



Stock Code: 000613, 200613

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

海南大东海旅游中心股份有限公司

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



Da Dong Hai

Annual Report 2021

Disclosure Date: April 30, 2022



Section I. Important Notice, Contents and Interpretation

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

Statement of objection by the directors, supervisors and senior executive

Name	Title	Content & Causes
Wu Tao	Independent Director	In view of the audit report on the financial report of the Company is unable to express an opinion from the BDO Shu Lun Pan Certified Public Accountants LLP, due to the epidemic in Shanghai, I was unable to visit the site to further understand and verify the matters related to the financial report of 2021, I can not make a judgment on the factual data stated in the documents as Financial Report of 2021, the Proposal of Annual Report of 2021 and Proposal of the Q1 of 2022, and thereof abstain from voting.
Zhang Yuanyuan	Independent Director	During the auditing by BDO Shu Lun Pan Certified Public Accountants LLP, the guest room revenue, revenue from moon cake sales and sales of alcohol could not be recognized, and the identified internal control failures, going concern issues, which are currently unresolved. I am unable to obtain the sufficient and appropriate evidence to guarantee the truthfulness, accuracy and completeness of the contents involved in Financial Report of 2021, the Proposal of Annual Report of 2021 and Proposal of the Q1 of 2022.

Independent director Wu Tao and Zhang Yuanyuan cannot guarantee the truthfulness, accuracy and completeness of the contents of annual report, the investors are advised to pay special attention to them.

Yuan Xiaoping, Principal of the Company, Fu Zongren, person in charge of accounting works and Fu Zongren, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of 2021 Annual Report is authentic, accurate and complete.

All directors are attending the Board Meeting for Report deliberation.

BDO Shu Lun Pan Certified Public Accountants LLP issued an audit report with disclaimer of opinions for the the Company. Well-explanation are required by the BOD and BOS, investors are advised to read it carefully.

The Company received an audit report of the internal control issued by BDO Shu Lun Pan Certified Public Accountants LLP with negative opinions. Investors are advised to pay attention to the non-standard audit opinion reminder and reminder of major defects in



internal control

Concerning the forward-looking statements with future planning and development strategic involved in the Report, they do not constitute a substantial commitment for investors. Investors and the person concerned should maintain adequate risk awareness, furthermore, differences between the plans, forecast and commitments should be comprehended.

Main risks factors that the Company faced including macro policy risk, natural disaster risks, HR resource risk, main business operation risks and delisting risk, etc. Investors are advised to read relevant risks warnings carefully.

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

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

Investors are advised to carry out rational investment and pay attention to the risks of investment.



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Documents Available for References

- I. Financial statement with signature and seal of legal person, person in charge of accounting works and person in charge of accounting organ (accountant in charge);
- II. Original audit report carrying the seal of the CPA and signature & seal of the accountants;
- III. Original copies of all documents and announcements that publicly disclosed on Securities Times, Hong Kong Commercial Daily and Jucao Website websites during the reporting period.

The above documents are kept in the Company



Interpretation

Items	Refers to	Contents
CSRC	Refers to	China Securities Regulation Commission
SSE	Refers to	Shenzhen Stock Exchange
<i>Company Law</i>	Refers to	<i>Company Law of The People's Republic of China</i>
<i>Securities Law</i>	Refers to	Securities Law of The People's Republic of China
<i>Rules of Listing</i>	Refers to	<i>Rules Governing the Listing of stocks on Shenzhen Stock Exchange</i>
Company or the Company	Refers to	Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd.
<i>Article of Association</i>	Refers to	<i>Article of Association of Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd.</i>
Shareholders' General Meeting	Refers to	Shareholders' General Meeting of Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd.
Board of Directors (BOD)	Refers to	Board of Directors of Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd.
Board of Supervisory (BOS)	Refers to	Board of Supervisory of Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd.
Luoniushan, the largest shareholder	Refers to	Luoniushan Co., Ltd.
Yuan	Refers to	CNY/RMB
In the reporting period, the reporting period	Refers to	1 January 2021 to 31 December 2021



Section II Company Profile and Main Financial Indexes

I. Company information

Short form of the stock	*ST Dadonghai -A, *ST Dadonghai -B	Stock code	000613, 200613
Short form of the Stock after changed	N/A		
Stock exchange for listing	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	海南大东海旅游中心股份有限公司		
Short form of the Company (in Chinese)	大东海		
Foreign name of the Company	Hainan Dadonghai Tourism Centre (Holdings) Co.,Ltd.		
Foreign name of short form of the Company	DADONGHA		
Legal representative	Yuan Xiaoping		
Registrations add.	Dadonghai Sanya		
Code for registrations add	572021		
Historical changes on the registration address	N/A		
Offices add.	Dadonghai Sanya		
Codes for office add.	572021		
Company website	—		
Email	hnddhn@21cn.com		

II. Person/Way to contact

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

**III. Information disclosure and preparation place**

Website of the Stock Exchange where the annual report of the Company disclosed	www.cninfo.com.cn
Media and Website where the annual report of the Company disclosed	<i>Securities Times, Hong Kong Commercial Daily</i>
Preparation place for annual report	Office of the Company

IV. Registration changes of the Company

Organization code	Unified social credit code 91460000201357188U
Changes of main business since listing	No changes
Previous changes for controlling shareholders	<p>1. The Company listed A-stock in January 1997, and 96.327 million A-stock shares are held by Hainan Dadonghai Tourism Centre Group Co., Ltd., a 26.46% in total share capital of the Company and is the first majority shareholder of the Company also.</p> <p>2. On 25 December 1998, the shares held by Hainan Dadonghai Tourism Centre Group Co., Ltd were transfer to Sanya ABC through the courts of justice, and after obtained the shares in December 1998, Sanya ABC entrust wholly-owned subordinate enterprise Sanya Bank-Agriculture Industrial Development Corp. to hold the aforesaid shares, than the first majority shareholder of the Company comes to Sanya Bank-Agriculture Industrial Development Corp.</p> <p>3. On 12 December 2000, the aforesaid equity was stripped to name of China Great-wall Assets Management Corporation, the first majority shareholder of the Company.</p> <p>4. On 19 September 2001, China Great-wall Assets Management Corporation entered into “Equity Transfer Agreement” with Haikou Food Co., Ltd for 60 million shares transfer; and gained approval of [2002] No.: 430 from Ministry of Finance dated 18 October 2002, than the first majority shareholder of the Company comes to Haikou Food Co., Ltd.</p> <p>5. On 24 April 2008, Luoniushan Co., Ltd. entered into the “Statement”, confirmed that the 60 million shares held by Haikou Food Co., Ltd. were held on behalf of Luoniushan Co., Ltd., the shares’ ownership have been transfer dated 29 January 2010. Therefore, Luoniushan Co., Ltd. comes to the first majority shareholder of the Company.</p>

V. Other relevant information

CPA engaged by the Company

Name of CPA	BDO Shu Lun Pan Certified Public Accountants LLP
Offices add. for CPA	4/F, No. 61 Nanjing Rd. (E), Shanghai



Signatory Accountants	Li Jinhua, Ma Lei
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Sponsor engaged by the Company for performing continuous supervision duties in reporting period

Applicable Not applicable

Financial consultant engaged by the Company for performing continuous supervision duties in reporting period

Applicable Not applicable

VI. Main accounting data and financial indexes

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

Yes No

	2021	2020	Changes over last year (+,-)	2019
Operating income (RMB)	30,234,468.57	15,511,989.37	94.91%	25,935,405.44
Net profit attributable to shareholders of the listed company (RMB)	-2,011,048.59	-11,567,888.97	82.62%	756,721.46
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	-4,259,354.16	-12,134,958.36	64.90%	-1,078,091.71
Net cash flow arising from operating activities (RMB)	13,215,529.32	-6,729,267.98	296.39%	4,713,661.51
Basic earnings per share (RMB/Share)	-0.0055	-0.0318	82.70%	0.0021
Diluted earnings per share (RMB/Share)	-0.0055	-0.0318	82.70%	0.0021
Weighted average ROE	-2.95%	-15.91%	12.96%	0.97%
	Year-end of 2021	Year-end of 2020	Changes over end of last year (+,-)	Year-end of 2019
Total assets (RMB)	85,889,553.90	97,441,339.20	-11.86%	87,521,184.25
Net assets attributable to shareholder of listed company (RMB)	69,621,810.65	66,918,714.99	4.04%	78,486,603.96

The lower of the company's net profit before or after deduction of non-recurring profit (gain)/loss for the last three financial years is negative, and the audit report for the latest year indicates that there is uncertainty about the company's ability to continue as a going concern

Yes No

The lower of the net profit before or after deduction of non-recurring profit (gain)/loss is negative

Yes No



Item	2021	2020	Note
Operating income (RMB)	30,234,468.57	15,511,989.37	Rental income, service income and liquor moon cake income
Amount deducted from operating income (RMB)	6,491,016.36	2,118,095.25	Rental income, service income and liquor moon cake income
Operating income after deduction (RMB)	23,743,452.21	13,393,894.12	Recurring income

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

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

Applicable Not applicable

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

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

Applicable Not applicable

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

VIII. Quarterly main financial index

Unit: RMB

	Q 1	Q 2	Q 3	Q 4
Operating income	8,054,448.89	10,014,645.61	6,746,937.08	5,418,436.99
Net profit attributable to shareholders of the listed company	1,004,933.52	-195,403.83	-994,208.55	-1,826,369.73
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	836,723.88	-1,357,340.21	-1,280,416.67	-2,458,321.16
Net cash flow arising from operating activities	5,054,131.04	5,566,343.01	2,424,426.94	-1,574,001.05

Whether there are significant differences between the above-mentioned financial index or its total number and the relevant financial index disclosed in the company's quarterly report and semi-annual report

Yes No

In the course of the audit for the year of 2021, it was found that in accordance with the Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss (2008), Rules Governing the Stock of Listing on Shenzhen Stock Exchange, and Self-regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No.1-



Business Conduct and other relevant regulations, most of the above new operating items are non-recurring gain/loss deduction or operation income deductions, the Company corrects the accounting errors in the recognition of the above incomes. Therefore, there is a difference between the financial indicators for the semi-annual report 2021 and Q3 financial indicators and the disclosed data.

IX. Items and amounts of extraordinary/non-recurring profit (gains)/loss

Applicable Not applicable

Unit: RMB

Item	2021	2020	2019	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-75.20	-148,457.47	2,151.45	
Governmental subsidy calculated into current gains and losses (except for the government subsidies that are closely related to the normal operation of the Company and that continued to enjoy based on certain standards of fixed or quantitative in line with the national policies)	843,734.25	817,825.34	292,643.89	Mainly including government discount, VAT input tax credit, subsidies for replacing the training with works, job stabilization subsidy, etc.
Other non-operating income and expenditure except for the aforementioned items			1,540,017.83	
Other gains/losses items that meet the definition of extraordinary gains/losses	1,404,646.52	-102,298.48		
Total	2,248,305.57	567,069.39	1,834,813.17	--

Details of other gains/losses items that meets the definition of non-recurring gains/losses:

Applicable Not applicable

There are no other gains/losses items that meet the definition of non-recurring gains/losses in the Company.

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

Applicable Not applicable

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



Section III Management Discussion and Analysis

I. Industry of the Company during the reporting period

The Company's main business is hotel accommodation and catering services. Procurement of goods is mainly the goods and materials necessary for hotel and catering operations by taking the principle of low price and fine quality, some goods are purchased by directly signing purchase contracts with suppliers, and some good are purchased by procurement agents. The operation are mainly including the network billing and overseas travel agency team, and supplemented by the individual travelers of non-internet marketing and business and the tourists from travel agencies. The hotel is located at the central zone of Dadonghai scenic spot in Sanya City, Hainan Province, and it has become a member of the nationwide famous hotels because of the convenient transportation, beautiful environment, long history, and rich culture. However, with the continuous increase in the number of local hotels, family hotels, and home-stays, as well as the impact of force majeure and uncertain factors such as the COVID-19 epidemic, supply has far exceeded demand, industry competition has become increasingly fierce, and operating pressure remains unabated.

II. Main businesses of the company engaged in during the Period

The Company is located in Sanya, Hainan Province, and mainly engaged in the hotel accommodation and catering services, belonging to the tourism service industry. The reporting period is the year of COVID-19, epidemic around the country has been repeated, tourism industry and services have been deeply affected.

III. Core Competitiveness Analysis

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

In the future work, the Company will keep trying to improve the hotel's internal and external business environment, strengthen the sales efforts and the staff construction, and further improve the operational capability. During the reporting period, the Company's core competence had no significant change.



IV. Main business analysis

1. Introduction

During the reporting period, the company realized the main business income of 30,234,500 yuan, an increase of 14,722,400 yuan compared with last year, increased by 94.91%; the operating profit loss was 1,974,900 yuan, a decrease of 934,200 yuan compared with last year, the loss decreased by 82.56%; The net non-operating income and expenditure was -36,100 yuan, a decrease of 103,800 yuan compared with last year; the net profit loss was 2,011,000 yuan, a decrease of 10,380,500 yuan compared with last year, the loss decreased by 83.77%.

During the reporting period, under the severe impact of the COVID pandemic, the company increased investment and carried out decoration and renovation of the main equipment and facilities of the hotel. The main tasks were as follows:

1. Increased the construction of hotel software and hardware equipment and facilities, improved product quality and enhanced competitiveness

During the reporting period, the hotel rooms and lobby could not meet the market demand due to aging. Taking advantage of the off-season during the pandemic, the company has carried out comprehensive design, decoration and renovation of the Building B, Building B annex, Building C, parking lot, and landscaping of the hotel, and comprehensively updated and transformed the corresponding equipment and facilities, greatly increased the scale of guest rooms, and improved the quality and comprehensive competitiveness of hotel products.

2. Continued to be market-oriented and actively expanded marketing channels

During the reporting period, the company continued to be market-oriented and flexible in its marketing mechanism. While further consolidating old customers, it strengthened cooperation with various well-known online sales platforms, domestic and overseas travel agencies, and direct sales travel agencies in first- and second-tier cities, actively expanded the network market, southwest, North China and South China markets, which effectively increased the sales of network, conference teams and individual travelers of travel agencies, and filled the stagnant overseas tourist source market affected by the COVID-19 pandemic to a certain extent.

3. Conducted strict cost control, standardized business management, improved internal control system, and maximized corporate interests

During the reporting period, the company continued to strengthen the cost control management of procurement and the budget management, diversified procurement cost inquiry channels, scientifically controlled operating costs, strictly and reasonably controlled various expenses, conducted frequent inspections and repairs, eliminated waste of resources, and increased the reasonable degree of procurement costs and the revenue cost effectiveness. The company also strengthened the financial business management, and cleaned up and wrote off the long-term unaccounted payables in the operation process according to relevant regulations. At the same time, the company continued to improve the internal control system, strengthened the standardization and implementation of internal



control work, strengthened the effective implementation of internal control work, reduced risks and consumption, increased revenue and reduced expenditure, and ensured safe production, which effectively improved operating efficiency and maximized corporate interests.

In 2022, the Company continues to consolidate and expand sales channels, improve the hotel's quality and service standards, and enhance the comprehensive competitiveness, to laying out a solid foundation for sustained, stable and healthy development of the Company.

2. Revenue/income and cost

(1)Constitute of operating income

Unit: RMB

	2021		2020		Increase/decrease y-o-y (+,-)
	Amount	Ratio in operating income	Amount	Ratio in operating income	
Total operating income	30,234,468.57	100%	15,511,989.37	100%	94.91%
According to industries					
Tourism service	30,234,468.57	100.00%	15,511,989.37	100.00%	94.91%
According to products					
Accommodation service income	19,660,567.65	65.03%	11,721,046.96	75.56%	67.74%
Catering service income	4,082,884.56	13.50%	1,672,847.16	10.78%	144.07%
Commodity sales income	3,535,541.68	11.69%			
Other business income	2,955,474.68	9.78%	2,118,095.25	13.65%	39.53%
According to region					
Hainan area	30,234,468.57	100.00%	15,511,989.37	100.00%	94.91%
According to sales model					
Comprehensive	30,234,468.57	100.00%	15,511,989.37	100.00%	94.91%

2. The industries, products, regions or sales model accounting for over 10% of the Company's operating revenue or operating profit

√Applicable □ Not applicable

Unit: RMB



	Operating income	Operating cost	Gross profit ratio	Increase/decrease of operating income y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y
According to industries						
Tourism service	30,234,468.57	18,436,047.07	39.02%	94.91%	44.39%	21.34%
According to products						
Accommodation service income	19,660,567.65	13,746,192.15	30.08%	67.74%	21.54%	26.57%
Catering service income	4,082,884.56	1,987,860.18	51.31%	144.07%	101.95%	10.15%
Commodity sales income	3,535,541.68	2,227,471.18	37.00%			
Other business income	2,955,474.68	474,523.56	83.94%	39.53%	0.00%	6.34%
According to region						
According to sales model						

Under circumstances of adjustment in reporting period for statistic scope of main business data, adjusted main business based on latest one year's scope of period-end

Applicable Not applicable

(3) Income from physical sales larger than income from labors

Yes No

(4) Performance of the material sales contract and major procurement contracts that signed by the Company up to the reporting period

Applicable Not applicable

(5) Constitute of operation cost

Industry and products classification

Unit: RMB

Industry classification	Item	2021		2020		Increase/decrease y-o-y (+,-)
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Tourism service		18,436,047.07	100.00%	12,768,462.84	100.00%	44.39%



Unit: RMB

Product classification	Item	2021		2020		Increase/decrease y-o-y (+,-)
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Accommodation service costs		13,746,192.15	74.56%	11,309,594.77	88.57%	21.54%
Catering service costs		1,987,860.18	10.78%	984,344.51	7.71%	101.95%
Commodity sales costs		2,227,471.18	12.08%			
Other business costs		474,523.56	2.57%	474,523.56	3.72%	0.00%

Explanation

Nil

(6) Whether the changes in the scope of consolidation in Reporting Period Yes No**(7) Major changes or adjustment in business, product or service of the Company in Reporting Period** Applicable Not applicable**(8) Major sales and main suppliers**

Major sales client of the Company

Total top five clients in sales (RMB)	14,299,350.40
Proportion in total annual sales volume for top five clients	47.29%
Ratio of related parties in annual total sales among the top five clients	8.61%

Information of top five clients of the Company

Serial	Name	Sales (RMB)	Proportion in total annual sales
1	Shanghai Hecheng International Travel Service Co., Ltd.	8,242,281.20	27.26%
2	Haikou Xindecheng Engineering Co., Ltd.	2,787,660.00	7.61%
3	Luoniushan Food Group Co., Ltd.	2,300,000.00	7.61%
4	Hainan Lvzong International Travel Agency Co., Ltd.	485,503.00	1.61%



5	Hainan Luoniushan Co., Ltd.	301,906.20	1.00%
Total	--	14,299,350.40	47.29%

Other situation of main clients

Applicable Not applicable

Among the top 5 clients in above, Luoniushan Food Group Co., Ltd and Luoniushan Co., Ltd has a related relationship with the Company, other clients has no relationship with the Company.

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	5,845,555.50
Proportion in total annual purchase amount for top five suppliers	73.67%
Ratio of related parties in annual total sales among the top five suppliers	0.00%

Information of top five suppliers of the Company

Serial	Suppliers	Purchase amount (RMB)	Percentage of total annual procurement
1	Sanya Yunwang Food Distribution Co., Ltd.	2,551,935.48	32.16%
2	Sanya Power Supply Bureau of Hainan Power Grid	1,925,779.59	24.27%
3	Sanya Zhengzhuang Industrial Co., Ltd.	633,206.72	7.98%
4	Sanya Sino French Water Co., Ltd.	409,100.22	5.16%
5	Haina Chenggong Cleaning Co., Ltd.	325,533.49	4.10%
Total	--	5,845,555.50	73.67%

Other notes of main suppliers of the Company

Applicable Not applicable

Among the top five clients, there is no relationship with the Company

3. Expenses

Unit: RMB

	2021	2020	Increase/decrease y-o-y (+,-)	Note of major changes
Sales expense	5,422,194.59	4,853,722.93	11.71%	
Management expense	7,984,445.20	9,026,426.56	-11.54%	
Financial expense	247,565.02	435,449.46	-43.15%	The interest declined for the drop of loan balance

**4. R&D expenses**

□ Applicable √ Not applicable

5. Cash flow

Unit: RMB

Item	2021	2020	Increase/decrease y-o-y (+,-)
Subtotal of cash in-flow from operation activity	36,148,684.34	16,246,729.46	122.50%
Subtotal of cash out-flow from operation activity	22,933,155.02	22,975,997.44	-0.19%
Net cash flow arising from operating activities	13,215,529.32	-6,729,267.98	296.39%
Subtotal of cash in-flow from investment activity	4,710,662.67	8,300.00	56,654.97%
Subtotal of cash out-flow from investment activity	5,674,367.05	13,741,025.28	-58.70%
Net cash flow arising from investment activity	-963,704.38	-13,732,725.28	-142.03%
Subtotal of cash in-flow from financing activity		19,791,474.22	-100.00%
Subtotal of cash out-flow from financing activity	10,491,583.80	3,827,961.10	174.08%
Net cash flow arising from financing activity	-10,491,583.80	15,963,513.12	-165.72%
Net increase of cash and cash equivalent	1,760,241.14	-4,498,480.14	355.48%

Main reasons for y-o-y major changes in aspect of relevant data

√ Applicable □ Not applicable

1. After the epidemic, with recovery of the tourism industry, operation business of the Company has a dramatically growth during the reporting period, together with new business, the net cash flow arising from operation activities increased significantly.
2. The engineering quality guarantee fund was paid by the Company during the reporting period, which has obvious declined over that of payment last year, the net cash flow arising from investment activities drops dramatically accordingly.
3. The Company obtained loans from the bank last year, by comparison, the net cash flow arising from financing activities declined dramatically.

Reasons of major difference between the cash flow of operation activity in report period and net profit of the Company

√ Applicable □ Not applicable

The net cash flow arising from operation activities during the reporting period was 13.0449 million yuan, net profit of the Company



has 2.011 million yuan loss, mainly including the follow reasons:

1. During the reporting period, with the recovery and development of China's economy after the pandemic, the tourism industry has recovered to a certain extent. However, the repeated outbreaks of pandemic deeply affected the tourism industry.
2. The company is small in scale and its business is relatively single, and the company's hotel operating costs have remained high. Affected by the repeated pandemics, the gross profit of operating income could not cover the costs and expenses, resulting in losses.

V. Analysis of the non-main business

Applicable Not applicable

VI. Analysis of assets and liability

1. Major changes of assets composition

Unit: RMB

	Year-end of 2021		Year-begin of 2021		Ratio changes (+,-)	Note of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary funds	4,684,700.89	5.45%	2,924,459.75	3.00%	2.45%	Mainly due to the net increase in cash flow during the reporting period, monetary fund at end of the period increased by 60% compared with the beginning of the year. Secondly, total assets at end of the period decreased from that of year begin, than the ratio of monetary funds in total assets increased dramatically compared with that of year begin.
Account receivable	287,068.29	0.33%	429,303.32	0.44%	-0.11%	Mainly due to the account receivable at end of the period decreased by 33% over that of beginning of the year, secondly, total assets at end of the period decreased from that of year begin, than the ratio of account receivable in total assets have a slight decrease from the beginning of the year
Inventory	179,862.40	0.21%	2,009,928.83	2.06%	-1.85%	Mainly due to the inventory at end of the period decreased by 91% over that of beginning of the year,



						secondly, total assets at end of the period decreased from that of year begin, than the ratio of inventory in total assets have a significant decrease from the beginning of the year
Investment real estate	6,960,909.75	8.10%	7,435,433.31	7.63%	0.47%	Mainly due to the investment real estate at end of the period decreased by 6% over that of beginning of the year, secondly, total assets at end of the period decreased from that of year begin, than the ratio of investment real estate in total assets have a slight increase from the beginning of the year
Fix assets	31,279,819.99	36.42%	34,694,023.75	35.61%	0.81%	Mainly due to the fix assets at end of the period decreased by 10% over that of beginning of the year, secondly, total assets at end of the period decreased from that of year begin, than the ratio of fix assets in total assets have a slight increase from the beginning of the year
Contract liability	1,035,422.63	1.21%	626,285.33	0.64%	0.57%	Mainly because total assets at end of the period decreased compared with the beginning of the year, than the increase of liabilities takes higher ratio in total assets compared with the beginning of the year
Long-term loans	3,295,280.42	3.84%	9,893,757.94	10.15%	-6.31%	The repayment of long-term loans during the reporting period makes the ratio of long-term loans in total assets declined compared with the beginning of the year

Foreign assets account for a relatively high proportion

Applicable Not applicable

2. Assets and liability measured by fair value

Applicable Not applicable



3. Assets right restriction till end of reporting period

The Company borrowed from Industrial Bank Co., Ltd. Haikou Branch for a time limit from April 23, 2020 to April 9, 2023 by mortgaging the property with a total area of 1,446.00 square meters and an appraised value of 39,263,245.00 yuan under the Company's name, the ending balance of mortgage loan was 6,594,519.18 yuan.

The property ownership certificate No. San Tu Fang (2013) Zi No. 07799, Villa-San Tu Fang (2013) Zi No. 07801, Villa-San Tu Fang (2013) Zi No. 07798, Villa-San Tu Fang (2013)) Zi No. 07796, and Villa-San Tu Fang (2013) Zi No. 07800 under the Company's name, with a total area of 1446.00 square meters, provided mortgage guarantees (Mortgage Contract No: XYQ SYYYYB (Mortgage) Zi 2020 No. 001) for the Company's borrowings from Industrial Bank Co., Ltd. Haikou Branch (Contract No.: XYQ SYYYYB (Flow Loan)) Zi 2020 No. 001).

VII. Investment analysis

1. Overall situation

Applicable Not applicable

2. The major equity investment obtained in the reporting period

Applicable Not applicable

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

Applicable Not applicable

4. Financial assets investment

(1) Securities investment

Applicable Not applicable

The company had no securities investment in the reporting period.

(2) Derivative investment

Applicable Not applicable

The Company has no derivatives investment in the reporting period.

5. Application of raised proceeds

Applicable Not applicable

The Company has no application of raised proceeds in the reporting period.



VIII. Sales of major assets and equity

1. Sales of major assets

Applicable Not applicable

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

2. Sales of major equity

Applicable Not applicable

IX. Analysis of main controlling company and stock-jointly companies

Applicable Not applicable

The Company has no important controlling stock-jointly companies that should be disclosed during the reporting period

X. Structured vehicle controlled by the Company

Applicable Not applicable

XI. Future Development Prospects

1. Development trend of the industry in which the company is located and market competition pattern faced by the company

Sanya is the only tropical seaside city in China with a world-leading eco-environment, and has a wonderful air quality that can be numbered in China, it owns an abundant marine resources with unique resource advantage. Sanya has a geographical position advantage, and under the preferential policy support for the internationalization of tourist island, off-shore duty-free and Hainan Free Trade Port/Free Trade Zone, with the improvement of people's life quality in recent years, and enhancement of tourism consumption consciousness as well as the smog air and cold climate outside the island, the tourism market prospects has a good trend in Hainan. However, During the reporting period, the COVID-19 epidemic had a impact, the global economic had a downturn, and the tourist attractions across the country and neighboring countries had an increase, tourists had a diversion, and the number of local hotels, family hotels and home-stays had continuous increases, supply far exceeds the demand, and the market is becoming more competitive. Combined with the increasing level of local consumption, and soaring operation costs and expenses from the staff wages in hotel industry, operation profit shrink, the downward pressure on overall operation of the hotel industry continues to increase.

In the future work, the company will continue to strengthen the updating and transformation of the hotel's equipment and facilities, improve and upgrade the hardware and software equipment and facilities and the quality of internal and external business environment, enhance the construction of enterprise culture and staff teams, improve service level and service quality, actively expand the sales channels, make full use of the internet platform, expand the sales network, increase the market share, and further improve the management level and core



competitiveness.

2. Future development plans and operation plan for year of 2022

(1) Market-oriented, continues to improve the quality management of the software equipment and facilities in the Hotel, enhancing the hotel brand image, expanding market channel, and center with enterprises performance, making the brand more bigger and stronger driven by pioneer and invent.

(2) Continue to expand financing channels, actively promote the restructuring works, enrich the industrial construction, widen the company size, increased more profit points in order to strengthen the sustainability, stable and healthily of the operation.

(3) Perfect the corporate governance structure, standardize the management and operation, and effectively control the risks.

3. Fund demands and use plan required for the future development of the Company

The Company utilizes owned funds or financing methods to raise the funds demanded for development, and completes the development planning of the Company.

4. The risks may cause adverse effects on the future development strategy and realization of operation target of the Company

(1) Marco Policy risks

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

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

(2) Natural disaster risks

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

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

(3) Risks of HR

Demand for talent in aspect of hotel sales and management are increasingly due to the constantly rise of hotel



industry, flow of hotel talented people comes more widespread and more frequent, we may face the risks of development restrained from brain drain.

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

(4) Operational risks of main business

With the continuous development of global tourism industry, the continuous rise of high and low grade hotels, the continuous diversion of global tourist sources, as well as the impact of force majeure uncertainties such as the COVID-19, the number of local hotels and guesthouse rooms is increasing, and the industry competition is becoming more and more fierce. Furthermore, the main business of the Company is just a small-scale hotel, as the main business is single and the business scope is limited, the tourist market conditions and tourist quantity directly make significant affects on the company performance.

Countermeasure: made a scientific management and decision-making procedures, strengthen the awareness of risk prevention, building and improving relevant mechanism and standardized the management in the Company. Furthermore, increase the sales ability, on base of the former sales network, continues to exploit foreign high-end tourism market under the superior geographical location and environment for improving the occupancy rate. Besides, continues to exploit financing channel, actively promote restructuring, expanding operation projects, enrich the industrial structure for increasing the profit increasing point.

(5) Delisting risk

The net profit attributable to shareholders of the listed company in audited Annual Report 2021 of the Company is negative and the operation revenue is less than 100 million yuan, furthermore, the audit report on 2021 financial report was issued with disclaimer of opinions. Stock of the Company (Stock code: 000613, 200613; Short form of the Stock: *ST Donghai A, *ST Donghai B) was terminated by Shenzhen Stock Exchange due to triggering the mandatory delisting conditions for financial category.

