689.46	69,344.73
	Shenzhen Investment Holdings Co., Ltd.	109,148.44	46,829.92	109,148.44	46,829.92
	Shenzhen Bay Technology Development Co., Ltd.	931,784.90	27,953.55		
Total		734,899,809.56	1,932,999.29	883,968,024.66	1,863,438.90

**(2) Accounts Payable**

Unit: RMB

Item	Related party	Ending carrying amount	Beginning carrying amount
Accounts payable	Shenzhen Shentou Property Development Co., Ltd.	1,338,025.92	109,435.61
Total		1,338,025.92	109,435.61
Other payables	Shenzhen Shentou Property Development Co., Ltd.	14,781,098.23	133,725.60
	Shenzhen Bay Technology Development Co., Ltd.	29,944,314.56	22,560,522.70
	Shenzhen Bay Area Urban Construction and Development Co., Ltd.	360,752.18	
	Shenzhen Real Estate Jifa Warehousing Co., Ltd.	35,796,665.14	35,796,665.14
	Shenzhen Tian'an International Mansion Property Administration Co., Ltd.	5,214,345.90	5,214,345.90
Total		86,097,176.01	63,705,259.34

**7. Commitments of Related Party****8. Other****XIII. Stock Payment****1. The Overall Situation of Stock Payment**

Applicable  Not applicable

**2. The Stock Payment Settled in Equity**

Applicable  Not applicable

**3. The Stock Payment Settled in Cash**

Applicable  Not applicable

**4. Modification and Termination of the Stock Payment****5. Other****XIV. Commitments and Contingency****1. Significant Commitments**

Significant Contingency on Balance Sheet Date

## 1. Large amount contract signed under performance or performance preparation

Item	Reporting period	Same period of last year
Signed but derecognized in financial statements — Large amount contract	18,400,472.41	145,501,513.44

**2. Contingency****(1) Important Contingencies Existing on the Balance Sheet Date**

## (1) The action about transferring Jiabin Building contentious matter

In 1993, the Company signed Right of Development Transfer Contract of Jiabin Building with Shenzhen Jiyong Property Development Co., Ltd. (hereinafter referred to as “Jiyong Company”). Since the contract was not effectively executed, the Company subsequently filed a series of lawsuits against the parties involved in the project, but the outcome was not favorable to the Company. Therefore, the Company calculated and withdrew bad-debt provisions for accounts receivable from Jiyong Company in full in past years for the transfer of Jiabin Building. On October 31, 2018, Shenzhen Intermediate People’s Court made a civil award and ruled that the Company’s application for the bankruptcy of Jiyong Company would not be accepted. The Company appealed against the ruling. On April 29, 2019, the Guangdong Provincial Higher People’s Court ruled to reject the Company’s appeal and maintain the original ruling. As of the issuance date of the report, there is no new progress in the case.

## (2) The contentious matters involved with all renovations, decorations, equipment and facilities in the floors 5-8 of Haiwai Lianyi Building

In 2008, Shenzhen Hailian Guest House, a subsidiary of the Company, signed the Internal Contract of Hailian Guest House, House Leasing Contract with Cai Baolin, obtained the use right of the rooms in the floors 5-8 of Haiwai Lianyi Building accordingly and further established Shenzhen Hailian Hotel Co., Ltd. for business operation of the rooms. For the above-mentioned contracts were terminated, Cai Baolin brought a civil lawsuit against Shenzhen Hailian Guest House, Shenzhen Jinhailian Property Management Co., Ltd. (“Jinhailian”) on all of the renovation, decoration, equipment and facilities made and installed in the rooms. The People’s Court at Luohu District, Shenzhen City issued the civil judgment (2019) Yue 0303 Min Chu 4458 on December 26, 2019 and ordered Jinhailian to accept the renovation, decoration, equipment and facilities remaining in the floors 5-8 of Haiwai Lianyi Building by the plaintiff Cai Baolin within ten days after the judgment became effective, and Jinhailian should pay the residual value RMB 2,396,947.00 and Cai Baolin had no right to the above assets. In this year, the estimated liabilities RMB 2,396,947.00 shall be accrued for Jinhailian according to the amount of compensation payable.

