



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

INTERIM REPORT 2019

2019-060

August 2019

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.

Zhou Jianguo, 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 discusses the “risks facing the Company and countermeasures” under the same heading in item X under “Part IV Operating Performance Discussion and Analysis” of this Report.

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

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

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Definitions

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

Part II Corporate Information and Key Financial Information

I Corporate Information

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

II Contact Information

	Board Secretary	Securities Representative
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Email address	tangxiaoping0086@126.com	spg@163.net

III Other Information

1. Contact Information of the Company

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

Applicable Not applicable

No change occurred to the said information in the Reporting Period, which can be found in the 2018 Annual Report.

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

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

periodic reports in the Reporting Period.

Applicable Not applicable

The newspapers designated by the Company for information disclosure, the website designated by the CSRC for disclosing the Company's periodic reports and the place for keeping such reports did not change in the Reporting Period. The said information can be found in the 2018 Annual Report.

IV Key Financial Information

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

Yes No

	H1 2019	H1 2018	Change (%)
Operating revenue (RMB)	1,251,337,802.57	1,317,541,631.35	-5.02%
Net profit attributable to the listed company's shareholders (RMB)	333,155,843.41	329,066,084.53	1.24%
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	322,865,954.53	329,143,873.10	-1.91%
Net cash generated from/used in operating activities (RMB)	685,675,245.10	594,728,129.67	15.29%
Basic earnings per share (RMB/share)	0.3293	0.3253	1.23%
Diluted earnings per share (RMB/share)	0.3293	0.3253	1.23%
Weighted average return on equity (%)	9.81%	11.00%	-1.19%
	30 June 2019	31 December 2018	Change (%)
Total assets (RMB)	5,069,809,256.04	4,665,891,514.25	8.66%
Equity attributable to the listed company's shareholders (RMB)	3,463,168,724.16	3,332,259,641.39	3.93%

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

1. Net Profit and Equity Differences under CAS and IFRS

Applicable Not applicable

No such differences for the Reporting Period.

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

Applicable Not applicable

No such differences for the Reporting Period.

XI Exceptional Gains and Losses

Applicable Not applicable

Unit: RMB

Item	Reporting Period	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	-3,605.82	
Gain or loss on assets entrusted to other entities for investment or management	13,359,898.55	Gains on investments in structured deposits at bank
Non-operating income and expense other than above	363,559.11	Down payments from home buyers
Less: Income tax effects	3,429,962.96	
Total	10,289,888.88	--

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

Applicable Not applicable

No such cases for the Reporting Period.

Part III Business Summary

I Principal Activity of the Company in the Reporting Period

Is the Company subject to any industry-specific disclosure requirements?

No.

Focused on residential property development, the Company has been seeing increasing brand effects with great effort spent on project quality and progress, as well as on premium projects. During the Reporting Period, the Company primarily developed and sold residential properties in two cities, Shenzhen and Shantou. In Shenzhen, the Chuanqi Jingyuan project has successfully completed fine decoration and has been almost sold out; the Chuanqi Donghu Mingyuan project has wrapped up construction and is going through acceptance, of which approximately 10% has been sold; and the Cuilinyuan project has finished the initial registration and has been sold around 80%. In Shantou, the Tianyuewan Phase II project has completed the pile foundation and the pit support structure and is progressing as scheduled; and the Tianyuewan Phase I project has seen about 35% of its residential units sold.

II Material Changes in Major Assets

1. Material Changes in Major Assets

Major assets	Reason for material changes
Equity assets	No material change
Fixed assets	No material change
Intangible assets	No material change
Construction in progress	No material change
Monetary capital	The ending amount (as at 30 June 2019) was down by RMB808,041,542.78 (or 39.45%) from the beginning amount (as at 31 December 2018), primarily driven by the investment in structured deposits of RMB1.3 billion in total at China Citic Bank with a maturity of 180 days.
Accounts receivable	The ending amount (as at 30 June 2019) was up by RMB21,254,979.88 (or 117%) from the beginning amount (as at 31 December 2018), primarily driven by the house mortgages which went through the mortgage formalities and remained unpaid.
Financings backed by accounts receivable	The ending amount (as at 30 June 2019) was up by RMB6,074,601.73 (or 39.81%) from the beginning amount (as at 31 December 2018), primarily driven by the factoring business between subsidiary Zhentong Engineering and bank.
Other current assets	The ending amount (as at 30 June 2019) was up by RMB1,359,437,064.03 (or 20047.74%) from the beginning amount (as at 31 December 2018), primarily driven by

	the investment in two structured deposits of RMB1.3 billion in total at China Citic Bank with a maturity of 180 days.
Accounts payable	The ending amount (as at 30 June 2019) was down by RMB76,658,406.02 (or 35.37%) from the beginning amount (as at 31 December 2018), primarily driven by the payments made for construction.
Taxes payable	The ending amount (as at 30 June 2019) was up by RMB185,952,497.18 (or 241.21%) from the beginning amount (as at 31 December 2018), primarily driven by the provisions for corporate income tax and land VAT.
Advances from customers	The ending amount (as at 30 June 2019) was up by RMB232,901,528.46 (or 148.89%) from the beginning amount (as at 31 December 2018), primarily driven by more advances from home buyers.

2. Major Assets Overseas

Applicable Not applicable

III Core Competitiveness Analysis

Is the Company subject to any industry-specific disclosure requirements?

No.

As one of the earliest real estate listed companies in Shenzhen, the Company has a history over 30 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, Cuilinyuan 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” and the “Honest (Quality) Real Estate Developer in Shenzhen”, for the past two years.

Part IV Operating Performance Discussion and Analysis

I Overview

(I) Operating Results of the Reporting Period

In face of the complicated and changeable economic conditions at home and abroad in 2019, China's economy continued to see progress amid overall stability. Major macro-economic indicators remained at reasonable levels, the supply-side structural reform carried forward, and high-quality development promotion continued. Regarding the domestic real estate market, it was still under great pressure due to the restrictive measures. Under such circumstances, in addition to carrying forward its major assets restructuring programme, the Company adhered to the thinking of "Carefully Draw up Development Strategies, Particularly Focus on Core Business, Strictly Control Costs and Continuously Improve Management Capability" and put greater efforts into promoting project construction and marketing, so as to achieve continual and stable development.

In the Reporting Period, the Company made a concerted effort to steadily promote project construction. As a result, for this period, the Company achieved operating revenue of RMB1,251 million, down 5.02% compared to the same period of last year; a profit before taxation of RMB446 million, representing a year-on-year growth of 1.28%; and a net profit attributable to the listed company's shareholders of RMB333 million, increasing 1.24% from a year earlier. As at 30 June 2019, equity attributable to the listed company's shareholders amounted to RMB3,463 million, a 3.93% rise compared to the end of last year.

1. Focused on residential property development, the Company has been building a professional and high-quality development team, as well as improving the management mechanism and processes for project development. As a result, the operational capability in the core business of real estate keeps increasing, along with the core competitiveness. During the Reporting Period, the key projects of the Company were mostly located in Shenzhen and Shantou. The Company paid close attention to product quality and progress, and adjusted marketing strategies in a timely manner. As a result, project development and sales progress basically met expectations, and the core business was in good order and health.

2. The Company's main real estate projects under construction or available for sale during the Reporting Period included the Shenzhen-based Chuanqi Jingyuan, Cuilinyuan and Chuanqi Donghu Mingyuan projects, as well as the Shantou-located Tianyuewan project, etc., with details as follows:

Project	Location	Usage	Status	The Company's stake	Site area (m ²)	Floor area with plot ratio (m ²)	Completed floor area(m ²)	Expected total investment (RMB'0,000)	Accumulated investment (RMB'0,000)
Chuanqi Jingyuan	Shenzhen	Rental	Available for sale	49%	4,243.34	43,156	43,156	24,865	20,023

Cuilinyuan	Shenzhen	Residential	Available for sale	100%	16,424.29	60,450	60,450	57,000	51,634
Tianyuewan Phase I	Shantou	Residential	Available for sale	100%	31,167.50	153,470	153,470	79,801	68,983
Tianyuewan Phase II	Shantou	Residential	Under construction	100%	33,361.70	127,661	0	65,485	20,802
Chuanqi Donghu Mingyuan	Shenzhen	Residential	Under construction	100%	5,889.70	34,073	0	51,000	36,723

3. Land bank for future development by the end of the Reporting Period:

Project	Location	Land area (m ²)	Floor area with plot ratio (m ²)
Xinfeng Building	Shantou	5,920	26,640
Total		5,920	26,640

Note: The Company's real estate projects do not involve primary land development.

(II) Operation Review for H1 2019

1. The Company's fundamentals remain positive with sufficient cash flows and a healthy financial condition. In late May 2019, the Company implemented its final cash dividend plan of 2018.

2. The major property developments proceed smoothly. The Company has further improved the development and management system, attached importance to construction safety and tightened cost control. During the Reporting Period, the overall progress of the Company's property developments was in line with the schedule. In Shenzhen, the Cuilinyuan project has finished the initial registration; the Chuanqi Jingyuan project has successfully completed fine decoration; and the Chuanqi Donghu Mingyuan project has wrapped up construction and is going through acceptance. In Shantou, the Tianyuewan Phase II project has completed the pile foundation and the pit support structure and is progressing as scheduled.

3. Property sales were generally good. The Company kept a close eye on policy and market dynamics, and adjusted marketing strategies accordingly in a timely manner. Sales by project were basically satisfying. The Chuanqi Jingyuan project has been almost sold out; the Chuanqi Donghu Mingyuan project has been sold approximately 10%; the Cuilinyuan project has been sold around 80%; and the Tianyuewan Phase I project has seen about 35% of its residential units sold.

(1) Sales of major real estate projects carried forward to the Reporting Period:

Unit: RMB'0,000

Location	Operating revenue	Cost of sales	Gross profit margin	Gross profit margin (%)

Chuanqi Jingyuan	Shenzhen	79,580	11,268	68,312	85.84
Cuilinyuan	Shenzhen	11,185	3,078	8,107	72.48
Tianyuewan Phase I	Shenzhen	6,783	5,348	1,435	21.16
Yuejing Dongfang	Shantou	182	135	47	25.82
Jinyedao	Shantou	599	234	365	60.93
Total		98,329	20,063	78,266	79.60

(2) Real Estate sales during the Reporting Period:

Unit: square meters

No.	Project	Time of opening for sale	The Company's interest	Location	Floor area available for sale at year-beginning	Area actually sold in Current Period	Settled area in Current Period
1	Chuanqi Jingyuan	October 2018	49%	Shenzhen	18,011	16,125	12,006
2	Cuilinyuan	June 2017	100%	Shenzhen	12,733	4,026	3,256
3	Chuanqi Donghu Mingyuan	December 2018	100%	Shenzhen	32,762	2,772	
4	Tianyuewan Phase I	October 2016	100%	Shantou	122,085	11,566	12,203
5	The remaining units of Yuejing Dongfang	December 2013	100%	Shantou	944		211
6	The remaining units of Jinyedao	July 1996	100%	Shantou	3,408	916	526
Total					189,943	35,405	28,202

4. Corporate management keeps improving and internal potentials are tapped to help improve corporate performance. Subsidiaries have enhanced strategic synergy with the core business of the Company and generally achieved over half of the expected profit in H1 2019. Meanwhile, the purchase of structured deposits at bank with idle funds has effectively increased the efficiency of capital utilization. Moreover, the six expenses under intense monitoring went down 9.2% in H1 2019 compared to a year ago.

5. Property rental is stable with steadily rising rental prices as well as good occupancy rates and rent collection rates. The major properties for rental are as follows:

Unit: square meters

Location	Name of building	Rentable area	Rented area	Occupancy rate	Usage	Land ownership	The Company's interest
Shenzhen	Real Estate Mansion	3,413.88	3,413.88	100%	Commercial	The Company	100%
Shenzhen	North Block of Guoshang Mansion	4,819.71	4,819.71	100%	Commercial	The Company	100%
Shenzhen	Petrel Building	22,475.47	22,475.47	100%	Commercial	The Company	100%
Shenzhen	SPG Plaza	61,005.94	49,750.84	81.55%	Office	The Company	100%
	SPG Plaza Podium	19,903.30	19,825.30	99.61%	Commercial	The Company	100%
Shenzhen	Wenjin Garden	3,531.60	3,531.60	100%	Commercial	The Company	100%
Total		115,159.90	103,816.80				

6. The assets restructuring programme has been carried forward.

The Company's major assets restructuring plan is subject to further communications and improvements with the regulators. Due diligence material update, additional audit and assessment, etc. are underway.

II Analysis of Core Businesses

See "I Overview" above.

Year-on-year changes in key financial data:

Unit: RMB

	H1 2019	H1 2018	Change (%)	Main reason for change
Operating revenue	1,251,337,802.57	1,317,541,631.35	-5.02%	Decrease in property sales carryforwards
Cost of sales	437,127,976.25	540,417,491.41	-19.11%	Decrease in carryforwards of property sales by floor area
Selling expense	18,474,060.33	37,167,133.77	-50.29%	Decreases in property sales commissions and advertising expense
Administrative expense	30,812,771.33	31,736,200.85	-2.91%	
Finance costs	-6,626,259.12	-8,611,669.10	23.05%	Decrease in interest income due to less term deposits
Income tax expense	112,729,793.86	111,169,717.28	1.40%	A rise in profits
Net cash generated from/used in operating activities	685,675,245.10	594,728,129.67	15.29%	Increase in cash proceeds from sale of commodities and rendering of services
Net cash generated from/used in investing activities	-388,696,596.57	-599,344,168.71	35.15%	Due to structured deposits at bank (a purchase of RMB600 million in H1 2018 compared to a withdrawal of RMB900 million upon maturity)

				and another purchase of RMB1,300 million in H1 2019)
Net cash generated from/used in financing activities	-204,332,000.00	-133,528,938.06	-53.02%	Repayment of bank loan in H1 2018 and cash dividend distribution in H1 2019
Net increase in cash and cash equivalents	91,958,457.22	-138,128,390.84	166.57%	Joint effects of cash from sale of commodities, purchases of structured deposits at bank, repayment of loan and cash dividend distribution
Return on investment	14,288,098.55	827,100.00	1,627.49%	Income receivable from structured deposits at bank is calculated by time period

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

Applicable Not applicable

No such cases in the Reporting Period.

Breakdown of main business:

Unit: RMB

	Operating revenue	Cost of sales	Gross profit rate	Year-on-year increase/decrease of operating revenue	Year-on-year increase/decrease of cost of sales	Year-on-year increase/decrease of gross profit rate
By business segment						
Real estate	983,278,946.94	200,636,695.31	79.60%	-6.02%	-33.74%	8.54%
Construction service	149,651,610.68	144,088,214.48	3.72%	-0.66%	0.19%	-0.81%
Rental service	32,096,693.65	13,639,174.54	57.51%	8.19%	0.73%	3.15%
Property management service	77,686,206.46	71,075,899.35	8.51%	-4.63%	-7.22%	2.55%
Other	25,797,028.12	21,071,227.42	18.32%	40.99%	105.76%	-25.71%
Subtotal	1,268,510,485.85	450,511,211.10	64.49%	-4.36%	-17.64%	5.73%
Less: internal offset	-17,172,683.28	-13,383,234.85	22.07%	94.94%	102.72%	-2.99%
Total	1,251,337,802.57	437,127,976.25	65.07%	-5.02%	-19.11%	6.08%
By product						
Housing units	182,142,033.38	84,262,841.13	53.74%	-82.55%	-72.06%	-17.37%
Apartments	795,797,573.30	112,683,722.85	85.84%			
Shops and parking place	6,456,714.32	2,572,757.27	60.15%	168.85%	105.03%	60.15%
Other	284,114,164.85	250,991,889.85	11.66%	0.58%	2.25%	-1.44%
Subtotal	1,268,510,485.85	450,511,211.10	64.49%	-4.53%	-17.83%	5.75%

Offset internal transactions	-17,172,683.28	-13,383,234.85	22.07%	94.94%	102.72%	-2.99%
Total	1,251,337,802.57	437,127,976.25	65.07%	-5.20%	-19.30%	6.10%
By geographic segment						
Guangdong Province	1,159,203,610.43	345,789,647.14	70.17%	-9.53%	-31.28%	9.44%
Other regions in China	108,983,973.87	104,721,563.96	3.91%	131.23%	132.27%	-0.43%
Overseas	322,901.55		100.00%	12.20%		0.00%
Subtotal	1,268,510,485.85	450,511,211.10	64.49%	-4.53%	-17.83%	5.75%
Less: internal offset	-17,172,683.28	-13,383,234.85	22.07%	94.94%	102.72%	-2.99%
Total	1,251,337,802.57	437,127,976.25	65.07%	-5.20%	-19.30%	6.10%

III Non-Core Business Analysis

Applicable Not applicable

IV Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	End of Reporting Period		End of the same period of last year		Increase/decrease in proportion	Notes to significant changes
	Amount	Proportion to total assets	Amount	Proportion to total assets		
Monetary capital	1,240,480,893.15	24.47%	1,068,660,665.62	23.66%	0.81%	
Accounts receivable	39,421,868.07	0.78%	336,114,447.24	7.44%	-6.66%	Caused by receipt of mortgage payment from banks
Inventories	1,602,436,237.11	31.61%	1,677,853,797.04	37.15%	-5.54%	Caused by carry-over of real estate
Investment property	611,746,542.66	12.07%	635,361,225.57	14.07%	-2.00%	
Long-term equity investments	12,561,107.24	0.25%	29,888,661.65	0.66%	-0.41%	
Fixed assets	31,903,409.26	0.63%	35,921,711.70	0.80%	-0.17%	
Short-term	21,334,705.19	0.42%	51,374,540.56	1.14%	-0.72%	

borrowings						
Long-term borrowings		0.00%	17,783,500.00	0.39%	-0.39%	
Other current assets	1,366,218,063.59	26.95%	604,214,106.70	13.38%	13.57%	Caused by the purchase of bank structured deposits

2. Assets and Liabilities Measured at Fair Value

Applicable Not applicable

3. Assets with Restricted Rights as of the End of the Reporting Period

Item	Ending carrying value	Reason for restriction
Accounts receivable	21,334,705.19	As pledges for short-term borrowings
Total	21,334,705.19	--

V Investment Analysis

1. Total Investments Made

Applicable Not applicable

2. Significant Equity Investments Made in the Reporting Period

Applicable Not applicable

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

Applicable Not applicable

4. Financial Investments

(1) Securities Investments

Applicable Not applicable

No such cases in this Reporting Period

(2) Investment in Derivative Financial Instruments

Applicable Not applicable

No such cases in this Reporting Period

VI Sale of Major Assets and Equity Interests

1. Sale of Major Assets

Applicable Not applicable

No such cases in this Reporting Period

2. Sale of Major Equity Interests

Applicable Not applicable

VII Analysis on Majority-owned and Joint Stock Companies

Applicable Not applicable

Main subsidiaries and joint stock companies with an over 10% influence on the Company's net profit

Unit: RMB

Company name	Relationship with the Company	Main business scope	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shenzhen SPG Longgang Development Co., Ltd.	Subsidiary	Development of real estate	30,000,000.00	535,642,496.46	84,588,017.81	112,185,340.95	50,772,634.33	38,124,475.75
Shantou SEZ, Wellam FTY, Building Development, Co., Ltd.	Subsidiary	Development of real estate	91,226,120.44	207,170,746.48	100,603,966.14	5,968,142.89	90,062.60	67,546.96
Shantou Huafeng Real Estate Development Co., Ltd.	Subsidiary	Development of real estate	80,000,000.00	854,456,185.14	26,134,921.75	67,830,745.99	-7,436,466.19	-5,577,349.63
Great Wall Estate Co., Inc. (U.S.)	Subsidiary	Lease	2,051,146.00	19,244,284.80	-87,159,436.14	322,901.55	-59,435.04	-59,435.04
Shenzhen Zhentong Engineering Co., Ltd.	Subsidiary	Installation and construction	10,000,000.00	168,555,859.55	27,569,075.33	150,312,096.59	440,467.94	440,467.94
Shenzhen Property Management Co., Ltd.	Subsidiary	Property management	7,250,000.00	106,956,005.66	29,173,301.00	80,509,528.38	3,274,259.95	2,677,980.81
Shenzhen Petrel	Subsidiary	Hotel	30,000,000.00	52,464,060.1	45,612,768.8	13,025,431.1	4,009,718.82	3,794,881.45

Hotel Co., Ltd.		Service	0	0	1	6		
Shenzhen Huazhan Construction Supervision Co., Ltd.	Subsidiary	Construction supervision	8,000,000.00	8,848,922.15	8,656,183.13	909,540.63	-164,549.83	-164,549.83
Xin Feng Enterprise Co., Ltd.	Subsidiary	Investment and management	502,335.00	123,158,784.99	-449,236,940.16	2,572,569.79	343,349.56	62,664.44

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 RMB0.112 billion in H1 of 2019, accounting for 11% of the Company's real estate sector income, and 11% of the Group's combined profits. Jinyedao and YuejingDongfang developed by Shantou SEZ, Wellam FTY, Building Development, Co., Ltd. were sold as remaining buildings with relatively small percentages of sales volume and carry-over amount. And Shantou Huafeng Real Estate Development Co., Ltd. was responsible for the development of Tianyuewan project (divided into Phase I and Phase II). Tianyuewan Phase I was opened for sale in October 2016, and Phase II started construction in November 2018. The sales rate of the Phase I as of now is 40%. The main reasons for the loss in H1 of 2019 were: the sales progress was not up to expectations, and another was the payment of interest on internal loans.
2. Shenzhen Zhentong Engineering Co., Ltd. was engaged in the business of building installation and maintenance with the operating revenues of RMB150.31 million for H1 of 2019 and of 12% 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 operating revenues were of RMB80.51 million for H1 of 2019 that was of 6% to the operating revenues of the Company.

VIII Structured Entities Controlled by the Company

Applicable Not applicable

IX Performance Forecast for January-September 2019

Warning of possible loss or considerable year-on-year change in the accumulative net profit made during the period-beginning to the end of the next Reporting Period, as well as the reasons:

Applicable Not applicable

X Risks Facing the Company and Countermeasures

1. Risks Facing the Company:

(1) Risks from macroeconomic environment. Since this year, Chinese government has been adhering to the general principle of seeking progress while maintaining stability, the domestic economy runs within a reasonable range. However, given that the Sino-US trading dispute is still going on, and that the global economic situation remains complicated and severe, the downward pressure on the economy is difficult to relieve in a short term.

(2) Risks from policy on real estate industry. Against the convening of the 19th National Congress of the Communist Party of China, the Chinese government shows a clear attitude that “Houses are for living in, not for speculating on”. The continuous implementation of real estate macro-control policy curbs people’s investment demands at a large degree, and potential customers are increasingly taking a wait-and-see attitude, which generates a certain impact on the development and sales of main business of the Company.

(3) Risks from development and operation of main business. The Company does not increase its land reserve, influenced by the major assets restructuring and the land reserve at present is limited. Moreover, there is a lag in the sales progress of Shantou Tianyuewan Phase I.

(4) Potential risks from assets restructuring. The major assets restructuring of the Company is a significant and unprecedented event with complex trading structure for involved in the Shenzhen State-owned Enterprise Reform and with large-scale assets since the underlying assets it plans to purchase are industrial leading assets. Thus, the trading of its shares has been suspended for almost three years since its start of trading on 14 September 2016. At present, matters such as the renewal of diligence materials in restructuring and supplementary audit as well as evaluation are carried out simultaneously. For the uncertainty of related events, investors are reminded of the investment risks.

2. Countermeasures

Firstly, the Company will unremittingly pay attention to international and domestic macroeconomic situation and the industrial trend, and then formulate flexible coping strategies.

Secondly, the Company will further strengthen its ability to develop main business, raise its management level and make efforts to reinforce the marketing of projects so as to stabilize the fundamental of the Company.

Thirdly, the Company will increase its land reserve timely and in an appropriate way to maintain the sustainable development of the Company in the future.

Fourthly, the Company will enhance the communication with regulators together with parties involved in the restructuring and make full efforts to promote the process of major assets restructuring.

Part V Significant Events

I Annual and Extraordinary General Meeting Convened during the Reporting Period

1. General Meeting Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Index to disclosed information
The 2018 Annual General Meeting	Annual General Meeting	63.61%	18 April 2019	19 April 2019	Resolutions of 2018 Annual General Meeting disclosed on www.cninfo.com.cn

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

Applicable Not applicable

II Interim Dividend Plan for the Reporting Period

Applicable Not applicable

The Company has no interim dividend plan.

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

Applicable Not applicable

No such cases in the Reporting Period.

IV Engagement and Disengagement of CPAs Firm

Has the interim financial report been audited?

Yes No

This interim Report is unaudited.

V Explanations Given by Board of Directors and Supervisory Committee Regarding "Modified Auditor's Report" Issued by CPAs Firm for the Reporting Period

Applicable Not applicable

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

Applicable Not applicable

VII Bankruptcy and Restructuring

Applicable Not applicable

No such cases in the Reporting Period.

VIII Legal Matters

Significant lawsuits or arbitrations:

Applicable Not applicable

No such cases in the Reporting Period.

Other legal matters:

Applicable Not applicable

Lawsuit/arbitration	Amount involved (RMB'0,000)	Estimated liabilities or not	Progress	Decision and influence	Execution of decision	Disclosure date	Index to disclosed information
Xi'an Project Lawsuit	2,100	No	In execution	① Business Tourism Company had to pay for the compensation RMB36.62 million and the relevant interest (from 14 September 1998 to the payment day) to Xi'an 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 the 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.	29 March 2019	Annual Report 2018 (full text) on www.cninfo.com.cn

IX Punishments and Rectifications

Applicable Not applicable

No such cases in the Reporting Period.

X Credit Conditions of the Company as well as its Controlling Shareholder and Actual Controller

Applicable Not applicable

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

Applicable Not applicable

No such cases in the Reporting Period.

XII Major Related-Party Transactions

1. Continuing Related-Party Transactions

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

No such cases in the Reporting Period.

3. Related Transactions Regarding Joint Investments in Third Parties

Applicable Not applicable

No such cases in the Reporting Period.

4. Credits and Liabilities with Related Parties

Applicable Not applicable

No such cases in the Reporting Period.

5. Other Major Related-Party Transactions

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

No such cases in the Reporting Period

XIV. Major Contracts and Execution thereof

1. Entrustment, Contracting and Leases

(1) Entrustment

Applicable Not applicable

No such cases in the Reporting Period.

(2) Contracting

Applicable Not applicable

No such cases in the Reporting Period.

(3) Leases

Applicable Not applicable

No such cases in the Reporting Period.

2. Significant Guarantees

Applicable Not applicable

No such cases in the Reporting Period.

3. Other Significant Contracts

Applicable Not applicable

Name of contracting party	Name of the other party of the contract	Target	Signing date	Carrying value of the involved assets (RMB'0,000) (if any)	Assessed value of the involved assets (RMB'0,000) (if any)	Name of evaluative agency (if any)	Base date of evaluation (if any)	Pricing principle	Transaction price (RMB'0,000)	Related transactions or not	Related relationship	Execution as of the end of the Reporting Period	Disclosure date	Index to disclosed information
ShenZhen	ShenZhen	Structural	7 May	100,000		-		Market	100,000	No	No related	Implementing in	9 May	Announcement on

Special Economic Zone Real Estate & Properties (Group) Co., Ltd.	Branch of China Citic Bank Co., Ltd	deposits (term of 180 days)	2019					comparis on			relatio nship	a normal way	2019	Progress of Using Self-owned Funds to Invest into Structural Deposits on www.cninfo.com.cn
ShenZhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd.	ShenZhen Branch of China Citic Bank Co., Ltd	Structural deposits (term of 180 days)	14 June 2019	30,000	-			Mar ket comparis on	30,000	No	No related relatio nship	Impleme nting in a normal way	19 June 2019	Announce ment on Progress of Using Self-owned Funds to Invest into Structural Deposits on www.cninfo.com.cn

XV. Social Responsibilities

1. Significant Environment Protection

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

No

Not applicable.