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

√ Applicable □ Not applicable

Reception time	Reception site	Way	Reception type	Reception object	Main content of the discussion and information provided	Basic situation index of investigation
2021-10-11	The company	Telephone communication	Individual	Investor Mr./Ms. Zhang from Shanghai	Operation performance of the 3Q and disclosure date, no materials required	-



2021-10-27	The company	Telephone communication	Individual	Investor Mr./Ms. Li from Shenzhen	Operation performance of the Company and relevant question with delisting risk concerned, and no materials required	-
2021-11-05	The company	Telephone communication	Individual	Investor Mr./Ms. Lin from Hainan	Commitments of share reform perform by the first majority shareholder of the Company, and no material required	-
2021-11-18	The company	Telephone communication	Individual	Investor Mr./Ms. Zhang from Hubei	Impact of repeated epidemic on the company's operation and no material required	-
2021-11-30	The company	Telephone communication	Individual	Investor Mr./Ms. Chen from Beijing	Annual operation performance of the Company and no materials required	-
2021-12-06	The company	Telephone communication	Individual	Investor Mr./Ms. Liu from Guangdong	Annual operation performance of the company and impact of the new regulations on the company, no material required	-
2021-12-16	The company	Telephone communication	Individual	Investor Mr./Ms. Peng from Shanghai	Impact of the new regulations on the company, no material required	-
2021-12-29	The company	Telephone communication	Individual	Investor Mr./Ms. Deng from Chengdu	Annual operation performance of the company and impact of the new regulations on the company, no material required	-



Section IV. Corporate Governance

I. Corporate governance of the Company

During reporting period, the Company further completed governance structure, established and improved the internal control management and controlling system, improving the standard operation of the Company by strictly in accordance with relative rules and regulations of the Company Law, Securities Law, Governance Rules of Listed Companies, Rules Governing the Stock of Listing on Shenzhen Stock Exchange and Operational Guidelines for Listing Companies on Shenzhen Stock Exchange. During the reporting period, the Three Meetings, specific committee of the Board, independent directors and management of the Company all have clear responsibilities and standardized procedures, all powers can be exercised effectively and normally.

1. During the reporting period, the Company's general meeting, board meeting and supervisors meeting exercised the decision rights, execution rights and supervision rights respectively with clear responsibilities, mutual restrict, operation specification and effective operation. The procedures of meeting holding, proposal review, and decision-making in these three meetings were in compliance with relevant provisions. The board meeting comprises strategy committee, audit committee, nomination committee, remuneration and appraisal committee, who carry out smoothly their duties accordingly to their working conditions, providing a strong support for the board meeting's major scientific management decision.

2. In strict accordance with the requirements of Rules Governing the Listing of Stock, directors performed its duties with honest, trust, diligence and independence, protected the legitimate rights and interests of minority shareholders with loyalty to their interests; Supervisors effectively supervised and checked independent directors, senior management and their financial situations.

Whether there are significant differences between the actual state of corporate governance and laws, administrative regulations and the provision with governance concerned for listed companies issued by CSRC

Yes No

There are no significant differences between the actual state of corporate governance and laws, administrative regulations and the provision with governance concerned for listed companies issued by CSRC

II. Independence of the Company relative to controlling shareholder and the actual controller in ensuring the Company's assets, personnel, finance, organization and businesses

1. Business Independence: the Company business operates independently with integrated structure, and is free from horizontal competition with controlling shareholders. No intervention directly or indirectly of the Company by controlling shareholders been found;



2. Personnel Independence, the Company is independent on controlling shareholders in the aspects of labor, personnel and Remuneration management.
3. Assets Independence: the Company has proprietary rights and control rights on its assets. Controlling shareholders occupy no assets or funds of the listed company.
4. Institution Independence: the company's board of directors and board of supervisors, managers and other internal institutions operate independently and manage independently with integrated structures.
5. Financial Independence: the Company has an independent financial sector, and sets up independent accounting system and financial management system. The Company opens independent bank accounts and pay independent taxes to laws without controlling shareholders' intervention.

III. Horizontal competition

Applicable Not applicable

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

1. Annual General Meeting in the report period

Session of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Resolution
Annual General Meeting of 2020	AGM	20.03%	2021-06-25	2021-06-26	Deliberated and approved the follow proposals including: <i>Report on Works of BOD for year of 2020, Report on Works of BOS for year of 2020, Financial Statement Report for year of 2020, Plans of Profit Distribution for year of 2020, Plan on Provision and Write-off of the Assets Impairment, Annual Report of 2020 and Re-appointment of the Accounting Firm</i>
First Extraordinary General Meeting of 2021	Extraordinary General Meeting	19.87%	2021-07-05	2021-07-06	Deliberated and approved the <i>General Election of the BOD and General Election of the BOS</i>
Second Extraordinary General Meeting of 2021	Extraordinary General Meeting	8.71%	2021-08-16	2021-08-17	Deliberated and approved the Termination of Major Assets Restructuring

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

□ Applicable √ Not applicable

V. Directors, supervisors and senior executives**(i) Basic information**

Name	Title	Working status	Sex	Age	Start dated of office term	End date of office term	Shares held at period -begin (Share)	Amount of shares increased in this period (Share)	Amount of shares decreased in this period (Share)	Other changes (share)	Shares held at period -end (share)	Reasons for increase or decrease of shares
Yuan Xiaoping	Chairman /General Manager	Currently in office	Male	58	2018-02-28	2024-07-04	0	0	0	0	0	-
Tang Guoping	Independent Director	Office leaving	Male	58	2014-05-22	2021-07-04	0	0	0	0	0	-
Wu Tao	Independent Director	Currently in office	Male	43	2018-02-28	2024-07-04	0	0	0	0	0	-
Tang Shanrong	Director	Currently in office	Male	42	2018-02-28	2024-07-04	0	0	0	0	0	-
Huang Wencai	Chairman of supervisory committee	Office leaving	Male	52	2002-06-16	2021-07-04	0	0	0	0	0	-
Zhang Xuli	Chairman of supervisory	Currently in	Female	38	2018-02-28	2024-07-04	0	0	0	0	0	-



	ry committe e	offic e										
Chen Gang	Supervisor	Offi ce leavi ng	M ale	55	2016-07-29	2021-07-05	0	0	0	0	0	-
Wang Hongju an	Director	Offi ce leavi ng	Fe ma le	45	2016-08-30	2021-07-04	0	0	0	0	0	-
Yang Xiangy a	Director	Curr ently in offic e	Fe ma le	37	2021-07-05	2024-07-04	0	0	0	0	0	-
Zhang Yuany uan	Independ ent Director	Curr ently in offic e	Fe ma le	46	2021-07-05	2024-07-04	0	0	0	0	0	-
Wang Qian	Supervisor	Curr ently in offic e	M ale	35	2021-07-05	2024-07-04	0	0	0	0	0	-
Wen Ping	Supervisor	Curr ently in offic e	Fe ma le	42	2021-07-06	2024-07-05	0	0	0	0	0	-
Fu Zongre n	Person in charge of finance	Curr ently in offic e	M ale	54	2015-04-15	2024-07-04	0	0	0	0	0	-
Ding Qin	副 General Manager	Curr ently in offic e	M ale	50	2018-08-10	2024-07-04	0	0	0	0	0	-



Wang Hongjuan	deputy GM/Secretary of the Board	Currently in office	Female	45	2008-04-27	2024-07-04	0	0	0	0	0	-
Total	--	--	--	--	--	--	0	0	0	0	0	--

During the reporting period, whether there was any departure of directors and supervisors and dismissal of Senior Executives

Yes No

Changes of directors, supervisors and senior executives

Applicable Not applicable

Name	Title	Type	Date	Reasons
Tang Guoping	Independent Director	Office leaving for term expires	2021-07-04	Office term expires
Huang Wencai	Chairman of supervisory committee	Office leaving for term expires	2021-07-04	Office term expires
Chen Gang	Supervisor	Office leaving for term expires	2021-07-04	Office term expires
Wang Hongjuan	Director	Office leaving for term expires	2021-07-04	Office term expires

2. Post-holding

Professional background, major working experience and present main responsibilities of directors, supervisors and senior executive in the Company

Director

Mr. Yuan Xiaoping, born in 1963, Han nationality, holds the college degree, the Chinese CPA, senior accountant, the auditor and he is the member of communist party of China. He was appointed as the system accounting and deputy director in the supply & marketing cooperative of Nanchong Sichuan; he took as the project manager of Hainan Congxin Accounting Firm and assistant of GM and CFO in Luoniushan Company. He also served as the director, CFO, Deputy General Manager, the acting GM, deputy chairman and secretary of the party committee in Haikou Water Group Co., Ltd. as well as the director of Hainan Yedao Co., Ltd. from 2006 to 2017. Mr. Yuan serves as Chairman and GM of the Company since March 2018.

Mr. Tang Shanrong, born in 1979, holds the Master degree, a senior engineer. He was appointed as secretary of the president in Luoniushan Co., Ltd., the General Manager of Hainan Luoniushan Environment Protection Co., Ltd, the Chairman of Hainan Luoniushan Agricultural Sci-Tech Co., Ltd., the assistant president and GM of the administration department in Luoniushan Co., Ltd. Mr. Tang serves as vice president of the Company since June



2016; She served as chairman of real estate branch of Luoniushan Co., Ltd. since June 2018; at the same time, he served as Vice President of China Rural Youth Enrichment Leaders Association, and he is the member of standing committee of the 14th CPPCC of Haikou, member of the standing committee of the 6th Hainan Youth Federation, vice chairman of the 8th Haikou Youth League and director of Haikou Youth Entrepreneurship & employment promotion Association. He serves as director of the Company since March 2018.

Ms. Yang Xiangya, born in 1984, bachelor degree, an Certified Public Accountant, Tax Accountant and US Certified Management Accountant (CMA). she previously worked in Huaneng Nanshan Power Plant, China Audit Asia Pacific Certified Public Accountants LLP Hainan Branch and Sanya Urban Investment & Development Co., Ltd. She served as General Manager of the Financial Department of Luoniushan Co., Ltd from October 2012 to August 2018. Ms. Yang serves as the CFO of Luoniushan Co., Ltd since August 2018 and Director of the Company since July 2021.

Independent Director

Mr. Wu Tao, born in 1978, holds a master's degree. He used to be the senior manager, business director and internal audit committee of Guojin Securities Investment Banking Department. From 2011 to 2014, he served as the deputy general manager and secretary of the board of directors of Shanghai RENLE Science & Technology Co., Ltd. From March 2014 to September 2018, he has been serving as the vice chairman and vice president of Shanghai Huantao Investment Management Co., Ltd. Since August 2015 to the present, he has been a supervisor of Shanghai Hemin Investment Management Co., Ltd., from September 2018 to March 2020, he served as the general manager of Shanghai Mingxi Dongsen Investment Co., Ltd., since September 2020, he has served as independent director of Heilongjiang Traditional Chinese Medicine Co., Ltd. In 2017, he obtained an independent director qualification certificate. Since March 2018, he has been serving as an independent director of the Company.

Ms. Zhang Yuanyuan, born in 1975, bachelor degree, an Chinese Certified Public Accountant. She served as the audit manager in Deloitte & Touche Huayong CPA from 1999 to 2006. Ms. Zhang serves as the CFO of Bohai Industrial Investment Fund Management Co., Ltd since 2007. and obtained the qualification certificate of Independent Directors from SSE in November 2021. she serves as the Independent Director of the Company since July 2021.

Supervisor

Ms. Zhang Xuli, born in 1983, holds a master's degree, is a certified management consultant and an intermediate economist. From 2009 to 2015, she served as a senior consultant and project manager of Beijing Industrial Development Consulting Co., Ltd. From December 2015 to September 2020, she has been serving as the investment director and GM of Luoniushan (Beijing) Investment Co., Ltd. Now he served as Director and General Manager of Hainan (Tanniu) Wenchang Chicken Co., Ltd., and since March 2018, she has been serving as a



shareholder supervisor of the Company.

Mr. Wang Qian, born in 1986, holds a master's degree, and owns the legal professional qualification certificate and the professional qualification certificate of tax accountant. Mr. Wang worked as the assistant lawyer of the Aklea Societe D'avocats Shanghai Representative Office (France) from July 2011 to September 2012, and served as the legal counsel of Axten Avocats Associes Shanghai Representative Office (France) from March 2018 to July 2019 and from June of 2020 to July 2020; and also served as the legal expert of Alibaba Cloud Computing Co., Ltd from July to October of 2020. Mr. Wang serves as the legal counsel of Dorsey & Whitney LLP Shanghai Representative Office (USA) since May 2021, and the Staff Supervisor of the Company since July 2021.

Ms. Wen Ping, born in 1979, Han nationality, a college degree and has no permanent residency abroad. She worked in front office of the Sanya Resort Intime Hotel from January 2000 to October 2006, worked as the manager of HR department of Sanya Eadry Resort Hotel from November 2006 to November 2011, the manager of HR department of Sanya South China Hotel from 2013 to 2015. Mr. Wen serves as the office director of the Company since May 2016 and works as the Staff Supervisor of the Company since July 2021.

Senior executives

Mr. Ding Qin, born in 1971, Han nationality, holds a master's degree, studied in Central South University from 1988 to 1992 and graduated as a bachelor of industrial trade, and studied and graduated as a postgraduate from Hainan University from 2005 to 2008, majoring in agricultural extension. From 1998 to 2006, he served as the general manager at Hainan Huacui Palm Garden Co., Ltd.; from 2010 to 2013, he served as the executive general manager of the fixed income department of Heaven-Sent Capital Management Group Co., Ltd (Shanghai); from 2013 to 2017, he was appointed as the general manager of Wuhan East Lake Innovation Investment Management Co., Ltd.; and he serves as the assistant general manager of the company since April 2018. Since August 2018, he serves as the deputy general manager of the company.

Mr. Fu Zongren, born in 1967, intermediate accountant, served as financial manager of the Company, financial controller of Sanya Yalong Bay Universal Resort, and general manager of Financial Management Center of Hainan Sunup Group, and he is the person in charge of finance of the Company since April 2015.

Ms. Wang Hongjuan, born in 1976, Han nationality, Undergraduate Degree, has a lawyer qualification. Ms. Wang obtained the qualification certificate of the Secretary of the Board from SSE in April 7, 2007. She worked as the Director, Supervisor and Office director of the Company. And she is the securities affairs representative of the Company since 2004 and secretary of the Board of the Company since 2008, and she serves as the Deputy General Manager of the Company since 2014.

Post-holding in shareholder's unit

√ Applicable Not applicable

Name	Shareholder's unit	Position in shareholder's unit	Start dated of office term	End date of office term	Whether obtained remuneration from



					shareholder's unit (Y/N)
Tang Shanrong	Luoniushan Co., Ltd.	President's Secretary	2006-08-01	2014-03-01	Y
Tang Shanrong	Hainan Luoniushan Energy Environmental Protection Co., Ltd.	General Manager	2009-09-01	2014-02-01	Y
Tang Shanrong	Hainan Luoniushan Agricultural Technology Co., Ltd.	Chairman	2011-10-01	2014-02-01	Y
Tang Shanrong	Luoniushan Co., Ltd.	Assistant to the President and General Manager of the Administration Department	2014-03-01	2016-08-01	Y
Tang Shanrong	Luoniushan Co., Ltd.	Vice president	2016-08-01		Y
Tang Shanrong	Real Estate Branch of Luoniushan Co., Ltd.	Chairman	2018-06-01		Y
Zhang Xuli	Luoniushan (Beijing) Investment Co., Ltd.	Investment director, General Manager	2015-12-01	2020-09-01	Y
Zhang Xuli	Hainan (Tanniu) Wenchang Chicken Co., Ltd.	Director, General Manager	2020-11-25		Y
Yang Xiangya	Luoniushan Co., Ltd.	GM of Finance Dept.	2012-10-01	2018-08-01	Y
Yang Xiangya	Luoniushan Co., Ltd.	CFO	2018-08-01		Y
Explanation on post-holding in shareholder's unit	N/A				

Post-holding in other unit

√ Applicable □ Not applicable

Name	Other unit	Position in other unit	Start dated of office term	End date of office term	Whether obtained
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					remuneration from other unit (Y/N)
Wu Tao	Shanghai RENLE Science & Technology Co., Ltd	Deputy General Manager, Secretary of the Board	2011-01-01	2014-01-01	Y
Wu Tao	Shanghai Huantao Investment Management Co., Ltd	Vice Chairman, deputy president	2014-03-01	2018-09-01	Y
Wu Tao	Shanghai Hemin Investment Management Co., Ltd	Supervisor	2015-08-01		N
Wu Tao	Shanghai Mingxi Dongsan Investment Co., Ltd	General Manager	2018-09-01	2020-03-01	Y
Wu Tao	Heilongjiang Traditional Chinese Medicine Co., Ltd.	Independent Director	2020-09-01		Y
Zhang Yuanyuan	Deloitte & Touche Huayong CPA	Audit manager	1999-01-01	2006-01-01	Y
Zhang Yuanyuan	Bohai Industrial Investment Fund Management Co., Ltd	CFO	2007-01-01		Y
Wang Qian	Aklea Societe D'avocats Shanghai Representative Office (France)	Assistant lawyer	2011-07-01	2012-09-01	Y
Wang Qian	Axten Avocats Associes Shanghai Representative Office (France)	Legal counsel	2018-03-01	2019-07-01	Y
Wang Qian	Alibaba Cloud Computing Co., Ltd	Legal expert	2020-07-01	2020-10-01	Y
Wang Qian	Dorsey & Whitney LLP Shanghai Representative Office (USA)	Legal counsel	2021-05-01		Y
Explanation on post-holding in other unit	N/A				

Punishment of securities regulatory authority in recent three years to the company's current and outgoing directors, supervisors and senior management during the reporting period

Applicable Not applicable

3. Remuneration for directors, supervisors and senior executives

Decision-making procedures, recognition basis and payment for directors, supervisors and senior executives

1. Pursuant to the Company's Articles of Association, the pay of directors, supervisor personnel are approved by



general meeting after the review of the board of directors and board of supervisors respectively; the pay of senior management is approved by the board. Directors, supervisors and senior managers get their payment corresponding to their post provided by the general meeting and the board meeting.

2. In line with performance of their duties, directors, independent directors and supervisors should receive the reimbursement from the Company on travel expense and Articles of Association implementation expense.

Remuneration for directors, supervisors and senior executives in reporting period

Unit: 10,000 yuan

Name	Title	Sex	Age	Post-holding status	Total remuneration obtained from the Company (before taxes)	Whether obtained remuneration from related party of the Company (Y/N)
Yuan Xiaoping	Chairman, General Manager	Male	58	Currently in office	50.13	N
Tang Shanrong	Director	Male	42	Currently in office	4.8	Y
Wu Tao	Independent Director	Male	43	Currently in office	4.8	N
Zhang Xuli	Supervisor	Female	38	Currently in office	2.4	Y
Ding Qin	Deputy General Manager	Male	50	Currently in office	30.39	N
Fu Zongren	Person in charge of finance	Male	54	Currently in office	30.88	N
Huang Wencai	Supervisor	Male	52	Office leaving	2.4	Y
Chen Gang	Supervisor	Male	52	Office leaving	12.25	N
Tang Guoping	Independent Director	Male	58	Office leaving	4.8	N
Wang Hongjuan	deputy GM, Secretary of the Board	Female	45	Currently in office	40.41	N



Zhang Yuanyuan	Independent Director	Female	46	Currently in office	0	N
Wang Qian	Supervisor	Male	35	Currently in office	0	N
Yang Xiangya	Director manager	Female	37	Currently in office	0	Y
Wen Ping	Supervisor	Female	42	Currently in office	8.2	N
Total	--	--	--	--	191.46	--

VI. Responsibility performance of directors during the reporting period

1. The board of directors during the reporting period

Session of meeting	Date of meeting	Disclosure date	Meeting resolutions
The 12 th Session of 9 th BOD	2021-04-22	2021-04-24	Deliberated and approved the company's 2020 Annual Work Report of the Board of Directors, 2020 Annual Financial Report, 2020 Annual Profit Distribution Plan, Proposal on the Provision and Write-off of Assets Impairment, Proposal on the Company's Annual Report in 2020, The Company's Internal Control Evaluation Report in 2020, the Company's Investor Relations Management Work Plan for 2021, Proposal on Renewing the Appointment of Accounting Firms, Proposal on the Change of Accounting Policies, and Proposal on the Implementation of Delisting Risk Warning of the Company's Stock Trading, Proposal on the Expectation of the Company's Daily Related Transactions in 2021 and Proposal on Convening the Company's 2020 Annual General Meeting of Shareholders.
The 13 th Session of 9 th BOD	2021-04-22	2021-04-24	Deliberated and approved the First Quarterly Report of 2021
The 6 th Extraordinary Meeting of 9 th BOD	2021-05-13	2021-05-14	Deliberated and approved the company's Proposal on the Company's Eligibility for Issuing Shares and Paying Cash to Purchase Assets and Raising Supporting Funds, Proposal on the Company's Issuing Shares and Paying Cash to Purchase Assets and Raising Supporting Funds, Proposal on Issuing Shares and Paying Cash to Purchase Assets and Raising Supporting Funds to Constitute Related Transactions, Plan and Summary on the Company's Share Issuance, and Paying Cash to Purchase Assets and Raising Supporting Funds and Related Transactions, Proposal on Issuing Shares and Paying Cash for Asset Purchase Agreement between Hainan Dadonghai Tourism Centre (Holdings) Co.,Ltd., Liu Chungang, Yi Jianhua, Chengdu Tanxue Education Consulting Service Partnership (limited partnership) and Chengdu Langzhong Xingcheng Education Consulting Service Partnership (limited partnership), Share Subscription



			Agreement Between Hainan Dadonghai Tourism Centre (Holdings) Co.,Ltd. and Luoniushan Group Co.,Ltd. on Non-public Issuance of Shares to Raise Supporting Funds, Proposal on the Stock Price Fluctuation Before Suspension of Trading Not Meeting the Relevant Standards of Article V in the Document No. 128 “Notice On Regulating the Information Disclosure of Listed Companies and the Behaviors of Related Parties”, Proposal on this Transaction Does Not Constitute the Reorganization and Listing under Article 13 of the Measures for the Administration of Major Assets Reorganization of Listed Companies, and Proposal on the Completeness and Compliance of the Legal Procedures for this Transaction and the Validity of Submitted Legal Documents, Proposal Regarding This Transaction Compliant with Article IV of the Regulations on Several Issues Concerning the Restructuring of Major Assets of Listed Companies, Proposal on the Relevant Subjects of this Transaction Absent from the Article 13 of the Temporary Provisions on Strengthening Supervision of Abnormal Stock Trading Related to Material Assets Reorganization of Listed Companies, Proposal on This Transaction Compliant with Opinions on the Applicability of Articles 14 and 44 of the Measures for the Administration of Major Asset Restructurings of Listed Companies ——Opinions on the Application of Securities and Futures Law No. 12, Proposal on the Relevant Regulations of the “Relevant Questions and Answers on the Issuance of Shares by Listed Companies to Purchase Assets and Raise Supporting Funds at the Same Time”, and Proposal on This Transaction Compliant with the Article 43 of the Administrative Measures for the Major Asset Restructuring of Listed Companies, Proposal on Confidentiality Measures and Confidentiality System Adopted in this Transaction, and Proposal on Temporarily Not Holding an Extraordinary General Meeting of Shareholders.
The 7 th Extraordinary Meeting of 9 th BOD	2021-06-16	2021-06-17	Deliberated and approved the General Election of the BOD and Convening the First Extraordinary Meeting of 2021 for Shareholders
The 1 st Extraordinary Meeting of 10 th BOD	2021-07-09	2021-07-10	Deliberated and approved the Election of the Chairman of 10 th BOD, Election of the Members of Specific Committee of 10 th BOD and Appointment of GM and other Senior Executive of the Company
The 2 nd Extraordinary Meeting of 10 th BOD	2021-07-29	2021-07-30	Deliberated and approved the Termination of the Material Assets Reorganization and Convening the Second Extraordinary Meeting of 2021 for Shareholders
The 1 st Session of 10 th BOD	2021-08-19	2021-08-21	Deliberated and approved the Semi-Annual Report of 2021
The 2 nd Session of 10 th BOD	2021-10-21	2021-10-23	Deliberated and approved the Third Quarterly Report of 2021

**2. The attending of directors to Board meetings and shareholders general meeting**

The attending of directors to Board Meeting and Shareholders General Meeting							
Director	Times of Board meeting supposed to attend in the report period	Times of Presence	Times of attending the Board Meeting by communication	Times of entrusted presence	Times of Absence	Absent the Meeting for the second time in a row (Y/N)	Times of attend the general meeting
Wu Tao	8	2	6	0	0	N	3
Zhang Yuanyuan	4	0	4	0	0	N	1
Tang Shanrong	8	2	6	0	0	N	3
Yuan Xiaoping	8	2	6	0	0	N	3
Yang Xiangya	4	0	4	0	0	N	1
Tang Guoping	4	2	2	0	0	N	2
Wang Hongjuan	4	2	2	0	0	N	2

Explanation of absent the Board Meeting for the second time in a row

Nil

3. Objection for relevant events from directors

Directors come up with objection about Company's relevant matters

Yes No

No directors come up with objection about Company's relevant matters in the Period

4. Other explanation about responsibility performance of directors

The opinions from directors have been adopted

Yes No

Director's statement to the Company that a proposal has been or has not been adopted

Main business of the Company is single and small with weak in risk resistance. It is recommended that, while strengthening the main business, the Company should continue to look for a suitable project for assets restructuring. Enrich the industrial structure, increase the main business revenue and profit growth points, enhance the ability to withstand the risks and competitions.

**VII. The special committees under the board during the reporting period**

Committee name	Members	Number of meetings held	Date of meeting	Meeting content	Important comments and suggestions made	Other performance of duties	Specific circumstances of the objection (if applicable)
Strategy Committee	Yuan Xiaoping, Tang Shanrong, Zhang Yuanyuan	1	2021-07-09		Main business of the Company is single and small with weak in risk resistance. It is recommended that, while strengthening the main business, the Company should continue to look for a suitable project for assets restructuring. Enrich the industrial structure, increase the main business revenue and profit growth points, enhance the ability to withstand the risks and competitions.	N/A	N/A
Audit Committee	Zhang Yuanyuan, Wu Tao, Yang Xiangya	4	2021-04-20	Work of Audit for year of 2020	N/A	N/A	N/A
			2021-04-20	Financial report of the Q1 of 2021	N/A	N/A	N/A
			2021-08-17	Financial report of the Semi-annual Report of 2021	N/A	N/A	N/A
			2021-10-19	Financial report of the Q3 of 2021	N/A	N/A	N/A
Nomination Committee	Wu Tao, Zhang Yuanyuan, Tang Shanrong	1	2021-07-07	Appointment of GM and other Senior Executive of the Company	N/A	N/A	N/A
Remuneration and Appraisal Committee	Tang Shanrong, Zhang Yuanyuan, Wu Tao	1	2021-04-20	Events regarding remuneration appraisal for year of 2021	N/A	N/A	N/A



VIII. Works from BOS

The Company has risks in reporting period that found in supervisory activity from BOS

Yes No

BOS has no objection about supervision events in reporting period

IX. Particulars of workforce

1. Number of staff, professional composition and education background

Employee in-post of the parent Company at period-end (people)	118
Employee in-post of main Subsidiaries at period-end (people)	0
The total number of current employees at period-end (people)	118
The total number of current employees to receive pay (people)	118
Retired employee' s expenses borne by the parent Company and main Subsidiaries (people)	0
Professional composition	
Category of professional composition	Number of professional composition (people)
Production staff	63
Salesman	6
Technical staff	17
Financial staff	12
Administrative staff	20
Total	118
Education background	
Category of education	Number (people)
Graduate student	1
Undergraduate	15
Junior college above	35
High school and below	67
Total	118

2. Remuneration policy

The compensation of company's employees includes wages, bonuses, and benefits, which take the principle of distributing according to the work, giving priority to efficiency and taking count of equity simultaneously, wage increase adapting to the company's business development and benefits improvement, optimizing the labor



allocation, pay level agreeing with the local average in the same industry. Set or adjust the wage standards in accordance with the job valuation result, the local pay level in the same industry, the company's annual operation target and operational budget, and the individual performance.

3. Training programs

Strengthen the training of senior executives by combining the voluntary organization of training and the external training, widen the thought, and enhance the decision-making ability and modern operation and management ability. Strengthen the training of middle management, improve the overall quality of managers, improve the knowledge structure, and enhance the comprehensive management capability, innovation capability and implementation capability. Strengthen the training of professional and technical personnel, improve the theoretical level of technology and professional skills, and enhance the technological innovation, technical transformation capability. Strengthen the technical training of hotel service staff, constantly improve the professional skills and service skills of service staff, and enhance the ability to strictly fulfill their responsibilities. Strengthen the cultural training, improve the cultural level of personnel at all levels, and enhance the overall cultural quality of the staff team.