## (3) Miscellaneous

As a real estate developer, the Company provides mortgage loan guarantees for commercial housing purchasers according to the operation practice of real estate industry and pays loan deposit for them. By December 31, 2020, the balance of deposit not discharged with guarantee was RMB 1,148,647.30, which guarantee will be discharged when the mortgage loan is paid off.

## (2) In Despite of no Significant Contingency to Disclose, the Company Shall Also Make Relevant Statements

There was no significant contingency in the Company.

## (3) Other information required in the disclosure directive of the industries related to automobile manufacturing

The sales arising from mortgage sales, financial leasing, etc. account for more than 10% in the operating income

Applicable  Not applicable

The Company's guarantee to dealers

Applicable  Not applicable

### 3. Other

## XV. Events after Balance Sheet Date

### 1. Significant Non-adjusted Events

Unit: RMB

Item	Content	Influence number to the financial position and operating results	Reason of inability to estimate influence number

### 2. Profit Distribution

Unit: RMB

Profits or dividends planned to distribute	244,351,427.72
Reviewed and approved profits or dividends declared to distribute	244,351,427.72

### 3. Sales Return

### 4. Notes to Other Events after Balance Sheet Date

(1) Matters about the Vietnam subsidiary to complete the registration

On 5 January 2021, the Company's grandson company Vietnam Shenzhen Guomao Property Management Co., Ltd. completed the registration and received the "Enterprise Registration Certificate" issued by the Business Registration Office of the Planning and Investment Department of Haiphong City, Vietnam. The registered capital was VND 4,640,000,000 (approximately USD200,000).

(2) Matters about the issuance of commercial real estate mortgage asset-backed securitization products

On March 30, 2021, at the 22nd meeting of the 9th Board of Directors of the company, the proposal to issue commercial real estate mortgage asset-backed securitization products was passed: The Company intended to apply to the Shenzhen Stock Exchange for the issuance of commercial real estate mortgage asset-backed securitization products of no more than RMB 1.3 billion with the assets held by the Companies, such as Guomao Tower, Guomao Commercial Building, Guomao Plaza, Longyuan Chuangzhan Building, etc. The product structure was divided into priority and sub-prime, with a period of 12 years (3+3+3+3), set up sale and redemption rights every 3 years, and introduced a guarantee structure to increase credit and reduce bond coupon rates and issuance costs. This proposal will be implemented after approval by the general meeting of shareholders.

## XVI. Other Significant Events

### 1. The Accounting Errors Correction in Previous Period

#### (1) Retrospective Restatement

Unit: RMB

Content	Processing program	Name of the influenced report items during comparison	Accumulative impact

		period	
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**(2) Prospective Application**

Content	Processing program	Reason for adopting prospective application
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**2. Debt Restructuring****3. Assets Replacement****(1) Non-monetary Assets Exchange****(2) Other Assets Replacement****4. Pension Plans****5. Discontinued Operations**

Unit: RMB

Item	Income	Expense	Total profit	Income tax expense	Net profit	Profit from discontinued operations attributable to owners of the Company as the parent

Other notes

**6. Segment Information****(1) Determination Basis and Accounting Policies of Reportable Segment**

In accordance with the internal organization structure, management requirements and internal report system, the Company identified the reportable segments based on the product segment and assessed the operational performance of ivory business, printing business and latex business. The assets and liabilities sharing with other segments shall be proportionally distributed among segments by scales.

**(2) The Financial Information of Reportable Segment**

Unit: RMB

Item	Real estate	Property management	Leasing business	Offset among segment	Total
Operation revenue	2,895,323,736.80	1,070,094,746.03	138,956,163.19		4,104,374,646.32
Operation cost	388,253,087.00	912,325,050.54	86,132,102.00		1,386,710,239.00
Total assets	10,343,240,698.51	1,203,685,772.85	660,430,441.18		12,207,356,912.54
Total liabilities	7,406,053,932.88	806,728,741.54	213,452,758.29		8,426,235,432.71