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

(1) Plan for Targeted Measures

(2) Outline of Targeted Measures in the Reporting Period

(3) Effects of Targeted Measures

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

(4) Subsequent Targeted Measure Plans

XVI. Other Significant Events

√Applicable □ Not applicable

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

The Company convened the 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.

To ensure the smooth progress of this major assets restructuring, prevent abnormal fluctuations in the prices of its stocks and protect the rights and interests of its non-controlling interests, the Company has applied to the Shenzhen Stock Exchange for continued share trading suspension for no more than 1 month as of 14 August 2019 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 September 2019. For details, see the *Announcement on Delay of Share Trading Resumption and Progress of Planning of Major Assets Restructuring* (No. 2019-054) disclosed on 14 August 2019.

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.

XVII. Significant Events of Subsidiaries

Applicable Not applicable

Part VI Share Changes and Shareholder Information

I. Share Changes

1. Share Changes

Unit: share

	Before the change		Increase/decrease (+/-)				After the change		
	Amount	Proportion	Newly issue share	Amount	Proportion	Newly issue share	Amount	Proportion	Newly issue share
I. Restricted shares	0	0.00%	0	0	0	0	0	0	0.00%
1. Shares held by the state	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned Legal-person	0	0.00%	0	0	0	0	0	0	0.00%
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%
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%
II. Unrestricted shares	1,011,660,000	100.00%	0	0	0	0	0	1,011,660,000	100.00%
1. RMB ordinary shares	891,660,000	88.14%	0	0	0	0	0	891,660,000	88.14%
2. Domestically listed foreign shares	120,000,000	11.86%	0	0	0	0	0	120,000,000	11.86%
3. Oversea listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Other	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	1,011,660,000	100.00%	0	0	0	0	0	1,011,660,000	100.00%

Reasons for the share changes

Applicable Not applicable

Approval of share changes

Applicable Not applicable

Transfer of share ownership:

Applicable Not applicable

Progress on any share repurchase:

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

2. Changes in Restricted Shares

Applicable Not applicable

II. Issuance and Listing of Securities

Applicable Not applicable

III. Total Number of Shareholders and Their Shareholdings

Unit: share

Total number of ordinary shareholders at the period-end		76,443		Total number of preference shareholders with resumed voting rights at the period-end (if any) (see Note 8)			0	
Shareholding of ordinary shareholders holding more than 5% shares or the top 10 of ordinary shareholders								
Name of shareholder	Nature of shareholder	Holding percentage (%)	Number of shareholding at the end of the Reporting	Increase and decrease of shares during Reporting	Number of shares held subject to trading moratorium	Number of shares held subject to trading moratorium	Pledged or frozen shares	
							Status of shares	Amount

			Period	Period	m			
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 share	1,255,750
Central Huijin Asset Management Co., Ltd.	1,165,500	RMB ordinary shares	1,165,500
Peng Wei	1,129,082	RMB ordinary shares	1,129,082
Wu Haoyuan	1,109,300	Domestically listed foreign share	1,109,300
Guotai Junan Securities (Hong Kong) Limited	1,015,683	Domestically listed foreign share	1,015,683
Related or acting-in-concert parties among top 10 unrestricted public shareholders, as well as between top 10 unrestricted public shareholders and top 10 shareholders	The Company has found no related parties or acting-in-concert parties as defined in the Administrative Measures for Shareholding Changes in Listed Companies among the shareholders above.		
Top 10 ordinary shareholders involved in securities margin trading (if any) (see note 4)	The fourth shareholder holds all his shares in the Company in his accounts of collateral securities for margin trading. And the third shareholder holds some of his shares in the Company in such accounts.		

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

Yea No

No such cases in the Reporting Period.

IV. Change of the Controlling Shareholder or the Actual Controller

Change of the controlling shareholder in the Reporting Period

Applicable Not applicable

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

Change of the actual controller in the Reporting Period

Applicable Not applicable

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

Part VII Preferred Shares

Applicable Not applicable

No preferred shares in the Reporting Period.

Part VIII Directors, Supervisors, Senior Management and Staff

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

Applicable Not applicable

No such cases in the Reporting Period. For details, see Annual Report 2018.

II. Changes in Directors, Supervisors and Senior Management

Applicable Not applicable

No such cases in the Reporting Period. For details, see Annual Report 2018.

Part IX Corporate Bonds

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

No

Part X Financial Statements

I Auditor's Report

Whether the semi-annual report has been audited?

Yes No

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

II Financial Statements

The unit of the financial statements attached: RMB

1. Consolidated Balance Sheet

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

June 30 2019

Unit: RMB

Item	Closing balance	Opening balance
Current Assets:		
Monetary Funds	1,240,480,893.15	2,048,522,435.93
Account Receivables	39,421,868.07	18,166,888.19
Receivable Financing	21,334,705.19	15,260,103.46
Prepayments	3,629,355.62	4,177,767.88
Other receivables	50,591,319.62	45,018,027.61
Including: Interest receivable	6,591,780.82	2,453,067.78
Dividends receivable	1,052,192.76	1,052,192.76
Inventories	1,602,436,237.11	1,685,152,051.26
Other current assets	1,366,218,063.59	6,780,999.56
Total current assets	4,324,112,442.35	3,823,078,273.89
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

Item	Closing balance	Opening balance
Investment properties	611,746,542.66	623,930,838.15
Fixed assets	31,903,409.26	33,926,198.52
Long-term deferred assets	287,424.99	387,066.91
Deferred tax assets	71,734,088.80	154,543,788.80
Total non-current assets	745,696,813.69	842,813,240.36
TOTAL ASSETS	5,069,809,256.04	4,665,891,514.25
Current liabilities:		
Short-term loans	21,334,705.19	17,260,103.46
Accounts payable	140,100,500.69	216,758,906.71
Advances from customers	389,327,681.32	156,426,152.86
Payroll payable	49,649,453.21	45,836,830.05
Taxes payable	486,499,870.16	300,547,372.98
Other payables	643,636,409.61	721,819,898.48
Including: Interest payable	16,535,277.94	16,535,277.94
Dividends payable	--	--
Total current liabilities	1,730,548,620.18	1,458,649,264.54
Non-current liabilities: :		
Long-term loans	--	--
Long-term payables	7,597,741.94	6,507,139.20
Total non-current liabilities	7,597,741.94	6,507,139.20
Total liabilities	1,738,146,362.12	1,465,156,403.74
Owners' equity:		
Share capital	1,011,660,000.00	1,011,660,000.00
Capital reserve	978,244,910.11	978,244,910.11
Less: treasury shares		
Other comprehensive income	10,649,625.33	10,564,385.97
Surplus reserve	95,906,222.59	95,906,222.59

Item	Closing balance	Opening balance
Retained earnings	1,366,707,966.13	1,235,884,122.72
Total owners' equity attributable to parent company	3,463,168,724.16	3,332,259,641.39
Minority interests	-131,505,830.24	-131,524,530.88
Total owners' equity	3,331,662,893.92	3,200,735,110.51
Total liabilities and owners' equity	5,069,809,256.04	4,665,891,514.25

Legal representative: Zhou Jianguo

Person in charge of accounting: Tang Xiaoping

Person in charge of accounting organ: Qiao Yanjun

2、Balance Sheet of the Company as the Parent

Unit: RMB

Item	Closing balance	Opening balance
Current Assets:		
Monetary Funds	856,969,485.98	1,344,486,378.53
Account Receivables	4,498,088.57	5,164,795.67
Receivable Financing	--	--
Prepayments	200,000.00	200,000.00
Other receivables	777,693,901.25	770,374,849.84
Including: Interest receivable	6,591,780.82	2,380,301.11
Dividends receivable		
Inventories	495,765,771.81	543,912,100.37
Other current assets	1,300,391,148.06	215,745.41
Total current assets	3,435,518,395.67	2,664,353,869.82
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
Investment properties	500,353,447.17	511,040,299.65

Item	Closing balance	Opening balance
Fixed assets	20,694,594.60	21,942,842.11
Long-term deferred assets	254,070.82	346,015.72
Deferred tax assets	16,699,980.23	16,699,980.23
Total non-current assets	785,286,869.39	797,313,914.28
TOTAL ASSETS	4,220,805,265.06	3,461,667,784.10
Current liabilities:		
Short-term loans	--	--
Accounts payable	12,199,890.76	16,743,360.96
Advances from customers	232,187,547.25	22,035,608.45
Payroll payable	27,607,379.41	19,687,728.50
Taxes payable	467,681,696.28	144,621,616.85
Other payables	198,023,198.65	594,392,900.98
Including: Interest payable	16,535,277.94	16,535,277.94
Dividends payable	--	--
Total current liabilities	937,699,712.35	797,481,215.74
Non-current liabilities: :		
Long-term loans	--	--
Long-term payables	--	--
Total non-current liabilities	--	--
Total liabilities	937,699,712.35	797,481,215.74
Owners' equity:		
Share capital	1,011,660,000.00	1,011,660,000.00
Capital reserve	964,711,931.13	964,711,931.13
Less: treasury shares	--	--
Other comprehensive income	--	--
Surplus reserve	72,776,609.18	72,776,609.18
Retained earnings	1,233,957,012.40	615,038,028.05

Item	Closing balance	Opening balance
Total owners' equity	3,283,105,552.71	2,664,186,568.36
Total liabilities and owners' equity	4,220,805,265.06	3,461,667,784.10

3、Consolidated Income Statement

Unit: RMB

Item	Amount for the current period	Amount for the prior period
I . Total operating income	1,251,337,802.57	1,317,541,631.35
Including: Operating income	1,251,337,802.57	1,317,541,631.35
II . Total operating Costs	820,118,047.65	878,049,647.69
Including: Operating costs	437,127,976.25	540,417,491.41
Tax and surcharge	340,329,498.86	277,340,490.76
Selling expenses	18,474,060.33	37,167,133.77
Administrative expense	30,812,771.33	31,736,200.85
R&D expense	--	--
Financial expense	-6,626,259.12	-8,611,669.10
Including:	38,742.51	3,017,331.10
Interest expense		
Interest income	7,623,553.05	11,769,366.46
Add: Other income	--	--
Return on investment ("-" for loss)	14,288,098.55	827,100.00
Including: Share of profit or loss of joint ventures and associates	--	--
Income from the derecognition of financial assets at amortized cost ("-" for loss)	--	--
Foreign exchange gain ("-" for loss)	--	--
Net gain on exposure hedges ("-" for loss)	--	--
Gain on changes in fair value ("-" for loss)	--	--
Credit impairment loss ("-" for loss)	--	--
Asset impairment loss ("-" for loss)	--	--

Item	Amount for the current period	Amount for the prior period
Asset disposal income ("-" for loss)	--	--
III. Operating profit ("-" means loss)	445,507,853.47	440,319,083.66
Add: Non-operating income	363,709.11	95,835.23
Less: Non-operating expenses	3,755.82	199,553.33
IV .Total profit ("-" means loss)	445,867,806.76	440,215,365.56
Less: Income tax expenses	112,729,793.86	111,169,717.28
V Net profit ("-" means loss)	333,138,012.90	329,045,648.28
5.1.Net income from continuing operations ("-" for net loss)	333,138,012.90	329,045,648.28
5.2. Net income from discontinued operations ("-" for net loss)		
Net attributable to owners of parent company	333,155,843.41	329,066,084.53
Minority interests	-17,830.51	-20,436.25
VI . After-tax net of other comprehensive incomes	121,770.51	-694,697.10
After-tax net of other comprehensive incomes owned by owner of the parent company	85,239.36	-486,287.97
6.1 Items that will not be reclassified to profit or loss	--	--
6.2Items that will be reclassified to profit or loss	85,239.36	-486,287.97
6.2.1.Other comprehensive income that will be reclassified to profit or loss under the equity method	--	--
6.2.2. Gains/Losses on changes in fair value of available-for-sale financial assets	--	--
6.2.3. Gains/Losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets	--	--
6.2.4 Other comprehensive income arising from the reclassification of financial assets	--	--
6.2.5 Gain/Loss arising from the reclassification of held-to-maturity investments to available-for-sale financial assets	--	--

Item	Amount for the current period	Amount for the prior period
6.2.6 Allowance for credit impairments in investments in other debt obligations	--	--
6.2.7 Reserve for cash flow hedges	--	--
6.2.8 Differences arising from the translation of foreign currency-denominated financial statements	85,239.36	-486,287.97
6.2.9. Other	--	--
After-tax net of other comprehensive incomes owned by minority stockholders	36,531.15	-208,409.13
VII. Total comprehensive income	333,259,783.41	328,350,951.18
Total comprehensive income attributable to owners of parent company	333,241,082.77	328,579,796.56
Total comprehensive income attributable to minority interests	18,700.64	-228,845.38
VIII .Earnings per share		
8.1 Basic Earnings per share	0.3293	0.3253
8.2 Diluted Earnings per share	0.3293	0.3253

The net profit realized by the merged party before the merger is 0.00 yuan, and the net profit realized by the merged party in the previous period is 0.00 yuan.

Legal representative: Zhou Jianguo

Person in charge of accounting: Tang Xiaoping

Person in charge of accounting organ: Qiao Yanjun

4. Income Statement of the Company as the Parent

Unit: RMB

Item	Amount for the current period	Amount for the prior period
I . Total operating income	828,403,076.11	29,987,467.51
Less: Cost of sales	125,366,701.31	12,583,669.74
Tax and surcharge	305,591,891.73	3,654,804.11
Selling expenses	12,219,149.43	908,158.92

Item	Amount for the current period	Amount for the prior period
Administrative expense	12,993,667.10	10,894,513.21
R&D expense	--	--
Financial expense	-16,493,119.65	-23,494,559.62
Including: Interest expense	--	1,728,453.04
Interest income	17,457,395.53	24,327,095.66
Add: Other income	--	--
Return on investment ("-" for loss)	532,988,230.19	827,100.00
Including: Share of profit or loss of joint ventures and associates	--	--
Income from the derecognition of financial assets at amortized cost ("-" for loss)	--	--
Foreign exchange gain ("-" for loss)	--	--
Net gain on exposure hedges ("-" for loss)	--	--
Gain on changes in fair value ("-" for loss)	--	--
Credit impairment loss ("-" for loss)	--	--
Asset impairment loss ("-" for loss)	--	--
Asset disposal income ("-" for loss)	--	--
II. Operating profit ("-" means loss)	921,713,016.38	26,267,981.15
Add: Non-operating income	129,179.14	34,352.59
Less: Non-operating expenses	--	143,299.25
III .Total profit ("-" means loss)	921,842,195.52	26,159,034.49
Less: Income tax expenses	100,591,211.17	6,338,686.76
IV Net profit ("-" means loss)	821,250,984.35	19,820,347.73
4.1.Net income from continuing operations ("-" for net loss)	821,250,984.35	19,820,347.73
4.2. Net income from discontinued operations ("-" for net loss)	--	--
V . After-tax net of other comprehensive incomes	--	--

Item	Amount for the current period	Amount for the prior period
5.1 Items that will not be reclassified to profit or loss	--	--
5.2 Items that will be reclassified to profit or loss	--	--
VI. Total comprehensive income	821,250,984.35	19,820,347.73
VII. Earnings per share		
7.1 Basic Earnings per share	0.8119	0.0196
7.2 Diluted Earnings per share	0.8119	0.0196

5. Consolidated Cash Flow Statement

Unit: RMB

Items	Amount for the current period	Amount for the prior period
I . Cash Flow from Operating Activities:		
Cash received from sales of goods or rendering of services	1,551,108,627.63	1,082,569,145.05
Cash received relating to other operating activities	36,673,219.30	86,785,897.61
Sub-total of Cash Inflows	1,587,781,846.93	1,169,355,042.66
Cash paid for goods and services	325,301,988.40	359,603,259.50
Cash paid to and on behalf of employees	75,087,594.73	67,569,589.85
Cash paid on taxes and levies	372,824,861.97	89,393,534.10
Cash paid relating to other operating activities	128,892,156.73	58,060,529.54
Sub-total of Cash Outflows	902,106,601.83	574,626,912.99
Net Cash Flows from Operating Activities	685,675,245.10	594,728,129.67
II . Cash Flows from Investing Activities:		
Cash received from return of investments	900,000,000.00	
Cash received investing income	11,365,734.25	827,100.00
Sub-total of Cash Inflows	911,365,734.25	827,100.00
Cash paid to acquire fixed assets, intangible assets and other long assets	62,330.82	171,268.71
Cash paid on other investing activities	1,300,000,000.00	600,000,000.00
Sub-total of Cash Outflows	1,300,062,330.82	600,171,268.71

Items	Amount for the current period	Amount for the prior period
Net Cash Flows from Investing Activities	-388,696,596.57	-599,344,168.71
III. Cash flow from Financing Activities		
Cash received from borrowing	--	--
Sub-total of Cash Inflows	--	--
Cash repayments on borrowed amounts	2,000,000.00	131,343,300.00
Cash payments for distribution of dividends or profits	202,332,000.00	2,185,638.06
Sub-total of cash Outflows	204,332,000.00	133,528,938.06
Net cash flows from financing activities	-204,332,000.00	-133,528,938.06
IV. Effect of foreign exchange rate on cash	-688,191.31	16,586.26
V. Net increase in cash and cash equivalents	91,958,457.22	-138,128,390.84
Add: cash equivalents at the beginning of the period	1,148,522,435.93	1,206,789,056.46
VI. Cash equivalents at the end of the period	1,240,480,893.15	1,068,660,665.62

6. Cash Flow Statement of the Company as the Parent

Unit: RMB

Items	Amount for the current period	Amount for the prior period
I. Cash Flow from Operating Activities:		
Cash received from sales of goods or rendering of services	1,082,309,354.32	34,592,057.81
Cash received relating to other operating activities	25,673,942.66	387,291,082.03
Sub-total of Cash Inflows	1,107,983,296.98	421,883,139.84
Cash paid for goods and services	54,302,822.21	53,951,198.75
Cash paid to and on behalf of employees	19,289,743.31	15,556,181.04
Cash paid on taxes and levies	135,622,840.23	13,609,736.21
Cash paid relating to other operating activities	26,108,489.89	45,617,416.07
Sub-total of Cash Outflows	235,323,895.64	128,734,532.07
Net Cash Flows from Operating Activities	872,659,401.34	293,148,607.77

Items	Amount for the current period	Amount for the prior period
II. Cash Flows from Investing Activities:		
Cash received from return of investments	900,000,000.00	--
Cash received investing income	142,838,563.97	170,221,052.18
Sub-total of Cash Inflows	1,042,838,563.97	170,221,052.18
Cash paid to acquire fixed assets, intangible assets and other long assets	6,050.00	20,888.00
Cash paid on other investing activities	1,300,000,000.00	600,000,000.00
Sub-total of Cash Outflows	1,300,006,050.00	600,020,888.00
Net Cash Flows from Investing Activities	-257,167,486.03	-429,799,835.82
III. Cash flow from Financing Activities		
Cash received from borrowing	--	--
Sub-total of Cash Inflows	--	--
Cash repayments on borrowed amounts		110,443,300.00
Cash payments for distribution of dividends or profits	202,332,000.00	1,728,453.04
Sub-total of cash Outflows	202,332,000.00	112,171,753.04
Net cash flows from financing activities	-202,332,000.00	-112,171,753.04
IV. Effect of foreign exchange rate on cash	-676,807.86	-13,487.07
V. Net increase in cash and cash equivalents	412,483,107.45	-248,836,468.16
Add: cash equivalents at the beginning of the period	444,486,378.53	726,801,673.89
VI. Cash equivalents at the end of the period	856,969,485.98	477,965,205.73

7. CONSOLIDATED STATEMENT OF CHANGE IN OWNER'S EQUITY

January-June 2019

Unit: RMB

Items	The amount in current year												Total owners' equity	
	Attribute to the equity of parent company										Minority interests	Subtotal		
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Generic risk reserve				Retained earnings
		Preference shares	Perpetual bonds	Other										
I. Balance at the end of last period	1,011,660,000.00	--	--	978,244,910.11	--	10,564,385.97	--	95,906,222.59	--	1,235,884,122.72	3,332,259,641.39	-131,524,530.88	3,200,735,110.51	
Add: Changes of accounting policies	--	--	--	--	--	--	--	--	--	--	--	--	--	
Prior year adjustments	--	--	--	--	--	--	--	--	--	--	--	--	--	
Corporate combination under common control	--	--	--	--	--	--	--	--	--	--	--	--	--	
Others	--	--	--	--	--	--	--	--	--	--	--	--	--	

Items	The amount in current year													
	Attribute to the equity of parent company											Minority interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Generic risk reserve	Retained earnings			Subtotal
		Preference shares	Perpetual bonds	Other										
II. Balance at the Beginning of the Year	1,011,660,000.00	--	--	--	978,244,910.11	--	10,564,385.97	--	95,906,222.59	--	1,235,884,122.72	3,332,259,641.39	-131,524,530.88	3,200,735,110.51
III. Increase/Decrease movements in this Year ("-" means loss)	--	--	--	--	--	--	85,239.36	--	--	--	130,823,843.41	130,909,082.77	18,700.64	130,927,783.41
(I) Total comprehensive income	--	--	--	--	--	--	85,239.36	--	--	--	333,155,843.41	333,241,082.77	18,700.64	333,259,783.41
(II) Capital paid in and reduced by the shareholders	--	--	--	--	--	--	--	--	--	--	--	--	--	--
(III) Profit distribution	--	--	--	--	--	--	--	--	--	--	--	--	--	--
1. Draw statutory surplus reserve	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Items	The amount in current year															
	Attribute to the equity of parent company											Retained earnings	Subtotal	Minority interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Generic risk reserve						
		Preference shares	Perpetual bonds	Other												
2.Draw generic risk reserve	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
3.Distribution to shareholders	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
4.Others	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
(IV)Internal carry-forward of shareholders' equity	--	--	--	--	--	--	--	--	--	--	-202,332,000.00	-202,332,000.00	--	-202,332,000.00	--	
(V) Special Reserve	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
(VI) Others	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
IV. Balance at the end of the period	1,011,660,000.00	--	--	-978,244,910.11	--	10,649,625.33	--	95,906,222.59	--	-1,366,707,966.13	3,463,168,724.16	-131,505,830.24	3,331,662,893.92	--	--	--

January-June 2018

Unit: RMB

Items	The amount in current year											Minority interests	Total owners' equity	
	Attribute to the equity of parent company										Subtotal			
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Generic risk reserve				Retained earnings
		Preference shares	Perpetual bonds	Other										
I. Balance at the end of last period	1,011,660,000.00	--	--	978,244,910.11	--	10,045,697.16		85,666,668.00	--	742,624,845.71	2,828,242,120.98	-128,219,559.44	2,700,022,561.54	
Add: Changes of accounting policies	--	--	--	--	--	--	--	--	--	--	--	--	--	
Prior year adjustments	--	--	--	--	--	--	--	--	--	--	--	--	--	
Corporate combination under common control	--	--	--	--	--	--	--	--	--	--	--	--	--	
Others	--	--	--	--	--	--	--	--	--	--	--	--	--	
II. Balance at the Beginning of the Year	1,011,660,000.00	--	--	978,244,910.11	--	10,045,697.16		85,666,668.00	--	742,624,845.71	2,828,242,120.98	-128,219,559.44	2,700,022,561.54	

Items	The amount in current year											Minority interests	Total owners' equity	
	Attribute to the equity of parent company													
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Generic risk reserve	Retained earnings			Subtotal
		Preference shares	Perpetual bonds	Other										
III. Increase/Decrease movements in this Year ("- " means loss)	--	--	--	--	--	-486,287.97	--	--	--	329,066,084.53	328,579,796.56	-228,845.38	328,350,951.18	
(I) Total comprehensive income	--	--	--	--	--	-486,287.97	--	--	--	329,066,084.53	328,579,796.56	-228,845.38	328,350,951.18	
(II) Capital paid in and reduced by the shareholders	--	--	--	--	--	--	--	--	--	--	--	--	--	
(III) Profit distribution	--	--	--	--	--	--	--	--	--	--	--	--	--	
1. Draw statutory surplus reserve	--	--	--	--	--	--	--	--	--	--	--	--	--	
2. Draw generic risk reserve	--	--	--	--	--	--	--	--	--	--	--	--	--	

Items	The amount in current year											Minority interests	Total owners' equity
	Attribute to the equity of parent company												
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Generic risk reserve	Retained earnings		
	Preference shares	Perpetual bonds	Other										
3.Distribution to shareholders	--	--	--	--	--	--	--	--	--	--	--	--	--
4.Others	--	--	--	--	--	--	--	--	--	--	--	--	--
(IV)Internal carry-forward of shareholders' equity	--	--	--	--	--	--	--	--	--	--	--	--	--
(V) Special Reserve	--	--	--	--	--	--	--	--	--	--	--	--	--
(VI) Others	--	--	--	--	--	--	--	--	--	--	--	--	--
IV. Balance at the end of the period	1,011,660,000.00	--	--	978,244,910.11	--	9,559,409.19	--	85,666,668.00	--	1,071,690,930.24	3,156,821,917.54	-128,448,404.82	3,028,373,512.72

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

January-June 2019

Unit: RMB

Items	The amount in current year										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Generic risk reserve	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Other							
I Balance at the End of Last Period	1,011,660,000.00	--	--	--	964,711,931.13	--	--	--	72,776,609.18	615,038,028.05	2,664,186,568.36
Add: Changes of accounting policies	--	--	--	--	--	--	--	--	--	--	--
Prior year adjustments	--	--	--	--	--	--	--	--	--	--	--
Others	--	--	--	--	--	--	--	--	--	--	--
II. Balance at the Beginning of the Year	1,011,660,000.00	--	--	--	964,711,931.13	--	--	--	72,776,609.18	615,038,028.05	2,664,186,568.36
III. Increase/Decrease movements in this Year ("-" means loss)	--	--	--	--	--	--	--	--	--	618,918,984.35	618,918,984.35
(I) Total comprehensive income	--	--	--	--	--	--	--	--	--	821,250,984.35	821,250,984.35
(II) Capital paid in and reduced by the shareholders	--	--	--	--	--	--	--	--	--	--	--

Items	The amount in current year										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Generic risk reserve	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Other							
3.2.1 Capital increased and reduced by owners	--	--	--	--	--	--	--	--	--	--	
3.2.2 Capital increased by holders of other equity instruments	--	--	--	--	--	--	--	--	--	--	
3.2.3 Amounts of share-based	--	--	--	--	--	--	--	--	--	--	
3.2.4 Other	--	--	--	--	--	--	--	--	--	--	
(III) Profit distribution	--	--	--	--	--	--	--	--	-202,332,000.00	-202,332,000.00	
1.Draw statutory surplus reserve	--	--	--	--	--	--	--	--	--	--	
2.Distribution to shareholders	--	--	--	--	--	--	--	--	-202,332,000.00	-202,332,000.00	
3.Others	--	--	--	--	--	--	--	--	--	--	
(IV)Internal carry-forward of shareholders' equity	--	--	--	--	--	--	--	--	--	--	
3.4.1 New increase of capital (or share capital) from capital reserve	--	--	--	--	--	--	--	--	--	--	

Items	The amount in current year										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Generic risk reserve	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Other							
3.4.2 New increase of capital (or share capital) from surplus reserve	--	--	--	--	--	--	--	--	--	--	
3.4.3 Surplus reserve for making up loss	--	--	--	--	--	--	--	--	--	--	
3.4.4 Other	--	--	--	--	--	--	--	--	--	--	
(V) Special Reserve	--	--	--	--	--	--	--	--	--	--	
3.5.1 Withdrawn for the period	--	--	--	--	--	--	--	--	--	--	
3.5.2 Used in the period	--	--	--	--	--	--	--	--	--	--	
(VI) Others	--	--	--	--	--	--	--	--	--	--	
IV. Balance at the end of the period	1,011,660,000.00	--	--	--	964,711,931.13	--	--	72,776,609.18	1,233,957,012.40	3,283,105,552.71	

January-June 2018

Unit: RMB

Items	The amount brought from the previous year
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	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Generic risk reserve	Undistributed profit	Total owners' equity
		Preference shares	Perpetual bonds	Other							
I Balance at the End of Last Period	1,011,660,000.00	--	--	--	978,244,910.11	--	--	62,537,054.59	522,882,036.78	2,575,324,001.48	
Add: Changes of accounting policies	--	--	--	--	--	--	--	--	--	--	
Prior year adjustments	--	--	--	--	--	--	--	--	--	--	
Others	--	--	--	--	--	--	--	--	--	--	
II. Balance at the Beginning of the Year	1,011,660,000.00	--	--	--	978,244,910.11	--	--	62,537,054.59	522,882,036.78	2,575,324,001.48	
III. Increase/Decrease movements in this Year ("-" means loss)	--	--	--	--	--	--	--	--	19,820,347.73	19,820,347.73	
(I) Total comprehensive income	--	--	--	--	--	--	--	--	19,820,347.73	19,820,347.73	
(II) Capital paid in and reduced by the shareholders	--	--	--	--	--	--	--	--	--	--	
3.2.1 Capital increased and reduced by owners	--	--	--	--	--	--	--	--	--	--	
3.2.2 Capital increased by holders of other equity instruments	--	--	--	--	--	--	--	--	--	--	

Items	The amount brought from the previous year										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Generic risk reserve	Undistributed profit	Total owners' equity
		Preference shares	Perpetual bonds	Other							
3.2.3 Amounts of share-based	--	--	--	--	--	--	--	--	--	--	--
3.2.4 Other	--	--	--	--	--	--	--	--	--	--	--
(III) Profit distribution	--	--	--	--	--	--	--	--	--	--	--
1.Draw statutory surplus reserve	--	--	--	--	--	--	--	--	--	--	--
2.Draw generic risk reserve	--	--	--	--	--	--	--	--	--	--	--
3.Distribution to shareholders	--	--	--	--	--	--	--	--	--	--	--
4.Others	--	--	--	--	--	--	--	--	--	--	--
(IV)Internal carry-forward of shareholders' equity	--	--	--	--	--	--	--	--	--	--	--
3.4.1 New increase of capital (or share capital) from capital reserve	--	--	--	--	--	--	--	--	--	--	--
3.4.2 New increase of capital (or share capital) from surplus reserve	--	--	--	--	--	--	--	--	--	--	--

Items	The amount brought from the previous year										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Generic risk reserve	Undistributed profit	Total owners' equity
		Preference shares	Perpetual bonds	Other							
3.4.3 Surplus reserve for making up loss	--	--	--	--	--	--	--	--	--	--	--
3.4.4 Other	--	--	--	--	--	--	--	--	--	--	--
(V) Special Reserve	--	--	--	--	--	--	--	--	--	--	--
3.5.1 Withdrawn for the period	--	--	--	--	--	--	--	--	--	--	--
3.5.2 Used in the period	--	--	--	--	--	--	--	--	--	--	--
(VI) Others	1,011,660,000.00	--	--	--	978,244,910.11	--	--	62,537,054.59	542,702,384.51	2,595,144,349.21	
IV. Balance at the end of the period	1,011,660,000.00	--	--	--	978,244,910.11	--	--	36,265,054.83	541,064,217.62	2,567,234,182.56	

III General information

Shenzhen Special Economic Zone Real Estate and Properties (Group) Co., Ltd. (the “Group” or “the Company”) was established in July 1993, as approved by the Shenzhen Municipal Government with document SFBF (1993) 724. The Company issued A shares on 15th September, 1993 and issued B shares on 10 January 1994. On 31 August 1994, B shares issued were listed in New York Exchange market as class A recommendation. The total share capital are 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.

