



Shenzhen Properties Group

深房集团

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

ANNUAL REPORT 2019

2020-019

March 2020

Part I Important Notes, Table of Contents and Definitions

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

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

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

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

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

Risks facing the Company have been explained in detail in “IX Prospects” in “Part IV Operating Performance Discussion and Analysis” herein.

The Board has approved a final dividend plan as follows: based on the total share capital of 1,011,660,000 shares as at 31 December 2019, a cash dividend of RMB1.65 (tax inclusive) per 10 shares is to be distributed to the shareholders, with no bonus issue from either profit or capital reserves.

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

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Definitions

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

Part II Corporate Information and Key Financial Information

I Corporate Information

Stock name	SPG, SPG-B	Stock code	000029, 200029
Stock exchange for stock listing	Shenzhen Stock Exchange		
Company name in Chinese	深圳经济特区房地产(集团)股份有限公司		
Abbr.	深房集团		
Company name in English (if any)	ShenZhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd.		
Abbr. (if any)	SPG		
Legal representative	Liu Zhengyu		
Registered address	45/F-48/F, SPG Plaza, Renmin South Road, Shenzhen, Guangdong, P.R.China		
Zip code	518001		
Office address	47/F, SPG Plaza, Renmin South Road, Shenzhen, Guangdong, P.R.China		
Zip code	518001		
Company website	http://www.sfjt.com.cn		
Email address	spg@163.net		

II Contact Information

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

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

Newspapers designated by the Company for information disclosure	Domestic: Securities Times and China Securities Journal Overseas: Ta Kung Pao (HK)
Website designated by CSRC for publication of this Report	http://www.cninfo.com.cn
Place where this Report is lodged	47/F, SPG Plaza, 3005 Renmin South Road, Luohu District, Shenzhen, Guangdong, P.R.China

IV Change to Company Registered Information

Unified social credit code	91440300192179585N (unified social credit code)
Change to principal activity of the Company since going public (if any)	No change
Every change of controlling shareholder since incorporation (if any)	On 24 March 1999, the controlling shareholder was changed from Shenzhen Investment Management Co., Ltd. to Shenzhen Construction Investment Holdings Co., Ltd. And on 14 February 2006, it was changed to Shenzhen Investment Holdings Co., Ltd.

V Other Information

The independent audit firm hired by the Company:

Name	Grant Thornton China
Office address	5/F, Sci-Tech Plaza, 22 Jianguomenwai Avenue, Chaoyang District, Beijing
Accountants writing signatures	Huang Shengsen and Zhao Juanjuan

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

VI Key Financial Information

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

☐ Yes ☒ No

	2019	2018	2019-over-2018 change (%)	2017
Operating revenue (RMB)	2,548,740,319.49	2,175,187,242.60	17.17%	1,345,912,605.09
Net profit attributable to the listed company's shareholders (RMB)	552,452,307.59	503,498,831.60	9.72%	184,988,512.42
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	524,204,812.66	490,490,702.80	6.87%	181,588,638.91
Net cash generated from/used in operating activities (RMB)	603,607,724.75	1,062,567,405.59	-43.19%	-17,801,139.64
Basic earnings per share (RMB/share)	0.5461	0.4977	9.72%	0.1829
Diluted earnings per share (RMB/share)	0.5461	0.4977	9.72%	0.1829
Weighted average return on equity (%)	15.90%	16.35%	-0.45%	6.76%

	31 December 2019	31 December 2018	Change of 31 December 2019 over 31 December 2018 (%)	31 December 2017
Total assets (RMB)	4,909,669,536.09	4,665,891,514.25	5.22%	3,989,263,981.96
Equity attributable to the listed company's shareholders (RMB)	3,666,874,569.99	3,332,259,641.39	10.04%	2,828,242,120.98

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

1. Net Profit and Equity under CAS and IFRS

☒ Applicable ☐ Not applicable

Unit: RMB

	Net profit attributable to the listed company's shareholders		Equity attributable to the listed company's shareholders	
	2019	2018	Ending amount	Beginning amount
Under CAS	552,452,307.59	503,498,831.60	3,666,874,569.99	3,316,581,079.94
Adjusted as per IFRS				
Under IFRS	552,452,307.59	503,498,831.60	3,670,790,192.32	3,319,891,256.50

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

☐ Applicable ☒ Not applicable

No difference for the Reporting Period.

3. Reasons for Accounting Data Differences Above

☐ Applicable ☒ Not applicable

VIII Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	424,535,370.83	826,802,431.74	652,161,755.98	645,240,760.94
Net profit attributable to the listed company's shareholders	84,028,728.24	249,127,115.17	106,361,655.99	112,934,808.19
Net profit attributable to the listed company's shareholders before exceptional gains and losses	84,055,572.77	238,810,381.76	105,876,740.20	96,334,902.68
Net cash generated from/used in operating activities	217,157,204.59	468,518,040.51	356,240,434.19	-434,357,269.54

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

☐ Yes ☒ No

IX Exceptional Gains and Losses

☒ Applicable ☐ Not applicable

Unit: RMB

Item	2019	2018	2017	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)		-69,739.73	4,261,370.46	
Government subsidies charged to current profit or loss (exclusive of government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)	1,168,127.90	10,243.00	59,611.09	
Gain or loss on assets entrusted to other entities for investment or management	31,425,651.98	16,347,157.53		Income from mature structured deposits
Non-operating income and expense other than the above	1,118,861.69	891,652.84	212,183.13	
Interest income from undue structured deposits	3,950,685.00			
Less: Income tax effects	9,415,831.64	4,171,184.84	1,133,291.17	
Total	28,247,494.93	13,008,128.80	3,399,873.51	--

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

☐ Applicable ☒ Not applicable

No such cases for the Reporting Period.

Part III Business Summary

I Principal Activity of the Company in the Reporting Period

With regard to China's real estate market in 2019, under the macro-control policy of maintaining stability, growth in house sales continued to slow down nationwide, but with relatively strong demand in the Yangtze River Delta and the Guangdong-Hong Kong-Macau areas due to the positive factor of urban development planning.

The Company primarily develops and sells residential properties in two cities, Shenzhen and Shantou. In Shenzhen, the Chuanqi Jingyuan project completed the interior fine decoration in January 2019 and was 100% sold out and handed over during the Reporting Period; the Chuanqi Donghu Mingyuan project completed the filing for completed construction in December 2019 and has started the hand-over and move-in process, which is cumulatively around 25% sold; and the Cuilinyuan project is approximately 90% sold. In Shantou, the Tianyuewan Phase I project has basically finished municipal road supporting and landscape improvement, which is around 50% sold cumulatively; and the Tianyuewan Phase II project completed the basement in October 2019.

II Significant Changes in Major Assets

1. Significant Changes in Major Assets

Major assets	Main reason for significant changes
Equity assets	The ending amount was down by RMB12,091,268.59 (or 96.26%) from the beginning amount in 2019, primarily driven by the allowance for impairment of long-term equity investments.
Fixed assets	The ending amount was down by RMB3,404,163.41 (or 10.03%) from the beginning amount in 2019, primarily driven by the depreciation allowance.
Intangible assets	No significant change
Construction in progress	No significant change
Accounts receivable	The ending amount was up by RMB28,632,064.03 (or 85.66%) from the beginning amount in 2019, primarily driven by the receivable of Shenzhen Zhentong Engineering Co., Ltd. for engineering service provided.
Other receivables	The ending amount was down by RMB16,742,799.35 (or 37.19%) from the beginning amount in 2019, primarily driven by the allowances for doubtful accounts.
Short-term borrowings	The ending amount was up by RMB34,387,156.71 (or 199.23%) from the beginning amount in 2019, primarily driven by the increased borrowings of Shenzhen Zhentong Engineering Co., Ltd. through discounting and pledging accounts receivable.
Taxes payable	The ending amount was up by RMB285,153,442.38 (or 94.88%) from the beginning amount in 2019, primarily driven by the provision for land VAT.

Other payables	The ending amount was down by RMB444,500,723.95 (or 61.58%) from the beginning amount in 2019, primarily driven by the final settlement and payment of land VAT.
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2. Major Assets Overseas

☐ Applicable ☒ Not applicable

III Core Competitiveness Analysis

As one of the earliest real estate listed companies in Shenzhen, the Company has a history over 40 years in real estate development in Shenzhen and rich experience in the main business of real estate development. In recent years, thanks to the experience learned from the Shenzhen-located Chuanqishan project, Chuanqi Shanglin project, Chuanqi Jingyuan project and Chuanqi Donghu Mingyuan project, as well as from the Shantou-located projects, the Company accelerates the establishment of a modern enterprise HR management system and works hard in building a professional and high-quality development team. It also keeps improving the management mechanism and processes for project development. As a result, the professionalism and management capability of the Company have improved significantly; planning, construction, cost control, marketing capability and brand image have been effectively enhanced; and the operational capability in the main business of real estate keeps increasing, along with the core competitiveness. As of the Reporting Period (inclusive), the Company has been honored jointly by the Guangdong Provincial Enterprise Confederation and the Guangdong Provincial Association of Entrepreneurs as a “Most Honest Enterprise in Guangdong Province” for eight years in a row. It has also won accolades from the Shenzhen Real Estate Association, namely, the “Real Estate Developer in Shenzhen with the Highest Brand Value” for the past two years.

Part IV Operating Performance Discussion and Analysis

I Overview

For 2019, the Company recorded operating revenue of RMB2,549 million, up 17.17% year-on-year; a profit before tax of RMB732 million, up 7.21% year-on-year; and a net profit attributable to the listed company's shareholders of RMB552 million, up 9.72% year-on-year. As at 31 December 2019, equity attributable to the listed company's shareholders amounted to RMB3,667 million, up 10.04% year-on-year; and the debt/asset ratio was 28.20%, down by 3.20 percentage points year-on-year.

Review of Operation and Management for 2019

In 2019, on the backdrop of a complicated international environment and continuous recession of world economy, China's economy continued to suffer from downward pressure, but achieved generally stable growth while making further progress. All local governments firmly implemented the decisions of the CPC Central Committee and the State Council, persisted in the positioning of "Houses are for living in, not for speculating on" without using real estate as a measure to stimulate economic development on a short-term basis, fully performed the main responsibilities of cities and maintained an overall stable trend for the real estate market. During the Reporting Period, the Company orderly drove the progress of a number of matters, including main business development, management and operations, material assets restructuring, party building and production safety, and set another new record in major operating indicators. The main achievements over the year include:

(I) Stable Growth with Further Progress in Main Business Development

1. The progress of project development was smooth. The Company placed importance on improving its capacity of controlling project development, implemented a full-cost, whole-process and penetrated management concept, carried out tender invitation and bidding legally and in compliance, timely identified and solved problems encountered during project development and took strict measures for the settlement of project payment. As a result, it basically achieved the goal for project development progress in main business. It completed the interior refined decoration works for the Chuanqi Jingyuan project in Shenzhen in January 2019 and achieved 100% delivery during the Reporting Period; it completed the regulatory filing and started the process of partnership and delivery for the Chuanqi Donghu Mingyuan project in December 2019. It basically completed the municipal road works and landscape renovation and upgrading works of Shantou Tianyuewan Phase I, and completed the basement works of Phase II in October 2019.

2. The property sales exceeded the forecast. The Company continued to keep watch on market changes and policy trends. Considering the regional market status of on-sale projects and the

advantages and disadvantages of the projects, the Company established different promotion and sales plans, selected such new media channels as WeChat and Toutiao for marketing and duly kicked off citywide referral sales. As a result, the Company made big breakthroughs in the sale of on-sale projects compared with the forecast, but with marked regional differences. The Chuanqi Jingyuan project became a hot sale across the city and was sold out in just 10 months; the projects of Chuanqi Donghu Mingyuan and Cuilinyuan were sold at a regular speed; the Tianyuewan Phase I project required stronger promotion.

(II) Higher Quality and Efficiency in Management and Operation

1. Regulated and highly efficient financial management

The Company intensified financial control by printing and distributing a number of policies, including SPG Management Measures for Financial Approval, SPG Management Measures for Expert Consultation Fee, SPG Management Measures for Online Banking Payment and Management Measures for Traveling Expense Management (Revision), making further improvements to the financial management policy system; strengthened communication with cooperating banks and effectively sped up the return of sales fund; fully increased the returns of temporarily idle fund through bank structured deposits and agreement deposits; strictly controlled period costs, with a YOY decrease of 0.76% in six cost items of focus.

2. Stable growth in rental income

Affected by the economic downturn and facing the leasing trend of increasingly frequent surrender of tenancy and reduction of leasing sizes, the Company tried every means to retain customers, stabilize prices and urge payment collection, worked hard to raise the leasing returns of property stock and thus exceeded the annual rental target.

3. New progress in outstanding matters

By strengthening efforts to solve outstanding matters, the Company won nine legal cases with effective court decisions in the year, and had five winning cases that had entered the enforcement stage.

4. Continuous enhancement in the competitiveness of affiliates

All the Company's affiliates worked hard to develop the market, took tough measures for operation, strengthened management, improved services and maintained profitability with growth.

(III) Progress in Assets Restructuring in Compliance

In 2019, trading in the Company's shares was suspended due to the material assets restructuring. The Company worked with related parties to continuously promote various fundamental work for the restructuring, including the updating of due diligence documents, additional audit, additional evaluation and the updating of restructuring related documents and data; while strictly observing regulation, disciplines and information disclosure principles, the Company proactively and properly handled the investor relations by attentively answering investors' questions by deadlines and patiently providing explanations and assurance for investors calling and visiting the Company, gaining understanding and support from the majority of them. To ensure orderly progress of its restructuring, the Company signed Supplementary Agreement V to the Cooperation Agreement on Restructuring and Listing and Supplementary Agreement VI to the Cooperation Agreement on

Restructuring and Listing respectively on March 13, 2019 and December 13, 2019 with related parties. The corresponding announcements have been disclosed through the media outlets designated by the Company. During the Reporting Period, the Company fulfilled the obligation of information disclosure strictly in accordance with regulatory rules, including disclosing the restructuring progress at least every five trading days, duly going through the procedures for postponing the resumption of share trading and disclosing the restructuring related information.

(IV) Marked Achievements in Party-Related Work

The party committee of the Company further implemented the theme education of “Stay true to your mission”, made full use of the theoretical study of its central group, the primary subject study of itself and the branches’ study and education of “Study the party constitution and regulations and become a qualified party member”, persisted in promoting theoretical study while driving practical rectifications and centered around study & learning, investigation & research, examination of problems and rectifications throughout the whole theme education process; continued the education in politics, ideology and incorruptible practice and kept improving the risk prevention and control system for incorruptible practice; continuously promoted the party building project of “support from state-owned enterprises and party building to communities”, gaining recognition from the organization divisions of the provincial and the municipal party committees; continued to carry out the “rendering warmth” activities, including consoling needy employees and party members and hospitalized employees, and proactively participating in public benefit activities, such as donations on Guangdong Day of Poverty Alleviation and the clothes donation themed “Donation of Used Clothes to Deliver Warmness”; exerted the organization role of different groups, including actively organizing diverse corporate cultural activities through interest group activities, such as soccer, tennis, badminton, yoga and table tennis, leading to increasingly stronger corporate cohesion.

(V) Effective Efforts in Production Safety

The Company formulated SPG Emergency Plan for Production Safety Accidents and printed and distributed SPG Compilation of Safety Management Policies, further refining the safety management policy system with obvious improvements in standardization and operability. The affiliates refined and updated their safety management policies according to the requirements and conducted a number of targeted emergency drills based on their respective industrial characteristics. The Company has not had production safety accidents in its system for years with stable and controllable production safety.

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

New additions to the land bank:

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

Name of project/area	Site area (m ²)	Floor area (m ²)	Floor area available for development (m ²)
Xinfeng Building in Shantou	0.59	2.66	2.66
Total	0.59	2.66	2.66

Development status of major projects:

City/reg ion	Name of project	Locatio n	Status	The Compan y's interest	Time for commen cement of construc tion	% develop ed	% construc ted	Site area (m ²)	Planned floor area with plot ratio (m ²)	Floor area complet ed in the Current Period (m ²)	Cumulat ive complet ed floor area (m ²)	Expecte d total investm ent (RMB'0 ,000)	Cumulat ive investm ent (RMB'0 ,000)
Shenzhe n	Chuanqi Donghu Mingyu an	Luohu District	Constru ction complet ed on 18 Decemb er 2019	100.00 %	1 Februar y 2016	100%	100.00 %	5,889.7 0	45,256. 26	45,256. 26	45,256. 26	51,000	40,828
Shantou	Tianyue wan Phase II	Chaoya ng District	Framew ork in construc tion	100.00 %	1 October 2018	60%		31,167. 50	153,470 .40			79,801	69,884

Sales status of major projects:

City/regi on	Name of project	Location	Status	The Compan y's interest	Floor area with plot ratio (m ²)	Floor area available for sale (m ²)	Cumulati ve pre-sold/ sold floor area (m ²)	Floor area pre-sold/ sold in the Current Period (m ²)	Pre-sale/ sales revenue generate in the Current Period (RMB'0, 000)	Cumulati ve settled floor area (m ²)	Floor area settled in the Current Period (m ²)	Pre-sale/ sales revenue settled in the Current Period (RMB'0, 000)
Shenzhe n	Cuilinyu an	Longgan g District	Ready for sale	100.00%	60,111.4 2	56,137	50,695	8,059	28,685	48,427	7,302	25,675
Shenzhe n	Chuanqi Jingyuan	Futian District	Sold out	49.00%	43,075.4 5	21,093	21,093	18,012	131,715	21093	18,719	135,119
Shantou	Tianyue wan Phase I	Chaoyan g District	For sale	100.00%	153,470. 40	160,372	69,198	27,630	15,658	52,953	28,576	16,629

Rental status of major projects:

Name of project	Location	Usage	The Company's interest	Rentable area (m ²)	Cumulative rented area (m ²)	Average occupancy rate
Real Estate Mansion	Shenzhen	Commercial	100.00%	3,413.88	3,413.88	100.00%
North Block of Guoshang Mansion	Shenzhen	Commercial	100.00%	4,819.71	4,819.71	100.00%
Petrel Building	Shenzhen	Commercial	100.00%	22,475.47	22,475.47	100.00%
SPG Plaza	Shenzhen	Office building	100.00%	59,462.52	48,110.57	80.91%
SPG Plaza Podium	Shenzhen	Commercial	100.00%	21,456.72	21,456.72	100.00%
Wenjin Garden	Shenzhen	Commercial	100.00%	3,531.60	3,531.60	100.00%

Primary land development:

☐ Applicable ☒ Not applicable

Financing channels:

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

Development strategy and operating plan for the coming year:

Please refer to "IX Prospects" in this part.

Provision of guarantees for homebuyers on bank mortgages:

☒ Applicable ☐ Not applicable

As at 31 December 2019, as a usual practice for real estate developers, the Group provided guarantees of a total amount of RMB475.3967 million for its homebuyers on their bank mortgages.

Project	Guarantee period	Guarantee amount (RMB'0,000)	Note
Cuilinyuan	Until the property ownership certificate is registered as collateral and handed over to bank for keeping	15,819.86	
Chuanqi Donghu Mingyuan	Until the property ownership certificate is registered as collateral and handed over to bank for keeping	17,535.05	
Tianyuewan Phase I	Until the property ownership certificate is registered as collateral and handed over to bank for keeping	14,184.76	
Total		47,539.67	

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

☐ Applicable ☒ Not applicable

II Core Business Analysis

1. Overview

See “I Overview” above.

2. Revenue and Cost Analysis

(1) Breakdown of Operating Revenue

Unit: RMB

	2019		2018		Change (%)
	Operating revenue	As % of total operating revenue (%)	Operating revenue	As % of total operating revenue (%)	
Total	2,548,740,319.49	100%	2,175,187,242.60	100%	17.17%
By operating division					
Property sales	2,017,872,864.14	79.17%	1,595,473,065.40	73.35%	5.82%
Engineering and construction	304,837,313.46	11.96%	370,298,109.36	17.02%	-5.06%
Property management	157,665,638.01	6.19%	146,123,975.95	7.36%	-1.17%
Rental service	86,484,133.79	3.39%	92,015,827.23	3.59%	-0.20%
Other	15,337,469.10	0.60%	25,329,926.73	1.16%	-0.56%
Eliminated internal transactions and accounts	-33,457,099.01	-1.31%	-54,053,662.07	-2.49%	1.17%
By product category					
Residential units	719,499,453.23	28.23%	1,435,068,125.37	65.97%	-37.74%
Shops and parking lots	11,526,595.29	0.45%	1,614,094.30	0.07%	0.38%
Apartments	1,286,846,815.62	50.49%	158,790,845.73	7.30%	43.19%
Other	564,324,554.36	22.14%	633,767,839.27	29.14%	-6.99%
Eliminated internal transactions and accounts	-33,457,099.01	-1.31%	-54,053,662.07	-2.49%	1.17%
By operating segment					
Guangdong Province	2,491,373,238.76	97.75%	2,142,575,113.69	98.50%	-0.75%

Other regions in China	90,235,417.77	3.54%	86,071,887.30	3.96%	-0.42%
Overseas	588,761.97	0.02%	593,903.68	0.03%	0.00%
Eliminated internal transactions and accounts	-33,457,099.01	-1.31%	-54,053,662.07	-2.49%	1.17%

(2) Operating Division, Product Category or Operating Segment Contributing over 10% of Operating Revenue or Operating Profit

√ Applicable □ Not applicable

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Property sales	2,017,872,864.14	497,310,023.38	75.35%	26.47%	11.63%	3.28%
Engineering and construction	304,837,313.46	298,315,846.77	2.14%	-17.68%	-16.75%	-1.09%
By product category						
Residential units	719,499,453.23	268,317,902.55	62.71%	-49.86%	-36.48%	-7.86%
Shops and parking lots	11,526,595.29	4,281,944.66	62.85%	614.12%	441.60%	11.83%
Apartments	1,286,846,815.62	224,710,176.17	82.54%	710.40%	909.10%	-3.44%
By operating segment						
Guangdong Province	2,491,373,238.76	910,671,531.26	63.45%	16.28%	-0.51%	31.77%

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

□ Applicable √ Not applicable

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

√ Yes □ No

Operating division	Item	Unit	2019	2018	Change (%)
Real estate	Sales volume	RMB'0,000	53,222	37,808	40.77%
	Output	RMB'0,000	38,575	73,927	-47.82%
	Inventory	RMB'0,000	161,109	176,408	-8.67%

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

√ Applicable □ Not applicable

The sales volume went up 40.77% year-on-year, primarily driven by the launch of a tertiary referral agent system for the purpose of promoting sales. And the output went down year-on-year, primarily because most constructions in progress had been completed and the major ongoing construction project was Tianyuewan Phase II in Shantou.

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

□ Applicable √ Not applicable

(5) Breakdown of Cost of Sales

By operating division

Unit: RMB

Operating division	Item	2019		2018		Change (%)
		Cost of sales	As % of total cost of sales (%)	Cost of sales	As % of total cost of sales (%)	
Real estate		497,310,023.38	51.92%	445,500,004.85	47.48%	16.85%
Engineering construction		298,315,846.77	31.15%	358,335,541.20	38.19%	-14.97%
Property management		142,261,602.88	14.85%	128,536,788.40	15.08%	12.47%
Rental services		45,173,891.05	4.72%	46,069,096.38	3.52%	-10.49%
Other		13,404,895.03	1.40%	19,705,354.72	2.10%	-0.58%
Eliminated internal transactions and accounts		-38,713,606.57	-4.04%	-59,760,772.46	-6.37%	-3.27%

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

□ Yes √ No

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

□ Applicable √ Not applicable

(8) Major Customers and Suppliers

Major customers:

Total sales to top five customers (RMB)	91,065,399.14
Total sales to top five customers as % of total sales of the Reporting Period (%)	3.57%
Total sales to related parties among top five customers as % of total sales of the Reporting Period (%)	0.00%

Information about top five customers:

No.	Customer	Sales revenue contributed for the Reporting Period (RMB)	As % of total sales revenue (%)
1	Legal person A	30,430,950.54	1.19%
2	Legal person B	19,809,523.81	0.78%
3	Legal person C	15,607,569.91	0.61%
4	Legal person D	15,035,134.76	0.59%
5	Legal person E	10,182,220.12	0.40%
Total	--	91,065,399.14	3.57%

Other information about major customers:

☐ Applicable ☒ Not applicable

Major suppliers:

Total purchases from top five suppliers (RMB)	225,289,440.84
Total purchases from top five suppliers as % of total purchases of the Reporting Period (%)	48.32%
Total purchases from related parties among top five suppliers as % of total purchases of the Reporting Period (%)	36.01%

Information about top five suppliers:

No.	Supplier	Purchase in the Reporting Period (RMB)	As % of total purchases (%)
1	Legal person A	167,885,971.23	36.01%
2	Legal person B	19,623,072.70	4.21%
3	Legal person C	15,035,134.76	3.23%
4	Legal person D	12,563,042.03	2.69%
5	Legal person E	10,182,220.12	2.18%
Total	--	225,289,440.84	48.32%

Other information about major suppliers:

☐ Applicable ☒ Not applicable

3. Expense

Unit: RMB

	2019	2018	Change (%)	Reason for any significant change
Selling expense	79,480,254.02	52,562,980.22	51.21%	Increase of referral fee and commission
Administrative expense	68,854,618.70	74,029,840.44	-6.99%	
Finance costs	-20,906,149.20	-17,235,722.16	21.30%	The decrease of interest expense
Taxes and surcharges	751,013,928.21	445,365,141.92	68.63%	Provisions for VAT of land
Return on investment ("—" for loss)	32,429,481.23	17,121,605.87	89.41%	Wealth management income from bank structural deposits

4. R&D Expense

☐ Applicable ☒ Not applicable

5. Cash Flows

Unit: RMB

Item	2019	2018	Change (%)
Subtotal of cash generated from operating activities	2,728,276,550.05	2,274,046,624.46	19.97%
Subtotal of cash used in operating activities	2,124,668,825.30	1,211,479,218.87	75.38%
Net cash generated from/used in operating activities	603,607,724.75	1,062,567,405.59	-43.19%
Subtotal of cash generated from investing activities	2,237,622,620.55	614,891,757.53	263.91%
Subtotal of cash used in investing activities	2,321,918,490.62	1,500,629,839.43	54.73%
Net cash generated from/used in investing activities	-84,295,870.07	-885,738,081.90	90.48%
Subtotal of cash generated from financing activities	43,741,293.64	17,550,137.29	149.24%
Subtotal of cash used in financing activities	204,370,642.51	253,025,175.24	-19.23%
Net cash generated from/used in financing activities	-160,629,348.87	-235,475,037.95	31.78%
Net increase in cash and cash equivalents	358,667,324.42	-58,266,620.53	722.34%

Explanation of why any of the data above varies significantly:

☒ Applicable ☐ Not applicable

The subtotal of cash generated from operating activities in 2019 showed a year-on-year increase of 19.97%, mainly caused by the increase of the houses selling amount received from selling products and providing the labor services of 2019.

The subtotal of cash used in operating activities in 2019 showed a year-on-year increase of 75.38%, mainly due to the increase of tax payments.

The subtotal of cash generated by investing activities in 2019 showed a year-on-year increase of 263.91%, mainly because of recovering the bank structural deposits of RMB2.2 billion in 2019.

The subtotal of cash used in investing activities in 2019 showed a year-on-year increase of 54.73%, mainly because the Company invested to buy bank structural deposits of RMB2.3 billion in 2019.

The subtotal of cash generated by financing activities in 2019 showed a year-on-year increase of 149.24%, mainly because of the increase of wealth management income from bank structural deposits in 2019.

The subtotal of cash used in financing activities in 2019 showed a year-on-year decrease of 19.23%, mainly because funds increased in the factoring operations in the current year.

The net increase in cash and cash equivalents in 2019 showed a year-on-year increase of 722.34%, mainly because funds increased in the factoring operations in the current year.

