



# 海南大东海旅游中心股份有限公司

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



## Annual Report 2016

Disclosure Date: 31 March 2017



## Section I. Important Notice, Contents and Paraphrase

### Important Notice:

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

All directors are attending the Board Meeting for Report deliberation.

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

Li Yuanbin, Principal of the Company, Fu Zongren, person in charge of accounting works and Fu Zongren, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of 2016 Annual Report is authentic, accurate and complete.

Concerning the forward-looking statements with future planning involved in the Report, they do not constitute a substantial commitment for investors. Investors are advised to exercise caution of investment risks.

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## Paraphrase

Items	Refers to	Contents
CSRC	Refers to	China Securities Regulation Commission
SSE	Refers to	Shenzhen Stock Exchange
Company Law	Refers to	Company Law of The People's Republic of China
Securities Law	Refers to	Securities Law of The People's Republic of China
Rules of Listing	Refers to	Rules of Shenzhen Stock Exchange for the Listing of Stocks
Company/the Company	Refers to	Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd.
Article of Association	Refers to	Article of Association of Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd.
Shareholders' General Meeting	Refers to	Shareholders' General Meeting of Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd.
Board	Refers to	Board of Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd.
Supervisory Committee	Refers to	Supervisory Committee of Hainan Dadonghai Tourism Centre (Holdings) Co., Ltd.
Yuan	Refers to	RMB
In the reporting period, the reporting period	Refers to	2016-1 -1 to 2016 -12 -31

## Major Risk Warning

Concerning the forward-looking statements with future planning involved in the Report, they do not constitute a substantial commitment for investors. Investors are advised to exercise caution of investment risks.

*Securities Times*, *Hong Kong Commercial Daily* and Juchao Website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) are the media for information disclosure appointed by the Company for year of 2017, all information under the name of the Company disclosed on the above said media shall prevail.

The report is prepared in bilingual versions of Chinese and English respectively, in the event of any discrepancy in understanding the two aforementioned versions, the Chinese version shall prevail. Investors are advised to exercise caution of investment risks.



## Section II Company Profile and Main Financial Indexes

### I. Company information

Short form of the stock	Donghai-A , Donghai-B	Stock code	000613, 200613
Short form of the Stock after changed	N/A		
Stock exchange for listing	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	海南大东海旅游中心股份有限公司		
Short form of the Company (in Chinese)	大东海		
Foreign name of the Company	Hainan Dadonghai Tourism Centre (Holdings) Co.,Ltd.		
Foreign name of short form of the Company	DADONGHAI		
Legal representative	Li Yuanbin		
Registrations add.	Dadonghai Sanya		
Code for registrations add	572021		
Offices add.	Dadonghai Sanya		
Codes for office add.	572021		
Company website	www.cninfo.com.cn		
Email	hddhnh@21cn.com		

### II. Person/Way to contact

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

### III. Information disclosure and preparation place

Newspaper appointed for information disclosure	<i>Securities Times, Hong Kong Commercial Daily</i>
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Website for annual report publish appointed by CSRC	http://www.cninfo.com.cn
Preparation place for annual report	Security department of the Company

#### IV. Registration changes of the Company

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

#### V. Other relevant information

CPA engaged by the Company

Name of CPA	BDO CHINA Shu Lun Pan Certified Public Accountants LLP
Offices add. for CPA	4# Building, No. 61, Nanjing Rd.(E), Shanghai
Signing Accountants	Zhu Jianqing, Liu Zebo

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

Applicable  Not applicable

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



Applicable  Not applicable

## VI. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data for accounting policy changed and accounting error correction or not

Yes  No

	2016	2015	Changes over last year	2014
Operating income (RMB)	21,708,883.51	15,885,922.90	36.65%	20,202,134.10
Net profit attributable to shareholders of the listed company (RMB)	-2,661,052.49	-7,477,866.40	64.41%	2,503,486.47
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	-4,072,689.97	-9,474,005.29	57.01%	-2,709,988.03
Net cash flow arising from operating activities (RMB)	2,766,372.02	-1,745,526.28	258.48%	2,432,068.08
Basic earnings per share (RMB/Share)	-0.0073	-0.0205	64.39%	0.0069
Diluted earnings per share (RMB/Share)	-0.0073	-0.0205	64.39%	0.0069
Return on Equity	-3.52%	-9.27%	62.03%	3.01%
	End of 2016	End of 2015	Changes over end of last year	End of 2014
Total assets (RMB)	105,444,153.63	104,887,596.60	0.53%	114,080,998.28
Net assets attributable to shareholder of listed company (RMB)	74,276,415.44	76,937,467.93	-3.46%	84,415,334.33

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

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

Applicable  Not applicable

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

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

Applicable  Not applicable

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

**VIII. Quarterly main financial index**

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	8,524,404.50	3,538,393.10	3,582,335.33	6,063,750.58
Net profit attributable to shareholders of the listed company	1,448,307.91	-1,276,185.39	-1,835,620.17	-997,554.84
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	1,379,388.41	-1,284,671.89	-1,835,620.17	-2,331,786.32
Net cash flow arising from operating activities	3,015,764.60	-1,562,067.16	-143,312.76	1,455,987.34

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

Yes  No

**IX. Items and amounts of extraordinary profit (gains)/loss**

Applicable  Not applicable

In RMB

Item	2016	2015	2014	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	380,866.43	-90,560.75	5,119,583.45	-
Capital occupation fees charged by non financial enterprises recorded in the current profits and losses	961,165.05	422,000.00		-
Other non-operating income and expenditure except for the aforementioned items	69,606.00	1,664,699.64	93,891.05	-
Total	1,411,637.48	1,996,138.89	5,213,474.50	--

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

Applicable  Not applicable

In reporting period, the Company has no particular about items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*.





## Section III Summary of Company Business

### I. Main businesses of the company in the reporting period

Whether the company needs to comply with the disclosure requirements of the particular industry

No

The company's main business is hotel accommodation and catering services. Procurement of goods is mainly the goods and materials necessary for hotel and catering operations by taking the principle of low price and fine quality, some goods are purchased by directly signing purchase contracts with suppliers, and some good are purchased by procurement agents. The selling is mainly based on internet marketing and supplemented by the individual travelers of non-internet marketing and business and the tourists from travel agencies. The hotel is located at the central zone of Dadonghai scenic spot in Sanya City, Hainan Province, and it has become a member of the nationwide famous hotels because of the convenient transportation, beautiful environment, long history, and rich culture. However, in recent years, the local high-, middle- and low-grade hotels or guesthouses numerously emerge, resulting in the supply much larger than the market demand, the industry competition is rather fierce, and the pressure of decline in business remains.

### II. Major changes in main assets

#### 1. Major changes in main assets

Major assets	Note of major changes
Fixed assets	Numbers declined mainly because, the house and buildings, held for earning rents, are transfer to the investment real estate for accounting
Intangible assets	Numbers declined mainly because, the land-use right, held for earning rents, are transfer to the investment real estate for accounting
Investment real estate	Numbers increased mainly because, the house and buildings as well as land-use right, held for earning rents, are transfer to the investment real estate for accounting
Financial assets available for sale	Numbers declined mainly because, equity of Sanya Xiangyu E-Business Co., Ltd. are transferred in the period

#### 2. Main overseas assets

Applicable  Not applicable

### III. Core Competitiveness Analysis

Whether or not the Company complies with disclosure requirement of the special industry

No



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

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



## Section IV Discussion and Analysis of Operation

### 1. Introduction

During the reporting period, the company realized main business income of 21,708,900 Yuan, increased by 5,823,000 Yuan compared with the same period last year, an increase of 36.66%; investment income of 1,390,900 Yuan, increased by 968,900 Yuan compared with the same period last year, an increase of 229.60%; operating profit loss of 2,681,800 Yuan, decreased by 6,370,200 Yuan compared with the same period last year, a decrease of 70.37%; net non-operating income of 20,700 Yuan, reduced by 1,553,400 Yuan compared with the same period last year, a decrease of 98.68%; net profit loss of 2,661,100 Yuan, decreased by 4,816,800 Yuan compared with the same period last year, a decrease of 64.41%.

During the reporting period, the Company focus on market-oriented and use marketing strategy in a flexible way to expoile the sales channel, meanwhile, strengthening enterprise culture construction as well as the employee team-building, making efforts to improve product's quality, strictly controlling the cost management, perfect the Company's internal control system in order to reduce the risks and consumptions for more income earns and less expenditure costs, we completed the operation targets that formulated at beginning of the year basically. Main works are as:

#### 1. Market-oriented, use marketing strategy in a flexible way to expoile the sales channel

The Company made a flexible product price and sales mode with the market-oriented in the Period, continues to enlarge the network marketing channel and sales ability. We ensuring the leading role of individual tourists and supplemented by travel agency individual tourists and business tourists, enhanced co-operation with the leading travel website in China as Ctrip, Qunar, Tuniu, alitrip, Asia Travel, T-mall shop of the Hotel organization. Expanding the sales on net through making the best of network channels and e-business platform. We further maintain regular clinets, and develop the direct travel agency in first/second-tier cities in East China, South West China and South China, increased the sales channel of team and invidual of of the travel agency. Initiated the incentive mechanism for all employees, fully mobilized the enthusiasm of all staffs for increasing the sales volume. The Company achieved revenue of main business of 21.7089 million Yuan in the period, increased 5.823 million Yuan by comparing with the year earlier with 36.66% up.

#### 2. People-oriented, strengthen the enterprise with high-quality, strive to improve product qualifty and enhance the competitive-ness of enterprises

In reporting period, in line with the Human-Oriented employment ideality, we continously enriched the culture life for employees, creat a harmonious working enviornment and strengthen the construction of enterprise culture and staff-building. At the same time, create new management mechanism, motivate and mobilized the enthusiasm, initiative and creativity of the staff. Based on the management ideal of "strengthen the enterprise with



high-quality”, we constantly strengthen the hotel management and carried out skill training in pre-job for their basic information and the after-job for business ability improvement. Enhance the service standards and consciousness, as well as the sense of responsibility and quality, effectively improved the service quality and management standards, and highering the quality of the hotel and comprehensive competitiveness.

3. Strictly curb the costs and budget management, improve internal control mechanism, reducing risks and consumptions, increase revenue and reduce expenditures, safety in production to maximize the interest of the enterprise

During the Period, the Company focus on financial management, further improve the procurement management mechanism and budget management, with the price inquiry on internet and within the hotel industry, making multiple channels in aspect of purchasing costs, we scientificly controls the management costs by shopping around, strictly control vary expenses in reasons. Frequent inspection and repair, and prohibit vary wasting of resources, the reasonable procurement costs and revenue cost are being improve effectively. Meanwhile, continues to improve the IC mechanism, enhance the regulation and implementation of the IC, strengthen the effective implementation in IC, increase revenue and reduce expenditures, safety in production for improving the operation efficiency, guarantee a safy operation and maximized the interest of the Company.

In 2017, the Company continue to consolidate and expand sales channels, improve the hotel’s quality and service standards, enhance the comprehensive competitiveness, proactively promote the material asset reorganization, to laying out a solid foundation for sustained, stable and healthy development of the Company.

## II. Main business analysis

### 1. Introduction

See the “I-Introduction” in “Discussion and Analysis of Operation”

### 2. Revenue and cost

#### (1) Constitute of operation revenue

In RMB

	2016		2015		Increase/decrease y-0-y
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total of operation revenue	21,708,883.51	100%	15,885,922.90	100%	36.65%
According to industries					
Tourism catering service	19,117,791.52	88.06%	15,885,922.90	100.00%	20.34%
Other business	2,591,091.99	11.94%			



According to products					
Room revenue	16,914,028.50	77.91%	12,264,036.40	77.20%	37.92%
Catering entertainment revenue	2,203,763.02	10.15%	3,621,886.50	22.80%	-39.15%
Other business revenue	2,591,091.99	11.94%			
According to region					
Hainan area	21,708,883.51	100.00%	15,885,922.90	100.00%	36.65%

**(2) About the industries, products, or regions accounting for over 10% of the company's operating income or operating profit**

Applicable  Not applicable

Whether or not the Company complies with disclosure requirement of the special industry

No

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y
According to industries						
Tourism catering service	19,117,791.52	9,693,974.20	49.29%	20.34%	23.13%	-1.15%
Other business	2,591,091.99	564,466.42	78.22%			
According to products						
Room revenue	16,914,028.50	8,561,353.33	49.38%	37.92%	18.15%	8.47%
Catering entertainment revenue	2,203,763.02	1,132,620.87	48.61%	-39.15%	80.74%	-31.31%
Other business revenue	2,591,091.99	564,466.42	78.22%			
According to region						
Hainan area	21,708,883.51	10,258,440.62	52.75%	36.65%	30.30%	2.31%

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

Applicable  Not applicable

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

□ Yes √ No

**(4) Fulfillment of the company's signed significant sales contracts up to this reporting period**

□ Applicable √ Not applicable

**(5) Constitute of operation cost**

Industry classification

Industry classification

In RMB

Industries	Item	2016		2015		Increase/decrease y-o-y
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Tourism catering service	Raw material	1,132,620.87	11.04%	626,661.16	7.96%	80.74%
Tourism catering service	Salary welfare	1,526,437.63	14.88%	766,535.44	9.74%	99.13%
Tourism catering service	Water and electricity	2,909,128.71	28.36%	1,164,313.51	14.79%	149.86%
Tourism catering service	Depreciation	2,271,348.02	22.14%	2,340,890.80	29.73%	-2.97%
Tourism catering service	Repair cost	713,218.96	6.95%	449,997.10	5.72%	58.49%
Tourism catering service	Knitted and Cotton Goods	2,640.00	0.03%	458,835.00	5.83%	-99.42%
Tourism catering service	Washing fee	471,750.30	4.60%	314,587.82	4.00%	49.96%
Tourism catering service	Total cost	9,693,974.20	94.50%	7,873,049.71	100.00%	23.13%

Note

Explanation on changes:

1. Raw material increased mainly due to the growth of catering entertainment income;
2. Salary welfare increased mainly because 1)13 employee of PA are classify to housekeeping department in the period; 2) expenditure increased in the housekeeping employees; 3) the salary standards improve;
3. Water and electricity increased mainly because the electricity, less calculated in previous from Sanya Power Bureau;
4. Repair cost increased mainly because more reform of the equipment and facilities in the period;
5. Knitted and Cotton Goods declined mainly because we change the hotel linen for guest room last year;



6. Washing fee increased mainly due to the growth of business.

**(6) Whether the changes in the scope of consolidation in Reporting Period**

Yes  No

**(7) Major changes or adjustment in business, product or service of the Company in Reporting Period**

Applicable  Not applicable

**(8) Major sales and main suppliers**

Major sales client of the Company

Total top five clients in sales (RMB)	6,082,010.47
Proportion in total annual sales volume for top five clients	28.02%
Ratio of related parties in annual total sales among the top five clients	0.00%

Information of top five clients of the Company

Serial	Name	Sales (RMB)	Proportion in total annual sales
1	Sanya Haolide International Travel Service Co., Ltd.	2,211,935.00	10.19%
2	Shanghai Hecheng International Travel Service Co., Ltd.	1,479,261.36	6.81%
3	Qunar (Tianjin) International Travel Service Co., Ltd.	865,266.00	3.99%
4	Alipay (China) Network Technology Co. Ltd.	856,740.11	3.95%
5	Beijing Jiaxin Haoyuan Information Technology Co. Ltd.	668,808.00	3.08%
Total	--	6,082,010.47	28.02%

Other situation of main clients

Applicable  Not applicable

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	4,939,277.89
Proportion in total annual purchase amount for top five suppliers	89.46%
Ratio of related parties in annual total sales among the top five suppliers	0.00%

Information of top five suppliers of the Company

Serial	Name	Sales (RMB)	Proportion in total annual sales
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1	Sanya Power Supply Bureau of Hainan Power Grid	2,039,627.80	36.94%
2	Liu Wunan	1,584,833.47	28.71%
3	Sanya Zhengzhuang Industrial Co., Ltd.	509,937.00	9.24%
4	Sanya Sinofrench Water Supply Co., Ltd.	452,434.93	8.19%
5	Sanya Yunwang Food Co., Ltd.	352,444.69	6.38%
Total	--	4,939,277.89	89.46%

Other notes of main suppliers of the Company

Applicable  Not applicable

### 3. Expenses

In RMB

	2016	2015	Increase/decrease y-o-y	Note of major changes
Sales expense	4,931,333.26	5,722,072.82	-13.82%	Some of the assets are listed as investment real estate in the period, the depreciation expenses declined
Management expense	9,374,635.91	10,272,262.86	-8.74%	Taxes (taxes declined due to the change of accounting policy) and business entertainment costs declined
Financial expense	-193,645.29	-109,213.80	-77.31%	Interest income from savings increased