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 registration changing had been done on 15 February 2006. As 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 selling unrestricted shares.

Business scope: mainly engaged in real estate development and sales, property leasing and management, retail merchandising and trade, hotel, equipment installation and maintenance, construction, interior decoration and so on.

The main products or services provided: commodity housing, property leasing and management, hotel service, construction and installation service, renovation service.

The parent of the Company is Shenzhen Investment Holdings Co., Ltd.

The Financial statement published on Aug 20th, 2019, which approved by Group’s Board of Directors.

25 units were consolidated into the Group in first half of 2019 for the detail in Note 9 “Equities in other entities”. The company did not change the range of consolidation in this period compared with last year.

IV The Basis of Preparation of Financial Statements

4.1 The financial statements of the Group have been prepared on the basis of going concern in conformity with the Chinese Accounting Standards for Business Enterprises –The basic standards(Issued by order No.33 of the Ministry of Finance, Revised by order No.76 of the Ministry of Finance), the 42 specified Accounting Standards for Business Enterprise issued and revised by the Ministry of Finance of People’s Republic of China on 15 February, 2006 and thereafter, the guidance for the application of the Accounting Standards for Business Enterprise, the explanation for the Accounting Standards for Business Enterprise and other relevant regulations(thereafter referred as “Accounting Standards for Business Enterprises”) and Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.15—General Provisions on Financial Reports (2014 Revision) issued by the China Securities Regulatory Commission (CSRC).

According to the relevant accounting regulations of Chinese Accounting Standards for Business Enterprises, the Group has adopted the accrual basis of accounting. The Group adopts the historical cost as the principle of measurement in the financial statements except some financial instruments and Investment properties. Non-current assets held for sale are based on lower price between the fair value less estimated expenses and the original book value when they meet the conditions for holding the sale. Provision will be made if any assets impair in accordance with relevant requirements.

4.2 Going concern

No significant suspected event or circumstances about the going concern for the past 12 months from the end of the reporting period.

V Important accounting policies and estimations

The company and its subsidiaries are engaged in real estate development business, property leasing and management services, hotel room services, as well as building installation and decoration services. The company and its subsidiaries have formulated a number of specific accounting policies and accounting estimates for transactions and events such as revenue recognition in accordance with the characteristics of actual production and operation and the relevant accounting standards for enterprises. For the details, please refer to each description of Notes 5.39 “Revenues”.

5.1 Basis of Preparation

The financial statements of the Group are recognized and measured in accordance with the regulations of the Chinese Accounting Standards for Business Enterprises and they give a true and fair view of the financial position, business result and cash flow of the Group as of 30 June 2019. In addition, the financial statements of the Group comply, in all material respects, with the revised disclosure requirements for financial statements and the notes of Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.15—General Provisions on Financial Reports (2014 Revision) issued by China Securities Regulatory Commission (CSRC).

5.2 Accounting period

The accounting period of the Group is classified as interim period and annual period. Interim period refers to the reporting period shorter than a complete annual period. The accounting period of the Group is the calendar year from January 1 to December 31.

5.3 Operating cycle

The normal operating cycle refers to period from Group's buying assets for manufacturing to realizing the cash or cash equivalent. The Group chooses 12 months as an operating cycle. The assets and liabilities are classified as current and non-current according to the operating cycle standards.

5.4 Monetary Unit

Renminbi (RMB) is the currency of the primary economic environment in either Group & its domestic subsidiaries or foreign subsidiary in HK. Therefore, the Group, the domestic subsidiaries and foreign subsidiary in HK choose RMB as their functional currency. While the Group's foreign subsidiary in U.S.A. chooses USD dollar as its functional currency on the basis of the primary economic environment it operates. The Group adopts RMB to prepare its functional statements.

5.5 Accounting Treatment Under Common/Non-common control

A business combination is a transaction or event that brings together two or more separate entities into one reporting entity. Business combinations involve enterprises under common control and non-common control.

(1) Business combination involving entities under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

For a business combination involving enterprises under common control, the party that, on the combination date, obtains control of another enterprise participating in the combination is the absorbing party, while that other enterprise participating in the combination is a party being absorbed. Combination date is the date on which the absorbing party effectively obtains control of the party being absorbed.

The assets and liabilities obtained are measured at the carrying amounts as recorded by the enterprise being absorbed at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to the capital premium (or share premium) in the capital reserve. If the balance of the capital premium (or share premium) is insufficient, any excess is adjusted to retained earnings.

The cost of a combination incurred by the absorbing party, including any costs directly attributable to the combination, shall be recognized as an expense through profit or loss for the current period when incurred.

(2) Business combination involving entities under non common control

A business combination involving enterprises under non common control happens if the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination.

For a business combination not involving enterprises under common control, the party that, on the acquisition date, obtains control of another enterprise participating in the combination is the acquirer, while the other enterprise participating in the combination is the acquiree. Acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

For a business combination not involving enterprise under common control, the combination cost including the sum of fair value, on the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services etc. and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

The transaction cost arose from issuing of equity securities or liability securities should be initially recognized as cost of equity securities or liability securities.

The contingent consideration related to the combination shall be booked as

combination cost at the fair value on the acquisition date. If, within the 12 months after acquisition, new or additional information can prove the existence of related information on acquisition date and the contingent consideration need to be adjusted by relatively adjusting the combination goodwill.

Acquirer 's combination cost and the obtained identifiable net assets are measured with the fair value on the acquisition date. The excess of the combination cost over the fair value of identifiable net assets on the acquisition date is recorded as goodwill. When the fair value of identifiable assets exceeds the combination cost , first of all, the fair value of items of obtained acquiree's identifiable assets, liabilities or contingent liabilities and combination cost need to be reassessed. And then, when the combination cost is still less than the fair value of identifiable net assets on the acquisition date after reassess, the difference should be recorded in the current year's profit and loss.

The deductible temporary differences obtained from the acquiree which cannot be recognized as deferred tax assets ,on the acquisition date, because some conditions are not met. Within 12 months after the acquisition ,if new or additional information indicate that the relevant information exist on the acquisition date and the economic benefits related with the deductible temporary difference can be realized, the deferred tax assets should be recognized. The goodwill should be reduced and if the goodwill is less than the deferred tax assets recognized, the rest part should be recorded in the current year profit and loss.

For a business combination achieved in stages that involves multiple exchange transactions, according to the "No.5 Inform of Printing and Distributing the Explanation of Accounting Standards issued by the Finance of Ministry (Caikuai [2012] No.19)"and Article 51of "Chinese Accounting Standards for Business Enterprises No.33- Consolidated financial statement", relating with the judgment standards of package deal(refer to note 5.6(2)), a judgment about whether it is package deal or not should be made. If it is package deal, please refer to the note 5.22 - Long-term equity investment for accounting treatment; if it is not package deal, distinguish them as individual financial statement and consolidated financial statement for accounting treatment.

For the individual financial statements, the book value of the long-term equity investment held before the acquisition date plus the newly added equity investment

on the acquisition date, and then sum should be recorded as the original investment cost; the long-term equity investment involved with other comprehensive income held before the acquisition date, the way to deal with the investment will be the same with the way the acquiree directly dispose the related assets and liabilities (i.e., under the equity method, beside the portion caused by the acquiree's recalculated defined benefit plan's net assets and net liabilities, the rest are transferred into investment income).

For the consolidated financial statements, for the shares in acquiree held before the acquisition date, the shares are recalculated according to the fair value on the acquisition date. The difference between the fair value and book value should be recorded in the current year investment income; For the shares in the acquiree held before the acquisition date involving other comprehensive income. The way to deal with the other comprehensive income should be the same with the way the acquiree directly dispose the relevant assets and liabilities(i.e., under the equity method, beside the portion of changes caused by the acquiree's recalculated defined benefit plan's net assets and net liabilities, the rest are transferred into investment income).

5.6 Preparation of consolidated financial statements

(1)The standards of determining the scope of consolidation

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities. The scope of consolidation includes the Group and all of the subsidiaries. Subsidiary is an enterprise or entity under the control of the Group.

Once the changes of relevant facts and conditions result in the factors involving with the above definition of the control, the Group will proceed to reassess.

(2)The method of preparing the consolidated financial statements

The subsidiary of the Group is included in the consolidated financial statements from the date when the control over the net assets and business decisions of the subsidiary is effectively obtained, and excluded from the date when the control ceases.

For a subsidiary being disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as

appropriate. For a subsidiary disposed during the period, no adjustment is made to the opening balance of the consolidated financial statements.

For a subsidiary acquired through a business combination not under common control, the operating results and cash flows from the acquisition date (the date when the control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate; no adjustment is made to the opening balance and comparative figures in the consolidated financial statements.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements. The results of operations and its cash flow are appropriately included in the consolidated balance sheet and the consolidated income statement, respectively, from the beginning of the year to the date of acquisition and the comparative figures of the consolidated financial statements are restated.

When the accounting period or accounting policies of a subsidiary are different from those of the Group, the Group makes necessary adjustments to the financial statements of the subsidiary based on the Group's accounting period or accounting policies. For the subsidiaries acquired through combination involving enterprises under non common control, the financial statements should be adjusted based on the fair value of the indentified net assets on the acquisition date.

Intra-group balances and transactions, and any unrealized profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements.

Minority interest and the portion in the net profit or loss not attributable to the Group are presented separately in the consolidated balance sheet within shareholders'/ owners' equity. Net profit or loss attributable to minority shareholders in the subsidiaries is presented separately as minority interest in the consolidated income statement below the net profit line item.

When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of [shareholders'] [owners'] equity of the subsidiary, the excess is still allocated against the minority interests.

When the Group loses control of a subsidiary due to the disposal of a portion of an equity investment or other reasons, the remaining equity investment is re-measured

at its fair value on the date when control is lost. The difference between 1) the total amount of consideration received from the transaction that resulted in the loss of control and the fair value of the remaining equity investment and 2) the carrying amounts of the interest in the former subsidiary's net assets immediately before the loss of the control is recognized as investment income for the current period when control is lost. The amount recognized in other comprehensive income in relation to the former subsidiary's equity investment is reclassified as investment income for the current period when control is lost. The retained interest is subsequently measured according to the rules stipulated in the "Chinese Accounting Standards for Business Enterprises No.2—Long-term equity investment" or "Chinese Accounting Standards for Business Enterprises No.22—Determination and measurement of financial instruments" (see note 5.22-Long-term equity investment and 5.10-Financial instruments).

The Group's losing control of subsidiaries through multistep transactions of disposing of the long-term equity investment, need to indentify whether every transaction, involving with disposing of the investment in subsidiary until losing the control, is belonging to package deal. Several transactions should be accounted for as a package deal if conditions and the economic impact of disposal of investments in subsidiaries are in compliance with one or more of the following circumstances: ① These transactions are considered simultaneously or ② these transactions as a whole in order to reach a complete business results; another case of the occurrence of the impact of entering into a transaction depends ③ had at least one other transaction; ④ see a transaction alone is not economical, but, it is economical when other transactions are taken into account. If it is not package deal, every transaction of the non-package deals is treated according to the applicable accounting standards of "partly disposing of the long-term equity investment without losing control "(refer to 5.22(2) ④ for detail) and "losing the control to subsidiary due to partly disposing the equity investment or other reasons " (see the former paragraph for details). When every transaction involving with disposing of equity investment in subsidiary until losing control is a package deal, they will be treated as a single deal of disposing of the investment in subsidiary until losing control for accounting treatment. But, before the control are lost, the difference between each receipt of every transaction and the related shared proportion of indentified net assets are recognized as other comprehensive income. The other comprehensive

income will be transferred into profit and loss in the period when losing control.

5.7 Joint venture arrangement classification& mutual office account treatment

Joint venture arrangement is referred to the arrangement that are under common control of two or more participating parties. The Group classifies the joint venture arrangement into mutual office and joint venture, according to the rights shared and obligation undertaken in the joint venture arrangement. Mutual office represents the joint venture arrangement that the Group shares the assets related with arrangement and undertakes the obligations related with the arrangement. Joint venture is referred to the joint venture arrangement that the Group only have the right to the net assets of the arrangement.

The Group measures the joint venture investment using the equity method. Please refer to accounting policies listed on note 5.22 (2) ②-long-term equity investment measured using the equity method.

As one party of the mutual office, the Group recognizes the separately owned assets and separately assumed obligations, and the proportionate commonly held assets and commonly assumed obligations per the company's percentage of share interest; recognize the revenue from the selling of the Group's shared output of the mutual office; recognize the common revenue generated from the selling of the common output of the mutual office according to the Group's share percentage; recognize the expense separately incurred by the Group and the proportionate expense incurred by the mutual office according to the Group's share percentage.

When the Group sells invest or sell assets to the mutual office as one of the mutual office party (the assets do not constitute a business, the same to below), or buys assets from the mutual office, before the assets are sold to the third party, the Group only recognizes the portion of profit and loss attributable to the other participating parties. According to requirements of Chinese Accounting Standards for Business Enterprises No.8- Asset impairment, when the assets are impaired, for the assets invested or sold to the mutual office by the Group, the Group fully recognizes the impairment loss; for assets that the Group bought from the mutual office, the impairment loss is recognized according to the share percentage by the Group.

5.8 Cash and cash equivalent

Cash and cash equivalents of the Group include cash on hand, ready usable deposits and investments having short holding term (normally will be due within three months from the day of purchase), with strong liquidity and easy to be

exchanged into certain amount of cash that can be measured reliably and have low risks of change.

5.9 Foreign exchange

(1) Translation in foreign exchange transactions

The Group's initial recognition of the foreign currency transactions is recorded by the functional currency translated by the spot rate (commonly refer to the middle rate of the daily foreign currency rate publicly released by the People's Bank of China) on the transaction date. But the Group's foreign currency exchange and foreign currency exchange relevant transactions, is recorded by the functional currency translated by the exchange rate actually used.

(2) Translation method for foreign currency monetary items and non-monetary items.

On the balance sheet date, foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. All the exchange differences thus resulted are taken into profit or loss, except for ① those relating to foreign currency borrowings specifically for construction and acquisition of qualifying assets, which are capitalized in accordance with the principle of capitalization of borrowing costs; ② The exchange difference from changes of other account balance of foreign currency monetary items available-for-trade is recorded into other comprehensive income except for amortization cost.

When preparing the consolidated financial statements involving with oversea operation, the foreign currency difference caused by the foreign exchange rate changes should be recorded in other comprehensive income, if it substantially constitutes the monetary items related to net investment to the oversea operation. When the oversea operation are disposed, the other comprehensive income should be transferred into current year profit and loss.

Non-monetary foreign currency items measured at historical cost shall still be translated at the spot exchange rate prevailing on the transaction date, and the amount denominated in the functional currency is not changed. Non-monetary foreign currency items measured at fair value are translated at the spot exchange rate prevailing at the date when the fair values are determined. The exchange difference thus resulted are recognized in profit or loss for the current period or as other comprehensive income.

(3) The translation of financial statement in foreign currency

When the consolidated financial statements include foreign operation(s), if there is a foreign currency monetary item constituting a net investment in a foreign operation,

exchange difference arising from changes in exchange rates are recognized as “exchange differences arising on translation of financial statements denominated in foreign currencies” are recognized in other comprehensive income, and in profit or loss for the period upon disposal of the foreign operation.

The Group translates the financial statements of its foreign operations into RMB by following rules;

- 1) Assets and liabilities in the balance sheet are translated at the spot exchange rate prevailing on the balance sheet date; All equity items except for retained earnings are translated at the spot exchange rates at the date on which such items occur;
- 2) Income and expenses in income statement are translated at the spot exchange rates at the date of transaction.
- 3) The opening undistributed profit is the closing undistributed profit of last period after translation of last year.
- 4) The closing balance of undistributed profit is calculated and presented in the basis of each translated income statements and profit distribution item.
- 5) The difference between the assets and liabilities and shareholder’s equity shall be booked as translation difference of translating foreign currency financial statements, and shall be presented as other comprehensive income in the separate component of equity in the balance sheet.
- 6) When losing control over Group’s oversea operation due to disposal, the translation difference of translating foreign currency financial statements related with the oversea operation which is separately presented under the shareholder’s equity section as accumulated other comprehensive income, should be fully or proportionately transferred into the current period profit and loss according to the disposal percentage.
- 7) Foreign currency cash flows and cash flow of oversea subsidiaries are translated at the spot exchange rates. The effect of exchange rate changes on cash is separately presented as an adjustment item in the cash flow statement.
- 8) The opening balance and actual figures of last year are displayed as the figures translated last year.
- 9) When disposing the Group’s all shareholders’ equity of oversea operation or the Group losing control over the oversea operation due to partial disposal of the oversea equity investment or other reasons, the translation difference caused by the translating of foreign currency financial statement related with the oversea operation , which is presented under the equity section on the balance sheet and is

attributable to the parent company's shareholders, should be transferred to the current period profit and loss.

10) When the partial disposal of the equity investment of overseas operation and other reasons cause the share percentage of overseas operation to decrease without making the power of control disappear, the translation difference of translation foreign currency financial statement related with the part of overseas operation disposed should be attributable to the minority interest and do not transfer to the current period profit and loss. When the overseas operation disposing is a jointly run business or joint venture, the translation difference of translating foreign currency financial statements should be transferred to the current period profit and loss according to the percentage of overseas operation disposal.

5.10 Financial instruments

When the Company becomes a party to a financial instrument, it shall recognize a financial asset or financial liability.

(1) Classification, recognition and measurement of financial assets

The Company classifies the financial assets into financial assets measured at amortized cost, financial assets measured by the fair value and the changes recorded in other comprehensive income and financial assets at fair value through profit or loss based on the business model for financial assets management and characteristics of contractual cash flow of financial assets.

Financial assets initially recognized shall be measured at their fair values. For financial assets measured at their fair values and of which the variation is recorded into the profit or loss of the current period, the transaction expenses thereof shall be directly included into the current profit or loss; for other financial assets, the transaction expenses thereof shall be included into the initially recognized amount. For accounts receivable and notes receivable generated from sales of commodities or provision of labor services, excluding or without regard to major financing, the expected consideration amount the Company has the right to collect will be taken by the Company as the initially recognized amount.

① Financial assets measured by the amortized cost

The business mode of the Company to manage the financial assets targets at collecting the

contractual cash flow. What's more, the contractual cash flow characteristics of the financial assets are consistent with the basic lending arrangement, that is, the cash

flow generated in the specific date is the payment of the interest based on the principal and outstanding principal amount. This kind of financial assets of the Company shall be subsequently measured based on the amortized cost and effective interest method, and the gains or losses arising from the amortization, impairment shall be included into current profit and loss.

② Financial assets measured at the fair value with its changes included into other comprehensive income

Business mode for managing financial assets of the Company takes contract cash flow collected as target and selling as target and contract cash flow characteristics of such financial assets are consistent with basic lending arrangement. The Company calculates such financial assets as per fair value whose change is included into corresponding comprehensive income, but impairment loss or gain, exchange gain or loss and interest income calculated as per actual interest rate method are included into the current profit and loss.

Furthermore, the Company designates partial non-tradable equity vehicle investment as the financial asset measured with fair value whose change is included into other comprehensive income. The Company includes the related dividend income of such financial assets into the current profit and loss with the change in fair value included into other comprehensive income. At the time of derecognition of such financial assets, accumulated gain or loss included into other comprehensive income before will be shifted to retained earnings from other comprehensive incomes but not included into the current profit and loss.

③ Financial assets at fair value through profit or loss

The Company classifies financial assets except for above-mentioned financial assets measured with amortized cost and financial assets measured with fair value whose change is included into other comprehensive income into financial assets at fair value through profit or loss. Furthermore, at the time of the initial recognition, to eliminate or significantly reduce the accounting mismatch, the Company specifies partial financial assets as the financial assets at fair value through profit or loss. For such financial assets, the Company adopts the fair value for the subsequent measurement, and the changes in fair value are included into current profit and loss.

(2) Classification, recognition and measurement of financial liabilities

The Company's financial liabilities are, on initial recognition, classified into financial

liabilities at fair value through profit or loss and other financial liabilities. For financial liabilities at fair value through profit or loss, relevant transaction costs are immediately recognized in profit or loss for the current period, and transaction costs relating to other financial liabilities are included in the initial recognition amounts.

① Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include trading financial liabilities (including the derivative instruments belonging to financial liabilities) and financial liabilities designated at the initial recognition to be measured by the fair value and their changes are recorded in the current profit or loss.

Trading financial liabilities (including the derivative instruments belonging to financial liabilities) are subsequently measured at fair value, and the changes of fair value except those related to hedge accounting) shall be recorded in the current profit or loss.

For the financial liabilities at fair value through profit or loss, the change of such liability's fair value arising from changes in the Company's own credit risk is included into other comprehensive income. And when the liability is derecognized, the accumulative change amount of its fair value arising from the change of own credit risk included into other comprehensive income is transferred to the retained earnings. The changes of the remaining fair value are included in the current profit or loss. If the treatment of change effects in own credit risk of such financial liability in the above method may cause or expand the accounting mismatching in the profit or loss, the Company will include all gains or losses (including the amount influenced due to the changes in own credit risk of the enterprise) of such financial liability into the current profit or loss.

② Other financial liabilities

Other financial liabilities except for those formed due to transfer of financial assets failing to comply with derecognition condition or continuously getting involved in transferred financial assets and financial guarantee contract are classified into financial liabilities measured with amortized cost and subject to subsequent measurement based on amortized cost. Gains or losses generated from derecognition or amortization are included into the current profit or loss.

(3) Recognition and measurement of financial assets transfer

The Company derecognizes a financial asset when one of the following conditions is

met:

- 1) the rights to receive cash flows from the asset have expired;
- 2) the enterprise has transferred its rights to receive cash flows from the asset to a third party

under a pass-through arrangement; or

- 3) the enterprise has transferred its rights to receive cash flows from the asset and either (a)

has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the enterprise has neither retained all the risks and rewards from the financial asset nor control over the asset, the asset is recognized according to the extent it exists as financial asset, and correspondent liability is recognized. The extent of existence refers the level of risk by the financial asset changes the enterprise is facing.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, (a). the carrying amount of the financial asset transferred; and (b) the sum of the consideration received from the transfer and any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair value of those parts. The difference between (a) the carrying amount allocated to the part derecognized; and (b) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income, is recognized in profit or loss.

If the Company endorses the financial assets sold by right of recourse and holding financial assets, it needs to confirm that whether almost all risks and remuneration in the ownership of financial assets have been transferred or not. Where an enterprise has transferred nearly all of the risks and rewards related to the ownership of the financial asset to the transferee, it shall stop recognizing the financial asset; If it retained nearly all of the risks and rewards related to the ownership of the financial asset, it shall not stop recognizing the financial asset. If the Company does not

transfer or retain nearly all of the risks and rewards related to the ownership of the financial asset, then it continuously judges that whether the Company retain the control of the assets, and conducts accounting treatment according to the principles described in former paragraphs.

(4) Derecognition of financial liabilities

In case of current obligation of financial liabilities (or partial financial liabilities) being terminated, derecognition of such financial liabilities (or partial financial liabilities) is conducted by the Company. If the Company (borrower) concludes an agreement with the lender to replace original financial liabilities with new ones and contact terms of new financial liabilities are different from those of original financial liabilities, derecognition of original financial liabilities and recognition of new financial liabilities shall be conducted. In case of material alteration of contract terms of original financial liabilities (partial financial liabilities) by the Company, derecognition of original financial liabilities and recognition of new financial liabilities as per modified terms shall be conducted.

In case of derecognition of financial liabilities (partial financial liabilities), the Company includes the balance between its carrying value and payment consideration (including non-cash assets transferred out or borne liabilities) into the current profit or loss.