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

☐ Applicable ☒ Not applicable

III Analysis of Non-Core Businesses

☐ Applicable ☒ Not applicable

IV Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	31 December 2019		31 December 2018		Change in percentage (%)	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary assets	2,511,140,445.35	51.15%	2,050,804,935.93	44.07%	7.08%	Withdrawal of money from selling
Accounts receivable	62,059,055.68	1.26%	26,678,630.82	0.57%	0.69%	Increase of receivable project funds
Inventories	1,462,229,048.18	29.78%	1,685,152,051.26	36.22%	-6.44%	
Investment property	632,241,900.20	12.88%	623,930,838.15	13.41%	-0.53%	
Long-term equity investments	469,838.65	0.01%	12,561,107.24	0.27%	-0.26%	Provision for impairment
Fixed assets	30,522,035.11	0.62%	33,926,198.52	0.73%	-0.11%	
Short-term borrowings	51,647,260.17	1.05%	17,260,103.46	0.37%	0.68%	Increase of pledge and discount by accounts receivable
Taxes payable	585,700,815.36	11.93%	300,547,372.98	6.46%	5.47%	Provisions for VAT of land
Other payables	277,319,174.53	5.65%	721,819,898.48	15.51%	-9.86%	Settlement of VAT of land

2. Assets and Liabilities at Fair Value

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Beginning amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes charged to equity	Impairment allowance for the Reporting Period	Purchased in the Reporting Period	Sold in the Reporting Period	Other changes	Ending amount
Financial assets								
4. Investments in other equity instruments	30,922,155.02	2,204,575.02						33,126,730.04
Subtotal of financial assets	30,922,155.02	2,204,575.02						33,126,730.04
Total of the above	30,922,155.02	2,204,575.02						33,126,730.04
Financial liabilities	0.00							0.00

Other change

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

☐ Yes ☒ No

3. Restricted Asset Rights as at the Period-End

Item	Ending carrying value	Reasons
Monetary assets	1,003,950,685.00	Undue structural deposits
Accounts receivable	51,647,260.17	Pledge for short-term borrowings
Total	1,055,597,945.17	

V Investments Made

1. Total Investment Amount

☐ Applicable ☒ Not applicable

2. Major Equity Investments Made in the Reporting Period

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

4. Financial Investments**(1) Securities Investments**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

(2) Investments in Derivative Financial Instruments

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

5. Use of Funds Raised

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

(1) Overall Use of Funds Raised

☐ Applicable ☐ Not applicable

(2) Commitment Projects of Funds Raised

☐ Applicable ☐ Not applicable

(3) Change in Projects of Funds Raised

☐ Applicable ☐ Not applicable

VI Sale of Major Assets and Equity Interests**1. Sale of Major Assets**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

2. Sale of Major Equity Interests

☐ Applicable ☒ Not applicable

VII Major Subsidiaries

√ Applicable □ Not applicable

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

Unit: RMB

Name	Relationship with the Company	Principal activity	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shenzhen SPG Longgang Development Co., Ltd.	Subsidiary	Real estate development	30,000,000.00	641,467,005.26	85,723,587.64	245,325,748.56	52,271,506.74	39,261,438.25
Shantou SEZ, Wellam FTY, Building Development, Co., Ltd.	Subsidiary	Real estate development	91,226,120.44	199,040,626.36	124,606,659.86	16,142,556.25	1,235,069.59	1,008,352.88
Shantou Huafeng Real Estate Development Co., Ltd.	Subsidiary	Real estate development	80,000,000.00	922,144,188.81	21,314,115.14	158,381,370.34	-2,818,105.32	-10,348,779.46
Great Wall Estate Co., Inc. (U.S.)	Subsidiary	Real estate development	2,051,146.00	19,313,504.71	-88,661,190.63	588,761.97	-273,403.83	-273,403.83
Shenzhen Zhentong Engineering Co., Ltd.	Subsidiary	Installation and maintenance	10,000,000.00	111,975,243.95	24,285,554.39	306,512,094.79	-1,526,881.63	-1,087,022.38
Shenzhen Property Management Co., Ltd.	Subsidiary	Property management	7,250,000.00	106,677,568.29	28,018,960.29	164,538,783.12	5,564,347.74	4,204,947.22
Shenzhen Petrel Hotel Co., Ltd.	Subsidiary	Hotel service	30,000,000.00	51,250,282.57	46,221,091.78	26,011,914.59	4,900,951.97	4,431,852.58
Shenzhen Huazhan Construction Supervision Co., Ltd.	Subsidiary	Supervisor	8,000,000.00	10,234,197.06	9,412,297.94	3,889,537.61	789,329.31	591,564.98
Xin Feng Enterprise Co., Ltd.	Subsidiary	Investment and management	502,335.00	405,581,919.38	-138,637,929.01	0.00	-16,668,673.66	-16,668,673.66

Subsidiaries obtained or disposed in the Reporting Period:

□ Applicable √ Not applicable

Information about major majority- and minority-owned subsidiaries:

1. Except the Company, the subordinate subsidiaries engaged in real estate development mainly include: Shenzhen SPG Longgang Development Co., Ltd., Shantou SEZ, Wellam FTY, Building Development, Co., Ltd., Shantou Huafeng Real Estate Development Co., Ltd. The Cuilinyuan project developed by Shenzhen SPG Longgang Development Co., Ltd. brought forward RMB245 million in 2019 (the percentage of accumulative sales carried forward was 85%), accounting for 12% of the Company's real estate sector income, 9.6% of the Company's operating revenue and 7% of the group's combined profits. Jinyedao and YuejingDongfang developed by Shantou SEZ, Wellam FTY, Building Development, Co., Ltd. left a few amount of remaining buildings for sale. And Shantou Huafeng Real Estate Development Co., Ltd. was responsible for the development of Tianyuewan project (divided into Phase I and Phase II). Tianyuewan Phase I was opened for sale in October 2016 and completed in December 2017. The Phase II started construction in November 2018 and was expected to be completed before the end of 2019. As of 2019, the sales progress of the Phase I was relatively slow with a accumulated sales rate of about 50%. The main reasons for the loss in 2019 were: the sales progress was not up to expectations, and another was due to the payment of interest on internal borrowings.
2. Shenzhen Zhentong Engineering Co., Ltd. was engaged in the business of building installation and maintenance with the 2019 operating revenues of RMB306 million and of 8% to the operating revenues of the Company.
3. Shenzhen Property Management Co., Ltd was engaged in the industry of property management, and the business was steady. The 2019 operating revenues was of RMB164 million that was of 6% to the operating revenues of the Company.
4. The 2019 net profits of Xin Feng Enterprise Co., Ltd. was of RMB-16.67 million which mainly due to the changes of exchange rate and the provision made for impairment of long-term equity investment of RMB12.17 million.

VIII Structured Bodies Controlled by the Company

☐ Applicable ☒ Not applicable

IX Prospects

(I) Industrial Pattern and Trend

With a look into 2020, the sudden COVID-19 Epidemic has increased the downward pressure of domestic economy for a short period. But from a long-term view, due to the strong resilience of China's economy, the short-term economic fluctuation caused by the epidemic will gradually weaken to the general trend of economic development. The basic trend of growth amid stability and on a long-term basis of China's economy will remain unchanged. The real estate industry is affected by the epidemic substantially in a short term, with real estate companies under performance pressure. However, with the implementation of a variety of stimulation policies countering the epidemic impact, improvement is expected in the "abnormal trend" of the real estate sector at the beginning of the year; from an overall perspective, the country's positioning of "Houses are for living in, not for speculating on" and the target of "stabilizing land prices, housing prices and expectations" are expected to remain unchanged. In 2019, Shenzhen's medium- and long-term plans continuously yielded good results. Coupled with partial adjustment to the real estate market policy, it sparked continuous market concern and stimulated the growth of deals. It is expected that Shenzhen's real estate market in 2020 will continue the momentum of stable

development.

(II) Development Strategy of the Company

The Company will proactively adapt to the “new norm” of macroeconomic development, seek new opportunities in the real estate industry, make full use of the favorable foundation for rapid development during the 13th Five-Year Plan period, and persist in the concept of seeking growth amid stability and continuous development. By continuing to center around the goal of building a competitive professional real estate company, it will accelerate the development and construction of existing land and projects, prudently look for new investment opportunities, recover the financing capacity on capital market, vigorously promote reforms, innovation and mechanism switch, and make full efforts to generate reasonable and stable investment returns for the shareholders without insisting on high-speed growth in business scale and profit targets.

(III) Potential Risks

Despite another new record in its performance during the Reporting Period, the Company still have some problems that require prompt solution:

First, affected by the assets restructuring, the Company has not developed any new land for reserve in recent years, bringing great challenges to its sustained operations; the restructuring work remains unsettled for prolonged time, resulting in the loss of the Company’s core professional and technical personnel with a stronger wait-and-see attitude among the staff;

Second, the transformation of the economic development pattern and the reform in the housing policy have enhanced the competitive edges of industrial leading companies, leading to a faster process of “the fittest survive”, increasingly higher concentration of the real estate industry and ever-growing market shares of advantaged enterprises. The Company has yet to improve its core competitiveness in a number of segments involved in its real estate development control, including design, construction, cost control, marketing and after-sale services;

Third, the sudden COVID-19 Epidemic has brought substantial impact to the Company’s main business and affiliates. Consequently, its original marketing plans for the first quarter and the first half year are exposed to serious impact and its affiliates are unable to carry out their business normally, putting pressure on the annual operating income and performance targets.

The Company will attach great importance to the above-mentioned problems and proactively take effective measures to solve them.

(IV) Operating Plan

The Company will follow these guidelines for its work of 2020: Persist in the concept of innovation with stability and sustained development; work hard to manage the efforts towards party building, the construction of an honest party and an incorruptible government and the building of corporate culture; reinforce strategic management; focus on its main business real estate; make full efforts to properly carry out safe production and business management; proactively plan for new land development; continuously improve the control level; effectively deal with the COVID-19 Epidemic; orderly promote material assets restructuring; push the progress of all tasks to a higher level; and strive to develop itself into a listed real estate company with industrial competitiveness.

Centering around the annual target, the Company will focus on the following four aspects in 2020:

First, it will focus on main business and strive to strengthen industrial competitiveness. The Company will reinforce strategic management, keep close watch on land market information, proactively explore new models of project development and increase land and project reserves through multiple channels; it will spare no efforts to promote the construction of ongoing projects and properly control project progress, quality and safety; it will pay close attention to market changes and policy trends, vigorously drive project sales and ensure the achievement of the annual sales target; it will continue to optimize control policies and processes, manage talent team building and comprehensively improve its main business development capacity.

Second, it will orderly promote the material assets restructuring. The Company will keep close watch on the trends of capital market and regulatory policies, work hard to strengthen communication with regulatory authorities and collaboration with all trade parties, promote the material assets restructuring process in compliance, fulfill the obligation of information disclosure strictly in accordance with regulatory rules, patiently and attentively manage investor relations and maintain its good image on capital market; during the restructuring, it will stabilize the staff team and guarantee normal operations and the implementation of the original targets.

Third, it will make full efforts in the epidemic prevention and control and production safety. The Company will intensify guarantee measures, make active steps to deal with the epidemic, work hard at the safety of project construction, rental property and office areas, properly reduce the epidemic impact on production and operations, avoid production safety accidents and create favorable conditions for the achievement of this year's operating target.

Fourth, it will endeavor to manage its efforts towards party building and the construction of an honest party and an incorruptible government. The Company will further study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, put into effect the guiding principles of the 19th National Congress the second, third and fourth plenary sessions of its 19th Central Committee of the Communist Party of China, implement fully the decisions of the superior party committee, give play to the leading role of the party committees of state-owned enterprises in controlling directions, managing the overall situation and guaranteeing the implementation, integrate party leadership into corporate governance and lead high-quality corporate development.

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

1. During the Reporting Period

√ Applicable □ Not applicable

Date	Way of communication	Type of communication party	Index to main information communicated
21 January 2019	By telephone	Individual	Inquired of the progress of assets restructuring and the sales of project development, and didn't offer written materials
25 February 2019	By telephone	Individual	Inquired of the progress of assets restructuring and annual operation and expected disclosure time of annual report, and didn't offer written materials
26 March 2019	By telephone	Individual	Inquired of the progress of assets restructuring and fundamentals of the Company, and didn't offer written materials
11 April 2019	By telephone	Individual	Inquired of the progress of assets restructuring and share trading resumption time of the Company, and didn't offer written materials
17 May 2019	By telephone	Individual	Inquired of the progress of assets restructuring and share trading resumption time of the Company, and didn't offer written materials
12 June 2019	By telephone	Individual	Inquired of the progress of assets restructuring and fundamentals of the Company, and didn't offer written materials

26 June 2019	By telephone	Individual	Inquired of the progress of assets restructuring and fundamentals of the Company, and didn't offer written materials
4 July 2019	By telephone	Individual	Inquired of the interim operation, progress of assets restructuring and expected share trading resumption time of the Company, and didn't offer written materials
24 July 2019	By telephone	Individual	Inquired of the progress of assets restructuring and share trading resumption time of the Company, and didn't offer written materials
5 August 2019	By telephone	Individual	Inquired of the progress of assets restructuring and share trading resumption time of the Company, and expected disclosure time of interim report, and didn't offer written materials
12 September 2019	By telephone	Individual	Inquired of the progress of assets restructuring and share trading resumption time of the Company, and didn't offer written materials
18 September 2019	By telephone	Individual	Inquired of the progress of assets restructuring and share trading resumption time of the Company, and didn't offer written materials
30 September 2019	By telephone	Individual	Inquired of the progress of assets restructuring and operation of the Company, and expected disclosure time of third quarter report, and didn't offer written materials
10 October 2019	By telephone	Individual	Inquired of the progress of assets restructuring and, reasons for delaying share trading resumption, and expected share trading resumption time and didn't offer written materials
25 October 2019	By telephone	Individual	Inquired of the progress of assets restructuring and, reasons for delaying share trading resumption, and expected share trading resumption time and didn't offer written materials
7 November 2019	By telephone	Individual	Inquired of the progress of assets restructuring and, reasons for delaying share trading resumption, and expected share trading resumption time and didn't offer written materials
18 November 2019	By telephone	Individual	Inquired of the progress of assets restructuring and share trading resumption time of the Company, and change of CPAs by the Company, and didn't offer written materials
2 December 2019	By telephone	Individual	Inquired of the progress of assets restructuring and share trading resumption time of the Company, and didn't offer written materials
10 December 2019	By telephone	Individual	Inquired of the progress of assets restructuring and share trading resumption time of the Company, and didn't offer written materials
19 December 2019	By telephone	Individual	Inquired of the progress of assets restructuring, annual operation, and the sales of project development, and didn't offer written materials
26 December 2019	By telephone	Individual	Inquired of the progress of assets restructuring, annual operation, and the sales of project development, and didn't offer written materials
Times of communications			21
Number of institutions communicated with			0

Number of individuals communicated with	21
Number of other communication parties	0
Tip-offs or leakages of substantial supposedly-confidential information during communications	None

Part V Significant Events

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

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

☐ Applicable ☒ Not applicable

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

The profit distribution strictly observe regulations of the Articles of Association, and the specific cash dividend plan is worked out after the approval of the board meeting and general meeting. Independent directors played their roles with due diligence.

For the year 2017, no profit distribution or share capital increase from capital reserve would be conducted.

For 2018, based on the total 1,011,660,000 shares of the Company as at 31 December 2018, a cash dividend of RMB2.00 (tax included) will be distributed to the A-share and B-share holders for every 10 shares they hold without bonus share (tax included), and no share capital increase from capital reserve would be conducted.

For 2019, based on the total 1,011,660,000 shares of the Company as at 31 December 2019, a cash dividend of RMB1.65 (tax included) will be distributed to the A-share and B-share holders for every 10 shares they hold without bonus share (tax included), and no share capital increase from capital reserve would be conducted.

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

Unit: RMB

Year	Cash dividends (tax inclusive) (A)	Net profit attributable to ordinary shareholders of the listed company in consolidated statements for the year (B)	A as % of B (%)	Cash dividends in other forms (such as share repurchase) (C)	C as % of B (%)	Total cash dividends (including those in other forms) (D)	D as % of B (%)
2019	166,923,900.00	552,452,307.59	30.22%	0.00	0.00%	166,923,900.00	30.22%
2018	202,332,000.00	503,498,831.60	40.19%	0.00	0.00%	202,332,000.00	40.19%
2017	0.00	184,988,512.42	0.00%	0.00	0.00%	0.00	0.00%

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

☐ Applicable ☒ Not applicable

II Final Dividend Plan for the Reporting Period

☒ Applicable ☐ Not applicable

Bonus shares for every 10 shares (share)	0
Dividend for every 10 shares (RMB) (tax inclusive)	1.65
Additional shares to be converted from capital reserve for every 10 shares (share)	0
Total shares as the basis for the profit distribution proposal (share)	1011660000
Cash dividends (RMB) (tax inclusive)	166,923,900.00
Cash dividends in other forms (such as share repurchase) (RMB)	0.00
Total cash dividends (including those in other forms) (RMB)	166,923,900.00
Distributable profit (RMB)	1,280,197,219.96
Total cash dividends (including those in other forms) as % of total profit distribution	100%
Cash dividend policy	
It's not easy to distinguish in the Company's development stage. While, when there is a major capital spending, the percentage of cash dividends to the profit distribution shall be 20% at least when conducting the profit distribution.	
Details about the proposal for profit distribution and converting capital reserve into share capital	
The Profit Distribution Plan of 2019 was reviewed and approved by the 50 th Meeting of the 7 th Board of Directors held on 13 March 2020, and intended to be submitted to The 2019 Annual General Meeting for review. Based on the total 1,011,660,000 shares of the Company as at 31 December 2019, a cash dividend of RMB1.65 (tax included) will be distributed to the A-share and B-share holders for every 10 shares they hold without bonus share (tax included), and no share capital increase from capital reserve would be conducted. The profit distribution plan can be implemented upon review and approval of the Shareholders' General Meeting of the Company.	

III Fulfillment of Commitments

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

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

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

☐ Applicable ☒ Not applicable

VI YoY Changes to Accounting Policies, Estimates and Methods

☒ Applicable ☐ Not applicable

Please refer to "30. Changes in Main Accounting Policies and Estimates" of "III Main Accounting Policies and Estimates" in "Part XII Financial Statements" for details.

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

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

VIII YoY Changes to the Scope of the Consolidated Financial Statements

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

IX Engagement and Disengagement of Independent Auditor

Current independent auditor

Name of the domestic independent auditor	Grant Thornton China (LLP)
The Company's payment to the domestic independent auditor (RMB'0,000)	53
How many consecutive years the domestic independent auditor has provided audit service for the Company	0
Names of the certified public accountants from the domestic independent auditor writing signatures on the auditor's report	Huang Shengsen, Zhao Juanjuan
How many consecutive years the certified public accountants from the domestic independent auditor have provided audit service for the Company	0

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

☒ Yes ☐ No

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

☐ Yes ☒ No

Whether the change of the independent auditor has performed the approval procedure

☒ Yes ☐ No

Notes to the change of the independent auditor

Considering that Ruihua Certified Public Accountants LLP has provided audit service for the Company for consecutive years, to

ensure the independence and objectivity of audit, the Company made a public bidding for CPAs based on the Company's demand for future development. Then, after review of the 47th Meeting of the 7th Board of Directors and the 1st Extraordinary General Meeting of 2019, the Company determined to hire Grant Thornton China (LLP) (hereinafter referred to as "Grant Thornton") as the auditor for the Company's 2019 Financial Report and internal control.

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

☒ Applicable ☐ Not applicable

The Company hired Grant Thornton China (LLP) to provide internal control audit service for this Reporting Period at the cost of RMB0.23 million.

X Possibility of Listing Suspension or Termination after Disclosure of this Report

☐ Applicable ☒ Not applicable

XI Insolvency and Reorganization

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

XII Major Legal Matters

☒ Applicable ☐ Not applicable

General information	Involved amount (RMB'0,000)	Provision	Progress	Decisions and effects	Execution of decisions	Disclosure date	Index to disclosed information
Xi'an Project Lawsuit	2,100	No	In execution	① Business Tourism Company had to pay for the compensation RMB36.62 million and the relevant interest (from 14 September 1998 to the payment day) to Xi'an Fresh Peak Company within one month after the judgment entering into force. If the Business Tourism Company failed to pay in time, it had to pay double debt interests to Xi'an Fresh Peak Company for the overdue period; ② Xi'an Joint Commission on Commerce had jointly and severally obligation of the interests of the compensation; ③ Business Tourism Company shall bear RMB227,500 of the acceptance fee and the security fee.	The applicant has received RMB15.20 million. Now Business Tourism Company has no executable properties and Xi'an Joint Commission on Commerce has been refusing to execute the ruling. It is difficult to recover the rest.	21 August 2019	Interim Report 2019 (full text) on www.cninfo.com.cn

XIII Punishments and Rectifications

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

XVI Major Related-Party Transactions

1. Continuing Related-Party Transactions

☒ Applicable ☐ Not applicable

Related party	Relationship with the Company	Type of transaction	Specific transaction	Pricing principle	Transaction price	Total value (RMB'0,000)	As % of total value of all same-type transactions	Approved transaction on line (RMB'0,000)	Over the approved line or not	Method of settlement	Obtainable market price for same-type transactions	Disclosure date	Index to disclosed information
Shenzhen Jianan (Group) Co., Ltd.	Controlled by the same company as the parent	Engineering construction	Wholly-owned subsidiary undertook engineering construction of related party	Negotiate through agreements	-	283.61	0.93%	283.61	Not	Bank transfer	-	29 March 2019	2018 Annual Report disclosed on www.cninfo.com.cn
Shenzhen Jianan	Controlled by	Engineering	Wholly-owned	Negotiate	-	16,788.6	36.01%	16,788.6	Not	Bank transfer	-	29 March	2018 Annual

(Group) Co., Ltd.	the same compan y as the parent	construc tion	subsidi ary paid total account for construc tion contract ed to related party	through agreeme nts								2019	Report disclose d on www.cninfo.com.cn
Total				--	--	17,072. 21	--	17,072. 21	--	--	--	--	--
Large-amount sales return in detail												N/A	
Give the actual situation in the Reporting Period (if any) where an estimate had been made for the total value of continuing related-party transactions by type to occur in the Reporting Period												N/A	
Reason for any significant difference between the transaction price and the market reference price (if applicable)												N/A	

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

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

3. Related Transactions Regarding Joint Investments in Third Parties

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

4. Credits and Liabilities with Related Parties

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

5. Other Major Related-Party Transactions

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

XVII Major Contracts and Execution thereof

1. Entrustment, Contracting and Leases

(1) Entrustment

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

(2) Contracting

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

(3) Leases

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

2. Major Guarantees

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

3. Cash Entrusted to Other Entities for Management

(1) Cash Entrusted for Wealth Management

☒ Applicable ☐ Not applicable

Overview of cash entrusted for wealth management in the Reporting Period

Unit: RMB'0,000

Type	Capital resources	Amount incurred	Outstanding balance	Overdue unrevoked amount
Bank financial products	Self-owned funds	100,000	0	0
Bank financial products	Self-owned funds	30,000	0	0
Bank financial products	Self-owned funds	100,000	100,000	0
Total		230,000	100,000	0

High-risk entrusted wealth management with significant single amount or low security, poor liquidity and no capital preservation:

☐ Applicable ☒ Not applicable

Whether there is the case where the principal cannot be recovered at maturity or other case which may cause impairment for entrusted wealth management

☐ Applicable ☒ Not applicable

(2) Entrusted Loans

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

4. Other Major Contracts

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

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

The Company paid attention on the execution of the social responsibilities and positively protected the legal interests of the stakeholders such as the creditors, employees, customers, suppliers and community as well as executed the social responsibilities. During the Reporting Period, the Company organized the volunteer team and the Party member volunteer service team and positively developed the volunteer service and the Party member volunteer service activities; furthermore, the Company also executed the social responsibilities as a state-owned enterprise, made donations to Shenzhen Charity Community Public Welfare Fund, provided special funds for community to carrying out joint construction, joint governance and joint enjoyment, helped families with family planning difficulty, paid consolation money to Party members and employees in hardship and hospitalized employees due to diseases; carried out condolence activities for employees on their birthday and for retired cadres on festivals; positively developed the interest teams activities such as the badminton, table tennis, mountain climbing and basketball as well as football. As of the Reporting Period, the Company actively performed its social responsibilities and obligations, issuing consolation money of RMB37,192.90 to vulnerable groups and donations of RMB30,000.00 to poor families in the administrative region, collecting donations of 52,435.00 for poverty alleviation as well as donating 1500 items of clothing.

2. Measures Taken for Targeted Poverty Alleviation**(1) Plans****(2) Summary of the Related Work Done in the Reporting Period****(3) Results**

Indicator	Measurement unit	Quantity/Progress
1. General results	——	——
2. Itemized results	——	——
2.1 Out of poverty by industrial development	——	——

2.2 Out of poverty by transferring employment	—	—
2.3 Out of poverty by relocation	—	—
2.4 Out of poverty by education	—	—
2.5 Out of poverty by improving health	—	—
2.6 Out of poverty by protecting ecological environment	—	—
2.7 Subsidy for the poorest	—	—
2.8 Social poverty alleviation	—	—
2.9 Other items	—	—
3. Accolades received (for what and at what level)	—	—

(4) Subsequent Plans

3. Issues Related to Environmental Protection

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

Not applicable

XIX Other Significant Events

☒ Applicable ☐ Not applicable

Since the controlling shareholder of the Company is planning a significant event that involves the Company, upon the application to the Shenzhen Stock Exchange, trading in the stocks of the Company (A-stock under the name of “SPG” and the code of “000029”; B-stock under the name of “SPG-B” and the code of “200029”) was suspended starting from the opening of 14 September 2016. The Company disclosed the Announcement on Share Trading Suspension due to Planning of Significant Event (No. 2016-022), the Announcement on Continued Share Trading Suspension due to Planning of Significant Event (No. 2016-023) and the Announcement on Continued Share Trading Suspension due to Planning of Significant Event (No. 2016-024) on 14 September 2016, 22 September 2016 and 29 September 2016, respectively. Upon ascertainment, the event constituted a material asset restructuring. The Company disclosed the Announcement on Share Trading Suspension due to Planning of Major Assets Restructuring (No. 2016-025) on 30 September 2016 and the Announcement on Signing Cooperation Agreement on Restructuring and Listing (No. 2016-027) on 10 October 2016.

The Company convened the 33rd Meeting of the 7th Board of the Directors on 11 November 2016, which the Proposal on Continued Share Trading Suspension due to Planning of Major Assets Restructuring was reviewed and approved. For details, see the Announcement on Continued Share

Trading Suspension after Expiration of Period of Share Trading Suspension due to Planning of Major Assets Restructuring (No. 2016-039) disclosed on 14 November 2016.

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

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

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

To ensure the smooth progress of this major assets restructuring, prevent abnormal fluctuations in the prices of its stocks and protect the rights and interests of its non-controlling interests, the Company has applied to the Shenzhen Stock Exchange for continued share trading suspension for no more than 1 month as of 14 February 2020 and expects to disclose the major assets restructuring plan or report according to the requirements of the Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 26—Major Assets Restructuring of Listed Companies prior to 14 March 2020. For details, see the Announcement on Delay of Share Trading Resumption of Planning of Major Assets Restructuring (No. 2019-011) disclosed on 14 February 2020.

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

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

XX Significant Events of Subsidiaries

☐ Applicable ☒ Not applicable

Part VI Share Changes and Shareholder Information

I. Share Changes

1. Share Changes

Unit: share

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

Reasons for share changes:

☐ Applicable ☒ Not applicable

Approval of share changes:

☐ Applicable ☒ Not applicable

Transfer of share ownership:

☐ Applicable ☒ Not applicable

Progress on any share repurchase:

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

2. Changes in Restricted Shares

☐ Applicable ☒ Not applicable

II. Issuance and Listing of Securities

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

3. Existing Staff-Held Shares

☐ Applicable ☒ Not applicable

III Shareholders and Actual Controller

1. Shareholders and Their Shareholdings at the Period-End

Unit: share

Number of ordinary shareholders	76,443	Number of ordinary shareholders at the month-end prior to the disclosure of this Report	76,443	Number of preferred shareholders with resumed voting rights (if any) (see Note 8)	0	Number of preferred shareholders with resumed voting rights at the month-end prior to the disclosure of this Report (if any) (see Note 8)	0	
Shareholding of ordinary shareholders holding more than 5% shares or the top 10 of ordinary shareholders								
Name of shareholder	Nature of shareholder	Holding percentage (%)	Number of shareholding at the end of the Reporting Period	Increase and decrease of shares during Reporting Period	Number of shares held subject to trading moratorium	Number of shares held subject to trading moratorium	Pledged or frozen shares	
							Status of shares	Amount
Shenzhen Investment Holdings Co., Ltd	State-owned legal person	63.55%	642,884,262			642,884,262		
Shandong Gold Financial Holding Capital Management Co., Ltd. — Shandong Gold Financial Holding Sustaining Fund 1	Domestic non-state-owned legal person	1.02%	10,300,000			10,300,000		
Lu Zhigao	Domestic natural person	0.32%	3,246,949			3,246,949		
Tan Shiqing	Domestic natural person	0.13%	1,286,701			1,286,701		
Yang Shuilian	Domestic natural person	0.13%	1,273,700			1,273,700		
Yang Jianxiong	Domestic natural person	0.12%	1,255,750			1,255,750		
Central Huijin Asset Management Co., Ltd.	State-owned legal person	0.12%	1,165,500			1,165,500		

Peng Wei	Domestic natural person	0.11%	1,129,082			1,129,082		
Wu Haoyuan	Foreign natural person	0.11%	1,109,300			1,109,300		
Guotai Junan Securities (Hong Kong) Limited	Foreign legal person	0.10%	1,015,683			1,015,683		
Strategic investor or general legal person becoming a top-10 ordinary shareholder due to rights issue (if any) (see Note 3)			None					
Related or acting-in-concert parties among the shareholders above			The Company has found no related parties or acting-in-concert parties as defined in the Administrative Measures for Shareholding Changes in Listed Companies among the shareholders above.					
Top 10 unrestricted shareholders								
Name of shareholder					Unrestricted shares held at the period-end	Shares by type		
						Type	Shares	
Shenzhen Investment Holdings Co., Ltd					642,884,262	RMB ordinary shares	642,884,262	
Shandong Gold Financial Holding Capital Management Co., Ltd. — Shandong Gold Financial Holding Sustaining Fund 1					10,300,000	RMB ordinary shares	10,300,000	
Lu Zhigao					3,246,949	RMB ordinary shares	3,246,949	
Tan Shiqing					1,286,701	RMB ordinary shares	1,286,701	
Yang Shuilian					1,273,700	RMB ordinary shares	1,273,700	
Yang Jianxiong					1,255,750	Domestically listed foreign shares	1,255,750	
Central Huijin Asset Management Co., Ltd.					1,165,500	RMB ordinary shares	1,165,500	
Peng Wei					1,129,082	RMB ordinary shares	1,129,082	
Wu Haoyuan					1,109,300	Domestically listed foreign shares	1,109,300	

Guotai Junan Securities (Hong Kong) Limited	1,015,683	Domestically listed foreign shares	1,015,683
Related or acting-in-concert parties among top 10 unrestricted public shareholders, as well as between top 10 unrestricted public shareholders and top 10 shareholders	The Company has found no related parties or acting-in-concert parties as defined in the Administrative Measures for Shareholding Changes in Listed Companies among the shareholders above.		
Top 10 ordinary shareholders involved in securities margin trading (if any) (see Note 4)	The fourth shareholder held all his shares in the Company in his margin account. And the third shareholder held part of his shares in the Company in his margin account.		