4. Labor outsourcing

Applicable Not applicable

X. Profit distribution plan and capitalizing of common reserves plan

Formulation, Implementation and Adjustment of common stock Profit Distribution Policy Especially Cash Dividend policy during the Reporting Period

Applicable Not applicable

The Company is profitable during the reporting period and the parent company has positive profit available for distribution to shareholders without cash dividend distribution plan proposed

Applicable Not applicable

Profit distribution plan and capitalizing of common reserves plan for the Period

Applicable Not applicable

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

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

Applicable Not applicable



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

XII. Establishment of the internal control mechanism and implementation during the reporting period

1. Establishment and implementation of the internal control

Found more in the “Self-appraisal Report of Internal Control for 2021” released on the same date of the Report disclosed

2. Details of major defects in IC appraisal report that found in reporting period

Yes No

When the defect occurred	Detailed description of the defect	Potential impact of the defect on financial report	Rectification measures implemented or to be implemented	Rectification time	Responsible person for rectification	Rectification effect
2022-04-25	The company's performance forecast control defects. On January 25, 2022, the company released the 2021 annual performance forecast announcement. It was expected that the net profit attributable to the parent company of the listed company in 2021 would be 2.7 million yuan to 3.1 million yuan. The company's audited net profit attributable to the parent company in 2021 was -2.01 million yuan, and there was a major difference between the performance forecast and the company's actual profit in 2021. This matter indicates that the company has major defects in the internal control related to the forecast of operating performance.		The defects in the company's performance forecast are due to the reduction of transactions that are not of the nature of business. In this regard, the board of directors is highly concerned, and requires the company to release the announcement of the revision of the performance forecast as soon as possible, orders the company's related financial personnel to introspect deeply and strengthen the financial professional study, and requires the company to improve the relevant management system and improve the corporate internal control standard system.	2022-04-25	General Manager and Person in charge of finance of the Company	Being rectified
2022-04-25	The company's internal control		Due to the serious impact	2022-04-2	General	Being



	system is imperfect, the company has not established an internal audit functional department, and the company's board of supervisors has not played its supervisory and administrative functions.		of the COVID-19 pandemic, the company did not set up an internal audit functional department in order to save labor costs and reduce expenses. The company will establish an internal audit functional department in a timely manner to improve the functional department system.	5	Manager and Person in charge of finance of the Company	rectified
2022-04-25	The tenant check-in registration system is not effectively implemented, the tenant registration information in the Westsoft system is incomplete, and the number of registered tenants is quite different from the number of occupants queried by the public security information system.		The company will strictly implement the daily reconciliation system with the Westsoft system.	2022-04-25	General Manager and Person in charge of finance of the Company	Being rectified
2022-04-25	The ERP business system, the Westsoft system and the financial system are not integrated, the various business systems are not connected, and excessive manual control may lead to fraudulent behavior, making the internal control of the enterprise unable to guarantee the effect.		The company will integrate of ERP business system, Westsoft system and financial system, and effectively implement them.	2022-04-25	General Manager and Person in charge of finance of the Company	Being rectified
2022-04-25	Corresponding internal control was not established in a timely and effective manner for the development of new business. The company launched the wine and moon cake sales business in the current period. The company did not establish a corresponding internal control system, and the relevant control did not leave a control track, so it was unable to provide actual audit evidence of business occurrences in a timely		The company will establish an internal control system for the new business system to effectively control the risks that may exist in each link.	2022-04-25	General Manager and Person in charge of finance of the Company	Being rectified



	and effective manner.					
2022-04-25	There is the behavior of sales staff collecting and paying on behalf of others, and the incompatible duties of sales and collection should be separated from each other. There are some sales staff collecting and paying for guest rooms and moon cake sales, and the company has not established an effective control system to prevent, discover and correct this behavior which may lead to the risk of fraud.		The company will strictly implement the separation system for sales and cashiers, and improve the scientific and rationality of post setting.	2022-04-25	General Manager and Person in charge of finance of the Company	Being rectified

XIII. Management and control of the subsidiaries during the reporting period

Name	Integration plan	Progress	Problems encountered in integration	Countermeasure taken	Solution progress	Follow-up resolution plan
Hainan Wengao Tourism Resources Development Co., Ltd.	-	-	-	-	-	-

XIV. Self-Appraisal Report of Internal Control and Audit Report of Internal Control

1. Self-appraisal Report of Internal Control

Disclosure date of full internal control appraisal report	2022-04-30
Disclosure index of full internal control appraisal report	Relevant information found in Appraisal Report of Internal Control for 2021 published on Juchao Website dated 30 April 2022
The ratio of the total assets of units included in the scope of evaluation accounting for the total assets on the company's consolidated financial statements	100.00%
The ratio of the operating income of units included in the scope of evaluation accounting for the operating income on the company's consolidated financial statements	100.00%



Defects Evaluation Standards		
Category	Financial Reports	Non-financial Reports
Qualitative criteria	<p>Major deficiencies: fraud of directors, supervisors and senior management; material misstatements are found in current financial statements by the certified public accountant but are not found in the process of internal control; It's found that the significant internal control deficiencies that had been discovered and reported to the management were not yet corrected within the stipulated time; the audit committee's supervision has no effect on the company's external financial reports and internal control over financial reporting.</p> <p>Significant deficiencies: the selection and application of accounting policies are not in accordance with the GAAP; anti-fraud program and control measures have not been established; the accounting treatment of unusual or special transactions has no appropriate control mechanisms or have not implemented the control mechanisms and has no appropriate compensatory controls; the control to period-end financial reporting process has one or more deficiencies and cannot reasonably ensure that the organizational financial statements are true and accurate.</p> <p>General deficiencies: deficiencies that out of the recognition of major and significant deficiencies should be recognized as general deficiencies</p>	<p>Major deficiencies: the company is lack of democratic decision-making process; the company's decision-making process leads to major mistakes; the company violates the state laws and regulations and is severely punished; serious brain drain of the company's senior management personnel and senior technical staff; frequent negative news on media covering a wide range and the negative effects are not eliminated; the company's significant business is lack of system control or systematic-ness is invalid; the major deficiencies and significant deficiencies of the company's internal controls have not been rectified and reformed; the company is punished by CSRC or warned by stock exchange.</p> <p>Significant deficiencies: the company has democratic decision-making process which is not complete; the company's decision-making process leads to general mistakes; the company violates the enterprise internal regulations which causes losses; serious brain drain of the company's business personnel in key positions; negative news on media affecting local areas; the company's significant business system has deficiencies; the significant deficiencies and general deficiencies of the company's internal controls have not been rectified and reformed</p> <p>General deficiencies: deficiencies that out of the recognition of major and significant deficiencies should be recognized as general deficiencies</p>
Quantitative standard	<p>Major deficiencies: After considering the compensating control measures and the actual deviation rate, the overall impact level of the deficiency is higher than the significance level (10% of the total profit).</p> <p>Significant deficiencies: After considering</p>	<p>Major deficiencies: direct property loss is more than 100,000 Yuan;</p> <p>Significant deficiencies: direct property loss ranged from 1 Yuan to 100,000 Yuan;</p> <p>General deficiencies: direct property loss is</p>



	<p>the compensating control measures and the actual deviation rate, the overall impact level of the deficiency is lower than the significance level (10% of the total profit), but higher than the generality level (5% of the total profit).</p> <p>General deficiencies: After considering the compensating control measures and the actual deviation rate, the overall impact level of the deficiency is lower than the generality level (5% of the total profit).</p>	lower than 10,000 Yuan
Amount of significant defects in financial reports		6
Amount of significant defects in non-financial reports		0
Amount of important defects in financial reports		6
Amount of important defects in non-financial reports		0

2. Audit report of internal control

Applicable Not applicable

Deliberations in Internal Control Audit Report	
In our opinion, as a result of the material defects described above and the effect on achievement of the controlling objects, the Company did not maintain, in all material respects, effective internal control over the financial report as of December 31, 2021, in accordance with the Basic Standards of Internal Control for Business Enterprise and relevant regulations.	
Disclosure details of audit report of internal control	Disclosure
Disclosure date of audit report of internal control (full-text)	2022-04-30
Index of audit report of internal control (full-text)	Found more in the "Appraisal Report of Internal Control for year of 2021" published on Juchao Website date April 30, 2022.
Opinion type of auditing report of IC	Negative opinions
whether the non-financial report had major defects	No

Carried out modified opinion for internal control audit report from CPA

Yes No

Explanation on modified opinions for the audit report of internal control issued by CPA

**To the whole shareholders of Hainan Dadonghai Tourism Centre(Holdings) Co., Ltd:**

We have audited the effectiveness of the internal control over financial report of Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd. (hereinafter referred to as the Company) as of December 31, 2021, in accordance with the Guidelines on Auditing Internal Control over Business Enterprises and relevant requirement of the Chinese Standards for Certified Public Accountants.

I. Corporate responsibility for the internal control

The responsibility of the BOD is to establish and effectively implement the internal control and evaluate their effectiveness in line with the Basic Standard of Internal Control for Business Enterprises, the Guidelines for Application of Enterprise Internal Control and Guidelines for the Evaluation of Enterprise Internal Control.

II. Responsibility of a CPA

Internal controls are inherently limited and there is a possibility that misstatements cannot be prevented and detected. In addition, changes in circumstances may cause internal control to become inappropriate, or to reduce the degree of compliance with control policies and procedures, it is risky to speculate on the effectiveness of future internal control based on internal control audit results.

III. Inherent limitations of internal control

Internal controls are inherently limited and there is a possibility that misstatements cannot be prevented and detected. In addition, changes in circumstances may cause internal control to become inappropriate, or to reduce the degree of compliance with control policies and procedures, it is risky to speculate on the effectiveness of future internal control based on internal control audit results.

IV. Matters leading to adverse opinions

A major defect is a control defect or a combination of multiple control defects that exists in internal control and may result in failure to prevent, discover and correct material misstatements in the financial statements in a timely manner.

During the internal control audit, we found that the internal control of your company's financial reporting has the following major defects:

As stated in the Basis for Unable to Express an Opinion section of our audit report on the 2021 annual financial statement of Dadonghai, management of Dadonghai did not provide complete records and supporting evidence relating to the revenue from guest room of South China Hotel, revenue from sales of moon cake and sales of alcoholic beverages recognized in 2021, the internal control over relevant financial reports has material defects being found.

V. Audit opinion on internal control over financial reporting

We believe that due to the above-mentioned major defects and their impact on the achievement of control objectives, your company failed to maintain effective internal control over financial reporting in all material aspects as of December 31, 2021 in accordance with the Basic Norms for Enterprise Internal Control and related regulations .



VI. Audit opinion on internal control over financial reporting

We believe that due to the above-mentioned major defects and their impact on the achievement of control objectives, your company failed to maintain effective internal control over financial reporting in all material aspects as of December 31, 2021 in accordance with the Basic Norms for Enterprise Internal Control and related regulations .

The internal control audit report, issued by CPA, has concerted opinion with self-evaluation report, issued from the Board

Yes No

XV. Self-examination and rectification of the special actions on governance

The Company strictly follow the relevant requirements of the special actions on governance, conducts self-examination on issues related to corporate governance, and completes rectification of the problems found timely.



Section V. Environmental and Social Responsibility

I. Major environmental

The listed Company and its subsidiary whether belongs to the key sewage units released from environmental protection department

Yes No

Administrative punishment for environmental problems during the reporting period: nil

Other environmental information disclosed refer to key polluters: nil

Measures taken to reducing the carbon emissions during the reporting period and their effectiveness

Applicable Not applicable

Reasons for not disclosing other environmental information

∅

II. Social responsibility

Nil

III. Consolidating and expanding the achievements of poverty alleviation and rural revitalization

The Company has not carried out relevant works during the reporting period due to operational difficulties.



Section VI. Important Events

I. Implementation of commitment

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

√Applicable □ Not applicable

Commitments	Promise	Type of commitments	Content of commitments	Commitment date	Commitment term	Implementation
Commitments for Share Merger Reform	Luoniushan Co., Ltd.	Commitments for Share Merger Reform	On May 30, 2007, Luoniushan Co., Ltd. made commitments in the Company's "Instructions for reform of non-tradable shares" (Revision) and "Instructions for reform of non-tradable shares" (Abstract of revision) that in view of Dadonghai Company's losses in successive years and on the verge of delisting, in order to reverse the company's business difficulties, improve profitability and recover the continuous business capacity, Luoniushan Co., Ltd., the controlling shareholder of Dadonghai Company made commitments to actively seek restructuring parties to reorganize the assets of Dadonghai Company at the appropriate time.	2017-06-27	6 months	The original plans of material assets reorganization was terminated
Commitments in report of acquisition or equity change						
Commitments in assets reorganization						
Commitments make in initial public offering or re-financing						
Equity incentive						



commitment						
Other commitments for medium and small shareholders						
Completed on time (Y/N)	N					
If the commitments is not fulfilled on time, shall explain the specify reason and the next work plan	<p>The Company's stock commenced suspension of trading from the opening session on 15 February 2017 as it planned to fulfill its commitments. On 13 August 2017, proposals relating to the transaction as Material Asset Acquisition and Connected Transaction Report (Plan) of Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd. were denied at the 11th extraordinary general meeting of the 8th board of directors of the Company. On 15 August 2017, the Company announced to terminate this restructuring relating to material assets acquisition, and the stock of the Company commenced trading since 17 August 2017.</p> <p>On December 4, 2017, the board of directors and the board of supervisors of the company reviewed and approved the Proposal on the Change of Commitment Period of the First Majority Shareholder of the Company. Luoniushan Co., Ltd., the company's first majority shareholder planned for a two-year extension for the time limit of the company's restructuring commitment since December 27, 2017, that is, the deadline for the implementation of the restructuring commitment was changed to December 26, 2019. On December 22, 2017, the company's fourth extraordinary shareholders' meeting in 2017 did not approve the proposal.</p> <p>On January 31, 2018, the company received the Notice on Planning for Suspension of Major Events sent by Luoniushan Co., Ltd., the company's largest shareholder, to plan and prepare the major issues related to the company. Upon application by the company, the company's stock was suspended since the opening on January 31, 2018. Upon application by the company, the company's stock resumed trading on February 8, 2018, and was transferred to the major asset restructuring since the opening on February 14, 2018.</p> <p>On June 25, 2018, the company held the third interim meeting of the ninth board of directors which reviewed and approved the Proposal on Terminating the Planning for Major Asset Restructuring. After careful study, the board of directors of the company decided to terminate the planning for this major asset restructuring.</p> <p>On April 27, 2021, trading of the stock of the Company has been suspended since the opening of the market due to the planning of shares issuing for assets procurement, and the stock of the Company resume from the opening of the market on May 14, 2021. On May 13, 2021, the "Share Issuing and Purchasing Assets with Cash & Raise Matching Funds & Plans of Related Transaction and its Summary" and proposal with the transaction concerned are deliberated and approved at the 6th extraordinary meeting of 9th BOD.</p> <p>The second extraordinary meeting of 10th BOD and second extraordinary meeting of 10th BOS were held on July 29, 2021 to deliberated and approved the "Proposal on Termination of Major Assets Reorganization". After prudent study, BOD and BOS of the Company decided to terminated the major assets reorganization. And the proposal was approved by the second extraordinary shareholders general meeting of 2021 held on August 16, 2021.</p> <p>At present, the company has no information that should be disclosed but not disclosed.</p>					



2. Concerning assets or project of the Company, which has profit forecast, and reporting period still in forecasting period, explain reasons of reaching the original profit forecast

Applicable Not applicable

II. Non-operational fund occupation from controlling shareholders and its related party

Applicable Not applicable

No non-operational fund occupation from controlling shareholders and its related party in period.

III. External guarantee out of the regulations

Applicable Not applicable

No external guarantee out of the regulations occurred in the period.

IV. Statement on the latest “Non-standard audit report” by BOD

Applicable Not applicable

V. Explanation from Board of Directors, Supervisory Committee and Independent Directors (if applicable) for “Non-standard audit report” that issued by CPA

Applicable Not applicable

Found more on the “Specialized Description by the BOD on Matters Concerning the Non-standard Audit Opinions for 2021 on the Audit Report”, “Specialized Description by the BOS on Matters Concerning the Non-standard Audit Opinions for 2021 on the Audit Report” and “Specialized Description by the BOS on Matters Concerning the Non-standard Audit Opinions for 2021 on the Audit Report” on Juchao Website dated April 30, 2022.

VI. Explanation of the changes in accounting polices, accounting estimates or correction of significant accounting errors compared with the financial report of the previous year

Applicable Not applicable

The Company had no changes in accounting policies, accounting estimates or correction of significant accounting errors during the reporting period.

VII. Compare with last year’s financial report; explain changes in consolidation statement’s scope

Applicable Not applicable

No changes in consolidation statement scope in the reporting period

VIII. Appointment and non-reappointment (dismissal) of CPA

Accounting firm appointed



Name of domestic accounting firm	BDO Shu Lun Pan Certified Public Accountants LLP
Remuneration for domestic accounting firm (in 10 thousand Yuan)	39
Continuous life of auditing service for domestic accounting firm	11
Name of domestic CPA	Li Jinhua, Ma Lei
Continuous fixed number of year for the auditing service provided by CPA in domestic CPA Firms	4

Re-appointed accounting firms in this period

Yes No

Appointment of internal control auditing accounting firm, financial consultant or sponsor

Applicable Not applicable

IX. Particular about delisting after annual report disclosed

Applicable Not applicable

The net profit attributable to shareholders of the listed company in audited Annual Report 2021 of the Company is negative and the operation revenue is less than 100 million yuan, furthermore, the audit report on 2021 financial report was issued with disclaimer of opinions. Stock of the Company (Stock code: 000613, 200613; Short form of the Stock: *ST Donghai A, *ST Donghai B) was terminated by Shenzhen Stock Exchange due to triggering the mandatory delisting conditions for financial category.

X. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in reporting period

XI. Significant lawsuits and arbitration of the Company

Applicable Not applicable

Basic situation of litigation (arbitration)	Amount involved (in 10 thousand Yuan)	Whether to form an estimated liability	Litigation (arbitration) progress	Litigation (arbitration) trial results and impact	Execution of litigation (arbitration) judgment	Date of disclosure	Disclosure index
Hainan Dadonghai Tourism Centre Group Co., Ltd. borrowed 2.76 million yuan and 4.55 million yuan from Hainan Dadonghai Tourism	731	N	The court of first instance ruled against the company's claim, and the company filed an	The company has applied to the court for enforcement, but there is no result yet. Hainan	The company has applied for court enforcement, which is still pending.	2019-06-04	Announcement on Significant Litigation (Announcement No.: 2019-017, No.:2020-021,



<p>Centre (Holdings) Co., Ltd. on October 16, 1996 and December 26, 1996 respectively. And the company filed a lawsuit in court for the 7.31 million yuan outstanding.</p>		<p>appeal. The court of second instance ruled to revoke the judgment of first instance, supporting the company's claim. The company has applied for court enforcement, which is still pending.</p>	<p>Dadonghai Tourism Centre Group Co., Ltd. has not repaid the loan to the company, and the company is currently unable to determine the impact of this litigation on the company's current or future profits.</p>		<p>No.: 2020-025 and No.: 2020-027) published on <i>Securities Times</i>, <i>Hong Kong Commercial Daily</i> and www.cninfo.com.cn.</p>
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XII. Penalty and rectification

Applicable Not applicable

No penalty and rectification for the Company in reporting period.

XIII. Integrity of the Company and its controlling shareholders and actual controllers

Applicable Not applicable

XIV. Major related transaction

1. Related transaction with routine operation concerned

Applicable Not applicable

Related party	Relationship	Type of related transaction	Content of related transaction	Pricing principle	Related transaction price	Related transaction amount (in 10 thousand Yuan)	Proportion in similar transactions	Trading limit approved (in 10 thousand Yuan)	Whether over the approved limit or not (Y/N)	Clearing form for related transaction	Available similar market price	Date of disclosure	Index of disclosure
Luoniushan Co.,	First major	Consumption	Provide services and	Market	Market	267.77	8.86 %	250	Y	Bank Transfer	Same as the transa		



Ltd.	share holder	n	sell products	price	price						ction with non-related party		
Total				--	--	267.77	--	250	--	--	--	--	--
Detail of sales return with major amount involved				N/A									
Report the actual implementation of the daily related transactions which were projected about their total amount by types during the reporting period				N/A									
Reasons for major differences between trading price and market reference price				N/A									

2. Related transactions by assets acquisition and sold

Applicable Not applicable

There was no related transactions by assets acquisition and sold for the Company in reporting period

3. Related transactions of mutual investment outside

Applicable Not applicable

There were no main related transactions of mutual investment outside for the Company in reporting period

4. Contact of related credit and debt

Applicable Not applicable

There was no contact of related credit or debt for the Company in the reporting period

5. Contact with the related finance companies

Applicable Not applicable

There are no deposits, loans, credits or other financial business between the finance companies with associated relationship and related parties

6. Transactions between the finance company controlled by the Company and related parties

Applicable Not applicable

There are no deposits, loans, credits or other financial business between the finance companies controlled by the Company and related parties

**7. Other major related transaction**

Applicable Not applicable

No other major related transaction in the Period.

XV. Significant contract and implementations**1. Trusteeship, contract and leasing****(1) Trusteeship**

Applicable Not applicable

There was no trusteeship for the Company in reporting period

(2) Contract

Applicable Not applicable

There was no contract for the Company in reporting period

(3) Leasing

Applicable Not applicable

Note of leasing

Item	Tenant	Lease life	Term of lease
Shopping mall –Building B in Hotel	Li Fuming	3 years	2019-11-01 to 2022-10-31
Ground floor of Hotel A	Li Fuming	3 years	2019-02-28 to 2022-02-27
Seaside stall and wood house	Sanya Leda Food Management Co., Ltd.	5 years	2018-01-01 to 2022-12-31
Multi-functional meeting room	Beijing Zhonghui Shengye Group Co., Ltd.	5 years	2021-09-01 to 2024-08-31

Projects that bring profit and losses to the Company to more than 10% of the total profit in the reporting period

Applicable Not applicable

Name of lessor	Name of the leasing party	Leasing assets	Leasing assets involved in the amount (in 10 thousand Yuan)	Lease start date	Lease termination date	Leasing income (in 10 thousand Yuan)	Basis for determining the leasing income	The impact of leasing income on the company	Whether be related transactions (Y/N)	Association relation
The	Sanya Leda	Seaside stall and	653	2018-01	2022-12	120	Contract	Increase income	N	N/A



Company	Food Management Co., Ltd.	wood house		-01	-31					
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2. Major Guarantee

Applicable Not applicable

The Company had no guarantee in the reporting period.

3. Entrust others to cash asset management

(1) Trust financing

Applicable Not applicable

The Company had no trust financing in the reporting period.

(2) Entrusted loans

Applicable Not applicable

The company had no entrusted loans in the reporting period.

4. Other material contracts

Applicable Not applicable

No other material contracts in the period.

XVI. Explanation on other significant events

Applicable Not applicable

1. Receipt of “Lawyer’s Letter” from Sanya Power Bureau: by preliminary accounting from Sanya Power Bureau, the 10,313,373 Kwh electricity was understated under the name of South China Hotel from July 2006 to April 2016. The Company is still communicating and negotiating with Sanya Power Bureau on relevant matters, and there is no result of the negotiation yet.

2. On April 27, 2021, trading of the stock of the Company has been suspended since the opening of the market due to the planning of shares issuing for assets procurement, and the stock of the Company resume from the opening of the market on May 14, 2021. On May 13, 2021, the “Share Issuing and Purchasing Assets with Cash & Raise Matching Funds & Plans of Related Transaction and its Summary” and proposal with the transaction concerned are deliberated and approved at the 6th extraordinary meeting of 9th BOD. In view of the recent market environment and impact of regulatory policies, the second extraordinary meeting of 10th BOD and second extraordinary meeting of 10th BOS were held on July 29, 2021 to deliberated and approved the “Proposal on Termination of Major Assets Reorganization”. After prudent study, BOD and BOS of the Company decided to terminated the major assets reorganization, found more in the Announcement on Termination of the Major Assets Reorganization (Notice No.: 2021-057) published by the Company dated July 30, 2021. And the proposal was approved by the second extraordinary shareholders general meeting of 2021 held on August 16, 2021, found more in the Resolution of Second Extraordinary Shareholders General Meeting of 2021 (Notice No.: 2021-060) published by the Company dated August 17, 2021.



3. The net profit attributable to shareholders of the listed company in audited Annual Report 2021 of the Company is negative and the operation revenue is less than 100 million yuan, furthermore, the audit report on 2021 financial report was issued with disclaimer of opinions. Stock of the Company (Stock code: 000613, 200613; Short form of the Stock: *ST Donghai A, *ST Donghai B) was terminated by Shenzhen Stock Exchange due to triggering the mandatory delisting conditions for financial category.

XVII. Significant event of subsidiary of the Company

Applicable Not applicable



Section VII. Changes in Shares and Particulars about Shareholders

I. Changes in Shares

1. Changes in shares

Unit: Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion	New shares issued	Bo nus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion
I. Restricted shares	9,220,200	2.53%	0	0	0	0	0	9,220,200	2.53%
1. State-owned shares									
2. State-owned legal person's shares	1,399,200	0.38%	0	0	0	0	0	1,399,200	0.38%
3. Other domestic shares	7,821,000	2.15%	0	0	0	0	0	7,821,000	2.15%
Including: Domestic legal person's shares	7,821,000	2.15%	0	0	0	0	0	7,821,000	2.15%
Domestic natural person's shares									
4. Foreign shares									
Including: Foreign legal person's shares									
Foreign natural person's shares									
II. Unrestricted shares	354,879,800	97.47%	0	0	0	0	0	354,879,800	97.47%
1. RMB ordinary shares	266,879,800	73.30%	0	0	0	0	0	266,879,800	73.30%
2. Domestically listed foreign shares	88,000,000	24.17%	0	0	0	0	0	88,000,000	24.17%
3. Overseas listed foreign shares									
4. Others									



III. Total shares	364,100,000	100.00%	0	0	0	0	0	364,100,000	100.00%
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Reasons for share changed

Applicable Not applicable

Approval of share changed

Applicable Not applicable

Ownership transfer of share changes

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

2. Changes of restricted shares

Applicable Not applicable

Unit: Share

Shareholders' name	Number of shares restricted at Period-begin	Number of shares released in the Year	Number of new shares restricted in the Year	Number of shares restricted at Period-end	Restriction reasons	Released date
Shenyang Jin'an Industrial Corporation	831,600	0	0	831,600	Legal commitment in share reform	9999-01-01
Sanya Wangli Building Materials Sales	92,400	0	0	92,400	Legal commitment in share reform	9999-01-01
Sanya Zhongxing Development Co., Ltd.	2,541,000	0	0	2,541,000	Legal commitment in share reform	9999-01-01
Sanya Real Estate Valuation Agent	924,000	0	0	924,000	Legal commitment in share reform	9999-01-01
Southern Industrial and Trading Corporation	660,000	0	0	660,000	Legal commitment in share reform	9999-01-01
Hainan Branch of Bank of Communications Co., Ltd.	924,000	0	0	924,000	Legal commitment in share reform	9999-01-01



Guangzhou Company of Hainan International Investment Co., Ltd.	660,000	0	0	660,000	Legal commitment in share reform	9999-01-01
Hainan Dadonghai Tourism Co.	739,200	0	0	739,200	Legal commitment in share reform	9999-01-01
Haikou Dongfang Urban credit Cooperative	924,000	0	0	924,000	Legal commitment in share reform	9999-01-01
Haiquotou Industrial Co., Ltd.	924,000	0	0	924,000	Legal commitment in share reform	9999-01-01
Total	9,220,200	0	0	9,220,200	--	--

II. Securities issuance and listing

1. Security offering (without preferred stock) in reporting Period

Applicable Not applicable

2. Changes of total shares and shareholders structure as well as explanation on changes of assets and liability structure

Applicable Not applicable

3. Existing internal staff shares

Applicable Not applicable

III. Particulars about shareholder and actual controller of the Company

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

Unit: Share

Total common stock shareholders in reporting period-end	26,426	Total common stock shareholders at end of last month before annual report disclosed	24,020	Total preference shareholders with voting rights recovered at end of reporting period	0	Total preference shareholders with voting rights recovered at end of last month before annual report disclosed	0
Particulars about shares held above 5% by shareholders or top ten shareholders							
Full name of	Nature of	Proport	Number of	Changes in	Amount of	Amount of	Information of



Shareholders	shareholder	ion of shares held	shares held at period-end	report period	restricted shares held	un-restricted shares held	shares pledged, tagged or frozen	
							State of share	Amount
Luoniushan Co., Ltd.	Domestic non state-owned corporate	17.55%	63,885,980	0	0	63,885,980		
Yang Meiqin	Domestic nature person	4.47%	16,279,028	0	0	16,279,028		
Pan Anjie	Domestic nature person	4.01%	14,593,598	0	0	14,593,598		
Hainan Ya'an Residence Property Service Co., Ltd.	Domestic non state-owned corporate	2.25%	8,205,800	0	0	8,205,800		
Pan Aiping	Domestic nature person	1.64%	5,972,013	1861275	0	5,972,013		
Chen Jinlian	Domestic nature person	1.14%	4,166,400	-3600000	0	4,166,400		
Lhasa Xingqing Network Technology Co., Ltd.	Domestic non state-owned corporate	1.03%	3,760,000	3760000	0	3,760,000		
Pan Guoping	Domestic nature person	0.99%	3,600,000	3600000	0	3,600,000		
Hu Jing	Domestic nature person	0.97%	3,523,600	3,523,600	0	3,523,600		
Lu Zhangfu	Domestic nature person	0.89%	3,251,944	3,251,944	0	3,251,944		
Strategy investors or general legal person becomes top 10 shareholders due to rights issued	N/A							
Explanation on associated relationship or accordant action among the aforesaid shareholders	Among the above mentioned shareholders, Hainan Ya An Ju Property Service Co., Ltd. is the wholly-owned subsidiary of Luoniushan Co., Ltd.; Yang Meiqin, Pan Anjie, Chen Jinlian, Pan Aiping and Pan Guoping are the persons acting in concert; the Company is unknown whether there exists associated relationship or belongs to the consistent actor regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Company among the other shareholders.							
Description of the above shareholders in relation to delegate/entrusted voting rights and abstention from voting rights.	N/A							



Special note on the repurchase account among the top 10 shareholders (if applicable) (see note 10)	N/A		
Particular about top ten shareholders with un-restrict shares held			
Shareholders' name	Amount of un-restrict shares held at Period-end	Type of shares	
		Type	Amount
Luoniushan Co., Ltd.	63,885,980	RMB common share	63,885,980
Yang Meiqin	16,279,028	Domestically listed foreign share	16,279,028
Pan Anjie	14,593,598	Domestically listed foreign share	14,593,598
Hainan Ya An Ju Property Service Co., Ltd.	8,205,800	RMB common share	8,205,800
Pan Aiping	5,972,013	Domestically listed foreign share	5,972,013
Chen Jinlian	4,166,400	Domestically listed foreign share	4,166,400
Lhasa Xingqing Network Technology Co., Ltd.	3,760,000	RMB common share	3,760,000
Pan Guoping	3,600,000	Domestically listed foreign share	3,600,000
Hu Jing	3,523,600	RMB common share	3,523,600
Lu Zhangfu	3,251,944	RMB common share	3,251,944
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	Among the above mentioned shareholders, Hainan Ya An Ju Property Service Co., Ltd. is the wholly-owned subsidiary of Luoniushan Co., Ltd.; Yang Meiqin, Pan Anjie, Chen Jinlian, Pan Aiping and Pan Guoping are the persons acting in concert; the Company is unknown whether there exists associated relationship or belongs to the consistent actor regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Company among the other shareholders.		
Explanation on shareholders involving margin business about top ten common stock shareholders with un-restrict shares held	N/A		

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

Yes No

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

**2. Controlling shareholder (The largest shareholder) of the Company**

Nature of controlling shareholders: community collective holding

Type of controlling shareholders: legal person

Controlling shareholders (The largest shareholder)	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
Luoniushan Co., Ltd.	Xu Zili	December 19, 1987	Unified social credit code 91460000284089747P	Livestock rearing, sale of livestock, livestock acquisition, R&D of bio-feed; real estate development and operation; leasing services, warehousing services, collect and pay utilities bills on behalf of the customers (general operating items are operates independently, licensed operating items with relevant license or approval documents to operate) (items subject to approval in line with the laws, subject to approval of the relevant authority before business activities can be carried out)
Equity of other domestic/oversea listed company control by controlling shareholder as well as stock-joint in report period	Found more details in full text of Annual Report 2021 of Luoniushan Co., Ltd. (Short form of the stock: Luoniushan, Stock code: 000735)			

Changes of controlling shareholders in reporting period

 Applicable Not applicable

The Company had no changes of controlling shareholders in reporting period.