### 4. R&D expenses

Applicable  Not applicable

### 5. Cash flow

In RMB

Item	2016	2015	Y-o-y changes
Subtotal of cash in-flow from operation activity	23,114,982.69	20,454,444.34	13.01%
Subtotal of cash out-flow from operation activity	20,348,610.67	22,199,970.62	-8.34%
Net cash flow from operation activity	2,766,372.02	-1,745,526.28	258.48%
Subtotal of cash in-flow from	14,920,000.00	9,429,510.00	58.23%





investment activity			
Subtotal of cash out-flow from investment activity	10,258,516.27	10,451,881.00	-1.85%
Net cash flow from investment activity	4,661,483.73	-1,022,371.00	555.95%
Net increased amount of cash and cash equivalent	7,427,855.75	-2,767,897.28	368.36%

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

Applicable  Not applicable

1. Net cash flow from operation activity has a y-o-y growth of 258%, mainly because the revenue from business increased dramatically, and sales expenses and management expenses have less expenditure in the Period;
2. Net cash in-flow from investment activity has a y-o-y growth of 58%, mainly because obtained transfer income from selling equity of Sanya Xiangyu E-Business Co., Ltd. and received income from debt investment;
3. Net cash flow from investment activity has a y-o-y growth of 556%, mainly because obtained transfer income from selling equity of Sanya Xiangyu E-Business Co., Ltd. and received income from debt investment

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

Applicable  Not applicable

### III. Analysis of the non-main business

Applicable  Not applicable

In RMB

	Amount	Ratio in total profit	Note	Whether be sustainable
Investment income	1,390,918.55	52.27%	Income from debt investment and equity transfer	Equity transfer income is not sustainable

### IV. Assets and liability

#### 1. Major changes of assets composition

In RMB

	End of 2016		End of 2015		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	27,210,248.01	25.81%	19,782,392.26	18.86%	6.95%	The increase of business revenue, debt investment income and equity transfer income
Account	690,444.72	0.65%	460,197.28	0.44%	0.21%	The business in the Period



receivable						increased
Inventory	219,179.72	0.21%	218,075.43	0.21%	0.00%	In the standard change scope
Investment real estate	9,333,527.55	8.85%			8.85%	The leasehold house& buildings as well as land-use-right are change their listed item
Fix assets	40,395,680.91	38.31%	51,279,986.58	48.89%	-10.58%	The leasehold house & buildings are listed in investment real estate

## 2. Assets and liability measured by fair value

Applicable  Not applicable

## 3. Assets right restriction till end of reporting period

Nil

## V. Investment

### 1. Overall situation

Applicable  Not applicable

### 2. The major equity investment obtained in the reporting period

Applicable  Not applicable

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

Applicable  Not applicable

Investment in the reporting (RMB)	Investment in the same period of last year (RMB)	Changes
9,000,000.00	9,000,000.00	0.00%

## 4. Financial assets investment

### (1) Securities investment

Applicable  Not applicable

The company had no securities investment in the reporting period.

### (2) Derivative investment

Applicable  Not applicable



The Company has no derivatives investment in the Period

## 5. Application of raised proceeds

Applicable  Not applicable

The Company has no application of raised proceeds in the Period

## VI. Sales of major assets and equity

### 1. Sales of major assets

Applicable  Not applicable

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

### 2. Sales of major equity

Applicable  Not applicable

Count erpart	Equity for sale	The date of sale	Transa ction price (in 10 thousa nd Yuan)	The net profits contri buted to the listed comp any by the equity from the begin ning of curren t period to the date of sale(i n 10 thousa nd	Impa ct on the Com pany	The propo rtion of the net profits that the equity - for -sale contri buted to the listed comp any in total profits	Pricin g princi ple	Relat ed transa ction confir med (Y/N)	The associa tion with the counte rparty	The owner ship of prop erty rights that invol ved has transf erred total ly (Y/N)	Does the plan impleme nted on schedule or not, explain the reasons and counterm easures the Company have taken for not impleme nted on schedule	Date of discl osure	Index of discl osure



				Yuan)									
Chen Gungrong	Sanya Xiangyu E-Commerce Co., Ltd.	2016-11-21	493	38	No adverse effects	14.29%	Negotiated pricing	No	No association	Yes	Yes		

## VII. Analysis of main holding company and stock-jointly companies

Applicable  Not applicable

The Company had no information of main holding company and stock-jointly companies disclosed in the reporting period.

## VIII. Structured vehicle controlled by the Company

Applicable  Not applicable

## IX. Future Development Prospects

### 1. Industrial development trend and competition facing the Company

Sanya is the only tropical seaside city in China with a world-leading eco-environment, and has a wonderful air quality that can be numbered in China, it owns an abundant marine resources with unique resource advantage. Sanya has a geographical position advantage and under the help of preferential policy of duty-free for the internationalization of tourism island, with the improvement of people's life quality in recent years, and enhancement of tourism consumption consciousness while haze air environment outside the island, the tourism market prospects has a good trend in Hainan. However, in reporting period, the whole world has a slump in economic resurgence, the tourism market lack of vitality, the supply far greater than the demand while home inn hotel rapidly expanding blindly, the market competition comes more and more intensify. In addition, with the soaring operation costs and expenditures for the salary of hospitality industry in Sanya and shrinking operation profit, the hotel industry faced a downward pressure on operation.

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

### 2. Future development plans and operation plan for year of 2016

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

(2) Continue to expand financing channels, proactively push forward the material assets reorganization, enrich the industrial structure, widen the company size, increased more profit points in order to strengthen the sustainability, stable and healthy of the operation.



(3) Continue to strengthen the standard management of internal control, perfect the corporate governance structure, standardize the management and operation, and effectively control the risks.

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

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

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

#### (1) Marco Policy risks

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

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

#### (2) Natural disaster risks

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

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

#### (3) Risks of HR

Demand for talend in aspect of hotel sales and management are increasingly due to the constantly rise of hotel industry, flow of hotel talented people comes more widespread and more frenquent, we may face the risks of development restrained from brain drain.

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

#### (4) Operational risks of main business

With the ceaseless development of global tourist industry constantly and ceaseless rising of high-class, middle-class and low-class hotels, the tourist sources keep shunting, and the competition of tourism service industry in Sanya becomes increasingly fierce. While the main business of the Company is just a small-scale hotel, as the main business is single and the business scope is limited, the tourist market conditions and tourist quantity directly make significant affects on the company performance.

Countermeasure: made a scientific management and decision-making procedures, strengthen the awarenes of risk prevention, building and improving relevant mechanism and regulized the management in the Company. Furthermore, increase the sales ability, on base of the former saels networ, continues to exploit foreign high-end



tourism market under the superior geographical location and environment for highering the occupancy rate. Besides, we will push forward the material asset reorganization, expanding operation projects, enrich the industrial structure for increasing the profit increasing point.

#### (5) Termination of reorganization risk

Material asset reorganization has greater uncertainty, the reorganization including but not limited to the risks of approval risks and termination risks.

Countermeasure:we explore the feasibility of reorganization scheme with relevant parties and intermediary organ, careful considerate vary works in the process of reorganization, read up relevant policies and strictly perform the information disclosure responsibility, advance the progress of material asset reorganization with all strength.

## X. Reception of research, communication and interview

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

√Applicable    □ Not applicable

Time	Way	Type	Basic situation index of investigation
2016-10-13	Telephone communication	Individual	Investor surnamed Lin in Hainan inquired about the disclosure time of the third quarterly report of 2016, no material has been provided yet
2016-10-26	Telephone communication	Individual	Investor Mr./Ms. Huang from Guangzhou asking about the employee stock how to listed for trading, no material has been provided
2016-11-02	Telephone communication	Individual	Investor Mr./Ms/ Zhang from Shanghai asking about the commitment of reorganization progress by majority shareholders, no material has been provided
2016-11-22	Telephone communication	Individual	Investor surnamed Wang in Anqing inquired about the company's business assets and future development, no material has been provided yet
2016-12-08	Telephone communication	Individual	Investor surnamed Jiang in Zhejiang inquired about the company's business condition in 2016, no material has been provided yet
2016-12-27	Telephone communication	Individual	Investor surnamed Zhao in Chendu inquired about the company's business assets and future development, no material has been provided yet
Reception (times)			20
Number of hospitality			0
Number of individual reception			20
Number of other reception			0
Disclosed, released or let out major undisclosed information			No



## Section V. Important Events

### I. Profit distribution plan of common stock and capitalizing of common reserves plan

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

Applicable  Not applicable

Profit distribution plan (pre-plan) of common stock and capitalizing of common reserves plan (pre-plan) in latest three years (including the reporting period)

According to the auditing reports issued by certified public accountants, the net income realized in nearly three years (including the reporting period) was used to make up the losses in the previous year; the undistributed profit during this reporting remained a minus. The Company did not take profit allocation nor capitalization of capital reserve during the reporting period.

Cash dividend of common stock in latest three years (including the reporting period)

In RMB

Year for bonus shares	Amount for cash bonus (tax included)	Net profit attributable to common stock shareholders of listed company in consolidation statement for bonus year	Ratio in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Amount for cash bonus by other ways	Proportion for cash bonus by other ways
2016	0.00	-2,661,052.49	0.00%	0.00	0.00%
2015	0.00	-7,477,866.40	0.00%	0.00	0.00%
2014	0.00	2,503,486.47	0.00%	0.00	0.00%

The Company gains profits in reporting period and the retained profit of common stock shareholders provided by parent company is positive but no plan of cash dividend proposed of common stock

Applicable  Not applicable

### II. Profit distribution plan and capitalizing of common reserves plan for the Period

Applicable  Not applicable

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

### III. Implementation of commitment

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

Applicable  Not applicable

Commitments	Promise	Type	Content of commitments	Com mitment	Com mitment	Implementation
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		of commi tments		date	term	
Commitments for Share Merger Reform	Luoniushan Co., Ltd	Other commitments	On May 30, 2007, Luoniushan Co., Ltd. made commitments in the Company's "Instructions for reform of non-tradable shares" (Revision) and "Instructions for reform of non-tradable shares" (Abstract of revision) that in view of Dadonghai Company's losses in successive years and on the verge of delisting, in order to reverse the company's business difficulties, improve profitability and recover the continuous business capacity, Luoniushan Co., Ltd., the controlling shareholder of Dadonghai Company made commitments to actively seek restructuring parties to reorganize the assets of Dadonghai Company at the appropriate time.	2014-06-27	With in 3 years	Since the Company's implementation of reform of non-tradable shares, the Company has avoided the risk of delisting and improved the financial situation accordingly with efforts of all parties. Till end of the report disclosed, Luoniushan Co., Ltd. is planning the commitment performance, stock of the Company suspension for planning a major asset restructuring
Commitments in report of acquisition or equity change						
Commitments in assets reorganization						
Commitments make in initial public offering or re-financing						
Equity incentive commitment						
Other commitments for medium and small shareholders	Luoniushan Co., Ltd	commitments of increasing or decreasing	Based on the confidence in the future sustainable development of Dadonghai, as well as the long-term investment value of domestic capital market, Luoniushan Co., Ltd. shall take practical action and participate in maintaining the capital market stability. In accordance with the relevant provisions of China Securities Regulatory Commission and Shenzhen Stock Exchange, Luoniushan Co., Ltd. plans to take chances to increase	2015-07-10	With 6 months	Completed





		holding of shares in Dadonghai through Shenzhen Stock Exchange within six months from the date of this announcement, the amount of increased holding of shares should be no less than RMB 5 million yuan, and does not automatically reduce holding of shares in Dadonghai during the increased holding period, within six months after the increased holding of shares and within the legal time limit.			
Completed on time(Y/N)	Yes				
If the commitments is not fulfilled on time, shall explain the specify reason and the next work plan	N/A				

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

Applicable  Not applicable

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

Applicable  Not applicable

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

**V. Explanation from Board of Directors, Supervisory Committee and Independent Directors (if applicable) for “Qualified Opinion” that issued by CPA**

Applicable  Not applicable

**VI. Particulars about the changes in aspect of accounting policy, estimates and calculation method compared with the financial report of last year**

Applicable  Not applicable

The accounting policy has follw changes from a year eariler:

Pursuit to the *Accounting Standards for Business Enterprise* and *Provisions Concerning the Accounting Treatments on Value-Added Tax* from Treasury Dept., relevatn accounting policies have the follow changes:

(i) In line with the relevant cost expenses regulated in *Accounting Standards for Business Enterprise* , the period charge with guest house concerned calculaterd in “business expenses”, pursuit to former industry accounting system, will re-classified to “Business costs”

1. Overview of accounting policy change



The former accounting policy adopt the calculation method of cost expenses regulated in accounting policy of food services (before 2000), that is, expenses of fixed assets depreciation with guest house concerned directly will reckon in the “business expenses (sales expenses)”, thus the company has a higher gross profit rate in guest house income. At present, in line with relevant regulation of the relevant cost expenses in *Accounting Standards for Business Enterprise*, and reference to the calculation from other hotel enterprise, the expenses of fixed assets depreciation with guest house concerned directly will re-classified to “business cost” for accounting.

2. Accounting policy before changed: the period expenses concerned with the revenue from guest room, including salary, welfare, material consumption, utility bills, knitwear and depreciation, will listed in “business expenses” for calculation;

3. Accounting policy after changed: the period expenses concerned with the revenue from guest room, including salary, welfare, material consumption, utility bills, knitwear and depreciation, will listed in “business cost” for calculation;

4. Time of change: the accounting policy will implemented since 1 January 2016, and carried out retroactive adjustment for previous items

#### 5. Impact on the Company

The above mentioned changes impact the numbers of business cost and sales expenses that listed in profit statement only, increase the “business cost” in profit statement to 7,246,388.55 Yuan for the year, reduced “sales expenses” in profit statement to 7,246,388.55 Yuan; The numbers of “business cost” in last year increased to 6,663,327.56 Yuan while reduced the “sales expenses” to 6,663,327.56 Yuan for the year earlier. Otherwise, there are no impact on the total profit, net profit, net assets and total assets of the Company that released previous.

(ii) Relevant accounting policy changed in line with the *Provisions Concerning the Accounting Treatments on Value-Added Tax* issued from Treasury Dept. on 3 December 2016

#### 1. Overview of accounting policy change

In order to implement the ‘Notice on Tax Policy Concerning Nationwide Implementation of VAT Pilot Program From Business Tax’, the ‘Provision of Accounting Treatment on VAT’ issued by Treasury Department on 3 December 2016, regulated the accounting treatment on VAT changed from business tax, and implemented since 1 May 2016.

#### 2. Accounting policy before and after the changes

(1) the taxable expenses calculated with “business tax and surcharge” will changed to “taxes and surcharge”;

(2) The real estate tax, land-use right tax, vehicle and vessel usage tax and stamp tax occurring in operation activities will re-classified to “taxes and surcharge”;

(3) the taxes prepaid or over-paid in ‘payable tax’ will re-classified to “other current assets”

3. Time of change: the accounting policy will implemented since 1 May 2016

#### 4. Impact on the Company

(1) The “business tax and surcharge” in profit statement adjusted to item of “taxes and surcharge”;

(2) Impact on the total assets and total liability in balance sheet, the ending balance of “other current assets” in balance sheet will increased 1,876,449.22 Yuan, ending balance of “payable taxes” in balance sheet increased 1,876,449.22 Yuan;



(3) The “taxes and surcharge” in profit statement increased 791,063.74 Yuan in the year while decreased “administrative expenses” to 791,063.74 Yuan for the year. There are no impact on the total profit, net profit and net asstes of the Company that released previous.

The above mentioned policy changes will not be retroactive adjusted.

(iii) Pursuit to relevant regulation of “Accounting Standards for Business Enterprise No.3- Investment Real Estate”, the house and lands used for leasing will calculate by cost in “Investment real estate” since 1 Janaury 2016, which shows no impact on the total asstes, total liabilities, total profit and net profit of the Company for the year.

Major accounting estimates has no changes in the peirod, calculation method has no changes except the above mentioned.

## VII. Major accounting errors within reporting period that needs retrospective restatement

Applicable  Not applicable

No major accounting errors within reporting period that needs retrospective restatement for the Company in the period.

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

Applicable  Not applicable

No changes in consolidation statement’s scope for the Company in the period.

## IX. Appointment and non-reappointment (dismissal) of CPA

Accounting firm appointed

Name of domestic accounting firm	BDO CHINA Shu Lun Pan Certified Public Accountants LLP
Remuneration for domestic accounting firm (in 10 thousand Yuan)	39
Continuous life of auditing service for domestic accounting firm	6
Name of domestic CPA	Zhu Jianqing, Liu Zebo

Re-appointed accounting firms in this period

Yes  No

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

Applicable  Not applicable

On 20 April 2016, the Company holding the 8<sup>th</sup> meeting of 8<sup>th</sup> session of the Board, and decided to appointed BDO CHINA Shu Lun Pan Certified Public Accountants LLP as the auditing institute of the internal control for year of 2016 and the decision has been deliberated and approved in general meeting of 2015. During the period, auditing fee 80,000 Yuan in total has been paid to the institute for internal control auditing.