Indicate by tick mark whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any promissory repo during the Reporting Period.

☐ Yea ☒ No

No such cases in the Reporting Period.

2. Controlling Shareholder

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

Type of the controlling shareholder: legal person

Name of controlling shareholder	Legal representative/person in charge	Date of establishment	Unified social credit code	Principal activity
Shenzhen Investment Holdings Co., Ltd.	Wang Yongjian	13 October 2004	767566421	Investment in equities on behalf of the government and management of those investments; development and operation of government-allocated land; and investment in and provision of services for strategic emerging industries

Controlling shareholder's holdings in other listed companies at home or abroad in the Reporting Period	380,380,000 shares in SZPRD A (000011), representing a stake of 63.82%; 234,070,000 shares in STHC (000045), representing a stake of 45.96%; 12,270,000 shares in Shenzhen Universe A (000023), representing a stake of 8.85%; 962,720,000 shares in Ping An (601318), representing a stake of 5.27%; 2,749,530,000 shares in Guosen Securities (002736), representing a stake of 33.53%; 609,240,000 of A shares and 103,370,000 of H shares in Guotai Junan (601211), representing a stake of 8%; 195,030,000 shares in Telling Holding (000829), representing a stake of 18.80%; 952,010,000 shares in Shenzhen International (00152), representing a stake of 44.04%; 604,820,000 shares in BEAUTYSTAR (002243), representing a stake of 51.93%; 2,213,450,000 shares in Bay Area Development (00737), representing a stake of 71.83%; 315,830,000 shares in Infinova (002528), representing a stake of 26.35%; 388,450,000 shares in EA (002183), representing a stake of 18.30%; 5,640,000 shares in Shenzhen Energy (000027), representing a stake of 0.14%; 9,520,000 shares in BOCOM (601328), representing a stake of 0.01%; 113,980,000 shares in Techand Ecology (002243), representing a stake of 4.86%; 77,270,000 shares in Vanke (02202), representing a stake of 0.68%.
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Change of the controlling shareholder in the Reporting Period:

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

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

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

Type of the actual controller: legal person

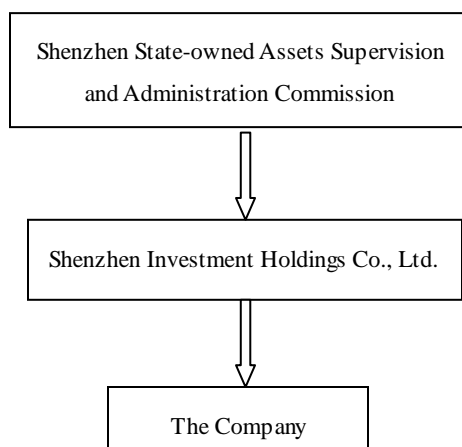
Name of actual controller	Legal representative/person in charge	Date of establishment	Unified social credit code	Principal activity
Shenzhen State-owned Assets Supervision and Administration Commission	Yu Gang	31 July 2004	K3172806-7	Perform the responsibilities of investor on behalf of the state, and supervise and manage the authorized state-owned assets legally.
Other listed companies at home or abroad controlled by the actual controller in the Reporting Period	In addition to the Company controlling shareholder - Shenzhen Investment Holding Co., Ltd. Other domestic and overseas listed companies whose equity held by the actual controllers did not rank among the top ten shareholders of the Company.			

Change of the actual controller during the Reporting Period:

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

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



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

☐ Applicable ☒ Not applicable

4. Other 10% or Greater Corporate Shareholders

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

Part VII Preferred Shares

☐ Applicable ☒ Not applicable

No preferred shares in the Reporting Period.

I Issuance and Listing of Preferred Shares in the Resent 3 Years up the Period-end

☐ Applicable ☒ Not applicable

II Amount and Shareholding of Preferred Shareholders

Unit: share

Shareholding of preferred shareholders holding more than 5% shares or the top 10 of preferred shareholders								
Name of shareholder	Nature of shareholder	Holding percentage (%)	Number of shareholding at the end of the Reporting Period	Increase and decrease of shares during Reporting Period	Number of shares held subject to trading moratorium	Number of shares held subject to trading moratorium	Pledged or frozen shares	
							Status of shares	Amount

III Profit Distribution of Preferred Shares

☐ Applicable ☒ Not applicable

IV Repurchase and Conversion of Preferred Shares

☐ Applicable ☒ Not applicable

V Resumed Voting Rights of Preferred Shares in the Reporting Period

1. Restoration and Exercise of Preferred Shares

☐ Applicable ☐ Not applicable

2. Shareholders and Actual Controllers Involved in the Resumed Voting Rights of Preferred Shares

☐ Applicable ☐ Not applicable

VI Accounting Policies and Reasons for Preferred Shares

☐ Applicable ☐ Not applicable

Part VIII Convertible Bonds

☐ Applicable ☒ Not applicable

No convertible bonds in the Reporting Period.

I Previous Adjustments of Conversion Price

II Cumulative Conversion

☐ Applicable ☐ Not applicable

III Top 10 Shareholders of Convertible Bonds

Unit: share

No.	Name of shareholder	Nature of shareholder	Number of convertible bonds held at the period-end	Amount of convertible bonds held at the period-end	Proportion (%)

IV Significant Changes in Profitability, Assets Condition and Credit Standing of Guarantees

☐ Applicable ☐ Not applicable

V Period-end Liabilities, Changes of Credit Standing and Cash Arrangement of Future Repayment of the Company

Part IX Directors, Supervisors, Senior Management and Staff

I Change in Shareholdings of Directors, Supervisors and Senior Management

Name	Office title	Incumbent/Former	Gender	Age	Start of tenure	End of tenure	Beginning shareholding (share)	Increase in the Reporting Period (share)	Decrease in the Reporting Period (share)	Other increase/decrease (share)	Ending shareholding (share)
Liu Zhengyu	Chairman of the Board	Incumbent	Male	50	15 January 2020	16 April 2015	0	0	0	0	0
Chen Maozheng	General Manager and Director	Incumbent	Male	56	17 April 2012	16 April 2015	0	0	0	0	0
Dai Xianhua	Supervisor	Incumbent	Male	58	15 January 2020	16 April 2015	0	0	0	0	0
Deng Kangcheng	Director	Incumbent	Male	54	17 April 2012	16 April 2015	10,000	0	0	0	10,000
Zhang Lei	CFO and Director	Incumbent	Male	52	17 April 2012	16 April 2015	0	0	0	0	0
Wen Li	Director	Incumbent	Female	51	17 April 2012	16 April 2015	0	0	0	0	0
Jiang Lihua	Director	Incumbent	Female	56	17 April 2012	16 April 2015	0	0	0	0	0
Song Botong	Independent director	Incumbent	Male	52	15 October 2010	14 October 2016	0	0	0	0	0
Zhang Shunwen	Independent director	Incumbent	Male	54	23 April 2014	22 April 2020	0	0	0	0	0
Kang Xiaoyue	Independent director	Incumbent	Male	56	15 May 2018	14 May 2021	0	0	0	0	0
Ren Wei	Supervisor	Incumbent	Male	40	15 May 2018	16 April 2015	2,000	0	0	0	2,000

Li Yufei	Supervisor	Incumbent	Female	42	17 April 2012	16 April 2015	0	0	0	0	0
Feng Hongwei	Supervisor	Incumbent	Male	49	2 March 2017	16 April 2015	0	0	0	0	0
Lin Jun	Supervisor	Incumbent	Female	51	27 April 2016	16 April 2015	0	0	0	0	0
Wei Hanping	Vice GM	Incumbent	Female	54	28 September 2012	16 April 2015	0	0	0	0	0
Tang Xiaoping	Vice GM, Secretary of the Board	Incumbent	Male	50	22 October 2013	16 April 2015	0	0	0	0	0
Zhou Jianping	Chairman of the Board	Left	Male	65	17 April 2012	15 January 2020	0	0	0	0	0
Zhuang Quan	Supervisor	Left	Male	65	17 April 2012	15 January 2020	80,000	0	0	0	80,000
Teng Xianyou	Vice GM	Left	Male	63	17 May 2012	24 December 2019	0	0	0	0	0
Total	--	--	--	--	--	--	92,000	0	0	0	92,000

II Change of Directors, Supervisors and Senior Management

√Applicable ☐ Not applicable

Name	Office title	Type of change	Date of change	Reason for change
Zhou Jianguo	Director, Chairman of the Board and Director of the Strategic Committee of the Board	Left	15 January 2020	Retired
Zhuang Quan	Supervisor, Chairman of the Supervisory Board	Left	15 January 2020	Retired
Teng Xianyou	Vice GM	Left	24 December 2019	Retired

III Biographical Information

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

1. Liu zhengyu: he once was the director of Inspection Department in State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal and Chief Accountant of Shenzhen Investment Holdings Co., Ltd. Now he acts as the vice GM of Shenzhen Investment Holdings Co., Ltd. and the member of CPC. He has been the secretary of CPC

and Chairman of the Board of the Company since January 2020.

2. Chen Maozheng: he once was the vice secretary of CPC and managing director of Shenzhen City Construction Development (Group) Co. Ltd. And he has been the vice secretary of CPC and director as well as managing director of the Company since October 2009.

3. Dai Xianhua: he once was vice director of the Asset Management Department in State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal, office investigator and investigator of Appraisal and Distribution Department. Now he acts as the Chairman of the Supervisory Board of ShenZhen Properties & Resources Development (Group) Ltd. He has been the Chairman of the Supervisory Board of the Company since January 2020.

4. Deng Kangcheng: he was once deputy director, director of the Office of Shenzhen Investment Holdings Co., Ltd., and supervisor of the Company. And he has been director, Vice Secretary of CPC and Secretary in Discipline Inspection Committee of the Company since February 2009.

5. Zhang Lei: he was once the CFO and Secretary to the Board of SDIC ZHONGLU FRUIT Co., Ltd. And he has been the director and CFO of the Company since October 2010.

6. Wen Li: she once worked as the vice chief of the Investment and Development Department, vice director of Management Center for Construction Project and Minister of Enterprise Department I of Shenzhen Investment Holdings Co., Ltd. Now, she serves as the director, GM and vice secretary of CPC in Shenzhen Bay Technology Development Co., Ltd. And she has been the director of the Company since September 2006.

7. Jiang Lihua: she once was the vice chief of the Finance Department and the Chief of Appraisal and Distribution Department in Shenzhen Investment Holdings Co., Ltd. Now, she serves as the Chief of Financial Department (Settlement Center). And she has been acting as director of the Company since February 2009.

8. Song Botong: he ever took posts of vice chief of Civil Engineering Department in College of Architecture and Civil Engineering and Chairman of Labor Union, and secretary of CPC of Shenzhen University. Now he acts as standing deputy director of Research Center for Real Estate and director of Infrastructure Department in Shenzhen University. He has been the independent director of the Company since October 2010.

9. Zhang Shunwen: he acted as director of the Shenzhen Juyuan Certified Public Accounting, now he acts as partner of BDO China Shu Lun Pan Certified Public Accountants LLP. He acts as the independent directors of the Company since April 2014.

10. Kang Xiaoyue: he was once the staff member of Department of Justice of Jiangxi Province, a reporter, editor and head of News Department of Shenzhen Legal Newspaper. Now he serves as a general partner of Beijing Weiheng (Shenzhen) Law Firm. He acts as the independent director of the Company since May 2018.

11. Ren Wei: he once was the CFO of Xian Zhenye Real Estate Development Co., Ltd., minister of Budget & Financing Department and director of Fund Centre of Shenfubao Group Co., Ltd. Now he serves as the vice minister of Audit Department of Shenzhen Investment Holdings Co., Ltd. Since May 2018 he serves as the supervisor of the Company.

12. Li Yufei: she ever worked as the Assistant to the Manager of the Investment Department and Assistant to the Manager & Vice Manager of Assets Management Centre as well as the Senior Management Staff of Enterprise Department I and Enterprise Department II (Journal Center) in Shenzhen Investment Holdings Co., Ltd. Now, she serves as the senior executive of Industrial Management Department. And she has been the supervisor of the Company since April 2012.

13. Feng Hongwei: he once was the Vice Chief of the Board Secretariat, and the Securities Representative. Now he acts as the Audit Supervisory Manager of the Company. He has been acting as a supervisor of the Company since March 2017.

14. Lin Jun: She once was the Vice Chief of the Party-Mass Work Department and the Vice Discipline Inspection Secretary & Chief of the Party-Mass Work Department of the Company. And she has been acting as a supervisor of the Company since April 2016.

15. Wei Hanping: she ever worked as the manager of the Leasing Operation Department in Shenzhen City Construction Development (Group) Co. and the manager of Cost Control Department of the Company. And she has been the Vice GM of the Company since September 2012.

16. Tang Xiaoping: he ever act as CFO of Shenzhen HRD Assets Management Company, minister of Financial Operations Management Department of Shenzhen Foreign Labor Service Co., Ltd., legal representative, the executive director of the Shenzhen Foreign Affairs Service Center, and financing plan department manager of the Company. Since 22 October 2013 he acts as deputy GM of the Company. Since 26 April 2018 he acts as secretary of the Board of the Company.

Offices held concurrently in shareholding entities:

☒Applicable ☐Not applicable

Name	Shareholding entity	Office held in the shareholding entity	Start of tenure	End of tenure	Remuneration or allowance from the shareholding entity
Liu Zhengyu	Shenzhen Investment Holdings Co., Ltd	Vice GM, member of CPC	9 January 2017		Yes
Jiang Lihua	Shenzhen Investment Holdings Co., Ltd	Chief of Financial Department (Settlement Center)	6 March 2017		Yes
Ren Wei	Shenzhen Investment Holdings Co., Ltd	Vice minister of Audit Department	18 September 2017		Yes
Li Yufei	Shenzhen Investment Holdings Co., Ltd	Senior executive of Industrial Management Department	9 July 2015		Yes

Offices held concurrently in other entities:

☒Applicable ☐Not applicable

Name	Other entity	Office held in the entity	Start of tenure	End of tenure	Remuneration or allowance from the entity
Liu Zhengyu	Shenzhen Urban Transport Planning Center Co., Ltd.	Director	17 October 2017		No
Liu Zhengyu	Telling Telecommunication Holding Co., Ltd.	Director	2 March 2017		No
Liu Zhengyu	China's State Owned Capital Venture Capital Fund	Director	16 August 2016		No
Liu Zhengyu	Kashi Shenzhen City Co., Ltd.	Director	8 October 2013		No
Liu Zhengyu	Shenzhen Investment Holdings Bay Area Development Co., Ltd.	Non-executive director, Chairman of the Board	14 March 2018		No
Liu Zhengyu	Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd.	Director	18 December 2017		No
Liu Zhengyu	Shenzhen Investment International Capital Holdings Co., Ltd.	Director	9 September 2016		No
Dai Xianhua	ShenZhen Properties & Resources Development (Group) Ltd.	Supervisor, Chairman of Supervisory Board	27 May 2011		Yes

Song Botong	Infrastructure Department of Shenzhen University	Director	1 March 2013		Yes
Zhang Shunwen	BDO China Shu Lun Pan Certified Public Accountants LLP.	Partner	1 March 2008		Yes
Kang Xiaoyue	Beijing Weiheng (Shenzhen) Law Firm	General partner	2 December 2019		Yes
Wen Li	Shenzhen Bay Technology Development Co., Ltd.	Director, GM and Vice Secretary of CPC	1 December 2016		Yes
Zhang Lei	Shenzhen Agricultural Products Co., Ltd.	CFO	11 January 2017		Yes
Zhang Lei	Shenzhen Zhenye (Group) Co., Ltd.	Supervisor	16 March 2017		No

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

☐ Applicable ☒ Not applicable

IV Remuneration of Directors, Supervisors and Senior Management

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

It was executed according to the procedures stipulated in the Interim Measures for the Administration of Human Resources of the Company.
Their remuneration was decided in accordance with the Interim Provisions of the Annual Salary System for Managers of the State-owned Enterprises in Shenzhen and spirit of relevant documents as well as the Interim Measures for the Administration of Human Resources of the Company.
The Directors Jiang Lihua and Wen Li, and the Supervisor Ren Wei, Li Yufei are dispatched by controlling shareholders of the Company without drawing remuneration from the Company.
With review and approval of the 2013 Annual General Meeting convened on 23 April 2014, allowance for each independent director was adjusted to RMB7,000 (tax included) per month since May 2014. Besides, they received no other rewards from the Company.
The independent director Song Botong hasn't received rewards from the Company since January 2019.
The Company paid their remuneration monthly according to relevant systems for remuneration management of the Company.

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

Unit: RMB'0,000

Name	Office title	Gender	Age	Incumbent/Former	Total before-tax remuneration from the Company	Any remuneration from related party
Zhou Jianguo	Chairman of the Board	Male	65	Left	121.98	No
Chen Maozheng	General Manager and Director	Male	56	Incumbent	134.28	No
Zhuang Quan	Supervisor	Male	65	Left	86.15	No
Deng Kangcheng	Director	Male	54	Incumbent	114.36	No

Zhang Lei	CFO and Director	Male	52	Incumbent	0	No
Wen Li	Director	Female	51	Incumbent	0	No
Jiang Lihua	Director	Female	56	Incumbent	0	No
Song Botong	Independent director	Male	52	Incumbent	0	No
Zhang Shunwen	Independent director	Male	54	Incumbent	8.4	No
Kang Xiaoyue	Independent director	Male	56	Incumbent	8.4	No
Ren Wei	Supervisor	Male	40	Incumbent	0	No
Li Yufei	Supervisor	Female	42	Incumbent	0	No
Feng Hongwei	Supervisor	Male	49	Incumbent	54.65	No
Lin Jun	Supervisor	Female	51	Incumbent	54.65	No
Teng Xianyou	Vice GM	Male	64	Left	92.59	No
Wei Hanping	Vice GM	Female	53	Incumbent	112.26	No
Tang Xiaoping	Vice GM, Secretary of the Board	Male	50	Incumbent	114.36	No
Total	--	--	--	--	902.08	--

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

☐ Applicable ☒ Not applicable

V Employees

1. Number, Functions and Educational Backgrounds of Employees

Number of in-service employees of the Company as the parent	102
Number of in-service employees of major subsidiaries	1,823
Total number of in-service employees	1,925
Total number of paid employees in the Reporting Period	1,925
Number of retirees to whom the Company as the parent or its major subsidiaries need to pay retirement pensions	597
Functions	
Function	Employees
Production	1,294
Sales	82
Technical	419
Financial	53
Administrative	77
Total	1,925
Educational backgrounds	

Educational background	Employees
Doctors	1
Masters	29
Bachelors	193
College graduates	297
Technical secondary school graduates	148
High school graduates and below	1,257
Total	1,925

2. Employee Remuneration Policy

The management personnel above vice general manager (including vice GM) of the Company conducted annual salary system, other employees conducted contacting the performance with the benefit salary system.

3. Employee Training Plans

The Company established annual training plan in line with Measures for the Management of Employee Training. The Company adopts internal training, hires experts give lectures to the Company or participate professional training, train the on job employees with job knowledge, professional skills, rules and regulations, the business process etc., which enrich and renew the professional knowledge, enhance the comprehensive quality and business skills of the employees.

4. Labor Outsourcing

☐ Applicable ☒ Not applicable

Part X Corporate Governance

I Basic Situation of Corporate Governance

In this Reporting Period, the Company strictly accorded with requirements of Company Law, Securities Law, Code of Corporate Governance of Listed Companies and other laws and statutes, continuously perfected its corporate governance, and standardized its operation. The actual situation of corporate governance was in line with the requirements of the relevant normative documents. The operating mechanism, of which the Board of Directors made decisions, the management team took execution, and the Supervisory Board implemented supervision.

(I) Preparations and holding of shareholders' general meeting and disclosure of resolution of the meetings were normatively in line with Articles of Association and Rules for Procedure of the Shareholders' General Meeting; all shareholders were on an equal position and could fully exercise their legal rights.

(II) Directors and the Board of Directors: The Board is responsible for decision-making and choosing directions. It exercised its power as per the corporate governance requirements. Preparations, holding and disclosure of resolution of the Board sessions were normatively in line with the Articles of Association and Rules of Procedure for the Board of Directors; all directors performed their obligations in an honest and diligent manner; independent directors had a rational profession structure; and special committees concerning strategy, audit, nomination, remuneration and appraisal under the Board can operate positively and effectively.

(III) Supervisors and the Supervisory Board: structure of the Supervisory Board was reasonable. The Supervisory Board conducted the supervision and inspection for the significant events of the Company strictly in accordance with the Rules for Procedure of the Supervisory Board, and exercised its supervision right effectively and brought its supervision function into fully play.

(IV) Manager level: the manager level of the Company was fully responsible for the production and management of the Company, performed their obligations in an honest and diligence manner. Implemented the resolution of the Board with efficient supervision and restriction and acquired good achievement.

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

☐ Yes ☒ No

No such cases in the Reporting Period.

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

(I) In respect of business, the Company possessed independent production, supply and sales system;

(II) In respect of personnel, the Company was absolutely independent in management of labor, personnel and salaries from the controlling shareholders. All the senior executives of the Company

took no office title concurrently and drew no remunerations from the Shareholder Company.

(III) In respect of assets, the Company possessed independent and integrated assets and the property of the Company is transparent.

(IV) In respect of organization, the Board of Directors and the Supervisory Board operated independently. There existed no superior-inferior relationship between the controlling shareholder and its function department and the Company.

(V) In respect of finance, the Company has independent financial department, independently accounted and paid taxes according to the law. The Company established a complete accounting system, financial accounting system and financial administrative systems. The Company opened independent bank accounts.

III Horizontal Competition

☐ Applicable ☒ Not applicable

IV Annual and Special General Meetings Convened during the Reporting Period

1. General Meeting Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Date of the meeting	Disclosure date	Index to disclosed information
The 2018 Annual General Meeting	Annual General Meeting	63.61%	18 April 2019	19 April 2019	<i>Announcement on Resolutions of 2018 Annual General Meeting</i> disclosed on www.cninfo.com.cn .
The 1 st Extraordinary General Meeting of 2019	Extraordinary General Meeting	63.60%	15 November 2019	16 November 2019	<i>Announcement on Resolutions of the 1st Extraordinary General Meeting of 2019</i> disclosed on www.cninfo.com.cn .

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

☐ Applicable ☒ Not applicable

V Performance of Duty by Independent Directors in the Reporting Period

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

Attendance of independent directors at board meetings and general meetings							
Independent director	Total number of board meetings the independent director was eligible to attend	Board meetings attended on site	Board meetings attended by way of telecommunication	Board meetings attended through a proxy	Board meetings the independent director failed to attend	The independent director failed to attend two consecutive board meetings (yes/no)	General meetings attended
Song Botong	5	5	0	0	0	No	2
Zhang Shunwen	5	5	0	0	0	No	2
Kang Xiaoyue	5	4	0	1	0	No	2

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

Not applicable

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

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

☐ Yes ☒ No

No such cases in the Reporting Period.

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

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

☒ Yes ☐ No

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

None

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

All committees actively, effectively work, providing powerful guarantee to the scientific decision-making, the relevant details are as follows:

1. Performance of the Audit Committee of the Board of Directors

During the Reporting Period, the Audit Committee actively promoted the progress of the annual audit and the relevant work. It reviewed on the Company's following issues: Arrangement on the Annual Audit Work, Periodic Financial Report, Profit Distribution Plan, Change of CPAs Firm, Written Submission of the Administration on CPAs Firm, Construction of Internal Control, Fund Transfer Between Listed Companies and Related Parties and Guarantee Events, etc.. Besides, it also kept full and necessary communication with the annual auditor of the Company. During the

Reporting Period, the Audit Committee has convened four meetings, reviewed the Company's financial statements and the preliminary auditing result issued by the annual auditor of the Company, as well as issued their opinions after the review, and remarked for the change of CPAs Firm.

2. Performance of the Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee issued its opinion on annual remuneration of directors, supervisors and senior management disclosed in 2018 Annual Report on 28 March 2019.

3. Performance of the Nomination Committee

The Nomination Committee issued its opinion on the Company's changes in directors on 24 December 2019.

VII Performance of Duty by the Supervisory Committee

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

☐ Yes ☒ No

The Supervisory Committee raised no objections in the Reporting Period.

VIII Appraisal of and Incentive for Senior Management

The Company's board of directors assesses, evaluates and employs management teams. The Company's chairman and general manager implement the annual salary system, and the annual salary is composed of basic salary and performance compensation. The shareholder unit formulates assessment methods for assessment. The other senior management personnel's compensation is determined based on individual job performance with reference to the total salary of the Company's leader; the Company has not implemented equity incentive plan.

IX Internal Control

1. Material Internal Control Weaknesses Identified for the Reporting Period

☐ Yes ☒ No

2. Internal Control Self-Evaluation Report

Disclosure date of the internal control self-evaluation report	14 March 2020
Index to the disclosed internal control self-evaluation report	Internal Control Self-Evaluation Report on www.cninfo.com.cn
Evaluated entities' combined assets as % of consolidated total assets	86.25%
Evaluated entities' combined operating revenue as % of consolidated operating revenue	100.00%
Identification standards for internal control weaknesses	

Type	Weaknesses in internal control over financial reporting	Weaknesses in internal control not related to financial reporting
Nature standard	<p>The Company in line with the actual situation, when the follows events or indications happen, which means there probably existing serious or important defects in the financial report; (1) the directors, supervisors and senior executives were fraud. (2) Certified Public Accountant find that there is a significant error in the financial report, however, the internal control did not discover it when conducting internal control; (3) The Audit Committee under the Board and Internal Audit Service's supervision to the internal control is invalid. (4) The accounting personnel were without necessary qualities to complete the preparation of financial statements.</p>	<p>The criterion of quality of the recognition of defects of internal control in the non-financial statements mainly were order of severity of defect involving business nature, the direct or potential negative influence nature and the influence scope and other factors. If the follows events or indicators occur, there may be serious or important defects of internal control in the non-financial statements: (1) Lack democratic decision-making process, if lack significant problem decision-making, important appointment and dismissal of cadres, significant project investment decision-making; usage of large capital (three important, one large); (2) Unscientific decision-making process, such as the major decision-making errors, has caused a serious property loss to the company; (3) Seriously violating state laws and regulations; (4) Loss of key management personnel or important talent; (5) Negative news media appear frequently and widely spread; (6) The results of the internal control evaluation especially large or significant defects have not been corrected. (7) Important business systems lack control rules, or systemic failure.</p>
Quantitative standard	<p>Serious defects: the defects, or defect group may lead to the financial results misstatement or potential losses >3% of net assets; important defects: 1% of net assets<the defects, or defect group may lead to the financial results misstatement or potential losses ≤ 3% of net assets; General defects: the defects, or defect group may lead to the financial results misstatement or potential losses ≤ 1% of net assets. Note: Net assets in a recent issue of the audited financial report shall prevail</p>	<p>The criterion of quantity of the recognition of defects of internal control in the non-financial statements mainly were amount of direct economy losses, in line with the criterion of quantity of the recognition of defects of internal control in financial report of the Company.</p>

Number of material weaknesses in internal control over financial reporting	0
Number of material weaknesses in internal control not related to financial reporting	0
Number of serious weaknesses in internal control over financial reporting	0
Number of serious weaknesses in internal control not related to financial reporting	0

X Independent Auditor's Report on Internal Control

☒ Applicable ☐ Not applicable

Opinion paragraph in the independent auditor's report on internal control	
We believe that Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd. maintained effective internal control of financial statements in all significant aspects on 31 December 2019 in accordance with Basic Standards for Internal Control and relevant regulations.	
Independent auditor's report on internal control disclosed or not	Disclosed
Disclosure date	14 March 2020
Index to such report disclosed	Report on Internal Control disclosed on www.cninfo.com.cn .
Type of the auditor's opinion	Unmodified unqualified opinion
Material weaknesses in internal control not related to financial reporting	No

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

☐ Yes ☒ No

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

☒ Yes ☐ No

Part XI Corporate Bonds

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

No

I Basic Information of the Corporate Bonds

Name	Abbr.	Code	Release date	Due date	Bonds balance (RMB'0,000)	Interest rate	Way of redemption
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II List of the Bond Trustee and the Rating Organization

Bond trustee:
Rating organization executed the tracking rating of the corporate bonds of the Reporting Period:

III List of the Usage of the Raised Funds of the Corporate Bonds

IV Rating Situation of the Corporate Bonds Information

V Credit-adding Mechanism, Repayment Plan and Other Repayment Guarantee Measures of the Corporate Bonds

VI Convene Situation of the Bonds Holders Meeting during the Reporting Period

VII List of the Duty Execution of the Bonds Trustee during the Reporting Period

VIII The Major Accounting Data and the Financial Indicators of the Recent 2 Years of the Company up the Period-end

Unit: RMB'0,000

Item	2019	2018	Change rate of the same period
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Main reason of the above accounting data and the financial indicators with the YoY change exceeded 30%

☐ Applicable ☐ Not applicable

IX List of the Interest Payment of Other Bonds and Debt Financing Instruments during the Reporting Period

X List of the Acquired Bank Credit Lines, Usage and the Repayment of the Bank Loans

XI. List of the Execution of the Agreements or the Commitments Related to the Company Bonds Raising Specification during the Reporting Period

XII Significant Events Occurring during the Reporting Period

XIII Whether there Was Guarantor of the Corporate Bonds

☐ Yes ☐ No

Part XII Financial Statements

Type of the audit opinion	Unmodified unqualified opinion
Date of signing this report	31 December 2019
Name of the audit institution	Grant Thornton Accounting Firm (LLP)
Number of the audit report	ZTSZ (2020) No. 441ZA1280
Name of the certified public accountants	Huang Shengsen, Zhao Juanjuan

Text of the Audit Report

Audit Report

GTCSZ (2020) No. 441ZA1280

To the Shareholders of SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) CO. Ltd.:

Opinion

We have audited the financial statement of **SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) CO., Ltd.** and its subsidiaries (the "Group"), which comprise the consolidated and company statement of financial position as at 31 December 2019, the consolidated and company statement of comprehensive income, the consolidated and company cash flows for the year then ended, consolidated and company statement of changes in equity and the notes to the financial statements.