3. Actual controller and persons acting in concert

Nature of actual controller: domestic natural person

Type of actual controller: natural person

Name of actual controller	Relationship with the actual controller	Nationality	Whether obtained right of residence of other countries or regions or not
Xu Zili	Xu Zili himself	P.R.C	No
Main profession and title	Xu Zili, male, was born in 1966, is a senior engineer with a master degree. He successively served as Vice President of Hubei Huangshi Mine Bureau Machinery; General Manager of Haikou Animal Husbandry Machinery Engineering Co., Ltd.; Chairman of Tianjin Baodi Agricultural Technology Co., Ltd.; Vice Chairman and General Manager of Luoniushan co., Ltd. from August 2006 to November 2011; serves as Chairman of Luoniushan co., Ltd. since November 2011; Chairman and President of		



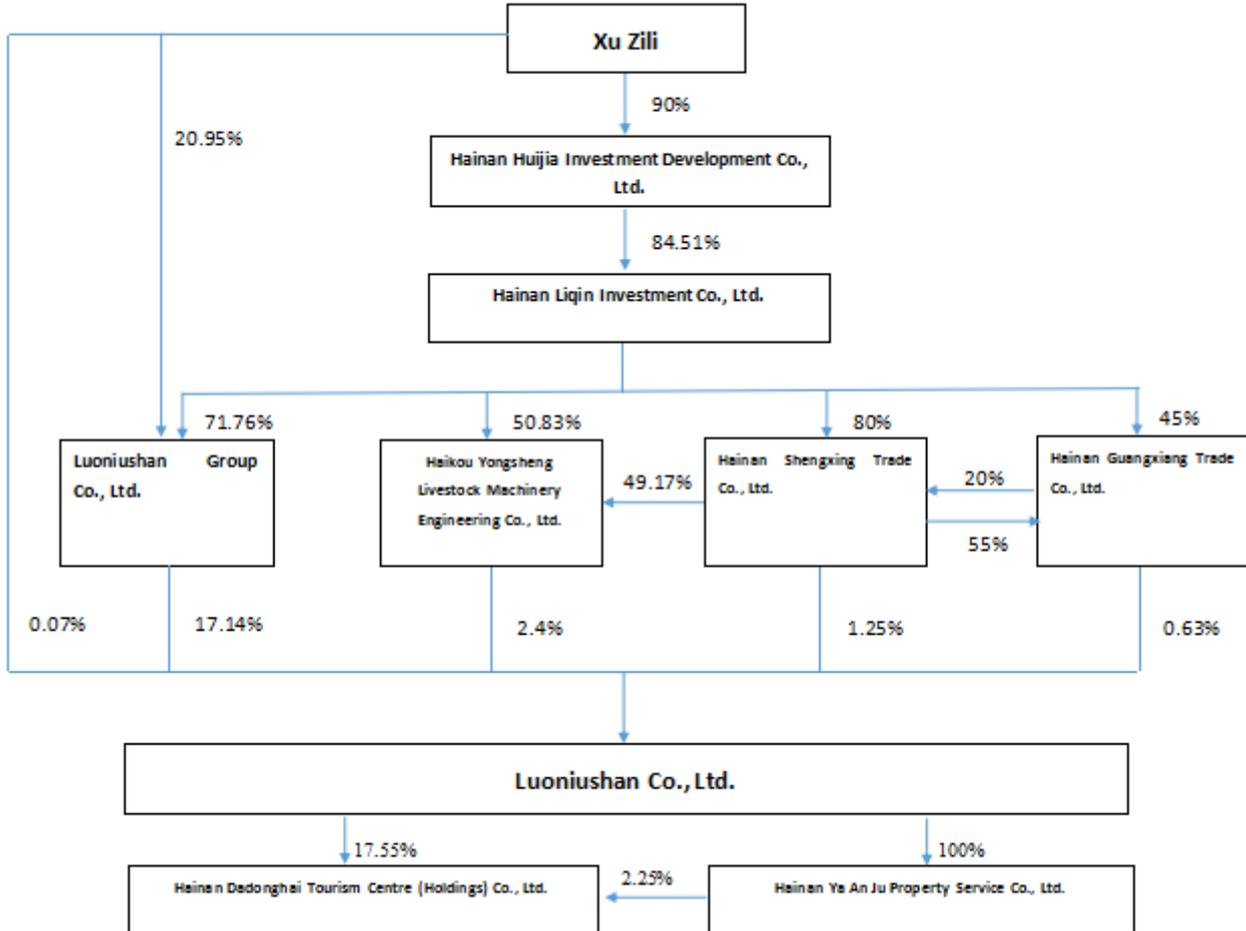
	Luoniushan co., Ltd. since July 2021; now he takes as the 7 th CPPCC member of Hainan Province.
Listed company in and out of China controlled in past decades	N/A

Changes of actual controller in reporting period

Applicable Not applicable

No changes of actual controllers for the Company in reporting period.

Property right and controlling relationship between the actual controller and the Company is as follow



Actual controller controlling the Company by entrust or other assets management

Applicable Not applicable

4. The total number of shares pledged by controlling shareholders or the first majority shareholder and its persons acting in concert accounts for 80% of the shares held by them

Applicable Not applicable



5. Particulars about other legal person shareholders with over 10% shares held

Applicable Not applicable

6. Limitation and reducing the holdings of shares of controlling shareholders, actual controllers, restructuring side and other commitment subjects

Applicable Not applicable

IV. The specific implementation of shares buy-back during the reporting period

Implementation progress of shares buy-back

Applicable Not applicable

Implementation progress of the reduction of repurchases shares by centralized bidding

Applicable Not applicable



Section VIII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the Period.



Section IX. Corporate Bonds

Applicable Not applicable

Section X. Financial Report

I. Audit report

Type of audit opinion	Unable to express opinions
Signing date of audit report	April 28, 2022
Name of audit institute	BDO CHINA Shu Lun Pan Certified Public Accountants (LLP)
Document serial of audit report	PCPAR [2022] No.
Name of the CPA	Li Jinhua, Ma Lei

Auditor's Report

To all shareholders of Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd.

I. Unable to express an opinion

We have been engaged to audited the financial statements of Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd. (hereinafter referred to as "the Company"), which comprise the consolidated and parent Company's balance sheet of 31 December 2021 and profit statement, and cash flow statement, and statement on changes of shareholders' equity for the year ended, and notes to the financial statements for the year ended.

We do not express an audit opinion on the accompanying financial statement of Dadonghai due to the materiality of the matters described in the Basis for Disclaimer of Opinion section, we were unable to obtained sufficient appropriate audit evidence to form a basis for out audit opinion on the financial statement.

II. Basis for Disclaimer of Opinion

(i) Guest room revenue

The revenue from guest room is recognized as 19.6606 million yuan for year of 2021. We found that the number of room occupancy registered in the business system of South China Hotel, the branch of Dadonghai, in 2021 was 3,718 more than the number of room occupancy recorded by the public security authority's information; and the third-party payment platform records show the existence of multiple payments from the same payer and payments from hotel sales staff. Management of Dadonghai did not provide supporting evidence for these discrepancies and circumstances, therefore, we were unable to obtain sufficient and appropriate audit evidence regarding the room revenue and related costs and expenses of Dadonghai for 2021.

(ii) Revenue from sales of moon cake.

The revenue from moon cake sales are recognized as 1,073,400 yuan for year of 2021. We found that the

main customers of moon cake sales are mainly the enterprises and individuals who have business dealings or related party relationship with Dadonghai. Management of Dadonghai failed to provide complete records and supporting evidence of the flows of bills, logistics and funds related to the production and sales of moon cake, therefore, we were unable to obtain sufficient and appropriate audit evidence regarding the revenue from sales of moon cake and the related costs and expenses mentioned above.

(iii) Revenue from sales of alcohol

The revenue from sales of alcohol are recognized as 2,462,200 yuan for year of 2021, customer is the supplier of Dadonghai. Management of Dadonghai failed to provide complete logistics records related to the sales of alcohol and failure to provide supporting evidence as to the commercial reasonableness of the transaction and the fairness of the transaction price. Therefore, we were unable to obtain sufficient and appropriate audit evidence regarding the revenue from sales of alcohol beverages and the related costs and expenses mentioned above.

(iv) Going concern

As described in Note (II)-2 of the financial statement, Dadonghai has suffered losses for two consecutive years and has triggered the risks of mandatory delisting, and the operation will be materially affected. We are not in a position to judge the appropriateness of the adoption of the going concern assumption for the preparation of the financial statement of 2021.

III. Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's management is responsible for preparing the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises to achieve a fair presentation, and for designing, implementing and maintaining internal control that is necessary to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

IV. Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to perform the audit of the financial statement of Dadonghai in accordance with the Chinese CPA auditing standard in order to issue an audit report. However, we were unable to obtain sufficient appropriate audit evidence to form the basis for our audit opinion due to the matters described in

section of “basis for disclaimer of opinion”.

In accordance with the Code of Ethics for Certified Public Accountants in China, we are independent of Dadonghai and have fulfilled our other responsibilities with respect to professional ethics.

BDO CHINA Shu Lun Pan
Jinhua
Certified Public Accountants (LLP)

Certified Public Accountant of China: Li
(Project Partner)

Ma Lei

Certified Public Accountant of China:

Shanghai·China

28 April 2022

II. Financial Statement

Expressed in Renminbi unless otherwise stated

1. Consolidated Balance Sheet

Prepared by HAINAN DADONGHAI TOURISM CENTRE (HOLDINGS) CO., LTD.
 December 31, 2021

Unit: RMB/CNY

Item	December 31, 2021	December 31, 2020
Current assets:		
Monetary funds	4,684,700.89	2,924,459.75
Settlement provisions		
Capital lent		
Trading financial assets		
Derivative financial assets		
Note receivable		
Account receivable	287,068.29	429,303.32
Receivable financing		
Accounts paid in advance		
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	504,530.57	432,560.55
Including: Interest receivable		
Dividend receivable		
Buying back the sale of financial assets		
Inventories	179,862.40	2,009,928.83
Contractual assets		
Assets held for sale		
Non-current asset due within one year		
Other current assets	3,549,962.34	3,977,452.24
Total current assets	9,206,124.49	9,773,704.69
Non-current assets:		

HAINAN DADONGHAI TOURISM CENTRE (HOLDINGS) CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Loans and payments on behalf		
Debt investment		
Other debt investment		
Long-term account receivable		
Long-term equity investment		
Investment in other equity instrument		
Other non-current financial assets		
Investment real estate	6,960,909.75	7,435,433.31
Fixed assets	31,279,819.99	34,694,023.75
Construction in progress		
Productive biological asset		
Oil and gas asset		
Right-of-use assets		
Intangible assets	19,768,087.56	20,580,474.72
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	18,674,612.11	24,957,702.73
Deferred income tax asset		
Other non-current asset		
Total non-current asset	76,683,429.41	87,667,634.51
Total assets	85,889,553.90	97,441,339.20
Current liabilities:		
Short-term loans		
Loan from central bank		
Capital borrowed		
Trading financial liability		
Derivative financial liability		
Note payable		
Account payable	795,626.05	808,710.46
Accounts received in advance		
Contractual liability	1,035,422.63	626,285.33
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	2,169,216.61	2,595,861.40
Taxes payable	335,949.69	366,892.96
Other account payable	3,776,914.63	6,167,763.36
Including: Interest payable		
Dividend payable		
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year	3,307,522.82	6,621,497.94
Other current liabilities	62,125.36	37,577.12
Total current liabilities	11,482,777.79	17,224,588.57

HAINAN DADONGHAI TOURISM CENTRE (HOLDINGS) CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Non-current liabilities:		
Insurance contract reserve		
Long-term loans	3,295,280.42	9,893,757.94
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long-term wages payable		
Accrual liability	1,489,685.04	1,489,685.04
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		1,914,592.66
Total non-current liabilities	4,784,965.46	13,298,035.64
Total liabilities	16,267,743.25	30,522,624.21
Owner's equity:		
Share capital	364,100,000.00	364,100,000.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	58,856,994.26	54,142,850.01
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus public reserve		
Provision of general risk		
Retained profit	-353,335,183.61	-351,324,135.02
Total owner's equity attributable to parent company	69,621,810.65	66,918,714.99
Minority interests		
Total owner's equity	69,621,810.65	66,918,714.99
Total liabilities and owner's equity	85,889,553.90	97,441,339.20

Legal Representative: Yuan Xiaoping
Accounting Principal: Fu Zongren
Accounting Firm's Principal: Fu Zongren

2. Balance sheet of parent company

Item	Unit: RMB/CNY	
	December 31, 2021	December 31, 2020
Current assets:		
Monetary funds	4,684,083.20	2,923,474.26
Trading financial assets		
Derivative financial assets		
Note receivable		
Account receivable	287,068.29	429,303.32
Receivable financing		
Accounts paid in advance		

HAINAN DADONGHAI TOURISM CENTRE (HOLDINGS) CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Other account receivable	504,530.57	432,560.55
Including: Interest receivable		
Dividend receivable		
Inventories	179,862.40	2,009,928.83
Contractual assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	3,549,962.34	3,977,452.24
Total current assets	9,205,506.80	9,772,719.20
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	1,000,000.00	1,000,000.00
Investment in other equity instrument		
Other non-current financial assets		
Investment real estate	6,960,909.75	7,435,433.31
Fixed assets	31,279,819.99	34,694,023.75
Construction in progress		
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets		
Intangible assets	19,768,087.56	20,580,474.72
Research and development costs		
Goodwill		
Long-term deferred expenses	18,674,612.11	24,957,702.73
Deferred income tax assets		
Other non-current assets		
Total non-current assets	77,683,429.41	88,667,634.51
Total assets	86,888,936.21	98,440,353.71
Current liabilities:		
Short-term borrowings		
Trading financial liability		
Derivative financial liability		
Notes payable		
Account payable	795,626.05	808,710.46
Accounts received in advance		
Contractual liability	1,035,422.63	626,285.33
Wage payable	2,169,216.61	2,595,861.40
Taxes payable	335,949.69	366,892.96
Other accounts payable	3,776,914.63	7,167,232.06
Including: Interest payable		
Dividend payable		
Liability held for sale		
Non-current liabilities due within one year	3,307,522.82	6,621,497.94
Other current liabilities	1,061,594.06	37,577.12

HAINAN DADONGHAI TOURISM CENTRE (HOLDINGS) CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Total current liabilities	12,482,246.49	18,224,057.27
Non-current liabilities:		
Long-term loans	3,295,280.42	9,893,757.94
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long term employee compensation payable		
Accrued liabilities	1,489,685.04	1,489,685.04
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		1,914,592.66
Total non-current liabilities	4,784,965.46	13,298,035.64
Total liabilities	17,267,211.95	31,522,092.91
Owners' equity:		
Share capital	364,100,000.00	364,100,000.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	58,856,994.26	54,142,850.01
Less: Inventory shares		
Other comprehensive income		
Special reserve		
Surplus reserve		
Retained profit	-353,335,270.00	-351,324,589.21
Total owner's equity	69,621,724.26	66,918,260.80
Total liabilities and owner's equity	86,888,936.21	98,440,353.71

3. Consolidated profit statement

Item	Unit: RMB/CNY	
	2021	2020
I. Total operating income	30,234,468.57	15,511,989.37
Including: Operating income	30,234,468.57	15,511,989.37
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	32,739,437.93	27,583,513.78
Including: Operating cost	18,436,047.07	12,768,462.84
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		

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Reinsurance expense		
Tax and extras	649,186.05	499,451.99
Sales expense	5,422,194.59	4,853,722.93
Administrative expense	7,984,445.20	9,026,426.56
R&D expense		
Financial expense	247,565.02	435,449.46
Including: Interest expenses	217,383.75	551,742.76
Interest income	23,759.18	155,036.56
Add: Other income	473,123.33	817,825.34
Investment income (Loss is listed with “-”)		
Including: Investment income on affiliated company and joint venture		
The termination of income recognition for financial assets measured by amortized cost		
Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)		
Loss of credit impairment (Loss is listed with “-”)	56,914.17	-63,433.95
Losses of devaluation of asset (Loss is listed with “-”)		
Income from assets disposal (Loss is listed with “-”)		
III. Operating profit (Loss is listed with “-”)	-1,974,931.86	-11,317,133.02
Add: Non-operating income	368,104.68	286,427.86
Less: Non-operating expense	404,221.41	537,183.81
IV. Total profit (Loss is listed with “-”)	-2,011,048.59	-11,567,888.97
Less: Income tax expense		
V. Net profit (Net loss is listed with “-”)	-2,011,048.59	-11,567,888.97
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with “-”)	-2,011,048.59	-11,567,888.97
2.termination of net profit (net loss listed with “-”)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	-2,011,048.59	-11,567,888.97
2.Minority shareholders’ gains and losses		
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method		

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that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	-2,011,048.59	-11,567,888.97
Total comprehensive income attributable to owners of parent Company	-2,011,048.59	-11,567,888.97
Total comprehensive income attributable to minority shareholders		
VIII. Earnings per share:		
(i) Basic earnings per share	-0.0055	-0.0318
(ii) Diluted earnings per share	-0.0055	-0.0318

As for the enterprise combination under the same control, the net profit achieved by the combined party before consolidation was 0 Yuan in the period while 0 Yuan achieved last period

Legal Representative: Yuan Xiaoping

Accounting Principal: Fu Zongren

Accounting Firm's Principal: Fu Zongren

4. Profit statement of parent Company

Item	Unit: RMB/CNY	
	2021	2020
I. Operating income	30,234,468.57	15,511,989.37
Less: Operating cost	18,436,047.07	12,768,462.84
Taxes and surcharge	649,186.05	499,451.99
Sales expenses	5,422,194.59	4,853,722.93
Administration expenses	7,984,445.20	9,026,226.56
R&D expenses		
Financial expenses	247,197.22	435,195.45
Including: Interest expenses	217,383.75	551,742.76
Interest income	23,759.18	155,020.57
Add: Other income	473,123.33	817,825.34
Investment income (Loss is listed with "-")		
Including: Investment income on affiliated Company and joint venture		
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with "-")		
Net exposure hedging income (Loss is listed with "-")		
Changing income of fair value (Loss is listed with "-")		
Loss of credit impairment (Loss is listed with "-")	56,914.17	-63,433.95
Losses of devaluation of asset (Loss is listed with "-")		
Income on disposal of assets (Loss is listed with "-")		

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II. Operating profit (Loss is listed with “-”)	-1,974,564.06	-11,316,679.01
Add: Non-operating income	368,104.68	286,427.86
Less: Non-operating expense	404,221.41	537,183.81
III. Total Profit (Loss is listed with “-”)	-2,010,680.79	-11,567,434.96
Less: Income tax		
IV. Net profit (Net loss is listed with “-”)	-2,010,680.79	-11,567,434.96
(i) continuous operating net profit (net loss listed with “-”)	-2,010,680.79	-11,567,434.96
(ii) termination of net profit (net loss listed with “-”)		
V. Net after-tax of other comprehensive income		
(i) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
VI. Total comprehensive income	-2,010,680.79	-11,567,434.96
VII. Earnings per share:		
(i) Basic earnings per share	-0.0055	-0.0318
(ii) Diluted earnings per share	-0.0055	-0.0318

5. Consolidated cash flow statement

Unit: RMB/CNY

Item	2021	2020
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	34,458,394.76	15,291,982.42
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		

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**NOTES TO THE FINANCIAL STATEMENTS
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Net increase of insured savings and investment		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Net cash received by agents in sale and purchase of securities		
Write-back of tax received	568.93	
Other cash received concerning operating activities	1,689,720.65	954,747.04
Subtotal of cash inflow arising from operating activities	36,148,684.34	16,246,729.46
Cash paid for purchasing commodities and receiving labor service	7,479,478.48	8,610,462.77
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Net increase of capital lent		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	11,334,389.52	11,285,378.24
Taxes paid	1,011,740.98	778,432.92
Other cash paid concerning operating activities	3,107,546.04	2,301,723.51
Subtotal of cash outflow arising from operating activities	22,933,155.02	22,975,997.44
Net cash flows arising from operating activities	13,215,529.32	-6,729,267.98
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets	400.00	8,300.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	4,710,262.67	
Subtotal of cash inflow from investing activities	4,710,662.67	8,300.00
Cash paid for purchasing fixed, intangible and other long-term assets	5,674,367.05	13,741,025.28
Cash paid for investment		
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	5,674,367.05	13,741,025.28
Net cash flows arising from investing activities	-963,704.38	-13,732,725.28
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans		19,791,474.22
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities		19,791,474.22
Cash paid for settling debts	9,897,716.28	3,299,238.76
Cash paid for dividend and profit distributing or interest	593,867.52	528,722.34

HAINAN DADONGHAI TOURISM CENTRE (HOLDINGS) CO., LTD.
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paying		
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	10,491,583.80	3,827,961.10
Net cash flows arising from financing activities	-10,491,583.80	15,963,513.12
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	1,760,241.14	-4,498,480.14
Add: Balance of cash and cash equivalents at the period -begin	2,924,459.75	7,422,939.89
VI. Balance of cash and cash equivalents at the period -end	4,684,700.89	2,924,459.75

6. Cash flow statement of parent Company

Unit: RMB/CNY

Item	2021	2020
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	34,458,394.76	15,291,982.42
Write-back of tax received	568.93	
Other cash received concerning operating activities	1,690,088.45	954,731.05
Subtotal of cash inflow arising from operating activities	36,149,052.14	16,246,713.47
Cash paid for purchasing commodities and receiving labor service	7,479,478.48	8,610,462.77
Cash paid to/for staff and workers	11,334,389.52	11,285,378.24
Taxes paid	1,011,740.98	778,385.12
Other cash paid concerning operating activities	3,107,546.04	2,301,253.51
Subtotal of cash outflow arising from operating activities	22,933,155.02	22,975,479.64
Net cash flows arising from operating activities	13,215,897.12	-6,728,766.17
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets	400.00	8,300.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	4,710,262.67	
Subtotal of cash inflow from investing activities	4,710,662.67	8,300.00
Cash paid for purchasing fixed, intangible and other long-term assets	5,674,367.05	13,741,025.28
Cash paid for investment		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	5,674,367.05	13,741,025.28
Net cash flows arising from investing activities	-963,704.38	-13,732,725.28
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		
Cash received from loans		19,791,474.22

HAINAN DADONGHAI TOURISM CENTRE (HOLDINGS) CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
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Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities		19,791,474.22
Cash paid for settling debts	9,897,716.28	3,299,238.76
Cash paid for dividend and profit distributing or interest paying	593,867.52	528,722.34
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	10,491,583.80	3,827,961.10
Net cash flows arising from financing activities	-10,491,583.80	15,963,513.12
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	1,760,608.94	-4,497,978.33
Add: Balance of cash and cash equivalents at the period -begin	2,923,474.26	7,421,452.59
VI. Balance of cash and cash equivalents at the period -end	4,684,083.20	2,923,474.26

7. Consolidate change of owners' equity

Current period

Unit: RMB/CNY

Item	2021										Total owners' equity	
	Owners' equity attributable to the parent Company											Minority interests
	Share capital	Other equity instrument	Capital reserve		Other comprehensive income	Reserve	Provision of general risk	Retained profit	Other	Subtotal		
Preferred stock	Perpetual capital securities	Other	Inventory	Less: Intangible assets	Other comprehensive income	Reserve	Provision of general risk	Retained profit	Other	Subtotal		
I. The ending balance of the previous year	364,100,000.00			54,142,850.01					-351,324,135.02		66,918,714.99	66,918,714.99
Add: Changes of accounting policy												

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NOTES TO THE FINANCIAL STATEMENTS
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		preferred stock	perpetual capital securities		ordinary shares	comprehensive income	surplus reserves	
I. The ending balance of the previous year	364,100,000.00			54,142,850.01			-351,324,589.21	66,918,260.80
Add: Changes of accounting policy								
Error correction of the last period								
Other								
II. The beginning balance of the current year	364,100,000.00			54,142,850.01			-351,324,589.21	66,918,260.80
III. Increase/ Decrease in the period (Decrease is listed with "-")				4,714,144.25			-2,010,680.79	2,703,463.46
(i) Total comprehensive income							-2,010,680.79	-2,010,680.79
(ii) Owners' devoted and decreased capital								
1.Common shares invested by shareholders								
2. Capital invested by holders of other equity instruments								
3. Amount reckoned into owners equity with share-based payment								
4. Other								
(iii) Profit distribution								
1. Withdrawal of surplus reserves								
2. Distribution for owners (or shareholders)								
3. Other								
(iv) Carrying forward internal owners' equity								
1. Capital reserves converted to capital (share capital)								
2. Surplus reserves converted to capital (share capital)								
3. Remedying loss with surplus reserve								
4. Carry-over retained earnings from the defined benefit plans								
5. Carry-over retained earnings from other comprehensive income								
6. Other								
(v) Reasonable reserve								

HAINAN DADONGHAI TOURISM CENTRE (HOLDINGS) CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
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1. Withdrawal in the report period										
2. Usage in the report period										
(vi) Others				4,714,144.25						4,714,144.25
IV. Balance at the end of the period	364,100,000.00			58,856,994.26					-353,335,270.00	69,621,724.26

Last period

Unit: RMB/CNY

Item	2020									
	Share capital	Other equity instrument		Capital reserve	L e s s : I n v e n t o r y s h a r e s	O t h e r R e a s o n a b l e I n v e n t o r y s h a r e s	S u r p l u s r e s e r v e	Retained profit	O t h e r	Total owners' equity
		P e r p e t u a l P r e f e r r e d s t o c k	P r e f e r r e d c a p i t a l s e c u r i t i e s							
I. The ending balance of the previous year	364,100,000.00			54,142,850.01				-339,757,154.25		78,485,695.76
Add: Changes of accounting policy										
Error correction of the last period										
Other										
II. The beginning balance of the current year	364,100,000.00			54,142,850.01				-339,757,154.25		78,485,695.76
III. Increase/ Decrease in the period (Decrease is listed with "-")								-11,567,434.96		-11,567,434.96
(i) Total comprehensive income								-11,567,434.96		-11,567,434.96
(ii) Owners' devoted and decreased capital										
1. Common shares invested by shareholders										
2. Capital invested by holders of other equity instruments										
3. Amount reckoned into owners equity with share-based payment										
4. Other										
(iii) Profit distribution										

and electrical equipment, chemical products (except franchised operations), daily necessities, industrial means of production (except franchised operations), metal materials, machinery equipment, sales of train, bus and vehicle tickets on an agent basis, etc. The Company's largest shareholder is Luo Niu Shan Co., Ltd.

The financial statements were approved by all directors of the Company for disclosure on April **, 2022.

1.2 Scope to the consolidated financial statements

As at December 31, 2021, the subsidiary included into the Company's scope of consolidated financial statements is as follows:

Subsidiary Name
Hainan Wengao Tourist Resources Development Co., Ltd. (hereinafter referred to as "the Wengao Tourism")

See "Note 6. Changes in the scope of consolidation" and "Note 7. Equity in other entities" for details of the scope of consolidated financial statements in 2021 and changes thereof.

2. Basis for the preparation of the financial statements

2.1 Preparation basis

The Company prepared financial statements in accordance with the Accounting Standards for Business Enterprises — Basic Standards and concrete accounting standards, the Accounting Standards for Business Enterprises - Application Guidance, the Accounting Standards for Business Enterprises - Interpretation and other relevant provisions, issued by the Ministry of Finance, (hereinafter referred to collectively as the "Accounting Standards for Business Enterprises"), as well as the disclosure provisions of the *Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.15 – General Provision of Financial Report* issued by the China Securities Regulatory Commission (CSRC).

2.2 Going concern

The company achieved operating revenue of 30.2345 million in 2021, net profit attributable to the parent company was -20.10 million, and net profit after deducting non-recurring gains and losses was -4.2594 million yuan. The company has suffered losses for nearly two

consecutive years, and the delisting risk triggered by the company's stock will have a significant impact on the company's operation. May affect the company's ability to continue as a going concern.

3. Prime accounting policies and accounting estimates

3.1 Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company meet requirements of the Accounting Standards for Business Enterprises, and truly and completely reflect the consolidated and the Company's financial position as of December 31, 2021 as well as operation results and cash flows for the year 2021.

3.2 Accounting period

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

3.3 Operating cycle

The Company's operating cycle is 12 months.

3.4 Functional currency

RMB is adopted as the functional currency.

3.5 Accounting treatment methods for business combinations under and not under common control

Business combination under common control: The assets and liabilities (including the goodwill arising from the acquisition of the combined party by the ultimate controller) acquired by the Company in business combinations are measured at book values of assets and liabilities of the combined party in the consolidated financial statements of the ultimate controller on the combination date. The stock premium in the capital reserves is adjusted according to the difference between the book value of the net assets acquired in business combination and the book value of the consideration paid for the combination (or total par value of shares issued). If there is no sufficient stock premium in the capital reserves for write-downs, the retained earnings shall be adjusted.

Business combination under different control: the cost of merger is the fair value of the

assets, liabilities incurred or assumed and equity securities issued by the purchaser in order to obtain the control of the purchaser on the purchase date. The acquiring entity shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity as goodwill; The acquiring entity shall recognize the negative balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity as profit or loss of the current period. The identifiable assets, liabilities and contingent liabilities obtained by the purchaser in the merger meeting the recognition conditions shall be measured at fair value on the purchase date.

The expenses directly related to the enterprise merger shall be recorded into the current profit or loss when incurred. The transaction cost of issuing equity securities or debt securities for the purpose of business merger shall be included in the initial recognized amount of equity securities or debt securities.

3.6 Preparation methods of consolidated financial statements

3.6.1 Scope of consolidation

The scope of consolidated financial statements shall be determined on the basis of control, and the scope of consolidated financial statements shall be including the Company and all its subsidiaries.

Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

3.6.2 Procedures of consolidation

The Company regards the whole enterprise group as an accounting subject and prepares consolidated financial statements in accordance with the unified accounting policy, reflecting the overall financial situation, operating results and cash flow of the enterprise group. The Company and subsidiaries, subsidiaries between the impact of internal transactions to offset. If the internal transaction indicates that the relevant assets have impairment losses, the full recognition of this part of the loss. If the accounting policy adopted by the subsidiary company and

the accounting period are inconsistent with the company, the necessary adjustments shall be made in accordance with the Company's accounting policy and accounting period when preparing the consolidated financial statements.

The owner's equity of the subsidiary, the current net profit and loss and the share of the minority shareholders in the current comprehensive income are listed separately under the owner's equity item in the consolidated balance sheet, the net profit item in the consolidated profit table and the total comprehensive income item in the consolidated profit table. The current loss shared by the minority shareholders of the subsidiary exceeds the balance formed by the minority shareholders' share in the initial owner's equity of the subsidiary, thus reducing the equity of several shareholders.

(1) Increase of subsidiaries or business

During the reporting period, if the Company acquired subsidiaries or business from the business combination under common control, the operating results and cash flows of the subsidiary or business from the beginning to the end of the reporting period shall be included in the consolidated financial statements. The beginning of the consolidated financial statements and relevant items in the comparative financial statements of the subsidiaries shall be adjusted accordingly, as if the reporting entity after the business combination exists at the time when the ultimate controller has the control power.

Where control can be exercised on the investee under the common control for additional investment or other reasons, the equity investment held before the control over the combined party has been obtained, the related gains and losses, other comprehensive income as well as other changes in net assets recognized from the later of the date when the original equity is obtained or the date when the acquirer and the acquiree are under the same control, to the combination date will respectively write down the retained earnings or current profit or loss in the comparative statements.

During the reporting period, the consolidated financial statements shall be incorporated into the consolidated financial statements on the basis of the fair

value of identifiable assets, liabilities and contingent liabilities as determined on the date of purchase, as a result of the consolidation of subsidiaries or businesses not under common control.

Where the Company can control the investee not under common control from additional investments, it shall re-measure equity of the acquiree held before the acquisition date at the fair value of such equity on the acquisition date and include the difference of the fair value and book value in the investment income in the year. Other comprehensive income and other changes in owner's equity under equity method accounting which can be re-classified into profit and loss after the share of the buyer held before the purchase date are converted into the current investment income of the purchase date.