**X. Particular about suspended and delisting after annual report disclosed** Applicable  Not applicable**XI. Bankruptcy reorganization** Applicable  Not applicable

No bankruptcy reorganization for the Company in reporting period

**XII. Significant lawsuits and arbitrations of the Company** Applicable  Not applicable

No significant lawsuits and arbitrations occurred in the reporting period

**XIII. Penalty and rectification** Applicable  Not applicable

No penalty and rectification for the Company in reporting period.

**XIV. Integrity of the company and its controlling shareholders and actual controllers** Applicable  Not applicable**XV. Implementation of the company's stock incentive plan, employee stock ownership plan or other employee incentives** Applicable  Not applicable

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

**XVI. Major related transaction****1. Related transaction with routine operation concerned** Applicable  Not applicable

Related party	Relationship	Type of related transaction	Content of related transaction	Pricing principle	Related transaction price	Related transaction amount (in 10 thousand and Yuan)	Proportion in similar transactions	Trading limit approved (in 10 thousand and Yuan)	Whether over the approved limit or not (Y/N)	Clearing form for related transaction	Available similar market price	Date of disclosure	Index of disclosure



Luoniushan Co., Ltd.	First major share holder	Consumption	Accommodation	Market price	Market price	2.96	0.15 %	0	Yes	Same as the transaction with non-related party	Same as the transaction with non-related party	-	-
Total				--	--	2.96	--	0	--	--	--	--	--
Detail of sales return with major amount involved				N/A									
Report the actual implementation of the daily related transactions which were projected about their total amount by types during the reporting period				N/A									
Reasons for major differences between trading price and market reference price				Not applicable									

## 2. Related transactions by assets acquisition and sold

Applicable  Not applicable

No related transactions by assets acquisition and sold for the Company in reporting period

## 3. Related transactions of mutual investment outside

Applicable  Not applicable

No main related transactions of mutual investment outside for the Company in reporting period

## 4. Contact of related credit and debt

Applicable  Not applicable

The Company had no contact of related credit and debt in the reporting period.

## 5. Other significant related transactions

Applicable  Not applicable

The company had no other significant related transactions in reporting period.

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

Applicable     Not applicable

No trusteeship for the Company in reporting period

**(2) Contract**

Applicable     Not applicable

No contract for the Company in reporting period

**(3) Leasing**

Applicable     Not applicable

Note of leasing

Item	Tenant	Lease life	Term of lease
B/F of the Hotel	Ma Ming (Hainan Hangpai Food Co., Ltd. )	5 years	2016-01-01 to 2020-12-31
Shopping mall –B/F	Xu Jipeng	3 years	2016-11-15 to 2019-11-14
A/F ground floor	Chen Junwei	3 years	2016-03-01 to 2019-02-28
Seaside stall and wood house	Sanya Leda Food Management Co., Ltd.	5 years	2016-05-01 to 2021-04-30
Seaside locker room	Zhong Zhengao	3 years	2016-12-01 to 2019-11-30

Gains/losses to the Company from projects that reached over 10% in total profit of the Company in reporting period

Applicable     Not applicable

Name of lessor	Name of the leasing party	Leasing assets	Leasing assets involved in the amount (in 10 thousand Yuan)	Lease start date	Lease termination date	Leasing income (in 10 thousand Yuan)	Basis for determining the leasing income	The impact of leasing income on the company	Whether be related transactions	Association relation
The Company	Ma Ming (Hainan Hangpai Food Co., Ltd. )	B/F restaurant in first floor	1,886	2016-01-01	2020-12-31	75.6	Contract	Increase income	No	N/A
The Company	Sanya Leda Food Management Co., Ltd.	Seaside stall and wood house	653	2016-05-01	2021-05-30	180	Contract	Increase income	No	N/A
The Company	Zhong Zhengao	Seaside locker room	10	2016-11-01	2019-10-31	36	Contract	Increase income	No	N/A



y										
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## 2. Major Guarantee

Applicable  Not applicable

The Company had no guarantee in the reporting period.

## 3. Entrust others to cash asset management

### (1) Trust financing

Applicable  Not applicable

The Company had no trust financing in the reporting period.

### (2) Entrusted loans

Applicable  Not applicable

The company had no entrusted loans in the reporting period.

## 4. Other material contracts

Applicable  Not applicable

No other material contracts for the Company in reporting period

## XVIII. Social responsibility

### 1. Execution of social responsibility of targeted poverty alleviation

Applicable  Not applicable

### 2. Execution of other social responsibility

Nil

Listed company and its subsidiary belongs to the key pollution enterprise listed by Department of Environmental Protection

No

Whether the social responsibility report released

Yes  No

## XIX. Explanation on other significant events

Applicable  Not applicable

1. On 8 March, the Company received a written decision of administrative penalty ZJFZi [2001] No.3 “Penalty Decision on Hainan Dadonghai Tourism Center (Holdings) Co., Ltd. in Violation of Securiteis Laws and Regulations ” from CSRC for false profit and rule-violation. Penalty including confiscate their illegal income of 19.31 million Yuan and impose a fine of 0.5 million Yuan. On 20



February 2017, the Company paid the penalty in full to CSRC.

2. The Lawyer's Letter received by the Company: by preliminary accounting from Sanya Power Bureau, the 10313373 Kwh electricity was understate under the name of South China Hotel from July 2006 to April 2016. Found more in "Notice of Lawyer's Letter received by Hainan Dadonghai Tourism Center (Holdings) Co., Ltd." (Notice No.: 2016-016) released on Securities Times, Hong Kong Commercial Daily and Juchao Website dated 31 May 2016. The Company is communicated and negotiates with Sanya Power Bureau in the above mentioned event without negotiation results so far.

## **XX. Significant event of subsidiary of the Company**

Applicable     Not applicable





## Section VI. Changes in Shares and Particulars about Shareholders

### I. Changes in Share Capital

#### 1. Changes in Share Capital

	Before the Change		Increase/Decrease in the Change (+, -)				After the Change		
	Amount	Proportion	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion
I. Restricted shares	15,073,200	4.14%				-4,617,513	-4,617,513	10,455,687	2.87%
1. State-owned shares									
2. State-owned corporate shares	2,369,400	0.65%						2,369,400	0.65%
3. Other domestic shares	12,703,800	3.49%				-4,617,513	-4,617,513	8,086,287	2.22%
Including: Domestic legal person shares	12,571,800	3.45%				-4,618,800	-4,618,800	7,953,000	2.18%
Domestic natural person shares	132,000	0.04%				1,287	1,287	133,287	0.04%
II. Unrestricted shares	349,026,800	95.86%				4,617,513	4,617,513	353,644,313	97.13%
1. RMB common shares	261,026,800	71.69%				4,617,513	4,617,513	265,644,313	72.96%
2. Domestically listed foreign shares	88,000,000	24.17%						88,000,000	24.17%
III. Total shares	364,100,000	100.00%				0	0	364,100,000	100.00%

Reasons for share changed

√ Applicable    □ Not applicable

In 2016, Chen Gang (formerly known as Chen Shengguang) by-elected as staff supervisor of the Company, he holds 1287 A-share that un-tradable for executives. And during the follow-up process of non-tradable shares reform, relevant shares are released in line with relevant regulations and some of the shareholders are repaying the advance money for another, thus the share structure of the Company changed in the Period while total shares remain the same.



Approval of share changed

 Applicable  Not applicable

Ownership transfer of share changes

 Applicable  Not applicable

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

 Applicable  Not applicable

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

 Applicable  Not applicable**2. Changes of restricted shares** Applicable  Not applicable

In Share

Shareholders' name	Number of shares restricted at Period-beg in	Number of shares released in the Year	Number of new shares restricted in the Year	Number of shares restricted at Period-end	Restriction reasons	Released date
Chen Shengguang	0	0	1,287	1,287	Executive un-tradable shares	Comply with relevant regulations
Xiao Tiefeng	132,000	0	0	132,000	Legal commitment in share reform	After remove restricted procedures complete
Sanya Real Estate Valuation Agent	924,000	0	0	924,000	Legal commitment in share reform	After remove restricted procedures complete
Hainan Hong Kong-Macao International Trade Development Co., Ltd.	924,000	0	0	924,000	Legal commitment in share reform	After remove restricted procedures complete
Haikou Dongfang Urban credit Cooperative	924,000	0	0	924,000	Legal commitment in share reform	After remove restricted procedures complete
Hainan Branch of Bank of Communications Co., Ltd.	924,000	0	0	924,000	Legal commitment in share reform	After remove restricted procedures complete
Shenyang Jin'an Industrial Corporation	831,600	0	0	831,600	Legal commitment in share reform	After remove restricted procedures complete



Sanya Wangli Building Materials Sales	92,400	0	0	92,400	Legal commitment in share reform	After remove restricted procedures complete
Hainan Nongken Sanya Timber Mill	46,200	0	0	46,200	Legal commitment in share reform	After remove restricted procedures complete
Guangzhou Company of Hainan International Investment Co., Ltd.	660,000	0	0	660,000	Legal commitment in share reform	After remove restricted procedures complete
Southern Industrial and Trading Corporation	660,000	0	0	660,000	Legal commitment in share reform	After remove restricted procedures complete
Beijing Xueli Clothing Accessories Co., Ltd.	132,000	0	0	132,000	Legal commitment in share reform	After remove restricted procedures complete
Guangzhou Dongzhan Industrial Co. LTD	924,000	0	0	924,000	Legal commitment in share reform	After remove restricted procedures complete
Sanya Zhongxing Development Co., Ltd.	2,541,000	0	0	2,541,000	Legal commitment in share reform	After remove restricted procedures complete
Hainan Dadonghai Tourism Co.	739,200	0	0	739,200	Legal commitment in share reform	After remove restricted procedures complete
Yangpu Tongrong Investment Management Consultation Co., Ltd.	4,618,800	4,618,800	0	0	Legal commitment in share reform	2016-06-21
<b>Total</b>	<b>15,073,200</b>	<b>4,618,800</b>	<b>1,287</b>	<b>10,455,687</b>	<b>--</b>	<b>--</b>

## II. Securities issuance and listing

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

Applicable  Not applicable

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

Applicable  Not applicable



### 3. Existing internal staff shares

Applicable  Not applicable

## III. Particulars about shareholder and actual controller of the Company

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

In Share

Total common stock shareholders in reporting period-end	19,104	Total common stock shareholders at end of last month before annual report disclosed	16,945	Total preference shareholders with voting rights recovered at end of reporting period	0	Total preference shareholders with voting rights recovered at end of last month before annual report disclosed	0	
Particulars about shares held above 5% by shareholders or top ten shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total shareholders at the end of report period	Changes in report period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							State of share	Amount
Luoniushan Co., Ltd.	Domestic non state-owned corporate	16.90%	61,515,370	325,100	0	61,515,370		
Pan Guoping	Domestic nature person	8.48%	30,879,791	0	0	30,879,791		
First Shanghai Securities Limited	Foreign corporate	2.62%	9,552,798	-208200	0	9,552,798		
Changxin Fund- Shanghai Pudong Development Bank - Gold Investment Asset No.2 Management Plan	Other	1.93%	7,030,042	-923807	0	7,030,042		
HGNH International Asset Management Co., Ltd – customer deposit	Foreign corporate	1.61%	5,859,302	5,859,302	0	5,859,302		
Hu Jianguo	Domestic nature person	1.56%	5,662,940	5,662,940	0	5,662,940		
Yangpu Tongrong Investment Management Consultation Co., Ltd.	Domestic non state-owned corporate	1.27%	4,618,800	0	0	4,618,800		
Zhang Fengxiu	Domestic nature person	1.07%	3,901,372	3,901,372	0	3,901,372		



China Investment Securities (HK) Co., Ltd. – customer deposit	Foreign corporate	1.00%	3,632,300	3,632,300	0	3,632,300		
CITRINE CAPITAL LIMITED	Foreign corporate	0.90%	3,265,200	3,265,200	0	3,265,200		
Strategy investors or general legal person becomes top 10 shareholders due to rights issued	N/A							
Explanation on associated relationship or accordant action among the aforesaid shareholders	The Company is unknown whether there exists associated relationship or belongs to the consistent actor regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Company among the other shareholders.							
Particular about top ten shareholders with un-restrict shares held								
Shareholders' name	Amount of un-restrict shares held at Period-end	Type of shares						
		Type	Amount					
Luoniushan Co., Ltd.	61,515,370	RMB common share	61,515,370					
Pan Guoping	30,879,791	Domestically listed foreign share	30,879,791					
First Shanghai Securities Limited	9,552,798	Domestically listed foreign share	9,552,798					
Changxin Fund- Shanghai Pudong Development Bank - Gold Investment Asset No.2 Management Plan	7,030,042	RMB common share	7,030,042					
HGNH International Asset Management Co., Ltd – customer deposit	5,859,302	RMB common share	5,859,302					
Hu Jianguo	5,662,940	RMB common share	5,662,940					
Yangpu Tongrong Investment Management Consultation Co., Ltd.	4,618,800	RMB common share	4,618,800					
Zhang Fengxiu	3,901,372	RMB common share	3,901,372					
China Investment Securities (HK) Co., Ltd. – customer deposit	3,632,300	RMB common share	3,632,300					
CITRINE CAPITAL LIMITED	3,265,200	Domestically listed foreign share	3,265,200					
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	The Company is unknown whether there exists associated relationship or belongs to the consistent actor regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Company among the other shareholders.							
Explanation on shareholders involving margin business about top ten common stock shareholders with	N/A							



## un-restrict shares held

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

Yes  No

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

## 2. Controlling shareholder of the Company

Nature of controlling shareholders: community collective holding

Type of controlling shareholders: legal person

Controlling shareholders	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
Luoniushan Co., Ltd.	Xu Zili	1987-12-19	Unified social credit code 9146000284089747P	Business scope: planting and breeding industry; initiating industry; real estate development and management; building decoration works; sales of agricultural and animal by-products, aquatic products and feed processing; machinery and automobile and motorcycle parts, electronic products, metal materials (except for the monopoly), chemical products (except for the monopoly), household appliances, modern office supplies, stationery, daily necessities, building materials, sales of agricultural and native products; the development and construction of trading market; leasing services; warehousing services; collecting and remitting water and electricity costs.
Equity of other domestic/oversea listed company control by controlling shareholder as well as	Found more details in full text of Annual Report 2016 of Luoniushan Co., Ltd.(Short form of the stock: Luoniushan, Stock code: 000735)			



stock-joint in report period	
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Changes of controlling shareholders in reporting period