In our opinion, the accompanying consolidated and company financial statements present fairly, in all material respects, the Group's consolidated and company financial position as at 31 December 2019, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Basis for Opinion

We conducted our audit in accordance with the China Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement Section of our report. We are independent of the Group in accordance with the Code of Ethics for Chinese Certified Public Accountant (Ethics Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we fulfilled our other ethical responsibilities in accordance with these requirements and the Ethics Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition from sales of properties

Relatively detailed information is set out in Notes III. 23 and Note V.27.

Descriptions of the matter

In 2019, the revenue from sales of properties was RMB 2.018 billion that accounted for 79.65% of total revenue of the Group.

When all of the following conditions have been met, the Group recognizes the revenue of sales of properties: (1) the signed sales contract filed with the land department; (2) properties have been completed and accepted; (3) fully one-off payment, or the first installment payment has been received and the bank mortgage approval procedures have been completed; (4) the procedures of housing delivery have completed in accordance with the sales contract.

Due to the importance of revenue from sales of properties, and any discrepancies in revenue recognition will have a significant impact on the

profit of the Group. Therefore, the revenue recognition from sales of properties is a key audit matter.

How our audit addressed the Key Audit Matter

Our audit procedures for the recognition of revenue include:

- ① Understanding, assessing and testing the design and implementation of key internal controls about the progress of contract performance and revenue recognition.
- ② Examining the main clauses in sales contracts to evaluate the appropriateness of the Group's revenue recognition policy associated with the relevant accounting standards;
- ③ Performing tests, on a sample basis, to examine contracts of sales of properties, trace to collection of revenue and check letter of admission (elements of revenue recognition) in order to assess the compliance with the Group's revenue recognition policy.
- ④ Evaluating the revenue of sales of properties, on sample basis, before and after the balance sheet date by checking to sales contracts, revenue collection and the letter of admission, for the appropriateness of the period of revenue recognition
- ⑤ Calculating average house price and comparing it with the price from last year to analyze the reasonableness of revenue and gross profit.
- ⑥ Evaluating the appropriateness of accounting treatment, presentation and disclosure of the revenue recognition of sales of properties and other relevant information by the Group in the financial statements.

2. Accuracy of land appreciation tax calculations

Relatively detailed information is set out in Notes IV and Note V.28.

Descriptions of the matter

Land appreciation tax is the main tax category for the Group.

For the sales of properties, land appreciation tax ("LAT") is charged at a progressive tax rate of 30% -60% . At the end of reporting period, management evaluates the provision of LAT with the consideration of factors including the provisions of the relevant taxation, estimable revenue minus deductible land costs, costs of real estate development, interest expense, development expense, etc. It is possible that a significant difference exists between actual and estimated taxable amount.

Due to the importance of the LAT accrual to the consolidated financial statements, and management's judgment when making estimates includes consideration of relevant tax laws and regulations and practical practices. Therefore, we identified the accrual of LAT of the Group as a key audit matter.

How our audit addressed the Key Audit Matter

Our audit procedures for the land appreciation tax include:

- ① Evaluating the design and effectiveness of key internal controls related to the measurement of LAT;
- ② Involved our internal tax specialists in the PRC to assess the provision of LAT on 31 December 2019 on basis of our experience, knowledge, understanding of the practical operation of relevant tax laws by local tax authorities, to evaluate the Group's assumptions and judgments;
- ③ Evaluating the management's expected estimates of the estimated income from the sale of real estate and the amount of deductible items, and assess the Group's assumptions and judgments;
- ④ Recalculating the amount of provision of LAT and comparing it to management estimate.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of 2019, but does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Management and Those Charge with Governance for the Financial Statement

Management of the Group is responsible for the preparation and fair presentation of the financial statement in accordance with Accounting Standards for Business Enterprises, and for such internal control as management determines in necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charge with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our

opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, further events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Grant Thornton

Auditor's signature and stamp

Auditor's signature and stamp

China · Beijing

13 March 2020

Date of the auditor's report

Consolidated and Company Balance Sheet

As at 31 December 2019

Prepared by: SHENZHEN SPECIAL ECONOMIC ZONE REAL
ESTATE & PROPERTIES (GROUP) Co., Ltd

Expressed in RMB

Item	Note	As at 31/12/2019		As at 31/12/2018	
		Consolidated	Company	Consolidated	Company
Current assets:					
Cash at bank and on hand	V.1	2,511,140,445.35	1,967,688,122.55	2,048,522,435.93	1,344,486,378.53
Financial assets held for trading					
Financial assets at fair value through profit or loss					
Bills receivable					
Accounts receivable	V.2	62,059,055.68	156,935.84	33,426,991.65	5,164,795.67
Accounts receivable financing					
Prepayments	V.3	219,948.17	200,000.00	4,177,767.88	200,000.00
Other receivables	V.4	28,275,228.26	835,275,498.69	45,018,027.61	770,374,849.84
Including: Interest receivables		-	-	2,453,067.78	2,380,301.11
Dividend receivables		1,052,192.76	-	1,052,192.76	-
Inventories	V.5	1,462,229,048.18	419,453,091.86	1,685,152,051.26	543,912,100.37
Assets held for sale					
Non-current assets due within one year					
Other current assets	V.6	102,781,855.48	407,560.64	6,780,999.56	215,745.41
Total current assets		4,166,705,581.12	3,223,181,209.58	3,823,078,273.89	2,664,353,869.82
Non-current assets:					
Debt investments					
Available-for-sale financial assets	V.7	-	-	17,464,240.74	12,000,000.00
Other debt investments					
Held-to-maturity investments					
Long-term receivables					
Long-term equity investments	V.8	469,838.65	150,676,516.92	12,561,107.24	235,284,776.57
Other equity instrument investments	V.9	33,126,730.04	13,229,501.03	-	-
Other non-current financial assets					
Investment properties	V.10	632,241,900.20	522,038,731.16	623,930,838.15	511,040,299.65
Fixed assets	V.11	30,522,035.11	19,586,720.47	33,926,198.52	21,942,842.11
Construction in progress					
Productive biological assets					
Oil and gas assets					
Intangible assets	V.12	-	-	-	-
Development costs					
Goodwill					
Long-term deferred expenses	V.13	162,125.72	162,125.72	387,066.91	346,015.72
Deferred tax assets	V.14	46,441,325.25	20,975,294.54	154,543,788.80	16,699,980.23
Other non-current assets					
Total non-current assets		742,963,954.97	726,668,889.84	842,813,240.36	797,313,914.28
Total assets		4,909,669,536.09	3,949,850,099.42	4,665,891,514.25	3,461,667,784.10

Consolidated and Company Balance Sheet(Continued)

As at 31 December 2019

Prepared by: SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) Co., Ltd

Expressed in RMB

Item	Note	As at 31/12/2019		As at 31/12/2018	
		Consolidated	Company	Consolidated	Company
Current liabilities:					
Short-term loans	V.15	51,647,260.17	-	17,260,103.46	-
Financial liabilities at fair value through profit or loss					
Bills payable					
Accounts payable	V.16	244,224,478.46	103,915,931.14	216,758,906.71	16,743,360.96
Advances from customers	V.17	159,482,510.43	59,409,454.38	156,426,152.86	22,035,608.45
Employee benefits payable	V.18	53,909,576.49	25,544,403.23	45,836,830.05	19,687,728.50
Taxes payable	V.19	585,700,815.36	143,434,273.95	300,547,372.98	144,621,616.85
Other payables	V.20	277,319,174.53	190,666,487.82	721,819,898.48	594,392,900.98
Including: Interest payables		16,535,277.94	16,535,277.94	16,535,277.94	16,535,277.94
Dividend payables					
Liabilities held for sale					
Non-current liabilities due within one year					
Other current liabilities					
Total current liabilities		1,372,283,815.44	522,970,550.52	1,458,649,264.54	797,481,215.74
Non-current liabilities:					
Long-term loans					
Debentures payable					
Long-term payables	V.21	7,499,192.92	-	6,507,139.20	-
Long-term employee benefits payable					
Provisions					
Deferred income					
Deferred tax liabilities	V.14	4,903,293.58	1,295,046.51	-	-
Other non-current liabilities					
Total non-current liabilities		12,402,486.50	1,295,046.51	6,507,139.20	-
Total liabilities		1,384,686,301.94	524,265,597.03	1,465,156,403.74	797,481,215.74
Share capital	V.22	1,011,660,000.00	1,011,660,000.00	1,011,660,000.00	1,011,660,000.00
Capital reserve	V.23	978,244,910.11	964,711,931.13	978,244,910.11	964,711,931.13
Less: treasury shares					
Other comprehensive income	V.24	20,831,004.13	922,125.77	10,564,385.97	-
Specific reserve					
Surplus reserve	V.25	191,222,838.94	168,093,225.53	95,906,222.59	72,776,609.18
Retained earnings	V.26	1,464,915,816.81	1,280,197,219.96	1,235,884,122.72	615,038,028.05
Total equity attributable to shareholders of the Company		3,666,874,569.99	3,425,584,502.39	3,332,259,641.39	2,664,186,568.36
Non-controlling interests		-141,891,335.84	-	-131,524,530.88	-
Total shareholders' equity		3,524,983,234.15	3,425,584,502.39	3,200,735,110.51	2,664,186,568.36
Total liabilities and shareholders' equity		4,909,669,536.09	3,949,850,099.42	4,665,891,514.25	3,461,667,784.10

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Consolidated and Company Income Statement

For the year ended 31 December 2019

Prepared by: SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) Co., Ltd

Expressed in RMB

Item	Note	Year ended 31/12/2019		Year ended 31/12/2018	
		Consolidated	Company	Consolidated	Company
I. Operating income	V.27	2,548,740,319.49	1,666,952,912.58	2,175,187,242.60	229,682,550.17
Less: operating costs	V.27	957,752,652.54	330,874,297.00	938,386,013.09	48,332,118.70
Taxes and surcharges	V.28	751,013,928.21	630,418,453.86	445,365,141.92	76,302,964.10
Selling and distribution expenses	V.29	79,480,254.02	56,146,749.47	52,562,980.22	4,052,427.57
General and administrative expenses	V.30	68,854,618.70	30,540,740.51	74,029,840.44	29,529,995.90
Research and development expenses					
Financial expenses	V.31	-20,906,149.20	-45,894,180.92	-17,235,722.16	-47,884,284.78
Including: Interest expenses		38,642.51	-	2,817,521.60	2,399,365.74
Interest income		19,686,882.13	41,049,606.12	19,825,334.08	41,576,903.81
Add: Other income	V.32	1,168,127.90	18,998.01	-	-
Investment income ("-" for losses)	V.33	32,429,481.23	551,129,612.87	17,121,605.87	17,121,605.87
Including: Income from investment in associates and		1,003,829.25	1,003,829.25	-52,651.66	-52,651.66
Gains from derecognition of financial assets measured at amortised cost ("-" for losses)					
Gain from net exposure of hedge ("-" for losses)					
Gains from changes in fair value ("-" for losses) Credit		-	-	-	-
impairment losses ("-" for losses)	V.34	-3,111,257.44	-2,029,282.38		
Impairment losses ("-" for losses)	V.35	-12,166,897.84	-83,683,888.90	-17,304,699.75	-
Gains from assets disposal ("-" for losses)	V.36	-	-	-530.20	-
II. Operating profit ("-" for losses)		730,864,469.07	1,130,302,292.26	681,895,365.01	136,470,934.55
Add: Non-operating income	V.37	1,345,428.49	1,042,266.31	1,411,786.32	633,377.64
Less: Non-operating expenses	V.38	226,566.80	64,297.33	579,100.01	374,436.18
III. Profit before income tax ("-" for losses)		731,983,330.76	1,131,280,261.24	682,728,051.32	136,729,876.01
Less: Income tax expenses	V.39	190,786,300.70	173,952,583.46	182,756,486.36	34,334,330.15
IV. Net profit for the year ("-" for net losses)		541,197,030.06	957,327,677.78	499,971,564.96	102,395,545.86
(1) Classification according to operation continuity					
Including: Net profit from continuing operations ("-" for net loss)		541,197,030.06	957,327,677.78	499,971,564.96	102,395,545.86
Net profit from discontinued operations ("-" for net loss)					
(2) Classification according to attribute					
Including: Shareholders of the company ("-" for net loss)		552,452,307.59	-	503,498,831.60	-
Non-controlling interests ("-" for net loss)		-11,255,277.53		-3,527,266.64	
V. Other comprehensive income, net of tax		-176,622.09	-50,766.47	740,984.01	-
Other comprehensive income (net of tax) attributable to shareholders of the company		173,182.46	-50,766.47	518,688.81	-
A. Items that will not be reclassified to profit or loss a.Changes in fair value of other equity instruments		1,653,431.27	-50,766.47	-	-
B. Items that may be reclassified to profit or loss		-1,480,248.81	-	518,688.81	-
Translation differences arising from translation of foreign currency financial statements		-1,480,248.81	-	518,688.81	-
Other comprehensive income (net of tax) attributable to non-controlling interests		-349,804.55	-	222,295.20	-
VI. Total comprehensive income for the year		541,020,407.97	957,276,911.31	500,712,548.97	102,395,545.86
Attributable to shareholders of the company		552,625,490.05		504,017,520.41	
Non-controlling interests		-11,605,082.08		-3,304,971.44	
VII. Earnings per share:					
(1) Basic earnings per share		0.5461		0.4977	
(2) Diluted earnings per share		-		-	

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Consolidated and Company Cash Flow Statements

For the year ended 31 December 2019

Prepared by: SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) Co., Ltd

Expressed in RMB

Item	Note	Year ended 31/12/2019		Year ended 31/12/2018	
		Consolidated	Company	Consolidated	Company
I. Cash flows from operating activities					
Proceeds from sales of goods or rendering of services Refund of taxes		2,648,597,164.58	1,787,968,670.18	2,216,524,455.50	260,723,994.01
Proceeds from other operating activities	V.40	79,679,385.47	58,719,902.38	57,522,168.96	411,645,620.31
Sub-total of cash inflows		2,728,276,550.05	1,846,688,572.56	2,274,046,624.46	672,369,614.32
Payment for goods and services		639,208,411.38	99,847,275.06	686,915,180.64	172,885,291.04
Payment to and for employees		178,713,870.65	51,174,841.78	155,037,192.56	38,307,017.74
Payments of various taxes		1,199,806,904.82	916,815,076.44	286,175,244.06	39,081,749.05
Payment for other operating activities	V.40	106,939,638.45	79,596,205.39	83,351,601.61	14,362,419.34
Sub-total of cash outflows		2,124,668,825.30	1,147,433,398.67	1,211,479,218.87	264,636,477.17
Net cash flows from operating activities		603,607,724.75	699,255,173.89	1,062,567,405.59	407,733,137.15
II. Cash flows from investing activities					
Proceeds from disposal of investments		-	-	-	-
Investment returns received		37,502,720.55	143,151,908.78	14,891,757.53	184,285,709.71
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		119,900.00	-	-	-
Net proceeds from disposal of subsidiaries and other business units	V.40	2,200,000,000.00	2,200,000,000.00	600,000,000.00	892,206,391.13
Proceeds from other investing activities		2,237,622,620.55	2,343,151,908.78	614,891,757.53	1,076,492,100.84
Sub-total of cash inflows		21,918,490.62	20,824,023.65	629,839.43	127,680.54
Payment for acquisition of fixed assets, intangible assets and other long-term assets		-	-	-	-
Payment for acquisition of investments		-	-	-	-
Net payment for acquisition of subsidiaries and other business units	V.40	2,300,000,000.00	2,300,000,000.00	1,500,000,000.00	1,618,000,000.00
Payment for other investing activities		2,321,918,490.62	2,320,824,023.65	1,500,629,839.43	1,618,127,680.54
Sub-total of cash outflows		-84,295,870.07	22,327,885.13	-885,738,081.90	-541,635,579.70
Net cash flows from investing activities					
III. Cash flows from financing activities					
Proceeds from investors		-	-	-	-
subsidaries	V.40	43,741,293.64	-	17,260,103.46	-
Proceeds from borrowings		-	-	290,033.83	-
Proceeds from other financing activities		43,741,293.64	-	17,550,137.29	-
Sub-total of cash inflows		2,000,000.00	-	250,207,653.64	146,000,000.00
Repayments of borrowings		202,370,642.51	202,332,000.00	2,817,521.60	2,399,365.74
Payment for dividends, profit distributions or interest		-	-	-	-
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries		-	-	-	-
Payment for other financing activities		204,370,642.51	202,332,000.00	253,025,175.24	148,399,365.74
Sub-total of cash outflows		-160,629,348.87	-202,332,000.00	-235,475,037.95	-148,399,365.74
Net cash flows from financing activities		-15,181.39	-	379,093.73	-13,487.07
IV. Effect of foreign exchange rate changes on cash and cash equivalents		358,667,324.42	519,251,059.02	-58,266,620.53	-282,315,295.36
V. Net increase in cash and cash equivalents		1,148,522,435.93	444,486,378.53	1,206,789,056.46	726,801,673.89
Add: Cash and cash equivalents as at 01/01/2019		1,507,189,760.35	963,737,437.55	1,148,522,435.93	444,486,378.53
VI. Cash and cash equivalent as at 31/12/2019					

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2019

Prepared by: SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) Co., Ltd

Expressed in RMB

Item	Year ended 31/12/2019								
	Attributable to shareholders' equity of the parent company							Non-controlling interests	Total
	Share capital	Capital reserve	Less: treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings		
I.Balance at 31/12/2018	1,011,660,000.00	978,244,910.11	-	10,564,385.97	-	95,906,222.59	1,235,884,122.72	-131,524,530.88	3,200,735,110.51
Add: Changes in accounting policies	-	-	-	10,093,435.70	-	416,151.43	-25,355,845.72	-390,720.82	-16,069,282.27
Correction of prior period errors									-
Business combination involving enterprises under common control									-
Others									-
II.Balance at 01/01/2019	1,011,660,000.00	978,244,910.11	-	20,657,821.67	-	95,490,071.16	1,210,528,277.00	-131,915,251.70	3,184,665,828.24
III.Changes in equity during the year("- "for decrease)	-	-	-	173,182.46	-	95,732,767.78	254,387,539.81	-9,976,084.14	340,317,405.91
(I)Total comprehensive income	-	-	-	173,182.46	-	-	552,452,307.59	-11,605,082.08	541,020,407.97
(II)Shareholders' contributions and decrease of capital	-	-	-	-	-	-	-	-	-
1.Contribution by ordinary shareholders									-
2.Capital contributed by the holders of other equity instrument									-
3. Equity settled share-based payments									-
4. Others									-
(III) Appropriation of profits	-	-	-	-	-	95,732,767.78	-298,064,767.78	-	-202,332,000.00
1. Appropriation for surplus reserves	-	-	-	-	-	95,732,767.78	-95,732,767.78	-	-
2. Appropriation for general risk reserve									-
3. Distributions to shareholders							-202,332,000.00		-202,332,000.00
4. Others									-
(IV) Transfer within equity	-	-	-	-	-	-	-	-	-
1.Share capital increased by capital reserves transfer									-
2.Share capital increased by surplus reserves transfer									-
3.Transfer of surplus reserve to offset losses									-
4.Others									-
(V)Specific Reserve	-	-	-	-	-	-	-	-	-
1. Appropriation during the year									-
2.Utilisation during the year ("-")									-
(VI)Others								1,628,997.94	1,628,997.94
IV.Balance at 31/12/2019	1,011,660,000.00	978,244,910.11	-	20,831,004.13	-	191,222,838.94	1,464,915,816.81	-141,891,335.84	3,524,983,234.15

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2019

Prepared by: SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE &

Expressed in RMB

Item	Year ended 31/12/2018								
	Attributable to shareholders' equity of the parent company							Non-controlling interests	Total
	Share capital	Capital reserve	Less: treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings		
I.Balance at 31/12/2018	1,011,660,000.00	978,244,910.11	-	10,045,697.16	-	85,666,668.00	742,624,845.71	-128,219,559.44	2,700,022,561.54
Add: Changes in accounting policies									-
Correction of prior period errors									-
Business combination involving enterprises under common co									-
Others									-
II.Balance at 01/01/2019	1,011,660,000.00	978,244,910.11	-	10,045,697.16	-	85,666,668.00	742,624,845.71	-128,219,559.44	2,700,022,561.54
III.Changes in equity during the year("-" for decrease)	-	-	-	518,688.81	-	10,239,554.59	493,259,277.01	-3,304,971.44	500,712,548.97
(I)Total comprehensive income	-	-	-	518,688.81	-	-	503,498,831.60	-3,304,971.44	500,712,548.97
(II)Shareholders' contributions and decrease of capital	-	-	-	-	-	-	-	-	-
1.Contribution by ordinary shareholders									-
2.Capital contributed by the holders of other equity instrument									-
3. Equity settled share-based payments									-
4. Others									-
(III) Appropriation of profits	-	-	-	-	-	10,239,554.59	-10,239,554.59	-	-
1. Appropriation for surplus reserves	-	-	-	-	-	10,239,554.59	-10,239,554.59	-	-
2. Appropriation for general risk reserve									-
3. Distributions to shareholders									-
4. Others									-
(IV) Transfer within equity	-	-	-	-	-	-	-	-	-
1.Share capital increased by capital reserves transfer									-
2.Share capital increased by surplus reserves transfer									-
3.Transfer of surplus reserve to offset losses									-
4.Others									-
(V)Specific Reserve	-	-	-	-	-	-	-	-	-
1. Appropriation during the year									-
2.Utilisation during the year (" - ")									-
(VI)Others									-
IV.Balance at 31/12/2019	1,011,660,000.00	978,244,910.11	-	10,564,385.97	-	95,906,222.59	1,235,884,122.72	-131,524,530.88	3,200,735,110.51

Company Statement of Changes in Shareholders' Equity

For the year ended 31 December 2019

Prepared by: SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) Co., Ltd

Expressed in RMB

	Year ended 31/12/2019							
	Share capital	Capital reserve	Less: treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Total
I. Balance at 31/12/2018	1,011,660,000.00	964,711,931.13	-	-	-	72,776,609.18	615,038,028.05	2,664,186,568.36
Add: Changes in accounting policies				972,892.24		-416,151.43	-4,072,924.18	-3,516,183.37
Correction of prior period errors Others								-
II. Balance at 01/01/2019							9,969,206.09	9,969,206.09
III. Changes in equity during the year("- "for decrease)	1,011,660,000.00	964,711,931.13	-	972,892.24	-	72,360,457.75	620,934,309.96	2,660,670,384.99
(I) Total comprehensive income	-	-	-	-50,766.47	-	95,732,767.78	659,262,910.00	754,944,911.31
(II) Shareholders' contributions and decrease of capital				-50,766.47			957,327,677.78	957,276,911.31
1. Contribution by ordinary shareholders	-	-	-	-	-	-	-	-
2. Capital contributed by the holders of other equity instrument								-
3. Equity settled share-based payments								-
4. Others								-
(III) Appropriation of profits								-
1. Appropriation for surplus reserves	-	-	-	-	-	95,732,767.78	-298,064,767.78	-202,332,000.00
2. Appropriation for general risk reserve						95,732,767.78	-95,732,767.78	-
2. Distributions to shareholders								-
3. Others							-202,332,000.00	-202,332,000.00
(IV) Transfer within equity								-
1. Share capital increased by capital reserves transfer	-	-	-	-	-	-	-	-
2. Share capital increased by surplus reserves transfer								-
3. Transfer of surplus reserve to offset losses 4. Others								-
(V) Specific Reserve								-
1. Appropriation during the year								-
2. Utilisation during the year (" - ")	-	-	-	-	-	-	-	-
(VI) Others								-
IV. Balance at 31/12/2019								-
	1,011,660,000.00	964,711,931.13	-	922,125.77	-	168,093,225.53	1,280,197,219.96	3,425,584,502.39

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Company Statement of Changes in Shareholders' Equity

For the year ended 31 December 2019

Prepared by: SHENZHEN SPECIAL ECONOMIC ZONE REALESTA

Expressed in RMB

	Year ended 31/12/2018							
	Share capital	Capital reserve	Less: treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Total
I. Balance at 31/12/2018	1,011,660,000.00	978,244,910.11	-	-	-	62,537,054.59	522,882,036.78	2,575,324,001.48
Add: Changes in accounting policies								-
Correction of prior period errors Others								-
II. Balance at 01/01/2019								-
III. Changes in equity during the year("- "for decrease)	1,011,660,000.00	978,244,910.11	-	-	-	62,537,054.59	522,882,036.78	2,575,324,001.48
(I) Total comprehensive income	-	-13,532,978.98	-	-	-	10,239,554.59	92,155,991.27	88,862,566.88
(II) Shareholders' contributions and decrease of capital							102,395,545.86	102,395,545.86
1. Contribution by ordinary shareholders	-	-	-	-	-	-	-	-
2. Capital contributed by the holders of other equity instrument								-
3. Equity settled share-based payments								-
4. Others								-
(III) Appropriation of profits								-
1. Appropriation for surplus reserves	-	-	-	-	-	10,239,554.59	-10,239,554.59	-
2. Appropriation for general risk reserve						10,239,554.59	-10,239,554.59	-
2. Distributions to shareholders								-
3. Others								-
(IV) Transfer within equity								-
1. Share capital increased by capital reserves transfer	-	-	-	-	-	-	-	-
2. Share capital increased by surplus reserves transfer								-
3. Transfer of surplus reserve to offset losses 4. Others								-
(V) Specific Reserve								-
1. Appropriation during the year								-
2. Utilisation during the year("- ")	-	-	-	-	-	-	-	-
(VI) Others								-
IV. Balance at 31/12/2019		-13,532,978.98						-13,532,978.98
	1,011,660,000.00	964,711,931.13	-	-	-	72,776,609.18	615,038,028.05	2,664,186,568.36

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Notes to the Financial Statements

I. Company general information

1. Company's profile

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

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

The Company has established the corporate governance structure including the general meeting of shareholders, the board of directors and board of supervisors. Currently, the Company's structure includes human resources department, financing plan department, marketing department, engineering management department and etc.

The main products or services provided by the Company and its subsidiaries (hereinafter referred to as "the Group") includes: mainly engaged in real estate development and sales, property leasing and management, retail merchandising and trade, hotel, equipment installation and maintenance, construction, interior decoration, etc.

The parent of the Company is Shenzhen Investment Holdings Co., Ltd. The Financial statement published on 28 March 2019, which approved by the Group's Board of Directors. 25 entities were consolidated into the Group in 2018 for the detail in Note 8 "Equities in other entities". The scope of consolidation of the Group does not change as compared with that of the previous year.

The consolidated and company financial statements and the notes to financial statements have been approved by the 7th Board of Directors in the 50th board meeting on 13 March 2020.

2. Scope of consolidated financial statements

The detail is set out in Note VII "Joint arrangement classification and accounting treatment for joint operation".

In this reporting period, the change of consolidation scope is in Notes VI and VII for more details.

II. Basis of preparation

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

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

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

III. Significant accounting policies and accounting estimates

The Group determines the revenue recognition policy according to its own production and operation characteristics. The detail is set out in Note III, 23 for the specific accounting policies.

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

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely present the Company and consolidated financial position as at 31 December 2019 and the Company and consolidated operating results and cash flows for

the year ended 31 December 2019.

2. Accounting Period

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

3. Operating Period

The operating period of the Company is 12 months.

4. Functional currency

The Company and domestic subsidiaries use Renminbi ("RMB") as their functional currency. Offshore subsidiaries determine [American Great Wall Co., Ltd.] as their functional currency according to the primary economic environment where they operate. The financial statements of the Company have been prepared in RMB.

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

(1) Business combinations involving enterprises under common control

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

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

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

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

(2) Business combinations involving enterprises not under common control

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

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

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

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

In the consolidation financial statements, the combination cost is the sum of consideration paid at acquisition date and fair value of the acquiree's equity investment held prior to acquisition date; the cost of equity of the acquiree held prior to acquisition date shall be re-measured at the fair value at acquisition date, the difference between the fair value and book value shall be recognized as investment income or loss for the current period.

Other comprehensive income and changes of investment equity related with acquiree's equity held prior to acquisition date shall be transferred to investment profit or loss for current period at acquisition date, besides there is other comprehensive income incurred by the changes of net assets or net liabilities due to the re-measurement of defined benefit plan.

(3) Transaction costs for business combination

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

6. Consolidated financial statements

(1) Scope of consolidated financial statements

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

(2) Basis of preparation of consolidated financial statements

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

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

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

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

(3) Changes in non-controlling interests

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the transaction is treated as equity transaction, and the book value of shareholder's equity attributed to the Company and to the non-controlling interest is adjusted to reflect the change in the Company's interest in the subsidiaries. The difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve in the consolidated balance sheet, with any excess adjusted to retained earnings.

(4) Disposal of subsidiaries

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

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

7. Joint arrangement classification and accounting treatment for joint operation

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

(1) Joint operations

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

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

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

(2) Joint ventures

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

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

8. Cash and cash equivalents

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

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

(1) Foreign currency transactions

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

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

(2) Translation of foreign currency financial statements

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

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

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

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

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

10. Financial instruments

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

(1) Recognition and Derecognition of financial instruments

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

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

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

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

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

(2) Classification and measurement of financial assets

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

Financial assets measured at amortised cost

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

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

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

Financial assets at fair value through other comprehensive income

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

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

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

Financial assets at fair value through profit or loss

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

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

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

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

The business model of managing financial assets refers to how the group manages financial assets to generate cash flow. The business model decides whether the source of cash flow of financial assets managed by the Group is to collect contract cash flow, sell financial assets or both of

them. Based on objective facts and the specific business objectives of financial assets management decided by key managers, the Group determines the business model of financial assets management.