(2) Disposal of subsidiaries

① General method of treatment

When the control right of the investee is lost due to the disposal of part of the equity investment or other reasons, the remaining equity investment after disposal shall be remeasured according to its fair value on the date of loss of control. The difference of the sum of the consideration acquired from disposal of equities and the fair value of the remaining equities less the sum of the share calculated at the original shareholding ratio in net assets of the original subsidiary which are continuously calculated as of the acquisition date or the combination date and goodwill shall be included in the investment income of the period in which the control is lost. Other comprehensive income related to the equity investment of the original subsidiary company, which can be reclassified into profit or loss in the future, and other owner's equity changes under the accounting of equity method, which can be reclassified into profit or loss, are converted into current investment income when losing control right.

⌘ Disposal of subsidiaries by stages

If the control is lost due to disposal of the equities in subsidiaries through multiple transactions by stages, and the terms, conditions and economic

impact of the transactions related to the enterprise's disposal of its investment in the subsidiaries meet one or more of the following circumstances, it usually indicates that multiple transactions should be included in a 'package deal':

- i. These transactions are concluded at the same time or under the consideration of mutual effect;
- ii. These transactions as a whole can reach a complete business result;
- iii. The occurrence of a transaction depends on the occurrence of at least one other transaction;
- iv. A single transaction is uneconomical but is economical when considered together with other transactions.

If each transaction is a package deal, the transaction shall be treated as a transaction dealing with the subsidiary and losing control. Before the loss of control, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal investment shall be recognized as other comprehensive income in the consolidated financial statements and transferred to the gains and losses of the current period of loss of control when the control is lost.

If each transaction is not a package deal, prior to the loss of control, the equity investment of the subsidiary shall be partially disposed of without loss of control; in the event of loss of control, Accounting treatment shall be carried out according to the general treatment method of the disposal subsidiary.

(3) Purchase of minority interest of subsidiaries

The share premium in the capital reserves under the consolidated balance sheet will be adjusted at the difference between the long-term equity investment acquired by the Company for the purchase of minority interest and the share of net assets calculated constantly from the acquisition date or combination date according to the newly increased shareholding ratio. Where the share premium is insufficient to offset, retained earnings will be adjusted.

(4) Partial disposal of equity investments in subsidiaries without losing control

The share premium in the capital reserves under the consolidated balance sheet will be adjusted at the difference between the disposal price and the share of net assets of subsidiaries attributable to the Company corresponding to the disposal of long-term equity investments and calculated constantly from the acquisition date or combination date. Where the share premium is insufficient to write down, the retained earnings will be adjusted.

3.7 Classification of joint venture arrangements and accounting treatment for joint operations

The joint venture arrangement is divided into joint operation and joint venture.

Joint operation refers to the joint venture arrangement in which the joint venture party enjoys the assets related to the arrangement and bears the liabilities related to the arrangement.

The Company confirms the following items relating to the share of interests in joint operations:

- (1) To recognize the assets held separately by the Company and the assets held jointly in accordance with its share;;
- (2) To recognize the liabilities undertaken by the Company solely and liabilities jointly undertaken by the Company based on shares held;
- (3) To recognize the revenue from the sales of output share enjoyed by the Company in the joint operation;
- (4) To recognize the revenue from the sales of the joint operation output based on the shares held by the Company; and
- (5) To recognize the separate costs, and costs for the joint operation based on the shares held by the Company.

The Company's investment in the joint venture using equity method accounting, see this note "3.13 Long-term equity investment".

3.8 Recognition criteria of cash and cash equivalents

Cash refers to the cash on hand of the company and the deposits available for payment at any time. Cash equivalents refer to the investments held by the company with short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value

3.9 Foreign currency business and translation of foreign currency statements

3.9.1 Foreign currency transactions

Foreign currency business uses the spot exchange rate on the date of transaction as the conversion rate to convert the foreign currency amount into RMB.

The balance of foreign currency monetary items on the balance sheet date is converted at the spot exchange rate on the balance sheet date, and the exchange difference arising therefrom shall be included in the current profit or loss, except those exchange differences arising from the special borrowings of foreign currency related to the acquired and constructed assets qualified for capitalization shall be dealt with according to the principle of borrowing cost capitalization

3.9.2 Translation of foreign currency statements

The assets and liabilities items in the balance sheet shall be translated at the spot exchange rate on the balance sheet date; The owners' equity items, except the "undistributed profit" items, are translated at the spot rate at the time of occurrence. Income and expense items in the income statement shall be translated at the spot exchange rate on the date of transaction.

When disposing an overseas operation, the balance of translation in foreign currency financial statements related to the overseas operation shall be transferred from the owner's equity item to the profit or loss of the disposal period.

3.10 Financial instruments

When the Company becomes a party to a financial instrument contract, it recognizes a financial asset, financial liability or equity instrument.

3.10.1 Classification of financial instruments

According to the business model of the Company's management of financial assets

and the characteristics of the contractual cash flow of financial assets, financial assets are classified at the time of initial recognition as: financial assets measured at amortized cost, financial assets measured at fair value and recorded in other comprehensive income and financial assets measured at fair value and recorded in the profits and losses of the current period.

The Company will meet the following conditions and not designated as fair value measurement and its changes into the current profit or loss of financial assets, classified as amortized cost measurement of financial assets:

- The business model is aimed at collecting contract cash flows;
- Contract cash flows are payments only for principal and interest based on outstanding principal amounts.

The Company will also meet the following conditions and is not designated as fair value measurement and its changes into the current profit or loss of financial assets, classified as fair value measurement and its changes into other comprehensive income financial assets (debt instruments):

- The business model targets both the collection of contract cash flows and the sale of the financial asset;
- Contract cash flows are payments only for principal and interest based on outstanding principal amounts.

For non-transactional equity investment, the Company may irrevocably designate it at the time of initial recognition as a financial asset measured at fair value and recorded in other comprehensive income (equity instrument). The designation is made on the basis of a single investment, and the relevant investment conforms to the definition of equity instruments from the issuer's point of view.

In addition to the above financial assets measured at amortized cost and at fair value and recorded in other comprehensive income, The Company classifies all remaining financial assets as financial assets measured at fair value and recorded in the profits and losses of the current period. At the time of initial recognition, if accounting mismatches can be eliminated or significantly reduced, The Company may irrevocably designate financial assets that should be classified as amortized cost or measured at fair value and whose changes are included in other comprehensive income as financial assets measured at fair value and recorded in

the profits and losses of the current period.

Financial liabilities are classified at the time of initial recognition as: financial liabilities measured at fair value and recorded in current profits and losses and financial liabilities measured at amortized cost.

Financial liabilities that meet one of the following conditions may be designated at the time of initial measurement as financial liabilities measured at fair value and whose changes are recorded into the profits and losses of the current period:

- 1) This designation can eliminate or significantly reduce accounting mismatches.
- 2) Manage and evaluate the financial liability portfolio or financial assets and financial liabilities portfolio on the basis of fair value according to the enterprise risk management or investment strategy specified in the official written document, and report to key managers on this basis within the enterprise.
- 3) The financial liability contains embedded derivatives that need to be split separately.

In accordance with the above conditions, such financial liabilities designated by the company mainly include: (specific description of the designated situation)

3.10.2 Recognition basis and measurement method of financial instruments

- (1) Financial assets measured at amortized costs

Financial assets measured at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, debt investment, etc., are initially measured at fair value, and the related transaction costs are included in the initial recognition amount; Accounts receivable that do not contain significant financing components and accounts receivable that the Company has decided not to consider financing components for more than one year are initially measured at the contract transaction price.

Interest calculated by the actual interest rate method during the holding period is recorded into the current profit or loss.

Upon recovery or disposal, the difference between the obtained price and the book value of the financial asset is recorded into the current profit or loss.

- (2) Financial assets (debt instruments) measured at fair value and whose changes are

included in other comprehensive income

Financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income, including receivables financing, other debt investments, etc., shall be measured at fair value, and the relevant transaction costs shall be included in the initial recognized amount. The financial asset is subsequently measured at fair value, and changes in fair value are included in other comprehensive gains and losses except interest, impairment losses or gains and gains and exchange gains calculated using the real interest rate method.

Upon termination of recognition, the accumulated gains or losses previously recorded in other comprehensive income shall be transferred from other comprehensive income and recorded in the current profits and losses.

(3) Financial assets (equity instruments) measured at fair value and whose changes are included in other consolidated income

Financial assets (equity instruments) measured at fair value and whose changes are included in other comprehensive income, including investments in other equity instruments, shall be initially measured at fair value, and relevant transaction costs shall be included in the initial recognized amount. The financial assets are measured according to the fair value, and whose changes of the fair value are included in other comprehensive income. The dividends obtained are recorded in the current profits and losses.

Upon termination of recognition, accumulated gains or losses previously recorded in other comprehensive earnings are transferred from other comprehensive earnings and recorded in retained earnings.

(4) Financial assets measured at fair value and whose changes are included in the current profits and losses

Financial assets measured at fair value and whose changes are included in the current profits and losses, including trading financial assets, derivative financial assets, other non-current financial assets, etc., shall be measured at fair value, and the relevant transaction expenses shall be included in the current profits and losses. The financial assets are measured at fair value, and changes in fair value are included in the current profit or loss.

(5) Financial liabilities measured at fair value and whose changes are included in the current profit or loss

Financial liabilities measured at fair value and whose changes are included in the current profits and losses include transactional financial liabilities and derivative financial liabilities, which are initially measured at fair value, and the relevant transaction expenses are included in the current profit or loss. The financial liability is measured at fair value, and changes in fair value are included in the current profit or loss.

Upon termination of recognition, the difference between the book value and the consideration price is recorded in the current profits and losses.

(6) Financial liabilities measured at amortization costs

Financial liabilities measured at amortization costs include short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, bonds payable, long-term payables, and shall be initially measured at fair value, and related transaction costs are included in the initial recognized amount.

The interest calculated using the actual interest rate method during the holding period is included in the current profits and losses.

Upon termination of recognition, the difference between the consideration price and the book value of the financial liability shall be recorded in the current profits and losses.

3.10.3 Financial asset termination recognition and financial asset transfer

Upon meeting one of the following conditions, the Company terminates the recognition of financial assets:

- Termination of contractual rights to collect cash flows from financial assets;
- Financial assets have been transferred and almost all risks and rewards of ownership of financial assets have been transferred to the transferee;
- Financial assets have been transferred and although the Company has neither transferred nor retained almost all risks and rewards in the ownership of financial assets, it has not retained control over financial assets.

In the event of a transfer of financial assets, if almost all risks and rewards in the ownership of financial assets are retained, the recognition of the financial assets shall not be terminated.

In judging whether the transfer of financial assets meets the above conditions for the termination of financial assets, the principle of substance over form is adopted.

The company distinguishes the transfer of financial assets into the overall transfer of financial assets and partial transfer. If the transfer of financial assets as a whole meets the conditions for termination of recognition, the difference between the following two amounts shall be recorded into the profits or losses of the current period:

- (1) The book value of the financial assets transferred;
- (2) The sum of the consideration received as a result of the transfer and the cumulative amount of the change in fair value that was originally directly included in the owner's equity (where the financial assets involved in the transfer are financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income).

If the partial transfer of financial assets meets the conditions for termination of recognition, the book value of the transferred financial assets as a whole shall be apportioned according to their relative fair value between the termination of recognition and the non-termination of recognition, The difference between the following two amounts shall be recorded into the profits and losses of the current period:

- (1) To terminate the book value of the recognized portion;
- (2) The consideration of the termination of the recognition portion corresponds to the sum of the amount of the termination of the recognition portion (where the transferred financial assets are financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income) in the cumulative amount of the change in fair value originally directly included in the shareholders' equity.

If the transfer of financial assets does not meet the conditions for termination of recognition, the financial asset shall continue to be recognized, and the consideration received shall be recognized as a financial liability.

3.10.4 De-recognition of financial liabilities

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

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

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

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

3.10.5 Determination method of the fair value of financial assets and financial liabilities

The fair value of a financial instrument, for which there is an active market, is the prices quoted for it therein. The fair value of a financial instrument, for which there is no active market, is determined by using valuation techniques. At the time of valuation, the Company adopts the techniques that are applicable in the current situation and supported by enough available data and other information, selects the input values that are consistent with the features of assets or liabilities as

considered by market participants in relevant asset or liability transactions, and gives priority to use relevant observable inputs. Unobservable inputs are used only under the circumstance when it is impossible or unobservable inputs to obtain relevant observable inputs.

3.10.6 Test method and accounting treatment for impairment of financial assets

The Company estimates the expected credit losses of financial assets measured at amortized cost, financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income, financial guarantee contracts, etc. individually or in combination.

Taking into account the reasonable and reliable information about past events, current situation and prediction of future economic conditions, and taking the risk of default as the weight, the Company calculates the probability weighted amount of the present value of the difference between the cash flow receivable under the contract and the cash flow expected to be received, and recognizes the expected credit loss.

If the credit risk of the financial instrument has increased significantly since the initial confirmation, the Company measures its loss preparation at the amount equivalent to the expected credit loss of the financial instrument for the whole life of the financial instrument; If the credit risk of the financial instrument has not increased significantly since the initial confirmation, the Company measures its loss preparation at the amount equivalent to the expected credit loss of the financial instrument for the next 12 months. The resulting increase or reversal of loss preparation shall be recorded as impairment loss or gain in the current profit or loss.

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 relative change of default risk during the expected duration of financial instruments, so as to evaluate whether the credit risk of financial instruments has increased significantly since the initial recognition. Usually more than 30 days overdue, the Company believes that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since the initial confirmation.

If the credit risk of a financial instrument is low on the balance sheet date, the Company considers that the credit risk of the financial instrument has not increased significantly since the initial recognition.

If there is objective evidence that a financial asset has been devalued, the Company shall make provision for the impairment of the financial asset on a single basis.

For accounts receivable, whether or not it contains significant financing elements, the Company is

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prepared to measure losses in accordance with the expected credit loss for the entire life span. For the existence of objective evidence to show the existence of impairment, as well as other accounts receivable applicable to the individual evaluation of the impairment test, to confirm the expected credit loss, and make a single impairment provision. For accounts receivable without objective evidence of impairment or when a single financial asset is unable to assess the expected credit loss at reasonable cost, the company divides the accounts receivable into several portfolios according to the characteristics of credit risk. The basis for determining the portfolio is as follows:

Portfolio Name	Basis
Account Receivables Portfolio 1	External Customers for Account Receivables
Account Receivables Portfolio 2	Consolidated Related Party Customers for Account Receivables

For the account receivables divided into portfolios, the Company refers to the history of credit loss experience, combined with the current situation and the forecast of the future economic situation, to prepare tables of aging of account receivables and comparison tables of expected credit loss rate of the entire duration, and to calculate the expected credit loss

For lease receivables, long-term receivables formed by the Company through the sale of goods or the provision of services, the Company chooses to always measure its loss provisions at an amount equal to the expected credit loss for the entire duration.

For other receivables, if the credit risk has not significantly increased since the initial recognition, it is in the first stage. The Company shall measure the loss provision according to the expected credit loss in the next 12 months. If the credit risk has increased significantly since the initial recognition, but the credit impairment has not occurred, it is in the second stage. If the credit impairment has occurred since the initial recognition, it is in the third stage. The Company shall measure the loss provision according to the expected credit loss of the instrument throughout its life.

The Company divides other receivables into several portfolios based on the credit risk characteristics. The basis for determining the portfolio is as follows:

Portfolio Name	Basis
Other Receivables Portfolio 1	Deposit, Security Deposit and Reserve Receivables
Other Receivables Portfolio 2	Receivables of Advance Payment for Another Party

Portfolio Name	Basis
Other Receivables Portfolio 3	Other Account Receivables

For other receivables divided into portfolios, the Company refers to historical experience in credit loss, combined with the current situation and forecasted future economic situation, and by default risk exposure and the credit loss rate within next 12 months or the whole duration, to calculate the expected credit losses.

3.11 Inventories

3.11.1 Classification of inventories

The inventories are classified into: raw materials, commodity stocks, low-value consumables, food materials, fuels, etc.

3.11.2 Measurement of inventories dispatched

The commodity stocks are accounted for based on their selling prices, and the difference between the commodity purchasing price and the selling price is adjusted monthly by the comprehensive spread rate method. The inventory materials are measured at actual cost when purchased and warehoused, and measured using the first-in first-out method when applied for use and dispatched. Low-value consumables are amortized on a one-off basis when applied for use.

3.11.3 Determining basis of the net realizable value of inventories and method for inventory depreciation reserve

On the balance sheet date, inventory should be measured according to the lower cost and net realizable value. When the inventory cost is higher than its net realizable value, a provision for decline in value of inventories is made. Net realizable value refers to the estimated selling price of inventory in daily activities minus the estimated cost to be incurred at the time of completion, the estimated sales expenses and the amount of related taxes and fees.

Inventory of goods directly used for sale, such as finished goods, goods in stock and materials used for sale, to determine the net realizable value in the normal course of production and operation at the estimated selling price of the inventory minus the estimated sales expenses and related taxes; inventory of materials

requiring processing to determine the net realizable value in the normal course of production and operation at the estimated selling price of the finished product minus the estimated costs to be incurred at the time of completion, estimated sales expenses and related taxes; The net realizable value of inventory held for the execution of a sales contract or a labor contract is calculated on the basis of the contract price. If the quantity of inventory held is more than the quantity ordered in the sales contract, the net realizable value of excess inventory is calculated on the basis of general sales price.

If the factors affecting the previous write-down of inventory value have disappeared, resulting in the net realizable value of inventory being higher than its book value, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

3.11.4 Inventory system

The Group maintains a perpetual inventory system.

3.11.5 Amortization method for low-cost consumables and packaging materials

- (1) Low-cost consumables are amortized using the immediate write-off method;
- (2) Packaging materials are amortized using the immediate write-off method.

3.12 Contractual assets

3.12.1 Methods and criteria for the recognition of contract assets

The Company lists contract assets or contractual liabilities in the balance sheet according to the relationship between performance obligations and customer payments. The Company's right to receive consideration (and depends on factors other than the passage of time) for the transfer of goods or services to customers is listed as a contract asset. Contract assets and contractual liabilities under the same contract are shown in net terms. The Company's right to collect consideration from customers unconditionally (depending on the passage of time only) is shown separately as accounts receivables.

3.12.2 Methods of determining expected credit loss of contract assets and accounting treatment

The method of determining the expected credit loss of the contract assets and the method of accounting treatment are detailed in the test method and accounting treatment method of the impairment of the financial assets in note 3(10) and 6"

3.13 Long-term equity investment

3.13.1 Judgment criteria for joint control and significant influence

Joint control refers to the common control of an arrangement according to the relevant agreement, and the related activities of the arrangement must be agreed by the participants who share the control right before they can make decisions. If the company, together with other partners, exercises joint control over the invested unit and has the right to the net assets of the invested unit, the invested unit shall be the joint venture of the company.

Significant influence refers to the power to participate in the decision-making of the financial and operating policy decisions of the investee, but it cannot control or jointly control the formulation of these policies with other parties. If the Company can exert great influence on the investee, the investee shall be a joint venture of the company.

3.13.2 Determination of initial investment cost

(1) Long-term equity investments resulting from merger

For the long-term equity investment of the subsidiary formed by the merger under the same control, the initial investment cost of the long-term equity investment is based on the share of the book value of the owner's equity of the merged party in the consolidated financial statements of the final controlling party on the merger date. The difference between the initial investment cost of long-term equity investment and the book value of payment consideration is adjusted to adjust the equity premium in the capital reserve; when the equity premium in the capital reserve is insufficient, the retained earnings are adjusted. If the invested entity under the same control can be controlled due to additional investment and other reasons, the initial investment cost of the long-term equity investment recognized

in accordance with the above principles is the difference between the book value of the long-term equity investment before the merger and the book value of the new consideration of the shares further obtained on the date of the merger, the equity premium is adjusted, when the equity premium in the capital reserve is insufficient, the retained earnings are adjusted.

For the long-term equity investment of subsidiaries formed by the merger of enterprises not under common control, the combined cost determined on the purchase date is taken as the initial investment cost of the long-term equity investment. If the investee not under the common control can be controlled due to additional investment and other reasons, the initial investment cost shall be taken as the sum of the original equity investment book value plus the new investment cost.

(2) Long-term equity investments obtained by means other than merger

Long-term equity investments obtained by cash payment are based on the actual purchase price as the initial investment cost.

The long-term equity investment obtained by issuing equity securities shall be regarded as the initial investment cost according to the fair value of issuing equity securities.

3.13.3 Subsequent measurements and recognition of profit or loss

(1) Long-term equity investments accounted for under cost method

The Company's long-term equity investment in subsidiaries is accounted for by cost method unless the investment meets the conditions for holding for sale. In addition to the actual payment of the investment or the declared but not yet issued cash dividends or profits contained in the consideration, the company shall recognize the current investment income in accordance with the cash dividend or profit declared by the investee.

(2) Long-term equity investments accounted for under the equity method

The long-term equity investment of joint venture and joint venture shall be accounted by equity method. When the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the

initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

The Company shall recognize the investment income and other combined income according to the net profit or loss realized by the invested unit and the share of other combined income, and adjust the book value of the long-term equity investment. The carrying amount of the investment shall be reduced by the portion of any profit distributions or cash dividends declared by the investee that is distributed to the investing enterprise. The investing enterprise shall adjust the carrying amount of the long-term equity investment for other changes in owners' equity of the investee (other than net profits or losses, other comprehensive income and profit distribution), and include the corresponding adjustment in owners' equity.

When recognizing the share of the net profit or loss of the investee, other comprehensive income and other owner's equity changes, it shall be based on the fair value of the identifiable net assets of the invested unit at the time of obtaining the investment, and shall be confirmed after adjusting the net profit and other comprehensive income of the investee in accordance with the accounting policy and accounting period of the company.

The unrealized internal transaction gains and losses between the Company and the joint venture and the joint venture shall be offset by the portion attributable to the Company calculated in proportion to the amount to be enjoyed, and the investment income shall be recognized on this basis, except where the assets invested or sold constitute business. If the unrealized internal transaction loss with the invested unit belongs to the impairment loss of assets, the full amount shall be confirmed.

The net loss of a company to a joint venture or a joint venture shall, in addition to the obligation to bear additional losses, be reduced to zero by the book value of the long-term equity investment and other long-term interests that essentially constitute the net investment in the joint venture or joint venture. If the joint venture or joint venture realizes net profit after the joint venture or joint venture, the Company shall restore the confirmed income sharing amount after the income sharing amount makes up for the unrecognized loss share

amount.

(3) Disposal of long-term equity investments

Disposal of long-term equity investment, its book value and the actual acquisition price difference is accounted into the current profit or loss.

Where long-term equity investment accounted by part of the disposal equity method is still accounted for by the equity method, the other comprehensive income recognized by the original equity method is carried forward according to the corresponding proportion on the same basis as the assets or liabilities directly disposed of by the invested unit, and the other owner's equity changes are transferred to the current profit or loss proportionally.

In case the joint control or significant influence over the investee is lost for disposing part of equity investments or other reasons, other comprehensive income recognized by the original equity investment due to the use of equity accounting shall be made on the same basis as would be required if the investee had directly disposed of the assets or liabilities related thereto when measurement under the equity method is terminated, and other comprehensive income changes should all transferred to the current profit or loss when the equity method is no longer adopted.

Where the control of the investee has been lost due to the disposal of part of the equity investment and other reasons, when preparing the individual financial statements, the remaining equity can be jointly controlled or significantly affected by the invested unit, and shall be accounted for according to the equity method, and adjusted by equity method accounting when the remaining equity is regarded as acquired. Other comprehensive income recognized prior to obtaining the control of the invested unit shall be carried forward proportionally on the same basis as the assets or liabilities directly disposed of by the invested unit, and transferred to the profits and losses of the current period due to the changes in other owners' equity recognized by equity method accounting; If the surplus equity cannot exercise joint control or exert significant influence on the invested unit, it shall be recognized as a financial asset, and the difference between the fair value and the book value on the date of loss of control shall be recorded into the profits and losses of the current period. All other comprehensive income and other changes in owners' equity confirmed before the acquisition of the control right of the invested entity shall be carried forward.

Where the subsidiary equity investment is disposed of step by step through multiple transactions until the loss of control is a package deal, each transaction is treated as a transaction that disposes of the subsidiary equity investment and loses control. The difference between the price of each disposal before the loss of control and the book value of the disposed equity to the entitled long-term equity investment is first recognized as other comprehensive income in individual financial statements, and then transferred to the current profit or loss of the loss of control at the time of loss of control. If it is not a package deal, each transaction shall be treated separately.

3.14 Investment properties

The investment properties refer to the properties held for earning rentals or/and capital appreciation, including leased land use right, land use right held for transfer upon appreciation, and leased building (including self-built buildings or buildings developed for renting or buildings under construction or development for future renting).

The subsequent expenditure related to investment real estate is included in the cost of investment real estate when the relevant economic benefits are likely to flow in and its cost can be reliably measured; otherwise, it is recorded into the profits and losses of the current period when it occurs

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

3.15 Fixed assets

3.15.1 Identification and initial measurement of fixed assets

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

- (1) It is probable that the economic benefits relating to the fixed assets will flow into the Company; and

(2) The costs of the fixed assets can be measured reliably.

Fixed assets are initially measured at cost, taking into account the impact of expected disposal costs.

Subsequent expenditures related to fixed assets are included in the cost of fixed assets when the economic benefits associated with them are likely to flow in and their costs can be reliably measured; for the replaced part, the book value is terminated; all other subsequent expenditures are recorded at the time of occurrence into the current profit or loss

3.15.2 Depreciation method

Depreciation of fixed assets is classified by the method of average life, and the depreciation rate is determined according to the category of fixed assets, the expected useful life and the estimated net residual value rate. For the fixed assets with impairment provisions, the depreciation amount shall be determined in the future period according to the book value after deducting the impairment preparation and according to the useful life. If the service life of each component of fixed assets is different or the economic benefits are provided to the enterprise in different ways, different depreciation rates or depreciation methods are selected to calculate depreciation separately.

Depreciation methods, depreciation life, residual value rate and annual depreciation rate of all types of fixed assets are as follows:

Asset type	Estimated useful lives (year)	Estimated net residual value rate (%)	Annual depreciation rate (%)
Buildings and constructions	20-40	5	4.75-2.37
Machinery equipment	8-20	5	11.87-4.75
Electronic entertainment equipment	5-16	5	19-5.93
Transportation equipment	7-12	5	13.57-7.91
Other equipment	5	5	19.00

3.15.3 Fixed assets disposal

Termination of recognition of fixed assets when they are disposed of or are not expected to generate economic benefits through use or disposal. The amount of disposal income of fixed assets sold, transferred, scrapped or damaged after deducting its book value and related taxes and fees shall be recorded into the profits and losses of the current period

3.16 Construction in progress

Construction in progress shall be measured at the actual cost incurred. Actual costs include construction costs, installation costs, capitalized borrowing costs, and other expenditures necessary to bring the work in progress to a predetermined serviceable condition. When the project under construction reaches the predetermined usable state, it shall be turned into fixed assets and be depreciated from the following month.

3.17 Borrowing costs

3.17.1 Recognition principles of capitalization of borrowing costs

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

Assets meeting the capitalization requirements refer to fixed assets, investment properties and inventories, etc. that need to be purchased, constructed or produced for a long time to be available for intended use or sale.

3.17.2 Capitalization period of borrowing costs

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

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

- (1) Asset disbursements, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for

acquiring and constructing or producing assets eligible for capitalization, have already been incurred;

- (2) Borrowing costs have already been incurred; and
- (3) The acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started.

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

3.17.3 Period of capitalization suspension

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

3.17.4 Calculation method of capitalization amount of borrowing costs

For special loans borrowed for the purchase or production of assets that meet the capitalization conditions, the borrowing costs actually incurred in the current period shall be specially borrowed, less the amount of interest income earned by the unused loan funds deposited in the bank or investment income obtained by temporary investment to determine the capitalized amount of the borrowing costs.

For a general loan occupied for the purchase or production of assets that meet the capitalization conditions, the amount of borrowing expenses to be capitalized shall be calculated according to the weighted average of the cumulative asset expenditure exceeding the part of the special loan multiplied by the capitalization

rate of the general loan occupied. The capitalization rate is determined by the weighted average real interest rate of the general loan.

During the capitalization period, the exchange difference between the principal and interest of the foreign currency special loan shall be capitalized and included in the cost of the assets eligible for capitalization. The exchange difference between the principal and interest of foreign currency loans other than foreign currency special loans is recorded into the current profit or loss.

3.18 Intangible assets

3.18.1 Measurement of intangible assets

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

The costs of externally purchased intangible assets include purchase prices, relevant taxes and surcharges and other directly attributable expenditures incurred to prepare the assets for their intended uses.

(2) Subsequent measurement

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

Intangible assets with definite useful lives shall be amortized within the period when the intangible assets generate economic benefits for the Company; if the said period cannot be forecast, the intangible assets shall be deemed as those with indefinite useful lives and shall not be amortized.

3.18.2 Estimate of the useful life of the intangible assets with definite useful lives

Item	Estimated useful life	Amortization method	Basis
Land use right	50 years	Straight-line amortization method	Useful life prescribed in the Certificate of Land Use Right

3.18.3 Determination basis of intangible assets with indefinite useful lives

As at the balance sheet date, the Company had no intangible assets with indefinite useful life.

3.19 Long-term assets impairment

Long-term equity investment, investment real estate measured by cost model, fixed assets, construction projects in progress, right of use assets, intangible assets with limited useful life, oil and gas assets and other long-term assets, if there are signs of impairment on the balance sheet date, carry out impairment tests. If the impairment test results show that the recoverable amount of the asset is lower than its book value, the impairment provision shall be made according to its difference and included in the impairment loss. The recoverable amount is the higher between the fair value of the asset minus the disposal cost and the present value of the expected future cash flow of the asset. The asset impairment provision is calculated and confirmed on the basis of a single asset. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group is determined by the asset group to which the asset belongs. The asset group is the smallest portfolio that can independently generate cash inflows.

For the goodwill formed by the merger of the enterprise, the intangible assets with uncertain service life, and the intangible assets that have not reached the usable state, whether or not there are signs of impairment, at least at the end of each year, the impairment test is carried out.

The Company conducts a goodwill impairment test, and the carrying value of the goodwill formed by the business merger shall be allocated to the relevant asset groups in a reasonable manner from the date of purchase; If it is difficult to apportion to the relevant asset group, it shall be apportioned to the relevant asset group combination. The relevant asset group or combination of asset groups is the asset group or combination of asset groups that can benefit from the synergies of the enterprise merger.