Applicable  Not applicable

The Company had no changes of controlling shareholders in reporting period

### 3. Actual controller of the Company

Nature of actual controller: domestic natural person

Type of actual controller: natural person

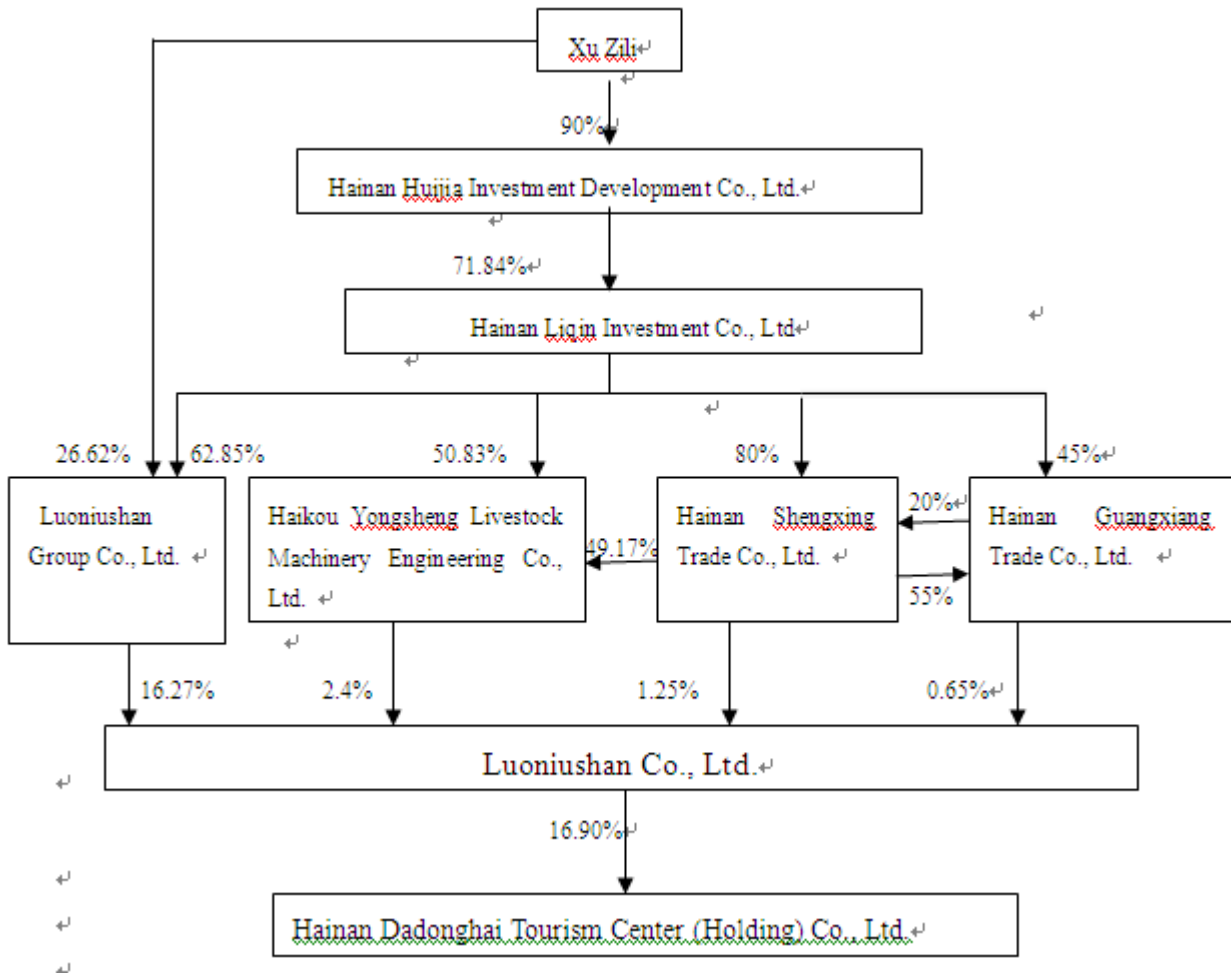
Name of actual controller	Nationality	Whether obtained right of residence of other countries or regions or not
Xu Zili	P.R.C	No
Profession and title in latest five years	Xu Zili, male, was born in 1966, is a senior engineer with a master degree. He successively served as Vice President of Hubei Huangshi Mine Bureau Machinery; General Manager of Haikou Animal Husbandry Machinery Engineering Co., Ltd.; Chairman of Tianjin Baodi Agricultural Technology Co., Ltd.; he also served as standing committee of the Haikou 13 <sup>th</sup> CPPCC; Vice Chairman and General Manager of the Company from August 2006 to November 2011; serves as Chairman of the Company since November 2011; he took as the 6 <sup>th</sup> CPPCC member of Hainan Province, the 13 <sup>th</sup> session of the standing committee of CPPCC of Haikou City, the deputy chairman of national federation of industry and agriculture industry chamber of commerce and the deputy chairman of Hainan Entrepreneur Society.	
Listed company in and out of China controlled in past decades	N/A	

Changes of actual controller in reporting period

Applicable  Not applicable

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

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



Actual controller controlling the Company by entrust or other assets management

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable





## Section VII. Preferred Stock

Applicable     Not applicable

The Company had no preferred stock in the Period.



## Section VIII. Particulars about Directors, Supervisors, Senior Executives and Employees

### I. Changes of shares held by directors, supervisors and senior executives

Name	Title	Working status	Sex	Age	Start dated of office term	End date of office term	Shares held at period-beg in (Share)	Amount of shares increased in this period (Share)	Amount of shares decreased in this period (Share)	Other changes (share)	Shares held at period-end (Share)
Li Yuanbin	Chairman, General Manager	Currently in office	M	66	2001-10-25	2017-05-22	0	0	0	0	0
Zhao Man	Independent Director	Currently in office	F	64	2014-05-22	2017-05-22	0	0	0	0	0
Tang Guoping	Independent Director	Currently in office	M	52	2014-05-22	2017-05-22	0	0	0	0	0
Leng Mingquan	Independent Director	Currently in office	M	61	2014-05-22	2017-05-22	0	0	0	0	0
Li Wei	Director	Leav	M	55	2002-06-16	2016-05-30	0	0	0	0	0



		e the offic e										
Liu Juntao	Director	Curr ently in offic e	M	48	2002-06-16	2017-05-22	0	0	0	0	0	0
Huang Wencai	Chairman of supervisory committee	Curr ently in offic e	M	47	2002-06-16	2017-05-22	0	0	0	0	0	0
Wang Jialing	Supervisor	Curr ently in offic e	F	50	2011-06-16	2017-05-22	0	0	0	0	0	0
Liu Xianghai	Supervisor	Leav e the offic e	M	40	2014-05-22	2016-05-13	0	0	0	0	0	0
Fu Zongren	Person in charge of finance	Curr ently in offic e	M	49	2015-04-15	2017-05-22	0	0	0	0	0	0
Wang Hongjuan	Vice president & secretary of the Board	Curr ently in offic e	F	40	2008-04-27	2017-05-22	0	0	0	0	0	0
Chen Gang	Supervisor	Curr ently in offic e	M	51	2016-07-29	2017-05-22	1,287	0	0	0	1,287	1,287
Total	--	--	--	--	--	--	1,287	0	0	0	0	1,287

**II. Changes of directors, supervisors and senior executives**

Name	Title	Type	Date	Reasons
Li Wei	Director	Leave the post	2016-05-30	For personal reason
Liu Xianghai	Staff Supervisor	Leave the post	2016-05-13	For personal reason

**III. Post-holding**

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

**Directors**

Mr. Li Yuanbin: born in June 1950, Han nationality, Master degree, MBA degree, senior engineer. He once held the position of Chairman of Board of Haikou Haiyuan Co. Ltd and Yangpu Tiandi Sunshine Industry Co., Ltd, director and general manager of the Company, now he is chairman of the Board and general manager, vice chairman of Hainan Entrepreneurs' Association, and permanent member of Hainan Federation of Industry Chamber of Industry & Commerce and Vice-president of Hainan Provincial Association for Beverages Hotels and Food, and Vice-president of Hubei Commerce Association in Hainan Province.

Mr. Liu Juntao: born in Oct. 1968, Han nationality, graduate degree, EMBA of China Europe International Business School. Mr. Liu once held the position of deputy director of Construction Bank branch, secretary of the Board of Director of Luoniushan Co. Ltd., Deputy General Manager of the Company and Deputy General Manager of Softto Co., Ltd., assistant president and Secretary of the Board of Tianmao Industry Group Co., Ltd., currently holds the post of Assistant President of AXA Insurance Co., Ltd. and serve as director of the Company since 2002.

Ms. Wang Hongjuan, was born in Feb. 1976, Undergraduate Degree, an attorney; she serves as supervisor of the Company and Office Director, now she serves as vice president and secretary of the Board of the Company. Serve as the director of the Company since 2016.

**Independent Directors**

Ms. Zhao Man, born in February 1952, member of the CPC, Doctor of Economic, a professor and doctoral tutor. Professional affiliations so far: member of social sciences commission of the Ministry of Education, committee of experts member of the MHRSS, committee of experts member of the Ministry of Civil Affairs, director of academic council of the Center for Social Security Study of Wuhan University, the key research center for social sciences by CECC, standing director of The China Association for Labor Studies, standing director of China Social Insurance Association, member of Advisory Committee of Hubei Provincial Peoples Government, decision-support expert of CPC Hubei Provincial Committee, consultant expert of budget expert group for the



Wuhan People's Congress Standing Committee and member of Expert Consultation Committee of CPC Hubei Provincial Committee Organization Department. Now she serves as independent director of Hubei Kaile Technology Co., Ltd., Mayinglong Pharmaceutical Group Co., Ltd., and Wuhan Mingde Biological Technologies Co., Ltd. and she took post as independent director of the Company since May 2014.

Mr. Tang Guoping, born in August 1964, graduated from Zhongnan University of Economics and Law. Hold Doctor Degree, a professor, Chinese CPA and member of CPC. He serves as professor in Zhongnan University of Economics and Law-School of Accounting, the director of Chinese Accounting Society, and serves as independent director of Cabio Biotechnology (Wuhan) Co., Ltd., Shengang Securities Co., Ltd., Shenzhen ShenZhuangZong Decoration Co., Ltd., and Wuhan Boiler Co., Ltd. He participated in (2012) the China Securities Regulatory Commission independent director training, and obtained the post qualification. He serves as independent directors of the Company since May 2014.

Mr. Leng Mingquan, born in April 1955, on-job graduate and Master of Administration. He was secretary and section chief of CPC Suizhou Municipal propaganda Department and director of Haikou Office of the Suizhou Government. Now he serves as executive vice president, secretary and legal representative of the Confederation of Hainan Enterprise and Hainan Association of Entrepreneurs; executive chairman of Hainan labor relations tripartite meeting; inspector of Hainan Procuratorate; police-style inspector of Hainan Provincial Public Security Department; specially-invited inspector of Hainan Provincial Supervision Department; member of Hainan Provincial Literature Dederation; member of Hainan Federation of Social Science; member of Hainan Provincial Arbitration Committee; director of Hainan Enterprise Credit Evaluation Administration; Chairman of Hainan Dashun Movie & TV Cultrual Communication Co., Ltd.; independent director of Nanyang Shipping Group Co., Ltd. He serves as independent directors of the Company since May 2014.

#### Supervisors

Mr. Huang Wencai: was born in Jan. 1969, undergraduate degree, Mr. Huang once held the position of vice director of Haikou meat association factory, director of Haikou food Co. Ltd. and assistant of general manager of Haikou food Co. Ltd., deputy GM of Haikou Luoniushan Food Processing Co., Ltd. and currently held the post of deputy GM of Hainan Luoniushan Meat Co., Ltd.; he held the position of Chairman of Supervisory Committee of the Company since 2002.

Ms. Wang Jialing: was born in February 1966, once served as accountant of financial dept of the Company; serves as deputy manager of the financial department of the Company. She serves as staff supervisor of the Company since 2011.

Mr. Chen Gang, born in September 1966, the Han nationality, a junior accountant. He worked as accountant in



Hainan Sanya Phoenix Co., Ltd. from February 1988 to June 1989, worked as chief accountant in Sanya Hardware Electrical Mall from July 1989 to September 1992, and serves as cost accounting, chief accountant, deputy GM and GM of the financial dept. in the Company since October 1992. He serves as staff supervisor of the Company since August 2016

#### Senior executives

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

Post-holding in shareholder's unit

Applicable  Not applicable

Post-holding in other unit

Applicable  Not applicable

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

Applicable  Not applicable

## IV. Remuneration for directors, supervisors and senior executives

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

1. Pursuant to the Company's Articles of Association, the pay of directors, supervisor personnel are approved by general meeting after the review of the board of directors and board of supervisors respectively; the pay of senior management is approved by the board. Directors, supervisors and senior managers get their payment corresponding to their post provided by the general meeting and the board meeting.

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

Remuneration for directors, supervisors and senior executives in reporting period

In 10 thousand Yuan

Name	Title	Sex	Age	Post-holding status	Total remuneration obtained from the Company (before taxes)	Whether remuneration obtained from related party of the Company
Li Yuanbin	Chairman	M	66	Currently in office	51.64	No
Zhao Man	Independent Director	F	64	Currently in office	3.6	No
Tang Guoping	Independent Director	M	52	Currently in office	3.6	No



Leng Mingquan	Independent Director	M	61	Currently in office	3.6	No
Liu Juntao	Director	M	48	Currently in office	3.6	No
Li Wei	Director	M	55	Leave the post	3.6	No
Huang Wencai	Supervisor	M	47	Currently in office	1.8	No
Liu Xianghai	Supervisor	M	40	Leave the post	4.33	No
Wang Jialing	Supervisor	F	50	Currently in office	9.19	No
Wang Hongjuan	Director, Secretary of the Board and Deputy GM	F	40	Currently in office	33.25	No
Fu Zongren	CFO	M	49	Currently in office	31.3	No
Total	--	--	--	--	149.51	--

Delegated equity incentive for directors, supervisors and senior executives in reporting period

Applicable  Not applicable

## V. Particulars of workforce

### 1. Number of staff, professional composition and education background

The number of current employees of parent company (people)	145
The number of current employees of main subsidiaries (people)	0
Total number of current employees (people)	145
The total number of current employees to receive pay (people)	145
The total number of retired staff and workers that the parent company and main subsidiaries need to bear the costs (people)	0
Professional composition	
Category of professional composition	Number of professional composition (people)
Production staff	80
Salesman	6
Technical staff	22
Financial staff	12
Administrative staff	25



Total	145
Education background	
Category of education	Number (people)
Junior college above	30
High school and below	115
Total	145

## 2. Remuneration policy

The compensation of company's employees includes wages, bonuses, and benefits, which take the principle of distributing according to the work, giving priority to efficiency and taking count of equity simultaneously, wage increase adapting to the company's business development and benefits improvement, optimizing the labor allocation, pay level agreeing with the local average in the same industry. Set or adjust the wage standards in accordance with the job valuation result, the local pay level in the same industry, the company's annual operation target and operational budget, and the individual performance.

## 3. Training programs

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

## 4. Labor outsourcing

Applicable     Not applicable





## Section IX. Corporate Governance

### I. Corporate governance of the Company

During reporting period, the Company further completed governance structure and system, perfected internal control mechanism and system construction and normalized corporate operation, strictly in accordance with relative rules and regulations of the Company Law, Securities Law and Listing Rules. Till end of reporting period, governance structure of the Company is basically in line with requirement of the Governance Rules of Listed Company.

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

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

Is there any difference between the actual condition of corporate governance and relevant regulations about corporate governance for listed company from CSRC?

Yes  No

There are no differences between the actual condition of corporate governance and relevant regulations about corporate governance for listed company from CSRC.

### II. Independency of the Company relative to controlling shareholders' in aspect of businesses, personnel, assets, organization and finance

Statement of Five Independences between the Company and the Controlling Shareholders

1. Business Independence: the Company business operates independently with integrated structure, and is free from horizontal competition with controlling shareholders. The controlling shareholders do not intervene the Company's operation either directly or indirectly.

2. Personnel Independence, the Company is independent on controlling shareholders in the aspects of labor, personnel and Remuneration management.

3. Assets Independence: the Company has proprietary rights and control rights on its assets. Controlling shareholders occupy no assets or funds of the listed company.

4. Institution Independence: the company's board of directors and board of supervisors, managers and other



internal institutions operate independently and manage independently with integrated structures.

5. Financial Independence: the Company has an independent financial sector, and sets up independent accounting system and financial management system. The Company opens independent bank accounts and pay independent taxes to laws without controlling shareholders' intervention.

### III. Horizontal competition

Applicable  Not applicable

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

### 1. Annual Shareholders' General Meeting in the report period

Session of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Index of disclosure
Annual general meeting 2015	Annual general meeting	0.04%	2016-04-19	2016-04-20	The "Resolution Notice of Annual Shareholders' General Meeting of 2015" (No.: 2016-011) published on Securities Times, Hong Kong Commercial Daily and Juchao website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) dated 20 April 2016 respectively
First Extraordinary Shareholders Meeting of 2016	Extraordinary shareholders meeting	0.03%	2016-08-30	2016-08-31	The "Resolution Notice of First Extraordinary Shareholders Meeting of 2016" (No.: 2016-032) published on Securities Times, Hong Kong Commercial Daily and Juchao website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) dated 31 August 2016 respectively

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

Applicable  Not applicable

## V. Responsibility performance of independent directors

### 1. The attending of independent directors to Board meetings and general meeting

The attending of independent directors to Board Meeting						
Name of	Times of	Times of	Times of	Times of	Times of	Absent the



independent director	Board meeting supposed to attend in the report period	Presence	attending by communication	entrusted presence	Absence	Meeting for the second time in a row (Y/N)
Zhao Man	5	1	4	0	0	No
Tang Guoping	5	1	4	0	0	No
Leng Mingquan	5	1	4	0	0	No
Times for attending general meeting from independent directors		2				

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

Nil

## 2. Objection for relevant events from independent directors

Independent directors come up with objection about Company's relevant matters

Yes  No

Independent directors has no objections for relevant events in reporting period

## 3. Other explanation about responsibility performance of independent directors

The opinions from independent directors have been adopted

Yes  No

Explanation on advice that accepted/not accepted from independent directors

Suggestion of re-enforce foreign capital introduction and good assets while operated currently main business with purpose of change the single operation in main business. Till end of the report disclosed, majority shareholder of the Company – Luoniushan Co., Ltd. is planning to fulfill the committmetns, and with major assets reorganization concerned, stock of the Company suspended since 15 Feburary 2017

## VI. Duty performance of the special committees under the board during the reporting period

The board meeting comprises four special committees, who carry out smoothly their duties accordingly to their working conditions, providing a strong support for the board meeting's major scientific management decision. Each special committee performed their duties as follows:

### 1. Audit Committee

During the reporting period, the audit committee audited the first quarter and the three quarter financial report of 2016, and the 2016 semi-annual financial report. In the process of annual financial report auditing 2016 process, audit committee members worked in accordance with the relevant requirements by faithfully performing audit committee's responsibilities:

Before the entrance of annual examination certified public accountants, the audit committee members listened to the management statements of the Company's operating condition in 2016 and the financial status as well as the report on annual financial report audit work arrangement of 2016, communicated with annual examination



certified public accountants about issues such as personnel structure of the working group, audit plan, risk judgment, annual audit focus and so on; In early January 2017, in annual report audit process, audit committee members listened to the work report by annual examination certified public accountants and the company management; At the middle of March 2017, audit committee members reviewed submitted financial and accounting reports. The financial and accounting reports audited was formatted strictly to Accounting Standards for Business Enterprises and Accounting System for Business Enterprises, and this report fairly reflected the Company's assets, liabilities, rights and interests and operating situation without significant errors and omissions. The annual audit report of 2016 by audit institutions was agreed to be submitted to the board.