**(3) If there Was no Reportable Segment, or the Total Amount of Assets and Liabilities of Each Reportable Segment Could not Be Reported, Relevant Reasons Shall Be Clearly Stated****(4) Other notes****7. Other Significant Transactions and Events with Influence on Investors' Decision-making****8. Other****XVII. Notes of Main Items in the Financial Statements of the Company as the Parent****1. Notes Receivable and Accounts Receivable****(1) Accounts Receivable Disclosed by Category**

Unit: RMB

Category	Ending balance	Beginning balance



	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable for which bad debt provision separately accrued	96,702,269.40	99.16%	96,702,269.40	100.00%		96,702,269.40	99.16%	96,702,269.40	100.00%	
Of which:										
Accounts receivable withdrawal of bad debt provision by group	2,735,781.29	2.75%	111,280.87	4.07%	2,624,500.42	820,241.30	0.84%	64,309.16	7.84%	755,932.14
Of which:										
Total	99,438,050.69	100.00%	96,813,550.27	97.36%	2,624,500.42	97,522,510.70	100.00%	96,766,578.56	99.22%	755,932.14

Accounts receivable for which bad debt provision separately accrued: 96,702,269.40

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Reason for withdrawal
Shenzhen Jiyong Properties & Resources Development Company	93,811,328.05	93,811,328.05	100.00%	Involved in lawsuit and with no executable property
Shenzhen Tewe Industrial Co., Ltd.	2,836,561.00	2,836,561.00	100.00%	Long aging and expected unrecoverable
Luohu District Economic Development Company	54,380.35	54,380.35	100.00%	Long aging and expected unrecoverable
Total	96,702,269.40	96,702,269.40	--	--

Accounts receivable for which bad debt provision separately accrued:

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Reason for withdrawal

Withdrawal of bad debt provision by group: 111,280.87

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Portfolio of credit risk features	2,735,781.29	111,280.87	4.07%
Total	2,735,781.29	111,280.87	--

Notes to the determination basis for the group:

For details, please refer to Part X I I Financial Statement.

Withdrawal of bad debt provision by group: 111,280.87

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Within 1 year	2,537,153.09	76,114.59	3.00%
1 to 2 years	122,110.95	12,211.10	10.00%
2 to 3 years	76,517.25	22,955.18	30.00%
Total	2,735,781.29	111,280.87	--

Notes to the determination basis for the group:

Withdrawal of bad debt provision by group:

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion

Notes to the determination basis for the group:

Please refer to the relevant information of disclosure of bad debt provision of other accounts receivable if adopting the general mode of expected credit loss to withdraw bad debt provision of accountsreceivable.

Applicable  Not applicable

Disclosed by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	2,537,153.09
1 to 2 years	122,110.95
2 to 3 years	76,517.25
Over 3 years	96,702,269.40
Over 5 years	96,702,269.40
Total	99,438,050.69

## (2) Bad Debt Provision Withdrawal, Reversed or Recovered in the Reporting Period

Bad Debt Provision Withdrawn, Reversed or Recovered in the Reporting Period:

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period				Ending balance
		Withdrawal	Reversal or recovery	Write-off	Withdrawal	
Bad debt provision withdrawn separately	96,702,269.40					96,702,269.40

Bad debt provision withdrawn by group	64,309.16	46,971.71				111,280.87
Total	96,766,578.56	46,971.71				96,813,550.27

Of which significant amount of reversed or recovered bad debt provision:

Unit: RMB

Name of entity	Amount reversed or recovered	Way of recovery
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### (3) Accounts Receivable with Actual Verification during the Reporting Period

Unit: RMB

Item	Amount verified
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Of which the verification of significant other accounts receivable:

Unit: RMB

Name of entity	Nature	Amount verified	Reason for verification	Verification procedures performed	Whether generated from connected transactions
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Notes to verification of accounts receivable:

### (4) Top 5 of the Ending Balance of the Accounts Receivable Collected according to Arrears Party

Unit: RMB

Name of entity	Ending balance of accounts receivable	Proportion to the total ending balance of accounts receivable	Ending balance of bad debt provision
Shenzhen Jiyong Properties & Resources Development Company	93,811,328.05	94.34%	93,811,328.05
Shenzhen Tewe Industry Co., Ltd.	2,836,561.00	2.85%	2,836,561.00
Shenzhen International Trade Center Property Management Co., Ltd.	440,850.00	0.44%	13,225.50
State Grain Supply Chain (Shenzhen) Co., Ltd.	91,755.00	0.09%	2,752.65
Luohu District Economic Development Company	54,380.35	0.05%	54,380.35
Total	97,234,874.40	97.77%	