Goodwill in the relevant asset groups or combination of group assets impairment tests, such as the asset group or combination of group assets related to goodwill there are signs of impairment, first, impairment tests are carried out on the asset group or combination of asset groups that do not contain goodwill, calculation of recoverable amount, and compared with the related book value, confirm the corresponding impairment loss. And goodwill of the asset group or combination of group assets impairment test, comparing its book value and recoverable amount, such as the recoverable amount is lower than the book value, the amount of impairment loss first deduction allocation to the asset group or combination of

group assets in the book value of the goodwill, according to the asset group or combination of group assets all assets except goodwill in the book value of the proportion, the book value of the assets in proportion to offset each other. Once the above assets impairment loss is recognized, it will not be carried back in future accounting periods.

3.20 Long-term deferred expenses

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

3.20.1 Amortization method

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

3.20.2 Amortization years

Item	Amortization years
Hotel exterior decoration	4 years
Fire stairs renovation	4 years
Renovation of guest rooms in Building C, Decoration and renovation of Building A	5 years
B Building Renovation Project	5 years
Landscape reconstruction	5 years
Staff quarters renovation	5 years
Villa renovation	5 years
Swimming pool renovation, Pavement modification projects	5 years
Roof waterproofing projects	5 years

3.21 Contractual liabilities

The Company lists contract assets or contractual liabilities in the balance sheet according to the relationship between performance obligations and customer payments. The Company's obligations to transfer goods or provide services to customers that have received or receivable customer consideration are listed as contractual liabilities. Contract assets and

contractual liabilities under the same contract are shown in net terms.

3.22 Employee compensation

3.22.1 Short-term compensation

During the accounting period in which employees provide service to the Company, the short-term remuneration actually incurred is recognized as liabilities and included into the current profit or loss or the assets-related cost.

The social insurance premium and the housing provident fund paid by the Company for its employees, together with the labor union expenditures and employee education draw as required are used to calculate and determine the relevant employee compensation amount based on the prescribed accrual basis and accrual proportion during the accounting period in which the employees provide services to the Company.

The employee welfare expenses incurred by the Company shall be recorded into the current profit or loss or related asset cost according to the actual amount incurred at the time of actual occurrence, in which the non-monetary benefits shall be measured at fair value.

3.22.2 Dismissal welfare

(1) Defined contribution plans

The Company shall pay the basic endowment insurance and unemployment insurance for its employees in accordance with the relevant regulations of the local government. During the accounting period in which the employees provide services to the Company, the amount to be paid shall be calculated on the basis and proportion of the local regulations, and be recognized as liabilities, and included in the current profit or loss or related asset costs. In addition, the Company also participated in the enterprise annuity plan / supplementary pension insurance fund approved by the relevant state departments. The Company pays to the annuity plan / local social insurance institution according to a certain proportion of the total

salary of the staff and workers, and the corresponding expenses are included in the current profit or loss or the related asset cost.

(2) Defined benefit plans

According to the formula determined by the law of expected accumulative welfare units, the company will attribute the welfare obligations generated by the established benefit plan to the period during which the employee provides services, and record them into the current profit or loss or the cost of related assets.

The deficit or surplus resulting from the present value of the defined benefit plan obligations minus the fair value of the defined benefit plan assets is recognized as the net liability or net asset of a defined benefit plan. If there is a surplus in the defined benefit plan, the company shall measure the net assets of the defined benefit plan by the lower of the surplus and the asset ceiling.

All defined benefit plan obligations, including those expected to be paid within 12 months of the end of the employee's annual reporting period for the provision of services, are discounted by the market rate of return on Treasury bonds or high-quality corporate bonds in the active market that matches the duration and currency of the defined benefit plan obligations on the balance sheet date.

The service costs incurred by the defined benefit plan and the net interest on the net liabilities or net assets of the defined benefit plan are recorded in the current profits and losses or the costs of related assets. The changes caused by the net liabilities or net assets of the defined benefit plan shall be accounted for in other comprehensive income, and shall not be transferred back to the profits and losses in the subsequent accounting period. Upon the termination of the original defined benefit plan, all the parts previously accounted for in other comprehensive income shall be carried forward to the undistributed profit within the scope of equity.

When establishing the settlement of the benefit plan, the difference between the present value of the obligation of the established benefit plan and the settlement

price determined on the settlement date shall be used to confirm the settlement gains or losses.

3.22.3 Post-employment benefits

If the Company provides dismissal benefits to employees, the employee's salary liabilities arising from the dismissal benefits shall be recognized as early as possible in either of the following two categories, and shall be included in the profits and losses of the current period: when the Company cannot unilaterally withdraw the dismissal benefits provided by the termination of the labor relations plan or the reduction proposal; when the company recognizes the costs or expenses associated with the reorganization involving the payment of dismissal benefits.

3.23 Estimated liabilities

3.23.1 Recognition criteria for expected liabilities

When the obligations related to litigation, debt guarantee, loss contract, reorganization and other contingencies meet the following conditions at the same time, the company shall recognize them as estimated liabilities:

- (1) Such obligation is a present obligation of the Company;
- (2) The performance of this obligation may very probably lead to the flow of economic interests out of the Company; and
- (3) The amount of the obligation can be measured reliably.

3.23.2 Measurement methods of various estimated liabilities

The estimated liabilities of the Company are initially measured according to the best estimate of the expenditure required to perform relevant current obligations.

When determining the best estimate, the Company comprehensively considers the risks, uncertainties, time value of money and other factors related to contingencies. If the time value of money has a significant impact, the best estimate is determined by discounting the relevant future cash outflow.

If there is a continuous range of required expenditure and the possibility of various results within this range is the same, the best estimate shall be determined

according to the middle value within this range; In other cases, the best estimate shall be treated as follows:

- if the contingency involves a single item, it shall be determined according to the most likely amount.
- if the contingency involves multiple projects, it shall be determined according to various possible results and relevant probability calculation.

When all or part of the expenses necessary for the settlement of estimated liabilities of the Company are expected to be compensated by a third party, the compensation shall be separately recognized as an asset only when it is virtually certain to be received. The compensation recognized shall not exceed the book value of the estimated liabilities.

The Company reviews the book value of the estimated liabilities on the balance sheet date, and if there is conclusive evidence that the book value cannot reflect the current best estimate, the book value shall be adjusted according to the current best estimate.

3.24 Revenue

3.24.1 Accounting policies used for revenue recognition and measurement

The Company has fulfilled its performance obligation in the contract, that is, to recognize revenue when the customer acquires control of the relevant goods or services. Access to control of related goods or services means that it can dominate the use of the goods or services and obtain almost all the economic benefits from them.

If the contract contains two or more performance obligations, the Company shall, on the commencement date of the contract, apportion the transaction price to each individual performance obligation in accordance with the relative proportion of the individual selling price of the goods or services promised by each individual performance obligation. The Company measures its income according to the transaction price apportioned to each individual performance obligation.

Transaction price refers to the amount of consideration that the company is expected to be entitled to receive for the transfer of goods or services to customers, excluding the amount collected on behalf of third parties and the amount expected

to be returned to customers. The Company according to the terms of the contract, combined with its previous practice to determine the transaction price, and in determining the transaction price, consider the variable consideration, the major financing components existing in the contract, non-cash consideration, payable customer consideration and other factors. The Company shall determine the transaction price containing variable consideration at a amount not exceeding the amount of the cumulative recognized income most likely not to be significantly reversed when the relevant uncertainty is eliminated. If there is a significant financing component in the contract, the Company shall determine the transaction price in accordance with the amount payable in cash upon the assumption that the customer acquires control of the goods or services, the difference between the transaction price and the contract consideration shall be amortized by the real interest rate method during the contract period.

If one of the following conditions is met, the performance obligation shall be fulfilled within a certain period of time; otherwise, the performance obligation shall be fulfilled at a certain time:

- The customer acquires and consumes the economic benefits of the Company's performance at the same time.
- The customer can control the goods under construction during the performance of the Company.
- The goods produced in the course of the Company's performance have irreplaceable uses, and the Company has the right to collect money for the cumulative performance portion completed so far throughout the contract period.

For performance obligations performed within a certain period of time, the Company shall recognize the income according to the performance schedule within that period, except where the performance schedule cannot be reasonably determined. The Company considers the nature of goods or services, using the output method or input method to determine the progress of performance. When the performance schedule cannot be reasonably determined, the cost that has been incurred is expected to be compensated, and the company recognizes the income according to the cost amount that has been incurred until the performance schedule can be reasonably determined.

For performance obligations at a certain point, the Company recognizes revenue at the time when the customer acquires control of the relevant goods or services. In

determining whether the customer has obtained control over the goods or services, the Company considers the following signs:

- The Company has a current payment right in respect of the goods or services, that is, the customer has the current payment obligation for the goods or services.
- The Company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods.
- The Company has transferred the goods to customers, that is, customers have physical possession of the goods.
- The Company has transferred the main risk and reward in the ownership of the commodity to the customer, that is, the customer has obtained the main risk and reward in the ownership of the commodity.
- The customer has accepted the goods or services, etc.

3.24.2 Specific principles for revenue recognition

The revenue sources of hotel business include guest rooms, catering, commodity sales, entertainment services, etc. The revenue from guest room, catering and entertainment services is recognized at the end of the service. The revenue from the sale of goods is recognized as revenue when the control of goods is transferred to the customer, that is, when the goods are delivered to the customer and there is no non-performing obligation affecting the customer's receipt, the revenue is recognized.

3.25 Contract costs

Contract cost includes contract performance cost and contract acquisition cost.

If the costs incurred by the Company for the performance of the contract do not fall within the scope of the relevant standards, such as inventory, fixed assets or intangible assets, it shall be recognized as an asset as the contract performance cost when the following conditions are met:

- The cost is directly related to a current or expected contract.
- This cost increases the company's future resources for performance obligations.
- The cost is expected to be recovered.

If the incremental cost incurred by the Company in order to obtain the contract is expected to be recovered, it shall be recognized as an asset as the contract acquisition cost.

The assets related to the contract cost shall be amortized on the same basis as the recognition of the goods or services income related to the asset; however, if the amortization period of the contract acquisition cost does not exceed one year, the Company shall account for the profits and losses of the current period at the time of occurrence

If the book value of the assets related to the contract cost is higher than the difference between the following two items, the Company shall make provision for the impairment of the excess part and shall confirm the impairment loss of the assets:

- 1) The remaining consideration is expected to be obtained as a result of the transfer of goods or services related to the asset;
- 2) Estimated costs to be incurred for the transfer of the relevant goods or services.

If the factors for impairment in the previous period change later and the above-mentioned difference is higher than the book value of the asset, the company shall reverse the impairment provision originally withdrawn and account for the profits and losses of the current period. However, the book value of the transferred assets does not exceed the carrying value of the asset on the reversal date if no provision for impairment is assumed.

3.26 Government Grants

3.26.1 Type

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group, which are divided into asset related government subsidies and income related government subsidies.

Government grants related to assets refer to the government grants obtained by the Company for the purchase and construction or the formation of long-term assets in other ways. Government grants related to income refer to government grants other than those related to assets.

The Company divides government grants into income related specific standards as follows:

If the subsidy object is not clearly specified in the government documents, the judgment basis for the company to classify the government subsidy as asset related or income related is as follows:

Disclosure requirements: disclose the specific criteria for distinguishing between assets related government grants and income related government grants. If the government document does not specify the subsidy object, it is also necessary to explain the judgment basis for dividing the government subsidy into asset related or income related.

3.26.2 Point of confirm

Government grants are recognized when the Company can meet the attached conditions and receive them.

3.26.3 Accounting treatments

Government grants related to assets shall offset the book value of relevant assets or be recognized as deferred income. If it is recognized as deferred income, it shall be included in the current profit or loss by stages according to a reasonable and systematic method within the service life of relevant assets (if it is related to the daily activities of the company, it shall be included in other income; if it is not related to the daily activities of the Company, it shall be included in non-operating income);

Government grants related to income, which are used to compensate the relevant costs, expenses or losses of the Company in the future, are recognized as deferred income, and are included in the current profit or loss (those related to the daily activities of the company are included in other income; those unrelated to the daily activities of the company are included in non-operating income) or offset the relevant costs, expenses or losses during the period when the relevant costs, expenses or losses are recognized; Those used to compensate the relevant costs, expenses or losses incurred by the company shall be directly included in the current profits and losses (those related to the daily activities of the company shall be included in other income; those unrelated to the daily activities of the company shall be included in non-operating income) or offset the relevant costs, expenses or losses.

The discount interest of policy preferential loans obtained by the Company shall be subject to accounting treatment according to the following two situations:

(1) If the finance allocates the discount funds to the lending bank and the lending bank

provides loans to the company at the policy preferential interest rate, the company takes the actually received loan amount as the entry value of the loan, and calculates the relevant borrowing costs according to the loan principal and the policy preferential interest rate.

(2) If the finance directly allocates the discount funds to the company, the company will offset the relevant borrowing costs with the corresponding discount.

3.27 Deferred tax assets and deferred tax liabilities

Income tax includes current income tax and deferred income tax. In addition to the income tax arising from the merger of the enterprise and the transactions or events directly included in the owner's equity (including other comprehensive income), the company shall include the current income tax and deferred income tax into the profits and losses of the current period.

Deferred income tax assets and deferred income tax liabilities are recognized on the basis of the difference (temporary difference) between the tax basis of assets and liabilities and their book value.

For deductible temporary difference recognition deferred income tax assets, the amount of taxable income that is likely to be obtained in future periods to offset deductible temporary differences is limited. For deductible losses and tax credits that can be carried forward for subsequent years, the corresponding deferred income tax assets are recognized to the extent that the future taxable income that is likely to be used to offset deductible losses and tax credits is obtained.

For taxable temporary differences, deferred income tax liabilities are recognized except in special cases.

Special cases where deferred income tax assets or deferred income tax liabilities are not recognized include:

- Initial recognition of goodwill;
- A transaction or event that is neither a merger of an enterprise nor an event that affects the accounting profit or taxable income (or deductible loss) at the time of its occurrence.

The deferred income tax liability is recognized for taxable temporary differences related to the investment of subsidiaries, associated enterprises and joint ventures unless the Company can control the time when the temporary difference is reversed and the temporary difference

is likely not to be reversed in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences related to the investment of subsidiaries, associated enterprises and joint ventures when the temporary differences are likely to be reversed in the foreseeable future and are likely to receive taxable income in the future to offset deductible temporary differences.

On the balance sheet date, for deferred income tax assets and deferred income tax liabilities, according to the provisions of the tax law, according to the expected recovery of related assets or liquidation of related liabilities during the applicable tax rate measurement.

On the balance sheet date, the company reviews the book value of deferred income tax assets. If the future period is likely to be unable to obtain sufficient taxable income to offset the benefits of deferred income tax assets, the book value of deferred income tax assets is written down. Where sufficient taxable income is likely to be obtained, the amount of the write-down is reversed.

The current income tax assets and the current income tax liabilities are reported as net offset when they have the statutory right to settle on a net basis and are intended to settle on a net basis or to obtain assets and liabilities at the same time.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are shown as net offsets when the following conditions are met:

- The tax payer has the legal right to settle current income tax assets and current income tax liabilities by net;
- Deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same tax collection and management department on the same tax payer or to different tax payer, but in each future period of transfer of important deferred income tax assets and liabilities, The tax payer intends to net settle current income tax assets and liabilities or obtain assets and liabilities at the same time..

3.28 Lease

Accounting policy from January 1, 2021

A contract is lease if the lessor conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

If the contract contains multiple separate leases at the same time, the Company will divide the contract and conduct accounting treatment for each separate lease. If the contract contains both the leased part and the non-leased part, the lessee and the lessor shall divide the leased part and the non-leased part.

The Company chooses to adopt a simplified method for all leases and does not evaluate whether there is a lease change or re-evaluate the lease classification if rent reduction, deferred payment and other rental concessions reached on existing lease contracts directly caused by COVID-19 and the following conditions are met:

- The lease consideration after the concession is reduced or basically unchanged compared with that before the concession, where the lease consideration is not discounted or discounted according to the discount rate before the concession;
- The concession only applies to lease payments payable before June 30, 2022. An increase in lease payments payable after June 30, 2022 does not affect the fulfillment of this condition. A decrease in lease payments payable after June 30, 2022 does not satisfy this condition;
- Other terms and conditions of the lease are determined to be unchanged after a comprehensive consideration of qualitative and quantitative factors.

3.28.1 The Company acts as the lessee

(1) Right-of-use assets

On the commencement date of the lease term, the Company recognizes a right-of-use asset except for the short-term lease and the low-value asset lease. The right-of-use asset is initially measured at cost. The cost includes:

- The initial measurement amount of the lease liability;
- The lease payment paid at or before the beginning of the lease period is automatically deducted if there is a rental incentive;
- Costing an initial direct cost to the company;
- The company participates in the cost of dismantling and removing the leased asset, restoring the leased asset to its site, or restoring the leased asset to the state agreed on in the lease terms, excluding costs incurred for the production of inventory.

The Company shall subsequently use the straight-line method to depreciate the assets of the right-of-use asset. Where the ownership of the leased asset can be

reasonably determined at the end of the lease term, the Company shall calculate depreciation during the remaining service life of the leased asset. Otherwise, the leased asset shall be depreciated during the period during which the lease term is shorter than the remaining useful life of the leased asset.

The Company determines whether the assets of the right-of-use asset have been impaired in accordance with the principles stated in the note "3.19 Impairment of Long-term Assets", and conducts accounting treatment for the recognized impairment losses.

(2) Lease liabilities

On the commencement date of the lease term, the Company recognizes lease liabilities for leases other than short-term leases and leases of low-value assets. Lease liabilities are initially measured at the present value of outstanding lease payments. Lease payments include:

- Buy a fixed payment (including substantial fixed payment). If there is a lease incentive, the amount related to lease incentive is deducted.
- A variable rental payment, depending on an index or ratio;
- Lending a payment that is expected to be paid based on the guaranteed residual provided by the company;
- Buy a deal the exercise price of an option, if the company is reasonably certain that it will exercise the option;
- A party pays to exercise a termination option if the lease term reflects that the company will exercise the termination option.

The Company uses the lease embedded interest rate as the discount rate, but if the lease embedded interest rate cannot be reasonably determined, the Company's incremental borrowing rate is used as the discount rate.

The company calculates the interest expense of the leased debt in each period of the lease term according to the fixed periodic interest rate, and records it into the profit or loss of the current period or the cost of related assets.

Variable lease payments not included in the measurement of lease liabilities are included in current profit or loss or the cost of related assets when actually incurred.

After the beginning of the lease term, if any of the following circumstances occur, the Company shall re-measure the lease liabilities and adjust the corresponding use-right assets. If the book value of the use-right assets has been reduced to zero, but the lease liabilities still need to be further reduced, the balance shall be recorded into the current profit or loss:

- In the event of a change in the evaluation of the purchase option, renewal option or termination option, or if the actual exercise of the aforementioned option is inconsistent with the original evaluation, the Company recalculates the lease liability at the present value of the modified lease payment and the revised discount rate;
- In the event of a change in the substantial fixed payment amount, a change in the estimated amount payable in the guarantee residual value or a change in the index or ratio used to determine the lease payment amount, the Company recalculates the lease liability according to the present value calculated from the changed lease payment amount and the original discount rate. However, changes in lease payments are due to changes in floating interest rates and present value is calculated using the revised discount rate.

(3) Short-term lease and lease of low-value assets

The Company chooses not to recognize the right to use assets and lease liabilities for short-term leasing and low-value asset leasing, and records the relevant lease payments into current profits and losses or related asset costs in each period of the lease term according to the straight-line method. A short-term lease is a lease for a period of not more than 12 months and does not include a purchase option on the commencement date of the lease. Low-value asset lease refers to the lease with a lower value when a single leased asset is a brand-new asset. Where a company subleases or intends to sublease the leased asset, the original lease is not a low-value asset lease.

(4) Lease change

If the lease changes and the following conditions are met, the company will treat the lease change as a separate lease for accounting treatment:

- Buying a lease change expands the scope of the lease by adding access to one or more leased assets;
- The added consideration costs the same amount as the single price of the

extended part of the lease, adjusted for the circumstances of the contract.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the Company shall re-apportion the consideration of the contract after the change, re-determine the lease term, and re-measure the lease liability according to the present value calculated from the lease payment after the change and the revised discount rate.

If the lease change results in the narrowing of the lease scope or shortening of the lease term, the Company shall correspondingly reduce the book value of the right to use assets and record the profits or losses related to the partial or complete termination of the lease into the current profit or loss. If other lease changes result in the re-measurement of lease liabilities, the company shall adjust the book value of the right to use assets accordingly.

(5) Rent concessions related to COVID-19

The Company does not evaluate whether there is a lease change or not for those who adopt the reduction method of COVID-19-related rent concessions. The company will continue to calculate the interest expense of the lease liability and include it in the current profit or loss at the discount rate consistent with that before the concession, and continue to depreciate the right to use assets in accordance with the method consistent with that before the concession. In case of rent reduction, the Company will regard the reduced rent as the variable lease payment amount. When the original rent payment obligation is relieved by a concession agreement, the company will reduce the cost or expense of relevant assets according to the amount of the undiscounted or discounted rate before the concession, and adjust the lease liability accordingly. In case of delayed payment of rent, the company shall write off the leasing liabilities confirmed at the earlier stage when actually paying the rent.

For short-term leases and leases of low-value assets, the Company continues to include the original contract rent in the cost or expense of the related assets in the same manner as before the concession. If rent reduction occurs, the Company will treat the reduced rent as variable lease payment, and write down the cost or expense of related assets during the reduction period. If the payment of rent is delayed, the Company shall recognize the rent payable as payables during the

original payment period and deduct the confirmed payables in the earlier period when the actual payment is made.

3.28.2 The Company acts as the lessor

On the lease commencement date, the Company divides the lease into finance lease and operating lease. Finance lease refers to a lease in which virtually all risks and rewards related to the ownership of the leased asset are transferred regardless of whether the ownership is eventually transferred. The term "operating lease" refers to leases other than financial leases. When the company acts as a sublessee, it classifies subleases based on the use-right assets generated from the original lease.

(1) Operating lease accounting treatment

The rental income of operating lease shall be recognized as rental income in accordance with the straight-line method during each period of the lease term. The Company capitalizes the initial direct expenses incurred in connection with the operating lease and apportion them into the current profit or loss during the lease term on the same basis as rental income recognition. Variable lease payments not included in lease receipts are included in current profit or loss when actually incurred. If an operating lease is changed, the company will treat it as a new lease for accounting treatment from the effective date of the change, and the amount of lease receipts received in advance or receivable related to the lease before the change will be regarded as the amount of new lease receipts.

(2) Financial lease accounting treatment

On the lease commencement date, the Company recognizes the finance lease receivables and terminates the recognition of finance lease assets. When the Company makes initial measurement of the financial lease receivables, the net lease investment will be recorded as the value of the financial lease receivables. The net lease investment is the sum of the unsecured residual value and the present value of the lease receipts not yet received at the commencement date of the lease term, discounted at the lease embedded interest rate.

The company calculates and recognizes the interest income for each period of the lease term based on a fixed periodic interest rate. The recognition of termination and impairment of the receivable finance lease shall be accounted for in accordance with this note"3.10 financial instruments".

Variable lease payments not included in the net lease investment measurement are

included in the current profit or loss when actually incurred.

If the finance lease changes and simultaneously meets the following conditions, the Company will treat the change as a separate lease for accounting treatment:

- The change expands the scope of the lease by adding the right to use one or more of the leased assets;
- The increased consideration is equivalent to the amount of the separate price for the extended portion of the lease adjusted for the circumstances of the contract.

If the change of finance lease is not accounted for as a separate lease, the Company will deal with the changed lease under the following circumstances:

- If the change takes effect on the commencement date of the lease, the lease will be classified as an operating lease, and the Company will treat it as a new lease from the effective date of the lease change, and take the net lease investment before the effective date of the lease change as the carrying value of the leased asset;
- If the change is effective on the commencement date of the lease, the lease would be classified as a finance lease, the accounting treatment of the Company is in accordance with the policy of modifying or renegotiating the contract in this note “3.10 Financial Instruments”.

(3) Rent concessions related to COVID-19

- The Company continues to recognize the original contract rent as rental income in the same manner as before the concession in respect of operating leases that adopt the SIMPLIFIED method of COVID-19-related rent concession; If rent reduction occurs, the company will treat the reduced rent as variable lease payment and deduct the lease income during the reduction period. In case of delayed collection of rent, the company shall recognize the rent payable as receivable during the original collection period and deduct the receivable confirmed in the earlier period when it is actually received.
- The Company continues to calculate interest and recognize lease income at the same discount rate as before the concession for financial leases that use the COVID-19 related rent concession simplification method. If rent reduction occurs, the Company will regard the reduced rent as the variable lease payment amount. When the company waives the right to collect original rent after reaching a

concession agreement, the company will deduct the original lease income according to the amount of the undiscounted or discounted forward discount rate, and the insufficient part will be included in the investment income. Meanwhile, the receivable finance lease will be adjusted accordingly. In case of delayed collection of rent, the company shall deduct the finance lease receivable confirmed in the earlier period when it actually receives the rent.

Accounting policies prior to January 1, 2021

Lease is divided into financing lease and operating lease. Finance lease refers to the lease that essentially transfers all risks and rewards related to the ownership of assets. Operating lease refers to lease other than finance lease.

The Company chooses to adopt a simplified method for all leases and does not evaluate whether there is a lease change or re-evaluate the lease classification if rent reduction, deferred payment and other rental concessions reached on existing lease contracts directly caused by COVID-19 and the following conditions are met:

- The lease consideration after the concession is reduced or basically unchanged compared with that before the concession, where the lease consideration is not discounted or discounted according to the discount rate before the concession;
- The concession applies only to lease payments payable before June 30, 2021. An increase in lease payments payable after June 30, 2021 does not affect the satisfaction of this condition. A decrease in lease payments payable after June 30, 2021 does not satisfy this condition; other terms and conditions of the lease are determined to be unchanged after a comprehensive consideration of qualitative and quantitative factors.

3.28.1 Accounting treatment of operating lease

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

When assets lessor bears costs related to the lease borne by the Company, the Company shall deduct the part of expenses from the total rents and amortize the rents after deduction over the lease term and include them in current expenses.

The Company continues to include original contract rents in the cost or expense of the

related assets in the same manner as before the concession for operating leases that use the simplified method of COVID-19-related rent concessions. If rent reduction occurs, the company will treat the reduced rent as contingent rent and record it into profit or loss during the reduction period. If the payment of rent is delayed, the Company shall recognize the rent payable as payables during the original payment period and deduct the confirmed payables in the earlier period when the actual payment is made.

(2) Lease fees received by the Company from leasing assets shall be amortized at straight-line method over the whole lease period including rent-free period, and shall be recognized as lease income. Initial direct costs relating to lease transactions incurred by the Company shall be recognized as the current expenses; if the amounts are significant, they shall be capitalized and included in the current income on the same basis as the recognition of lease income.

When the Company bears costs related to the lease borne by the lessee, the Company shall deduct the part of expenses from the total rents and amortize the rents after deduction over the lease term.

The Company continues to recognize the original contract rent as lease income in accordance with the same method as before the concession for operating leases that adopt the simplified method of COVID-19-related rent concession; If rent reduction occurs, the company will treat the reduced rent as contingent rent and deduct the rental income during the reduction period. In case of delayed collection of rent, the company shall recognize the rent payable as receivable during the original collection period and deduct the receivable confirmed in the earlier period when it is actually received.

3.28.2 Accounting treatment of finance lease

(1) Financial leased assets: on the start date of leasing, the Company takes the lower of the fair value of the leased assets and the present value of the minimum lease payment as the book value of the leased assets, takes the minimum lease payment as the book value of the long-term payable, and the difference as the unrecognized financing expenses. The Company adopts the effective interest rate method to amortize the unrecognized financing

expenses during the lease period and record them into financial expenses. The initial direct expenses incurred by the Company shall be included in the value of the leased assets.

For finance leases that use a simplified method of COVID-19-related rent concession, the Company continues to recognize the unrecognized financing cost as the current financing charge according to the discount rate before the concession, and continues to depreciate the leased assets in accordance with the method before concession. For rent reduction or exemption, the Company will treat the reduced rent as contingent rent, and record it into the current profit or loss and adjust the long-term payables accordingly when the original rent payment obligation is discharged through a concession agreement, or included in the current profit or loss according to the discount rate before concession, and adjust the unrecognized financing expenses; If the payment of rent is delayed, the Company shall offset the long-term accounts payable recognized in the previous period at the time of actual payment.

(2) Financial leasing assets: the Company shall, at the beginning of the lease, recognize the difference between the sum of the receivable financial leasing payments, the unsecured residual value and its present value as unrealized financing income, which shall be recognized as lease income within the period of receiving the rent in the future. The initial direct expenses incurred by the company in connection with the lease transaction shall be included in the initial measurement of the finance lease receivable and shall reduce the amount of income recognized during the lease term.

The Company continues to recognize unrealized financing gains as lease income at the lease embedded rate consistent with prior to the concession for finance leases that employ the COVID-19 related rent concession simplification method. Of rent reduction, the company will rent reduction as or have the rent, in the concession agreement when give up the right of the original rental charge, write down the original confirmation of rental income, lack of write-downs part included in investment income, at the same time adjust long-term receivables, or according to the concession of former discount rate discount recorded into the profits and losses of the current and adjust the unrealized financing income. In case of delayed

collection of rent, the company shall deduct the long-term receivables confirmed in the earlier period when it actually receives the rent.

3.29 Termination of business

Termination of business is a separately identifiable component that meets one of the following conditions and has been disposed of by the Company or placed by the Company as a holding for sale:

- (1) The component represents a separate principal business or a separate principal area of business.
- (2) The component is part of a related plan to dispose of a separate principal business or a separate principal area of business.
- (3) The component is a subsidiary acquired exclusively for resale.

The profit or loss from continuing operation and the profit or loss from discontinuing operation are separately presented in the profit statement. Operating gains and losses, such as impairment loss and reversal amount, and disposal gains and losses of terminated operations are reported as profit or losses of terminated operations. For the termination of operation reported in the current period, the Company will present the information originally presented as profit or loss from continuing operation as profit or loss from termination of operation for the comparable accounting period in the current financial statements.

3.30 Changes in significant accounting policies and accounting estimates

3.30.1 Changes in accounting policies

- (1) Implementation of accounting Standards for Business Enterprises No. 21 - Leasing (revised in 2018)

In 2018, the Ministry of Finance revised the Accounting Standards for Business Enterprises No. 21 - Leases (referred to as the "New Lease Standards"). The company will implement the new lease guidelines on January 1, 2021. Under the revised criteria, the Company elects not to reassess whether a contract is a lease or includes a lease on the first performance date of a contract that has existed prior to the first performance date.

- The company acts as the lessee

The Company elects to adjust the amount of retained earnings and other relevant items in the financial statements at the beginning of the year of the first implementation of the new

lease rule based on the cumulative impact of the first implementation of the new lease rule without adjusting the comparable period information.

For operating leases that exist prior to the first execution, the Company on the first execution date measures the lease liabilities at the present value discounted at the incremental borrowing rate of the Japan Company based on the remaining lease payments and chooses one of the following two methods to measure the use-right assets for each lease:

- Assuming that the book value of the new lease criteria is applied from the commencement date of the lease term, the company's incremental borrowing rate on the first implementation date is used as the discount rate.