(5) Offsetting financial assets and financial liabilities

When the Company has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

(6) Determination of financial assets and liabilities' fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For a financial instrument which has an active market, the Company uses quoted price in the active market to establish its fair value. The quoted price in the active market refers to the price that can be regularly obtained from exchange market, agencies, industry associations, pricing authorities; it represents the fair market trading price in

the actual transaction. For a financial instrument which does not have an active market, the Company establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. The Company measures initially and subsequently the fair value of an

interest rate swap at the value of a competitor's interest rate swap quoted by a recognized financial institution as at the Company's balance sheet date in accordance with the principle of consistency. In valuation, the Company adopts applicable valuation techniques supported by sufficient utilizable data and other information in current circumstances, selects input values consistent with asset or liability characteristics considered in relevant asset or liability transactions of market participators and prioritizes the applying relevant observable input values. Unobservable input values shall not be applied unless relevant observable input values are not accessible or feasible.

(7) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The consideration received from issuing equity instruments, net of transaction costs, are added to shareholders' equity. All types of distribution (excluding stock dividends) made by the Company to holders of equity instruments are deducted from shareholders' equity. The Company does not recognize any changes in the fair value of equity instruments.

An equity instrument distributing dividends during the period of continued existence (including the "interest" generated from those classified as equity instrument) shall be treated as profit distribution.

(8) Impairment of Financial Assets

The Company needs to confirm that the financial assets subject to the impairment loss are the financial assets measured based on the amortized cost, the debt instrument investment measured based on the fair value with its variations included into other comprehensive incomes and the lease outlay receivable, mainly including notes receivable, account receivable, other receivables, investment on creditor's rights, other investments on creditor's rights and long-term receivables etc. Besides, in respect of the contract assets and partial financial guarantee contract,

corresponding impairment provisions shall be calculated and withdrawn and corresponding credit impairment losses recognized according to various accounting policies mentioned in this part.

① Methods for the Recognition of Impairment Provisions

For all mentioned items above, the Company shall calculate and withdraw corresponding impairment provisions and recognize corresponding credit impairment losses according to applicable expected credit loss measurement methods (general methods or simplified methods) with the expected credit loss as the basis.

Credit loss refers to the difference between all receivable contract cash flows and all expected cash flows that are discounted to the present value based on the original actual interest rate -- the present value of all cash shortfall. However, for the purchased or original financial assets subject to the credit impairment, the Company shall realize the discounting based on the actual interest rate subject to the credit adjustment.

General methods applied to measure the expected credit loss can be described as: the Company shall evaluate whether the credit risk of the financial assets (including the contract assets and other applicable items; the same below) increases remarkably after the initial recognition on the balance sheet day; if the credit risk increases remarkably after the initial recognition, the Company shall measure the provision for loss based on the specific expected credit loss amount during the entire period of existence; if not, the Company shall measure the provision for loss based on the specific expected credit loss amount in the following 12 months. While evaluating the expected credit loss, the Company shall take all reasonable and well-founded information into consideration, including the forward-looking information.

For the financial instrument of lower credit risk on the balance sheet day, the Company shall assume that its credit risk does not increase remarkably after the initial recognition, and corresponding provision for loss shall be measured according to the expected credit loss in the following 12 months.

② Standards for Judging Whether the Credit Risk Increases Remarkably after the Initial Recognition

If any financial assets' probability of default within the expected period of existence determined on the balance sheet day is obviously higher than that within the expected period of existence determined during the initial recognition, it shall

indicate the remarkable increase of the financial assets' credit risk. Unless it is under special circumstances, the Company shall adopt various variations in the default risk in the following 12 months as the reasonable basis for estimating corresponding variations in the default risk within the entire period of existence and determining whether the credit risk increases remarkably after the initial recognition.

③ Combined Method for Evaluating the Expected Credit Risk based on Corresponding Combination

For the financial assets with remarkably different credit risk, the Company shall separately evaluate its credit risk, including the receivables from related parties, receivables involved in any dispute with the other party or any lawsuit and arbitration, and receivables with obvious evidence showing that the debtor cannot fulfill the due payment obligation etc.

Except for the financial assets whose credit risk shall be separately evaluated, the Company shall divide these financial assets into different combinations based on the specific risk features, on which basis, corresponding credit risks can be evaluated.

④ Accounting Treatment Methods Applied to the Impairment of Financial Assets

At the end of the period, the Company shall calculate the expected credit losses of various financial assets. If the expected credit loss is higher than the carrying amount of its current impairment provision, the difference shall be recognized as the impairment loss; if lower, the difference shall be recognized as the gain from the impairment.

5.11 Note receivables

For notes receivable, the Company shall measure the provision for loss based on the specific

expected credit loss during the entire period of existence.

1) Portfolio-based Assessment of Expected Credit Risk

Our company evaluates the credit risk of receivables with distinct credit risks. In addition to the financial assets, we divide the receivables into different groups based on the common risk characteristics and evaluate the credit risk on the basis of combination.

2) Accounting Processing Method for Devaluation of Note receivables

At the end of the period, the company calculates the anticipated credit loss of the Note receivables. If the anticipated credit loss is larger than the book value of its current impairment provision, the difference is recognized as impairment loss; if it is less than the book value of the current impairment provision, the difference is

recognized as impairment profit.

5.12 Account receivables

For receivables without significant financing components, Company measures loss preparation according to the amount of anticipated credit loss equivalent to the entire lifetime.

For accounts receivable with significant financing components, the company does not choose a simplified treatment method, based on whether the credit risk has increased significantly since the initial confirmation, but uses the expected credit loss amount in the next 12 months or the whole life period to measure the loss preparation.

(1) Criteria for judging whether credit risk has increased significantly since the initial confirmation

If the default probability of accounts receivable in the expected life period determined on the balance sheet date is significantly higher than that in the expected life period determined on the initial confirmation, the credit risk of the accounts receivable increases significantly. Except for special circumstances, the company uses the change of default risk in the next 12 months as a reasonable estimate of the change of default risk in the whole life period to determine whether the credit risk has increased significantly since the initial confirmation.

(2) Portfolio-based Assessment of Expected Credit Risk

Our company evaluates the credit risk of receivables with distinct credit risks, such as the related party's receivables, the receivables in dispute with the other party or involving litigation and arbitration, and there are obvious signs that the debtor may not be able to fulfill the obligation of repayment of the receivables, etc.

In addition to the individual accounts receivable assessing credit risk, the company divides the accounts receivable into different groups based on the common risk characteristics, and evaluates the credit risk on the basis of combination.

(3) Accounting treatment of impairment of accounts receivable

At the end of the period, the company calculates the anticipated credit loss of accounts receivable. If the anticipated credit loss is greater than the book value of its current impairment provision, the difference shall be recognized as impairment loss; if it is less than the book value of the current impairment provision, the difference shall be recognized as impairment profit.

5.13 Account receivables Financing

In the daily fund management, the company sells the receivables of some specific customers through the right of nonrecourse factoring. For the receivables of some specific customers, the company aims at both collecting contract cash flow and selling financial assets. Therefore, the receivables of these specific customers will be collected by the company on and after January 1, 2019. Items are reclassified as financial assets with fair value and their changes are included in other comprehensive income categories and reported as investments in other creditor's rights or financing receivables.

5.14 Other Receivables

Based on whether the credit risk of other receivables has increased significantly since the initial confirmation, the company uses the amount equivalent to the expected credit loss in the next 12 months or the whole life period to measure the impairment loss.

(1) Criteria for judging whether credit risk has increased significantly since the initial confirmation

If the default probability of Other receivable in the expected life period determined on the balance sheet date is significantly higher than that in the expected life period determined on the initial confirmation, the credit risk of the Other receivable increases significantly. Except for special circumstances, the company uses the change of default risk in the next 12 months as a reasonable estimate of the change of default risk in the whole life period to determine whether the credit risk has increased significantly since the initial confirmation.

(2) Portfolio-based Assessment of Expected Credit Risk

Our company evaluates the credit risk of Other receivables with distinct credit risks, such as the related party's receivables, the receivables in dispute with the other party or involving litigation and arbitration, and there are obvious signs that the debtor may not be able to fulfill the obligation of repayment of the receivables, etc.

In addition to the individual Other receivable assessing credit risk, the company divides the Other receivable into different groups based on the common risk characteristics, and evaluates the credit risk on the basis of combination.

(3) Accounting treatment of impairment of accounts receivable

At the end of the period, the company calculates the anticipated credit loss of Other receivable. If the anticipated credit loss is greater than the book value of its current impairment provision, the difference shall be recognized as impairment loss; if it is

less than the book value of the current impairment provision, the difference shall be recognized as impairment profit.

5.15 Inventories

(1) Classification of inventory

① Real estate development products

Real estate development inventory is initially measured at cost. Inventories mainly include inventory materials, development products under development (development costs), completed development products, and development products that are temporarily leased for sale. The cost of developing products includes land-transferring fees, expenditures on infrastructure support facility, expenditures on construction and installation project, borrowing costs and other related costs in the process of development before the completion of the project. When delivering inventories, the actual cost is determined using the individual identification method.

② Build contracted inventory

The construction contract is measured at actual cost, including direct costs and indirect costs incurred from the commencement of the contract to the completion of the contract, and the implementation of the contract. Where travel expenses, tender fees, etc. incurred for the purpose of entering into a contract, which can be separately distinguished and reliably measured and the contract is likely to be concluded, are included in the contract cost when the contract is obtained; if the above conditions are not satisfied, it is included in the current profit or loss.

The accumulative costs incurred for the construction in progress contracts and the cumulative gross profits (losses) that have been recognized and the settled amounts are shown in the balance sheet as net offsets. The part of the accumulative cost of the construction-in-progress contract and the accumulatively recognized gross profit (loss) that exceeds the settlement price is listed as inventory; the settlement price of the construction-in-contract exceeds the accumulative cost incurred and accumulatively recognized gross profit (The sum of losses is shown as advance receipts).

(2) Valuation method of inventories upon delivery

Inventories are initially carried at the actual cost. Cost of inventories comprises all costs of purchase, costs of conversion and other costs. The actual cost of inventories transferred out is assigned by using weighted average method, and

development products by specific identification method.

(3) Basis for determining net realizable value of inventories and provision methods for decline in value of inventories

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realizable value is determined on the basis of clear evidence obtained, and takes into consideration the purpose of holding inventories and effect of post balance sheet events.

At the balance sheet date, inventories are measured at the lower of the cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made. The provision for inventories decline in value is determined by the difference of the cost of individual item less its realizable value.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realizable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

(4) Inventory count system is based on the perpetual stock system.

(5) Amortization method for low cost and short-lived consumable items and packaging materials.

Low cost and short-lived consumable items are amortized using immediate write-off method; packaging materials are amortized using immediate write-off method.

(6) Cost of land constitutes land development costs for pure land development project.

Together with the overall development of the property, its cost is included in housing costs generally based on the actual area.

(7)Public Facilities Fee: The cost is the actual construction cost incurred. If several estate projects benefit from the same facility, they stay in the same category. The cost of fee should be measured according to the allocation of sales area. If they got benefit but in different categories, the cost was measured according to the allocation of the area covered.

(8)Utility reserve funds: Utility reserve funds were received by the Group and recorded in Long-term payables. The funds were used to maintain and renew communal facilities.

(9)Quality Guarantees: Quality Guarantees was put into the account of real estate developing according to the contract amount and also recorded in the accounts payable at the same time. The actual payment incurs

after the expiry of guarantee.

5.16 Contract assets

For contract assets that do not contain significant financing components, the company measures loss preparation according to the amount of anticipated credit loss equivalent to the whole life period.

For contract assets with significant financing components, the company does not choose a simplified treatment method. It uses the expected credit loss amount in the next 12 months or the whole life period as the basis to measure the loss preparation according to whether the credit risk has increased significantly since the initial confirmation.

(1) Criteria for judging whether credit risk has increased significantly since the initial confirmation

If the default probability of Contract assets in the expected life period determined on the balance sheet date is significantly higher than that in the expected life period determined on the initial confirmation, the credit risk of the Contract assets increases significantly. Except for special circumstances, the company uses the change of default risk in the next 12 months as a reasonable estimate of the change of default risk in the whole life period to determine whether the credit risk has increased significantly since the initial confirmation.

(2) Portfolio-based Assessment of Expected Credit Risk

The company evaluates the credit risk of contract assets with different credit risks. In addition to the accounts receivable which evaluates the credit risk individually, the company divides it into different groups based on the common risk characteristics and evaluates the credit risk on the basis of combination.

(3) Accounting treatment of impairment of accounts receivable

At the end of the period, the company calculates the anticipated credit loss of Other receivable. If the anticipated credit loss is greater than the book value of its current impairment provision, the difference shall be recognized as impairment loss; if it is less than the book value of the current impairment provision, the difference shall be recognized as impairment profit.

5.17 Contract costs

5.18 Holding assets for sale

If a non-current asset can be sold immediately only in accordance with the usual terms for the sale of such assets in its current situation, the Company has made a resolution on the disposal of the non-current asset, signed an irrevocable transfer agreement with the transferee, and the transfer will be completed within one year, the non-current asset shall be held as pending. The accounting of selling non-current assets shall be

classified as holding for sale without depreciation or amortization, and shall be measured according to the book value and fair value minus the net disposal expenses. Holding non-current assets for sale includes individual assets and disposal groups. If the disposal group is an asset group defined in Accounting Standards for Enterprises No. 8 - impairment of assets, and the goodwill acquired in the merger of enterprises is apportioned to the asset group according to the provisions of the standard, or the disposal group is an operation in the asset group, the disposal group includes the goodwill formed in the merger of enterprises.

It is divided into holding individual non-current assets for sale and assets in disposal group, which are presented separately in the current assets part of the balance sheet, and liabilities related to transfer assets in the disposal group which are held for sale, which are presented separately in the current liabilities part of the balance sheet.

A certain asset or disposal group is classified as holding for sale, but later no longer meets the confirmation conditions for holding non-current assets for sale. The company ceases to classify it as holding for sale and measures it according to the lower of the following two amounts: (1) The asset or disposal group is classified as holding the book value before being sold, according to On the assumption that the amount of depreciation, amortization or impairment that should have been recognized should be adjusted without being classified as holding for sale; (2) the recoverable amount on the day of deciding not to sell any more.

5.19 Investments in debt obligations

Investments in debt obligations mainly accounts for bond investment measured by amortized cost, etc. Based on whether its credit risk has increased significantly since its initial confirmation, the company uses the amount equivalent to the expected credit loss in the next 12 months or the whole life period to measure the impairment loss.

In addition Investments in debt obligations, which assesses the credit risk individually, it is divided into different portfolios based on its credit risk characteristics.

5.20 Investments in other debt obligations

Investments in other debt obligations are mainly measured at fair value and their changes are included in bond investments of other comprehensive income. Based on whether its credit risk has increased significantly since its initial confirmation, the company uses the amount equivalent to the expected credit loss in the next 12 months or the whole life period to measure the impairment loss.

In addition to Investments in other debt obligations that evaluate credit risk individually, they are divided into different portfolios based on their credit risk characteristics.

5.21 Long-term receivables

Based on whether its credit risk has increased significantly since its initial confirmation, the company measures long-term receivables impairment loss by the amount equivalent to the expected credit loss in the next 12 months or the whole life period. In addition to the long-term receivables, which are used to evaluate credit risk individually, they are divided into different combinations based on their credit risk characteristics.

5.22 Long-term equity investments

The long-term equity investment mentioned in this section is about the equity investment of which the Group has control, common control or significant influences over the investee. For the investments that the Group has no control, common control or significant influences over the investee, they will be recorded as available-for-sale or financial instrument assets measured at fair value with its changes into profit and loss. Please refer to note 5.10-Financial instruments for detail.

Common control means the Group's mutual control to the arrangement according to the related agreement and the arrangement's activities related decisions can be made only after getting the mutual agreement from other parties sharing the control power. Significant influences represent that the Group has the right to participate in the decision of the financial and operating policies, but cannot control or control together with other parties to make the policy related decision.

(1) Determination of investment cost

For a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment shall be carrying value of the absorbing party's share of the shareholder's of the party being absorbed at the date of combination.

For a business combination not involving enterprise under common control, the combination cost including the sum of fair value, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services etc and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

The transaction cost for the equity securities or liability securities issued by the acquirer in the business combination shall be recognized as initial amount of equity security or liability.

The equity investments other than the long-term equity through combination shall be

initially measured by cost. The cost shall be recognized to the difference in the way of acquisition of long-term equity investment. These ways include the cash purchase price the Group actually paid, the fair value of equity security issued by the Group, value specified in the investment contract or agreement, the fair value or carrying value of the asset transferred out in the transaction of non-monetary asset exchanges, and the fair value of the long-term equity investment. Expenses, taxes and other necessary expenditures directly attributable to the acquisition of long-term equity investment are taken into investment cost. For the long-term equity investments that the Group can have significant influence or common control on the investee, but cannot control the investee, because of the added investments, the cost of the long-term equity investment should be the sum of original fair value of the investment and the cost of newly added investment.

(2) Subsequent measurement

Where an investing enterprise can exercise common control or significant influence over the investee, a long-term investment shall be accounted for using the equity method. Besides, the cost method shall be adopted in a long-term equity investment when the Group can exercise control over the investee.

1) Cost method of accounting for long-term equity investments

Under the cost method, a long-term equity investment is measured at initial investment cost. Except for cash dividends or profits declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

2) Equity method of accounting for long-term equity investments

Where the initial investment cost of a long-term equity investment exceeds the investing enterprise's interest in the fair values of the investee's identifiable net assets at the time of acquisition, no adjustment shall be made to the initial investment cost.

Where the initial investment cost of a long-term equity investment is less than the investing enterprise's interest in the fair values of investee's identifiable net assets at the time of acquisition, the difference shall be charged to profit or loss for the current

period, and the cost of the long-term equity investment shall adjusted accordingly.

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income of the investee for the period as investment income or loss and other comprehensive income for the period and adjusts the book value of the long-term equity investment simultaneously. The Group reduces the book value of the long-term equity investment, according to the shared profit or cash dividends declared by the investee. For the changes of investee's equity beside the net profit, other comprehensive income and profit distribution, adjust the book value of the long-term equity investment and its capital surplus.

When determining the share percentage of investee's net profit, it should be made based on the fair value of investee's identifiable assets after adjusting the investee's net profit on the acquisition date. When the investee's accounting period and accounting policies are different with the Group's, the subsidiary's financial statements should be adjusted according to the Group's and recognize the investment income and other comprehensive income based on it. Unrealized profits or losses resulting from the Group's transactions with its associates and joint ventures are recognized as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealized losses resulting from the Group's transactions with its investees on the transferred assets, in accordance with "Accounting Standards for Enterprises No. 8 - Impairment of Assets", are not eliminated. When the Group's assets invested to joint venture and jointly run business are a deal and the Group obtains the long-term equity investment without getting the power of control, the initial cost of the investment is determined by fair value of the assets invested. The difference between the initial cost and the book value of the assets invested should be fully taken into profit and loss. When the Group's assets sold to joint venture and jointly run business are a deal, the differences between the consideration received and the book value are fully taken into the profit and loss. When the Group's buying assets from joint venture and jointly run business are a deal, the gain and loss would be fully recognized according to the Accounting Standards for Business Enterprises No.20 -Enterprises combination.

When the investee is recognized net losses, reduce the carrying value of long-term equity investments and long-term equity of net investment (in substance) in investee to zero. In addition, the Group has the obligations on additional losses, then the

expected obligation as estimated liabilities and included in the current investment losses. Where the net profit from investee units, restoration confirm the amount of revenue sharing after offset the amount of unrecognized loss sharing.

For the long-term equity investments of joint ventures and joint ventures held before the implementation of the new accounting standards for the first time before January 1, 2019, if there is a borrowing variance of equity investments related to the investment, the current profits and losses shall be accounted for by the straight-line amortization of the original remaining period.

3) Acquisition of minority interest

The difference between newly increased equity investment due to acquisition of minority interests and portion of net asset cumulatively calculated from the acquisition date is adjusted as capital reserve. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against retained earnings.

4) Disposal of long-term equity investment

Where the parent company disposes long-term investment in a subsidiary without a change in control, the difference in the net asset between the amount of disposed long-term investment and the amount of the consideration paid or received is adjusted to the owner's equity. If the disposal of long-term investment in a subsidiary involves loss of control over the subsidiary, the related accounting policies in Note 5.6(2) Accounting policies retailed on "the method of preparing consolidated financial statements"

On disposal of a long-term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognized in profit or loss for the period.

For long-term equity investment accounted for using the equity method, when the rest of the long-term equity investment is still accounted for using the equity method after disposal, the other comprehensive income originally recorded into the equity should be dealt with by the same way as the investee's directly dealing with its assets or liabilities. The other investee equity changes caused beside the net profit, other comprehensive income and profit distribution should be proportionately transferred into current year profit and loss.

For long-term equity investment accounted for using the cost method, when the rest of the long-term equity investment is still accounted for using the cost method after disposal, other comprehensive income recognized using the equity method or the

method of recognizing and measuring the financial instruments before obtaining the control over the investee should be dealt with as the same way with investee's direct disposing of its assets and liabilities and be proportionately taken into profit and loss; The other investee equity changes caused beside the net profit, other comprehensive income and profit distribution should be proportionately transferred into current year profit and loss.

When the Group loses control over the investee but still can exercise the common control or significant influences over the investee after partial disposal of the long-term equity investment, the equity method should be used to prepare individual financial statements. The rest equity investment is treated as accounted using the equity method upon the acquisition and is adjusted; If no control and significant influences cannot be exercised, the rest equity investments should be recognized and measured by the accounting standards to financial instruments. The difference between the fair value and book value is taken into current profit and loss.

For the other comprehensive income recognized under the equity method or the financial instrument related method before obtain the control over investee, it will be treated as the same way with investee's directly disposing its assets or liabilities when losing the control over investee. The equity changes under equity method caused beside the net profit, other comprehensive income and profit distribution should be transferred into the profit and loss when losing the control over investee. Including, other comprehensive income and other owner's equity should be proportionately transferred, when the rest equity investment is accounted with equity method; Other comprehensive income and other owner's equity should be fully transferred, when the rest equity investment is accounted with accounting standards of financial instruments.

The Group loses the control and significant influences over the investee, because of disposing of part of long-term equity investment. The difference between fair value and book value on the day when losing the control and significant influences over the investee should be taken into profit and loss. Other comprehensive income recognized for the original equity investments under equity method, would be dealt with as the same way with investee's directly disposing of its assets and liabilities when cease using the equity method. The equity changes caused beside the net profit, other comprehensive income and profit distribution, should be transferred into investment income when cease using the equity method.

For the Group's multiple-step dealing with its long-term equity investments until losing control, if the transactions are package deal, each transaction should be treated as a transaction dealing with its long-term equity investments until losing control, the difference between the consideration received and the book value of the equity investment should be firstly recognized as other comprehensive income before losing control over investee and then all transferred into current profit and loss.

5.23 Investment properties

Investment property is property held to earn rental or for capital appreciation or both. It includes a land use right that is leased out, a land use right held for transfer upon capital appreciation, and a building that is leased out. Besides, the Group has buildings empty for operating lease. If there is a written decision from the Board (or similar organization) with clear indication for operating lease and intension that no change shall be made in the near future, the buildings shall be presented as investment properties.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

The Group uses the cost method for subsequent measurement of investment property, and adopts a depreciation or amortization policy for the investment property which consistent with that for building or land use rights.

Where self-occupied property or inventory converts into investment property, or investment property converts into self-occupied property, the carrying amount before the change shall be accounted as the value after conversion.

When an investment property changes into self-occupied property, it should be converted into fixed asset or intangible asset on the date of conversion. When the purpose of a self-occupied property changes into rental earning or capital increase, fixed asset or intangible asset should be converted into an investment property from the date of conversion. Where the cost model is used in the measurement of investment property during the conversion, the carrying amount before the

conversion is accounted as the value after conversion. Where the investment property is measured by the fair value after conversion, the fair value at the conversion date is adopted as value after conversion.

Where an investment property is disposed or no longer in use permanently and no economic benefits shall be obtained from the disposal, derecognized the investment property. The income from sale, transfer or disposal of the investment property is recorded in the profit or loss after deduction of its carrying amount and related tax.

5.24 Fixed assets

(1) The conditions of recognition

Fixed assets refers to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management and their useful life is in excess of one fiscal year. Fixed assets are only confirmed when their related economic benefits are likely to flow into the company and its cost can be reliably measured. Fixed assets are stated at cost and consider the impact of expected costs of abandoning the initial measurement.

(2) The method for depreciation

From the following month of state of intended use, depreciation method of the straight-line method is used for different categories of fixed assets to take depreciation. The recognition of the classification, useful life and estimated residual rate are as follows:

Category	Expected useful life	Estimated residual value (%)	Depreciation (%)
Building & construction	30	5	3.17
Machines & equipments	7	5	13.57
Vehicles	6	5	15.83
Electronic appliances	5	5	19.00

Expected net residual value of fixed assets is the balance of the Group currently obtained from the disposal of the asset less the estimated costs of disposal amount, assuming the asset is out of useful life and state the expected service life in the end.

(3) Recognition and measurement and Depreciation Method of financial lease

Finance leases which transfer substantially all the risks and rewards of ownership .Its ownership may be transferred or not eventually .The depreciation policy for assets held under finance leases should be consistent with that for owned assets. If it is reasonable to determine the ownership of the leased asset at the end

of the lease term, depreciation is provided within the useful life of the leased asset. Otherwise, the asset should be depreciated over the shorter of the lease term or the life of the asset

5.25 Construction in progress

Construction in process is measured at actual cost. Actual cost comprises construction costs, borrowing costs that are eligible for capitalization before the fixed assets being ready for their intended use and other relevant costs. Construction in process is transferred to fixed assets when the assets are ready for their intended use.

For details of the testing method of impairment and withdraw method of impairment provision on construction in progress, please refer to Note 5.31 “Long-term assets impairment”

5.26 Borrowing costs

Borrowing costs include interest, amortization of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings.

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. The amounts of other borrowing costs incurred are recognized as an expense in the period in which they are incurred.

The period of borrowing costs capitalization is calculated from the point when borrowing costs beginning capitalizing to the time stopping capitalizing. The period suspending capitalizing the borrowing costs are excluded.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted by activities other than those necessary to prepare the asset for its intended use or sale, when the interruption is for a continuous period of more than 3 months. Borrowing costs incurred during these periods recognized as an expense for the current period until the acquisition, construction or production is resumed.

5.27 Productive living assets

5.28 Oil and gas assets

5.29 Right-of-use assets

5.30 Intangible assets

(1) Recognition and calculation of intangible asset

The term “intangible asset” refers to the identifiable non-monetary assets without physical shape, possessed or controlled by enterprises.

The intangible assets are initially measured by its cost. Expenses related to intangible assets, if the economic benefits related to intangible assets are likely to flow into the enterprise and the cost of intangible assets can be measured reliably, shall be recorded as cost of intangible assets. The expenses other than this shall be booked in the profit or loss when they occur.

Land use rights that are purchased by the Group are accounted for as intangible assets. Buildings, such as plants that are developed and constructed by the Group, and relevant land use rights and buildings, are accounted for as intangible assets and fixed assets, respectively. Payments for the land and buildings purchased are allocated between the land use rights and the buildings; if they cannot be reasonably allocated, all of the land use rights and buildings are accounted for as fixed assets.

When an intangible asset with a definite useful life is available for use, its original cost less net residual value and any accumulate impairment losses is amortized over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortized.

For an intangible asset with a definite useful life, the Group reviews the useful life and amortization method at the end of the period, and makes adjustment when necessary.. An additional review is also carried out for useful life of the intangible assets with indefinite useful life. If there is evidence showing the foreseeable limit period of economic benefits generated to the enterprise by the intangible assets, then estimate its useful life and amortize according to the policy of intangible assets with definite useful life.

If it is impossible to determine the period of time for intangible assets to bring economic benefits to the company reasonably, the intangible assets shall be regarded as intangible assets with uncertain service life.

The testing method for intangible assets impairment and the calculation of the provision for impairment is detailed listed on the note 5.31-Long-term assets impairment.

(2) The accounting of expenditures of internally researched and developed project Expenditure on the research phase of an internal research is recognized in profit & loss in the period in which it is incurred.