### (5) Accounts Receivable Derecognized due to the Transfer of Financial Assets

### (6) The Amount of Assets and Liabilities Generated from the Transfer and the Continued Involvement of Accounts Receivable

Other notes:

#### 2. Other Accounts Receivable

Unit: RMB

Item	Ending balance	Beginning balance
Other accounts receivable	145,325,697.20	501,082,153.81

Total	145,325,697.20	501,082,153.81
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**(1) Interest Receivable****1) Category of Interest Receivable**

Unit: RMB

Item	Ending balance	Beginning balance
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**2) Significant Overdue Interest**

Entity	Ending balance	Overdue time	Overdue reason	Whether occurred impairment and its judgment basis
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Other notes:

**3) Information of Withdrawal of Bad Debt Provision** Applicable  Not applicable**(2) Dividend Receivable****1) Category of Dividend Receivable**

Unit: RMB

Item (or investees)	Ending balance	Beginning balance
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**2) Significant Dividends Receivable Aging over 1 Year**

Unit: RMB

Item (or investees)	Ending balance	Aging	Reason	Whether occurred impairment and its judgment basis
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**3) Information of Withdrawal of Bad Debt Provision** Applicable  Not applicable

Other notes:

**(3) Other Receivables****1) Other Receivables Disclosed by Account Nature**

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Guarantee deposit	2,201,527.00	2,139,511.80
Petty cash		
Payment on behalf	19,510.00	16,557.82
External intercourse funds	23,305,386.85	23,164,046.99
Intercourse funds to subsidiary	151,970,155.85	508,280,508.64
Total	177,496,579.70	533,600,625.25

**2) Information of Withdrawal of Bad Debt Provision**

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2020	8,770,252.14		23,748,219.30	32,518,471.44
Balance of 1 January	—	—	—	—

2020 in the current period				
Withdrawal of the current period	41,919.63			41,919.63
Reversal of the current period			-389,508.57	-389,508.57
Balance of 31 December 2020	8,812,171.77		23,358,710.73	32,170,882.50

Changes of carrying amount with significant amount changed of loss provision in the Reporting Period

Applicable  Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 years (including 1 year)	145,269,091.27
2 to 3 years	50,000.00
Over 3 years	32,177,488.43
3to 4 years	56,962.82
Over 5 years	32,120,525.61
Total	177,496,579.70

### 3) Bad Debt Provision Withdrawn, Reversed or Recovered in the Reporting Period

Information of bad debt provision withdrawn:

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period				Ending balance
		Withdrawal	Reversal or recovery	Write-off	Other	
Bad debt provision	32,518,471.44	41,919.63	389,508.57			32,170,882.50
Total	32,518,471.44	41,919.63	389,508.57			32,170,882.50

Of which the bad debt provision reversed or recovered with significant amount during the Reporting Period:

Unit: RMB

Name of entity	Amount reversed or recovered	Way of recovery

### 4) Particulars of the Actual Verification of Other Receivables during the Reporting Period

Unit: RMB

Item	Amount

Of which the verification of significant other receivables:

Unit: RMB

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of related-party transactions

Notes to the verification of other receivables:

**5) Top 5 of the Ending Balance of Other Receivables Collected according to the Arrears Party**

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to ending balance of total other receivables%	Ending balance of bad debt provision
Shum Yip Properties Development Limited	Intercourse funds to subsidiary	103,506,232.43	Over 5 years	58.31%	6,876,768.60
SZPRD Yangzhou Real Estate Development Co., Ltd.	Intercourse funds to subsidiary	21,889,836.60	1-2 years (including 2 years)	12.33%	
Shenzhen Huangcheng Property Management Co., Ltd.	Intercourse funds to subsidiary	17,867,525.15	1-2 years (including 2 years)	10.07%	
Shanghai Yutong Real Estate Co., Ltd.	External intercourse funds	5,676,000.00	Over 5 years	3.20%	5,676,000.00
Shenzhen Guomao Catering Co., Ltd.	Intercourse funds to subsidiary	3,484,831.40	1-2 years (including 2 years)	1.96%	
<b>Total</b>	--	<b>152,424,425.58</b>	--	<b>85.87%</b>	<b>12,552,768.60</b>