- An amount equal to the lease liability, adjusted as necessary for the prepaid rent.

For operating leases prior to the first execution date, the Company shall, in conjunction with the application of the above method, choose one or more of the following simplified treatments for each lease:

1) Leases completed within 12 months after the first execution will be treated as short-term leases;

2) When measuring lease liabilities, leases with similar characteristics adopt the same discount rate;

3) The measurement of the right to use assets does not include the initial direct expenses;

4) If there is a renewal option or termination option, the lease term shall be determined according to the actual exercise of the option prior to the first exercise date and other latest circumstances;

5) As an alternative to the impairment test of the right to use assets, evaluate whether the contract including the lease is a loss contract prior to the first execution date in accordance with "3.23 Estimated Liabilities" in this note, and adjust the right to use assets according to the amount of loss provisions recorded in the balance sheet prior to the first execution date;

6) Lease changes occurring before the first implementation date will not be retroactively adjusted. Accounting treatment will be conducted according to the final arrangement of lease changes and the new lease standards.

In measuring lease liabilities, the Company uses the lessee's incremental borrowing rate as of January 1, 2021 to discount lease payments.

For the existing financial leases before the first execution date, the Company measures the right to use assets and lease liabilities respectively according to the original book value of the financial lease in assets and the financial lease payable on the first execution date.

- The company acts as the lessor

For subleases classified as operating leases prior to the first execution date and still existing after the first execution date, the Company will re-evaluate them on the first execution date based on the remaining contract terms and terms of the original leases and subleases and classify them in accordance with the provisions of the new lease criteria. If it is reclassified as a finance lease, the company will treat it as a new finance lease.

Except for subleases, the Company does not need to adjust its leases as lessors in accordance with the new lease criteria. The company will conduct accounting treatment in accordance with the new lease standard since the first implementation date.

The implementation of the above new leasing standards has not had a significant impact on the company's financial position and operating results.

(2) Implementation of interpretation of Accounting Standards for Business Enterprises No. 14

The Ministry of Finance issued interpretation of Accounting Standards for Business Enterprises No. 14 (Accounting [2021] No. 1, hereinafter referred to as "Interpretation No. 14") on February 2, 2021, effective as of the date of promulgation. The relevant businesses newly added from January 1, 2021 to the implementation date shall be adjusted according to Interpretation No. 14.

① Government and social capital cooperation (PPP) project contract

Interpretation No. 14 is applicable to PPP project contracts that meet the "dual characteristics" and "dual control" described in the interpretation at the same time. For relevant PPP project contracts that are implemented before December 31, 2020 and have not been completed by the implementation date, retrospective adjustment shall be made. If retrospective adjustment is not feasible, it shall be applied from the beginning of the earliest period of retrospective adjustment, and the cumulative impact shall be adjusted to the retained earnings at the beginning of the year on the implementation date and other relevant items in the financial statements, the information of comparable periods shall not be adjusted. The implementation of this provision has not had a significant impact on the financial status and operating results of the company.

② Benchmark interest rate reform

Interpretation No. 14 has made simplified accounting treatment provisions for the change of the determination basis of cash flows related to financial instrument contracts and lease

contracts due to the reform of benchmark interest rates.

According to the interpretation, the businesses related to the benchmark interest rate reform before December 31, 2020 shall be retroactively adjusted, except that the retroactive adjustment is not feasible, and there is no need to adjust the data of the previous comparative financial statements. On the implementation date of the interpretation, the difference between the original book value and the new book value of financial assets and financial liabilities shall be included in the opening retained earnings or other comprehensive income of the annual reporting period on the implementation date of the interpretation. The implementation of this provision has not had a significant impact on the financial status and operating results of the Company.

(3) Implement the Notice on Adjusting the Scope of Application of the Provisions on Accounting Treatment of Rent Concessions Related to the COVID-19

On June 19, 2020, the Ministry of Finance issued the Regulations on Accounting Treatment of Rent Concessions Related to the COVID-19 (Caikuai [2020] No. 10). For rent concessions directly caused by the COVID-19 that meet the conditions, enterprises can choose to adopt simplified methods for accounting treatment.

On May 26, 2021, the Ministry of Finance issued the Notice on Adjusting the Scope of Application of the Provisions on Accounting Treatment of Rent Concessions Related to the COVID-19 (Caikuai [2021] No. 9), which will come into force on May 26, 2021, The scope of application of the rent reduction related to the COVID-19, which is allowed to adopt the simplified method in the provisions on accounting treatment of rent reduction related to the COVID-19 epidemic, is adjusted from "the reduction is only for the lease payments payable before June 30, 2021" to "the reduction is only for the lease payments payable before June 30, 2022", and other applicable conditions remain unchanged.

The Company has adopted the simplified method for accounting treatment of all lease contracts that meet the conditions before the adjustment of the scope of application, and also adopted the simplified method for accounting treatment of similar lease contracts that meet the conditions after the adjustment of the scope of application, and retroactively adjusted the relevant lease contracts that have adopted the accounting treatment of lease change before the issuance of the notice, but did not adjust the data of the comparative

financial statements in the previous period; The relevant rent concessions that have not been accounted for in accordance with the provisions of the notice between January 1, 2021 and the implementation date of the notice shall be adjusted according to the notice.

The implementation of this provision has not had a significant impact on the financial status and operating results of the company.

3.30.2 Changes in accounting estimates

There was no change in the principal accounting estimates of the Company during the reporting period.

4. Taxation

4.1 Major tax types and tax rates applicable to the Company

Taxes	Basis for tax assessment	Tax rate
Value added tax (VAT)	Output VAT is calculated based on taxable sales revenue and service revenue calculated in accordance with tax laws and VAT payable or taxable sales revenue shall be the difference after deducting the input VAT deductible in the current period	5%、6%、9%、 13%
Urban maintenance and construction tax	Levied based on VAT payable	7%
Education surtax	Levied based on VAT payable	3%
Local education surcharge	Levied based on VAT payable	2%
House property tax	Remaining value after deducting 30% from the original value of the house (including the occupied land price), and rent revenue	1.2%、12%
Land use tax	Land area	RMB 18 / m ²
Corporate income tax	Levied based on the taxable income	25%、20%

If there are different tax payers of enterprise income tax rate, the disclosure statement

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Company Name	Enterprise Income Tax Rate
Hainan Dadonghai Tourism Centre Holdings Co., Ltd.	25%
Hainan Wengao Tourism Resources Development Co. LTD	20%

4.2 Tax preference

4.2.1 According to the announcement of the Ministry of Finance and the State Administration of Taxation No. 7 of 2021 on the continuation of the preferential tax policies for responding to the epidemic, the income from hotel accommodation and catering services provided by the company is exempted from value-added tax, and the preferential tax policies will be implemented until March 31, 2021.

4.2.2 According to the announcement of the Ministry of Finance and the State Administration of Taxation No. 87 of 2019 on clarifying the policy of value-added tax addition and deduction in the life service industry, taxpayers in the life service industry are allowed to add 15% of the current deductible input tax to offset the tax payable from October 1, 2019 to December 31, 2021.

4.2.3 According to the Notice on Implementing the Preferential Tax Reduction Policy for Small and Micro-sized Enterprises (Caishui [2019] No.13) issued by the Ministry of Finance and the State Administration of Taxation, the property tax and urban land use tax of the Company shall be halved in 2021. The subsidiary of the Company, Wengao Tourism, is a small and low-profit enterprise, enjoying the preferential income tax policy of reducing the taxable income amount by 25% and paying the enterprise income tax at the tax rate of 20%.

5. Notes to the main items of the financial statements

5.1 Monetary funds

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Cash on hand	210,798.68	179,111.10
Bank deposits	4,473,902.21	2,745,348.65

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Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Total	4,684,700.89	2,924,459.75
Total amount of money deposited abroad		

Remark: there are no amounts restricted for use due to mortgage or freeze, deposited in overseas institutions, and having potential risk in recovery.

5.2 Accounts receivable

5.2.1 Accounts receivable shall be disclosed according to the age of accounts

Aging	Balance as at December 31, 2021	Balance as at December 31, 2020
Within 1 year	269,894.53	479,847.53
1 year to 2 years	7,461.89	19,092.00
2 years to 3 years	19,092.00	2,259.00
3 years to 4 years	2,259.00	566.00
4 years to 5 years	120.00	785.00
Above 5 years	90,243.80	89,458.80
Sub-total	389,071.22	592,008.33
Less: bad-debt provision	102,002.93	162,705.01
Total	287,068.29	429,303.32

5.2.2 Accounts receivable shall be classified and disclosed according to the expected credit loss method

Category	Balance as at December 31, 2021					Balance as at December 31, 2020				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Estimate credit losses on an individual basis										
Estimated credit losses on a portfolio basis	389,071.22	100.00	102,002.93	26.22	287,068.29	592,008.33	100.00	162,705.01	27.48	429,303.32
Total	389,071.22	100.00	102,002.93		287,068.29	592,008.33	100.00	162,705.01		429,303.32

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Provision for bad debts by portfolio:

In portfolio, accounts receivable with the provision for bad debts made by the aging analysis method:

Aging	Balance as at December 31, 2021		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Within 1 year	269,894.53	4,395.18	1.63
1-2 years	7,461.89	1,876.02	25.14
2-3 years	19,092.00	4,799.99	25.14
3-4 years	2,259.00	567.94	25.14
4-5 years	120.00	120.00	100.00
Over 5 years	90,243.80	90,243.80	100.00
Total	389,071.22	102,002.93	

5.2.3 Provision, reversal or recovery of provision for bad debts in 2021

Category	Balance as at December 31, 2020	Changes in 2021			Balance as at December 31, 2021
		Provision	Reverse	Write off	
Account receivables	162,705.01	-60,702.08			102,002.93
Total	162,705.01	-60,702.08			102,002.93

5.2.4 Top five accounts receivable in terms of their balance as at December 31, 2021 collected by the debtor

Name of entity	Balance as at December 31, 2021		
	Accounts receivable	Proportion in the total accounts receivable (%)	Provision for bad debts
Shanghai Hecheng International Agency Service Co., Ltd.	159,477.11	40.99	2,597.08
Guangzhou Design Institute	38,980.00	10.02	38,980.00
Yangpu Huayu Road & bridge Technology Co., Ltd.	18,633.00	4.79	18,633.00
Haikou XinDeCheng Construction and Installation Engineering Co., Ltd.	14,300.00	3.68	232.87

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Name of entity	Balance as at December 31, 2021		
	Accounts receivable	Proportion in the total accounts receivable (%)	Provision for bad debts
China International Travel Service Limited, Head Office	13,540.20	3.48	13,540.20
Total	244,930.31	62.96	73,983.15

5.3 Other receivables

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Interest receivable		
Dividends receivable		
Other receivables	504,530.57	432,560.55
Total	504,530.57	432,560.55

5.3.1 Other receivables

(1) Other receivables disclosed by aging analysis:

Aging	Balance as at December 31, 2021	Balance as at December 31, 2020
Within 1 year	352,074.52	444,074.24
1 year to 2 years	174,594.55	26,836.90
2 years to 3 years	20,000.00	
3 years to 4 years		
4 years to 5 years		
Above 5 years	2,236.00	2,236.00
Sub-total	548,905.07	473,147.14
Less: bad-debt provision	44,374.50	40,586.59
Total	504,530.57	432,560.55

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(2) Disclosure is classified according to the expected credit loss method:

Category	Balance as at December 31, 2021					Balance as at December 31, 2020				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Estimate credit losses on an individual basis										
Estimated credit losses on a portfolio basis	548,905.07	100.00	44,374.50	8.08	504,530.57	473,147.14	100.00	40,586.59	8.58	432,560.55
Total	548,905.07	100.00	44,374.50		504,530.57	473,147.14	100.00	40,586.59		432,560.55

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Provision for bad debts by portfolio			
Name	Balance as at December 31, 2021		
	Other receivables	Provision for bad debts	Proportion of provision (%)
Deposits and petty cash receivables portfolio	239,969.08	11,998.46	5.00
Advance payment receivables portfolio	180,885.17	25,973.50	14.36
Other receivables portfolio	128,050.82	6,402.54	5.00
Total	548,905.07	44,374.50	

(3) Provision for bad debts

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss in next 12 months	Expected credit loss for the whole duration (no credit impairment)	Expected credit loss for the whole duration (credit impairment has occurred)	
Balance as at December 31, 2020	22,766.34		17,820.25	40,586.59
Balance as at December 31, 2020 in current period	22,766.34		17,820.25	40,586.59
--Transfer in second stage				
--Transfer in third stage				
--Reverse to second stage				
--Reverse to first stage				
Provision in current period	3,787.91			3,787.91
Reverse in current period				
Sell-off in current period				

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	First stage	Second stage	Third stage	
Provision for bad debts	Expected credit loss in next 12 months	Expected credit loss for the whole duration (no credit impairment)	Expected credit loss for the whole duration (credit impairment has occurred)	Total
Write-off in current period				
Other changes				
Balance as at December 31, 2021	26,554.25		17,820.25	44,374.50

Other receivables account balance changes as follows:

	First stage	Second stage	Third stage	
Book balance	Expected credit loss in next 12 months	Expected credit loss for the whole duration (no credit impairment)	Expected credit loss for the whole duration (credit impairment has occurred)	Total
Balance as at December 31, 2020	455,326.89		17,820.25	473,147.14
Balance as at December 31, 2020 in current period	455,326.89		17,820.25	473,147.14
--Transfer in second stage				
--Transfer in third stage				
--Reverse to second stage				
--Reverse to first stage				
Increase in current period	2,334,336.56			2,334,336.56

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	First stage	Second stage	Third stage	Total
Book balance	Expected credit loss in next 12 months	Expected credit loss for the whole duration (no credit impairment)	Expected credit loss for the whole duration (credit impairment has occurred)	
Directly write down in current period	2,258,578.63			2,258,578.63
Derecognition in current period				
Other changes				
Balance as at December 31, 2021	531,084.82		17,820.25	548,905.07

(4) Provision, reversal or recovery of provision for bad debts in 2021

Category	Balance as at December 31, 2020	Changes in 2021			Balance as at December 31, 2021
		Provision	Reverse	Write-off	
Other receivables	40,586.59	3,787.91			44,374.50
Total	40,586.59	3,787.91			44,374.50

(5) Classification of other receivables by the nature of payment

Nature of payment	Book balance as at December 31, 2021	Book balance as at December 31, 2020
Utility bills	176,435.17	189,577.27
Security deposits	156,500.00	156,500.00
Petty cash	87,319.08	56,812.68

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Nature of payment	Book balance as at December 31, 2021	Book balance as at December 31, 2020
Individual social insurance and provident funds	64,050.82	59,657.19
Consulting service fee	60,000.00	
Deposits	600.00	600.00
Elevator installation fee		10,000.00
Others	4,000.00	
Total	548,905.07	473,147.14

(6) Top five other receivables in terms of their ending balance collected by the debtor

Name of entity	Nature of payment	Balance as at December 31, 2021	Aging	Proportion in the total balance of other receivables as at December 31, 2021 (%)	Balance of provision for bad debts as at December 31, 2021
Labor Security Supervision Detachment of Sanya	Security deposits	156,500.00	1 to 2 years	28.51	7,825.00
Health center	Utility bills	102,599.56	Within 1 year	18.69	5,129.98
Hainan Zhongzhida Technology Co., Ltd.	Consulting service fee	60,000.00	Within 1 year	10.93	3,000.00
Hut stores	Utility bills	26,822.64	Within 1 year	4.89	1,341.13
Taian Chen	Petty cash	20,000.00	Within 1 year	3.64	1,000.00
Total		365,922.20		66.66	18,296.11

5.4 Inventories

5.4.1 Classification of inventories

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
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	Book balance	Provision for inventory depreciation/ Provision for impairment of contract performance costs	Book value	Book balance	Provision for inventory depreciation	Book value
Raw materials	457,566.55	308,493.17	149,073.38	551,974.20	310,260.94	241,713.26
Commodity stocks	22,771.38	11,102.41	11,668.97	1,754,063.48	11,102.41	1,742,961.07
Fuel	19,120.05		19,120.05	25,254.50		25,254.50
Total	499,457.98	319,595.58	179,862.40	2,331,292.18	321,363.35	2,009,928.83

5.4.2 Provision for inventory depreciation

Item	Balance as at December 31, 2020	Increase in 2021		Decrease in 2021		Balance as at December 31, 2021
		Provision	Others	Reversal or write-off	Others	
Raw materials	310,260.94			1,767.77		308,493.17
Commodity stocks	11,102.41					11,102.41
Total	321,363.35			1,767.77		319,595.58

5.5 Other current assets

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Prepaid enterprise income tax	1,702,702.80	1,702,702.80
Input tax to be deducted	1,756,697.11	2,219,513.16
Prepaid for newspaper, insurance, etc.	90,562.43	52,719.06
Prepaid individual income tax		2,517.22
Total	3,549,962.34	3,977,452.24

5.6 Investment properties

5.6.1 Investment properties measured at cost

Item	Buildings and constructions	Land use rights	Total
1. Original book value			
(1) Balance as at December 31, 2020	18,856,504.44	5,662,740.59	24,519,245.03
(2) Increase in 2021			
- Purchase			
- Transfer from inventories/fixed assets/construction in progress			
- Increase from business combinations			
(3) Decrease in 2021			
- Disposal			
(4) Ending balance	18,856,504.44	5,662,740.59	24,519,245.03
2. Accumulated depreciation and accumulated amortization			
(1) Balance as at December 31, 2020	11,443,950.66	2,332,406.45	13,776,357.11
(2) Increase in 2021	418,183.56	56,340.00	474,523.56
- Provision or amortization	418,183.56	56,340.00	474,523.56
(3) Decrease in 2021			
- Disposal			
(4) Ending balance	11,862,134.22	2,388,746.45	14,250,880.67
3. Provision for impairment			
(1) Balance as at December 31, 2020	1,404,400.47	1,903,054.14	3,307,454.61
(2) Increase in 2021			
- Provision			
(3) Decrease in 2021			
- Disposal			

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Item	Buildings and constructions	Land use rights	Total
(4) Ending balance	1,404,400.47	1,903,054.14	3,307,454.61
4. Book balance			
(1) Book value as at December 31, 2021	5,589,969.75	1,370,940.00	6,960,909.75
(2) Book value as at December 31, 2020	6,008,153.31	1,427,280.00	7,435,433.31

5.7 Fixed assets

5.7.1 Fixed assets and disposal of fixed assets

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Fixed assets	31,279,819.99	34,694,023.75
Disposal of fixed assets		
Total	31,279,819.99	34,694,023.75

5.7.2 Fixed assets details

Item	Buildings and constructions	Machinery equipment	Vehicles	Electronic equipment	Other equipment	Total
1. Original book value						
(1) Balance as at December 31, 2020	136,789,501.82	10,179,078.30	1,742,065.57	1,891,499.07	4,070,039.35	154,672,184.11
(2) Increase in 2021				250,232.71	21,492.18	271,724.89
- Purchase				250,232.71	21,492.18	271,724.89
- Transfer from construction in progress						
-Increase in						

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Item	Buildings and constructions	Machinery equipment	Vehicles	Electronic equipment	Other equipment	Total
mergers						
(3) Decrease in 2021			59,500.00			59,500.00
- Disposal or write-off			59,500.00			59,500.00
(4) Ending balance	136,789,501.82	10,179,078.30	1,682,565.57	2,141,731.78	4,091,531.53	154,884,409.00
2. Accumulated amortization						
(1) Balance as at December 31, 2020	76,850,214.26	7,460,001.06	1,253,748.18	731,406.88	1,044,848.02	87,340,218.40
(2) Increase in 2021	2,175,434.88	349,802.64	88,957.20	336,395.20	732,363.53	3,682,953.45
- Provision	2,175,434.88	349,802.64	88,957.20	336,395.20	732,363.53	3,682,953.45
(3) Decrease in 2021			56,524.80			56,524.80
- Disposal or write-off			56,524.80			56,524.80
(4) Ending balance	79,025,649.14	7,809,803.70	1,286,180.58	1,067,802.08	1,777,211.55	90,966,647.05
3. Provision for impairment						
(1) Balance as at December 31, 2020	31,072,788.17	1,565,153.79				32,637,941.96
(2) Increase in 2021						
- Provision						
(3) Decrease in						

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Item	Buildings and constructions	Machinery equipment	Vehicles	Electronic equipment	Other equipment	Total
2021						
- Disposal or write-off						
(4) Ending balance	31,072,788.17	1,565,153.79				32,637,941.96
4. Book value						
(1) Book value as at December 31, 2021	26,691,064.51	804,120.81	396,384.99	1,073,929.70	2,314,319.98	31,279,819.99
(2) Book value as at December 31, 2020	28,866,499.39	1,153,923.45	488,317.39	1,160,092.19	3,025,191.33	34,694,023.75

Remark: the Company name right number three huts and character (2013) no. 07799, the villa - three huts and character (2013) no. 07801, the villa - three huts and character (2013) no. 07798, the villa - three huts and character (2013) no. 07796, the villa - three huts and no. 07800 (2013) word, total area of 1446.00 square meters of housing, are the mortgage (mortgage contract no. :Xingyinqiong SYYYB (mortgage) 2020 No. 001) of the Company borrowed from Industrial Bank co., LTD. Haikou branch (contract number: xing silver Joan SYYYB (flow) borrow words 2020 no. 001) . See Note 5.18 for details.

5.8 Construction in progress

5.8.1 Construction in progress and project materials

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Construction in progress		
Project materials		
Total		

5.8.2 Change of important construction in progress in the year of 2021

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Project name	Balance as at December 31, 2020	Increase in 2021	Amount transferred into fixed assets in 2021	Other amount reduction in 2021	Balance as at December 31, 2021
Curtain transformation of villa		82,916.55		82,916.55	
Total		82,916.55		82,916.55	

5.9 Intangible assets

5.9.1 Intangible assets details

Item	Land use rights	Total
1. Original book value		
(1) Balance as at December 31, 2020	81,653,137.15	81,653,137.15
(2) Increase in 2021		
- Purchase		
- Internal research and development		
- Increase in merger		
(3) Decrease in 2021		
- Disposal		
- Invalidation and derecognition amount		
(4) Ending balance	81,653,137.15	81,653,137.15
2. Accumulated amortization		
(1) Balance as at December 31, 2020	33,631,825.59	33,631,825.59
(2) Increase in 2021	812,387.16	812,387.16
- Provision	812,387.16	812,387.16
(3) Decrease in 2021		
- Disposal		
- Invalidation and derecognition amount		

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Item	Land use rights	Total
(4) Ending balance	34,444,212.75	34,444,212.75
3. Provision for impairment		
(1) Balance as at December 31, 2020	27,440,836.84	27,440,836.84
(2) Increase in 2021		
- Provision		
(3) Decrease in 2021		
- Disposal		
- Invalidation and derecognition amount		
(4) Ending balance	27,440,836.84	27,440,836.84
4. Book value		
(1) Book value as at December 31, 2021	19,768,087.56	19,768,087.56
(2) Balance as at December 31, 2020	20,580,474.72	20,580,474.72

5.10 Long-term deferred expenses

Item	Balance as at December 31, 2020	Increase in 2021	Amortization in 2021	Amounts of other decreases	Balance as at December 31, 2021
B building guest room renovation project	14,149,911.76		2,920,114.45	436,906.54	10,792,890.77
Building A Fire Stair Renovation Project	11,423.92		11,423.92		
Swimming pool reconstruction	104,985.68		59,991.80		44,993.88
Reconstruction of guest rooms in Building C	336,605.45		192,345.93		144,259.52
Villa	613,171.97	82,916.55	365,585.13		330,503.39

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Item	Balance as at December 31, 2020	Increase in 2021	Amortization in 2021	Amounts of other decreases	Balance as at December 31, 2021
reconstruction					
Building A renovation project	7,160,831.38		1,868,043.00		5,292,788.38
Pavement modification project	345,134.02		90,034.92		255,099.10
Roof waterproofing project	296,073.35		74,018.40		222,054.95
Staff dormitory renovation project	526,177.78		131,544.48		394,633.30
Landscape greening project	1,413,387.42	96,741.74	312,740.34		1,197,388.82
Total	24,957,702.73	179,658.29	6,025,842.37	436,906.54	18,674,612.11

5.11 Accounts payable

5.11.1 Presentation of accounts payable

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Payment for purchase	655,108.86	586,111.30
Labor service	124,442.26	134,562.18
Project payments	14,274.10	14,274.10
Consignment sales	1,093.00	1,093.00
Provisional estimate of accounts payable	707.83	72,669.88
Total	795,626.05	808,710.46

5.11.2 Significant accounts payable with aging over one year:

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Item	Balance as at December 31, 2021	Reasons for repayment failure or carry-forward
Hainan Huanyu Decoration Design Engineering Co., LTD	14,274.10	Unsettlement
Total	14,274.10	

5.12 Contractual liabilities

5.12.1 Presentation of contractual liabilities

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Room and meal fees	1,035,422.63	626,285.33
Total	1,035,422.63	626,285.33

5.13 Employee compensation payable

5.13.1 Presentation of employee compensation payable

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
Short-term compensation	2,595,861.40	10,294,067.85	10,720,712.64	2,169,216.61
Post-employment benefits - defined contribution plans		1,019,812.71	1,019,812.71	
Dismissal welfare				
Other benefits maturing within one year				
Total	2,595,861.40	11,313,880.56	11,740,525.35	2,169,216.61

5.13.2 Presentation of short-term compensation

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Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
(1) Salaries, bonuses, allowances and subsidies	1,378,009.71	8,083,962.87	8,629,686.72	832,285.86
(2) Employee welfare expenses		1,201,224.97	1,201,224.97	
(3) Social insurance premiums		534,615.88	534,615.88	
Including: medical insurance premiums		525,358.23	525,358.23	
Work-related injury insurance premiums		9,257.65	9,257.65	
Maternity insurance premiums				
(4) Housing provident funds		200,842.00	200,842.00	
(5) Labor union expenditures and employee education funds	1,217,851.69	273,422.13	154,343.07	1,336,930.75
(6) Short-term compensated absences				
(7) Short-term profit-sharing plan				
Total	2,595,861.40	10,294,067.85	10,720,712.64	2,169,216.61

5.13.3 Presentation of defined contribution plans

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
Basic endowment insurance		988,907.30	988,907.30	

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Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
premiums				
Unemployment insurance premiums		30,905.41	30,905.41	
Enterprise annuity payment				
Total		1,019,812.71	1,019,812.71	

5.14 Taxes and surcharges payable

Taxes and surcharges	Balance as at December 31, 2021	Balance as at December 31, 2020
Value added tax (VAT)	147,174.90	146,530.24
Housing property tax	115,125.11	120,439.32
Land use tax	54,295.48	54,295.47
Individual income tax	18,008.86	37,465.26
Urban maintenance and construction tax	783.46	738.33
Educational surtax	337.14	316.43
Local education surtax	224.74	210.95
Stamp duty		6,896.96
Total	335,949.69	366,892.96

5.15 Other payables

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Interest payable		
Dividends payable		
Other payables	3,776,914.63	6,167,763.36
Total	3,776,914.63	6,167,763.36

5.15.1 Other payables

(1) Presentation of other payables by nature

Item	Balance as at December	Balance as at December
	31, 2021	31, 2020
Engineering and quality retention money	1,496,286.74	4,605,450.06
Transactions with other units	916,083.75	
Security deposits	534,056.76	295,089.81
Staff dormitory rental fee, etc	485,471.17	1,013,939.39
Employee deposits	166,500.90	87,820.00
On behalf of collection or payment	157,309.22	142,856.24
Expected telephone bill	21,206.09	22,607.86
Total	3,776,914.63	6,167,763.36

5.16 Non-current liabilities due within one year

Item	Balance as at December	Balance as at December
	31, 2021	31, 2020
Long-term borrowing due within one year - principal	3,299,238.76	6,598,477.52
Long-term borrowing due within one year - accrual interest payable	8,284.06	23,020.42
Total	3,307,522.82	6,621,497.94

Note: See Note 5.18 for details.

5.17 Other current liabilities

Item	Balance as at December	Balance as at December
	31, 2021	31, 2020
Tax to be exported	62,125.36	37,577.12
Total	62,125.36	37,577.12

5.18 Long-term loans

Item	Balance as at December	Balance as at December
	31, 2021	31, 2020
Mortgage loan	3,295,280.42	9,893,757.94
Total	3,295,280.42	9,893,757.94

Note: The mortgage loan of RMB 3,295,280.42 is the loan of the Company from the Haikou Branch of Industrial Bank Co., Ltd., the term of which is from April 23, 2020 to April 9, 2023, and the mortgage guarantee is made on the property with the total area of 1,446.00 square meters under the Company's name and the assessed value of RMB 39,263,245.00 (see Note 5.7 for details). The ending balance of the mortgage loan was RMB 6,594,519.18, of which RMB 3,299,238.76 will be repaid in 2022 and reclassified as a non-current liability due within one year.

5.19 Estimated liabilities

Item	Balance as at December 31, 2020	Balance as at January 1, 2021	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021	Reason
Provisions for arrears of electricity tariffs	1,489,685.04	1,489,685.04			1,489,685.04	Make provisions for electricity bills
Total	1,489,685.04	1,489,685.04			1,489,685.04	

Note: See Note 10.2 for details.

5.20 Other non-current liabilities

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
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Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Projects paid over one year		1,914,592.66
Total		1,914,592.66

5.21 Share capital

Item	Balance as at December 31, 2020	Changes in 2021 ("+" for increase and "-" for decrease)					Balance as at December 31, 2021
		Issuance of new shares	Share donation	Conversion of reserves into share	Others	Sub-total	
Total shares	364,100,000.00						364,100,000.00

5.22 Capital reserves

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
Capital premium (share premium)	33,336,215.58			33,336,215.58
Other capital reserves	20,806,634.43	4,714,144.25		25,520,778.68
Total	54,142,850.01	4,714,144.25		58,856,994.26

Note: the increase of RMB 4,714,144.25 in the current period is that the income from guest rooms, catering and moon cakes without commercial substance is included in the capital reserve according to equity transactions.

5.23 Undistributed profit

Item	Year 2021	Year 2020
Undistributed profit as at the end of the previous period before adjustment	-351,324,135.02	-339,756,246.05
Total adjustment to undistributed profit as at the beginning of the year ("+" for increase and "-" for decrease)		
Undistributed profit as at the beginning of the year after adjustment	-351,324,135.02	-339,756,246.05

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Item	Year 2021	Year 2020
Plus: net profit attributable to owners of the parent company in the current period	-2,011,048.59	-11,567,888.97
Less: withdrawal of statutory surplus reserves		
Withdrawal of discretionary surplus reserves		
Withdrawal of general risk reserves		
Common stock dividends payable		
Common stock dividends transferred to share capital		
Undistributed profit as at the end of the period	-353,335,183.61	-351,324,135.02

5.24 Operating revenue and operating cost

5.24.1 Operating revenue and operating cost

Item	Year 2021		Year 2020	
	Revenue	Cost	Revenue	Cost
Primary business	23,743,452.21	15,734,052.33	13,393,894.12	12,293,939.28
Other business	6,491,016.36	2,701,994.74	2,118,095.25	474,523.56
Total	30,234,468.57	18,436,047.07	15,511,989.37	12,768,462.84

Note: Other business income mainly refers to place, house rental income, and sales of moon cakes and wines income.