Expenditure during the development phase that meets all of the following conditions at the same time is recognized as intangible asset. Expenditure during development phase that does not meet the following conditions is recognized in profit or loss for the period.

- 1) it is technical feasible to complete the intangible asset so that it will be available for use or sale;
- 2) the Group has the intention to complete the intangible asset and use or sell it;
- 3) the Group can demonstrate the ways in which the intangible asset will generate economic benefits including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- 4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- 5) the expenditure attributable to the intangible asset during its development phase can be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognizes all of them in profit or loss for the period.

5.31 Long-term assets impairment

On each balance sheet date, the Group will make judgments to determine whether there are signs for impairment to the fixed assets ,construction in progress, definite intangible assets, investment properties& equity investment in subsidiaries& joint ventures& jointly run business measured using the cost method etc. non-current and non-financial assets. If there are signs for impairment, the impairment should be tested by estimating the recoverable amount. Goodwill, indefinite intangible assets and intangible assets having not reached the usable condition, should be yearly tested for impairment no matter whether there are signs for impairment.

The result of impairment test demonstrates that the recoverable amount is less than its carrying amount, the difference will be recorded as provision for impairment and debited as impairment loss. The recoverable amount equals to the greater of 1) fair value less disposal expenses and 2) present value of the predicted future cash flows.

The fair value of the assets is determined by the sale contract price of fair trade; When there are no sale contracts but exist active market ,the fair value will be determined with the quotation from the buyer; When there exist neither sale

contracts nor active market, the assets fair value will be determined by the best information available.

The disposal expenses include the legal expenses, related taxes, delivery fees and other direct fees incurred for making the assets reach the salable condition. The present value of the predicted future cash flows is calculated according to the predicted future cash flows generated from the continuous use of the assets and final disposal discounted with the applicable discounted rate. The provision for impairment

test should be recognized based on the individual asset. If it is hard to estimate the recoverable amount to individual asset, the recoverable amount of the assets group of which the individual assets are included should be determined. Assets group is the smallest unit that can independently generate the cash inflow.

For the goodwill separately displayed on the financial statement, when making the impairment test, the carry value of the goodwill should be allocated to assets group or the group of assets group predicted to be benefit from the synergistic effect from the enterprises combination. When the rest result shows that the recoverable of the assets group or the group of assets group having been allocated with the relevant goodwill is less than the carrying amount, the related impairment loss should be recognized. The impairment losses will firstly reduce the book value of the goodwill allocated and then reduce the book value of each asset of the assets group or the group of assets group according to the percentage of each asset to the assets group or the group of assets group beside the goodwill.

The impairment loss of the above assets would not be reversed back once they are recognized.

5.32 Long-term deferred assets

Long-term deferred assets represent expenses incurred that should be borne and amortized over the current and subsequent period (together of more than one year). Long-term deferred assets are amortized by using straight line method.

5.33 Contract liabilities

5.34 Employee Benefits

(1) Accounting Treatment of Short-term Salary

The benefits of employees in the Group include short-term benefits, welfare after

demission, demission welfare and other long-term welfare.

The short-term benefits include the employees' salary, bonus, allowance and compensation, employee welfare, medical insurance, maternity insurance, employment injury insurance, housing fund, labor union expense and employee education expense and non-currency welfare etc. The Group recognizes the actually incurred short-term employee benefits as liability during the period when the employees' services are rendered, the expenses are recorded into the current period profit and loss or related asset costs according to the benefit object. For the non-currency welfare, it is recognized according to its fair value.

(2) Accounting Treatment of Welfare after demission

Welfare after demission mainly includes the defined contribution plan and the defined benefit plan. The defined contribution plan and the defined benefit plan mainly include the basic endowment insurance premium, unemployment insurance expense and pension etc.

(3) Accounting Treatment of dismissal welfare

When the Group cannot unilaterally withdraw the dismissal welfare provided for the plan on the cancellation of labor relationship or layoff proposal, or recognize the cost or expense involved with the recombination of dismissal welfare or payment of such dismissal welfare (whichever is earlier), the employee's remuneration incurred by dismissal welfare is recognized as the debt and included in the current profits and losses or related assets cost. But when then dismissal is predicted not to be paid in the following 12 months after the report date, it would be classified as other long-term welfare.

Employee internal retirement plan is treated as the same way with dismissal welfare mentioned above. The Group would record the relevant salaries and social insurances provided to the employees under the plan into the profits and losses (dismissal welfare) during the period from the day employees not providing the services to the legal retirement day, when the conditions for recognizing the contingency liability are met.

(4) Accounting Treatment of Other long-term welfare

Other long-term welfare provided by the Group is referred to as the welfare beside the short-term benefits, welfare after demission, demission welfare. It would be recognized as the requirements of defined contribution plan, when conditions are

met. Or else, it would be recorded as defined benefit plan.

5.35 Lease Obligation

5.36 Accrued liabilities

When the obligations related to contingencies meet the following conditions, they are recognized as expected liabilities: (1) the obligation is the current obligation of the company; (2) the performance of the obligation may lead to the outflow of economic benefits; (3) the amount of the obligation can be measured reliably.

On the balance sheet date, the estimated liabilities are measured according to the best estimate of the expenditure required to fulfil the relevant current obligations, taking into account the risk, uncertainty and time value of currency related to contingencies.

If all or part of the expenditure required to settle the estimated liabilities is expected to be compensated by a third party, the amount of compensation shall be recognized separately as an asset when it is basically determined that it can be received, and the amount of compensation recognized shall not exceed the book value of the estimated liabilities.

(1) Loss contract

Loss contract is a contract in which the cost of fulfilling contract obligations will inevitably exceed the expected economic benefits. Where the contract to be executed becomes a loss contract and the obligations arising from the loss contract satisfy the above-mentioned conditions for confirmation of the expected liabilities, the part of the assets whose expected losses exceed the recognized impairment losses (if any) of the underlying assets of the contract shall be recognized as the expected liabilities.

(2) Restructuring obligations

For a restructuring plan with detailed, formal and public announcement, the amount of the estimated liabilities shall be determined according to the direct expenditure related to the restructuring, subject to the above conditions for confirmation of the estimated liabilities. For the reorganization obligation of selling part of the business, only when the company undertakes to sell part of the business (i.e. when a binding sale agreement is signed), can the obligations related to reorganization be confirmed.

5.37 Share-based payment

5.38 Other financial instruments such as Preferred stock and Perpetual bond,

etc

5.39 Revenue

The real estate construction agreement is in accordance with the definition of the construction contract, for buyers who can specify the main structural elements of real estate design before the start of the construction project, or be able to determine the major changes in structure during the construction process, will be confirmed by the Company of construction services according to the Enterprise Accounting Standards No. 15 - Construction Contract. As purchaser, whose limited ability to influence real estate design (such as only minor changes to the basic design), the company in accordance with the "principles and methods of income accounting standards for Enterprises No. fourteenth - income" about commodity sales confirmation, the relevant revenue recognition combined with the specific conditions of the company real estate sales.

The company will confirmed the relevant income and expenses according to the Enterprise Accounting Standards No. 15 - Construction Contract when real estate construction agreement is in accordance with the definition of the construction contract, for buyers who can specify the main structural elements of real estate design before the start of the construction project, or be able to determine the major changes in structure during the construction process. However, when purchaser's ability to influence real estate design is limited (such as only minor changes to the basic design), the relevant revenue will be confirmed by the company combined with the specific conditions in accordance with the principle of the Enterprise Accounting Standards No. 14 – income

(1) Developed products

The Group established real estate sales revenue is recognized, must satisfied the following four conditions at the same time:

- 1). Real estate is completed and accepted;
- 2). contract of Installment selling is signed and the contractual obligations is performed;
- 3). the company no longer retains the continuation management rights nor controls normally associated with the ownership;
- 4). the amount of income can be reliably measured;
- 5) the related economic benefits are likely to flow into the company and the cost of the house can be reliably measured

(2) Revenue from Installment selling

The revenue is recognized by the fair value about contract or agreement when the selling conditions satisfied the following conditions at the same time:

- 1). Real estate is completed and accepted;
- 2). contract of Installment selling is signed and the contractual obligations is performed;
- 3).the related economic benefits are likely to flow into the company and the cost of the development product can be reliably measured.

The difference between the price and the fair value of the contract or agreement is amortized by the actual interest rate during the period of the contract or agreement and be taken into the profit and loss of the current period.

(3) Revenue from self-use house selling

The sales revenue is confirmed when the following conditions are met:

- 1) the main risks and rewards of self-use house ownership are transferred to the purchaser;;
- 2) the company no longer retains the continuation management rights nor controls normally associated with the ownership;
- 3) the amount of income can be reliably measured;
- 4) the related economic benefits are likely to flow into the company and the cost of the house can be reliably measured

(4)Revenue from rental property

The income of rental property is confirmed when the relevant rents or receipt have obtained according to the lease contract.

(5) Revenue from construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognized using the percentage of completion method at the balance sheet date. The stage of completion of a contract is determined using the proportion that actual contract costs incurred to date bears to the estimated total contract costs.

The outcome of a construct contract can be measured reliably when the following conditions are met:

- 1) The total revenue of the contract can be measured reliably;
- 2) It is probable that the associated economic benefits will flow to the enterprise;

1) The actual cost of the contract incurred can be determined and measured reliably;

2) The stage of completion of the contract and the costs to be incurred associated with the completion of the contract can be measured reliably.

Where the outcome of a construction contract cannot be estimated reliably, 4) 1. if contract costs are expected to be recoverable, contract revenue is recognized to the extent of contract costs that are expected to be recoverable; and contract costs are recognized as expenses in the period in which they are incurred; 4) 2. if contract costs are not expected to be recoverable, they are recognized as expenses immediately when incurred and contract revenue is not recognized. When the uncertainties that prevented the outcome of the construction contract from being estimated reliably no longer exist, revenue and expenses associated with the construction contract are recognized using the percentage of completion method.

If the estimated total contract costs exceed total contract revenue, the expected loss is recognized immediately as an expense for the period.

(6) Royalty revenue

Revenue is confirmed according to the relevant contract or agreement on the accrual basis.

(7) Interest income

Revenue is confirmed according to the time and actual interest rate in the use of the company's money.

(8) Other business income recognition

The Group will confirm other business revenue while clauses of the relevant contracts and agreements reveal that economic interests related to transactions may flow into enterprises, the amount of income and other related or incurred costs can be reliably measured.

5.40 Government Grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration, excluding the capital invested by the government as equity owner. Government grant can be classified as grant related to the assets and grants related to the income.

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 non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognized immediately in profit or loss for the period.

A government grant related to an asset is recognized as deferred income, and

evenly amortized to profit or loss over the useful life of the related asset. For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent period, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized. If the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the period.

Government grants, including both asset-related and income-related components at the same time, are used to separate into different parts of the accounting process. They are classified as income-related government subsidies while it is difficult to distinguish.

Government grants, related to the Company's daily activities, are taken into other income or write down related costs in accordance with the substance of the economic business. Government subsidies that are not related to daily activities are included in non-operating income and expenses.

For repayment of a government grant already recognized, if there is a related deferred income, the repayment is offset against the carrying amount of the deferred income, and any excess is recognized in profit or loss for the period. If there is no related deferred income, the repayment is recognized immediately in profit or loss for the period.

5.41 Deferred income tax assets and deferred income tax liabilities

(1) Current Income tax

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, according to the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects at the balance sheet date, to recover the assets or settle the liabilities.

(2) Deferred income tax assets and deferred income tax liabilities

For temporary differences between the carrying amount of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method.

For temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

For taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, no deferred income tax liability related is recognized except where the Group is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

All deferred income tax liabilities arising from taxable temporary differences except the ones mentioned above are recognized.

For temporary deductible differences associated with the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset is recognized.

For taxable temporary deductible differences associated with investments in subsidiaries and associates, and interests in joint ventures, no deferred income tax asset related is recognized if it is impossible to reversal the temporary difference in the foreseeable future, or it is not probable to obtain taxable income which can be used for the deduction of the temporary difference in the future.

Except mentioned above, the Group recognizes other deferred income tax assets that can deduct temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

For the deductible losses and tax credit that can be carried forward, deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates according to tax laws that are expected to apply in the period in which the asset is realized or the liability is settled.

At the balance sheet date, the Group reviews the carrying amount of deferred tax assets. If it is no longer probable that sufficient taxable profit will be available in future periods to allow the benefits of the deferred tax assets to be used, the Group reduces the carrying amount of deferred tax assets. The amount of such reduction is

reversed when it becomes probable that sufficient taxable profit will be available.

(3) Income tax expense

Income tax expense includes Current Income tax and Deferred income tax assets and deferred income tax liabilities

Except that the current income tax and deferred income tax related to transactions and events recognized as other comprehensive gains or directly included in shareholder's rights and interests are included in other comprehensive gains or shareholder's rights and interests, as well as the book value of the adjusted goodwill of deferred income tax resulting from the merger of enterprises, the other current income tax and deferred income tax expenses or gains are accounted for Periodic profit and loss.

(4) Setoff of Income Tax

When the company has the legal right to settle in net, and intends to settle in net or acquire assets and pay off liabilities at the same time, the company's current income tax assets and current income tax liabilities to offset the net presentation.

When it has the legal right to settle current income tax assets and current income tax liabilities in net terms, and deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same tax collection and administration department on the same tax payer or to different tax payers, but in the future, each deferred place is of great importance. During the period when the taxable assets and liabilities are transferred back, when the taxpayers concerned intend to settle the current income tax assets and liabilities in net or acquire assets and liabilities simultaneously, the company defers the income tax assets and deferred income tax liabilities to offset the net amount.

5.42 Leases

(1) Operating Lease

① The Group as Lessee under Operating Lease

Lease payments under an operating lease are recognized by a lessee on a straight-line basis over the lease term, and either included in the cost of the related asset or charged to profit or loss for the current period. The contingent rents shall be recorded in the profit or loss of the period in which they actually arise.

② The Group as Leaser under Operating Lease

Lease income from operating leases shall be recognized by the leaser in profit or loss on a straight-line basis over the lease term. Initial direct cost of significance in amount shall be capitalized when incurred. If another basis is more systematic and rational, that basis may be used. Contingent rents are credited to profit or loss in the period in which they actually arise.

(2) Financing Lease

① The Group as Lessee under Operating Lease

For an asset that is held under a finance lease, at the lease commencement, the leased asset is recorded at the lower of its fair value at the lease commencement and the present value of the minimum lease payments, and the minimum lease payment is recorded as the carrying amount of the long-term payables; the difference between the recorded amount of the leased asset and the recorded amount of the payable is accounted for as unrecognized finance charge, Initial direct costs incurred by the lessee during the process of negotiating and securing the lease agreement shall be added to the amount recognized for the leased asset.

The net amount of minimum lease payment deducted by the unrecognized finance shall be separated into long-term liabilities and long-term liability within one year for presentation.

Unrecognized finance charge shall be computed by the effective interest method during the lease term. Contingent rent shall be booked into profit or loss when actually incurred.

② The Group as Leaser under Operating Lease

For an asset that is leased out under a finance lease, the aggregate of the minimum lease receipts at the inception of the lease and the initial direct costs is recorded as a finance lease receivable, and unguaranteed residual value is recorded at the same time; the difference between the aggregate of the minimum lease receipt, initial direct costs, and unguaranteed residual value, and the aggregate of their present values, is recognized as unearned finance income, which is amortized using the effective interest rate method over each period during the lease term.

Finance lease receivable less unearned finance income shall be separated into long-term liabilities and long-term liability within one year for presentation.

Unearned finance income shall be computed by the effective interest method during the lease term. Contingent rent shall be credited into profit or loss in which actually

incurred.

5.43 Other Material accounting judgments and accounting estimations

Because of the inherent uncertainties of the operating activities, the Group need to make judgments, estimations and assumptions to the financial statement items whose carrying amount cannot be accurately measured. Those judgments, estimations and assumptions are made based on the management's historical experience and taking other relevant factors into account. Those judgments, estimations and assumptions would influence the reported amount of revenue, expense, asset and liability and disclosure of the contingency liability on the balance sheet date. However, the actual result caused by the uncertainty of these estimations may be different with the present estimation made by the management, which may cause significant adjustments to the carrying amount of the influenced assets and liabilities in the future.

The Group are making periodical review on the judgments, estimations and assumptions mentioned above based on the premise of going concern. For the changes of estimations that only influence the current period, the influenced amount will be recognized in the current period. For the changes of estimations that not only influence the current period ,but also affect the future periods, the influenced amount will be recognized in the current period and future period.

As of the balance sheet date, the material areas that need to be judged ,estimated and assumed are listed below:

(1) Income recognition - construction contract

The Company confirm the contract income by the percentage method of completion on the balance sheet date when the result of the construction can be reliably estimated. The percentage of completion is confirmed according to the methods mentioned in Note 5. 39 Income, and is accumulated in the accounting year for each construction contract.

Significant judgments need to be made in determining the percentage of completion, the cost of the contract, the total revenue and cost of the contract, and the recoverability of the contract. Project management's judgments mainly relies on past experience and work. The change in the estimated total revenue and cost of the contract, as well as the estimated alteration of the execution result of the

contract, may affect or constitute a major impact on the business income and cost, profit and loss during the current or subsequent period.

(2) classification of lease

The lease are classified into operating lease and finance lease, according to the “Accounting Standards for Business Enterprise No.21-Lease” .When making the classification, the management need to make analysis and judgment about whether all risk and reward related with the ownership of assets leased out have been substantially transferred to the lessee or not ,or whether all risk and reward related with the ownership of the assets leased have substantially assumed by the Group.

(3) The provision for allowance for bad debt

The Group applies the allowance method to estimate the bad debt, according to the policy of accounts receivable. The impairment of accounts receivable is based on the evaluation of accounts receivable’s possibility of collection. The difference between the actual result and the original estimation would influence the accounts receivable’s carrying value and cause the balance of allowance for bad debt to increase or reverse back during the period when the estimation is changed.

(4) Provision for inventory

According to inventory accounting policy, the ending inventory is measured by the lower of cost and net realizable value. When the cost is greater than the net realizable value and the obsolete and unsalable inventory, the inventory falling price reserve shall be withdrawn. Reduce the inventory to the net realizable value is based on the evaluation the salable of the inventory and its net realizable value. Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made and take into consideration the purpose for which the inventory is held and the influences of events occurring after the balance sheet date. The difference between the actual result and original estimation will influence the carrying amount of the inventory and cause the provision for inventory to increase or reverse back during the period when the estimation is changed.

(5) The fair value of financial instrument

For the financial instrument lacking active trading market, the Group will use several valuation methods to make sure the fair value. The methods include the model to analyze the discounted cash flow etc. The Group will evaluate the following aspects, such as the future cash flow, credit risk, market volatility and the relativity etc. and then choose the applicable discounted rate, when making the evaluation. There are

uncertainties for the relevant assumptions whose changes will influence the fair value of financial instrument.

(6) Provision for non-current assets

The Group will make judgment on the non-current assets beside the financial assets about whether there are signs for impairment on the balance sheet date. For the intangible assets whose life is uncertain, when there are signs for impairment, it should be tested for impairment, beside the yearly impairment test. Other non-current assets beside the financial statement, when there are signs indicating that the carrying value are unrecoverable, it should be tested for impairment.

When the carrying value of the asset or asset group is greater than the recoverable amount (i.e., the net value of fair value less the cost of disposal and present value of the predicted future cash flow whichever is higher), it indicates impairment.

The net value of fair value less the cost of disposal, is referred to the agreed sale price of similar assets under fair trade or the observable market price, less the incremental cost directly related with the disposal of the assets.

The Group need to make significant judgment to the output of assets (or assets group), sale price, relevant operating cost and the discounted rate when estimating the present value of future cash flows. The Group will make use of any relevant material available when estimating the recoverable amount , including the prediction of the output, sale price and relevant operating cost according to reasonable and supportable assumptions.

The Group will test the goodwill for impairment at least once a year, which requires to estimate the present value of the future cash flows of the assets and assets group allocated with the goodwill . When estimating the present value to the future cash flow, the Group need to estimate the cash flows generating from the assets and assets group, and choose the applicable discount rate to determine the present value.

(7) Depreciation and amortization

The Group use the straight-line method to depreciate and amortize the investment real estate, fixed assets and intangible assets within the useful life after taking into the consideration of the residual value. By the way, the amount of depreciation and amortization during the report period are determined. The useful life is determined based on past experience and the predicted technical changes of similar assets. If

there are significant changes of previous estimations, the depreciation and amortization would be adjusted in the future periods.

(8) R&D expense

When determining the amount of capitalization, the company's management needs to make assumptions about the expected future cash flow of the assets, the applicable discount rate and the expected benefit period.

(9) Deferred tax asset

To the degree that there are sufficient taxable profit to make up the deductible losses, the Group will recognize the deferred tax assets for the un-used deductible losses. It requires the management to apply massive judgments to estimate the time and amount the taxable profits will generate in the future period combining with the strategic of tax planning to determine the amount of deferred tax asset.

(10) Income tax

There are some uncertainties for some trades' ultimate tax treatment and calculation. Some items need the determination from the tax authorities about whether they are deductible before tax or not. If the ultimate tax determination are different with the originally estimated amount, the difference will influence the current period income tax and the deferred income tax when the tax determination are finally made.

(11) Internal early retirement welfare and supplementary retirement welfare

Amounts of expenditures and liabilities of internal early retirement welfare and supplementary retirement welfare should be determined according to assumption terms. Assumption terms include discount rate, average growth rate of medical costs, growth rate of subsidies for early retirement employees and retirees and other factors. The differences of actual results and assumption should be confirmed immediately and included into costs of current year. Although the management have adopted reasonable assumption terms, changes of actual experience value and assumption terms may affect the internal early retirement welfare, supplementary retirement benefits and balance of liabilities.

(11) Provisions

The Company made the estimation on product quality guarantee, predicted loss of contract and the fine for delayed delivery etc. and withdrew the relevant provision for provisions in accordance the provisions of contract, current knowledge and experience. Under the condition that the contingent event has formed a current duty

and fulfilling the duty is likely to cause the economical interest outflow the Company, the Company measures the provisions in accordance with the best estimate of the necessary expenses for the performance of the current duty. The recognition and measurement of provisions were heavily relied on the judgment of the management team. During the process of making judgment, the Company needed to appraise the relevant risks, uncertainty and the time value of money and etc. Of which, the Company estimated the liabilities basing on the after-sale services commitments to the customers upon the sale, repair and reform of goods. When estimating the liabilities, the Company has fully taken the consideration of the latest repair experience, but which may not reflect the repair situation in the future. Any increase / decrease of the provision for estimated liabilities may affect the profits and losses in the future periods.

(12) Measurement for fair value

Some assets and liabilities of this Company will be measured at fair value in the financial statements. The board of directors of this Company has established the appraisal committee (led by the CFO of this Company) to confirm appropriate appraisal technology and input value for measurement of fair value. This Company will apply available and observable market data during estimating the fair value of some assets and liabilities. If the input value in Level 1 is not available, this Company will entrust a third qualified appraiser for the estimation. The appraisal committee will closely cooperate with the outside appraiser to determine proper estimation technology and input values of the related models. CFO submits a report to the discoveries of the appraisal committee to the board of directors of this Company to explain the reasons of fluctuation of fair value of related assets and liabilities.

5.44 Material accounting policies and accounting estimations

(1) Material accounting policies

applicable not applicable

(2) Material accounting estimations

applicable not applicable

(3) New Financial Instruments Standards, New Income Standards and New Leasing Standards for the First Implementation of Relevant Items in Financial Statements at the Beginning of the Year

applicable not applicable

Consolidated Balance Sheet

Unit: RMB

Item	2018.12.31	2019.1.1	Adjustment
Current Assets:			
Monetary Funds	2,048,522,435.93	2,048,522,435.93	--
Account Receivables	18,166,888.19	18,166,888.19	-15,260,103.46
Receivable Financing	15,260,103.46	15,260,103.46	15,260,103.46
Prepayments	4,177,767.88	4,177,767.88	--
Other receivables	45,018,027.61	45,018,027.61	--
Including: Interest receivable	2,453,067.78	2,453,067.78	--
Dividends receivable	1,052,192.76	1,052,192.76	--
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	3,823,078,273.89	--
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	--
Investment properties	623,930,838.15	623,930,838.15	--
Fixed assets	33,926,198.52	33,926,198.52	--
Long-term deferred assets	387,066.91	387,066.91	--
Deferred tax assets	154,543,788.80	154,543,788.80	--
Total non-current assets	842,813,240.36	842,813,240.36	--
TOTAL ASSETS	4,665,891,514.25	4,665,891,514.25	--
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	--

Item	2018.12.31	2019.1.1	Adjustment
Payroll 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	--
Including: Interest payable	16,535,277.94	16,535,277.94	--
Dividends payable	--	--	--
Total current liabilities	1,458,649,264.54	1,458,649,264.54	--
Non-current liabilities: :			
Long-term loans	--	--	--
Long-term payables	6,507,139.20	6,507,139.20	--
Total non-current liabilities	6,507,139.20	6,507,139.20	--
Total liabilities	1,465,156,403.74	1,465,156,403.74	--
Owners' equity:			
Share capital	1,011,660,000.00	1,011,660,000.00	--
Capital reserve	978,244,910.11	978,244,910.11	--
Less: treasury shares	--	--	--
Other comprehensive income	10,564,385.97	10,564,385.97	--
Surplus reserve	95,906,222.59	95,906,222.59	--
Retained earnings	1,235,884,122.72	1,235,884,122.72	--
Total owners' equity attributable to parent company	3,332,259,641.39	3,332,259,641.39	--
Minority interests	-131,524,530.88	-131,524,530.88	--
Total owners' equity	3,200,735,110.51	3,200,735,110.51	--
Total liabilities and owners' equity	4,665,891,514.25	4,665,891,514.25	--

Statement of adjustment

In the daily fund management, the Company sells the receivables of some specific customers through the right of non-recourse. For the receivables of some specific customers, the company aims at both collecting contract cash flow and selling financial assets. Therefore, the receivables of these specific customers will be

collected by the company on and after January 1, 2019. Items are reclassified as financial assets with fair value and their changes are included in other comprehensive income categories. They are reported as receivables financing. The beginning of January 1, 2019 is adjusted. 15,260,103.46 yuan is reclassified from receivables to receivables financing.