**6) Accounts Receivable Involving Government Subsidies**

Unit: RMB

Name of the entity	Project of government subsidies	Ending balance	Ending aging	Estimated recovering time, amount and basis
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**7) Derecognition of Other Receivables due to the Transfer of Financial Assets****8) The Amount of the Assets and Liabilities Formed due to the Transfer and the Continued Involvement of Other Receivables**

Other notes:

**3. Long-term Equity Investment**

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Investment to subsidiaries	1,093,829,880.39	68,364,000.00	1,025,465,880.39	1,095,429,880.39	69,964,000.00	1,025,465,880.39
Investment to joint ventures and associated	64,693,834.93	18,983,614.14	45,710,220.79	64,059,736.86	18,983,614.14	45,076,122.72

enterprises						
Total	1,158,523,715. 32	87,347,614.14	1,071,176,101. 18	1,159,489,617. 25	88,947,614.14	1,070,542,003. 11

**(1) Investment to Subsidiaries**

Unit: RMB

Investee	Beginning balance (carrying value)	Increase/decrease				Ending balance (carrying value)	Ending balance of depreciation reserve
		Additional investment	Reduced investment	Depreciation reserve withdrawn	Other		
Shenzhen Huangcheng Real Estate Co., Ltd.	35,552,671.9 3					35,552,671.9 3	
Shenzhen Wuhe Industry Investment Development Co., Ltd.	30,950,000.0 0					30,950,000.0 0	
SZPRD Yangzhou Real Estate Development Co., Ltd.	50,000,000.0 0					50,000,000.0 0	
Dongguan ITC Changsheng Real Estate Development Co., Ltd.	20,000,000.0 0					20,000,000.0 0	
Shenzhen International Trade Center Property Management Co., Ltd.	20,000,000.0 0				4,704,758.06	24,704,758.0 6	
Shenzhen International Trade Center Catering Co., Ltd.	1.00				-1.00	0.00	
Shenzhen Property Construction	3,000,000.00					3,000,000.00	

Supervision Co., Ltd.									
SZPRD Commercial Operation Co., Ltd.	40,000,000.00					22,821,767.90	62,821,767.90		
Zhanjiang Shenzhen Real Estate Development Co., Ltd.	0.00						0.00	2,530,000.00	
Shum Yip Properties Development Co., Ltd.	0.00						0.00	15,834,000.00	
SZPRD Xuzhou Dapeng Real Estate Development Co., Ltd.	0.00						0.00	50,000,000.00	
Shenzhen Rongyao Real Estate Development Co., Ltd.	508,000,000.00						508,000,000.00		
Shenzhen Guomao Science and Technology Park Service Co., Ltd.	317,963,207.46					-154,409,952.57	163,553,254.89		
SZPRD Urban Renewal Co., Ltd.						126,883,427.61	126,883,427.61		
<b>Total</b>	<b>1,025,465,880.39</b>					<b>0.00</b>	<b>1,025,465,880.39</b>	<b>68,364,000.00</b>	

**(2) Investment to Joint Ventures and Associated Enterprises**

Unit: RMB

Investee	Beginning balance (carryin)	Increase/decrease								Ending balance (carryin g)	Ending balance of depreci
		Additio nal investm	Reduce d investm	Gains and losses	Adjust ment of other	Change s of other	Cash bonus or	Withdr awal of impair	Other		



	g value)	ent	ent	recogni zed under the equity method	compre hensive income	equity	profits announ ced to issue	ment provisi on		value)	ation reserve
<b>I. Joint ventures</b>											
Shenzh en Real Estate Jifa Wareho using Co., Ltd.	38,614, 771.66			439,15 2.26						39,053, 923.92	
Tian'an Internat ional Buildin g Propert y Manage ment Compa ny of Shenzh en	6,461,3 51.06			194,94 5.81						6,656,2 96.87	
Subtota l	45,076, 122.72			634,09 8.07						45,710, 220.79	
<b>II. Associated enterprises</b>											
Shenzh en Wufang Cerami cs Industri al Co., Ltd.											18,983, 614.14
Subtota l											18,983, 614.14
<b>Total</b>	45,076, 122.72			634,09 8.07						45,710, 220.79	18,983, 614.14