5.25 Taxes and surcharges

Item	Year 2021	Year 2020
Housing property tax	406,896.00	311,241.75
Land use tax	217,181.88	162,886.41
Urban construction tax	10,306.97	8,408.98
Vehicle and vessel use tax	6,420.00	4,219.00
Educational surtax	4,417.27	3,500.57
Local education surtax	2,944.83	2,333.70

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Item	Year 2021	Year 2020
Stamp tax	1,019.10	6,861.58
Total	649,186.05	499,451.99

5.26 Selling expenses

Item	Year 2021	Year 2020
Employee salaries	2,824,131.53	2,808,385.87
Depreciation	679,893.66	642,976.97
Social insurance premiums	563,292.94	163,017.79
Employee benefits	387,651.00	320,143.00
Utility bills	240,113.31	138,757.23
Repair charges	172,122.54	179,321.67
Operating supplies	159,848.99	88,404.28
Labor union expenditures and employee education funds	94,420.89	98,293.62
Promotion fees	87,238.40	83,877.78
Housing provident funds	62,430.00	59,940.00
Fuel fees	55,741.87	85,834.41
Amortization of low-cost consumables	23,710.57	104,355.92
Other expenses	71,598.89	80,414.39
Total	5,422,194.59	4,853,722.93

5.27 General and administrative expenses

Item	Year 2021	Year 2020
Salaries and welfares	4,553,778.01	5,429,878.64
Amortization of intangible assets	812,387.16	812,387.16
Social labor insurance premium	697,273.14	227,119.89
Agency fee	411,100.00	400,000.00
Depreciation	331,710.13	303,927.32

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Item	Year 2021	Year 2020
Announcing fee	287,346.00	223,900.00
Travel expenses	200,098.53	194,199.16
Business entertainment expenses	170,797.45	518,279.26
Funds for labor union and staff education	133,671.67	143,177.14
Housing provident funds	108,322.00	98,257.00
Repair charge	100,382.09	142,208.97
Promotion fees	10,321.19	54,570.96
Legal fee		122,884.81
Attorney fee		83,000.00
Listing fee		47,748.00
Other expenses	167,257.83	224,888.25
Total	7,984,445.20	9,026,426.56

5.28 Financial expenses

Item	Year 2021	Year 2020
Interest expenses	217,383.75	551,742.76
Including: interest expense for lease liabilities		
Less: interest income	23,759.18	155,036.56
Profit or loss on exchange		
Handling charges	53,940.45	38,743.26
Total	247,565.02	435,449.46

5.29 Other income

Item	Year 2021	Year 2020
Deducted input tax	402,655.21	25,614.48
Government grants	66,975.79	152,593.62
Refund individual income tax commission	3,492.33	
Direct reduction of VAT		639,617.24

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Item	Year 2021	Year 2020
Total	473,123.33	817,825.34

Government grants included in other income

Grant item	Year 2021	Year 2020	Related to assets/related to income
Steady post subsidies	15,975.79	2,593.62	Income
The Human Resources Development Bureau of Sanya provides subsidies to workers for training	51,000.00		Income
Support fund for market development of inbound tourism		150,000.00	Income
Total	66,975.79	152,593.62	

5.30 Credit impairment loss

Item	Year 2021	Year 2020
Account receivable bad debt loss	-60,702.08	52,939.18
Other receivable bad debt loss	3,787.91	10,494.77
Total	-56,914.17	63,433.95

5.31 Non-operating income

Item	Year 2021	Year 2020	Amount booked into current non-recurring profits and losses
Transfer of consumption card balance to non-operating income	367,288.68		367,288.68
Gain on the destruction of non-current assets	400.00	227.50	400.00
Other		286,200.36	
Compensation	416.00		416.00

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Item	Year 2021	Year 2020	Amount booked into current non-recurring profits and losses
Total	368,104.68	286,427.86	368,104.68

5.32 Non-operating expenses

Item	Year 2021	Year 2020	Amount booked into current non-recurring profits and losses
Overdue fine	822.60	1,046.33	822.60
Loss of non-current assets damaged and scrapped	475.20	148,457.47	475.20
Termination indemnity and compensation		387,680.01	
Cost of donated moon cakes	402,923.61		402,923.61
Total	404,221.41	537,183.81	404,221.41

5.33 Items in the statement of cash flows

5.33.1 Other cash received in connection with business activities

Item	Year 2021	Year 2020
Receive government subsidies	864,503.69	
Charge for rent, water, electricity and gas	692,363.93	360,916.50
Interest income	23,745.03	155,036.56
Income support fund for overseas tourism market development		150,000.00
Others	109,108.00	288,793.98
Total	1,689,720.65	954,747.04

5.33.2 Other cash paid in connection with business activities

Item	Year 2021	Year 2020
Moon cakes	455,303.68	
Agency fee	421,000.00	400,000.00
Announcing fees and related fees	332,346.00	72,000.00
Return the balance of consumption	317,179.14	
Postage	312,958.54	17,705.99
Staff loan	302,977.00	291,688.22
Repair fees	197,188.13	260,141.62
Travel expenses	145,642.34	109,137.68
Online sales Service fee	116,560.70	
Fuel, utilities, natural gas	55,580.00	138,757.23
Entertainment expenses	16,572.50	228,639.04
Finance charges	7,395.26	38,743.26
Security deposits		156,500.00
Promotion fees		75,088.14
Shenzhen Stock Exchange listing fee		47,748.00
Premiums for property insurance		42,072.87
Attorney fees		30,000.00
Office expenses		11,087.05
Other	426,842.75	382,414.41
Total	3,107,546.04	2,301,723.51

5.33.3 Receiving other cash related to investment activities

Item	Year 2021	Year 2020
The income from guest rooms, catering and moon cakes without commercial substance shall be included in the capital reserve income according to the equity transaction	4,710,262.67	
Total	4,710,262.67	

5.34 Supplementary information to the statement of cash flows

5.34.1 Supplementary information to the statement of cash flows

Supplementary information	Year 2021	Year 2020
1. Net profit adjusted to cash flows from operating activities		
Net profit	-2,011,048.59	-11,567,888.97
Plus: Credit impairment loss	-56,914.17	63,433.95
Provision for impairment of assets		
Depreciation of fixed assets	4,101,137.01	3,843,709.02
Depletion of oil and gas assets		
Depreciation of use-right assets		
Amortization of intangible assets	868,727.16	868,727.16
Amortization of long-term deferred expenses	6,025,842.37	3,603,947.43
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)		
Losses from write-off of fixed assets ("-" for gains)	75.20	148,457.47
Losses from changes in fair value ("-" for gains)		
Financial expenses ("-" for gains)	579,131.16	551,742.76
Investment losses ("-" for gains)		
Decreases in deferred income tax assets ("-" for increases)		
Increases in deferred income tax liabilities ("-" for decreases)		
Decreases in inventories ("-" for increases)	1,830,066.43	-1,450,609.59
Decreases in operating receivables ("-" for increases)	792,447.65	-1,699,666.53
Increases in operating payables ("-" for decreases)	1,086,065.10	-1,091,120.68
Others		
Net cash flow from operating activities	13,215,529.32	-6,729,267.98
2. Significant investing and financing activities not involving cash receipts and payments		
Conversion of debt into capital		

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Supplementary information	Year 2021	Year 2020
Convertible corporate bonds maturing within one year		
Fixed assets acquired under financing leases		
3. Net changes in cash and cash equivalents		
Ending balance of cash	4,684,700.89	2,924,459.75
Less: beginning balance of cash	2,924,459.75	7,422,939.89
Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	1,760,241.14	-4,498,480.14

5.34.2 Breakdowns of cash and cash equivalents

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
I. Cash	4,684,700.89	2,924,459.75
Including: cash on hand	210,798.68	179,111.10
Unrestricted cash at bank	4,473,902.21	2,745,348.65
Other unrestricted monetary funds		
Deposits with central bank available for payments		
Deposits in banks and other financial institutions		
Loans to banks and other financial institutions		
II. Cash equivalents		
Including: bond investments maturing within three months		
III. Beginning balance of cash and cash equivalents	4,684,700.89	2,924,459.75
Including: cash and cash equivalents restricted in use of the parent company or subsidiaries of the Group		

5.35 Restricted ownership or right of use assets

Item	Balance as at December 31, 2021	Reason of restriction

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Item	Balance as at December 31, 2021	Reason of restriction
Fixed assets	4,107,631.28	Mortgage
Total	4,107,631.28	

Notes: see note 5.7 for details.

6. Change of the consolidation scope

The scope of the merger of the Company for the current period is unchanged.

7. Rights and interests in other entities

7.1 Equity in subsidiaries

7.1.1 Structure of the enterprise group

Name of subsidiary	Principal place of business	Registration place	Business nature	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Hainan Wengao Tourist Resources Development Co., Ltd.	Sanya, Hainan	Block B, Main Building, Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd., No. 2, Yuhai Road, Jiyang District, Sanya City, Hainan Province	Leasing and commercial service industries	100.00		Newly established

8. Risks related to financial instruments

The Company faces various financial risks in the process of operation: credit risk, liquidity risk and market risk. The above financial risks and the risk management policies adopted by the company to reduce these risks are as follows:

The board of directors is responsible for planning and establishing the Company's risk management structure, formulating the company's risk management policies and relevant guidelines, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks faced by the company. These risk management policies clearly specify specific risks, covering market risk, credit risk, liquidity risk management and many other aspects. The Company regularly evaluates the changes in the market environment and the Company's business activities to decide whether to update the

risk management policy and system. The risk management of the Company shall be carried out in accordance with the risk management policy approved by the board of directors. The risk management committee identifies, evaluates and avoids relevant risks through close cooperation with other business departments of the Company. The internal audit department of the Company conducts regular audit on risk management control and procedures, and reports the audit results to the audit committee of the Company.

The Company disperses the risks of financial instruments through appropriate diversified investment and business portfolio, and reduces the risks concentrated in a single industry, specific regions or specific counterparties by formulating corresponding risk management policies.

8.1 Credit risk

Credit risk refers to a risk that one party to the financial instruments suffers financial losses due to the failure of the other party in performing the obligations. The Company mainly faces customer credit risks caused by sales on account. Before signing a new contract, the Company will understand and assess credit risks of the new customer. The Company rates the credit of existing customers and analyzes the aging of accounts receivable to ensure that the Company's overall credit risk is within the controllable range.

8.2 Liquidity risk

Liquidity risk refers to a risk that an enterprise suffers funds shortage in performing the obligations of settlement in cash or other financial assets. The policy of the Company is to ensure that there is sufficient cash for the payment of the matured debts. Liquidity risk is under centralized control of the financial department of the Company. The financial department monitors cash balance and readily realizable and marketable securities and makes rolling forecast on cash flows of the next 12 months to ensure that the Company has sufficient funds to repay debts in all cases of reasonable prediction.

The Company's various financial liabilities are shown below in terms of undiscounted contractual cash flows as due dates:

Item	Balance as at December 31, 2021
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	Within 1 month	1-3 months	3 month to 1 year (including 1 year)	1-5 years	Above 5 years	Overdue	Total
Long-term loans (including long-term loans with maturity of 1 year)		3,299,238.76		3,295,280.42			6,594,519.18
Long-term loans (interest)		8,284.06					8,284.06
Total		3,307,522.82		3,295,280.42			6,602,803.24

Item	Balance as at December 31, 2020						
	Within 1 month	1-3 months	3 month to 1 year (including 1 year)	1-5 years	Above 5 years	Overdue	Total
Long-term loans (including long-term loans with maturity of 1 year)			6,598,477.52	9,893,757.94			16,492,235.46
Long-term loans	23,020.42						23,020.42

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Item	Balance as at December 31, 2020						Total
	Within 1 month	1-3 months	3 month to 1 year (including 1 year)	1-5 years	Above 5 years	Overdue	
(interest)							
Total	23,020.42		6,598,477.52	9,893,757.94			16,515,255.88

8.3 Market risk

Market risk associated with financial instruments refers to the risk that fair value or future cash flows of financial instruments fluctuate due to variations in market prices, and it includes exchange rate risk, interest rate risk and other price risks.

The interest rate risk of the Company refers to the risk that the fair value of financial instruments or future cash flows will fluctuate due to changes in market interest rates.

The interest rate risk that the Company faces mainly comes from the bank's long-term loan. The details of external borrowings of the Company on December 31, 2021 are as follows

Item	Balance as at December 31, 2021	Including: Ending interest payable	Balance as at January 1, 2021	Including: Beginning interest payable
Long-term loans due within 1 year	3,307,522.82	8,284.06	6,621,497.94	23,020.42
Long-term loans	3,295,280.42		9,893,757.94	
Total	6,602,803.24	8,284.06	16,515,255.88	23,020.42

9. Related parties and related party transactions

9.1 The largest shareholder of the Company

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Name of the largest shareholder	Related party relationships	Type of enterprise	Registration place	Legal representative	Business nature	Registered capital (RMB'0,000)	Shareholding ratio in the Company (%)	Ratio of voting right in the Company (%)
Luo Niu Shan Co., Ltd.	The largest shareholder	Listed company	Haikou	Xu Zili	Planting and breeding industry	115,151.00	17.55	19.80

Remark: as at December 31, 2021, Luo Niu Shan Co., Ltd. (hereinafter referred to as "Luoniushan") and its wholly-owned subsidiary Hainan Ya'anju Property Services Co., Ltd. held a total of 72,092,000 A shares of the Company, accounting for 19.80 % of the Company's total share capital, so it is the Company's largest shareholder.

9.2 The subsidiaries of the Company

For details of the company's subsidiaries, please refer to the note "7 Rights and interests in other entities".

9.3 Related party transactions

9.3.1 Related party transactions of purchasing and selling commodities, providing and receiving labor services

Purchase of goods / acceptance of labor services

Related party	Content of related-party transaction	Year 2021	Year 2020
Luo Niu Shan Co., Ltd.	Warehouse service	4,382.59	

Sales of goods / provision of labor services

Related party	Content of related-party transaction	Year 2021	Year 2020
Luo Niu Shan Co., Ltd.	Room and related services	2,304,335.00	54,352.40

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Related party	Content of related-party transaction	Year 2021	Year 2020
Luo Niu Shan Co., Ltd.	Sales of moon cakes	373,329.60	

9.3.2 Key management personnel emoluments

Item name	Year 2021 (RMB'0,000)	Year 2020(RMB'0,000)
Key management personnel emoluments	185.41	195.32

9.4 Receivables and payables of the related party

9.4.1 Accounts Receivables

Item name	Related party	Balance as at December 31, 2021	Balance as at December 31, 2020
Accounts receivable	Luo Niu Shan Co., Ltd.		3,378.00

10. Commitments or Contingencies

10.1 Commitments

According to the requirements of the China Securities Regulatory Commission (hereinafter referred to as "CSRC") on the Guidelines for the Supervision of Listed Companies No.4--Commitments of and Performance of Commitments by Actual Controllers, Shareholders, Related Parties, Acquirers of Listed Companies and Listed Companies (Announcement of the China Securities Regulatory Commission [2013] No.55), on June 7, 2014, Luo Niu Shan Co., Ltd.(hereinafter referred to as "Luoniushan") issued a Letter regarding the Change of Luoniushan Co., Ltd. ' s Commitment to Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd. to the Company, committing that, within three years from the date when the change of such commitment is reviewed and adopted at the Company's general meeting, Luoniushan will actively seek restructuring party who will conduct the asset restructuring on the Company. The above matters were reviewed and approved by the board of shareholders of the Company on June 27, 2014.

On June 23, 2017, Luoniushan issued a Letter regarding the Change of Luoniushan Co., Ltd. ' s Commitment Duration to Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd., and extended the implementation period of the above restructuring commitment made by Luoniushan to the Company, that is, the deadline for the implementation period of the

restructuring commitment was changed to December 27, 2017.

As of December 31, 2021, no further progress was made on the above-mentioned asset restructuring commitments.

10.2 Contingencies

On May 26, 2016, the Company received a lawyer letter from Hainan Yunfan Law Firm entrusted by Sanya Power Supply Bureau of Hainan Power Grid Co., Ltd. (hereinafter referred to as "Sanya Power Supply Bureau"), saying that Sanya Power Supply Bureau found, in verifying electricity consumption by South China Hotel, a subsidiary of the Company, that the current transformer (CT) installed in the distribution center metering counters in South China Hotel installed was inconsistent with the record in the marketing management system file of Sanya Power Supply Bureau, and the duration of the inconsistency was from July 2006 when South China Hotel changed its electricity consumption measuring device to April 2016. According to the statistics, electricity consumption of 10313373 KWH was measured in short, which was estimated to be valued at RMB 7,200,165.75 according to the electricity prices and surcharge rates in the years.

According to the Legal Consultation Advice on Electricity Quantity (Electricity Charge) Claiming Dispute between South China Hotel and Sanya Power Supply Bureau issued by Beijing Junhe (Haikou) Law Firm on December 20, 2016, as all electricity consumption metering devices are purchased, installed, sealed, opened and replaced by Sanya Power Supply Bureau Responsible, the short measurement of electricity charge from South China Hotel for many years was due to the fault of Sanya Power Supply Bureau, and was irrelevant to South China Hotel. Pursuant to Article 135 of the General Principles of Civil Law: "Except as otherwise stipulated by law, the limitation of action regarding applications to a people's court for protection of civil rights shall be two years.", the Company accrued an amount of RMB 1,489,685.04 for the electricity charge for electricity quantity measured in short during two years from April 2014 to April 2016. As at December 31, 2021, no further progress was made on this matter.

11. Post balance sheet events

11.1 Other explanations of events after the balance sheet date

On January 25, 2022, the Company announced the performance forecast announcement for 2021. It is estimated that the net profit attributable to the parent company of the listed company in 2021 will be RMB 2.7 million to RMB 3.1 million. The audited net profit

attributable to the parent company in 2021 is RMB - 2.01 million, and the performance forecast is significantly different from the actual profit of the Company in 2021.

12. Other significant events

12.1 Correction of accounting errors in previous periods

12.1.1 Retroactive restatement method

There was no correction of accounting errors in prior periods made under the retrospective restatement method during the reporting period.

12.1.2 Prospective application method

There was no correction of accounting errors in prior period under the prospective application method adopted during the current reporting period.

12.2 Miscellaneous

The Company announced on June 3, 2019 that Hainan Dadonghai Tourism Center Group Co., Ltd. (hereinafter referred to as "Dadonghai Group") borrowed 2.76 million yuan and 4.55 million yuan from the Company on October 16, 1996 and December 26, 1996 respectively. The two loans totaling 7.31 million yuan have not been repaid yet. The Company filed a lawsuit with the People's Court of the Suburb of Sanya City, Hainan Province (hereinafter referred to as the "Court") to request the defendant Dadonghai Group to repay the loan of 7.31 million yuan to the Company.

On October 9, 2020, the Company received the Civil Judgment (2020) No. 1629 of Qiong02 Minzhong issued by the Intermediate People's Court of Sanya City. It is ordered that Dadonghai Group shall repay the loan of 7.31 million yuan to the Company within 10 days from the effective date of this judgment. At present, the case has applied to the court for enforcement. As of the date of issuance of the audit report, there has been no substantive progress.

13. Notes to main items of financial statements of the parent company

13.1 Accounts receivable

13.1.1 Accounts receivable shall be disclosed according to the age of accounts

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Aging	Balance as at December 31, 2021	Balance as at December 31, 2020
Within 1 year	269,894.53	479,847.53
1 year to 2 years	7,461.89	19,092.00
2 years to 3 years	19,092.00	2,259.00
3 years to 4 years	2,259.00	566.00
4 years to 5 years	120.00	785.00
Above 5 years	90,243.80	89,458.80
Sub-total	389,071.22	592,008.33
Less: bad-debt provision	102,002.93	162,705.01
Total	287,068.29	429,303.32

13.1.2 Accounts receivable shall be classified and disclosed according to the expected credit loss method

Category	Balance as at December 31, 2021					Balance as at December 31, 2020				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Estimate credit losses on an individual basis										
Estimated credit losses on a portfolio basis	389,071.22	100.00	102,002.93	26.22	287,068.29	592,008.33	100.00	162,705.01	27.48	429,303.32
Total	389,071.22	100.00	102,002.93		287,068.29	592,008.33	100.00	162,705.01		429,303.32

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Provision for bad debts by portfolio:

In portfolio, accounts receivable with the provision for bad debts made by the aging analysis method:

Aging	Balance as at December 31, 2021		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Within 1 year	269,894.53	4,395.18	1.63
1-2 years	7,461.89	1,876.02	25.14
2-3 years	19,092.00	4,799.99	25.14
3-4 years	2,259.00	567.94	25.14
4-5 years	120.00	120.00	100.00
Over 5 years	90,243.80	90,243.80	100.00
Total	389,071.22	102,002.93	

13.1.3 Provision, reversal or recovery of bad debt reserves in 2021

Category	Balance as at December 31, 2020	Changes in 2021			Balance as at December 31, 2021
		Provision	Reverse	Write off	
Account receivables	162,705.01	-60,702.08			102,002.93
Total	162,705.01	-60,702.08			102,002.93

13.1.4 Top five accounts receivable in terms of their balance as at December 31, 2021 collected by the debtor

Name of entity	Balance as at December 31, 2020		
	Accounts receivable	Proportion in the total accounts receivable (%)	Provision for bad debts
Shanghai Hecheng International Agency Service Co., Ltd.	159,477.11	40.99	2,597.08
Guangzhou Design Institute	38,980.00	10.02	38,980.00

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Name of entity	Balance as at December 31, 2020		
	Accounts receivable	Proportion in the total accounts receivable (%)	Provision for bad debts
Yangpu Huayu Road & bridge Technology Co., Ltd.	18,633.00	4.79	18,633.00
Haikou XinDeCheng Construction and Installation Engineering Co., Ltd.	14,300.00	3.68	232.87
China International Travel Service Limited, Head Office	13,540.20	3.48	13,540.20
Total	244,930.31	62.96	73,983.15

13.2 Other receivables

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Interest receivable		
Dividends receivable		
Other receivables	504,530.57	432,560.55
Total	504,530.57	432,560.55

13.2.1 Accounts receivable shall be disclosed according to the age of accounts

Aging	Balance as at December 31, 2021	Balance as at December 31, 2020
Within 1 year	352,074.52	444,074.24
1 year to 2 years	174,594.55	26,836.90
2 years to 3 years	20,000.00	
3 years to 4 years		
4 years to 5 years		
Above 5 years	2,236.00	2,236.00

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Aging	Balance as at December 31, 2021	Balance as at December 31, 2020
Sub-total	548,905.07	473,147.14
Less: bad-debt provision	44,374.50	40,586.59
Total	504,530.57	432,560.55

13.2.2 Other receivable shall be classified and disclosed according to the expected credit loss method

Category	Balance as at December 31, 2021					Balance as at December 31, 2020				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Estimate credit losses on an individual basis										
Estimated credit losses on a portfolio basis	548,905.07	100.00	44,374.50	8.08	504,530.57	473,147.14	100.00	40,586.59	8.58	432,560.55
Total	548,905.07	100.00	44,374.50		504,530.57	473,147.14	100.00	40,586.59		432,560.55

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Provision for bad debts is made on a combined basis:

Name	Balance as at December 31, 2021		
	Other receivables	Provision for bad debts	Proportion of provision (%)
Deposits and petty cash receivables portfolio	239,969.08	11,998.46	5.00
Receivable advance payment portfolio	180,885.17	25,973.50	14.36
Other receivables portfolio	128,050.82	6,402.54	5.00
Total	548,905.07	44,374.50	

13.2.3 Provision for bad debts

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss in next 12 months	Expected credit loss for the whole duration (no credit impairment)	Expected credit loss for the whole duration (credit impairment has occurred)	
Balance as at December 31, 2020	22,766.34		17,820.25	40,586.59
Balance as at December 31, 2020 in current period	22,766.34		17,820.25	40,586.59
--Transfer in second stage				
--Transfer in third stage				
--Reverse to second stage				
--Reverse to first stage				
Provision in current period	3,787.91			3,787.91
Reverse in current period				
Sell-off in current period				

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	First stage	Second stage	Third stage	
Provision for bad debts	Expected credit loss in next 12 months	Expected credit loss for the whole duration (no credit impairment)	Expected credit loss for the whole duration (credit impairment has occurred)	Total
Write-off in current period				
Other changes				
Balance as at December 31, 2021	26,554.25		17,820.25	44,374.50

Other receivables account balance changes as follows:

	First stage	Second stage	Third stage	
Book balance	Expected credit loss in next 12 months	Expected credit loss for the whole duration (no credit impairment)	Expected credit loss for the whole duration (credit impairment has occurred)	Total
Balance as at December 31, 2020	455,326.89		17,820.25	473,147.14
Balance as at December 31, 2020 in current period	455,326.89		17,820.25	473,147.14
--Transfer in second stage				
--Transfer in third stage				
--Reverse to second stage				
--Reverse to first stage				
Increase in current period	2,334,336.56			2,334,336.56

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Book balance	First stage	Second stage	Third stage	Total
	Expected credit loss in next 12 months	Expected credit loss for the whole duration (no credit impairment)	Expected credit loss for the whole duration (credit impairment has occurred)	
Directly write down in current period	2,258,578.63			2,258,578.63
De-recognition in current period				
Other changes				
Balance as at December 31, 2021	531,084.82		17,820.25	548,905.07

13.2.4 Provision, reversal or recovery of bad debt reserves in 2021

Category	Balance as at December 31, 2020	Changes in 2021			Balance as at December 31, 2021
		Provision	Reverse	Write off	
Account receivables	40,586.59	3,787.91			44,374.50
Total	40,586.59	3,787.91			44,374.50

13.2.5 Classification of other receivables by nature of payment

Nature of payment	Book balance as at December 31, 2021	Book balance as at December 31, 2020
Utility bills	176,435.17	189,577.27
Security deposits	156,500.00	156,500.00
Petty cash	87,319.08	56,812.68
Social insurance and housing provident funds	64,050.82	59,657.19
Consulting service fee	60,000.00	

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Nature of payment	Book balance as at December 31, 2021	Book balance as at December 31, 2020
Deposit	600.00	600.00
Elevator installation fee		10,000.00
Others	4,000.00	
Total	548,905.07	473,147.14

13.2.6 Top five other receivables in terms of their ending balance collected by the debtor

Name of entity	Nature of payment	Balance as at December 31, 2021	Aging	Proportion in the total balance of other receivables as at December 31, 2021 (%)	Balance of provision for bad debts as at December 31, 2021
Labor Security Supervision Detachment of Sanya	Security deposits	156,500.00	1-2 years	28.51	7,825.00
Health center	Utility bills	102,599.56	Within 1 year	18.69	5,129.98
Hainan Zhongzhida Technology Co., Ltd	Consulting service fee	60,000.00	Within 1 year	10.93	3,000.00
Hut stores	Utility bills	26,822.64	Within 1 year	4.89	1,341.13
Taian Chen	Petty cash	20,000.00	Within 1 year	3.64	1,000.00
Total		365,922.20		66.66	18,296.11

13.3 Long-term equity investments

Item	Balance as at December 31, 2021			Balance as at December 31, 2020		
	Book	Provision for	Book value	Book balance	Provision	Book value

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	balance	impairment			for impairment	
Investment in subsidiaries	1,000,000.00		1,000,000.00	1,000,000.00		1,000,000.00
Investment in associates and joint ventures						
Total	1,000,000.00		1,000,000.00	1,000,000.00		1,000,000.00

13.3.1 Investment in subsidiaries

13.4 Operating revenue and operating cost

13.4.1 Operating revenue and operating costs

Item	Year 2021		Year 2020	
	Revenue	Cost	Revenue	Cost
Primary business	23,743,452.21	15,734,052.33	13,393,894.12	12,293,939.28
Other businesses	6,491,016.36	2,701,994.74	2,118,095.25	474,523.56
Total	30,234,468.57	18,436,047.07	15,511,989.37	12,768,462.84

Remark: Revenue from other businesses mainly refers to place and house rental income, and sales of moon cakes and wines income.

14. Supplementary information

14.1 Breakdown of current non-recurring profits and losses

Item	Amount in 2021	Remark
Gain or loss from disposal of non-current assets	-75.20	
Tax returns, deduction and exemption approved beyond the authority or without official approval documents		

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Item	Amount in 2021	Remark
Government grants included in the current profit or loss (except for government grants closely related to the enterprise business, obtained by quota or quantity at unified state standards)	843,734.25	
Expenses for using funds charged from non-financial enterprises and included in the current profit or loss		
Gains from the difference between the investment costs of acquisition of subsidiaries, associates and joint ventures and share in the fair value of the net identifiable assets of the investee when investing		
Gain or loss on exchange of non-monetary assets		
Gain or loss on entrusting others to invest in or manage assets		
Various provision of asset impairment made due to force majeure, such as natural disasters		
Gain or loss on debt restructuring		
Enterprise reorganizing expenses, such as employee accommodation costs and integration expenses, etc.		
Gain or loss on transactions made at unfair transaction price in excess of their fair value		
Current net profit or loss of the subsidiary generated from the business combination under common control from the beginning of the period to the combination date		
Gain or loss on contingencies irrelevant to normal business operation of the Company		
Gain or loss on changes in fair values of financial assets held for trading and financial liabilities held for trading and investment income obtained from disposal of financial assets held for trading, financial liabilities held for trading and available-for-sale financial assets, except for effective hedging operations associated with the Company's normal operations		
Reversal of provision for impairment of receivables subject and contractual assets to separate impairment test		
Gain or loss from the external entrusted loans		

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Item	Amount in 2021	Remark
Gain or loss on changes in fair value of investment properties subsequently measured by adopting the fair value model		
Effect on current profit or loss due to one-off adjustment thereto in accordance with the requirements of laws and regulations regarding taxation or accounting		
Income from trustee fees charged for entrusted operation		
Other non-operating revenue and expenses except for the above-mentioned items	-36,041.53	
Other profit and loss items that meet the definition of non-recurring profit and loss	1,440,688.05	
Sub-total	2,248,305.57	
Affected amount of income tax		
Affected amount of minority equity (after tax)		
Total	2,248,305.57	

14.2 Rate of return on net assets and earnings per share

Profit during the reporting period	Weighted average rate of return on net assets (%)	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	-3.0511	-0.0055	-0.0055
Net profit attributable to ordinary shareholders of the Company after deducting the non-recurring profit or loss	-6.4621	-0.0120	-0.0120

14.3 Accounting data difference between the domestic and overseas accounting standards

There was no accounting data difference between the domestic and overseas accounting standards.

Board of Directors of

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

Chairman: Yuan Xiaoping

28 April 2022