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

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

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

(3) Classification and Measurement of financial liabilities

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

Financial liabilities at fair value through profits and losses

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

Financial liabilities measured at amortized cost

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

Distinction between financial liabilities and equity instruments

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

- ① Contractual obligation to deliver cash or other financial instruments to another entity.
- ② Under potential adverse condition, contractual obligation to exchange financial assets or financial liabilities with other parties.
- ③ A contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments.
- ④ A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

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

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

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

(4) Fair value of financial instruments

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

(5) Impairment of financial assets

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

- financial assets measured at amortized cost;
- debt investments at fair value through other comprehensive income;
- lease receivables;
- Financial guarantee contract(except measured at fair value through profit or loss or formed by continuing involvement of transferred financial assets or the transfer does not qualify for derecognition).

Measurement of expected credit losses

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

The company considers reasonable and reliable information about past events, current conditions, future forecasts, and weights the risk of default to calculate the probability-weighted amount of the present value of the difference between the cash flow receivable under the contract and the cash flow expected to be received in recognition of the expected credit loss.

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

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

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

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

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

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

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

A、 Bills receivable

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

B、 Accounts receivable

- Accounts receivable group 1: Amount receivables of related parties
- Accounts receivable group 2: Amount receivables of sales of properties
- Accounts receivable group 3: Amount receivables of other customers

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

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

Other receivables

According to the characteristics of credit risk, the group divides other receivables into group. On the basis of the combination, the group calculates the expected credit losses. The basis of determining the combination is as follows:

- Other receivables group 1: Amount receivables from government
- Other receivables group 2: Amount receivables from employee's inprest fund
- Other receivables group 3: Amount receivables from the collecting and paying on another's behalf
- Other receivables group 4: Amount receivables from other customers
- Other receivables group 5: Amount receivables from related parties

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

Debt investments and Other debt investments

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

Assessment of Significant Increase in Credit Risk

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

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

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

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

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

The Group considers that financial assets default in the following circumstances

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

Financial assets that have occurred credit impairment

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

- Significant financial difficulties occurs to the issuer or debtor;

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

Presentation of expected credit losses reserve

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

Write off

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

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

(6) Transfer of financial assets

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

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

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

(7) Offsetting financial assets and financial liabilities

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

11. Fair value measurement

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

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

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

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

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

Fair value level for assets and liabilities measured or disclosed at fair value in the financial statements are determined according to the significant

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

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

12. Inventories

(1) Classification

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

(2) Measurement method of cost of inventories

The Group's inventory is valued at actual cost when acquired. The actual cost of product development includes land transfer fee, infrastructure expenditure, construction and installation project expenditure, borrowing expenses incurred before the completion of the development project and other related expenses in the development process. When a product is developed and shipped, the actual cost is determined by individual pricing.

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

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

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

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

(4) Inventory count system

The Company maintains a perpetual inventory system.

(5) Amortization methods of low-value consumables and packaging materials

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

13. Long-term equity investments

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

(1) Determination of initial investment cost

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

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

(2) Subsequent measurement and recognition of profit or loss

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

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

dividends or profit distributions declared by the investee as investment income for the current period.

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

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

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

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

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

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

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

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

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

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

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

shares, generally it does not have significant influence over the investee, unless there is clear evidence to show that in this case the Company can participate in the production and business decisions of the investee so as to form a significant influence.

(4) Method of impairment testing and impairment provision

For investments in subsidiaries, associates and joint ventures, refer to Note III. 19 for the Company's method of asset impairment.

14. Investment property

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

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

For the impairment of the investment properties accounted for using the cost model, refer to Note III.19.

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

15. Fixed assets

(1) Recognition of fixed assets

Fixed assets represent the tangible assets held by the Company for use in production of goods, use in supply of services, rental or for administrative purposes with useful lives over one accounting year.

Fixed assets are only recognised when its related economic benefits are likely to flow to the Company and its cost can be reliably measured.

Fixed asset are initially measured at cost.

(2) Depreciation of fixed assets

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

Category	Useful life (years)	Residual value rate %	Annual depreciation rate %
Plant and buildings	30	5	3.17
Motor vehicles	6	5	15.83
Electronic equipment and others	5	5	19.00

For impaired fixed assets, cumulative amount of impairment provision is deducted in determining the depreciation rate.

(3) The impairment of the fixed assets is set out in Note III. 19.

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

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

- ① The ownership of leased assets is transferred to the Company by the end of the lease term.
- ② The Company has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date of the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised.
- ③ Even if the ownership of assets is not transferred, the lease term covers the major part of the useful life of the asset.
- ④ At the inception of lease, the present value of minimum lease payments amount to substantially all of the fair value of leased asset.

⑤ Leased assets are of a specialized nature that only the Company can use them without major modifications.

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

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

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

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

(6) Overhaul costs

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

16. Construction in progress

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

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

The impairment of construction in progress is set out in Note III. 19.

17. Borrowing costs

(1) Capitalisation criteria

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

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

(2) Capitalisation period

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

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

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

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

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

18. Intangible assets

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

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

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

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

The impairment of intangible assets is set out in Note III. 19.

19. Impairment of assets

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

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

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

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

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

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

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

20. Long-term deferred expenses

Long-term deferred expenses are recorded at the actual cost, and amortized using a straight-line method within the benefit period. For long-term deferred expense that cannot bring benefit in future period, the Company recognized its amortised cost in profit or loss for the current period.

21. Employee benefits

(1) Scope of employee benefits

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

According to liquidity, employee benefits are presented as "employee benefits payable" and "long-term employee benefits payable" on the balance sheet.

(2) Short-term employee benefits

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

(3) Post-employment benefits

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

Defined contribution plans

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

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

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

Defined benefit plan

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

- ① Service costs, including current service costs, any past service costs and gain or loss on settlement. Among them, the current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period; the past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by a plan).
- ② Net interest on the net defined benefit liability (asset) can be viewed as comprising interest income on plan assets, interest cost on the defined benefit obligation and interest on the effect of the asset ceiling
- ③ Re-measurements of the net defined benefit liability and assets.

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

(4) Termination benefits

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

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

(5) Other long-term employee benefits

Other long-term employee benefits provided by the Company to the employees satisfied the conditions for classifying as a defined contribution plan; those benefits shall be accounted for in accordance with the above requirements relating to defined contribution plan. When the benefits satisfy a defined benefit plan, it shall be accounted for in accordance with the above requirements relating to defined benefit plan, but the movement of net

liabilities or assets in re-measurement of defined defined benefit plan shall be recorded in profit or loss for the current period or cost of relevant assets.

22. Provisions

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

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

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

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

23. Revenue

(1) General principle

① Sale of goods

Revenue is recognised when all the following conditions are satisfied: significant risks and rewards of ownership of goods have been transferred to the buyer; the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; it is probable that the economic benefits will flow to the Company; and the revenue and costs can be measured reliably.

② Rendering of services

Where the outcome of a transaction involving the rendering of services can be estimated reliably, revenue is recognised by reference to the stage of completion.

The stage of completion is based on the proportion of costs incurred to date to the estimated total costs.

Rendering of services can be estimated reliably when all the following conditions are satisfied: A. The revenue can be measured reliably; B. It is probable that the economic benefits will flow to the Company; C. The stage of completion can be measured reliably; D. The costs incurred and to be incurred in the transaction can be measured reliably.

Where the outcome cannot be estimated reliably, revenues are recognised to the extent of the costs incurred that are expected to be recoverable, and an equivalent amount is charged to profit or loss as service cost; otherwise, the costs incurred are recognised in profit or loss and no service revenue is recognised.

③ Transfer of right to use assets

Revenue is recognized when it is probable that the economic benefits will flow to the Company, and the revenue can be measured reliably.

④ Revenue from construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract expenses associated with the construction contract are recognised using the percentage of completion method. When the outcome of a construction contract cannot be estimated reliably, if the contract costs can be recovered, revenue is recognised to the extent of contract costs incurred that can be recovered, and the contract costs are recognised as contract expenses when incurred; otherwise, the contract costs are recognised as contract expenses immediately when incurred, and no contract revenue is recognised.

If the estimated total costs exceed contract revenue, the Company recognises estimated loss in profit or loss for the current period.

The stage of completion of a contract is determined based on the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

The outcome of a construction contract can be estimated reliably when all the following conditions are satisfied: A. The contract revenue can be measured reliably; B. It is probable that the economic benefits will flow to the Company; C. The actual contract costs incurred can be distinguished clearly and measured reliably; D. The completion progress of the contract and the costs need to be incurred to complete the contract can be measured reliably.

(2) Specific revenue recognition

Specific revenue recognition is as follows:

① Real estate development sales revenue recognition specific methods

1) the sales contract has been signed and filed with the land department; 2) the real estate has been completed and accepted; 3) fully one-off payment on the first installment payment has been received; 4) completed the procedures for entering the partnership in accordance with the requirements stipulated in the sales contract.

② Provide the specific method of property service income recognition

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

③ Rental property income recognition of the specific method

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

④ Other income recognition methods

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

24. Government grants

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

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

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

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

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

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

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

25. Deferred tax assets and deferred tax liabilities

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

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

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

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

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

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

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

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

26. Operating leases and finance leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee. An operating lease is a lease other than a finance lease.

(1) As a lessor

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

Income derived from operating leases is recognized in profit or loss using the straight-line method over the lease term. Initial direct costs are charged to profit or loss immediately.

(2) As a lessee

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

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

27. Maintenance funds

The Group collects the maintenance funds from owners as the certain proportion of the sales amount when selling commercial housing. It shall be included in the long-term accounts payable. The maintenance funds will reduce when it is delivered to the land and housing administration.

28. Quality guarantee deposit

The quality deposit is based on the Group's proportion of the construction and installation contracts, the term of payment. It is deducted from the construction payables and classified as accounts payable. Maintenance costs due to quality during the warranty period are directly expensed under this account and will be eliminated when the warranty period ends.

29. Significant accounting estimates and judgments

The Group continues to make significant estimates and judgements with the consideration of historical experience and other factors such as reasonable forecasts about the future. The estimates and judgements will have a huge impact on the carrying amount of assets and liabilities in the next financial period. The main estimates and judgements are as following:

(1) Classification of financial assets

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

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

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

(2) Measurement of Expected Credit Loss of Account Receivable

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

(3) Deferred income tax assets

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

(4) The provision of land appreciation tax

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

(5) Determination of fair value of unlisted equity investment

The fair value of an unlisted equity investment is the future cash flow discounted from the current discount rate of a project with similar terms and risks. This valuation requires the group to estimate future cash flows and discount rates. Therefore, it causes high uncertainty. In some cases, there is insufficient information to determine fair value, or the distribution of possible estimates is wide. On the contrary, the cost represents the best estimate of fair value within that range. As a whole, the cost can represent the appropriate estimate of fair value within that range.

30. Changes in significant accounting policies, accounting estimates and correction of errors in prior periods

(1) Provisions Changes in significant accounting policies

① New guidelines for financial instrument guidelines

In 2017, the Ministry of Finance has issued "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments (Revised)", "Accounting Standards for Business Enterprises No. 23 - Finance Asset Transfer (Revised)", "Accounting Standards for Business Enterprises No. 24 - Hedge Accounting (Revised)", "Accounting Standards for Business Enterprises No. 37 - Financial Instruments Presentation (Revised)" (hereinafter referred to as the "New Financial Instruments Standards"). The Group has changed accounting policies, the changed accounting policies are stated as note III. 10.

According to the new financial instruments standards, financial assets are classified into the following three categories depends on the Group's business mode of managing financial assets and cash flow characteristics of financial assets: financial assets measured at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. If the main contract contained in the mixed contract belongs to financial assets, it should not be separated from the mixed contract and embedded in derivatives, but should be applied as a whole to the relevant provisions of the classification of financial assets.

The adoption of the new financial instrument standards for the Group has no significant impact on the accounting policy of the Group's financial liabilities.

On 1 January, 2019, the Group did not designate any financial assets or liabilities as financial assets or liabilities measured at fair value through profits and losses, nor did it revoke its previous designation.

The new financial instrument standard replaces the method of recognising impairment provision according to actual impairment loss stipulated in the original financial instrument standard with the method of "expected credit losses method". The "expected credit losses method" model requires continuous assessment of the credit risk of financial assets. Therefore, under the new financial instrument standard, the group's credit loss is recognised earlier than the original financial instrument standard.

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

- Financial assets measured at amortized cost;
- Debt investments at fair value through other comprehensive income;
- Lease receivables;
- Financial guarantee contract(except measured at fair value through profit or loss or formed by continuing involvement of transferred financial assets or the transfer does not qualify for derecognition).

In accordance with the provisions of the new financial instrument standard, except in certain specific cases, the Group retrospectively adjusts the classification and measurement of financial instruments (including impairment), and calculates the difference between the original book value of financial instruments and the new book value on the date of implementation of the new financial instrument standard (i.e. January 1, 2019) into the retained earnings or other comprehensive earnings at the beginning of 2019. At the same time, the Group did not adjust the comparative financial statements data.

On 1 January, 2019, the results of classification and measurement of financial assets in accordance with the original financial instrument standards and the new financial instrument standards are as follows:

The original financial instrument standards			The new financial instrument standards		
Items	Categories	Book value	Items	Categories	Book value
Available-for-sale financial assets	To measure (an equity instrument) at cost.	17,464,240.74	Other non-current financial assets	Measured at fair value and recorded in current profit and loss	--
			Other equity instruments investment	Measured at fair value and recorded in other comprehensive income	30,922,155.02
Receivables	Amortised cost	33,426,991.65	Receivables	Amortized cost	26,678,630.82
			Receivables financing	Measured at fair value and recorded in other comprehensive income	--
Other receivables	Amortised cost	45,018,027.61	Other current asset	Amortised cost	--
			Other receivables	Amortised cost	23,009,475.81

On 1 January 2019, the adjustment table of the financial instrument classification and book value, at the implementation of the new financial instrument standards were as follows:

Category	Book amount before adjustment (31 December 2018)	Reclassification	Recalculation	Adjusted book amount (1 January 2019)
Assets:				
Cash at bank and in hand	2,048,522,435.93	2,282,500.00	--	2,050,804,935.93
Account receivable	33,426,991.65	--	-6,748,360.83	26,678,630.82
Other receivables	45,018,027.61	-2,282,500.00	-19,726,051.80	23,009,475.81
Available-for-sale financial assets	17,464,240.74	-17,464,240.74	--	--
Other equity instruments investment	--	17,464,240.74	13,457,914.28	30,922,155.02
Deferred income tax assets	154,543,788.80	--	311,694.66	154,855,483.46
Liabilities:				
Deferred income tax liabilities	--	--	--	--
	--	--	3,364,478.58	3,364,478.58
Entities:				
Other comprehensive income	10,564,385.97	--	10,093,435.70	20,657,821.67
Surplus reserves	95,906,222.59	--	-416,151.43	95,490,071.16
Undistributed profit	1,235,884,122.72	--	-25,355,845.72	1,210,528,277.00
Minority equity	-131,524,530.88	--	-390,720.82	-131,915,251.70

The adjustment table between the loss provision at the end of 2018 and the loss provision at the beginning of 2019 measured in accordance with the original rules of financial instruments is as follows:

Category	Book amount before adjustment (31 December 2018)	Reclassification	Recalculation	Adjusted book amount (1 January 2019)
Impairment provision for accounts receivable	19,243,657.51	--	6,748,360.83	25,992,018.34
Other provisions for impairment of receivables	174,758,743.31	--	19,726,051.80	194,484,795.11

② Financial statement format

The Ministry of Finance issued the notice of the ministry of finance on the revision and issuance of the general financial statement format of the year 2019 in April 2019 (No. 6 of finance and accounting [2019]), and the notice of the ministry of finance on the revision and issuance of the general financial statement format of the year 2018 (No. 15 of finance and accounting [2018]) issued in June 2018 shall be abolished simultaneously; In September 2019, the ministry of finance issued the notice of the ministry of finance on revising and printing the format of consolidated financial statements (version 2019) (No. 16 of finance and accounting [2019]), and the notice of the ministry of finance on revising and printing the format of consolidated financial statements for 2018 (No. 1 of finance and accounting [2019]) shall be abrogated simultaneously. According to accounting [2019] No. 6 and accounting [2019] No. 16, the company has revised the financial statement format as follows:

Balance sheet, dividing the items of "notes receivable and accounts receivable" into "notes receivable" and "accounts receivable"; The "notes payable and accounts payable" line item is divided into "notes payable" and "accounts payable".

The company shall adjust the comparative data of the comparable period according to document No. 6 of accounting [2019].

The revision of the financial statement format has no effect on the company's total assets, total liabilities, net profits and other comprehensive income.

As of 31 December 2019, there were no other significant accounting policy changes during the reporting period.

(2) Important accounting estimate changes

The Group's significant accounting estimates have not changed during the reporting period.

(3) At the first implementation of the new financial instrument standards, the situation to adjust the relevant items of the financial statements at the beginning of the first implementation year is as follow:

Consolidated balance sheet

Category	As at 31/12/2018	As at 1/1/2019	Adjustments
Current asset:			
Cash at bank and in hand	2,048,522,435.93	2,050,804,935.93	2,282,500.00
Accounts receivable	33,426,991.65	26,678,630.82	-6,748,360.83
Accounts receivable financing	--	--	--
Prepayment	4,177,767.88	4,177,767.88	--
Other receivables	45,018,027.61	23,009,475.81	-22,008,551.80
Inventories	1,685,152,051.26	1,685,152,051.26	--
Other current assets	6,780,999.56	6,780,999.56	--
Total current assets	3,823,078,273.89	3,796,603,861.26	-26,474,412.63
Non-current assets			
Available-for-sale financial assets	17,464,240.74	--	-17,464,240.74
Long-term equity investments	12,561,107.24	12,561,107.24	--
Other equity instruments investments	--	30,922,155.02	30,922,155.02
Investing properties	623,930,838.15	623,930,838.15	--
Fix assets	33,926,198.52	33,926,198.52	--
Long-term deferred expenses	387,066.91	387,066.91	--
Deferred income tax assets	154,543,788.80	154,855,483.46	311,694.66
Total non-current assets	842,813,240.36	856,582,849.30	13,769,608.94
Total assets	4,665,891,514.25	4,653,186,710.56	-12,704,803.69
Current liabilities:			
Short term loans	17,260,103.46	17,260,103.46	--
Accounts payable	216,758,906.71	216,758,906.71	--
Advances from customers	156,426,152.86	156,426,152.86	--
Employee benefits payable	45,836,830.05	45,836,830.05	--
Taxes payable	300,547,372.98	300,547,372.98	--
Other payables	721,819,898.48	721,819,898.48	--
Total current liabilities	1,458,649,264.54	1,458,649,264.54	--
Non-current liabilities:			
Long-term payable	6,507,139.20	6,507,139.20	--
Deferred income tax liabilities	--	3,364,478.58	3,364,478.58

Category	As at 31/12/2018	As at 1/1/2019	Adjustments
Total non-current liabilities	6,507,139.20	9,871,617.78	3,364,478.58
Total liabilities	1,465,156,403.74	1,468,520,882.32	3,364,478.58
Entities			
Share capital	1,011,660,000.00	1,011,660,000.00	--
Capital reserve	978,244,910.11	978,244,910.11	--
Other comprehensive income	10,564,385.97	20,657,821.67	10,093,435.70
Surplus reserve	95,906,222.59	95,490,071.16	-416,151.43
Retained earnings	1,235,884,122.72	1,210,528,277.00	-25,355,845.72
Total owners' equity attributable to parent company	3,332,259,641.39	3,316,581,079.94	-15,678,561.45
Minority interests	-131,524,530.88	-131,915,251.70	-390,720.82
Total entities	3,200,735,110.51	3,184,665,828.24	-16,069,282.27
Total liabilities and entities	4,665,891,514.25	4,653,186,710.56	-12,704,803.69

Balance sheet of parent company

Category	As at 31/12/2018	As at 1/1/2019	Adjustments
Current asset:			
Cash at bank and in hand	1,344,486,378.53	1,346,768,878.53	2,282,500.00
Accounts receivable	5,164,795.67	1,533,739.14	-3,631,056.53
Receivable financing	--	--	--
Prepayment	200,000.00	200,000.00	--
Other receivables	770,374,849.84	767,188,991.98	-3,185,857.86
Inventories	543,912,100.37	543,912,100.37	--
Other current assets	215,745.41	215,745.41	--
Total current assets	2,664,353,869.82	2,659,819,455.43	-4,534,414.39
Non-current assets			
Available-for-sale financial assets	12,000,000.00	--	-12,000,000.00
Long-term equity investments	235,284,776.57	235,284,776.57	--
Other equity instruments investments	--	13,297,189.66	13,297,189.66
Investing properties	511,040,299.65	511,040,299.65	--
Fix assets	21,942,842.11	21,942,842.11	--
Long-term deferred expense	346,015.72	346,015.72	--
Deferred income tax assets	16,699,980.23	16,745,319.01	45,338.78
Total non-current assets	797,313,914.28	798,656,442.72	1,342,528.44
Total assets	3,461,667,784.10	3,458,475,898.15	-3,191,885.95
Current liabilities			
Accounts payable	16,743,360.96	16,743,360.96	--
Advances from customers	22,035,608.45	22,035,608.45	--
Employee benefits payable	19,687,728.50	19,687,728.50	--
Taxes payable	144,621,616.85	144,621,616.85	--

Category	As at 31/12/2018	As at 1/1/2019	Adjustments
Other payables	594,392,900.98	594,392,900.98	--
Total current liabilities	797,481,215.74	797,481,215.74	--
Non-current liabilities:			
Deferred income tax liabilities	--	324,297.42	324,297.42
Total non-current liabilities	--	324,297.42	324,297.42
Total liabilities	797,481,215.74	797,805,513.16	324,297.42
Entities			
Share capital	1,011,660,000.00	1,011,660,000.00	--
Capital reserve	964,711,931.13	964,711,931.13	--
Other comprehensive income	--	972,892.24	972,892.24
Surplus reserve	72,776,609.18	72,360,457.75	-416,151.43
Retained earnings	615,038,028.05	610,965,103.87	-4,072,924.18
Total owners' equity attributable to parent company	2,664,186,568.36	2,660,670,384.99	-3,516,183.37
Minority interests	--	--	--
Total entities	2,664,186,568.36	2,660,670,384.99	-3,516,183.37
Total liabilities and entities	3,461,667,784.10	3,458,475,898.15	-3,191,885.95

IV. Taxation

1. Main types of taxes and corresponding tax rates

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

Description of VAT rates for different businesses:

The group is engaged in real estate development, property management, engineering and other business income, "notice on the pilot of replacing business tax with VAT" (Caishui [201636]) and other relevant provisions. Since May 1, 2016, the group's VAT taxable items and tax rates are shown in the following table:

Type of revenue	Tax	Tax rate%
Sales of properties	Simply filing return	5
Construction, installation income	Simply filing return	9,3
Rental income of Property	Simply filing return	5

Income of Property Management	Filing return generally	6
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Description of enterprise income tax rates of different tax payers:

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

V. Notes to the consolidated financial statements

1. Cash at bank and in hand

Item	As at 31/12/2019			As at 31/12/2018		
	Foreign currency amount	Exchange rate	RMB equivalent	Foreign currency amount	Exchange rate	RMB equivalent
Cash in hand:	--	--	66,252.42	--	--	57,979.40
RMB	--	--	66,252.42	--	--	57,979.40
Cash at bank:	--	--	1,493,123,507.93	--	--	1,148,464,456.53
RMB	--	--	1,485,217,117.53	--	--	1,140,213,287.57
USD	5,532.95	6.9762	38,598.97	45,331.77	6.8845	312,086.57
HKD	8,783,167.25	0.89578	7,867,791.43	9,031,948.11	0.8790	7,939,082.39
Including : Deposits in finance company	--	--	--	--	--	--
Other monetary funds:	--	--	1,017,950,685.00	--	--	900,000,000.00
RMB	--	--	1,017,950,685.00	--	--	900,000,000.00
Total	--	--	2,511,140,445.35	--	--	2,048,522,435.93
Including: Total overseas deposits	--	--	7,936,545.69	--	--	8,239,667.62

Note: At the end of the year 2019, other monetary funds were RMB 1,017,950,685.00. RMB 1,000,000,000.00 was structured deposit principal measured at amortized cost, RMB 3,950,685.00 was interest, and RMB 14,000,000.00 was a seven-day notice deposit.

2. Accounts receivable

(1) Accounts receivable by aging balance

Aging	As at 31/12/2019	As at 31/12/2018
Within 1 year	65,195,782.66	20,297,050.49
1 to 2 years	66,518.00	1,422,214.09
2 to 3 years	--	2,698,788.09
More than 3 years	24,956,115.96	28,252,596.49
Subtotal	90,218,416.62	52,670,649.16
Less: provision for bad and doubtful debts	28,159,360.94	19,243,657.51
Total	62,059,055.68	33,426,991.65

(2) The classification of bad and doubtful debts

Item	As at 31/12/2019
------	------------------

	Book balance		Provision for bad and doubtful debts		Carrying amount
	Book value	Proportion (%)	Book value	Expected credit loss(%)	
Provision made on an individual basis	24,866,900.27	27.56	24,866,900.27	100.00	--
Provision for bad and doubtful debts collectively	65,351,516.35	72.44	3,292,460.67	5.04	62,059,055.68
Including:					
Accounts receivable from sales of properties	10,761,284.37	11.93	538,064.22	5.00	10,223,220.15
Accounts receivable from other customers	54,590,231.98	60.51	2,754,396.45	5.05	51,835,835.53
Total	90,218,416.62	100.00	28,159,360.94	31.21	62,059,055.68

Continued

Item	As at 1/1/2019				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Book value	Proportion (%)	Book value	Expected credit loss(%)	
Provision made on an individual basis	24,426,477.73	46.38	24,426,477.73	100.00	--
Provision for bad and doubtful debts collectively	28,244,171.43	53.62	1,565,540.61	5.54	26,678,630.82
Including::					
Accounts receivable from sales of properties	2,330,074.80	4.42	116,503.74	5.00	2,213,571.06
Accounts receivable from other customers	25,914,096.63	49.20	1,449,036.87	5.59	24,465,059.76
Total	52,670,649.16	100.00	25,992,018.34	49.35	26,678,630.82

Provision made on an individual basis:

Item	As at 31/12/2019			
	Book balance	Provision for bad and doubtful debts	Expected credit loss (%)	Rationale of provision
Agent business payment of import and export	11,574,556.00	11,574,556.00	100.00	Expected to be not recoverable
Long-term accounts receivable from sales of properties	10,626,436.84	10,626,436.84	100.00	Expected to be not recoverable
Accounts receivable from revoked subsidiaries	2,328,158.40	2,328,158.40	100.00	Expected to be not recoverable
Other customers	337,749.03	337,749.03	100.00	Expected to be not recoverable
Total	24,866,900.27	24,866,900.27	100.00	

Provision for bad and doubtful debts collectively :

Accounts receivable from sales of properties

Aging	As at 31/12/2019		
	Account receivable	Provision for bad and doubtful debts	Expected credit loss(%)
Within 1 year	10,690,000.00	534,500.00	5.00
1 to 2 years	71,284.37	3,564.22	5.00
Total	10,761,284.37	538,064.22	5.00

Accounts receivable from other customers

Aging	As at 31/12/2019		
	Account receivable	Provision for bad and doubtful debts	Expected credit loss(%)
Within 1 year	54,590,231.98	2,754,396.45	5.05

As at 31/12/2018, Provision for bad and doubtful debts:

Category	As at 31/12/2018				
	Book value	Proportion(%)	Provision for bad and doubtful debts	Proportion (%)	Carrying amount
Accounts receivable of which provision for bad debts is of individually significant	--	--	--	--	--
Provision for bad and doubtful debts collectively	--	--	--	--	--
Accounts receivable of which provision for bad debts is of individually insignificant	52,670,649.16	100.00	19,243,657.51	36.54	33,426,991.65
Total	52,670,649.16	100.00	19,243,657.51	36.54	33,426,991.65

(3) Provision, recovery or reversal of bad debt

Item	Provision for bad and doubtful debts
As at 31/12/2018	19,243,657.51
Adjustment amount for the first implementation of the new financial instrument guidelines	6,748,360.83
As at 1/1/2019	25,992,018.34
Provision	2,167,342.60
Recovery	--
Written-off	--
2019.12.31	28,159,360.94

(4) Top 5 entities with the largest balances of other receivables

Name of Entity	Amount	Proportion of the	Bad debt
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		amount to the total AR (%)	provision
Corporation unit No.1	25,744,944.50	28.54	1,287,247.23
Corporation unit No.2	15,590,603.68	17.28	779,530.18
Corporation unit No.3	2,696,015.00	2.99	134,800.75
Individual No.1	2,309,255.46	2.56	115,462.77
Corporation unit No.4	2,185,557.48	2.42	109,277.87
Total	48,526,376.12	53.79	2,426,318.80

(5) At the end of the year 2019, the group has handled the factoring of accounts receivable (RMB 51,647,260.17), corresponding to the book value of accounts receivable RMB 51,647,260.17 which has not been terminated for recognition. The detail is set out in note V. 42.