**(3) Other Notes****4. Operating Revenue and Cost of Sales**

Unit: RMB

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	57,579,115.68	36,717,719.01	393,330,909.38	60,386,026.23
Other operations	6,572,253.92	9,031,809.00		1,319,976.00
Total	64,151,369.60	45,749,528.01	393,330,909.38	61,706,002.23

Relevant information of revenue:

Unit: RMB

Category of contracts	Segment 1	Segment 2		Total
Product Types	64,151,369.60			64,151,369.60
Of which:				
House leasing business	64,151,369.60			64,151,369.60
Of which:				
Shenzhen	64,151,369.60			64,151,369.60
Of which:				
Of which:				
Of which:				
Of which:				

Information related to performance obligations:

The income of the parent company in this period was all income from leasing business.

Information related to transaction value assigned to residual performance obligations:

The amount of revenue corresponding to performance obligations of contracts signed but not performed or not fully performed yet was RMB0.00 at the period-end, among which RMBXXX was expected to be recognized in the year, RMBXXX in the year and RMBXXX in the year.

Other notes:

**5. Investment Income**

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by equity method	634,098.07	5,076,839.48
Interest income from entrusted loans	115,612,421.39	81,620,807.16
Total	116,246,519.46	86,697,646.64

**6. Other****XVIII. Supplementary Materials****1. Items and Amounts of Non-recurring Profit or Loss**

√ Applicable □ Not applicable

Unit: RMB

Item	Amount	Note
Gains/losses on the disposal of non-current assets	-322,603.77	

Government grants recognized in the Current Period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the government's unified standards	7,100,657.34	Mainly as epidemic subsidy
Gains and losses arising from contingencies unrelated to the normal operation of the company's business	-2,396,947.00	Expected litigation compensation
Reversal of provision for impairment of receivables and contract assets that have been separately tested for impairment	19,900.00	
Other non-operating income and expense other than the above	9,089,508.74	Mainly received as compensation for demolition
Project confirmed with the definition of non-recurring gains and losses	94,284.37	
Less: Income tax effects	3,470,226.55	
Non-controlling interests effects	-80,226.22	
Total	10,194,799.35	--

Explain the reasons if the Company classifies an item as a non-recurring gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses, or classifies any extraordinary gain/loss item mentioned in the said explanatory announcement as a recurrent gain/loss item.

Applicable  Not applicable

## 2. Return on Equity and Earnings Per Share

Profit as of Reporting Period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to ordinary shareholders of the Company	23.47%	1.3399	1.3399
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	23.17%	1.3228	1.3228

## 3. Differences between Accounting Data under Domestic and Overseas Accounting Standards

### (1) Differences of Net Profit and Net Assets Disclosed in Financial Reports Prepared under International and Chinese Accounting Standards

Applicable  Not applicable

### (2) Differences of Net profit and Net assets Disclosed in Financial Reports Prepared under Overseas and Chinese Accounting Standards

Applicable  Not applicable

### (3) Explain Reasons for the Differences between Accounting Data under Domestic and Overseas Accounting Standards; for any Adjustment Made to the Difference Existing in the Data Audited by the Foreign Auditing Agent, Such Foreign Auditing Agent's Name Shall Be Clearly Stated

## 4. Other

### **Part XIII Documents Available for Reference**

- I. The financial statements with the signatures and stamps of the Company's legal representative, head of financial affairs and head of the financial department (accounting supervisor);
- II. The original copy of the Independent Auditor's Report with the seal of the CPA firm as well as the signatures and seals of the certified public accountants;
- III. The originals of all the Company's documents and announcements disclosed to the public via newspapers designated by the CSRC in the Reporting Period.