The Company's board of directors regarded that the external auditors Lixin Certified Public Accountants (special ordinary partnership) faithfully performed the audit responsibility, and suggested to renew as the Company's annual financial audit of 2017.

#### 2. Remuneration committee

During the reporting period, the remuneration committee members of the Company board carried out their duties strictly to relevant regulations, inspected remuneration policies and programs for directors, supervisors and senior managers, led the company to perfect the remuneration system, and appraised the performance of directors, supervisors and senior management according to senior manager remuneration appraisal. By the end of the reporting period, the Company has not implemented option scheme. In reporting period, the Company formulated a Remuneration Management System of Directors, Supervisors and Senior Executives, and the system has deliberated and approved by the Board and Shareholders' general meeting.

#### 3. Strategy committee

During the reporting period, the board strategy committee put forward valuable opinions on decision-making such as development planning and investment decisions, thus enhanced the scientific decision-making and core competitiveness of the Company, improved the Company's efficiency of major investment decisions and decision quality.

#### 4. Nomination committee

During the reporting period, on May 30, 2016, Mr. Li Wei, the former Director of the Company, requested to resign the Director position since May 30, 2016 for personal reasons. On August 11, 2016, the tenth interim meeting of the eighth board of directors of the company and 2016 first extraordinary general meeting decided to engage Ms. Wang Hongjuan as the company's Director, and her tenure is the same as the eighth board of directors of the company.

### VII. Works from Supervisory Committee

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

Yes  No

Supervisory committee has no objection about supervision events in reporting period

### VIII. Examination and incentives of senior management

1. Pursuant to People-oriented Principle, the Company employs outstanding persons in long-term, and admits the best candidates on the premise of openness, fairness, justice. Those who pass trial comprehensive appraisal and be nominated by general managers and approved by the board meeting can be employed as senior management of the



Company.

2. The Company adopts a clear appraisal system in which assessment methods are made to the performance and duty fulfillment of senior management. Assessments are carried out monthly and annually by the same level and higher level and the results are taken as factors for post lift and rewards and punishment of senior management.

3. The company sets up effective incentive mechanism, including material incentives and spiritual incentives. The clear rewards and punishments, balance between remuneration and work performance, survival of fittest encourage senior management to make constantly progress and improve their own comprehensive ability which in turn help the Company develop rapidly.

## IX. Internal Control

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

√ Yes  No

Details of major defects in appraisal report of internal control that found in reporting period	
The company's board of directors has made self-evaluation to the validity of design and operation of the company's internal controls up to December 31, 2016 in accordance with the requirements of "Basic Norms of Enterprise Internal Control", "Evaluation Guidelines of Enterprise Internal Control" and other laws and regulations, and issued "2016 annual evaluation report of internal control" of the company, and made following conclusions: during the reporting period, the company has no significant internal control deficiencies, maintain effective IC of the financial report in all major areas. There are no major defects being found in the IC of non-financial reports, and no factors being found that can be impact the effectiveness of the evaluation conclusion in internal control	

### 2. Appraisal Report of Internal Control

Disclosure date of full internal control evaluation report	2017-03-31	
Disclosure index of full internal control evaluation report	Relevant information found in Self-evaluation Report of Internal Control for 2016 published on Juchao Website dated 31 March 2017.	
The ratio of the total assets of units included in the scope of evaluation accounting for the total assets on the company's consolidated financial statements		100.00%
The ratio of the operating income of units included in the scope of evaluation accounting for the operating income on the company's consolidated financial statements		100.00%
Defects Evaluation Standards		
Category	Financial Reports	Non-financial Reports



<p>Qualitative criteria</p>	<p>Major deficiencies: fraud of directors, supervisors and senior management; material misstatements are found in current financial statements by the certified public accountant but are not found in the process of internal control; the supervision of the audit committee to the company's external financial reports and internal control of financial reports is invalid.</p> <p>Significant deficiencies: the selection and application of accounting policies are not in accordance with the GAAP; anti-fraud program and control measures have not been established; the accounting treatment of unusual or special transactions has no appropriate control mechanisms or have not implemented the control mechanisms and has no appropriate compensatory controls; the control to period-end financial reporting process has one or more deficiencies and cannot reasonably ensure that the organizational financial statements are true and accurate.</p> <p>General deficiencies: other internal control deficiencies do not constitute major or significant deficiencies.</p>	<p>Major deficiencies: the company is lack of democratic decision-making process; the company's decision-making process leads to major mistakes; the company violates the state laws and regulations and is severely punished; serious brain drain of the company's senior management personnel and senior technical staff; frequent negative news on media covering a wide range and the negative effects are not eliminated; the company's significant business is lack of system control or systematic-ness is invalid; the major deficiencies and significant deficiencies of the company's internal controls have not been rectified and reformed; the company is punished by CSRC or warned by stock exchange.</p> <p>Significant deficiencies: the company has democratic decision-making process which is not complete; the company's decision-making process leads to general mistakes; the company violates the enterprise internal regulations which causes losses; serious brain drain of the company's business personnel in key positions; negative news on media affecting local areas; the company's significant business system has deficiencies; the significant deficiencies and general deficiencies of the company's internal controls have not been rectified and reformed;</p> <p>General deficiencies: other internal control deficiencies do not constitute major or significant deficiencies.</p>
<p>Quantitative standard</p>	<p>Major deficiencies: misstatements <math>\geq 10\%</math> of total profits;</p> <p>Significant deficiencies: 5% of total profits <math>\leq</math> misstatements <math>&lt; 10\%</math> of total profits;</p> <p>General deficiencies: misstatements <math>&lt; 5\%</math> of total profits.</p>	<p>Major deficiencies: misstatements <math>\geq</math> direct property loss of 100,000 Yuan;</p> <p>Significant deficiencies: direct property loss of 10,000 Yuan <math>\leq</math> misstatements <math>&lt;</math> direct property loss of 100,000 Yuan;</p> <p>General deficiencies: misstatements <math>&lt;</math> direct property loss of 10,000 Yuan.</p>
<p>Amount of significant defects in financial reports</p>	0	
<p>Amount of significant defects in non-financial reports</p>	0	
<p>Amount of important defects in financial</p>	0	



reports	
Amount of important defects in non-financial reports	0

## X. Auditing report of internal control

√Applicable □ Not applicable

Deliberations in Internal Control Audit Report	
<p>To All Shareholders of Hainan Dadonghai Tourism Center (Holdings) Co., Ltd.:</p> <p>In accordance with Audit Guideline for Enterprise Internal Control and relevant requirement of the practicing standards of Chinese Certified Public Accountant, we audited the effective-ness of the financial report's internal control for Hainan Dadonghai Tourism Center (Holdings) Co., Ltd. (the Company) dated 31 December 2016.</p> <p>I. As for responsibility of internal control</p> <p>The Company established and improved and implemented internal control effectively pursuit to Basic Norms of Enterprises Internal Control, Supporting Guidelines for Enterprise Internal Control and Evaluation Guild lines for Enterprises Internal Control, and board of the director is responsible for evaluating its effectiveness.</p> <p>II. Auditor's responsibilities</p> <p>Our responsibility is to express an opinion on the effectiveness of internal control for the financial statements based on our audit. And disclosed major deficits of noted internal control without financial statement concerned.</p> <p>III. Inherent feature of internal control</p> <p>The internal control has an inherent limitation, and exist mistakes that can not prevent and being discovered. Moreover, the internal control might be inappropriate due to the changes of conditions, or fails to follow the controlling policies and procedures, to speculate future effectiveness of the internal control in line with the auditing result has a certain risks.</p> <p>IV. Auditing opinion: in our opinion</p> <p>The Company, in line with Basic Norms of Enterprises Internal Control and relevant regulations, shows an effectiveness internal control of financial report in all major aspects dated 31 December 2016.</p> <p>BDO CHINA Shu Lun Pan Certified Public Accountants LLP Shanghai, China</p> <p>Certified Public Accountant of China: Zhu Jianqing Certified Public Accountant of China: Liu Zebo 29 March 2017</p>	
Disclosure details of audit report of internal control	Disclosed
Disclosure date of audit report of internal control (full-text)	2017-03-31
Index of audit report of internal control (full-text)	Relevant information found in Self-evaluation Report of Internal Control for 2016 published on Juchao Website dated 31 March 2017.
Opinion type of auditing	Standard unqualified



report of IC	
whether the non-financial report had major defects	No

Carried out modified opinion for internal control audit report from CPA

Yes  No

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

Yes  No





## **Section X. Corporation bonds**

Whether or not the Company public offering corporation bonds in stock exchange, which undue or without payment in full at maturity on the approval date for annual report disclosed

No



## Section XI. Financial Report

### I. Audit report

Type of audit opinion	Standard unqualified opinion
Signing date of audit report	2017-03-29
Name of audit institute	BDO CHINA Shu Lun Pan Certified Public Accountants LLP
Document serial of audit report	PCPAR [2017] No.ZA1096
Name of the CPA	Zhu Jianqing, Liu Zebo

#### Auditor's Report

#### To All Shareholders of Hainan Dadonghai Tourism Center (Holdings) Co., Ltd.:

We have audited the accompanying financial statements of Hainan Dadonghai Tourism Center (Holdings) Co., Ltd. (hereinafter referred to as “the Company”), which comprise the balance sheet as at December 31, 2016, and the income statement, statement of cash flows and statement of changes in owners' equity for the year then ended, and notes to the financial statements.

#### I. Management's Responsibilities for the Financial Statements

Management of the Company is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises to achieve a fair presentation; (2) designing, implementing and maintaining internal control that is necessary to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

#### II. Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Auditing Standards for Certified Public Accountants in China. Those standards require that we comply with professional and ethical requirements of Chinese certified public accountants, and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgments, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, we consider the internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies



used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### III. Opinion

In our opinion, the financial statements of the Company are prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises and present fairly the financial position of the Company as at December 31, 2016 and its operating results and cash flows for the year then ended.

BDO CHINA Shu Lun Pan  
Certified Public Accountants LLP

Shanghai, China

Certified Public Accountant of China:Zhu Jianqing

Certified Public Accountant of China:Liu Zebo

29 March 2017

## II. Financial Statement

Expressed in Renminbi unless otherwise stated

### 1. Balance sheet

Prepared by HAINAN DADONGHAI TOURISM CENTER (HOLDINGS) CO., LTD.

2016-12-31

In RMB

Item	Closing Balance	Opening Balance
Current assets:		
Monetary funds	27,210,248.01	19,782,392.26
Settlement funds		
Lending funds		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes receivable		
Accounts receivable	690,444.72	460,197.28
Prepayments	58,783.23	42,358.16
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable		



Dividends receivable		
Other receivables	174,103.52	211,946.37
Purchase restituted finance asset		
Inventories	219,179.72	218,075.43
Divided into assets held for sale		
Non-current assets maturing within one year	584,369.42	532,500.00
Other current assets	1,876,449.22	
Total current assets	30,813,577.84	21,247,469.50
Non-current assets:		
Loans and payments on behalf		
Available-for-sale financial assets		4,500,000.00
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments		
Investment real estate	9,333,527.55	
Fixed assets	40,395,680.91	51,279,986.58
Construction in progress		
Project materials		
Disposal of fixed assets		
Productive biological assets		
Oil and natural gas assets		
Intangible assets	23,830,023.36	26,351,390.52
Research and development costs		
Goodwill		
Long-term deferred expenses	1,071,343.97	1,508,750.00
Deferred tax assets		
Other non-current assets		
Total non-current assets	74,630,575.79	83,640,127.10
Total assets	105,444,153.63	104,887,596.60
Current liabilities		
Short-term borrowings		
Loan from central bank		
Absorbing deposit and interbank deposit		
Capital borrowed		



Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable		
Accounts payable	1,967,565.51	2,415,602.37
Accounts received in advance	1,894,524.28	1,153,854.95
Selling financial asset of repurchase		
Commission charge and commission payable		
Wage payable	2,148,514.36	2,150,364.40
Taxes payable	582,944.27	-1,422,221.33
Interest payable		
Dividend payable		
Other accounts payable	23,084,504.73	23,652,528.28
Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Divided into liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	29,678,053.15	27,950,128.67
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable		
Special accounts payable		
Projected liabilities	1,489,685.04	
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	1,489,685.04	
Total liabilities	31,167,738.19	27,950,128.67



Owners' equity:		
Share capita	364,100,000.00	364,100,000.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	54,142,850.01	54,142,850.01
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus reserve		
Provision of general risk		
Retained profit	-343,966,434.57	-341,305,382.08
Total owner's equity attributable to parent Company	74,276,415.44	76,937,467.93
Minority interests		
Total owner's equity	74,276,415.44	76,937,467.93
Total liabilities and owner's equity	105,444,153.63	104,887,596.60

Legal Representative: Li Yuanbin

Accounting Principal: Fu Zongren

Accounting Firm's Principal: Fu Zongren

## 2. Profit statement

In RMB

Item	Current Period	Last Period
I. Total operating income	21,708,883.51	15,885,922.90
Including: Operating income	21,708,883.51	15,885,922.90
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	25,781,573.48	25,359,928.19
Including: Operating cost	10,258,440.62	7,873,049.71
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		



Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Operating tax and extras	1,412,039.97	917,481.10
Sales expenses	4,931,333.26	5,722,072.82
Administration expenses	9,374,635.91	10,272,262.86
Financial expenses	-193,645.29	-109,213.80
Losses of devaluation of asset	-1,230.99	684,275.50
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)	1,390,918.55	422,000.00
Including: Investment income on affiliated Company and joint venture		
Exchange income (Loss is listed with “-”)		
III. Operating profit (Loss is listed with “-”)	-2,681,771.42	-9,052,005.29
Add: Non-operating income	69,606.00	1,664,926.64
Including: Disposal earnings of non-current asset		
Less: Non-operating expense	48,887.07	90,787.75
Including: Disposal loss of non-current asset	48,887.07	90,560.75
IV. Total Profit (Loss is listed with “-”)	-2,661,052.49	-7,477,866.40
Less: Income tax		
V. Net profit (Net loss is listed with “-”)	-2,661,052.49	-7,477,866.40
Net profit attributable to owner’s equity of parent Company	-2,661,052.49	-7,477,866.40
Minority shareholders’ gains and losses		
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		



3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	-2,661,052.49	-7,477,866.40
Total comprehensive income attributable to owners of parent Company	-2,661,052.49	-7,477,866.40
Total comprehensive income attributable to minority shareholders		
VIII. Earnings per share:		
(i) Basic earnings per share	-0.0073	-0.0205
(ii) Diluted earnings per share	-0.0073	-0.0205

As for the merger under the same control, the merged party has net profit of 0 Yuan before combination, while 0 Yuan net profit for the last period

Legal Representative: Li Yuanbin

Accounting Principal: Fu Zongren

Accounting Firm's Principal: Fu Zongren

### 3. Cash flow statement

Item	In RMB	
	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	22,525,732.45	18,373,063.44
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Insured savings and net increase of investment		
Net increase of amount from disposal financial assets that measured by fair value and with variation reckoned into current gains/losses		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		





Write-back of tax received	4,801.73	
Other cash received concerning operating activities	584,448.51	2,081,380.90
Subtotal of cash inflow arising from operating activities	23,114,982.69	20,454,444.34
Cash paid for purchasing commodities and receiving labor service	5,520,980.68	5,408,681.93
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	9,341,192.06	8,669,137.40
Taxes paid	2,515,054.34	2,666,423.71
Other cash paid concerning operating activities	2,971,383.59	5,455,727.58
Subtotal of cash outflow arising from operating activities	20,348,610.67	22,199,970.62
Net cash flows arising from operating activities	2,766,372.02	-1,745,526.28
II. Cash flows arising from investing activities:		
Cash received from recovering investment	9,000,000.00	9,000,000.00
Cash received from investment income	961,165.05	422,000.00
Net cash received from disposal of fixed, intangible and other long-term assets	4,929,753.50	7,510.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	29,081.45	
Subtotal of cash inflow from investing activities	14,920,000.00	9,429,510.00
Cash paid for purchasing fixed, intangible and other long-term assets	1,258,516.27	1,451,881.00
Cash paid for investment	9,000,000.00	9,000,000.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	10,258,516.27	10,451,881.00
Net cash flows arising from investing activities	4,661,483.73	-1,022,371.00
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans		
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities		
Cash paid for settling debts		