3. Prepayments

(1) The aging analysis of prepayments is as follows:

Aging	As at 31/12/2019		As at 31/12/2018	
	Amount	Proportion(%)	Amount	Proportion(%)
Within 1 year	19,398.17	8.82	4,177,217.88	99.99
1 and 2 years	200,000.00	90.93	--	--
More than 3 years	550.00	0.25	550.00	0.01
Total	219,948.17	100.00	4,177,767.88	100.00

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

The total amount of prepayment is RMB 219,072.21, accounting for 99.60% of the total amount of the ending balance of prepayment.

4. Other receivables

Item	As at 31/12/2019	As at 31/12/2018
Interest receivables	--	2,453,067.78
Dividend receivables	1,052,192.76	1,052,192.76
Other receivables	27,223,035.50	41,512,767.07
Total	28,275,228.26	45,018,027.61

(1) Interest receivables

Item	As at 31/12/2019	As at 31/12/2018
Fixed deposits	--	170,567.78
Structured deposit	--	2,282,500.00
Subtotal:	--	2,453,067.78
Less: Provision for bad and doubtful debts	--	--
Total	--	2,453,067.78

(2) Dividend receivables

Item	As at 31/12/2019	As at 31/12/2018
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Yunnan KunPeng Flight service Co., Ltd	1,052,192.76	1,052,192.76
Less: Provision for bad and doubtful debts	--	--
Total	1,052,192.76	1,052,192.76

Including: significant dividends receivable aging over 1 year:

Item	As at 31/12/2019	Aging	Reason for uncollected	Whether an impairment occurred and the basis for its judgment
Yunnan KunPeng Flight service Co., Ltd	1,052,192.76	5 years	Delay to issue	None

(3) Other receivables

① Other receivables by aging

Aging	As at 31/12/2019	As at 31/12/2018
Within 1 year	20,256,667.46	7,746,036.15
1 to 2 years	5,670,455.80	9,382,626.85
2 to 3 years	--	1,512,791.00
More than 3 years	196,658,114.17	197,630,056.38
Subtotal	222,585,237.43	216,271,510.38
Less: Provision for bad and doubtful debts	195,362,201.93	174,758,743.31
Total	27,223,035.50	41,512,767.07

② Other receivables categorized by nature

Item	As at 31/12/2019			As at 31/12/2018		
	Book value	Provision for bad and doubtful debts	Carrying amount	Book value	Provision for bad and doubtful debts	Carrying amount
Amount receivables from government	4,371,247.34	--	4,371,247.34	13,272,259.19	--	13,272,259.19
Amount receivables from employee's inprest fund	716,684.01	--	716,684.01	1,202,293.00	--	1,202,293.00
Amount receivables from the collecting and paying on another's behalf	594,012.08	--	594,012.08	684,325.81	--	684,325.81
Amount receivables from other customers	56,713,292.62	35,639,303.91	21,073,988.71	41,109,356.53	17,029,617.56	24,079,738.97
Amount receivables from related parties	160,190,001.38	159,722,898.02	467,103.36	160,003,275.85	157,729,125.75	2,274,150.10

Total	222,585,237.43	195,362,201.93	27,223,035.50	216,271,510.38	174,758,743.31	41,512,767.07
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③ Provision for bad and doubtful debts

As at 31/12/2019, the provision for bad debts in the first stage :

Category	Book balance	12-month expected credit loss(%)	Provision for bad and doubtful debts	Carrying amount	Reasons
Collectively assessed for impairment based on credit risk characteristics					
Amount receivables from government	4,371,247.34	--	--	4,371,247.34	
Amount receivables from employee's inprest fund	716,684.01	--	--	716,684.01	
Amount receivables from the collecting and paying on another's behalf	594,012.08	--	--	594,012.08	
Amount receivables from other customers	22,183,146.01	5.00	1,109,157.30	21,073,988.71	
Amount receivables from related parties	491,687.74	5.00	24,584.38	467,103.36	
Total	28,356,777.18	4.00	1,133,741.68	27,223,035.50	

As at 31/12/2019, the company does not have interest receivable, dividends receivable and other receivables in the second stage.

As at 31/12/2019, the provision for bad debts in the third stage :

Category	Book balance	To lifetime expected credit loss	Provision for bad and doubtful debts	Carrying amount	Reasons
Individually assessed for impairment individually					
Other receiavles from revoked subsidiaries	3,838,281.67	100.00	3,838,281.67	--	Expected to be not recoverable
Other receiavles from existed subsidiaries	190,390,178.58	100.00	190,390,178.58	--	Expected to be not recoverable
Including: Other receivables from related parties	159,698,313.64	100.00	159,698,313.64	--	Expected to be not recoverable
Total	194,228,460.25	100.00	194,228,460.25	--	

As at 31/12/2018, Provision for bad and doubtful debts:

Category	As at 31/12/2018				
	Book value	%	Provision for bad and doubtful debts	%	Carrying amount
Accounts receivable of which provision for bad debts is of individually significant	145,114,361.44	67.10	144,780,234.62	99.77	334,126.82
Provision for bad and doubtful	--	--	--	--	--

debts collectively

Accounts receivable of which provision for bad debts is of individually insignificant

	71,157,148.94	32.90	29,978,508.69	42.13	41,178,640.25
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Total	216,271,510.38	100.00	174,758,743.31	80.81	41,512,767.07
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④ Provision, recovery or reversal of bad debt

	The first stage	The second stage	The third stage	
Provision for bad and doubtful	To 12-month expected credit loss	To lifetime expected credit loss (no credit impairment)	To lifetime expected credit loss (has occurred credit impairment)	Total
As at 31/12/2018	--	--	174,758,743.31	174,758,743.31
Adjustment amount for the first implementation of the new financial instrument guidelines	352,721.66	--	19,373,330.14	19,726,051.80
As at 31/12/2018	352,721.66	--	194,132,073.45	194,484,795.11
Provision	805,229.49	--	96,386.80	901,616.29
Recovery	24,209.47	--	--	24,209.47
Written-off	--	--	--	--
As at 31/12/2019	1,133,741.68	--	194,228,460.25	195,362,201.93

⑤ There were no other receivables written off in the current period.

⑥ Top 5 entities with the largest balances of other receivables

Name of Entity	Nature	Amount	Aging	Proportion of the amount to the total OR (%)	Bad debt provision
Canada Great Wall(Vancouver) Co.,Ltd	Current account	89,035,748.07	More than 5 years	40.00	89,035,748.07
Paklid Limited	Current account	19,319,864.85	More than 5 years	8.68	19,319,864.85
Bekaton property Limited	Current account	12,559,290.58	More than 5 years	5.64	12,559,290.58
Guangdong province Huizhou Luofu Hill Mineral Water Co.,Ltd	Current account	10,465,168.81	More than 5 years	4.70	10,465,168.81
Xi'an Fresh Peak Property Trading Co., Ltd	Current account	8,419,205.19	More than 5 years	3.78	8,419,205.19
Total	--	139,799,277.50	--	62.80	139,799,277.50

5. Inventories

(1) Categories of inventory

Item	As at 31/12/2019			As at 31/12/2018		
	Book value	Provision for impairment of inventories	Carrying amount	Book value	Provision for impairment of	Carrying amount

inventories						
Real estate development projects						
Real estate developing products	400,425,673.85	--	400,425,673.85	517,451,829.98	--	517,451,829.98
Real estate developed products	1,060,130,671.64	268,941.60	1,059,861,730.04	1,093,907,013.99	268,941.60	1,093,638,072.39
Subtotal	1,460,556,345.49	268,941.60	1,460,287,403.89	1,611,358,843.97	268,941.60	1,611,089,902.37
Non real estate development projects						
Raw material	882,857.81	240,000.00	642,857.81	882,857.81	240,000.00	642,857.81
Finished products	317,200.81	38,891.91	278,308.90	319,679.87	38,891.91	280,787.96
Construction in progress	1,020,477.58	--	1,020,477.58	73,138,503.12	--	73,138,503.12
Subtotal	2,220,536.20	278,891.91	1,941,644.29	74,341,040.80	278,891.91	74,062,148.89
Total	1,462,776,881.69	547,833.51	1,462,229,048.18	1,685,699,884.77	547,833.51	1,685,152,051.26

(2) Provision for impairment of inventories

Category	As at 1/1/2019	Additions during the year Provision others	Written back during the year Reversals or write-off	others	As at 31/12/2019
Real estate development projects					
Real estate developing costs	--	--	--	--	--
Real estate developed products	268,941.60	--	--	--	268,941.60
Non real estate development projects					
Raw material	240,000.00	--	--	--	240,000.00
Finished products	38,891.91	--	--	--	38,891.91
Construction in progress	--	--	--	--	--
Total	547,833.51	--	--	--	547,833.51

Provision for impairment of inventories (continued)

Item	The basis for determining the net realizable value/residual consideration and the costs to be incurred	The cause of inventory depreciation provision for the current period
Real estate developing costs	The estimated selling price of the inventory minus the estimated costs upon completion, the estimated selling expenses, and the related taxes	--
Real estate developed products	The estimated selling price of the inventory less the estimated selling cost and related taxes	--
Raw materials	The estimated selling price of the inventory minus the estimated costs upon completion, the estimated selling expenses, and the related taxes	--
Finished products	The estimated selling price of the inventory less the	--

	estimated selling cost and related taxes	
Construction in progress	The estimated selling price of the inventory minus the estimated costs upon completion, the estimated selling expenses, and the related taxes	--

(3) Note of the capitalized amount of borrowing costs in the ending inventory balance:

As at 31/12/2019, the Group's inventory balance contains the amount capitalized on the borrowing costs with RMB 4,910,251.90 (As at 31/12/2018, RMB 37,274,519.11).

(4) Real estate developing products

Ttem	Starting time	Finished time	Estimated total investment	As at 31/12/2019	As at 31/12/2018	Provision for inventory devaluation
ChuanQi DongHu Building(Former DongHuDiJing Building)	2017	2019	51,000.00	--	309,169,276.59	--
ShanTou Fresh Peak Building	--	--	--	25,291,908.11	25,291,908.11	--
TianYue Bay No.2	2015	2021	65,485.00	375,133,765.74	182,990,645.28	--
Total				400,425,673.85	517,451,829.98	--

(5) Real estate developed products

Item	Finished time	As at 1/1/2019	Increase	Decrease	As at 31/12/2019	Provision for inventory devaluation
Jinye Island Multi-tier villa	1997	39,090,848.09	36,371.05	--	39,127,219.14	--
Jinye Island villa No.10	2010	6,079,171.97	--	2,551,243.04	3,527,928.93	--
Jinye Island villa No.11	2008	6,881,309.24	--	2,540,146.75	4,341,162.49	--
YueJing dongfang Project	2014	9,789,881.19	--	1,943,875.12	7,846,006.07	--
Wenjin Garden		3,299,040.20	--	3,206,827.43	92,212.77	--
Real Estate building		9,710,518.65	--	9,710,518.65	--	--
HuaFeng Building		1,631,743.64	--	--	1,631,743.64	--
HuangPu XinCun		289,802.88	439,627.12	--	729,430.00	--
XingHu Garden		156,848.69	--	--	156,848.69	--
Chuanqishan Project	2013	8,969,652.53	--	8,969,652.53	--	--
Shenfang Shanglin Garden	2014	10,206,656.46	--	--	10,206,656.46	268,941.60

Beijing Fresh Peak Building		304,557.05	--	--	304,557.05	--
TianYue Bay No.1	2017	618,140,958.93	--	142,392,835.79	475,748,123.14	--
Chuanqi Jingyuan	2018	210,020,135.85	19,914,665.39	229,934,801.24	--	--
Shengfang CuiLin Building	2018	169,335,888.62	--	69,389,822.08	99,946,066.54	--
Chuanqi Donghu	2019	--	502,775,707.27	86,302,990.55	416,472,716.72	--
Total		1,093,907,013.99	523,166,370.83	556,942,713.18	1,060,130,671.64	268,941.60

Note: the decrease of Wenjing Garden and Real Estate building is caused by the transfer from the rental inventory into investment properties and amortization.

6、Other non-current assets

Item	As at 31/12/2019	As at 31/12/ 2018
Income tax	84,000,516.75	--
Advance payment of VAT	10,211,601.86	--
Pending deduct VAT	4,741,727.70	6,336,815.15
LAT	2,617,779.37	--
Business tax	353,427.19	444,184.41
Others	856,802.61	--
Total	102,781,855.48	6,780,999.56

7、Available-for-sale financial assets

Item	As at 31/12/2019			As at 31/12/2018		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Available-for-sale equity instruments	--	--	--	17,464,240.74	--	17,464,240.74
including: atcost	--	--	--	17,464,240.74	--	17,464,240.74
Total	--	--	--	17,464,240.74	--	17,464,240.74

8、Long-term equity investments

Investee	Balance as at 1/1/2019	Additional investment	Reduce investment	Movements during the year						Balance as at 31/12/2019	Balance of provision for impairment as at 31/12/2019
				Investment gains and losses confirmed by the equity method	Adjustment of other comprehensive income	Changes in other equity	The issuance of profit	Impairment	Other		
① Joint ventures											
Guangdong province Huizhou Luofu Hill Mineral Water Co., Ltd	9,969,206.09	--	--	--	--	--	--	--	--	9,969,206.09	9,969,206.09
Fengkai Xinhua Hotel	9,455,465.38	--	--	--	--	--	--	--	--	9,455,465.38	9,455,465.38
Subtotal	19,424,671.47	--	--	--	--	--	--	--	--	19,424,671.47	19,424,671.47
② Associates											
Shenzhen Ronghua JiDian Co., Ltd	1,471,164.04	--	--	75,629.25	--	--	--	--	--	1,546,793.29	1,076,954.64
Shenzhen Runhua Automobile trading Co., Ltd	1,445,425.56	--	--	--	--	--	--	--	--	1,445,425.56	1,445,425.56
Dongyi Real Estate Co., Ltd	30,376,084.89	--	--	--	--	--	--	--	--	30,376,084.89	30,376,084.89
Subtotal	33,292,674.49	--	--	75,629.25	--	--	--	--	--	33,368,303.74	32,898,465.09
③ Other equity investments											
Paklid Limited	201,100.00	--	--	--	--	--	--	--	--	201,100.00	201,100.00
Bekaton Property Limited	906,630.00	--	--	--	--	--	--	--	--	906,630.00	906,630.00
Shenzhen	10,000,000.00	--	--	--	--	--	--	--	--	10,000,000.00	10,000,000.00

Investee	Balance as at 1/1/2019	Movements during the year								Balance as at 31/12/2019	Balance of provision for impairment as at 31/12/2019
		Additional investment	Reduce investment	Investment gains and losses confirmed by the equity method	Adjustment of other comprehensive income	Changes in other equity	The issuance of profit	Impairment	Other		
Shenfeng Department Store Co. Ltd.											
Shantou Fresh Peak Building Guangdong Province Fengkai	58,547,652.25	--	--	--	--	--	--	--	--	58,547,652.25	58,547,652.25
Lain Feng Cement Manufacturing Co., Ltd	56,228,381.64	--	--	--	--	--	--	--	--	56,228,381.64	56,228,381.64
Jiangmen Xinjiang Real Estate Co., Ltd	9,037,070.89	--	--	--	--	--	--	--	--	9,037,070.89	9,037,070.89
Xi'an Fresh Peak Property Trading Co., Ltd	32,840,729.61	--	--	--	--	--	--	12,166,897.84	--	32,840,729.61	32,840,729.61
Subtotal	167,761,564.39	--	--	--	--	--	--	12,166,897.84	--	167,761,564.39	167,761,564.39
Total	167,761,564.39	--	--	--	--	--	--	12,166,897.84	--	167,761,564.39	167,761,564.39

Note:

1. After the suspension of Xi'an Fresh Peak Property Trading Co., Ltd, there is no sign of the resumption of business activities in the foreseeable future. Therefore, the group takes RMB 12,166,897.84 for the long-term equity investment of Xi'an Xinfeng property trading co., LTD as a provision.
2. Other equity investments are the equity of the company's subsidiaries not included in the scope of the merger. These subsidiaries may or have completed the cancellation procedures, but the company has not written off its long-term equity investment, or they ceased operations many years ago, and the company has no longer existed, the company has been unable to implement effective control over it. Refer to Note VII for details.

9. Other equity instrument investments

Item	As at 31/12/2019	As at 31/12/2018
Shantou Small & Medium Enterprises Financing Guarantee Co., Ltd	13,229,501.03	--
Yunnan KunPeng Flight service Co., Ltd	19,897,229.01	--
Total	33,126,730.04	--

Note: Since the above equity instruments are investments that the Group plans to hold for a long time for strategic purposes, the group designates them as financial assets measured at fair value and their changes recorded in other comprehensive income.

Item	Dividend income recognized for the current period	The cumulative gains	The cumulative loss	The amount of other comprehensive reserve transferred into retained earnings	Transferring reasons
Shantou Small & Medium Enterprises Financing Guarantee Co., Ltd	928,200.00	3,444,300.00	--	--	--
Yunnan KunPeng Flight service Co., Ltd	--	1,653,305.67	--	--	--
Total	928,200.00	5,097,605.67	--	--	--

10. Investment properties

(1) Investment properties measured using the cost model

Item	Buildings	Land use rights	Total
I .Cost			
1.Balance as at 31/12/2018	1,010,636,392.81	106,115,418.00	1,116,751,810.81
2.Additions during the year	32,607,479.94	1,413,433.63	34,020,913.57
(1) Transfers from inventory	32,607,479.94	--	32,607,479.94
(2) Others(exchange fluctuation)	--	1,413,433.63	1,413,433.63
3. Decrease during the year	--	--	--
4.Balance as at 31/12/2019	1,043,243,872.75	107,528,851.63	1,150,772,724.38
II Accumulated depreciation or amortization			
1.Balance as at 31/12/2018	391,598,553.08	--	391,598,553.08
2.Charge for the year	24,549,780.59	--	24,549,780.59
(1) Depreciated or amortised	24,549,780.59	--	24,549,780.59
3. Reductions during the year	--	--	--
4.Balance as at 31/12/2019	416,148,333.67	--	416,148,333.67
III.Provision for impairment			
1.Balance as at 31/12/2018	14,128,544.62	87,093,874.96	101,222,419.58
2.Charge for the year	--	1,160,070.93	1,160,070.93
(1) Other additions(exchange fluctuation)	--	1,160,070.93	1,160,070.93
3. Reductions on disposals	--	--	--

Item	Buildings	Land use rights	Total
4.Balance as at 31/12/2019	14,128,544.62	88,253,945.89	102,382,490.51
IV.Carrying amounts			
1.As at 31/12/2019	612,966,994.46	19,274,905.74	632,241,900.20
2.As at 31/12/2018	604,909,295.11	19,021,543.04	623,930,838.15

Note: The original value of land use right and the amount of the increase of the impairment provision are caused by the exchange rate changes in the translation of foreign currency statements.

11. Fixed assets

Item	As at 31/12/2019	As at 31/12/2018
Fixed assets	30,522,035.11	33,926,198.52
Fixed assets to be disposed of	--	--
Total	30,522,035.11	33,926,198.52

(1) Fixed assets

① Fixed assets

Item	Plant & buildings	Motor vehicles	Electronic equipment & others	Total
I .Cost				
1.Balance as at 31/12/2018	107,110,751.42	12,287,244.75	14,210,579.58	133,608,575.75
2.Additions during the year	--	641,365.74	613,347.76	1,254,713.50
(1) Purchases	--	641,365.74	613,347.76	1,254,713.50
3. Decrease during the year	--	2,487,543.00	897,404.55	3,384,947.55
(1) Disposals or written-offs	--	2,487,543.00	897,404.55	3,384,947.55
4.Balance as at 31/12/2019	107,110,751.42	10,441,067.49	13,926,522.79	131,478,341.70
II.Accumulated depreciation:				
1.Balance as at 31/12/2018	77,203,923.01	10,932,114.25	11,546,339.97	99,682,377.23
2.Charge for the year	3,440,124.50	259,061.38	658,842.85	4,358,028.73
(1)Provision	3,440,124.50	259,061.38	658,842.85	4,358,028.73
3.Reductions for the year	--	2,245,974.50	838,124.87	3,084,099.37
(1)Disposal or written-offs	--	2,245,974.50	838,124.87	3,084,099.37
4.Balance as at 31/12/2019	80,644,047.51	8,945,201.13	11,367,057.95	100,956,306.59
III.Provision for impairment				
IV.Carrying amount				
1.As at 31/12/2019	26,466,703.91	1,495,866.36	2,559,464.84	30,522,035.11
2.As at 31/12/2018	29,906,828.41	1,355,130.50	2,664,239.61	33,926,198.52

12. Intangible assets

(1)Intangible assets

Item	Software	Total
I.Cost		
1.Balance as at 31/12/2018	2,241,800.00	2,241,800.00
2.Additions during the year		
3.Decrease during the year		
(1)Disposals		
4.Balance as at 31/12/2019	2,241,800.00	2,241,800.00
II.Accumulative amortisation		
1.Balance as at 31/12/2018	2,241,800.00	2,241,800.00
2.Charge for the year	--	--
3.Reduction for the year	--	--
4.Balance as at 31/12/2019	2,241,800.00	2,241,800.00
III.Provision for impairment		
IV.Carrying amount		
1.As at 31/12/2019	--	--
2.As at 31/12/2018	--	--

13. Long-term deferred expenses

Item	As at 31/12/2018	Additions during the year	Decreases during the year	Others decreases	As at 31/12/2019
			Amortisation for the year		
Renovation costs	346,015.85	--	183,890.13	--	162,125.72
Others	41,051.06	--	41,051.06	--	--
Total	387,066.91	--	224,941.19	--	162,125.72

14. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets and deferred tax liabilities not offsetting

Item	As at 31/12/2019		As at 31/12/2018	
	Deductible or taxable temporary differences	Deferred assets/ deferred tax liabilities	Deductible or taxable temporary differences	Deferred assets/ deferred tax liabilities
Deferred tax assets:				
Provisions for impairment of assets	5,157,896.86	1,289,474.22	268,941.60	67,235.40
Deductible loss	46,877,417.46	11,719,354.37	72,853,906.32	18,213,476.58
Provision for land appreciation tax liquidation reserves	83,816,495.81	20,954,123.95	416,873,760.12	119,730,695.91
Expected profit for advances from customers	--	--	12,937,987.44	3,234,496.86
Unrealized profits of intra-group transactions	29,309,607.92	7,327,401.98	4,419,308.84	1,104,827.21
Contract tentative estimate cost	20,603,882.91	5,150,970.73	47,474,275.32	12,193,056.84

Item	As at 31/12/2019		As at 31/12/2018	
	Deductible or taxable temporary differences	Deferred assets/ tax liabilities	Deductible or taxable temporary differences	Deferred assets/ tax liabilities
Sub-total	185,765,300.96	46,441,325.25	554,828,179.64	154,543,788.80
Deferred tax liabilities:				
Interest on unexpired structured deposits	3,950,685.00	987,671.25	--	--
Changes in fair value of other equity instruments	15,662,489.30	3,915,622.33	--	--
Sub-total	19,613,174.30	4,903,293.58	--	--

(2) Details of unrecognized deferred tax assets

Item	As at 31/12/2019	As at 31/12/2018
Deductible losses	31,568,944.69	30,987,611.48
Bad debt provision	218,911,499.52	194,281,292.73
Provision for impairment of long-term equity investments	220,084,700.95	207,917,803.11
Provision for impairment of investment properties	102,382,490.51	101,222,419.58
Total	572,947,635.67	534,409,126.90

Note: Due to the uncertainty of whether sufficient taxable income can be obtained in the future, there is no confirmation of deductible temporary differences and deductible losses on deferred tax assets.

(3) Unrecognized deductible losses of deferred tax assets will expire at the end of following years

Year	As at 31/12/2019	As at 31/12/2018	Note
2019	--	107,123.28	
2020	9,692,495.52	9,692,495.52	
2021	11,349,323.06	11,349,323.06	
2022	5,753,184.38	5,753,184.38	
2023	4,085,485.24	4,085,485.24	
2024	688,456.49	--	
Total	31,568,944.69	30,987,611.48	

15. Short-term loans

(1) Short-term loans by category

Category	As at 31/12/2019	As at 31/12/2018
Pledged loans	51,647,260.17	15,260,103.46
Credit loans	--	2,000,000.00
Total	51,647,260.17	17,260,103.46

Note: At the end of the period, the Group discounted the account receivables amounted to RMB 51,647,260.17 by factoring to financial institutions and received cash proceeds of RMB 51,647,260.17.

16. Accounts payable

Item	As at 31/12/2019	As at 31/12/2018
Construction	241,850,173.72	214,354,593.64
Others	2,374,304.74	2,404,313.07
Total	244,224,478.46	216,758,906.71

17. Advances from customers

Item	As at 31/12/2019	As at 31/12/2018
Housing	151,031,759.13	88,339,354.35
Construction	1,805,298.78	59,728,753.52
Others	6,645,452.52	8,358,044.99
Total	159,482,510.43	156,426,152.86

18. Employee benefits payable

Item	As at 31/12/2018	Accrued during the year	Decreased during the year	As at 31/12/2019
Short-term employee benefits	45,693,840.70	172,194,173.32	164,070,342.88	53,817,671.14
Post-employment benefits - defined contribution plans	142,989.35	14,622,967.90	14,674,051.90	91,905.35
Total	45,836,830.05	186,817,141.22	178,744,394.78	53,909,576.49

(1) Short-term employee benefits

Item	As at 31/12/2018	Accrued during the year	Decreased during the year	As at 31/12/2019
Salaries, bonus, allowances	44,535,073.06	153,522,845.02	145,514,192.66	52,543,725.42
Staff welfare	39,600.00	3,670,713.73	3,672,513.73	37,800.00
Social insurances	1,578.57	4,666,822.54	4,666,822.54	1,578.57
Including: 1、Medical insurance	1,503.22	4,211,966.49	4,211,966.49	1,503.22
2、Work-related injury insurance	591.04	81,950.77	81,950.77	591.04
3、Maternity insurance	-515.69	372,905.28	372,905.28	-515.69
Housing Fund	628,129.71	5,974,861.65	6,019,324.53	583,666.83
Labor union fees, staff and workers' education fee	489,459.36	4,358,930.38	4,197,489.42	650,900.32
Total	45,693,840.70	172,194,173.32	164,070,342.88	53,817,671.14

(2) Defined contribution plans

Item	As at 31/12/2018	Accrued during the year	Decreased during the year	As at 31/12/2019
Post-employment benefits	142,989.35	14,622,967.90	14,674,051.90	91,905.35
Including: 1. Basic pension insurance	75,075.11	10,088,061.88	10,088,061.88	75,075.11
2. Unemployment insurance	914.12	228,826.01	228,826.01	914.12
3. Annuity	67,000.12	4,306,080.01	4,357,164.01	15,916.12

Total	142,989.35	14,622,967.90	14,674,051.90	91,905.35
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19. Taxes payable

Item	As at 31/12/2019	As at 31/12/2018
Corporate income tax	51,397,791.31	180,717,910.92
Land appreciation tax	521,540,610.07	106,254,407.65
Value-added tax	10,221,416.88	11,361,028.95
Personal Income Tax	1,049,224.90	828,729.71
City maintenance and construction tax	632,944.99	385,048.81
Property tax	262,015.56	335,365.77
Education surcharge	335,721.66	239,105.38
Local education surcharge	119,929.86	85,955.80
Others	141,160.13	339,819.99
Total	585,700,815.36	300,547,372.98

20. Other payables

Item	As at 31/12/2019	As at 31/12/2018
Interest payables	16,535,277.94	16,535,277.94
Dividend payables	--	--
Other payables	260,783,896.59	705,284,620.54
Total	277,319,174.53	721,819,898.48

(1) Interest payables

Item	As at 31/12/2019	As at 31/12/2018
Non-financial institution borrowing interest (interest payable to parent company)	16,535,277.94	16,535,277.94

Significant overdue interest as follows:

Debtor	Overdue amount	Overdue reason
Shenzhen Investment Holdings Co., Ltd.	16,535,277.94	Payment hold

Note: The principal of the loan was fully repaid on 22 December 2016.