Balance Sheet of the Company as the Parent

Unit: RMB

Item	2018.12.31	2019.1.1	Adjustment
Current Assets:			
Monetary Funds	1,344,486,378.53	1,344,486,378.53	--
Account Receivables	5,164,795.67	5,164,795.67	--
Receivable Financing	--	--	--
Prepayments	200,000.00	200,000.00	--
Other receivables	770,374,849.84	770,374,849.84	--
Including: Interest receivable	2,380,301.11	2,380,301.11	--
Dividends receivable			
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	2,664,353,869.82	--
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	--
Investment properties	511,040,299.65	511,040,299.65	--
Fixed assets	21,942,842.11	21,942,842.11	--
Long-term deferred assets	346,015.72	346,015.72	--
Deferred tax assets	16,699,980.23	16,699,980.23	--
Total non-current assets	797,313,914.28	797,313,914.28	--
TOTAL ASSETS	3,461,667,784.10	3,461,667,784.10	--
Current liabilities:			

Item	2018.12.31	2019.1.1	Adjustment
Short-term loans	--	--	--
Accounts payable	16,743,360.96	16,743,360.96	--
Advances from customers	22,035,608.45	22,035,608.45	--
Payroll payable	19,687,728.50	19,687,728.50	--
Taxes payable	144,621,616.85	144,621,616.85	--
Other payables	594,392,900.98	594,392,900.98	--
Including: Interest payable	16,535,277.94	16,535,277.94	--
Dividends payable	--	--	--
Total current liabilities	797,481,215.74	797,481,215.74	--
Non-current liabilities:			
Long-term loans	--	--	--
Long-term payables	--	--	--
Total non-current liabilities	--	--	--
Total liabilities	797,481,215.74	797,481,215.74	--
Owners' equity:			
Share capital	1,011,660,000.00	1,011,660,000.00	--
Capital reserve	964,711,931.13	964,711,931.13	--
Less: treasury shares	--	--	--
Other comprehensive income	--	--	--
Surplus reserve	72,776,609.18	72,776,609.18	--
Retained earnings	615,038,028.05	615,038,028.05	--
Total owners' equity	2,664,186,568.36	2,664,186,568.36	--
Total liabilities and owners' equity	3,461,667,784.10	3,461,667,784.10	--

(4) Statement of comparative data in the early period of retrospective adjustment of new financial instrument standards and new leasing standards for the first time

applicable not applicable

5.45 Other

(1) Accounting Policy Change

① Accounting Policy Change Caused by the Implementation of New Financial Instrument Standards

On March 31, 2017, the Ministry of Finance promulgated Accounting Standards for Enterprises No. 22 - Recognition and Measurement of Financial Instruments (Revised in 2017) (Accounting [2017] 7), 'Accounting Standards for Enterprises No. 23 - Transfer of Financial Assets (Revised in 2017) (Accounting [2017] 8), 'Accounting Standards for Enterprises No. 24 - Set of Accounting Standards for Enterprises'. Periodic Accounting (Revised in 2017) (Accounting [2017] 9) issued on May 2, 2017 "Accounting Standards for Enterprises 37 - Financial Instruments Presentation (Revised in 2017)" (Accounting [2017] 14) (collectively referred to as "New Financial Instruments Standards"), requiring domestic listed enterprises to implement the new standards from January 1, 2019. Guidelines for financial instruments.

Our company will carry out the aforementioned new financial instrument guidelines from January 1, 2019.

All recognized financial assets under the new financial instrument standards are subsequently measured at the amortized cost or fair value. On the date of implementation of the new financial instrument standards, the business model of managing financial assets is evaluated on the basis of the existing facts and circumstances of the company on that day, and the characteristics of contractual cash flow on the financial assets are evaluated on the basis of facts and circumstances at the time of initial confirmation of financial assets. The financial assets are divided into three categories: measured according to the amortized cost and measured according to the public value. Value is measured and its changes are recorded in other comprehensive income and fair value, and its changes are recorded in current profits and losses. Among them, when the financial asset terminates recognition, the accumulated gains or losses previously included in other comprehensive gains will be transferred from other comprehensive gains to retained gains, not into current profits and losses.

Under the new financial instrument standards, based on the expected credit loss, the company makes provision for impairment of financial assets measured by amortized cost, investment in debt instruments measured by fair value and its changes included in other comprehensive gains, lease receivables, contractual assets and financial guarantee contracts, and confirms the loss of credit impairment. The company retrospectively applies the new financial instrument standards, but for

classification and measurement (including impairment) involving the inconsistency between the previous comparative financial statement data and the new financial instrument standards, the company chose not to repeat. Therefore, for the cumulative impact of the first implementation of this standard, the company adjusted the retained earnings or other comprehensive earnings at the beginning of 2019 and the amount of other related items in the financial statements, which were not restated in the financial statements of 2018.

The main changes and impacts of the implementation of the new financial instrument guidelines on our company are as follows:

In the daily fund management, the company sells the receivables of some specific customers through the right of non-recourse. For the receivables of some specific customers, the company aims at both collecting contract cash flow and selling financial assets. Therefore, the receivables of these specific customers will be collected by the company on and after January 1, 2019. Items are reclassified as financial assets with fair value and their changes are included in other comprehensive income categories and reported as investments in other creditor's rights or financing receivables.

VI Principal Taxes Applied

Taxes and their rates

Category	Taxable basis	Tax rate
Value added tax ("VAT")	Goods sales income, taxi operating income	5%, 3%, 6%
Construction tax	Turnover tax	7%
Income tax	Income tax payable	25% & 16.5%
Education surcharge(Local Education surcharge)	Turnover tax	5%
Land appreciation tax	Sales revenue of properties	Progressive rates ranging from 30%-60%
Property tax	The residual value	1.2%

*The rate of domestic enterprises is 25%, and the rate of HK enterprises is 16.5%.

The company and its subsidiaries provided commodity housing, property leasing and management, hotel service, construction and installation service as main products and services. As the inform, No.36—pilot about business tax replacing with VAT popularized (2016 Revision) ,is issued by Finance and Taxation Ministry , The

categories and rates of VAT about the company and its subsidiaries are as follow .

Category of income	The way of tax calculation	Tax rate	Tax rate before Business Tax Replacing with VAT
Sales of properties	Simply filling return	5%	5%
Construction, installation income	Simply filling return	3%	3%
Rental income of Property	Simply filling return	5%	5%
Income of Property Management	Filling return generally	6%	5%

VII Notes to the Consolidated Financial Statements

Unless otherwise noted, the following annotation project (including the main projects annotation of the financial statement of the Company), the period-begin refers to January 1,2019 the period-end refers to June 30, 2019 and this period refers to January – June 2019 with the last period of January – June 2018.

7.1 Monetary funds

Item	Closing balance	Opening balance
Cash on hand	106,258.96	57,979.40
Cash in bank	1,240,284,634.19	1,148,464,456.53
Other monetary funds	90,000.00	900,000,000.00
Total	1,240,480,893.15	2,048,522,435.93
Including amount deposited in the foreign countries	8,086,008.51	8,239,667.62

Note: The closing balance of Other monetary funds that the Group's ownership are the deposits about letter of guarantee setting up by bank, the opening balance was the Structured deposit which was due at March 22,2019.

7.2 Held for trading financial assets

Item	Closing balance	Opening balance
in	--	--

7.3 Derivative financial assets

Item	Closing balance	Opening balance
------	-----------------	-----------------

Item	Closing balance	Opening balance
Total	--	--

7.4 Note receivables

(1) Note receivables by types

Item	Closing balance	Opening balance
Trade acceptance	--	--
Total	--	--

(2) There are no Note receivables pledged at the period-end

(3) There are no Note receivables endorsed or discounted at the period-end and not matured yet on the balance sheet date

(4) There are no situations of reclassifying the note receivables to the accounts receivables due to the issuer dishonoring at the end of the year.

7.5 Accounts receivables

(1) Accounts receivable by categories

Category	Closing balance				book value
	Carrying amount		Bad debt provision		
	Amount	(%)	Amount	(%)	
Accounts receivable of which provision for bad debts is of individually significant	--	--	--	--	
Accounts receivable of which provision for bad debts is of individually insignificant	58,665,525.58	100.00%	19,243,657.51	32.80%	39,421,868.07
Total	58,665,525.58	100.00%	19,243,657.51	32.80%	39,421,868.07

(Continued)

Category	Opening balance				book value
	Carrying amount		Bad debt provision		
	Amount	(%)	Amount	(%)	
Accounts receivable of which provision for bad debts is of individually significant	--	--	--	--	--
Accounts receivable of which provision for bad debts is of individually insignificant	37,410,545.70	100.00%	19,243,657.51	36.54%	18,166,888.19

individually insignificant					
Total	37,410,545.70	100.00%	19,243,657.51	36.54%	18,166,888.19

Unit:RMB

Category	Closing balance			Reason
	Carrying amount	Bad debt provision	Proportion	
Acting import and export business accounts receivable	11,574,556.00	11,574,556.00	100.00%	Long Account Age
Accounts receivable of selling house	18,025,559.22	6,968,694.02	38.66%	Drawing on historical sales
Construction and other	29,065,410.36	700,407.49	2.41%	—
Total	58,665,525.58	19,243,657.51	--	—

Unit:RMB

Category	Closing balance
Within 1 year (including 1year)	19,540,000.58
1 to 2 years	20,297,050.49
2 to 3 years	4,121,002.18
More than 3 years	14,707,472.33
More than 5 years	14,707,472.33
Total	58,665,525.58

(2) There were no any account receivables which had been accrued fully or large proportion provision but had been fully collected or reversed back in this accounting year.

(3) There were no any significant account receivables which had been written off in this accounting year.

(4) Top 5 entities with the largest balances of accounts receivable

Name of entity	Relationship with the Group	Amount	Age	Proportion of the amount to the total AR (%)
Corporate unit No.1	Un-related party	8,147,885.22	Within 1 year	20.67
Corporate unit No.2	Un-related party	6,413,126.79	Within 1 year	16.27
Corporate unit No.3	Un-related party	6,028,986.50	Within 1 year	15.29

Corporate unit No.4	Un-related party	4,985,657.23	Within 1 year	12.65
Corporate unit No.5	Un-related party	4,151,747.72	Within 1 year	10.53
Total		29,727,403.46		75.41

7.6 Receivable Financing

Aging	Closing balance	Opening balance
Factoring	21,334,705.19	15,260,103.46
Total	21,334,705.19	15,260,103.46

As of June 30, 2019, the company declared the amount of factoring business to the bank with accounts receivable at 21,334,705.19 yuan, and obtained cash consideration of RMB 21,334,705.19 yuan.

7.7 Prepayments

(1) List by age of account

Unit:RMB

Category	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)
Within 1 year (including 1 year)	1,804,366.85	49.72%	4,177,217.88	99.99%
1 to 2 years	1,824,438.77	50.27%	--	--
2 to 3 years	--	--	--	0.01%
More than 3 years	550.00	0.01%	550.00	0.01%
Total	3,629,355.62	--	4,177,767.88	--

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

The total amount of the first five Prepayments at the end of the year is 1,804,366.85 yuan, accounting for 49.72% of the total balance of the amount at the end of the year.

7.8 Other receivables

Item	Closing balance	Opening balance
Interest receivable	6,591,780.82	2,453,067.78
Dividends receivables	1,052,192.76	1,052,192.76

Item	Closing balance	Opening balance
Other receivables	42,947,346.04	41,512,767.07
Total	50,591,319.62	45,018,027.61

(1) Interest receivable**1) Classification**

Item	Closing balance	Opening balance
Time deposit	--	170,567.78
Structured deposit	6,591,780.82	2,282,500.00
Total	6,591,780.82	2,453,067.78

(2) Dividends receivables**① Classification**

Item(Or name of investee)	Closing balance	Opening balance
Yunnan KunPeng Flight service Co., Ltd	1,052,192.76	1,052,192.76
Total	1,052,192.76	1,052,192.76

③ Dividends receivable aging over 1 year

Item(Or name of investee)	Closing balance	Aging	Reasons for uncollected amounts	Whether the amount is impaired and the base of judgment
Yunnan KunPeng Flight service Co., Ltd	1,052,192.76	Above 5 years	Delay to pay	No
Total	1,052,192.76			

(3) Dividends receivables**① Other receivables by categories**

Item	Closing balance	Opening balance
Interest receivable	6,591,780.82	2,453,067.78
Dividends receivables	1,052,192.76	1,052,192.76
Other receivables	217,688,105.22	216,271,510.38
Total	225,332,078.80	219,776,770.92

② Provision

Bad debt	Stage one	Stage two	Stage one	Subtotal
	Expected credit losses in the next 12 months	Expected Credit Loss for the Whole Life Period (No Credit Devaluation)	Expected Credit Loss for the Whole Life Period (Credit Devaluation Has Occurred)	
Opening balance	174,758,743.31			
Opening balance in the current period	—	—	—	—
Other	-17,984.13			
Closing balance	174,740,759.18			

Unit: RMB

Category	Closing balance
Within 1 year (including 1 year)	10,464,798.90
1 to 2 years	13,255,644.93
2 to 3 years	2,929,385.83
More than 3 years	198,682,249.14
More than 5 years	198,682,249.14
Total	225,332,078.80

③ The allowance for withdrawing, recovering or transferring bad debts in this year is 0.00 yuan. Other changes in bad debts reserve amount - 17,984.00 yuan, is due to exchange rate changes in the conversion of foreign currency statements.

④ Other receivables by nature

⑤ Top 5 entities with the largest balances of other receivables

Name of entity	Nature	Amount	Age	Proportion of the amount to the total OR (%)	Provision for bad debt at year end
Canada Great Wall(Vancouver) Co.,Ltd	current account	89,035,748.07	Above 5 years	39.51%	89,035,748.07
Paklid Limited	current account	19,300,627.03	Above 5 years	8.57%	19,300,627.03
Bekaton property Limited *	current account	12,559,290.58	Above 5 years	5.57%	12,559,290.58

Name of entity	Nature	Amount	Age	Proportion of the amount to the total OR (%)	Provision for bad debt at year end
Guangdong province Huizhou Luofu Hill Mineral Water Co.,Ltd	current account	10,465,168.81	Above 5 years	4.64%	10,465,168.81
Shenxi Limited	current account	5,464,392.59	Above 5 years	2.43%	5,131,698.60
Total		136,825,227.08		60.72%	136,492,533.09

(6) There were no any other receivables about government subsidies that have been involved.

(7) There were no any other receivables due to the transfer of financial assets that have been derecognized.

(8) There were no any other receivables which had transferred to continued involvement in assets or liabilities.

7.9 Inventory

(1) Categories of inventory

Item	Carrying amount	Closing balance		Net carrying amount
		Provision for inventories		
Non real estate development projects				
Raw materials	873,466.16	240,000.00		633,466.16
Finished products	329,674.82	38,891.91		290,782.91
Low-value consumable products	--	--		0.00
Construction in progress	104,252,848.16	--		104,252,848.16
Real estate development projects				
Real estate developing products	633,806,880.00			633,806,880.00
Real estate developed products	863,721,201.48	268,941.60		863,452,259.88
Real estate which are going to be developed	--	--		--
Total	1,602,984,070.62	547,833.51		1,602,436,237.11

(Continued)

Item	Opening balance
------	-----------------

	Carrying amount	Provision for inventories	Net carrying amount
Non real estate development projects			
Raw materials	882,857.81	240,000.00	642,857.81
Finished products	319,679.87	38,891.91	280,787.96
Low-value consumable products	--	--	0.00
Construction in progress	102,776,837.83	--	102,776,837.83
Real estate development projects			
Real estate developing products	517,451,829.98	--	517,451,829.98
Real estate developed products	1,064,268,679.28	268,941.60	1,063,999,737.68
Real estate which are going to be developed	--	--	--
Total	1,685,699,884.77	547,833.51	1,685,152,051.26

① Detail of Real estate developing products

Item	Time of commencement	Estimated completion time	Estimated Total investment	Opening balance	Increase	Closing balance	Accumulative capitalization Interest	Among them: the amount of capitalized interest in the current period
ChuanQi DongHu Building	2016.6.20	2019.11.21	510,000,000.00	309,169,276.59	57,871,674.91	367,040,951.50	4,378,308.24	--
TianYue Bay No.2	2018.9.1	2021.5.9	654,850,000.00	182,990,645.28	58,483,375.11	241,474,020.39	6,417,603.49	5,059,053.93
Shenfang Shanlin Garden			--	25,291,908.11	--	25,291,908.11	--	--
Total			1,164,850,000.00	517,451,829.98	116,355,050.02	633,806,880.00	10,795,911.73	5,059,053.93

② Detail of Real estate developed products

Item	completion time	Opening balance	Increase	decrease	Closing balance	Accumulative capitalization Interest	Among them: the amount of capitalized interest in the current period
Jinyedao Haitian Pavilion Multi-storey Apartment	1997.9.16	39,090,848.09	--	--	39,090,848.09	--	--
Golden Leaf Island No.10	2010.12.2	6,079,171.97	--	--	5,099,036.62	--	--
Golden Leaf Island No.11	2008.8.20	6,881,309.24	--	1,266,485.95	5,614,823.29	--	--
YueJing dongfang Project	2014.11.18	9,789,881.19	--	1,354,292.52	8,435,588.67	201,464.77	--
WenJin Garden		3,299,040.20	--	--	3,299,040.20	--	--
Real Estate Building		9,710,518.65	--	--	9,710,518.65	--	--

Item	completion time	Opening balance	Increase	decrease	Closing balance	Accumulative capitalization Interest	Among them: the amount of capitalized interest in the current period
HuaFeng Building		1,631,743.64	--	--	1,631,743.64	--	--
Huangpu Estate		289,802.88	--	--	289,802.88	--	--
Xinghu Garden		156,848.69	--	--	156,848.69	--	--
Chuanqi Mountain	2013.1.1	8,969,652.53	--	--	8,969,652.53	720,530.19	--
Shenfang Shanlin Garden	2014.1.1	10,206,656.46	--	--	10,206,656.46	443,793.86	--
Beijing Xinfeng Building		304,557.05	--	--	304,557.05	--	--
TianYue Bay No.1	2017.12.15	618,140,958.93	--	53,484,516.67	564,656,442.26	25,409,053.33	
ChuanQi JingYuan	2018.4.27	180,381,801.14	--	112,683,722.85	67,698,078.29	253,287.70	
Shengfang CuiLin Building	2018.5.8	169,335,888.62	--	30,778,324.46	138,557,564.16	1,305,557.04	--
Total	--	1,064,268,679.28	--	200,547,477.80	863,721,201.48	28,333,686.89	--

(2) Movement of Provision of inventories

Item	Opening balance	Increase		Decrease		Closing balance
		Provision	other	Reversals	Write-off	
Raw materials	240,000.00	--	--	--	--	240,000.00
Inventories	38,891.91	--	--	--	--	38,891.91
Real estate developed products	268,941.60	--	--	--	--	268,941.60
Total	547,833.51	--	--	--	--	547,833.51

(2) Capitalized borrowing cost at the period-end is RMB 39,129,598.62:

Item	Opening balance	Increase	Decrease	Closing balance	Annual capitalization rate
YueJing dongfang Project	208,232.32	--	6,767.55	201,464.77	1.49%
Shenfang Chuanqishan	720,530.19	--	--	720,530.19	5.66%
Shenfang Shanlin Garden	443,793.86	--	--	443,793.86	7.10%
Shengfang CuiLin Building	1,488,323.12	--	182,766.08	1,305,557.04	2.07%
TianYue Bay No.1	26,993,576.25	--	1,584,522.93	25,409,053.33	7.78%
ChuanQi DongHu Building	4,811,327.74	--	433,019.50	4,378,308.24	3.62%
ChuanQi JingYuan	1,250,186.07	--	996,898.37	253,287.70	1.66%
Total	1,358,549.56	5,059,053.93	--	6,417,603.49	3.51%

(4) Completed and unsettled assets resulting from the construction contract at the end of the period

Item	Amount
Accumulated cost incurred	146,420,815.68
Accumulated gross profit	1,020,560.53

Amount already settled	43,188,528.05
Completed outstanding assets formed by the construction contract	104,252,848.16

7.10 Contract assets**7.11 Holding assets for sale****7.12 Non-current assets maturing within one year****7.13 Other current assets**

Item	Closing balance	Opening balance
Value added tax	14,500,771.73	6,336,815.15
Business tax	405,514.22	444,184.41
City construction surcharge	186,959.07	--
Education surcharge	75,770.99	--
Local education surcharge	44,757.84	--
Embankment Protection Fee	653.66	--
Increment tax on land value	1,688,149.84	--
Income tax	49,315,486.24	--
Bank structured deposits	1,300,000,000.00	--
Total	1,366,218,063.59	6,780,999.56

Instructions:

The company signed an agreement with the shenzhen branch of China Citic bank co., ltd. to invest 130,000 yuan of its own capital in guaranteed floating bank structured deposits. Among them, 1 billion yuan was invested on May 7, 2019 for 180 days, and 300 million yuan was invested again on June 14, 2019 for 180 days.

7.14 Investments in debt obligations**7.15 Other investment on bonds****7.16 Long-term receivables****7.17 Long-term equity investments****(1) Long-term equity investments by types**

Invested company	Opening	Change amount of this period
------------------	---------	------------------------------

	balance	Additional investment	Negative investment	Profit and loss on investments confirmed with equity method	Other comprehensive income adjustment	Other equity change
I. Joint ventures						
Guangdong province Huizhou Luofu Hill Mineral Water Co., Ltd	9,969,206.09	--	--	--	--	--
Fengkai Xinhua Hotel	9,455,465.38	--	--	--	--	--
Jiangmen Xinjiang Real Estate Co., Ltd	9,037,070.89	--	--	--	--	--
Xi'an Fresh Peak Property Trading Co., Ltd	32,840,729.61	--	--	--	--	--
Dongyi Real Estate Co., Ltd	30,376,084.89	--	--	--	--	--
Subtotal	91,678,556.86	--	--	--	--	--
II. Affiliated enterprises						
Shenzhen Ronghua JiDian Co., Ltd	1,471,164.04	--	--	--	--	--
Shenzhen Runhua Automobile trading Co., Ltd	1,445,425.56	--	--	--	--	--
Subtotal	2,969,241.26	--	--	--	--	--
Total	94,595,146.46	--	--	--	--	--

(Continued)

Invested company	Change amount of this period			Ending balance	Provision for impairment balance at the period-end
	Invested company	Change amount of this period	Ending balance		
I. Joint ventures					
Guangdong province Huizhou Luofu Hill Mineral Water Co., Ltd	--	--	--	9,969,206.09	9,969,206.09
Fengkai Xinhua Hotel	--	--	--	9,455,465.38	9,455,465.38
Jiangmen Xinjiang Real Estate Co., Ltd	--	--	--	9,037,070.89	9,037,070.89

Invested company	Change amount of this period			Ending balance	Provision for impairment balance at the period-end
	Invested company	Change amount of this period	Ending balance		
Xi'an Fresh Peak Property Trading Co., Ltd	--	--	--	32,840,729.61	20,673,831.77
Dongyi Real Estate Co., Ltd	--	--	--	30,376,084.89	30,376,084.89
Subtotal	--	--	--	91,678,556.86	79,511,659.02
II.Affiliated enterprises					
Shenzhen Ronghua JiDian Co.,Ltd	--	--	--	1,471,164.04	1,076,954.64
Shenzhen Runhua Automobile trading Co.,Ltd	--	--	--	1,445,425.56	1,445,425.56
Subtotal	--	--	--	2,969,241.26	2,522,380.20
Total	--	--	--	94,595,146.46	82,034,039.22

other equity investment, are as follow

Investee	Accounting Method	Investment cost	Opening balance	Changes	Closing balance	Provision for impairment
Paklid Limited	Cost Method	201,100.00	201,100.00	--	201,100.00	201,100.00
Bekaton Property Limited	Cost Method	906,630.00	906,630.00	--	906,630.00	906,630.00
Shenzhen Shenfang Department Store Co. Ltd	Cost Method	10,000,000.00	10,000,000.00	--	10,000,000.00	10,000,000.00
Shantou Huafeng Building	Cost Method	68,731,560.43	58,547,652.25	--	58,547,652.25	58,547,652.25
Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd	Cost Method	121,265,000.00	56,228,381.64	--	56,228,381.64	56,228,381.64
Total	—	201,104,290.43	125,883,763.89	-	125,883,763.89	125,883,763.89

7.18 Other equity instruments investment

7.19 Other non-current financial assets

7.20 Investment properties

Investment properties measured at cost.

Item	House& building	Land-use right	Total
I. Original carrying value			
1. Opening balance	1,010,636,392.81	106,115,418.00	1,116,751,810.81
2. Increase in the year	--	--	--
(1) Outsourcing	--	--	--
(2) Carried over from inventory	--	--	--
(3) Others	--	--	--
3. Decrease in the year	--	151,053.98	151,053.98
(1) Disposal	--	--	--
(2) Others	--	151,053.98	151,053.98
4. Closing balance	1,010,636,392.81	105,964,364.02	1,116,600,756.83
II. Accumulative depreciation& amortization			
1. Opening balance	391,598,553.08	--	391,598,553.08
2. Increase in the year	12,157,218.56	--	12,157,218.56
(1) Withdrawing or amortization	12,157,218.56	--	12,157,218.56
(2) Carried over from assets	--	--	--
3. Decrease in the year	--	--	--
4. Closing balance	403,755,771.64	--	403,755,771.64
III. Provision for impairment			
1. Opening balance	14,128,544.62	87,093,874.96	101,222,419.58
2. Increase in the year	--	--	--
3. Decrease in the year	--	123,977.05	123,977.05
4. Closing balance	14,128,544.62	86,969,897.91	101,098,442.53
IV. Book value			
1. Closing book value	592,752,076.55	18,994,466.11	611,746,542.66
2. Opening book value	604,909,295.11	19,021,543.04	623,930,838.15

Note:(a) Current year depreciation and amortization is RMB12,157,218.56.

(b)The decrease of original carrying value and provision for impairment of land-use right is caused by the fluctuation of foreign exchange rate when translating the foreign currency financial statements;

(c)Among the investment properties, there were no house & building that were used as mortgage of loans

(d)There is no new buildings in this period.

7.21 Fixed assets

Item	Closing balance	Opening balance
Fixed assets	31,903,409.26	33,926,198.52
Total	31,903,409.26	33,926,198.52

Item	Houses& Buildings	Transportation equipment	Electronic equipment and others	Total
I. Original carrying value				
1. Opening balance	107,110,751.42	12,287,244.75	14,210,579.58	133,608,575.75
2. Increase in the year	--		201,295.05	201,295.05
(1) Purchasing	--		201,295.05	201,295.05
(2) Transferred from the construction in progress	--	--	--	--
3. Decrease in the year			130,497.39	130,497.39
(1) Disposal or discard as useless	--	--	130,497.39	130,497.39
(2) Decrease of cooperation combination	--	--	--	--
(3) Transferred to investment property	--	--	--	--
4. Closing balance	107,110,751.42	12,287,244.75	14,281,377.24	133,679,373.41
II. Accumulated depreciation				
1. Opening balance	77,203,923.01	10,932,114.25	11,546,339.97	99,682,377.23
2. Increase in the year	1,785,224.66	135,730.36	296,973.47	2,217,928.49
Including: withdrawing	1,785,224.66	135,730.36	296,973.47	2,217,928.49

Item	Houses& Buildings	Transportation equipment	Electronic equipment and others	Total
3. Decrease in the year	--	--	124,341.57	124,341.57
(1) Disposal or discard as useless	--	--	124,341.57	124,341.57
(2) Decrease of corporate combination	--	--	--	--
(3) Transferred to investment property	--	--	--	--
4. Closing balance	78,989,147.67	11,067,844.61	11,718,971.87	101,775,964.15
III. Provision for Impairment				
1. Opening balance	--	--	--	--
2. Increase in the year	--	--	--	--
Including: Withdrawing	--	--	--	--
3. Decrease in the year	--	--	--	--
4. Closing balance	--	--	--	--
IV. Book value				
1. Ending book value	28,121,603.75	1,219,400.14	2,562,405.37	31,903,409.26
2. Beginning book value	29,906,828.41	1,355,130.50	2,664,239.61	33,926,198.52

Note: (1)The depreciation for the current year is RMB 2,217,928.49. There were no constructions in progress transferred to fixed assets during the period.

(2) There was no any fixed assets whose ownership are restricted.

(3) There was no any fixed assets lying idle temporary.