Cash paid for dividend and profit distributing or interest paying		
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities		
Net cash flows arising from financing activities		
IV. Influence on cash due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	7,427,855.75	-2,767,897.28
Add: Balance of cash and cash equivalents at the period -begin	19,782,392.26	22,550,289.54
VI. Balance of cash and cash equivalents at the period -end	27,210,248.01	19,782,392.26

#### 4. Statement on Changes of Owners' Equity

Current Period

In RMB

Item	Current Period										Minority interest	Total owners' equity
	Owners' equity attributable to the parent Company											
	Share capital	Other equity instrument	Capital reserve	Less: Inventory shares	Other comprehensive income	Reserve	Surplus	Provision of general risk	Retained profit			
I. Balance at the end of the last year	364,100,000.00		54,142,850.01						-341,305,382.08			76,937,467.93
Add: Changes of accounting policy												
Error correction of the last												



period																
Enterprise combine under the same control																
Other																
II. Balance at the beginning of this year	364,100,000.00			54,142,850.01										-341,305,382.08	76,937,467.93	
III. Increase/ Decrease in this year (Decrease is listed with "-")																
(i) Total comprehensive income															-2,661,052.49	
(ii) Owners' devoted and decreased capital																
1.Common shares invested by shareholders																
2. Capital invested by holders of other equity instruments																
3. Amount reckoned into owners equity with share-based payment																
4. Other																
(III) Profit distribution																
1. Withdrawal of surplus reserves																
2. Withdrawal of general risk provisions																
3. Distribution for owners (or shareholders)																
4. Other																
(IV) Carrying forward internal owners' equity																
1. Capital reserves converted to capital (share capital)																
2. Surplus reserves converted to capital (share capital)																
3. Remedying loss with surplus reserve																
4. Other																
(V) Reasonable reserve																
1. Withdrawal in the report period																
2. Usage in the report period																
(VI)Others																
IV. Balance at the end of the report period	364,100,000.00			54,142,850.01											-343,966,434.57	74,276,415.44

Last Period

In RMB

Item	Last Period										Minority interest	Total owners' equity
	Owners' equity attributable to the parent Company									Retained profit		
	Share capital	Other equity instrument	Capital reserve	Less: Inventory	Other receivables	Surplus	Provision					



		P er p et re u fe al rr c e d st o l c k	O th er	nt or y sh are s	m pr eh si ve in co m e	n abl re se rv e	re ge ne ral ris k		in te re st s
I. Balance at the end of the last year	364,100,000.00			54,142,850.01				-333,827,515.68	84,415,334.33
Add: Changes of accounting policy									
Error correction of the last period									
Enterprise combine under the same control									
Other									
II. Balance at the beginning of this year	364,100,000.00			54,142,850.01				-333,827,515.68	84,415,334.33
III. Increase/ Decrease in this year (Decrease is listed with "-")								-7,477,866.40	-7,477,866.40
(i) Total comprehensive income								-7,477,866.40	-7,477,866.40
(ii) Owners' devoted and decreased capital									
1.Common shares invested by shareholders									
2. Capital invested by holders of other equity instruments									
3. Amount reckoned into owners equity with share-based payment									
4 Other									
(III) Profit distribution									
1. Withdrawal of surplus reserves									
2. Withdrawal of general risk provisions									
3. Distribution for owners (or shareholders)									
4. Other									
(IV) Carrying forward internal owners' equity									
1. Capital reserves conversed to									



capital (share capital)													
2. Surplus reserves conversed to capital (share capital)													
3. Remedying loss with surplus reserve													
4. Other													
(V) Reasonable reserve													
1. Withdrawal in the report period													
2. Usage in the report period													
(VI)Others													
IV. Balance at the end of the report period	364,100,000.00					54,142,850.01						-341,305,382.08	76,937,467.93

### III. Company basic status

Hainan Dadonghai Tourism Center (Holdings) Co., Ltd. (hereinafter referred to as “the Company”), was founded as a standardized LLC on April 26, 1993, reorganized and incorporated on the basis of the former Hainan Sanya Dadonghai Tourism Center Development Ltd. and approved by the Hainan Provincial Stock System Experimentation Leading Team Office with a document of Qiong Gu Ban Zi [1993] No. 11. On May 6, 1996, the Company underwent a restructuring and a corresponding division under the approval of the Hainan Provincial Securities Administration Office with a document of Qiong Zheng Ban [1996] No. 58. On October 8, 1996 and January 28, 1997, the Company, with duly approval, went public by issuing 80 million shares of B stock and 14 million shares of A stock respectively on Shenzhen Security Exchange. On June 20, 2007, the Company experienced a reform of non-tradable shares, through which non-tradable share holders of the Company got circulating right of their shares by paying shares to tradable share holders, and tradable share holders got paid three shares for every ten of their shares. The Company operates business in the industry of tourism and catering services.

As of December 31, 2016, the Company’s total capital stock is 364,100,000 shares. The Company’s registered capital is RMB 364.1 million. The legal representative is Li Yuanbin. The registration number of its Business License for Enterprise Legal Person (Duplicate) is 4600001003983. The legal registered residence is Dadonghai, Hedong District, Sanya. Its scope of business includes: accommodation and catering industry (limited to those operated by branches); photography; operation of ornamental plant bonsai, knitwear and textiles, general merchandise, hardware and electrical equipment, chemical products (excluding those require specialized licenses), daily necessities, industrial means of production (excluding those require specialized licenses), metal materials and machinery equipment; commission sale of plane, bus, train and ship tickets (items in require of administrative permission shall be operated under license). The Company’s largest shareholder is the Hainan Luoniushan (Holdings) Co., Ltd.



These financial statements have been approved by all directors of the Company on March 29, 2017 for disclosure.

Until December 31, 2016, the scope of consolidation (aggregation) of financial statements as below:

Company Name	Relationship
South China Grand Hotel of Hainan Dadonghai Tourism Center (Holdings) Co., Ltd (hereinafter referred to as "South China Grand Hotel")	Subsidiary

#### IV. Basis of preparation for financial statements

##### 1. Basis of preparation for financial statements

Based on going concern, according to actually occurred transactions and events, the Company prepares its financial statements in accordance with the Accounting Standards for Business Enterprises – Basic Standards and concrete accounting standards, Accounting Standards for Business Enterprises – Application Guidelines, Accounting Standards for Business Enterprises – Interpretations and other relevant provisions (collectively known as “Accounting Standards for Business Enterprises”), as well as the disclosure requirements of Regulation on the Preparation of Information Disclosure of Companies Issuing Public Shares No.15 - General Requirements for Financial Reports (as revised in 2014) by the China Securities Regulatory Commission.

##### 2. Going concern

The Company currently has sufficient operating capital and no debt service pressure, the business circumstance has been improved after the new general manager of the Company’s subsidiary South China Hotel worked in the year of 2016. So far, the Company is operating normal and expected to continue operate as going concern in the next twelve months.

Note: evaluate the sustainable management ability of 12 months since end of the period. If the evaluation results have significant doubt on sustainable ability, disclose the reasons and improvement measures that the company plans to implemented

#### V. Principal accounting policies and estimates

Whether the company needs to comply with the disclosure requirements of the particular industry



No

Tips of accounting policies and estimates:

Nil

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

The financial statements prepared by the Company meet the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the Company's financial position as at December 31, 2016, and its operating results, cash flows and other related information for the year then ended.

### **2. Accounting period**

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

### **3. Operating cycle**

The operating cycle of the Company is twelve months.

Note: as for the operating cycle less than 12 months, and the trade cycle is the liquidity criteria for assets and liabilities, explain the operating cycle and determine basis

### **4. Functional currency**

RMB is adopted as the functional currency.

### **5. Accounting treatment for business combinations under the same control and those not under the same control**

### **6. Methods for preparation of consolidated financial statements**

### **7. Accounting treatment for joint venture and joint operation**

### **8. Recognition criteria of cash and cash equivalents**

For the purpose of preparing the statement of cash flows, the term "cash" refers to the cash on hand and the unrestricted deposit. The term "cash equivalents" refers to short-term (maturing within three months from acquisition) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.



## 9. Foreign business and foreign currency transactions

Foreign currency transactions are converted into RMB for recording purpose at the spot exchange rate on the date when the transaction occurs.

Balances of foreign currency monetary items are measured at the spot exchange rate on the balance sheet date. The exchange difference arising therefrom shall be included in the current profit and loss, except that those exchange differences arising from the special borrowings of foreign currency related to the acquired and constructed assets qualified for capitalization shall be dealt with according to the principle of borrowing cost capitalization. Foreign currency non-monetary items measured at historical costs shall still be converted at the spot exchange rates on the date when the transactions occur, and the amount in functional currency shall remain unchanged. Foreign currency non-monetary items measured at fair value shall be translated at the spot exchange rates on the date when the fair value is determined. The exchange difference arising therefrom shall be included in the current profit and loss or capital reserves.

Note: explain the definite method of conversion rate while foreign currency trading occurred, on balance sheet date, the conversion method for foreign currency monetary items, the treatment of exchange gain or loss and the accounting treatment of translation of foreign currency statements

## 10. Financial instruments

Financial instruments include financial assets, financial liabilities and equity instruments.

### 1. Classification of financial instruments

Financial assets and liabilities are classified into the following categories according to the purpose of acquisition: financial assets or financial liabilities measured at fair value and whose variation is included in the current profit and loss, including financial assets or financial liabilities held for trading and financial assets or financial liabilities directly designated to be measured at fair value through current profit and loss, held-to-maturity investments, accounts receivables, available-for-sale financial assets and other financial liabilities, etc.

### 2. Recognition basis and measurement method of financial instruments

(1) Financial assets (financial liabilities) measured at fair value and whose variation is included in the current profit and loss

Financial assets (financial liabilities) are initially recorded at fair values when acquired (deducting cash dividends that have been declared but not distributed and bond interests that have matured but not been drawn). Relevant transaction expenses are included in the current profit and loss.





The interests or cash dividends to be received during the holding period are recognized as investment income. Change in fair values is included in the current profit and loss at the end of the period.

Difference between the fair value and initial book-entry value is recognized as investment income upon disposal; meanwhile, adjustment is made to gains or losses from changes in fair values.

#### (2) Held-to-maturity investments

Held-to-maturity investments are initially recorded at fair values plus the related trade expenses when acquired (deducting bond interests that have matured but not been drawn). The interest revenue calculated at amortization cost and effective interest rate (nominal interest rate is adopted when the difference between the actual interest rate and the nominal interest rate is minor) during the holding period is recognized as investment income. Effective interest is recognized when obtained, and remains unchanged in the predictable holding period or applicable shorter period.

The difference between the amount received and the book value of the investment is included in the investment profit and loss upon disposal.

#### (3) Accounts receivable

For creditor's rights receivable arising from external sales of goods or rendering of service by the Company and other creditor's rights of other enterprises (excluding liability instruments quoted in an active market) held by the Company, including accounts receivable, other receivables, notes receivable and prepayments, etc., the initial recognition amount shall be the contract price or agreement price receivable from purchasing party. Accounts receivable with financing nature are initially recognized at their present values.

The difference between the amount received and the book value of the accounts receivable is included in the current profit and loss upon recovery or disposal.

#### (4) Available-for-sale financial assets

Available-for-sale financial assets are initially recorded at fair values plus the related trade expenses when acquired (deducting cash dividends that have been declared but not been paid or bond interests that have matured but not been drawn).

The interests or cash dividends to be received during the holding period are recognized as investment income. It is measured in fair value at the end of the period and change in fair values is included in other comprehensive income at the end of the period. However, the equity instrument investments unquoted in an active market and whose fair value cannot be measured reliably, and the derivative financial assets which are connected with the said equity instrument and must be settled by delivering the said equity instrument shall be measured on the costs basis.

The difference between the amount received and the book value of the financial asset is included in the investment profit and loss upon disposal. Meanwhile, the corresponding part of fair value accumulated change accounted as other comprehensive income is transferred into investment profit or loss.



### (5) Other financial liabilities

Other financial liabilities are initially recognized at the sum of fair value and transaction expenses and subsequently measured at amortized costs.

### 3. Recognition basis and measurement method of transfer of financial assets

When transfer of financial assets occurs, if nearly all of the risks and rewards of ownership of the financial assets have been transferred to the transferee, the Company derecognizes the financial assets; if nearly all of the risks and rewards of ownership of the financial assets are retained, the Company shall not derecognize the financial assets.

The principle of substance over form is adopted to determine whether the transfer of a financial asset satisfies the criteria as described above for derecognition of a financial asset. The Company shall classify the transfer of a financial asset into the entire transfer and the partial transfer of financial asset. If the entire transfer of financial asset satisfies the criteria for derecognition, the difference between the amounts of the following two items shall be included in the current profit and loss:

- (1) The book value of the transferred financial asset;
- (2) The sum of the consideration received from the transfer and the accumulated amount of the changes in fair value originally and directly included in owners' equity (the situation where the financial asset transferred is an available-for-sale financial asset is involved in)

If the partial transfer of financial asset satisfies the criteria for derecognition, the entire book value of the transferred financial asset shall be split into the derecognized and recognized part according to their respective fair value and the difference between the amounts of the following two items shall be included in the current profit and loss:

- (1) The book value of derecognized part;
- (2) The sum of the consideration for the derecognized part and the portion of derecognition corresponding to the accumulated amount of the changes in fair value originally and directly included in owners' equity (the situation where the financial asset transferred is an available-for-sale financial asset is involved in).

If the transfer of financial assets does not meet the derecognition criteria, the financial assets shall continue to be recognized, and the consideration received will be recognized as a financial liability.

### 4. Derecognition criteria of financial liabilities

A financial liability shall be totally or partly derecognized if its present obligations are totally or partly dissolved. Where the Company enters into an agreement with a creditor so as to substitute the existing financial liabilities with any new financial liability, and the new financial liability is substantially different from the contractual stipulations regarding the existing financial liability, it shall derecognize the existing financial liability, and shall at the same time recognize a new financial liability.

Where substantial revisions are made to some or all of the contractual stipulations of the existing



financial liability, the Company shall derecognize the existing financial liability totally or partly, and at the same time recognize the financial liability with revised contractual stipulations as a new financial liability.

Upon total or partial derecognition of financial liabilities, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets surrendered or new financial liabilities assumed) shall be included in the current profit and loss.

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

#### **5. Method of determining the fair value of financial assets and financial liabilities**

For financial instruments with active market, their fair values are determined with quoted market price. For financial instruments without active market, their fair values are determined by using valuation technique. During the valuation, the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value, select inputs that are consistent with the characteristics of the asset or liability that market participants would take into account in a transaction for the asset or liability, and give priority to the use of relevant observable inputs. Unobservable inputs are only adopted when relevant observable inputs cannot be obtained or are impracticable to obtain.

#### **6. Providing of impairment provision on financial assets ( exclude receivable accounts)**

The Company performs inspection on the book value of financial assets apart from those financial assets measured at fair value through current profit and loss on the balance sheet date. Impairment provision is required if objective evidences of impairment occurs to the financial assets.

##### **(1) Impairment provision of available-for-sale financial assets:**

If there is a serious decline in fair value of the available-for-sale financial assets at the end of the period, or such decline is not temporary after considering various factors, the impairment shall be confirmed, the accumulated losses due to decreases in fair value previously included in owner's equity shall be reversed, the impairment loss shall be recognized.

If, in a subsequent period, the carrying amount of available-for-sale debt instruments investments increases and the increase can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment losses are reversed, included in current profit or loss.

The impairment losses of available-for-sale equity instruments cannot be reversed through profit or loss.

**(2) Impairment provision of held-to-maturity investment:**

Measurement of held-to-maturity investment impairment loss is governed by measurement of account receivables impairment loss.

**11. Accounts receivable****(1) Provision for bad debts of account receivables that are individually significant**

Assessment basis or standard of amount individually significant	Top five accounts receivable and other receivables in terms of individual amount at the end of the year.
Method of provision for bad debts of accounts receivable that are individually significant	After separate impairment test, provision for bad debts shall be made at the difference of present value of estimated future cash flows in short of their book values, and shall be include in current profit and loss. For accounts receivable with no impairment found after separate tests, they shall be included in corresponding portfolios for provisions for bad debts. For accounts receivable with confirmed impairment losses after separate tests, they shall not be included in portfolios of accounts receivable with similar credit risk features for impairment tests.