(2) Other payables

Item	As at 31/12/2019	As at 31/12/2018
Provision for land appreciation tax	59,710,423.57	509,788,654.15
Related parties	12,549,466.41	2,770,322.64
Deposits	105,828,118.27	100,011,180.52
Others	82,695,888.34	92,714,463.23
Total	260,783,896.59	705,284,620.54

Including significant other payables aging over 1 year

Item	Amount	Reason for no repayment
Provision for land appreciation tax	59,710,423.57	Payment has not been liquidated

21. Long-term payables

Item	As at 31/12/2019	As at 31/12/2018
Long-term payables	7,499,192.92	6,507,139.20
Special payables	--	--
Total	7,499,192.92	6,507,139.20

(1) Long-term payables

Item	As at 31/12/2019	As at 31/12/2018
Maintenance fund	7,499,192.92	6,507,139.20

22. Share capital (Unit: ten thousand shares)

Investor	As at 31/12/2018	Issued shares	Bonus shares	Provident fund increase shares	Others	Subtotal	As at 31/12/2019
Total number of shares	101,166.00	--	--	--	--	--	101,166.00

23. Capital reserve

Item	As at 31/12/2018	Additions during the year	Reductions during the year	As at 31/12/2019
Share premium	557,433,036.93	--	--	557,433,036.93
Other capital reserves	420,811,873.18	--	--	420,811,873.18
Total	978,244,910.11	--	--	978,244,910.11

24. Other comprehensive income

Adjusted amount for the first implementation of the new financial instrument standard						
Item	As at 31/12/2018 (1)	Pre-tax income for the period	Less: income tax expense	Net-of-tax amount attributable to shareholders of the Company (2)	Net-of-tax amount attributable to non-controlling interests	As at 2019.1.1 (3) = (1) + (2)
I. Items that will not be reclassified to profit or loss	--	13,457,914.28	3,364,478.58	10,093,435.70	--	10,093,435.70
1. Changes in fair value of other equity instruments	--	13,457,914.28	3,364,478.58	10,093,435.70	--	10,093,435.70
II. Items that may be reclassified	10,564,385.97	--	--	--	--	10,564,385.97

Item	Adjusted amount for the first implementation of the new financial instrument standard					As at 2019.1.1 (3) = (1) + (2)
	As at 31/12/2018 (1)	Pre-tax income for the period	Less: income tax expense	Net-of-tax amount attributable to shareholders of the Company (2)	Net-of-tax amount attributable to non-controlling interests	
to profit or loss						
1.Translation differences arising from translation of foreign currency financial statements	10,564,385.97	--	--	--	--	10,564,385.97
Total	10,564,385.97	13,457,914.28	3,364,478.58	10,093,435.70	--	20,657,821.67

Continued

Item	Movements during the year					As at 2019.12.31 (3) = (1) + (2)
	As at 2019.1.1 (1)	Before-tax amount	Less: income tax expense	Net-of-tax amount attributable to shareholders of the Company (2)	Net-of-tax amount attributable to non-controlling interests	
I. Items that will not be reclassified to profit or loss						
1. Changes in fair value of other equity instruments	10,093,435.70	2,204,575.02	551,143.75	1,653,431.27	--	11,746,866.97
II. Items that may be reclassified to profit or loss						
1. Translation differences arising from translation of foreign currency financial statements	10,564,385.97	-1,480,248.81	--	-1,480,248.81	-349,804.55	9,084,137.16
Total	20,657,821.67	724,326.21	551,143.75	173,182.46	-349,804.55	20,831,004.13

25. Surplus reserve

Item	As at 31/12/2018	Beginning adjustment	Additions during the year	Reductions during the year	As at 31/12/2019
Statutory surplus reserve	95,906,222.59	-416,151.43	95,732,767.78	---	191,222,838.94

Note: For the impact of changes in accounting policies on the opening surplus reserve, please refer to Note III.30

26. Retained earnings

Item	Year ended 31/12/2019	Year ended 31/12/2018	Appropriation or distribution percentage
Retained earnings as at 31/12/2018 (before adjustment)	1,235,884,122.72	742,624,845.71	--
Total adjustments for opening retained earnings ("+" for increase; "-" for decrease)	-25,355,845.72	--	--
Retained earnings as at 01/01/2019 (after adjustment)	1,210,528,277.00	742,624,845.71	--
Add: Net profits for the year attributable to shareholders of the Company	552,452,307.59	503,498,831.60	--
Less: Appropriation for statutory surplus reserve	95,732,767.78	10,239,554.59	10.00
Dividends payable to ordinary shares	202,332,000.00	--	--
Retained earnings as at 31/12/2019	1,464,915,816.81	1,235,884,122.72	--

Note: The impact of changes in accounting policies and corrections of significant accounting errors on opening retained earnings please refer to Note III. 30.

27. Operating income and operating cost

Item	2019		2018	
	Revenue	Cost	Revenue	Cost
Principal operating	2,533,402,850.39	944,347,757.51	2,149,857,315.87	918,680,658.37
Other operating	15,337,469.10	13,404,895.03	25,329,926.73	19,705,354.72

(1) Operating income and operating costs from principal activities (classified by industries)

Industry	2019		2018	
	Operating income	Operating cost	Operating income	Operating cost
Real estate	2,017,872,864.14	497,310,023.38	1,595,473,065.40	445,500,004.85
Engineering construction	304,837,313.46	298,315,846.77	370,298,109.36	358,335,541.20
Property management	157,665,638.01	142,261,602.88	146,123,975.95	128,536,788.40
Lease	86,484,133.79	45,173,891.05	92,015,827.23	46,069,096.38
Sub-total	2,566,859,949.40	983,061,364.08	2,203,910,977.94	978,441,430.83
Less: internal offset	33,457,099.01	38,713,606.57	54,053,662.07	59,760,772.46
Total	2,533,402,850.39	944,347,757.51	2,149,857,315.87	918,680,658.37

(2) Operating income and operating costs from principal activities(classified by geographical areas)

Region	2019		2018	
	Operating income	Operating cost	Operating income	Operating cost
Domestic:	2,566,271,187.43	984,319,212.90	2,203,317,074.26	978,441,430.83
Guangdong:	2,491,373,238.76	910,671,531.26	2,117,245,186.96	895,675,822.41
Others:	74,897,948.67	73,647,681.64	86,071,887.30	82,765,608.42

Overseas:	588,761.97	--	593,903.68	--
USA	588,761.97	--	593,903.68	--
Sub-total	2,566,859,949.40	984,319,212.90	2,203,910,977.94	978,441,430.83
Less: internal offset	33,457,099.01	38,713,606.57	54,053,662.07	59,760,772.46
Total	2,533,402,850.39	945,605,606.33	2,149,857,315.87	918,680,658.37

28. Taxes and surcharges

Item	2019	2018
Land appreciation tax	725,378,098.62	422,072,101.03
Property tax	9,522,347.24	9,538,716.87
Urban maintenance and construction tax	8,326,655.33	6,817,766.33
Education surcharge	3,646,297.05	3,169,793.46
Local education surcharge	2,266,337.54	1,970,507.72
Embankment protection fees	1,874,192.43	1,843,855.48
Business tax	--	-47,598.97
Total	751,013,928.21	445,365,141.92

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

29. Selling and distribution expenses

Item	2019	2018
Sales agency fees and commissions	64,830,444.01	38,454,875.23
Advertising expenses	5,292,324.97	6,657,350.04
Employee benefits	4,002,688.15	3,996,226.96
Entertainment expenses	935,889.90	900,385.69
Others	4,418,906.99	2,554,142.30
Total	79,480,254.02	52,562,980.22

30. General and administrative expenses

Item	2019	2018
Employee benefits	49,342,369.86	50,904,497.46
Depreciation	2,901,508.29	3,134,997.46
Business Hospitality	2,601,004.99	2,796,377.72
Intermediary fee	2,862,135.59	2,499,764.35
Administrative expenses	1,949,136.92	1,480,234.71
Water and electricity charges	412,641.47	1,051,402.14
Repair charge	660,950.10	925,690.83
Other amortization	486,466.27	847,356.79
Travel expense	329,477.95	359,268.65
Others	7,308,927.26	10,030,250.33
Total	68,854,618.70	74,029,840.44

31. Financial expenses

Item	2019	2018
Interest expenses	38,642.51	2,817,521.60
Less: Interest capitalized	--	--
Interest income	19,686,882.13	19,825,334.08
Exchange losses/(gains)	-1,744,304.53	-547,960.63
Less: Exchange losses and gains capitalized	--	--
Bank charges and others	486,394.95	320,050.95
Total	-20,906,149.20	-17,235,722.16

32. Other income

Item (Source of other income)	2019	2018	Related to assets/ income
Input VAT deduction	1,163,713.00	--	Income
Subsidies of steable post	4,414.90	--	Income
Total	1,168,127.90	--	

Note:

(1) The related information is set out in Note XIII.1.

(2) Among them, the input tax deduction is related to normal operations, non-incidental, and is a recurring gains or losses.

33. Investment income

Item	2019	2018
Income from long-term equity investments accounted for using the equity method	75,629.25	-52,651.66
Investment income from holding available-for-sale financial assets	--	827,100.00
Dividend from investments in other equity instruments	928,200.00	--
Structured deposit income	31,425,651.98	16,347,157.53
Total	32,429,481.23	17,121,605.87

34. Credit impairment losses (Losses are listed with "-")

Item	2019	2018
Account receivables	-2,184,042.21	--
Other Receivables	-927,215.23	--
Total	-3,111,257.44	--

35. Impairment losses ("-" for losses)(Impairment losses of assets)

Item	2019	2018
Impairment of receivables	--	-29,797.00

Long-term equity investments	-12,166,897.84	-17,274,902.75
Total	-12,166,897.84	-17,304,699.75

36. Gains from assets disposal

Item	2019	2018
Gains from disposals of fixed assets ("—" for losses)	--	-530.20

37. Non-operating income

Item	2019	2018	Amount included in non-recurring gains or losses for the year ended 31/12/2019
Gains on penalty	1,152,266.31	586,932.13	1,152,266.31
Other	193,162.18	814,611.19	193,162.18
Government grants unrelated to the Company's daily activities	--	10,243.00	--
Total	1,345,428.49	1,411,786.32	1,345,428.49

Details of government grants are as follows:

Item	2019	2018	Related to assets/income	Note
Stable job Subsidies	--	10,243.00	Income	

Note:

(1) The related information is set out in Note XIII.1.

(2) All non-operating income items are included in non-recurring gains and losses.

38. Non-operating expenses

Item	2019	2018	Amount included in non-recurring gains or losses for the year ended 31/12/2019
Donations provided	30,000.00	330,000.00	30,000.00
Loss in damage and scrap of non-current assets	169,935.95	69,209.53	169,935.95
Fines	1,445.39	39,016.09	1,445.39
Others	25,185.46	140,874.39	25,185.46
Total	226,566.80	579,100.01	226,566.80

39. Income tax expenses

(1) Details of income tax expenses

Item	2019	2018
Current tax expense for the year based on tax law and regulations	81,384,471.24	295,133,757.80

Changes in deferred tax assets/liabilities	109,401,829.46	-112,377,271.44
Total	190,786,300.70	182,756,486.36

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

Item	2019
Profits before tax	731,983,330.76
Expected income tax expenses at applicable tax rate (profits before tax 25 %)	182,995,832.69
Effect of different tax rates applied by subsidiaries	5,114,261.95
Effect of gains or losses from joint ventures and associates accounted for using the equity method	-30,453,128.98
Effect of non-deductible costs, expenses and losses	21,337,044.56
Effect of using the deductible temporary differences or deductible losses for which no deferred tax asset was recognized in previous (expressed in "-")	-661,881.43
Effect of deductible temporary differences or deductible losses for which no deferred tax asset was recognized this year	12,454,171.91
Income tax expenses	190,786,300.70

40、Notes to items in the cash flow statements

(1) Other cash receipts relating to operating activities

Item	2019	2018
Interest income	15,906,764.91	19,825,334.08
The collecting and paying on another's behalf	8,051,762.09	5,425,177.51
Current account and Others	55,720,858.47	32,271,657.37
Total	79,679,385.47	57,522,168.96

(2) Other cash payments relating to operating activities

Item	2019	2018
Handling fee	682,722.12	320,050.95
Cash paid expenses	97,554,049.46	68,007,623.74
Current account and Others	8,702,866.87	15,023,926.92
Total	106,939,638.45	83,351,601.61

(3) Other cash receipts relating to Investment activities

Item	2019	2018
Restricted cash recovered in the current period – structured deposit	2,200,000,000.00	600,000,000.00

(4) Other cash payments relating to financing activities

Item	2019	2018
Restricted cash paid in the current period	2,300,000,000.00	1,500,000,000.00

 –structured deposit

(5) Other cash receipts relating to financing activities

Item	2019	2018
Restricted cash recovery - security deposit	--	290,033.83

41. Supplementary information on cash flow statement

(1) Supplement to cash flow statement

Supplement information	2019	2018
1、Reconciliation of net profit/loss to cash flows from operating activities:		
Net profit	541,197,030.06	499,971,564.96
Add: Provisions for impairment of assets	12,166,897.84	17,304,699.75
Provisions for impairment of credit	3,111,257.44	--
Depreciation of fixed assets, depreciation of investment properties	28,907,809.32	28,889,127.19
Amortization of intangible assets	--	55,200.00
Amortization of long-term deferred expenses	224,941.19	199,283.75
Losses from disposal of fixed assets, intangible assets, and other long-term assets ("-" for gains)	--	530.20
Loss from scrapping of fixed assets ("-" for gains)	169,935.95	69,209.53
Losses from changes in fair value ("-" for gains)	--	--
Financial expenses ("-" for income)	38,642.51	2,269,560.97
Losses arising from investment ("-" for gains)	-32,429,481.23	-17,121,605.87
Decrease in deferred tax assets ("-" for increase)	108,102,463.55	-107,053,693.61
Increase in deferred tax liabilities ("-" for decrease)	987,671.25	--
Decrease in inventories ("-" for increase)	190,315,523.14	78,934,592.68
Decrease in operating receivables ("-" for increase)	-136,075,098.50	147,437,501.15
Increase in operating payables ("-" for decrease)	-113,109,867.77	411,611,434.89
Others		--
Net cash flows from operating activities	603,607,724.75	1,062,567,405.59
2、Investing and financing activities not requiring the use of cash:		
Conversion of debt into capital		
Convertible bonds due within one year		
Acquisition of fixed assets under finance leases		
3、Change in cash and cash equivalents:		
Cash as at 31/12/2019	1,507,189,760.35	1,148,522,435.93
Less: cash as at 31/12/2018	1,148,522,435.93	1,206,789,056.46
Add: cash equivalents as at 31/12/2019	--	--
Less: cash equivalents as at 31/12/2018	--	--
Net increase in cash and cash equivalents	358,667,324.42	-58,266,620.53

(2) Details of cash and cash equivalents

Item	2019	2018
1.Cash	1,507,189,760.35	1,148,522,435.93
Including: Cash on hand	66,252.42	57,979.40
Bank deposits available on demand	1,493,123,507.93	1,148,464,456.53
Other monetary funds available on demand	14,000,000.00	--
2. Cash equivalents		
3. Cash and cash equivalents as at 31/12/2019	1,507,189,760.35	1,148,522,435.93

42. Assets with restrictive ownership title or right of use

Item	As at 31/12/2019	Reason for restriction
Cash at bank and on hand	1,003,950,685.00	Unexpired structured deposits
Accounts receivable	51,647,260.17	Short-term loan pledged
Total	1,055,597,945.17	

43. Foreign currency translation

(1) Items in Foreign currency

Item	Original	Exchange rate	Amount (RMB)
Cash at bank and on hand			
Including: USD	5,532.95	6.9762	38,598.97
HKD	8,783,167.25	0.89578	7,867,791.43
Accounts receivable			
Including: HKD	4,905,150.10	0.89578	4,393,935.36
Other receivables			
Including: HKD	20,165,086.70	0.89578	18,063,481.36
Other payables			
Including: USD	655,299.33	6.9762	4,571,499.19

VI. Change of consolidation scope

There is no change in consolidation scope during the current period.

VII. Interest in other entities

1. Interests in subsidiaries

(1) Composition of the Group

Name	Principal place of business	Registration place	Business nature	Shareholding%		Acquisition method
				Direct	Indirect	
Shenzhen City SPG Long Gang Development Ltd.	Shenzhen	Shenzhen	Real estate development	95.00	5.00	Acquiring through establishment or investment
American Great Wall Co., Ltd	U.S.	U.S.	Real estate development	70.00	--	Acquiring through establishment or investment

Name	Principal place of business	Registration place	Business nature	Shareholding%		Acquisition method
				Direct	Indirect	
Shenzhen City Property Management Ltd.	Shenzhen	Shenzhen	Property management	95.00	5.00	Acquiring through establishment or investment
Shenzhen Petrel Hotel Co. Ltd.	Shenzhen	Shenzhen	Hotel Services	68.10	31.90	Acquiring through establishment or investment
Shenzhen Zhen Tung Engineering Ltd.	Shenzhen	Shenzhen	Installation and maintenance	73.00	27.00	Acquiring through establishment or investment
Shenzhen City We Gen Construction Management Ltd.	Shenzhen	Shenzhen	Supervision	75.00	25.00	Acquiring through establishment or investment
Shenzhen Lain Hua Industry and Trading Co., Ltd.	Shenzhen	Shenzhen	Mechanical & Electrical device installation	95.00	5.00	Acquiring through establishment or investment
Fresh Peak Zhiye Co., Ltd.	Hong Kong	Hong Kong	Investment and management	100.00	--	Acquiring through establishment or investment
Xin Feng Enterprise Co., Ltd.	Hong Kong	Hong Kong	Investment and management	100.00	--	Acquiring through establishment or investment
Shenzhen City Shenfang Free Trade Trading Ltd.	Shenzhen	Shenzhen	Commercial trade	95.00	5.00	Acquiring through establishment or investment
Shenzhen City Shenfang Investment Ltd.	Shenzhen	Shenzhen	Investment	90.00	10.00	Acquiring through establishment or investment
Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Property and Estate Co., Ltd.	Shenzhen	Shenzhen	Real estate	95.00	5.00	Acquiring through establishment or investment
Beijing fresh peak property development management limited company	Beijing	Beijin	Real estate	75.00	25.00	Acquiring through establishment or investment

Note:

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

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

Name	Principal place of business	Registration place	Business nature	Shareholding%		Acquisition method
				Direct	Indirect	
Shenzhen Shenfang Department Store Co. Ltd	Shenzhen	Shenzhen	Commercial trade	95.00	5.00	Acquiring through establishment or

Name	Principal place of business	Registration place	Business nature	Shareholding%		Acquisition method
				Direct	Indirect	
Paklid Limited	Hong Kong	Hong Kong	Commercial trade	60.00	40.00	Acquiring through establishment or investment
Bekaton Property Limited	Australia	Australia	Real estate	60.00	--	Acquiring through establishment or investment
Canada Great Wall (Vancouver)	Canada	Canada	Real estate	--	60.00	Acquiring through establishment or investment
Guangdong Fengkai County Lianfeng Cement Manufacturing Co., Ltd.	Fengkai Guangdong	Fengkai Guangdong	Manufacturing	--	90.00	Acquiring through establishment or investment
Jiangmen Xinjiang Real Estate Co., Ltd	Jiangmen Guangdong	Jiangmen Guangdong	Real estate	--	90.91	Acquiring through establishment or investment
Xi'an Fresh Peak Property Trading Co., Ltd	Xi'an Shanxi	Xi'an Shanxi	Real estate	--	67.00	Acquiring through establishment or investment
Shenxi Limited	Shenzhen	Shenzhen	Building Decoration	70.00	--	Acquiring through establishment or investment
Shenzhen Zhentong New Electromechanical Industry Development Co., Ltd.	Shenzhen	Shenzhen	Mechanical and electrical engineering	95.00	5.00	Acquiring through establishment or investment
Shenzhen Real Estate Electromechanical Management Company	Shenzhen	Shenzhen	Electromechanical Management	100.00	--	Acquiring through establishment or investment
Shenzhen Nanyang Hotel Co., Ltd.	Shenzhen	Shenzhen	Hotel Management	95.00	5.00	Acquiring through establishment or investment
Shenzhen Kangtailong Industrial Electric Cooker Co., Ltd.	Shenzhen	Shenzhen	Industrial manufacturing	--	100.00	Acquiring through establishment or investment
Shenzhen Longgang Henggang Huagang Industrial Co., Ltd.	Shenzhen	Shenzhen	Industrial Investment	--	79.92	Acquiring through establishment or investment

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

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

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

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

These invested companies that have not been included in the consolidation scope were either been cancelled or ceased operation many years ago, and the company entities were no longer exist, the Group could no longer effectively control them. According to "Accounting Standard for Business Enterprises No. 33-Consolidated Financial Statements", the above companies are not included in the consolidated scope of the group consolidated financial statement, the group already fully provision for impairment the investment or the book value of the net investment in these companies.

(2) Material non-wholly owned subsidiaries

Name	Proportion of ownership interest held by non-controlling interests %	Profit or loss allocated to non-controlling interests during the year	Dividend declared to non-controlling shareholders during the year	Balance of non-controlling interests as at 31/12/2019
Great Wall Estate Co., Inc	30.00	-82,021.15	--	-21,860,102.50
Fresh Peak Investment Ltd	45.00	-11,167,982.90	--	-116,154,869.74
Barenie Co. Ltd.	20.00	-5,273.48	--	-3,876,363.60

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

As at 31/12/2019						
Name	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Great Wall Estate Co., Inc	38,598.97	19,274,905.74	19,313,504.71	107,974,695.34	--	107,974,695.34
Fresh Peak Investment Ltd	4,817.49	36,016.90	40,834.39	256,573,564.93	--	256,573,564.93
Barenie Co. Ltd.	1,045.70	--	1,045.70	32,842,234.42	--	32,842,234.42

Continued (1):

As at 31/12/2018						
Name	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Great Wall Estate Co., Inc	312,086.57	19,021,543.04	19,333,629.61	106,555,401.23	--	106,555,401.23
Fresh Peak Investment Ltd	873,070.13	36,016.90	909,087.03	256,549,015.66	--	256,549,015.66
Barenie Co. Ltd.	1,024.45	21,223,344.85	21,224,369.30	32,813,474.75	--	32,813,474.75

Continued (2):

2019					2018			
Name	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Great Wall Estate Co., Inc	588,761.97	-273,403.83	--	-273,403.83	593,903.68	-184,610.61	--	-184,610.61

Fresh Peak Investment Ltd	--	-24,533.43	--	--	--	-20,135.10	--	997.60
Barenie Co. Ltd.	--	-26,367.40	--	--	--	-9,169,123.59	--	1,922.53

2. Interests in joint ventures or associates

(1) Summarised financial information of immaterial joint ventures and associates:

Item	As at 31/12/2018 / Year ended 31/12/2019	As at 31/12/2018 / Year ended 31/12/2018
Joint ventures:	--	--
Aggregate carrying amount of investments		12,166,897.84
Aggregate amount of share of	--	--
Net profit	--	--
Other comprehensive income	--	--
Total comprehensive income		
Associates:		
Aggregate carrying amount of investments	469,838.65	394,209.40
Aggregate amount of share of		
Net profit	75,629.25	-52,651.66
Other comprehensive income	--	--
Total comprehensive income	--	--

(2) Excess loss from joint ventures or associates

Investee	Accumulated unrecognized loss in prior periods	Unrecognized loss (or share of net profit) for the year	Accumulated unrecognized loss as at 31/12/2019
Shenzhen Fresh Peak property consultant Co., Ltd	941,374.25	154,587.30	1,095,961.55

Note: Shenzhen Fresh Peak property consultant Co., Ltd was established on 15 March 1990, Registered capital of 3,000,000, the group subscribed RMB 600,000 (20% in total capital). As at 31 December 2019, the group actually contributed RMB 600,000 and already confirmed long-term equity invest lose RMB 600,000.

VIII. Financial instruments and risk management

The major financial instruments of the Group include cash at bank and on hand, accounts receivable, other receivable, other current assets, other equity instrument, account payables, other payables, short-term loans, and long-term payables. The details of these financial instruments are disclosed in the respective notes. The financial risk of these financial instruments and financial management policies used by the Group to minimize the risk are disclosed as below. The management manages and monitors the exposure of these risks to ensure the above risks are controlled in the limited range.

1. Objectives and policies of financial risk management

The Group's objective in risk management is to obtain an appropriate equilibrium between risk and return. It also focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Based on the objectives of financial risk management, certain policies are made to recognize and analyze risk and internal control is designed according to proper acceptable in order to monitor the risk position of the Group. Both the policies and internal control will be reviewed and revised regularly to adapt the changes of the market and business activities of the Group. The performance of internal control will be reviewed regularly or randomly in accordance with the financial management policies.

The Group's financial instrument risks mainly include credit risk, liquidity risk and market risk. (Including currency risk, interest rate risk and commodity price risk)

The board of directors is responsible for planning and establishing the risk management structure of the Group, formulating the Group's risk management policies and related guidelines, supervising the implementation of risk management measures. The Group has established risk management policies to identify and analyze the risks faced by the Group. These risk management policies clearly define specific risks, covering market risk, credit risk and liquidity risk. The Group regularly assesses changes in the market environment and the Group's operating activities to determine whether update risk management policies and systems.

The Group diversifies the risk of financial instruments through appropriate diversified investments and business combinations, and reduces the risk of concentration in a single industry, a specific region or a specific counterparty by developing appropriate risk management policies.

(1) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

Credit is managed on the grouping basis. Credit risk is mainly arising from cash at bank, accounts receivable, and other receivables.

The Group expects that there is no significant credit risk associated with cash at bank since it is deposited or will be accepted by the state-owned banks and other medium or large size listed banks.

The Group has policies to limit the credit risk exposure on accounts receivables and other receivables. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

The Group's debtors of account receivables are in difference industries and regions, the Group continues in evaluation the debtor's financial status.

The highest credit risk exposed to the Group is limited to the carrying amount of each financial instrument illustrated in the balance sheet. The Group would not provide any guarantee that might cause credit risk to the Group.

Among the accounts receivable of the Group, the bills receivable and accounts receivable of the top five customers accounted for 53.79% (2018:30.43%); among the other receivables of the Group, the other receivable of the top five customers accounted for 62.80% (2018:62.19%)

(2) Liquidity risk

Liquidity risk refers to the risks that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

Cash flow forecasting is performed by Group's finance department. The Group's finance management monitors cash and cash equivalents to meet operational needs and reduce the effect of floating cash flow. The department monitors the usage of bank loan so that the Group does not breach borrowing limits or covenants while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institute to meet the short-term and long-term liquidity requirements.

The Group raises working capital from its operations, bank and other borrowings. As at 31 December 2019, the amount of bank loans not yet used by the Group is RMB 0.00. (As at 31 December 2018: RMB 28,000,000)

The financial assets and liabilities, off-balance-sheet guarantee items of the Group at 31 December 2019 are analyzed by their maturity date below at their undiscounted contractual cash flows (RMB in ten thousand):

Item	As at 31/12/2019			
	Within 1 year	1 to 5 years	Over 5 years	Total amount
Financial liabilities:				
Short-term loans	5,164.73	--	--	5,164.73
Accounts payable	24,422.45	--	--	24,422.45
Interest payables	1,653.53	--	--	1,653.53
Other payables	20,051.11	--	--	20,051.11
Long-term payables	--	749.92	--	749.92

Guarantees for client	47,539.67	--	--	47,539.67
Total liabilities	98,831.49	749.92	--	99,581.41

The financial assets and liabilities, off-balance-sheet guarantee items of the Group at 31 December 2018 are analyzed by their maturity date below at their undiscounted contractual cash flows (RMB in ten thousand):

Item	As at 31/12/2018			Total amount
	Within 1 year	1 to 5 years	Over 5 years	
Financial liabilities:				
Short-term loans	1,726.01	--	--	1,726.01
Accounts payables	21,675.89	--	--	21,675.89
Interest payables	1,653.53	--	--	1,653.53
Other payables	21,203.12	--	--	21,203.12
Long-term payables	--	650.71	--	650.71
Guarantees for client	94,327.58	--	--	94,327.58
Total liabilities	140,586.13	650.71	0.00	141,236.84

The amount of financial liabilities disclosed in the above table is undiscounted contractual cash flow and may differ from the carrying amount in the balance sheet.

The maximum guarantee contract that already signed does not represent the amount need to paid.

(3) Market risk

Market risk, includes interest rate risk and foreign currency risk, refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate because of the changes in market price.

Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate because of the floating rate. Interest rate risk arises from recognized interest-bearing financial instrument and unrecognized financial instrument (e.g. loan commitments).

The Group's interest rate risk arises from long-term bank loans and other interest-bearing liabilities. Financial liabilities issued at floating rate expose the Group to cash flows interest rate risk. Financial liabilities issued at fixed rate expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. At the same time, the Group monitors and maintains the combined financial instruments of fixed rate and floating rate.

During the reporting period, the Group operates by its own working capital. As at 31 December, 2019, the Group has no financial liabilities with fixed or floating interest rate, such as bank loan. Therefore, the Group believes that the interest rate risk is insignificant.

Interest-bearing financial instruments held by the Group (RMB in ten thousand):

Item	As at 31/12/2019	As at 31/12/2018
Fixed interest rate financial instruments		
Financial liabilities	--	200.00
Including: Short-term borrowings	--	200.00
Total	--	200.00

Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. Foreign currency risk arises from the functional currency denominated financial instrument measured at individual entity.

The foreign currency risk is mainly comes from the group's financial position and cash flow which is affected by the fluctuations of the foreign exchange rates. As the subsidiary established in Hong Kong SAR and U.S. are using local currency as settlement currency, other foreign currency assets and liabilities held by the Group compare with the group's total assets and liabilities are insignificant, therefore, the Company believe the

foreign currency risk is insignificant.

2. Capital risk management

The objectives of the Group's capital risk management are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or disposes assets to reduce its liabilities.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net liabilities divided by total capital. As at 31 December 2019, the group's debt to asset ratio is 28.20% . (As at 31 December 2018: 40%)

IX Fair Value

The level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities.

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities.

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

(1) Fair value of assets and liabilities measured at fair value

As at 31/12/2019, assets and liabilities measured at fair value are shown as follows,

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I.Recurring fair value measurement				
Other Equity instruments	--	--	33,126,730.04	33,126,730.04
Total assets measured at fair value on a recurring basis	--	--	33,126,730.04	33,126,730.04

(2) Quantitative information about the unobservable inputs used in the fair value measurement that are significant and are reasonably available.

Items	Fair value As at 31/12/2019	Valuation techniques	Unobservable inputs
Unlisted equity investments	33,126,730.04	Net asset method	Book net assets, liquidity discount

(3) Fair values of assets and liabilities not measured at fair value

The financial assets and financial liabilities of the Group measured at amortized cost mainly include: cash, accounts receivable, other receivables, short-term loans, accounts payable, other payables and long-term payable.

In addition to above financial assets and liabilities, other financial asset and liabilities that not measured at fair value, the differ between book values and fair value are not significant.

X. Related parties and related party transactions

1. Information about the parent of the Company

Name	Registration place	Business nature	Registered capital (RMB in ten thousand)	Shareholding percentage %	Percentage of voting rights %
Shenzhen Investment	Shenzhen,	Investment, real estate	2,764,900.00	63.55	63.55

Holdings Co., Ltd.	Guangdong province	development, guarantee
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The ultimate controlling party of the company is: State-owned Assets Supervision and Management Commission of Shenzhen Municipal People's Government

During the reporting period, the registered capital of the parent company changed as follows:

As at 31/12/2018	Addition	Reduction	As at 31/12/2019
2,534,900.00	230,000.00	--	2,764,900.00

2. Information about the subsidiaries of the Company

For information about the subsidiaries of the Company, refer to Note VII.1.