7.22 Construction in progress

7.23 Productive biological assets

7.24 Oil and gas assets

7.25 Right-of-use asset

7.26 Intangible assets

7.27 Development expenditure

7.28 Goodwill

7.29 Long-term deferred assets

Item	Opening balance	Increase	Amortization	Other reductions	Closing balance
Renovation costs	346,015.85	--	91,944.88	--	254,070.97
Others	41,051.06	--	7,697.04	--	33,354.02
Total	387,066.91	--	99,641.92	--	287,424.99

7.30 Deferred tax assets

(1) Recognized deferred tax assets

Item	Closing balance		Opening balance	
	Deferred tax assets	Deductible or taxable temporary differences	Deferred tax assets	Deductible or taxable temporary differences
Provision for impairment losses of assets	268,941.60	67,235.40	268,941.60	67,235.40
Eliminated unrealized profit when consolidating financial statement	9,761,284.98	2,440,321.25	4,419,308.84	1,104,827.21
Deductible loss	85,290,276.04	21,322,569.01	72,853,906.32	18,213,476.58
Provision for land appreciation tax liquidation reserves	116,873,760.12	29,218,440.03	416,873,760.12	119,730,695.91
Expected profit for advances from customers	24,906,265.04	6,226,566.26	12,937,987.44	3,234,496.86
Tentative contract cost estimate	49,835,827.36	12,458,956.85	47,474,275.32	12,193,056.84
Total	286,936,355.14	71,734,088.80	554,828,179.64	154,543,788.80

(2) Deferred income tax liabilities without offset

(3) Deferred income tax assets or liabilities shown as net offset

(4) Details of unrecognized deferred tax assets

Item	Closing balance	Opening balance
Deductible operating losses	4,332,678.37	8,280,235.61
Bad debt provision	41,424,541.64	42,485,814.23
Provision for impairment of long-term investments	48,770,235.09	51,979,450.78
Provision for impairment of investment properties	24,219,856.94	25,305,604.90

Total	118,747,312.04	128,051,105.52
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(5) Unrecognized deductible losses of deferred tax assets will be expire at the end of following years

Year	Closing balance	Opening balance
2019	1,656,431.26	107,123.28
2020	107,123.28	9,692,495.52
2021	9,692,495.52	11,349,323.06
2022	11,349,323.06	5,753,184.38
2023	5,753,184.38	4,085,485.24
Total	28,558,557.50	30,987,611.48

7.31 Other Non-current asset

7.32 Short-term loans

Item	Closing balance	Opening balance
Pledged Loan	21,334,705.19	17,260,103.46
Total	21,334,705.19	17,260,103.46

Note:(1) Refer to note 7.5/Account receivable for the details of pledged loan and note 7.81.

(2)There was no short term loan overdue which had not repaid

7.33 Transactional financial liabilities

7.34 Derivative financial liabilities

7.35 Notes payable

7.36 Accounts payable

(1) List of accounts payable

Item	Closing balance	Opening balance
accounts payable	140,100,500.69	216,758,906.71
Total	140,100,500.69	216,758,906.71

(2) Details of accounts payable

Item	Closing balance	Reason
Within 1 year	127,921,716.99	

Over 1 year	12,178,783.70
Total	140,100,500.69

Note: Significant accounts payable aged more than one year is for the unsettled project at the end of the period.

7.37 Advances from customers

(1) Details of advances from customers

Item	Closing balance	Opening balance
Within one year	362,999,250.53	143,880,207.46
Over one year	26,328,430.79	12,545,945.40
Total	389,327,681.32	156,426,152.86

(2) Important advances from customers that are more than one year old

(3) Completed and unsettled assets resulting from the construction contract at the end of the period

Item	Amount
Accumulated cost incurred	146,420,815.68
Accumulated gross profit	1,020,560.53
Amount already settled	43,188,528.05
Completed outstanding assets formed by the construction contract	104,252,848.16

① Significant advances from customers aged more than one year is the import and export agency business payment and advanced payment from housing buyers, as such receipts have not been transferred to income at the end of the year.

② Details of advances from customers

Item	Closing balance	Opening balance	Estimated time of completion
Jinye Island villa No.10	2,141,508.58	688,952.39	Completed
Jinye Island villa No.11	2,729,123.81	1,117,261.91	Completed
Yuejing dongfang	1,742,138.10	1,884,634.30	Completed
Tianyue Bay No.1	31,525,134.47	32,289,512.30	Completed
Shengfang CuiLin Building	31,190,224.00	30,416,820.00	Completed

Item	Closing balance	Opening balance	Estimated time of completion
Chuanqi Jingyue	159,189,046.25	21,742,173.45	Completed
Chuanqi Donghu	72,905,066.00	200,000.00	Completed
Total	301,422,241.21	88,339,354.35	—

7.38 Contract liability

7.39 Payroll payable

(1) Details of Payroll payable

Item	Opening balance	Increase	Decrease	Closing balance
I. Short-term remuneration	45,693,840.70	78,978,334.29	75,211,716.73	49,460,458.26
II. Post-employment benefit-defined benefit plans	142,989.35	7,388,692.09	7,342,686.49	188,994.95
Total	45,836,830.05	86,367,026.38	82,554,403.22	49,649,453.21

(2) Details of short-term remuneration

Item	Opening balance	Increase	Decrease	Closing balance
I. Salary, bonus, allowance and subsidies	44,535,073.06	71,215,607.13	67,346,606.74	48,404,073.45
II. Employee welfare	39,600.00	1,232,860.00	1,234,660.00	37,800.00
III. Social insurance premium	1,578.57	2,281,435.66	2,281,673.26	1,340.97
Including: Medical insurance premium	1,503.22	2,051,225.73	2,051,225.73	1,503.22
Industries insurance premium	591.04	48,440.26	48,440.26	591.04
Maternity insurance premium	-515.69	181,769.67	182,007.27	-753.29
III. Housing fund	628,129.71	2,999,582.92	3,044,542.60	583,170.03
IV. Union expenses and employee education expenditure	489,459.36	1,248,848.58	1,304,234.13	434,073.81
Total	45,693,840.70	78,978,334.29	75,211,716.73	49,460,458.26

(3) The details of defined contribution plans

Item	Opening balance	Increase	Decrease	Closing balance
I. Basic endowment insurance premium	75,075.11	4,972,661.18	4,972,661.18	75,075.11
II. Unemployment insurance premium	914.12	113,314.01	113,076.41	1,151.72
III. Company annuity payment	67,000.12	2,302,716.90	2,256,948.90	112,768.12
Total	142,989.35	7,388,692.09	7,342,686.49	188,994.95

Note: The Group participates in the basic endowment insurance and unemployment

plan sponsored by the government according to the regulations. Beside the monthly payment mentioned above, the Group undertakes no further payment obligation. The related expenses are recognized in profit and loss or the cost of relevant asset in the current period incurred.

7.40 Taxes payable

Item	Closing balance	Opening balance
VAT	5,735,482.84	11,361,028.95
Corporate income tax	89,586,822.81	180,717,910.92
Individual income tax	684,502.70	828,729.71
Urban maintenance & construction tax;	778,806.52	385,048.81
Property tax	3,717,315.47	335,365.77
Land appreciation tax	383,702,006.31	106,254,407.65
Education surcharge	518,992.20	239,105.38
Others	1,775,941.31	425,775.79
Total	486,499,870.16	300,547,372.98

7.41 Other payables

Item	Closing balance	Opening balance
Interest payable	16,535,277.94	16,535,277.94
Other payables	627,101,131.67	705,284,620.54
Total	643,636,409.61	721,819,898.48

(1) Interest payable

Item	Closing balance	Opening balance
Others	16,535,277.94	16,535,277.94
Total	16,535,277.94	16,535,277.94

Note: The balance of "Other" interests payable due to Shenzhen Investment Holdings Co., Ltd., being accrued for the loans interest. Please refer refer to XII.6 (2).

(2) Dividends payable

(3) Other payable

1)Details of other payables

Item	Closing balance	Opening balance
Land appreciation tax accrued	359,726,203.04	509,788,654.15
Payable to related parties	14,398,496.70	2,770,322.64
Guarantee deposit	83,126,753.11	100,011,180.52
Others	169,849,678.82	92,714,463.23
Total	627,101,131.67	705,284,620.54

2) Description of significant other payables aged more than one year

Name of entity	Amount	Reason for overdue
Tax accrued- land appreciation tax	359,726,203.04	Unexpired
Total	359,726,203.04	—

NOTICE: The Group made provision for LAT, according to Guo Shui Fa [2006] No. 187 "LAT liquidation management issues of real estate development enterprises made by the State Administration of Taxation ". As at June 30, 2019, the closing balance is RMB 359,726,203.04.

7.42 Holding liabilities for sale

7.43 Non-current liabilities due within one year

7.44 Other current liabilities

7.45 Long-term loans

7.46 Bonds payable

7.47 Lease liability

7.48 Long-term payables

Item	Closing balance	Opening balance
Special payable	7,597,741.94	6,507,139.20
Total	7,597,741.94	6,507,139.20

(1) Details of long-term payables

Item	Closing balance	Opening balance
Maintenance fund	7,597,741.94	6,507,139.20
Total	7,597,741.94	6,507,139.20

(2) Special payable

Item	Closing balance	Increase	Decrease	Opening balance	Reason
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Item	Closing balance	Increase	Decrease	Opening balance	Reason
Maintenance fund	6,507,139.20	2,781,813.45	1,691,210.71	7,597,741.94	
Total	6,507,139.20	2,781,813.45	1,691,210.71	7,597,741.94	

7.49 Long-term payroll payable**7.50 Estimated liabilities****7.51 Deferred income****7.52 Other non-current liabilities****7.53 Share capital**

Item	Opening balance	Changes for the period (+, -)					Subtotal	Closing balance
		Newly issued shares	Bonus issued	Capitalization of surplus reserve	Other			
Total shares	1,011,660,000.00	--	--	--	--	--	1,011,660,000.00	

7.54 Other equity instruments**7.55 Capital surplus**

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium	557,433,036.93	--	--	557,433,036.93
Other capital reserve	420,811,873.18	--	--	420,811,873.18
Total	978,244,910.11	--	--	978,244,910.11

7.56 Treasury stock**7.57 Other comprehensive income**

Item	Opening balance	Amount incurred this period					Closing balance
		Accrual before income tax this period	Less: previous years' OCI transferred to P&L in current period	Less: income tax	Attributable to parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive income that could not be classified into profit and loss in the future	--	--	--	--	--	--	--
II. Other comprehensive income	10,564,385.97	121,770.51			85,239.36	36,531.15	10,649,625.33

Item	Opening balance	Amount incurred this period					Closing balance
		Accrual before income tax this period	Less: previous years' OCI transferred to P&L in current. period	Less: income tax	Attributable to parent company after tax	Attributable to minority shareholders after tax	
that would be classified into profit and loss in the future							
including: the difference of foreign currency financial statement translation	10,564,385.97	121,770.51			85,239.36	36,531.15	10,649,625.33
Total	10,564,385.97	121,770.51			85,239.36	36,531.15	10,649,625.33

7.58 Special reserves

7.59 Surplus reserve

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	95,906,222.59			95,906,222.59
Total	95,906,222.59			95,906,222.59

Note: According to the Company Law and the company's policy, the company draws 10% of net profit for statutory surplus reserve. It will not be withdrawn if the accumulation amount of statutory surplus reserve exceeds 50% of the registered capital of the company.

Discretionary surplus reserve could be withdrawn after the statutory surplus reserve. It can be made up the previous annual loss or increase the capital stock after approval

7.60 Undistributed profit

Item	Amount for the current period	Amount for the prior period
Before adjustment: Undistributed profits at the end of prior year	1,235,884,122.72	742,624,845.71
Adjustment: adjust the beginning undistributed profits (Increase +, decrease -)	--	--
After adjustment: Undistributed profits at beginning of year	1,235,884,122.72	742,624,845.71

Item	Amount for the current period	Amount for the prior period
Plus: net profit attributable to the shareholders of the parent company in the period	333,155,843.41	326,066,084.53
Less: Appropriation to the statutory surplus reserve	--	--
Appropriation to discretionary surplus reserve	--	--
Common stock dividends declared	202,332,000.00	--
Conversion of ordinary shares' dividends into share capital	--	--
Undistributed profit at the end of the period	1,366,707,966.13	1,071,690,930.24

7.61 Operating income and costs

(1) Operating income and operating costs

Item	Amount for the current period		Amount for the prior period	
	Income	Costs	Income	Costs
Principal operating	1,242,185,437.00	435,833,288.18	1,313,971,314.90	538,511,001.68
Other operating	9,152,365.57	1,294,688.07	3,570,316.45	1,906,489.73
Total	1,251,337,802.57	437,127,976.25	1,317,541,631.35	540,417,491.41

7.62 Taxes and surcharges

Item	Amount for the current period	Amount for the prior period
City construction and maintenance tax	4,231,214.16	4,283,758.49
Education surcharges	1,853,152.20	1,894,171.09
Property tax	4,194,843.79	3,525,479.32
Land appreciation tax	1,777.06	6,815.23
vehicle and vessel tax	9,300.00	10,200.00
Stamp duty	634,612.37	457,845.20
Business tax	14,811.80	1,629,897.12
Land value increment tax	328,213,378.55	264,344,713.02
Local education surcharges	1,168,752.72	1,186,490.00
Embankment Protection Fee	7,656.21	1,121.29
Total	340,329,498.86	277,340,490.76

Note: Details of business taxes and surcharges please refer to 10.6.

7.63 Selling expenses

Item	Amount for the current period	Amount for the prior period
Employee benefits	1,986,157.74	1,968,446.05
Advertising expenses	3,495,309.87	2,795,656.99
Entertainment expenses	445,386.30	445,386.30
Sales agency fees and commissions	10,153,801.11	30,118,783.25
Others	2,393,405.31	1,838,861.18
Total	18,474,060.33	37,167,133.77

The Selling expenses incurred in this period was 18,474,060.33 yuan, which decreased by 50.29% compared with the same period last year was due to Sales agency fees and commissions have not yet been settled.

7.64 Administrative expenses

Item	Amount for the current period	Amount for the prior period
Employee benefits	21,455,353.43	20,306,987.57
Taxes	381,863.80	355,928.24
Depreciation	1,493,957.93	1,548,056.87
Entertainment expenses	855,870.94	880,424.02
Intermediary fee	748,240.08	943,460.89
Travel expense	160,955.48	200,814.85
Administrative expenses	889,536.21	565,594.94
Repair charge	443,034.63	438,716.03
Water and electricity charges	300,958.94	421,746.13
Other amortization	209,939.04	357,994.59
Others	3,873,060.85	5,716,476.72
Total	30,812,771.33	31,736,200.85

7.65 R&D expenses**7.66 Financial expenses**

Item	Amount for the current period	Amount for the prior period
Interest expenses	38,742.51	6,711,775.56

Item	Amount for the current period	Amount for the prior period
Less: Interest income	7,623,553.05	11,769,366.46
Less: capitalized interest expenses	--	3,694,420.78
Exchange differences	672,254.35	-34,475.31
Less: Capitalized exchange differences	--	--
Others	286,297.07	174,817.89
Total	-6,626,259.12	-8,611,669.10

7.67 Other income**7.68 Investment income**

Item	Amount for the current period	Amount for the prior period
Investment income for the sale of financial assets during the holding period	928,200.00	827,100.00
Investment income of wealth management products	13,359,898.55	--
Total	14,288,098.55	827,100.00

7.69 Net exposure hedge gain**7.70 Fair value change income****7.71 Credit impairment loss****7.72 Asset impairment loss****7.73 Proceeds from asset disposal****7.74 Non-operating income**

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the period
Indemnity	180,000.00	91,835.23	180,000.00
Others	183,709.11	4,000.00	183,709.11
Total	363,709.11	95,835.23	363,709.11

7.75 Non-operating expenses

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the period
Donations to third parties	--	50,000.00	--
Penalty expense	150.00	30,210.47	150.00

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the period
Others	3,605.82	119,342.86	3,605.82
Total	3,755.82	199,553.33	3,755.82

7.76 Income tax expenses

(1) Details of income tax expenses

Item	Amount for the current period	Amount for the prior period
Current tax expense calculated according to tax laws and relevant requirements	114,631,330.89	116,979,398.73
Deferred income tax expenses	-1,901,537.03	-5,809,681.45
Total	112,729,793.86	111,169,717.28

(1) The process of calculating the income tax based on accounting profit

Item	Incurred in the current period
Consolidated profit this period	445,867,806.76
Income tax calculated at legal or applicable tax rate	111,466,951.69
Impact of various tax rates applicable to subsidiaries	--
Adjustment of impact on the income tax in the previous period	--
Impact of non-taxable income	--
Impact of non-deductible cost, expense and loss	3,164,379.20
Impact of deductible losses deferred income tax assets unconfirmed in the previous use period	--
Impact of the deductible temporary differences or deductible loss of unconfirmed deferred tax assets of this year.	-1,901,537.03
Changes of the deferred tax assets/liability caused by the adjustment of tax rate	--
Income taxes	112,729,793.86

7.77 Other comprehensive income

Note: Please refer to note 7.58.

7.78 Notes to items in the cash flow statements

(1) Other cash receipts relating to operating activities

Item	Amount for the current period	Amount for the prior period
Interest income	5,457,487.50	13,061,210.22
Cash pledge and security deposits	4,341,166.84	4,323,391.76
Maintenance fund	2,806,860.02	6,343,450.31
The collecting and paying on another's behalf	318,872.66	1,651,300.01
Others	23,748,832.28	61,406,545.31
Total	36,673,219.30	86,785,897.61

(2) Other cash payments relating to operating activities

Item	Amount for the current period	Amount for the prior period
Cash paid to general and administrative expenses	9,012,769.52	12,874,997.70
Cash paid to operating expenses	21,249,982.55	3,628,291.42
Cash pledge and security deposits	3,827,745.89	4,763,108.22
The collecting and paying on another's behalf	1,006,131.98	161,981.18
Others	93,795,526.79	36,632,151.02
Total	128,892,156.73	58,060,529.54

(3) Cash receipts on other investing activities**(4) Cash paid on other investing activities**

Item	Amount for the current period	Amount for the prior period
Six months of structured deposits	1,300,000,000.00	600,000,000.00
Total	1,300,000,000.00	600,000,000.00

(5) Cash receipts on other financing activities**(6) Cash paid on other financing activities****7.79 Supplementary information to the cash flow statement****(1) Supplementary information to the cash flow statement**

Item	Amount for the current	Amount for the prior
	period	period
I. Reconciliation of net profit to cash flows from operating activities:		

Item	Amount for the current period	Amount for the prior period
Net profit	329,045,648.28	329,045,648.28
Add: Provision for asset impairment	--	--
Depreciation of fixed assets, bio-assets, and natural gas	13,279,140.03	13,246,302.18
Amortization of intangible assets	--	55,200.00
Amortization of long-term deferred expense	353,309.40	369,642.72
Losses on disposal of fixed assets, intangible assets and other long-term assets(deduct: gains)	--	--
Losses on scrapping of fixed assets (deduct: gains)	774.32	14,291.75
Loss of fair value variation (deduct: gains)	--	--
Financial expenses (deduct: gains)	-143,574.86	3,060,270.68
Losses from investments (deduct: gains)	-14,288,098.55	-827,100.00
Decrease in deferred tax assets (deduct: increase)	-1,901,537.03	1,723,550.79
Increase in deferred tax liabilities (deduct: decrease)	--	--
Decrease in inventories (deduct: increase)	163,504,710.44	175,982,196.68
Decrease in operating receivables (deduct: increase)	53,925,974.21	-174,638,545.77
Increase in operating payables (deduct: decrease)	139,929,891.38	246,450,854.80
Others	-2,123,357.14	245,817.56
Net cash flows from operating activities	685,675,245.10	594,728,129.67
II. Investing and financing activities that do not affect cash receipt and payment		
Liabilities converted capital	--	--
Reclassify convertible bonds to be expired within one year as current liability	--	--
Fixed assets subject to finance leases	--	--
III. Net increase in cash and cash equivalents:		
Cash at the end of the period	1,240,480,893.15	1,068,660,665.62
Less: cash at the beginning of the period	1,148,522,435.93	1,206,789,056.46
Add: cash equivalents at the end of the period	--	--

Item	Amount for the current period	Amount for the prior period
Less: cash equivalents at the beginning of the period	--	--
Net increase in cash and cash equivalents	91,958,457.22	-138,128,390.84

(2) Information of cash and cash equivalents

Item	Amount for the current period	Amount for the prior period
I. Cash	1,240,480,893.15	1,148,522,435.93
Including: Cash on hand	57,189.68	57,979.40
Bank deposits	1,163,996,248.33	1,148,464,456.53
Other monetary funds	--	--
II. Cash equivalents	--	--
Including: Investments in debt securities due within three months	--	--
III. Closing balance of cash and cash equivalents	1,240,480,893.15	1,148,522,435.93
Including: Cash and cash equivalents using restricted of the parent company or subsidiary	--	--

7.80 Notes on the Items of the Statement of Changes in Owner's Rights and Interests

7.81 Ownership or use-right restricted assets

Categories of assets	Closing balance	The reasons for restriction
Accounts receivable	21,334,705.19	Short-term loan mortgaged
Total	21,334,705.19	—

7.82 The items of foreign currency

(1) Details of items of foreign currency

Item	Balance of foreign currency at year end	Exchange rate	Balance of RMB converted
Monetary fund			
Including: USD	36,382.37	6.8739	250,089.07
HKD	8,922,124.48	0.8783	7,835,919.44

Item	Balance of foreign currency at year end	Exchange rate	Balance of RMB converted
Other accounts receivable			
Including: USD	--	--	--
HKD	25,522,742.11	0.8783	22,415,530.24
Other accounts payable			
Including: USD	--	--	--
HKD	20,095,370.62	0.8783	17,648,902.53

(2) Oversea operating entities

The Group's significant overseas operating entities are American Great Wall Co., Ltd and Fresh Peak Investment Co., Ltd. American Great Wall Co., Ltd chooses the USD as its functional currency, for its main operating activities are in the USA; Fresh Peak Investment Co., Ltd. chooses the RMB as its functional currency, for it is an investment company and its main operating activities are in the mainland of China.

7.83 Hedging

7.84 Government funding

7.85 Other

VIII The changes of the scope of consolidation

The company did not change the range of consolidation in this period compared with last year

IX Equities in other entities.

9.1 Equities in the subsidiaries

(1) The formation of the Group

Name of the subsidiary	Main operating area	Reg. place	Business nature	Shareholding proportion (%)		Method of acquiring
				Direct	Indirect	
Shenzhen Petrel Hotel Co. Ltd.	Shenzhen	Shenzhen	Services	68.10	31.90	Acquiring through establishment or investment
Shenzhen City Property Management Ltd.	Shenzhen	Shenzhen	Services	95.00	5.00	Acquiring through establishment or investment

Name of the subsidiary	Main operating area	Reg. place	Business nature	Shareholding proportion (%)		Method of acquiring
				Direct	Indirect	
Shenzhen Zhen Tung Engineering Ltd.	Shenzhen	Shenzhen	Services	73.00	27.00	Acquiring through establishment or investment
Shenzhen City We Gen Construction Management Ltd.	Shenzhen	Shenzhen	Services	75.00	25.00	Acquiring through establishment or investment
Shenzhen City Shenfeng Investment Ltd.	Shenzhen	Shenzhen	Investment	90.00	10.00	Acquiring through establishment or investment
Shenzhen City Shenfeng Free Trade Trading Ltd.	Shenzhen	Shenzhen	Commercial trade	95.00	5.00	Acquiring through establishment or investment
Shenzhen City SPG Long Gang Development Ltd.	Shenzhen	Shenzhen	Real estate	95.00	5.00	Acquiring through establishment or investment
Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Property and Estate Co., Ltd.	Guangzhou	Guangzhou	Real estate	95.00	5.00	Acquiring through establishment or investment
Beijing fresh peak property development management limited company	Beijing	Beijing	Real estate	75.00	25.00	Acquiring through establishment or investment
Beijing SPG Property Management Limited	Beijing	Beijing	Services	10.00	90.00	Acquiring through establishment or investment
Shenzhen ShenWu Elebator Co.,Ltd	Shenzhen	Shenzhen	Services	--	100.00	Acquiring through establishment or investment
Shenzhen Lain Hua Industry and Trading Co. Ltd.	Shenzhen	Shenzhen	Services	95.00	5.00	Acquiring through establishment or investment
Fresh Peak Holding Ltd.	HongKong	HongKong	Investment and management	100.00	--	Acquiring through establishment or investment
Wellam Ltd.	HongKong	HongKong	Investment holding	--	100.00	Acquiring through establishment or investment

Name of the subsidiary	Main operating area	Reg. place	Business nature	Shareholding proportion (%)		Method of acquiring
				Direct	Indirect	
Shantou SEZ Wellam Fty Bldg., Dev. Co.	ShanTou	ShanTou	Real estate	--	100.00	Acquiring through establishment or investment
Shantou Huafeng Estate Dev.Co.	ShanTou	ShanTou	Real estate	100.00	--	Acquiring through establishment or investment
Great Wall Estate Co., Inc	USA	USA	Real estate	70.00	--	Acquiring through establishment or investment
Fresh Peak Holdings Ltd.	HongKong	HongKong	Investment and management	100.00	--	Acquiring through establishment or investment
Fresh Peak Investment Ltd.	HongKong	HongKong	Investment	--	55.00	Acquiring through establishment or investment
Openice Ltd.	HongKong	HongKong	Investment and management	20.00	80.00	Acquiring through establishment or investment
Barenie Co. Ltd.	HongKong	HongKong	Investment	--	80.00	Acquiring through establishment or investment
Keyear Development Ltd.	HongKong	HongKong	Investment	--	100.00	Acquiring through establishment or investment
Guangzhou Huangpu Xizun real estate limited company	GuangZhou	GuangZhou	Real estate	--	100.00	Acquiring through establishment or investment
Fresh Peak Real Estate Dev. Construction (Wuhan) Co. Ltd.*	WuHan	WuHan	Real estate	--	55.00	Acquiring through establishment or investment
Shantou Special Economic Zone Real Estate (Group) Songshan Property and Estate Co., Ltd.	Shantou	Shantou	Real estate	--	100.00	Subsidiary acquired through emerge under non-common control
Shenzhen Shenfang Department Store Co. Ltd.* ①	Shenzhen	Shenzhen	Commecial trade	95.00	5.00	Acquiring through establishment or investment
Bekaton Property Limited *②	Australia	Australia	Real estate	60.00	--	Acquiring through establishment or investment

Name of the subsidiary	Main operating area	Reg. place	Business nature	Shareholding proportion (%)		Method of acquiring
				Direct	Indirect	
Canada Great Wall (Vancouver) *②	Canada	Canada	Real estate	--	60.00	Acquiring through establishment or investment
Paklid Limited *②	HongKong	HongKong	Commeccial trade	60.00	40.00	Acquiring through establishment or investment
Guangdong Province Fengkai Lian Feng Cement Manufacturing Co., Ltd *③	Guangdong Fengkai	Guangdong Fengkai	Manufacture	--	90.00	Acquiring through establishment or investment

*① Shenzhen Shenfang Department Store Co. Ltd

The shareholders meeting held on October 29th,2007 passed the resolution to terminate business, liquidation and formed a group to carry out the liquidation procedures. The liquidation group issued a notice of liquidation on December 7th,2007. According to the principle of “Enterprise Accounting Standards No.33- the Consolidation Financial Statement”, the Store will not be included in the Company’s consolidated financial statement. The book value of the investment account of the Company is zero.

*② Bekaton Property Limited ,Canada Great Wall (Vancouver)and Paklid Limited
These 3 subsidiaries were set up overseas in early times. The board of directors passed a resolution to terminate the corporations’ business on Dec.13th, 2000.

*③ Guangdong Province Fengkai Lian Feng Cement Manufacturing Co., Ltd
The total assets (including tangible and intangible assets) of the corporation were auctioned for debt repayment at 22 January 2006. The Company's investment in the company's book value is zero.

Except for *①, *②, *③, the above subsidiaries which are not included the company’s consolidated financial statement had ceased operations for many years. And the entities of the corporations didn’t exist. And the Company has no control over its subsidiaries’ businesses. According to the principle of “Enterprise Accounting Standards No.33- the Consolidation Financial Statement”, the corporation will not be included in the Company’s consolidated financial statement. The book value of the investment account of the Company is zero. The following are the details.