**(2) Provision for bad debts of accounts receivable made on the basis of portfolio**

Portfolio	Provision for bad debts
Account receivable accrual bad debt provision by group	Aging analysis method

Proportions of provision for bad debts on the basis of aging analysis in portfolios:

Applicable Not applicable

Aging	Proportion of provision for account receivable	Proportion of provision for other receivables
1-2 years	5.00%	5.00%
2-3 years	15.00%	15.00%
3-4 years	25.00%	25.00%
4-5 years	50.00%	50.00%
More than five years	100.00%	100.00%

In portfolio, adopting balance percentage method for bad debt provision

Applicable Not applicable

In portfolio, adopting other method for bad debt provision

Applicable Not applicable

**(3) Accounts receivable that are individually insignificant but with bad debt provision provided on an individual basis**

Reason for bad debt provision provided on an individual basis	For account receivable with an individual balance lower than the top five at the end of the year and with objective evidence showing it may be impaired, and for uncollectible accounts receivable arising from repeal and liquidation of debtor after taking legal clearance procedures, their provision for bad debts shall be provided on an individual basis.
Method of provision for bad debt	For accounts receivable with objective evidence showing they may be impaired, they shall be separate from relevant portfolios and separately tested for impairment to recognize the impairment losses.

**12. Inventories**

Whether the company needs to comply with the disclosure requirements of the particular industry

No

**1. Classification of inventories**

Inventories are classified into raw materials, stock commodities, low-cost consumables, food materials, fuels, etc.

**2. Measurement method of dispatched inventories**

Stock commodities are measured at selling price and their purchase and sale price differential are amortized over every month at the method of comprehensive differential. The purchasing and storage of stock materials are measured at actual cost, and at the first-in-first-out method when fetched for use. Low-cost consumables are amortized in full when fetched for use.

**3. Determination basis of net realizable values of inventories and provision method of inventory depreciation reserve**

After the comprehensive inventory count at the end of the period, provisions for inventory depreciation reserve are made or adjusted at the lower of their costs or net realizable values.

In normal operation process, for merchandise inventories for direct sale, including stock commodities and materials for sale, their net realizable values are determined at the estimated selling prices minus the estimated selling expenses and relevant taxes and surcharges; for inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the Company, the net realizable value of the excess portion of inventories shall be based on general selling prices.

At the end of the period, provisions for inventory depreciation reserve are made on an individual basis. For inventories with large quantity and low unit price, the provisions for inventory depreciation reserve are made on a category basis. For inventories related to the product portfolios manufactured



and sold in the same area, and of which the final usage or purpose is identical or similar thereto, and which is difficult to separate from other items for measurement purposes, the provisions for inventory depreciation reserve shall be made on a portfolio basis.

If any factor rendering write-downs of the inventories has been eliminated, the amounts written down are recovered and reversed from the inventory depreciation reserve, which has been provided for. The reversed amounts are included into the current profit and loss.

#### **4. Inventory system**

Perpetual inventory system is adopted.

#### **5. Amortization method of low-cost consumables and packaging materials**

- (1) Low-cost consumables are amortized at lump-sum method;
- (2) Packaging materials are amortized at lump-sum method.

### **13. Divided into assets held for sale**

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

#### **1. Determination basis of joint control or significant influence over the investee**

Joint control is the relevant agreed sharing of control over an arrangement, and the arranged relevant activity must be decided under unanimous consent of the parties sharing control. When the Company and other joint parties do joint control and have rights to the net assets over an investee, the investee shall be the Company's joint venture.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When an investing enterprise is able to have significant influences on an investee, the investee shall be its associate.

#### **2. Determination of investment cost**

- (1) Long-term equity investments acquired from business combinations

For business combination under common control: if the Company makes payment in cash, transfer non-cash assets or bear debts and issues equity securities as the consideration for the business combination, the book value of the owners' equity of the combinee obtained is recognized as the initial cost of the long-term equity investment on the combination date. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred, liabilities assumed and par value of share issued shall be adjusted to the stock premium in the capital reserved; if there is no sufficient premium in the capital reserve for write-downs, the retained earnings are adjusted.

When exercising control over an investee under common control due to additional investment or other



reasons, the initial investment cost of the long-term equity investment shall be determined by the absorbing party's share of the net assets of the party being absorbed in the consolidated financial statements of the ultimate controlling party at combination date. The difference between the initial investment cost of the long-term equity investment at combination date and the sum of the total of the carrying amount of equity investment held by the acquirer before the combination date and the newly increased investment on the combination date shall be adjusted to share premium. If the balance of share premium is not sufficient, any excess shall be adjusted to retained earnings.

For business combination not under common control, the Company recognizes the combination cost determined on the combination date as the initial cost of long-term equity investment.

When exercising control over an investee not under common control due to additional investment or other reasons, in stand-alone financial statements, the investor shall change to the cost method and use the carrying amount of the previously-held equity investment, together with the additional investment cost, as the initial investment cost under the cost method. The audit, legal, valuation and consulting fees, other intermediary fees, and related administrative fees paid by the absorbing party or acquirer for the business combination, shall be recognized in profit or loss as incurred; the cost of issuing equity securities or debt securities as the combination consideration shall be included in the initial cost of the equity securities or debt securities.

#### (2) Long-term equity investments acquired by other means

For long-term equity investments acquired from making payments in cash, the initial cost is the actually paid purchase cost.

For long-term equity investments acquired from issuance of equity securities, the initial cost is the fair value of the issued equity securities.

If the exchange of non-monetary assets has commercial substance, and the fair values of assets traded out and traded in can be measured reliably, the initial cost of long-term equity investment traded in with non-monetary assets are determined based on the fair values of the assets traded out together with relevant taxes unless there is any conclusive evidence that the fair values of the assets traded in are more reliable. If the exchange of non-monetary assets does not meet the above criteria, the book value of the assets traded out and relevant taxes are recognized as the initial cost of long-term equity investment traded in.

For long-term equity investment acquired from debt restructuring, the initial cost is determined based on the fair value.

### **3. Subsequent measurement and recognition of profit or loss**

#### (1) Long-term equity investment adopting cost method

Long-term equity investments of the Company in its subsidiaries are accounted for at cost method, except for the actual price paid for acquisition of investment or the cash dividends or profits contained



in the consideration which have been declared but not yet distributed, the Company recognizes the proportion it shall enjoy in the cash dividends or profits declared by the investee as current investment income.

(2) Long-term equity investment adopting equity method

A long-term equity investment in an associate or a joint venture shall be accounted for using the equity method. If the cost of initial investment is in excess of the proportion of the fair value of the net identifiable assets in the investee when the investment is made, the difference will not be adjusted to the initial cost of long-term equity investment; if the cost of initial investment is in short of the proportion of the fair value of the net identifiable assets in the investee when the investment is made, the difference will be included in the current profit and loss.

The Company recognizes the share of the investee's net profits or losses, as well as its share of the investee's other comprehensive income, as investment income or losses and other comprehensive income, and adjusts the carrying amount of the investment accordingly. The carrying amount of the investment shall be reduced by the portion of any profit distributions or cash dividends declared by the investee that is attributable to the investor. The investor's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, would be recognized in the investor's equity, and the carrying amount of the long-term equity investment shall be adjusted accordingly.

The Company recognizes its share of the investee's net profits or losses after making appropriate adjustments based on the fair values of the investee's identifiable net assets at the acquisition date according to the Company's accounting policies and accounting period. When holding the investment, if the investee is capable of providing consolidated financial statements, the profit or loss shall be measured based on the net profit, other comprehensive income and other changes in owners' equity attributed to the Company recorded in the consolidated financial statements.

The unrealized profits or losses resulting from transactions between the Company and its associate or joint venture are eliminated in proportion to the Company's equity interest in the investee, based on which investment income or losses shall be recognised. Any losses resulting from transactions between the investor and the investee, which are attributable to asset impairment shall be recognized in full. The transactions of investing or selling assets between the Company and its associate or joint venture are accounted for under relevant accounting policies when the asset constitutes a business.

When the Company confirms that it should share losses of the investee, treatment shall be done in following sequence: firstly, the book value of the long-term equity investment shall be reduced; secondly, where the book value is insufficient to cover the share of losses, investment losses are recognized to the extent of book value of long-term equity which form net investment in the investee in substance and the book value of long-term equity shall be reduced; finally, after all the above treatments, if the Company is still responsible for any additional liabilities in accordance with the





provisions stipulated in the investment contracts or agreements, estimated liabilities are recognized and included into current investment loss according to the obligations estimated to undertake. If the investee achieves profit in subsequent periods, the treatment is in the reversed sequence described above, i.e. after deduct any unrecognized investment losses, reduce book value of estimated liabilities recognized, restore book values of other long-term equity which form net investment in the investee in substance, and of long-term equity investment, and recognize investment income at the same time.

### (3) Disposal of long-term equity investment

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

For a long-term equity investment accounted for using the equity method, any other comprehensive income previously recognized shall be accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities on a pro-rata basis upon the disposal of the equity investment. The owners' equity recognised due to the investor's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, is included in current profit or loss on a pro-rata basis.

When the Company can no longer exercise joint control of or significant influence over an investee due to partial disposal of equity investment or other reasons, the remaining equity investment shall be accounted for in accordance with "Accounting Standard for Business Enterprises No.22-Financial Instruments: Recognition and Measurement". The difference between the fair value and the carrying amount at the date of the loss of joint control or significant influence shall be charged to profit or loss for the current period. When the previously-held equity investment is accounted for under the equity method, any other comprehensive income previously recognized shall be accounted for on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities for the current period upon discontinuation of the equity method. The owners' equity recognised due to the investor's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, is transferred to current profit or loss upon discontinuation of the equity method.

When no longer exercise control over an investee due to partial disposal of equity investment or other reasons, and with the retained interest, still has joint control of , or significant influence over, the investee, when preparing the individual financial statements, the Company shall change to the equity method and adjust the remaining equity investment as if the equity method had been applied from the date of the first acquisition. If the Company can not exercise joint control of or significant influence over the investee after partial disposal of equity investment, the remaining equity investment shall be accounted for in accordance with "Accounting Standard for Business Enterprises No.22-Financial Instruments: Recognition and Measurement", and the difference between the fair value and carrying amount at the date of the loss of control shall be charged to profit or loss for the current period.



The equity investment disposed was obtained over additional investment or other reasons through business combination, when preparing the individual financial statements, and the remaining equity investment accounted on cost method or equity method, the other comprehensive income and other owner's equity recognized due to the equity investment held before acquisition date was accounted for under the equity method are carried forward on a pro-rata basis; when the remaining equity investment is accounted for in accordance with "Accounting Standard for Business Enterprises No. 22 – Financial Instruments: Recognition and Measurement", the other comprehensive income and other owner's equity are totally carried forward.

## 15. Investment property

Measurement model of investment real estate

Cost measurement

Depreciation or amortization method

Investment property refers to possessing real estate for gaining rent or capital appreciation, or both, including the rental of the land use right, possession and prepare to value-added after the transfer of the land use rights and the rental of buildings leased (Including rental buildings after completion of construction or development activities or in the development processing).

Investment property is measured at their actual cost in the Company. Due to the method of determining is actual cost model for investment property-its method of provision for depreciation policy is same with fixed assets' when the investment properties are constructions or buildings, its method of provision for amortization policy is same with Intangible assets' when the investment property is land usage right.

## 16. Fixed assets

### (1) Recognition criteria

Fixed assets refer to the tangible assets held for the purpose of producing commodities, rendering services, renting or business management with useful lives exceeding one year. Fixed assets will only be recognized when all the following criteria are satisfied:

- (1) It is probable that the economic benefits relating to the fixed assets will flow into the Company;
- (2) The costs of the fixed assets can be measured reliably.

**(2) Depreciation method**

Category	Depreciated	Estimated useful life	Estimated net residual rate	Annual depreciation rate
Buildings and constructions	straight-line-method	20-40	5	4.75-2.37
Machinery equipment	straight-line-method	8-20	5	11.87-4.75
Electronic entertainment equipment	straight-line-method	5-16	5	19-5.93
Transportation equipment	straight-line-method	7-12	5	13.57-7.91
Other equipment	straight-line-method	8	5	11.87
Improvement	straight-line-method	5	5	19

**(3) Recognition basis, pricing and depreciation method for fixed assets under financing lease****17. Construction in progress**

Whether the company needs to comply with the disclosure requirements of the particular industry

No

The initial book values of the fixed assets are stated at total expenditures incurred before construction in progress reaches the working condition for their intended use. For construction in progress that has reached working conditions for its intended use but for which the completion of settlement has not been handled, it shall be transferred into fixed assets at the estimated value according to the project budget, construction price or actual cost, etc. from the date when it reaches the working conditions for its intended use. And the fixed assets shall be depreciated in accordance with the Company's policy on fixed asset depreciation. Adjustment shall be made to the originally and provisionally estimated value based on the actual cost after the completion of settlement is handled, but depreciation already provided will not be adjusted.



## **18. Borrowing costs**

### **1. Recognition principles of capitalization of borrowing costs**

Borrowing costs include the interest of borrowings, the amortization of discount or premium, auxiliary expenses, exchange differences incurred by foreign currency borrowings, etc.

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

Assets eligible for capitalization refer to fixed assets, investment property, inventories and other assets which may reach their intended use or sale status only after long-time acquisition and construction or production activities.

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

- (1) Asset disbursements, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization, have already been incurred;
- (2) Borrowing costs have already been incurred;
- (3) The acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started.

### **2. Capitalization period of borrowing costs**

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

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

When some projects among the acquired and constructed or produced assets eligible for capitalization are completed and can be used separately, the capitalization of borrowing costs of such projects should be ceased.

If all parts of the acquired and constructed or produced assets are completed but the assets cannot be used or sold externally until overall completion, the capitalization of borrowing costs should be ceased at the time of overall completion of the said assets.

### **3. Period of capitalization suspension**

If the acquisition and construction or production activities of assets eligible for capitalization are interrupted abnormally and this condition lasts for more than three months, the capitalization of borrowing costs should be suspended; if the interruption is necessary for the acquisition and construction or production to prepare the assets for their intended use or sale, the capitalization of borrowing costs should continue. The borrowing costs incurred during interruption are recognized in



the current profit and loss, and the capitalization of borrowing costs continues after the restart of the acquisition and construction or production activities of the assets.

#### **4. Calculation method of capitalization amount of borrowing costs**

As for special borrowings borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special borrowing actually incurred in the current period less the interest income of the loans unused and deposited in bank or return on temporary investment should be recognized as the capitalization amount of borrowing costs.

As for general borrowings used for acquiring and constructing or producing assets eligible for capitalization, the interest of general borrowings to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements exceeding special borrowings at the end of every month by the capitalization rate of used general borrowings. The capitalization rate is calculated by weighted average interest rate of general loans.

As for borrowings with discount or premium, the to-be-amortized discount or premium in each accounting period should be recognized by effective interest rate method, and the interest for each period should be adjusted.

### **19. Biological assets**

### **20. Oil-and-gas assets**

### **21. Intangible assets**

#### **(1) Measurement, service life and impairment test**

##### **1. Measurement method of intangible assets**

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

The cost of an externally acquired intangible asset comprises its purchase price, related taxes and surcharges and any other directly attributable expenditure of preparing the asset for its intended use. If the deferred payment of purchase price of intangible assets exceeding normal credit terms is substantially of financial nature, the cost of intangible assets should be recognized at the present value of the purchase price.

The intangible assets which the debtor uses to pay back the debt in debt restructuring should be recognized at the fair value of the intangible assets. The difference between the book value of restructured debts and the fair value of intangible assets used to pay back the debt should be recorded into the current profit and loss;

On the premise that non-monetary assets trade is of commercial nature and the fair value of the assets



traded in or out can be measured reliably, the intangible assets traded in by the trade of non-monetary assets should be recognized at the fair value of the assets traded out, unless any unambiguous evidence indicates that the fair value of the assets traded in is more reliable; as to the non-monetary assets trade not meeting the aforesaid premise, the book value of the assets traded out and related taxes payable should be recognized as the cost of the intangible assets traded in, with gains or losses not recognized.

The intangible assets obtained by the absorption and merger of an enterprise under common control are recognized at the book value of the merged enterprise; the intangible assets obtained by the absorption and merger of an enterprise not under common control are recognized at the fair value.

Costs of intangible assets developed internally and independently include: the costs of materials and labor services used to develop the intangible assets, the registration fee, the amortization of other patents and franchise used in the process of development, the interest of capitalization, and other direct expenses for preparing the intangible assets for their intended use.

## (2) Subsequent measurement

The useful life of intangible asset is analyzed on acquisition.

As for intangible assets with limited useful lives, straight-line amortization method is adopted in the period when the intangible assets generate economic benefit for enterprise; if the period when the intangible assets generate economic benefit for enterprise cannot be forecasted, the intangible assets should be deemed as those with indefinite useful lives and should not be amortized.

### 2. Estimation of useful life of intangible assets with limited useful life

Item	Estimated useful life	Basis
Land use right	50 years	Validity term of land use certificate

The useful lives and amortization method of intangible assets with limited useful lives are reviewed at the end of each period.

Upon review, the useful lives and amortization method of the intangible assets as at the end of the year are not different from those estimated before.

### 3. Determination basis of intangible assets with indefinite useful lives

As at the balance sheet date, the Company has no intangible assets with indefinite useful lives.