3. Information about joint ventures and associates of the Company

For information about the joint ventures and associates of the Company, refer to Note VII.2.

4. Information on other related parties

Name	Related party relationship
Shenzhen Jian'an Group Co., Ltd.	Same controlling shareholders
Shenzhen Dongfang New world store Co., Ltd	Participating stock companies
Shenxi Limited	Not included in Consolidated Financial Statements' Subsidiary that had been terminated its licenses by law but not cancellation
Shenzhen Zhentong New Electromechanical Industry Development Co., Ltd.	Not included in Consolidated Financial Statements' Subsidiary (Long-term without operation)
Shenzhen Nanyang Hotel Co., Ltd.	Not included in Consolidated Financial Statements' Subsidiary that had been terminated its licenses by law but not cancellation
Shenzhen Real Estate Electromechanical Management Company	Not included in Consolidated Financial Statements' Subsidiary that had been terminated its licenses by law but not cancellation
Shenzhen Longgang Henggang Huagang Industrial Co., Ltd.	Not included in Consolidated Financial Statements' Subsidiary that had been terminated its licenses by law but not cancellation

5. Transactions with related parties

(1) Purchases/sales

① Purchase of goods/receiving of services

Related party	Nature of transaction	2019	2018
Shenzhen JiDian Co., Ltd	RongHua Elevator maintenance	1,339,921.80	1,390,625.62

② Sales of goods/rendering of services

Related party	Nature of transaction	Year ended 31/12/2019	Year ended 31/12/2018
Shenzhen Jian'an Group Co., Ltd.	Decoration services	2,836,052.81	1,333,878.10
Shenzhen RongHua JiDian Co., Ltd.	Property Services	68,772.00	68,772.00

(2) Contracting arrangement

① Outsourcing with related parties

Name of main contractor	Name of contractor	Type of assets under outsourcing	Reception date of contracting	Expiration date of contracting	Basis pricing of contracting income	Contracting income recognized in the current year
Shantou City Huafeng Real Estate Development Co., Ltd.	Shenzhen Jian'an Group Co., Ltd.	Construction	19 October 2018	1 May 2021	Negotiations	167,885,971.23

(3) Funding from related party

Related party	Amount of funding	Reception date	Expiration date	Note
Funds received				
Shenzhen Investment Shareholding Co. Ltd.	16,535,277.94	09 November 2006	22 December 2016	The principal of the loan was repaid on 22 December 2016, and the remaining amount was interest payable.

In the end of reporting period, interest payable for Shenzhen Investment Shareholding Co. Ltd is RMB 16,535,277.94.

(4) Remuneration of key management personnel

The Company has 11 key management personnel in 2019, and 10 key management personnel in 2018. Information about remuneration is as follows:

Item	2019 (RMB in ten thousand)	2018 (RMB in ten thousand)
Remuneration of key management personnel	902.08	755.33

6. Receivables from and payables to related parties

(1) Receivables from related parties

Item	Related party	As at 31/12/2019		As at 31/12/2018	
		Book value	Provision for bad and doubtful debts	Book value	Provision for bad and doubtful debts
Accounts	Shenzhen Fresh	1,205,588.76	1,205,588.76	1,185,689.73	--

Item	Related party	As at 31/12/2019		As at 31/12/2018	
		Book value	Provision for bad and doubtful debts	Book value	Provision for bad and doubtful debts
receivable	Peak property consultant Co., Ltd 司				
Other receivables	Guangdong Province Huizhou Luofu Hill Mineral Water Co., Ltd	10,465,168.81	10,465,168.81	10,465,168.81	10,465,168.81
Other receivables	Shenzhen Runhua Automobile Trading Co., Ltd	3,072,764.42	3,072,764.42	3,072,764.42	3,072,764.42
Other receivables	Canada GreatWall (Vancouver) Co., Ltd	89,035,748.07	89,035,748.07	89,035,748.07	89,035,748.07
Other receivables	Bekaton Property Limited	12,559,290.58	12,559,290.58	12,559,290.58	12,559,290.58
Other receivables	Paklid Limited	19,319,864.85	19,319,864.85	19,173,003.78	19,169,123.37
Other receivables	Shenzhen Shenfang Department Store Co. Ltd.	237,648.82	237,648.82	237,648.82	189,179.82
Other receivables	Shenzhen RongHua JiDian Co., Ltd	475,223.46	23,761.17	475,223.46	--
Other receivables	Xi'an Fresh Peak property management & Trading Co., Ltd	8,419,205.19	8,419,205.19	8,419,205.19	8,419,205.19
Other receivables	Shenxi Limited	7,660,529.37	7,660,529.37	7,660,529.37	6,236,505.15
Other receivables	Shenzhen Nanyang Hotel Co., Ltd.	3,168,721.00	3,168,721.00	3,168,721.00	3,050,666.00
Other receivables	Shenzhen Jian'an Group Co., Ltd.	16,464.28	823.21	--	--

(2) Payables to related parties

Item	Related party	As at 31/12/2019	As at 31/12/2018
Intrest payables	Shenzhen Investment Shareholding Co. Ltd	16,535,277.94	16,535,277.94
Accounts payable	Shenzhen Jian'an Group Co., Ltd.	68,172,202.04	43,446,497.68
Other payables	Shenzhen Dongfang New world store Co., Ltd	902,974.64	902,974.64
Other payables	Guangdong Province Fengkai Lain Feng Cement	1,867,348.00	1,867,348.00

	Manufacturing Co., Ltd.		
Other payables	Shenzhen Real Estate Electromechanical Management Company	14,981,420.99	14,981,420.99
Other payables	Shenzhen Zhentong New Electromechanical Industry Development Co., Ltd.	8,827,940.07	8,827,940.07
Other payables	Shenzhen Shenfeng Department Store Co. Ltd.	639,360.38	639,360.38
Other payables	Shenzhen Longgang Henggang Huagang Industrial Co., Ltd.	165,481.09	165,481.09

XI. Commitments and contingencies

1. Significant commitments

(1) Capital commitments

Capital commitments have been entered into but not have not been in the financial statements	As at 31/12/2019	As at 31/12/2018
Significant outsourcing contracts	200,684,729.85	368,570,701.08

Note: The significant outsourcing contract was based on the construction contract between Shantou Tianyuewan II Project and the contractor Shenzhen Jian'an (Group) Co., Ltd.

(2) Information on implementation of commitments in previous year

The detail is set out in Note X.5.(2) Associated Contracting.

As at 31 December 2019, there is no other material commitment to be disclosed.

2. Contingencies

(1) Contingent liabilities arising from pending arbitration and pending litigation and related financial impact

Plaintiff	Defendant	Case	Appellate court	Amount of the object of action	Progress of cases
Xi'an Fresh Peak Holding limited company	Xi'an Commercial and Trade Commission Xi'an Commerce and Tourism Co., Ltd.	Investment compensation disputes	Shaanxi Higher People's Court	36.62 million yuan and interest	Pending

Note: Xi'an Fresh Peak Holding limited company (hereinafter referred to as "Fresh Peak Company") was sino-foreign joint venture set up in Xi'an city. Among them, Fresh Peak Enterprise Co., Ltd made 67% of the shares in cash. Xi'an Trade Building, a company directly under the Xi'an Commercial and Trade Commission (hereinafter referred to as "Xi'an C&T Commission"), invested 16% of the shares in land use rights. Hong Kong Dadiwang Industrial Investment Company holds 17% of the shares. The core business was property development. And the project was Xi'an Trade Building. The project was started on 28 November 1995. But the project had been stopped in 1996 because of the two parties differences on the operating policy of the project. In 1997, the Xi'an government withdrew the Xi'an Fresh Peak investment project compulsively and assigned the project to Xi'an Business Tourism Co., Ltd (hereinafter referred to as "Business Tourism Company"). But the two parties had insulted a lawsuit on compensation. The ShanXi Province High Peoples Court made a judgement "(2000) SJ-CZ No.25". The judgement was as follows: 1. Business Tourism Company had to pay for the compensation Rmb 36,620 thousand to Xi'an Fresh Peak Company after the judgment entering into force. If the Business Tourism Company failed to pay in time, it had to pay double debt interests to Xi'an Fresh Peak Company. 2. Xi'an Joint Commission on Commerce had jointly and severally obligation of the interests of the compensation.

Until 31 December 2019, the amount of RMB 15,201,000.00 had been called back. The company has obtained new property clues, submitted an application for resumption of execution, this case is still pending.

As at 31 December 2019, the book value of the long-term equity investment of Xi'an Fresh Peak Company was RMB 32,840,729.61. The book balance of assets was RMB 8,419,205.19. Both have been taken full provision for impairment loss.

(2) Contingent liabilities arising from guarantee provided to other entities and related financial effects.

As at 31 December 2019, The Group follows the real estate operating routine provides a total of 47,593.67 (RMB in ten thousand) mortgage guarantee to real estate buyers.

Item	Duration	Amount	Note
Shengfang CuiLin Building	Until the Premises Permit mortgage registration is finished and in bank custody	15,819.86	
ChuanQi DongHu Building(Former DongHuDiJing Building)	Until the Premises Permit mortgage registration is finished and in bank custody	17,535.05	
TianYue Bay No.1	Until the Premises Permit mortgage registration is finished and in bank custody	14,184.76	
Total		47,539.67	

(2) Other contingencies

For contingent liabilities related to joint venture or associate investment, please refer to Note VII.2. (2)

As at 31 December 2019, there is no other contingency to be disclosed.

XII. Post balance sheet date events

1. Profit distribution after the balance sheet date

Based on the total share capital of 1,011,660,000 shares as of 31 December 2019, a cash dividend of RMB 1.65 (including tax) will be distributed to all shareholders for every 10 shares as total as RMB 166,923,900.00.

2. Other events after the balance sheet date

Since January 2020 pneumonia caused by COVID-19 is spreading across the country. The prevention of pneumonia is continuing nationwide. The Group follows the arrangement of State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal and the Shenzhen Investment Holding Co., Ltd., combined with the actual situation of the leased property within the group, planned to make a reduction of rents for more than 300 companies and individuals for two-month, total amount about RMB10,000,000.

As at 13 March 2020, there are no other events after the balance sheet date to be disclosed.

XIII. Other significant items

1. Government grants

(1) Government grants recognized in profit and loss, and subsequently measured using the gross method.

Item	Type	Recognised in profit and loss for the year ended 31/12/2018	Recognised in profit and loss for the year ended 31/12/2019	Presentation item recognized in profit and loss	Related to asset/income
Stabilization allowance	Government funding	10,243.00	4,414.90	Other income	income

3. Others

From 14 September 2016, the Group planned the reorganization of material assets. The Group announced it intended to buy 100% stock equity of Evergrande real estate group co., LTD by issue shares or cash payment

on 14 October 2016. Guangzhou Chiron real estate co., LTD will become the controlling shareholder of the company after the acquisition.

The restructuring of material assets is still in process as scheduled by the financial report day.

XIV. Notes to the Company's financial statements

1. Accounts receivable

(1) Accounts receivable by aging balance

Aging	As at 31/12/2019	As at 31/12/2018
Within 1 year	4,766.37	1,105,116.03
1-2 years	66,518.00	140,732.69
2-3 years	--	293,033.67
More than 3 years	10,715,652.53	10,594,607.30
Sub-total	10,786,936.90	12,133,489.69
Less: Provision for bad and doubtful debts	10,630,001.06	6,968,694.02
Total	156,935.84	5,164,795.67

(2) Accounts receivable by category

Item	As at 31/12/2019				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Book value	Percentage of provision %	Book value	Expected credit loss(%)	
Provision made on an individual basis	10,626,436.84	98.51	10,626,436.84	100.00	--
Provision for bad and doubtful debts collectively	160,500.06	1.49	3,564.22	2.22	156,935.84
Including:					
Accounts receivable from related parties in consolidated scope	89,215.69	0.83	--	--	89,215.69
Accounts receivable from sales of properties	71,284.37	0.66	3,564.22	5.00	67,720.15
Total	10,786,936.90	100.00	10,630,001.06	98.55	156,935.84

Continued

Item	As at 1/1/2019				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Book value	Percentage of provision %	Book value	Expected credit loss(%)	

Item	As at 1/1/2019				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Book value	Percentage of provision %	Book value	Expected credit loss(%)	
Provision made on an individual basis	10,523,723.00	97.56	10,523,723.00	100.00	--
Provision for bad and doubtful debts collectively	1,609,766.69	14.92	76,027.55	4.72	1,533,739.14
Including:					
Accounts receivable from related parties in consolidated scope	89,215.69	0.83	--	--	89,215.69
Accounts receivable from sales of properties	1,520,551.00	14.10	76,027.55	5.00	1,444,523.45
Total	12,133,489.69	112.48	10,599,750.55	87.36	1,533,739.14

Provision made on an individual basis:

Item	As at 31/12/2019			
	Book balance	Provision for bad and doubtful debts	Percentage of provision %	Rationale of Provision
Amount receivables of sales of properties for long-term uncollected	10,523,723.00	10,523,723.00	100.00	Expected to be not recoverable

Provision for bad and doubtful debts collectively:

Accounts receivable from related parties in consolidated scope

Aging	As at 31/12/2019		
	Accounts receivable	Provision for bad and doubtful debts	Expected credit loss(%)
More than 3 years	89,215.69	--	--

Accounts receivable from sales of properties

Aging	As at 31/12/2019		
	Accounts receivable	Provision for bad and doubtful debts	Expected credit loss(%)
Within 1 year	4,766.37	238.32	5.00
1-2 years	66,518.00	3,325.90	5.00
Total	71,284.37	3,564.22	5.00

As at 31/12/2018, Provision for bad and doubtful debts:

Category	As at 31/12/2018			
	Book value	%	Provision for bad and doubtful	%

	debts		debts	
Accounts receivable of which provision for bad debts is of individually significant	--	--	--	--
Provision for bad and doubtful debts collectively	--	--	--	--
Accounts receivable of which provision for bad debts is of individually insignificant	12,133,489.69	100.00	6,968,694.02	57.43
Total	12,133,489.69	100.00	6,968,694.02	57.43
				5,164,795.67

(3) Provision, recovery or reversal of bad debt

Item	Provision for bad and doubtful debts
As at 31/12/2018	6,968,694.02
Adjustment amount for the first implementation of the new financial instrument guidelines	3,631,056.53
As at 1/1/2019	10,599,750.55
Provision	30,250.51
Recovery	--
Written-off	--
As at 31/12/2019	10,630,001.06

(4) Top 5 entities with the largest balances of other receivables

Name of Entity	Amount	Proportion of the amount to the total AR (%)	Bad debt provision
Corporation No.1	2,038,459.08	18.9	2,038,459.08
Corporation No.2	1,205,588.76	11.18	1,205,588.76
Individual No.1	1,200,000.00	11.12	1,200,000.00
Individual No.2	904,664.31	8.39	904,664.31
Individual No.3	876,864.11	8.13	876,864.11
Total	6,225,576.26	57.72	6,225,576.26

2. Other receivables

① Other receivable by aging balance

Aging	As at 31/12/2019	As at 31/12/2018
Within 1 year	91,158,862.87	158,202,023.94
1-2 years	140,372,735.75	73,851,395.97
2-3 years	73,930,238.58	310,307,057.96
More than 3 years	1,330,808,992.53	1,023,727,012.17
Sub-total	1,636,270,829.73	1,566,087,490.04
Less: Provision for bad and doubtful debts	800,995,331.04	798,092,941.31
Total	835,275,498.69	767,994,548.73

② Other receivables categorized by nature

Item	As at 31/12/2019			As at 31/12/2018		
	Book balance	Provision for bad and doubtful debts	Carrying amount	Book balance	Provision for bad and doubtful debts	Carrying amount
Amount receivables from government	721,755.80	--	721,755.80	721,755.80	--	721,755.80
Accounts receivable from employee's inprest fund	182,691.21	--	182,691.21	30,533.81	--	30,533.81
Amount receivables of the collecting and paying on another's behalf	3,248.36	--	3,248.36	3,961.49	--	3,961.49
Amount receivables of other customers	6,818,306.11	5,744,165.49	1,074,140.62	7,318,959.85	5,388,819.48	1,930,140.37
Amount receivables of related parties	135,567,522.22	135,100,418.87	467,103.35	135,551,057.94	134,576,616.49	974,441.45
Amount receivables consolidated in scope	1,492,977,306.03	160,150,746.68	832,826,559.35	1,422,461,221.15	658,127,505.34	764,333,715.81
Total	1,636,270,829.73	100,995,331.04	835,275,498.69	1,566,087,490.04	798,092,941.31	767,994,548.73

③ Provision for bad and doubtful debts:

As at 31/12/2019, the provision for bad debts in the first stage :

Category	Book balance	To 12-month expected credit loss (%)	Provision for bad and doubtful debts	Carrying amount	Reasons
Provision for bad and doubtful debts collectively					
Amount receivables from government	721,755.80	--	--	721,755.80	
Amount receivables from employee's inprest fund	182,691.21	--	--	182,691.21	
Amount receivables from the collecting and paying on another's behalf	3,248.36	--	--	3,248.36	
Amount receivables from other customers	1,130,674.34	5.00	56,533.73	1,074,140.61	
Amount receivables from related parties	491,687.74	5.00	24,584.38	467,103.36	

Category	Book balance	To 12-month expected credit loss (%)	Provision for bad and doubtful debts	Carrying amount	Reasons
Total	2,530,057.45	3.21	81,118.11	2,448,939.34	

As at 31/12/2019, the provision for bad debts in the second stage :

Category	Book balance	To 12-month expected credit loss (%)	Provision for bad and doubtful debts	Carrying amount	Reasons
Provision made on an individual basis					
Other receivables from consolidation scope related parties	1,492,977,306.03	44.22	660,150,746.68	832,826,559.35	Expected to be not recoverable

As at 31/12/2019, the provision for bad debts in the third stage :

Category	Book balance	12-month expected credit loss (%)	Provision for bad and doubtful debts	Carrying amount	Reasons
Provision made on an individual basis					
Amount receivables of other customers	5,687,631.77	100.00	5,687,631.77	--	Expected to be not recoverable
Amount receivables of related parties	135,075,834.48	100.00	135,075,834.48	--	Expected to be not recoverable
Total	140,763,466.25	100.00	140,763,466.25	--	

As at 31/12/2018, provision for bad and doubtful debts:

Category	Book value	%	As at 31/12/2018		
			Provision for bad and doubtful debts	%	Provision for bad and doubtful debts
Accounts receivable of which provision for bad debts is of individually significant					
Provision for bad and doubtful debts collectively	1,546,671,462.05	98.76	786,391,511.59	50.84	760,279,950.46
Accounts receivable of which provision for bad debts is of individually insignificant	19,416,027.99	1.24	11,701,429.72	60.27	7,714,598.27
Total	1,566,087,490.04	100.00	798,092,941.31	50.96	767,994,548.73

④ Provision, recovery or reversal of bad debt

Provision for bad and doubtful	The first stage	The second stage	The third stage	Total
--------------------------------	-----------------	------------------	-----------------	-------

	12-month expected credit loss	Lifetime expected credit loss (no credit impairment)	Lifetime expected credit loss (has occurred credit impairmen)	
As at 31/12/2018	--	658,127,505.34	139,965,435.97	798,092,941.31
Adjustment amount for the first implementation of the new financial instrument guidelines	105,327.58	--	798,030.28	903,357.86
As at 1/1/2019	105,327.58	658,127,505.34	140,763,466.25	798,996,299.17
Provision	--	2,023,241.34	--	2,023,241.34
Recovery	24,209.47	--	--	24,209.47
Written-off	--	--	--	--
As at 31/12/2019	81,118.11	660,150,746.68	140,763,466.25	800,995,331.04

⑤ There were no other receivables written off in the current period.

⑥ Top 5 entities with the largest balances of other receivables

Name of Entity	Relationship with the group	Amount	Aging	Proportion of the amount to the total OR (%)	Bad debt provision
Shantou Huafeng Estate Development Co., Ltd	Subsidiary	688,028,739.83	Within 1 year、1-3 years、More than 3 years	42.05	--
Fresh Peak Enterprise Co., Ltd	Subsidiary	543,327,763.52	Within 1 year、More than 3 years	33.21	508,377,320.74
American Great Wall Co., Ltd	Subsidiary	103,403,196.15	More than 3 years	6.32	103,403,196.15
Fresh Peak Zhiye Co., Ltd.	Subsidiary	90,363,926.75	More than 3 years	5.52	90,363,926.75
Canada Great Wall(Vancouver) Co., Ltd	Subsidiary	89,035,748.07	More than 3 years	5.44	89,035,748.07
Total		1,514,159,374.32		92.54	791,180,191.71

3、Long-term equity investments

Item	As at 31/12/2019			As at 31/12/2018		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	303,045,949.42	152,839,271.15	150,206,678.27	304,045,949.42	69,155,382.25	234,890,567.17
Investment in joint ventures	9,455,465.38	9,455,465.38	--	19,424,671.47	19,424,671.47	--
Investment in associates	2,992,218.85	2,522,380.20	469,838.65	2,916,589.60	2,522,380.20	394,209.40
Total	315,493,633.65	164,817,116.73	150,676,516.92	326,387,210.49	91,102,433.92	235,284,776.57

(1) Investment in subsidiaries

Name of investee	Opening balance	Curr. year Increase	Curr. year decrease	Closing balance	Curr. year impairment provision	Closing balance of impairment provision
Shenzhen City Property Management Ltd.	12,821,791.52	--	--	12,821,791.52	--	--
Shenzhen Petrel Hotel Co. Ltd.	20,605,047.50	--	--	20,605,047.50	--	--
Shenzhen City Shenfang Investment Ltd.	9,000,000.00	--	--	9,000,000.00	--	--
Fresh Peak Enterprise Ltd.	556,500.00	--	--	556,500.00	--	--
Fresh Peak Zhiye Co., Ltd.	22,717,697.73	--	--	22,717,697.73	--	--
Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Property and Estate Co., Ltd.	20,000,000.00	--	1,000,000.00	19,000,000.00	19,000,000.00	19,000,000.00
Shenzhen Zhen Tung Engineering Ltd	11,332,321.45	--	--	11,332,321.45	--	--
American Great Wall Co., Ltd	1,435,802.00	--	--	1,435,802.00	--	--
Shenzhen City Shenfang Free Trade Trading Ltd.	4,750,000.00	--	--	4,750,000.00	--	--
Shenzhen City Hua Zhan Construction Management Ltd.	6,000,000.00	--	--	6,000,000.00	--	--
QiLu Co.,Ltd	212,280.00	--	--	212,280.00	--	--
Beijing Shenfang Property Management Co., Ltd.	500,000.00	--	--	500,000.00	500,000.00	500,000.00
Shenzhen Lain Hua Industry and Trading Co., Ltd.	13,458,217.05	--	--	13,458,217.05	--	--
Shenzhen City SPG Long Gang Development Ltd.	30,850,000.00	--	--	30,850,000.00	--	--
Beijing Fresh Peak Property Development Management Limited Company	64,183,888.90	--	--	64,183,888.90	64,183,888.90	64,183,888.90

Name of investee	Opening balance	Curr. year Increase	Curr. year decrease	Closing balance	Curr. year impairment provision	Closing balance of impairment provision
Shantou City Huafeng Real Estate Development Co., Ltd	16,467,021.02	--	--	16,467,021.02	--	--
Paklid Limited	201,100.00	--	--	201,100.00	--	201,100.00
Bekaton Property Limited	906,630.00	--	--	906,630.00	--	906,630.00
Shenzhen Shenfang Department Store Co. Ltd.	9,500,000.00	--	--	9,500,000.00	--	9,500,000.00
Shantou Fresh Peak Building	58,547,652.25	--	--	58,547,652.25	--	58,547,652.25
Total	304,045,949.42	--	1,000,000.00	303,045,949.42	83,683,888.90	152,839,271.15

Note:

1. Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Property and Estate Co., Ltd., the registered capital of RMB 20 million yuan, the company subscribed for RMB 19 million(95% of total shares), another subsidiary Shenzhen City Shenfang Investment Ltd. subscribed RMB 1.0 million(5% of total shares).

2. After the Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Real Estate Co., Ltd. ceased operations, it revoked by the government on 06 December 2013. As at the report date, the cancellation progress is not complete, and there is no sign it will be restarting operations in the foreseeable future, so the company makes a full provision of impairment.

3. After the Beijing Shenfang Property Management Co., Ltd., ceased operations, it revoked by the government on 09 December 2009. As at the report date, the cancellation progress is not complete, and there is no sign it will be restarting operations in the foreseeable future, so the company makes a full provision of impairment.

4. After the Beijing fresh peak property development management limited company ceased operations, it revokes by the government on 12 June 2010. As at the report date, the cancellation progress is not complete, and there is no sign it will be restarting operations in the foreseeable future, so the company makes a full provision of impairment.

(2) Investment in associates and joint ventures

Name of investee	Opening balance	Additio nal invest ment	Reduce invest ment	Investment gains and losses confirmed by the equity	Adjustment of other comprehensive income	Changes in other equity	Changes in this period			Closing balance	The ending balance of impairment
							Cash dividend or profit declared	Impairment	Others		

method													
① Joint ventures													
Guangdong Huizhou Luofu Hill Mineral Water Co., Ltd	9,969,206.09	--	--	--	--	--	--	--	--	-9,969,206.09	--	--	--
Fengkai Xinghua Hotel	9,455,465.38	--	--	--	--	--	--	--	--	--	9,455,465.38	9,455,465.38	9,455,465.38
Subtotal	19,424,671.4 7	--	--	--	--	--	--	--	--	-9,969,206.09	9,455,465.38	9,455,465.38	9,455,465.38
② Associates													
Shenzhen Ronghua Jidian Co., Ltd	1,471,164.04	--	--	75,629.25	--	--	--	--	--	--	1,546,793.29	1,076,954.64	1,076,954.64
Shenzhen Runhua Automobile Trading Co., Ltd	1,445,425.56	--	--	--	--	--	--	--	--	--	1,445,425.56	1,445,425.56	1,445,425.56
Subtotal	2,916,589.60	--	--	75,629.25	--	--	--	--	--	--	2,992,218.85	2,522,380.20	2,522,380.20
Total	22,341,261.0 7	--	--	75,629.25	--	--	--	--	--	-9,969,206.09	12,447,684.23	11,977,845.58	11,977,845.58

Note: Guangdong province Huizhou Luofu Hill Mineral Water Co., Ltd was established on 6 June 1991 and revoked by the government on 6 June 2017, as at report date, the cancellation progress is not complete. The registered capital is 6.02 million yuan, subsidiary Xinfeng Enterprise Co., Ltd. holds 50.00% , by employing equity method.

4. Operating income and costs

Item	2019		2018	
	Revenue	Cost	Revenue	Cost
Principal operating	1,666,904,055.40	330,874,297.00	229,634,645.39	48,332,118.70
Other operating	48,857.18	--	47,904.78	--

(1) Principal operating activities (classified by industries)

Name of industry	2019		2018	
	Operating income	Operating cost	Operating income	Operating cost
Real estate	1,599,279,513.73	304,208,253.29	158,790,845.73	22,268,415.66
Leasing	67,624,541.67	26,666,043.71	70,843,799.66	26,063,703.04
Total	1,666,904,055.40	330,874,297.00	229,634,645.39	48,332,118.70

(2) Principal operating activities (classified by geographical areas)

Name of geographical area	2019		2018	
	Operating income	Operating cost	Operating income	Operating cost
Guangdong province	1,666,904,055.40	330,874,297.00	229,634,645.39	48,332,118.70

5. Investment income

Item	2019	2018
Investment income from long-term investments under cost method	518,700,131.64	--
Investment income from long-term investments under equity method	75,629.25	-52,651.66
Investment income from available-for-sale financial assets during the holding period	--	827,100.00
Investment income from other equity instrument	928,200.00	--
Investment income from structured deposit	31,425,651.98	16,347,157.53
Total	551,129,612.87	17,121,605.87

XV. Supplementary information

XV. Supplementary information

1. Details of non-recurring gains or losses

Item	2019	Note
Government grants recognized in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in	1,168,127.90	

Item	2019	Note
accordance with the national standard)		
Profit or loss on entrusted investments or assets management	31,425,651.98	Income from expired structured deposit
Interest on unexpired structured deposit	3,950,685.00	
Non-operating income/(expenses) except the above	1,118,861.69	
Other non-recurring gains or losses	--	
Total non-recurring gains or losses	37,663,326.57	
Less: Effects of income tax on non-recurring gains or losses	9,415,831.64	
Net non-recurring gains or losses	28,247,494.93	
Less: Effects of non-recurring gains or losses attributable to the minority shareholders of the Company (after tax)	--	
Non-recurring gains or losses attributable to the shareholders of the Company	28,247,494.93	

2. Return on net assets and earnings per share

Profit of reporting period	Weighted average return on net assets%	Earnings per share	
		Basic earnings	Diluted earnings
Net profit attributable to the Company's ordinary equity shareholders	15.90%	0.5461	
Net loss attributable to the Company's ordinary equity shareholders after deduction of non-recurring profit or loss	15.09%	0.5182	

SHENZHEN SPECIAL ECONOMIC ZONE

REAL ESTATE & PROPERTIES (GROUP) Co., Ltd.

13 March 2020

Part XIII Documents Available for Reference

1. The financial statements signed and sealed by the legal representative, the head of financial affairs and the head of the financial department; and
2. The original copy of the Independent Auditor's Report signed and sealed by the CPAs, as well as sealed by the CPA firm; and
3. The originals of all the Company's documents and announcements which were disclosed on Securities Time, China Securities Journal and Ta Kung Pao (HK) during the Reporting Period.