Investee	Accounting Method	Investment cost	Opening balance	Changes	Closing balance	Provision for impairment
Paklid Limited	Cost Method	201,100.00	201,100.00	-	201,100.00	201,100.00
Bekaton Property Limited	Cost Method	906,630.00	906,630.00	-	906,630.00	906,630.00
Shenzhen Shenfang Department Store Co. Ltd	Cost Method	10,000,000.00	10,000,000.00	-	10,000,000.00	10,000,000.00
Shantou Huafeng Building	Cost Method	68,731,560.43	58,547,652.25	-	58,547,652.25	58,547,652.25
Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd	Cost Method	121,265,000.00	56,228,381.64	-	56,228,381.64	56,228,381.64
Total	—	201,104,290.43	125,883,763.89		125,883,763.89	125,883,763.89

(2) Significant non-wholly owned subsidiary

Name of subsidiary	Minority interest share proportion (%)	Current year profit and loss attributable to minority interest shareholders	Current year dividends distributed to minority interest shareholders	Minority interest equity balance at the end of the year
Great Wall Estate Co., Inc	30.00	-17,830.51	-	-21,410,446.29
Fresh Peak Investment Ltd.	45.00	-6,395.09	-	-104,589,770.93
Barenie Co. Ltd.	20.00	-	-	-3,871,090.12

(3) The main financial information of significant non-wholly owned subsidiary

Name fo subsidiary	Closing balance					
	Current assets	Non-current assets	Total Assets	Current liabilities	Non-current liabilities	Total liabilities
Great Wall Estate Co., Inc	249,818.69	18,994,466.11	19,244,284.80	106,403,720.94		106,403,720.94
Fresh Peak Investment Ltd.	220,030,097.71	24,793,206.35	244,823,304.06	254,765,642.93		254,765,642.93
Barenie Co. Ltd.	1,023.60	21,223,344.85	21,224,368.45	32,829,449.35		32,829,449.35

(Continued)

Name of subsidiary	Opening balance					
	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.	220,030,097.71	24,793,206.35	244,823,304.06	254,751,432.23		254,751,432.23
Barenie Co. Ltd.	975.66	30,373,713.87	30,374,689.53	32,794,671.39		32,794,671.39

(Continued)

Name of subsidiary	Incurred in current year				Incurred in previous year			
	Operating income	Net profit	Total of comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total of comprehensive income	Cash flow from operating activities
Great Wall Estate Co., Inc	322,901.55	-59,435.04	-59,435.04	-59,442.30	287,797.83	-68,120.84	-68,120.84	-68,159.28
Fresh Peak Investment Ltd.		-14,211.32	-14,211.32			-9,684.86	-9,684.86	
Barenie Co. Ltd.			0.00			-6,812.65	-6,812.65	

9.2 Equities in joint ventures or associated enterprises**(1) Insignificant joint ventures or associated enterprises**

Item	Closing balance/Incurred this year	Opening balance/Incurred last year
Joint ventures*①:		
Total investment book value	12,166,897.84	12,166,897.84
Totals of the following items calculated per respective shareholding proportion		
—Net profit	--	--
—Other comprehensive income	--	--
—Total comprehensive income	--	--
Associated enterprises*②:		
Total investment book value	394,209.40	394,209.40

Item	Closing balance/Incurred this year	Opening balance/Incurred last year
Totals of the following items calculated per respective shareholding proportion		
—Net profit	--	--
—Other comprehensive income	--	--
—Total comprehensive income	--	--

*① All of the Group's joint ventures are insignificant. For details of the joint ventures, please refer to 7.17, including:

1) Guangdong province Huizhou Luofu Hill Mineral Water Co.,Ltd

The operating period of the company was from June 5, 1991 to June 4, 2001. And the company had ceased operations because of operating loss for many years. And the Company had been terminated its licenses by law at July 6, 2001 because it failed to pass the annual inspection. Besides, the corporation stopped preparing the financial statement. As of the end of the year, the book value of the investment account of the Company is zero. According to the joint venture agreement, the Company didn't have the obligation to bear the additional loss.

2)Fengkai Xinghua Hotel

The FengKai XingHua Hotel was announced bankruptcy by the Guangdong Province Zhaoqing City second-middle intermediate Peoples' court with the document (2002) ZHFJPZ No.2. And the corporation had finished the bankruptcy procedure. As of the end of the year, the book value of the investment account of the Company is zero. According to the joint venture agreement, the Company didn't have the obligation to bear the additional loss.

3)Jiangmen Xinjian Real Estate Co. Ltd., Xi'an Fresh Peak Building Co. Ltd, DongYi Property Co., Ltd

The above corporations were the joint ventures set up with the local partners for the properties developing projects. Consider the projects had been stopped, and the joint ventures had closed operating activities for many years with no preparation of financial statements. Already the corresponding provision for the investment of these joint ventures was accrued. Refer to Note 7.17 for details.

*② All associated enterprises of the Group are insignificant. For details of associated enterprises, please refer to note 7.17, including:

Shenzhen Runhua Automobile Trading Co., Ltd

The operating period of this corporation was from Feb 24, 1992 to Feb 24, 1997, and it had ceased operations because of operating loss for many years. Besides, it had been terminated its licenses by law because it failed to pass the annual inspection and no financial statement was prepared afterwards. As the end of the year, the book value of the investment account of the company is zero. According to the associate agreement, the company didn't have the obligation to bear the additional loss.

(2) The excess losses of the joint ventures or associated enterprises incurred.

Name of the joint ventures or associated enterprises	Accumulated unrecognized losses as of the end of last year	Unrecognized losses this year (or shared net profit this year)	Accumulated unrecognized losses as of the end of this year
Shenzhen Fresh Peak property consultant Co., Ltd	866,357.29	75,016.96	941,374.25

X The risk associated with financial instruments

The company's major financial instruments, including equity investments, loans, accounts receivable, accounts payable, etc., the detailed description of the financial instruments are shown in note six. The risks which associated with these financial instruments and the risk management policies adopted by the company to reduce these risks are described below. The management of the company is responsible for the management and monitoring of these exposures to ensure that these risks are in a limited amount of scope.

The company uses sensitivity analysis techniques to analyze the impact of reasonable and possible changes in the risk variables on current profit or loss or shareholder equity. As risk variables rarely occur in isolation, and affect the changes of correlation between these variables for a variable amount of risk will have a significant effect ultimately, so the content is on the assumption that the changes in each variable is in the condition of independence.

X Risk management objectives and policies

The company's main financial instruments include equity investment, Debt investment, borrowing, accounts receivable, accounts payable, convertible bonds and so on. Detailed descriptions of various financial instruments can be found in the

relevant items in Note 7. The risks associated with these financial instruments and the risk management policies adopted by our company to reduce these risks are described below. The company's management manages and monitors these exposures to ensure that the above risks are within the limits.

The company uses sensitivity analysis technology to analyze the reasonable and possible changes of risk variables which may have an impact on current profits and losses or shareholders' rights and interests. Since any risk variable seldom changes in isolation, and the correlation between variables will have a significant impact on the final amount of change in a risk variable, the following is assumed to be independent of each variable.

10.1 Risk management objectives and policies

The aim that company engaged in the risk management is to achieve the right balance between risk and return. It reduce the negative impact on the risk of the company's operating performance to the lowest level and maximize shareholder interests and other interests of investors. The aim that risk management based on the basic strategy of company's risk management is to identify and analyze various risks faced by the company. Establishment of appropriate risk limits and risk management, as well as to monitor all kinds of risks that control it in a limited scope timely and reliably.

(1) Credit risk

The company's credit risk is mainly reflected in the uncollectible accounts receivable. In order to reduce credit risk, the company set up a team responsible for determining the credit limit, credit approval, and other monitoring procedures to ensure that the necessary measures to recover overdue debt. In addition, the company reviews the recovery of each individual account receivable on each balance sheet date to ensure that the uncollectible accounts are fully prepared. Therefore, the company's management believes that the company's credit risk has been greatly reduced.

The company's liquidity is deposited in a bank with a higher credit rating, so the liquidity of the credit risk is low.

(2) Liquidity risk

In the management of liquidity risk, the company maintains the concept of management that adequate cash and cash equivalents, monitoring it to meet the company's business needs and reducing the impact of cash flow fluctuations.

10.1 The transfer of financial assets

Financial assets that have been transferred but not wholly terminated

As of 30 June, 2019, the company declared factoring business 21,334,705.19 yuan to the bank in accounts receivable, got RMB 21,334,705.19 yuan of equal value. If it is fail to receive the corresponding accounts from the client, the bank has the right to repay the corresponding accounts to the company. Because the company still bear with these accounts receivable related credit risk, the company should continue to fully recognize the carrying amount of the accounts receivable due to the transfer of payments received and will confirm it as pledge loan.

XI Disclosure of fair value

XII Related party relationships and transactions

11.1 Parent of the Company

Name of the parent	Place of incorporation	Business Nature	Registered capital	Proportion of the Company's ownership interest held by the parent (%)	Proportion of the Company's voting power held by the parent (%)
Shenzhen Investment Shareholding Co. Ltd	Guangdong province Shenzhen	Investment, Real estate development, Guarantee	RMB21.58billion	63.55	63.55

11.2 Subsidiaries of the Company

Please refer to Note IX.1- Equities in the subsidiaries

11.3 Associates and joint ventures of the entity

Please refer to Note IX.3 –Equities in joint venture or associated enterprises

11.4 Other related parties of the Company

Name of other related party	Relationship between other related parties and the Company
Shenzhen Jian'an Group Co., Ltd.	The same controlling shareholders

11.5 Related party transactions

(1) Contracting with related parties

List of contracting item

Name of main	Name of contractor	Type of assets	Reception	Expiration date	Basis of	Contracting
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contract issuing party		under contracting	date of contracting	of contracting	pricing of contracting income	income recognized in the current year
Shenzhen Jian'an Group Co., Ltd.	Shenzhen Zhen Tung Engineering Ltd	Construction	2012-6-1		Negotiations	3,849,090.95

List of outsourcing item

Name of main contract issuing party	Name of contractor	Type of assets under outsourcing	Reception date of contracting	Expiration date of contracting	Basis of pricing of contracting income	Contracting income recognized in the current year
Shenzhen City SPG Long Gang Development Ltd.	Shenzhen Jian'an Group Co., Ltd.	Construction	2015-9-16		Negotiations	28,261,187.86
Shantou Huafeng Estate Dev.Co.	Shenzhen Jian'an Group Co., Ltd.	Construction	2018-11-16	2021-5-1	Negotiations	32,669,323.43

(2) Borrowing from related party

Item	Carrying amount	Reception date	Expiration date	Statement
Borrowing from:				
Shenzhen Investment Shareholding Co. Ltd	16,535,277.94	2006.11.9	2016.12.22	The principal was repaid on December 22 th , 2016. The remaining amount is interest payable.

11.6 Amounts due from / to related parties

(1) Amounts due from related party

Item	Closing balance		Opening balance	
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable				
Shenzhen Fresh Peak property consultant Co.,Ltd	1,184,900.35	--	1,185,689.73	--
Total	1,184,900.35	--	1,185,689.73	--
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

Item	Closing balance		Opening balance	
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Shenzhen Runhua Automobile Trading Co., Ltd	3,072,764.42	3,072,764.42	3,072,764.42	3,072,764.42
Canada GreatWall (Vancouver) Co., Ltd	89,035,748.07	89,035,748.07	89,035,748.07	89,035,748.07
Bekaton Property Limited	12,559,290.58	12,559,290.58	12,559,290.58	12,559,290.58
Paklid Limited	19,164,730.31	19,164,730.31	19,173,003.78	19,169,123.37
Shenzhen Shenfang Department Store Co. Ltd.	237,648.82	189,179.82	237,648.82	189,179.82
Shenzhen Real Estate Consolidated Service Co., Ltd.	475,223.46		475,223.46	
Shenzhen City Shenfang Construction and Decoration Materials Ltd.	8,419,205.19	8,419,205.19	8,419,205.19	8,419,205.19
Total	143,429,779.66	142,906,087.20	143,438,053.13	142,910,480.26

(2) Amounts due to related party

Item	Closing balance	Opening balance
Accounts receivable		
Shenzhen Jian'an Group Co., Ltd.	15,185,309.82	43,446,497.68
Total	15,185,309.82	43,446,497.68
Other payables		
Shenzhen Xin Dongfang Store Ltd.	902,974.64	902,974.64
Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd.	1,867,348.00	1,867,348.00
Total	2,770,322.64	14,398,496.70
Interest payable:		
Shenzhen Investment Holding Co., Ltd	16,535,277.94	16,535,277.94
Total	16,535,277.94	16,535,277.94

XIII Share payment

XIV Commitments and Contingencies

14.1 Significant commitments

(1) Capital commitment

Item	Amount for the current period	Amount for the prior period
Capital commitments that have been entered into but have not been recognized in the financial statements	--	--
Significant outsourcing contracts	463,890,909.11	368,570,701.08
Total	463,890,909.11	368,570,701.08

(2) There is no any other commitment during this period.

14.2 Contingencies

(1) Contingencies arising from pending litigations or arbitrations and their financial effects

Xi'an project Lawsuit

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. The shareholder of the Fresh Peak Company – Hongkong Fresh Peak Co., Ltd was the wholly owned subsidiary of the company. And the Hongkong Fresh Peak Co., Ltd contributed 84% of the Fresh Peak Company's share- capital in cash. And Xi'an trade building which was the enterprise under the Xi'an Joint Commission on Commerce and Trade contributed 16% of the Fresh Peak Company's share- capital with the land-use right. The core business was property development. And the project was Xi'an Trade Building. The project was started on 1995-11-28. 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.

Untill December 31th, 2011, the amount of RMB 15,201,000.00 had been called back. The company has obtained new property clues and submitted an application for resumption of execution. The Shaanxi Provincial Higher Court held an execution

hearing on November 16, 2018.

As at 30 June 2019, the book value of the investment of Xi'an Fresh Peak Company was RMB 12,166,897.84. The provision for investment was Rmb 20,673,831.77. The book balance of assets was RMB 8,419,205.19 which has been taken full provision for impairment loss.

(2)Contingent liabilities arising from providing debt guarantees to other entities and their financial effects

The Company provided loan guarantees for purchaser of real estate. Up to Jun 30th,2019, the amount and duration of the unsettled guarantee is as follows:

Items	Duration	Unsettled amount (million)
Cullin Court	From real estate license granted and mortgaged	89,190
Shenfang Chuanqishan	From real estate license granted and mortgaged	10,728
Shenfang Shanglin Garden	From real estate license granted and mortgaged	3,583
Total	—	103,501

(3) Contingent liabilities Related to the equity joint venture or consortium investment

Refer to IX “Equities in other entities”.

XV Events after the balance sheet date

XVI Other material facts

16.1 Other important transactions and matters

On 14 September, 2016, the Group plan 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.

16.2 Other

(1) Accounting Policy Change

①Accounting Policy Change Caused by the Implementation of New Financial

Instrument Standards

On March 31, 2017, the Ministry of Finance promulgated Accounting Standards for Enterprises No. 22 - Recognition and Measurement of Financial Instruments (Revised in 2017) (Accounting [2017] 7), 'Accounting Standards for Enterprises No. 23 - Transfer of Financial Assets (Revised in 2017) (Accounting [2017] 8), 'Accounting Standards for Enterprises No. 24 - Set of Accounting Standards for Enterprises'. Periodic Accounting (Revised in 2017) (Accounting [2017] 9) issued on May 2, 2017 "Accounting Standards for Enterprises 37 - Financial Instruments Presentation (Revised in 2017)" (Accounting [2017] 14) (collectively referred to as "New Financial Instruments Standards"), requiring domestic listed enterprises to implement the new standards from January 1, 2019. Guidelines for financial instruments. Our company will carry out the aforementioned new financial instrument guidelines from January 1, 2019.

All recognized financial assets under the new financial instrument standards are subsequently measured at the amortized cost or fair value. On the date of implementation of the new financial instrument standards, the business model of managing financial assets is evaluated on the basis of the existing facts and circumstances of the company on that day, and the characteristics of contractual cash flow on the financial assets are evaluated on the basis of facts and circumstances at the time of initial confirmation of financial assets. The financial assets are divided into three categories: measured according to the amortized cost and measured according to the public value. Value is measured and its changes are recorded in other comprehensive income and fair value, and its changes are recorded in current profits and losses. Among them, when the financial asset terminates recognition, the accumulated gains or losses previously included in other comprehensive gains will be transferred from other comprehensive gains to retained gains, not into current profits and losses.

Under the new financial instrument standards, based on the expected credit loss, the company makes provision for impairment of financial assets measured by amortized cost, investment in debt instruments measured by fair value and its changes included in other comprehensive gains, lease receivables, contractual assets and financial guarantee contracts, and confirms the loss of credit impairment.

XVII Notes to Items in the Financial Statements of the Company**17.1 Accounts receivable****(1) Accounts receivable by categories**

Category	Closing balance				Book Value
	Carrying amount		Bad debt provision		
	Amount	(%)	Amount	(%)	
Accounts receivable of which provision for bad debts is of individually significant	--	--	--	--	--
Accounts receivable of which provision for bad debts is of individually insignificant	11,466,782.59	100.00%	6,968,694.02	60.77%	4,498,088.57
Total	11,466,782.59	100.00%	6,968,694.02	60.77%	4,498,088.57

(Continued)

Category	Closing balance				Book Value
	Carrying amount		Bad debt provision		
	Amount	(%)	Amount	(%)	
Accounts receivable of which provision for bad debts is of individually significant	--	--	--	--	--
Accounts receivable of which provision for bad debts is of individually insignificant	12,133,489.69	100.00%	6,968,694.02	57.43%	5,164,795.67
Total	12,133,489.69	100.00%	6,968,694.02	57.43%	5,164,795.67

① Bad debt provision of accounts receivable which is of individually significant

Content of accounts receivable	Carrying amount	Amount of bad debt	Proportion of provision	Reasons for the provision
House pay to be collected	11,221,159.00	6,968,694.02	62.10%	A separate provision is established according to the recoverability of each receivable with long aging and little retrievability.
Rental to be collected	245,623.59	--	--	
Total	11,466,782.59	6,968,694.02	62.93%	

② Disclosure by age

Content of accounts receivable	Carrying amount
--------------------------------	-----------------

Content of accounts receivable	Carrying amount
In 1 year(including 1 year)	387,105.69
1-2year	140,732.69
2-3year	293,033.67
More than 3 year	10,645,910.54
More than 5 year	10,645,910.54
Total	11,466,782.59

(2) There were no any account receivables that had been fully or at a great proportion rate accrued for bad debt but had been fully collected or reversed back in the current period.

(3) There were no any significant accounts receivables written off in the current period.

(4) Top 5 entities with the largest balances of accounts receivable

Name of entity	Relationship with the Group	Amount	Age	Proportion of the amount to the total AR (%)	Bad debt provision
Individual No.1	Un-related party	1,200,000.00	Within 1year	10.47	1,200,000.00
Individual No.2	Un-related party	876,864.11	Within 1year	7.65	876,864.11
Individual No.3	Un-related party	617,559.26	Within 1year	5.39	--
Individual No.4	Un-related party	593,244.00	Within 1year	5.17	--
Corporation No.1	Un-related party	540,000.00	Within 1year	4.71	--
Total		3,827,667.37		33.38	2,076,864.11

(5) There were no any account receivables which had been derecognized.

17.2 Other receivables

Item	Closing balance	Opening balance
Interest receivable	6,591,780.82	2,380,301.11
Other receivables	771,102,120.43	767,994,548.73
Total	777,693,901.25	770,374,849.84

(1) Interest receivable

1) Classification

Item	Closing balance	Opening balance
Time deposit	--	97,801.11
Structured deposit	6,591,780.82	2,282,500.00
Total	6,591,780.82	2,380,301.11

(2) Dividends receivables**(4) Other receivable****① Other receivables by categories**

Item	Closing balance	Opening balance
Internal receivables	1,418,308,051.36	1,422,461,221.15
Other receivables	157,478,791.20	146,006,570.00
Total	1,575,786,842.56	1,568,467,791.15

② Provision

Bad debt	Stage one	Stage two	Stage one	Subtotal
	Expected credit losses in the next 12 months	Expected Credit Loss for the Whole Life Period (No Credit Devaluation)	Expected Credit Loss for the Whole Life Period (Credit Devaluation Has Occurred)	
Opening balance	798,092,941.31			
Opening balance in the current period	—	—	—	—
Closing balance	798,092,941.31			

Unit: RMB

Category	Closing balance
Within 1 year (including 1 year)	158,202,023.94
1 to 2 years	73,851,395.97
2 to 3 years	310,307,057.96
More than 3 years	1,033,426,364.69
3 to 4 years	247,106,776.63
4 to 5 years	267,616,334.77
More than 5 years	518,703,253.29
Total	1,575,786,842.56

③ Top 5 entities with the largest balances of other receivables

Name of Entity	Relationship with the Group	Amount	Age	Proportion of the amount to the total OR (%)	Bad debt provision
Fresh Peak Enterprise Co., Ltd	Subsidiary	530,297,831.35	Over 3 years	33.65%	508,377,320.74
Shantou Huafeng Estate Development Co., Ltd	Subsidiary	517,509,745.62	Over 3 years	32.84%	--
American Great Wall Co., Ltd	Subsidiary	101,379,954.81	Over 3 years	6.43%	101,379,954.81
Canada Great Wall(Vancouver) Co., Ltd	Subsidiary	89,035,748.07	Over 3 years	5.65%	89,035,748.07
Xinfeng property	Subsidiary	88,290,631.63		5.60%	--
Total		1,326,513,911.48		84.18%	698,793,023.62

(6) There were no any other receivables about government subsidies that have been involved.

(7) There were no any other receivables due to the transfer of financial assets that have been derecognized.

(8) There were no any other receivables which had transferred to continued involvement in assets or liabilities.

17.3 Long-term equity investments

(1) Long-term equity investments by types

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	304,045,949.42	69,155,382.25	234,890,567.17	304,045,949.42	69,155,382.25	234,890,567.17

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in associates and joint ventures	22,341,261.07	21,947,051.67	394,209.40	22,341,261.07	21,947,051.67	394,209.40
Total	326,387,210.49	91,102,433.92	235,284,776.57	326,387,210.49	91,102,433.92	235,284,776.57

(2) 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	--	--	20,000,000.00	--	--
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	--	--
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	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
Company						
Shantou City Huafeng Real Estate Devepment Co., Ltd	16,467,021.02	--	--	16,467,021.02	--	
Paklid Limited	--	--	--	--	--	201,100.00
Bekaton Property Limited	--	--	--	--	--	906,630.00
Shenzhen Shenfang Department Store Co. Ltd.	--	--	--	--	--	9,500,000.00
Shantou Fresh Peak Building	--	--	--	--	--	58,547,652.25
Total	234,890,567.17	--	--	234,890,567.17	--	69,155,382.25

(3) Investment in associates and joint ventures

Name of investee	Opening balance	Changes in this period				
		Add investment	Reduce investment	Investment income under equity method	Adjustments of other comprehensive income	Changes of other equity
I. Joint ventures						
Guangdong Huizhou Luofu Hill Mineral Water Co., Ltd	--	--	--	--	--	--
Fengkai Xinghua Hotel	--	--	--	--	--	--
Subtotal	--	--	--	--	--	--
II. Associates						
Shenzhen Runhua Automobile Trading Co., Ltd	--	--	--	--	--	--
Shenzhen Ronghua Jidian Co., Ltd	394,209.40	--	--	--	--	--
Subtotal	394,209.40	--	--	--	--	--
Total	394,209.40	--	--	--	--	--

(Continued)

Name of investee	Changes in this period			Closing balance	Closing balance of impairment provision
	Cash dividend or profit declared	Provision for impairment	Others		
I. Joint ventures					
Guangdong Huizhou Luofu Hill Mineral Water Co., Ltd	--	--	--	--	9,969,206.09
Fengkai Xinghua Hotel	--	--	--	--	9,455,465.38
Subtotal	--	--	--	--	19,424,671.47
II. Associates					
Shenzhen Runhua Automobile Trading Co., Ltd	--	--	--	--	1,445,425.56

Name of investee	Changes in this period			Closing balance	Closing balance of impairment provision
	Cash dividend or profit declared	Provision for impairment	Others		
I. Joint ventures					
Shenzhen Ronghua Jidian Co., Ltd	--	--	--	394,209.40	1,076,954.64
Subtotal	--	--	--	394,209.40	2,522,380.20
Total	--	--	--	394,209.40	21,947,051.67

17.4 Operating income and costs

(1) Operating income and operating costs

Item	Amount for the current period		Amount for the prior period	
	Income	Costs	Income	Costs
Main business	828,375,457.04	125,366,701.31	229,634,645.39	48,332,118.70
Other operating income	27,619.07	--	47,904.78	--
Total	828,403,076.11	125,366,701.31	229,682,550.17	48,332,118.70

17.5 Investment income

(1) Details of investment income

Item	Amount for the current period	Amount for the prior period
Investment income from long-term investments under cost method	518,700,131.64	
Investment income from available-for-sale financial assets during the holding period	928,200.00	827,100.00
Investment income of Financial products	13,359,898.55	
Total	532,988,230.19	827,100.00

XVII. Supplementary Materials

15.1 Breakdown non-recurring profit or loss

Items	Amount for the current period	Statement
Profit or loss on disposal of non-current assets	-3,605.82	--
Tax refunds or reductions with ultra vires approval or without official approval documents	--	--
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 accordance with the national standard)	--	--
Income earned from lending funds to non-financial institutions and recognized in profit or loss	13,359,898.55	Bank structured deposit management income
The excess of attributable fair value of identifiable net assets over the consideration paid for the acquisition of subsidiaries, associates and joint ventures	--	--
Profit or loss on exchange of non-monetary assets	--	--
Profit or loss on entrusted investments or assets management	--	--
Impairment losses on assets due to force majeure events, e.g., natural disasters	--	--
Profit or loss on debt restructuring	--	--
Entity restructuring expenses, e.g., expenditure for layoff of employees, integration expenses, etc.	--	--
Profit or loss attributable to the evidently unfair portion of transaction price, being transacted price in excess of fair transaction price, of a transaction	--	--
Net profit or loss of subsidiaries from the beginning of the period up to the business combination date recognized as a result of business combination of enterprises under common control	--	--

Items	Amount for the current period	Statement
Profit or loss arising from contingencies other than those related to normal operating business	--	--
Profit or loss on changes in the fair value of held-for-trade financial assets, and held-for-trade financial liabilities and financial assets available-for-sale, other than those used in the effective hedging activities relating to normal operating business	--	--
Reversal of provision for account receivables that are tested for impairment losses individually	--	--
Profit or loss on entrusted loans	--	--
Profit or loss on changes in the fair value of investment properties that are subsequently measured using the fair value model	--	--
Effects on profit or loss of one-off adjustment to profit or loss for the period according to the period requirements of tax laws and accounting laws and regulations	--	--
Custodian fees earned from entrusted operation	--	--
Other non-operating income or expenses other than the above	363,559.11	basically the house purchase deposit
Other profit or loss that meets the definition of non-recurring profit or loss	--	--
Subtotal	13,719,851.84	--
Tax effects	3,429,962.96	--
Effects attributable to minority interests (after tax)	--	--
Total	10,289,888.88	--

Note: "+" means income or gain and "-" means loss or expense

The Group defines items as non-recurring profit or loss items according to "Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No.1---Non-recurring Profit or Loss"(CSRC No.[2008]43)

18.2 Return rate of net assets and earning per share

Profit the in the reporting year	Weighted return rate of net assets(%)	Earning per share (yuan / stock)	
		Basic EPS	Diluted EPS
Net profit attributable to common stockholders	9.81%	0.3293	0.3293
Less: Net profit attributable to common stockholders after deducting non-recurring losses	9.50%	0.3191	0.3191

18.3 Differences between amounts prepared under foreign accounting standards and China Accounting Standards (CAS)

Part XI Documents Available for Reference

1. The financial statements with the personal signatures and stamps of the Company's legal representative, head for financial affairs and head of the financial department; and
2. The originals of all the documents and announcements disclosed by the Company on Securities Times, China Securities Journal and Ta Kung Pao during the Reporting Period.