Note: explain the pricing method for intangible assets. Explain the service life estimate for those intangible assets with finite useful lives. Explain the determination basis for those intangible assets without finite useful lives and the procedures on approval

## (2) Accounting policy for internal research and development spending

Note: according to the characteristic of the internal R&D, explain the specific categorization standards of study phase and development stage, and specific condition of the expenditure capitalization in



development stage

The Company is complying with the disclosure requirement of disclosure requirement of “Information Disclosure Guidelines of Shenzhen Stock Exchange No.4 – Listed Companies Engaged in planting business”

Note: as for the company with different R&D mode, disclose the R&D expenditure accounting policy in aspect of the characteristics of the R&D activities. For example, as for the global R&D activities of creating a scientific research system and breakthrough variety, and the specific R&D activity on market segmentation research, disclosed the categorization standards respectively on research phase and development stage, as well as the specific condition of the expenditure capitalization in development stage

## 22. Impairment of long-term assets

If there is any indication that the long-term assets such as long-term equity investment, investment properties accounted through cost pattern, fixed assets, construction in progress, intangible assets etc. may be impaired at the balance sheet date, an impairment test would be implemented. If the result of impairment test indicates the recoverable amounts of the long-term assets are lower than their book values, the difference between the recoverable amounts and book values is recognized as impairment loss, provisions for impairment of the long-term assets are made. The recoverable amounts of the long-term assets are the higher of their fair values less costs to disposal and the present values of the estimated future cash flows of the long-term assets. The provision for impairment is recognized and calculated on the individual basis. If it is difficult to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the asset group that the individual asset belongs to. The asset group is the minimum asset group which can generate cash flows independently. The mentioned impairment loss will not be reversed in subsequent accounting period once it had been recognized.

## 23. Long-term deferred expenses

Long-term deferred expenses are various expenses already incurred, which shall be amortized over current and subsequent periods with the amortization period exceeding one year.

### 1. Amortization method

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

### 2. Amortization period

Item	Amortization period
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Hotel exterior wall decoration	4 years
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## 24. Employee compensation

### (1) Short-term employee benefits

The Company recognizes, in the accounting period in which an employee provides service, actually occurred short-term employee benefits as a liability, with a corresponding charge to current profit or loss or relevant cost of assets.

Payments made by the Company of social security contributions for employees, and union running costs and employee education costs provided in accordance with relevant requirements, in the accounting period in which employees provide services, is calculated according to prescribed bases and percentages of provision in determining the amount of employee benefits.

Employee benefits which are non-monetary benefits are measured at fair value.

### (2) Post-employment benefits

Payments made by the Company of basic endowment insurance and unemployment insurance in accordance with relevant requirements of local government, in the accounting period in which employees provide services, is calculated according to prescribed bases and percentages of provision of local requirements in determining the amount payable, is recognised as a liability, with a corresponding charge to current profit or loss or relevant cost of assets.

### (3) Termination benefits

When the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal, or when the Company recognises costs or expenses related to a restructuring that involves the payment of termination benefits (the earlier is adopted), the employee benefits liabilities caused by termination benefits are recognised and included in current profit or loss.

### (4) Accounting method for other long-term employee benefits

## 25. Estimated liabilities

When the Company is involved in proceedings, debt guarantees, onerous contracts and reorganization events, if such events may require delivery of assets or rendering of services in the future and the





amounts of such events can be reliably measured, estimated liabilities are recognized.

### **1. Recognition criteria of estimated liabilities**

The Company recognizes the estimated liabilities when obligations related to contingencies satisfy all the following conditions:

- (1) the obligation is a present obligation of the Company;
- (2) the performance of the obligation is likely to result in outflow of economic benefits from the Company; and
- (3) the amount of the obligation can be measured reliably.

### **2. Measurement method of estimated liabilities**

The estimated liabilities of the Company are initially measured as the best estimate of expenses required for the performance of relevant present obligations.

The Company, when determining the best estimate, has had a comprehensive consideration of risks with respect to contingencies, uncertainties and the time value of money. If the time value of money is significant, the best estimate shall be determined after discounting the relevant future outflow of cash.

The best estimate shall be accounted as follows in different circumstances:

If there is continuous range (or interval) for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate shall be determined at the average amount of upper and lower limits within the range.

If there is no continuous range (or interval) for the necessary expenses, or probabilities of occurrence of all the outcomes within this range are unequal despite such a range exists, the outcomes within this range are unequally likely to occur, in case that the contingency involves a single item, the best estimate shall be determined at the most likely outcome; if the contingency involves two or more items, the best estimate should be determined according to all the possible outcomes with their relevant probabilities.

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

## **26. Share-based payment**

Nil



## **27. Other financial instrument as preferred stock and perpetual capital securities**

Nil

## **28. Revenue**

Whether the company needs to comply with the disclosure requirements of the particular industry

No

### **1. Recognition and measurement principles of revenue from sales of goods**

(1) Overall recognition and measurement principles of revenue from sales of goods

When the Company has transferred significant risks and rewards of ownership of the goods to the buyer; the Company retains neither continuous management rights associated with ownership of the goods sold nor effective control over the goods sold; the relevant amount of revenue can be measured reliably; it is highly likely that the economic benefits associated with the transaction will flow into the enterprise, and the relevant amount of cost incurred or to be incurred can be measured reliably, revenue from sales of goods shall be recognized.

(2) Recognition criteria of revenue from selling goods and specific recognition timing criteria of revenue of the Company

The Company provides hotel accommodation service as well as goods. After the recognition of both housekeeping department and hotel reception desk, the daily business report is established. The accounting department makes sure the significant risks and rewards of ownership of the goods have been transferred to the client, the selling revenue is recognized.

### **2. Recognition and measurement principles of revenue from providing labor services**

(1) The hotel room service, catering (breakfast) service etc. of the Company, after the hotel room service, catering (breakfast) service etc. had provided, and each consumption department had checked with the receptionist, the daily business report and detailed report of account receivables are established, and the reports are submitted to accounting department, which recognizes the revenue after examining the daily reports.

(2) Revenue from outsourced restaurant and site rental is recognized according to contract or agreement time period and time of collecting.

### **3. Recognition basis of revenue from transferring the use right of assets**

The economic benefits related to the transaction may flow into entities and the amount of revenue can be reliably measured. The amount of revenue from transferring use right of assets is recognized as follows in different circumstances:

(1) The amount of interest income is determined by the time and effective interest rate for others to



use the monetary funds of the Company.

(2) The amount of revenue from usage is determined according to the charging time and method as agreed in relevant contract or agreement.

## **29. Government subsidies**

### **(1) Recognition basis and accounting treatment for government subsidies related to assets**

Government subsidies related to acquisition and construction of fixed assets, intangible assets and other long-term assets are recognized as deferred income, and included in non-operating income by stages within the useful life of the assets acquired and constructed;

### **(2) Recognition basis and accounting treatment for government subsidies related to income**

If government subsidies related to income are used to compensate the enterprise's relevant expenses or losses in future periods, such government subsidies should be recognized as deferred income on acquisition and be included into the current non-operating income in the period of recognizing relevant expenses; if government subsidies related to income are used to compensate the enterprise's relevant expenses or losses incurred, such government subsidies are directly included into the current non-operating income on acquisition.

## **30. Deferred income tax assets and deferred income tax liabilities**

Deductible temporary differences are recognized as deferred income tax assets to the extent that it shall not exceed future taxable income possibly available to be against the deductible temporary difference.

Deductible temporary differences are recognized as deferred income tax liabilities except in special circumstances.

Special circumstances in which deferred income tax assets or deferred income tax liabilities shall not be recognized include: the initial recognition of goodwill; other transactions or matters excluding business combinations, which affect neither accounting profits nor the taxable income (or deductible losses) when occurred.

If the Company has the legal right of netting and intends to settle in net amount or to obtain assets and discharge liabilities simultaneously, the income tax assets and income tax liabilities of the Company



for the current period shall be presented based on the net amount after offset.

When the Company has the legal rights to balance income tax assets and income tax liabilities in current period with net settlement, and deferred income tax assets and deferred income tax liabilities are related to the income tax which imposed on the same taxpaying subject by the same tax collection authority or to different taxpaying subjects, but, in each important future period in connection with the reverse of deferred income tax assets and liabilities, the involved taxpaying subject intends to balance income tax assets and liabilities in current period with net settlement at the time of obtaining assets and discharging liabilities, deferred income tax assets and deferred income tax liabilities of the Company shall be presented based on the net amount after offset.

### **31. Lease**

#### **(1) Accounting of leased assets**

##### **1. Accounting of leased assets**

Lease fees paid by the Company for leased asset shall be amortized at straight-line method over the whole lease period (including rent-free period) and shall be included in the current expenses. Initial direct costs related to lease transactions paid by the Company shall be included in the current expenses.

If the expense related to the lease which shall be paid by the Company is assumed by the lessor of the asset, such expenses shall be deducted from total lease fees, and residual lease fees shall be amortized over the lease period and included in the current expenses.

##### **2. Accounting of leasing assets**

Lease fees received by the Company from leasing assets shall be amortized at straight-line method over the whole lease period (including rent-free period), and shall be recognized as lease income. Initial direct costs related to lease transactions paid by the Company shall be included in the current expenses; if the amount is large, it shall be capitalized, and shall be included in the current income by stages within the whole lease period on same basis for recognition of lease income.

If the expenses related to the lease which shall be paid by the lessee are borne by the Company, such expenses shall be deducted from total lease income by the Company, and residual lease fees shall be amortized over the lease period.

**(2) Accounting treatment of finance lease****32. Other significant accounting policies and estimate**

Note: explain other significant accounting policies and estimate, including but not limit to: determination standards and accounting treatment of the discontinued operations, basis and accounting treatment on hedge accounting, accounting method with buy-back shares concerned, accounting treatment of the asset-securitization business etc.

The Company is complying with the disclosure requirement of “Information Disclosure Guidelines on Shenzhen Stock Exchange No.2- Listed Companies engaged in the relevant business solid mineral resources”

Note: disclosed the exploration and development expenditure, resource tax, maintenance fee, safety production cost and extract standards with relevant expenses concerned directly in the industry, as well as annual withdrawal amount, usage condition and accounting policy

**33. Adjustments for changes in principal accounting policies and estimates****(1) Changes of major accounting policies**

Applicable  Not applicable

Contents and reasons of accounting policy changes	Approval procedures	Note
Adjusted Item of “Business tax and surcharges” in income statement into Item of “Taxes and surcharges”	Approved by the Board	
The amounts of house property tax、 land use tax、 vehicle and vessel use tax、 stamp tax occurring after May 1, 2016 are reclassified from item of “administrative expenses” to item of “Taxes and surcharges”	Approved by the Board	
According to the document “Value Added Tax Accounting Rules”(Finance and Accounting [2016] No.22) issued at December 3, 2016, the Company reclassify the prepay taxes into other current assets.	Approved by the Board	
the Company reclassify the direct expenses related to guest rooms which were collected by item of “Operating expenses” into item of “Operating costs”	Approved by the Board	

**(2) Changes of major accounting estimate**

Applicable  Not applicable

**34. Other****VI. Taxation****1. Major tax types and tax rates**

Taxation type	Basis of tax assessment	Tax rate
Value added tax (VAT)	Differential section of VAT calculated on revenue from sale of goods and service deduct VAT paid in current period in accordance with tax law	5%、6%、7%、11%、17%
Urban maintenance and construction tax	Levy by the taxable business tax and VAT	7%
Enterprise income tax	Levy by taxable income	25%
Business tax	Levy by taxable business revenue	5%
Education surcharge	Levy by the taxable business tax and VAT	3%
Local education surcharge	Levy by the taxable business tax and VAT	2%
Property tax	Remaining value after deducting 30% of the original value of houses (including land price), Rental income	1.2%、12%
Land use tax	Land area	

As for the taxpaying body with different tax rate for enterprise income tax, disclosed explanations

Nil

**2. Tax preference****3. Other****VII. Notes to the main items of financial statements****1. Monetary funds**

In RMB

Item	Ending balance	Beginning balance
Cash	273,523.86	596,940.75
Bank Deposit	26,936,724.15	19,185,451.51
Total	27,210,248.01	19,782,392.26

Other note:

**2. Financial assets measured by fair value and with variations reckoned into current gains/losses**

Nil

**3. Derivative financial assets**Applicable Not applicable**4. Notes receivables**

Nil

**5. Accounts receivable****(1) Accounts receivable by type**

In RMB

Type	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book Value	Book balance		Provision for bad debts		Book Value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Accounts receivable with large	1,466,400.49	50.22%	1,466,400.49	100.00%		1,466,400.49	54.20%	1,466,400.49	100.00%	



single amount and accrued for provision of bad debt on a single basis										
Accounts receivable accrued for provision of bad debt by portfolio	1,453,566.38	49.78%	763,121.66	52.50%	690,444.72	1,239,009.97	45.80%	778,812.69	62.86%	460,197.28
Total	2,919,966.87	100.00%	2,229,522.15		690,444.72	2,705,410.46	100.00%	2,245,213.18		460,197.28

Accounts receivable with large single amount and accrued for provision of bad debt on a single basis as at December 31, 2016

Applicable  Not applicable

In RMB

Content of accounts receivable (by unit)	Ending balance			
	Accounts receivable	Provision for bad debts	Provision ratio	Reason for provision
Sanya Power Supply Company	775,304.98	775,304.98	100.00%	Expected unrecoverable due to aging more than five years and personnel changes
Hainan Hong Kong & Macao International Tourism Ltd.	464,563.21	464,563.21	100.00%	Expected unrecoverable due to aging more than five years
Sanya City Council reception	101,652.32	101,652.32	100.00%	Expected unrecoverable due to aging more than five years and personnel changes
LLC SOUTH CROSS TRAVELINN	124,879.98	124,879.98	100.00%	Had declared bankruptcy
Total	1,466,400.49	1,466,400.49	--	--

Accounts receivable accrued for provision of bad debt by aging analysis method in portfolio:

Applicable  Not applicable

In RMB

Aging	Beginning balance		
	Accounts receivable	Provision for bad debts	Proportion of provision
Within 1 year			
Subtotal of within 1 year	651,719.17		
1-2 years	18,633.00	931.65	5.00%





2-3 years	5,262.00	789.30	15.00%
3-4 years	6,942.00	1,735.50	25.00%
4-5 years	22,690.00	11,345.00	50.00%
More than five years	748,320.21	748,320.21	100.00%
Total	1,453,566.38	763,121.66	

Portfolio recognized:

Accounts receivable accrued for provision of bad debt by percentage of balance in portfolio:

Applicable  Not applicable

Accounts receivable accrued for provision of bad debt by other methods in portfolio:

## (2) Situation of withdrawing or write-off for bad debts provision of accounts receivable in current period

The amount of withdrawing for bad debts provision of accounts receivable is 3,995.18 Yuan in current period; The amount of write-off for bad debts provision of accounts receivable is 19,686.21 Yuan in current period.

Including the followed significant amount:

In RMB		
Name	Amount	Ways
Sanya Wuzhizhou Island Tourist Area of Hainan Haijing Paradise International Co., Ltd	122,729.22	Debt restructuring
Sanya Haiyuan Aoda Tourism Development Co., Ltd	265,274.00	Debt restructuring
Total	388,003.22	--

The Company entered into a Debt Settlement Agreement with Sanya Hongyuan Investment Co., Ltd, Sanya Wuzhizhou Island Melia Coral Hotel Management Co., Ltd, Sanya Haiyuan Aoda Tourism Development Co., Ltd and Sanya Wuzhizhou Island Tourist Area of Hainan Haijing Paradise International Co., Ltd compensated settlement the claims and debts that cumulated in years between the above mentioned four companies

## (3) Account receivables actually cancel after verification in Period

Nil

## (4) Top five accounts receivable

Name	Book balance		Aging	Proportion in total accounts receivable (%)
	Book balance	Bad debt reserve		
Sanya Power Supply Company	775,304.98	775,304.98	More than five years	26.55%
Hainan Hong Kong & Macao International Tourism Ltd.	464,563.21	464,563.21	More than five years	15.91%
LLC SOUTH CROSS TRAVELINN	124,879.98	124,879.98	2-3 years	4.28%



Reception centre of Sanya Municipal Committee	101,652.32	101,652.32	More than five years	3.48%
Hainan Baoping Travel Agency	46,798.32	46,798.32	More than five years	1.60%
Total	1,513,198.81	1,513,198.81		51.83%

**(5) Account receivables recognition terminated due to transfer of financial assets**

Nil

**(6) Account receivables transferred and assets & liability formed by its continuous involvement**

Nil

**6. Prepayments****(1) Aging analysis of repayment**

Aging	In RMB			
	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	58,783.23	100.00%	42,358.16	100.00%
1-2 years				
2-3 years				
More than 3 years				
Total	58,783.23	--	42,358.16	--

Reasons for significant repayment with over one year age without settle: Nil

**(2) Top five prepayment collected by objects at ending balance**

Name	Book balance	Proportion in total prepayment (%)
China Cable TV Network Co., LTD Sanya Branch	26,112.00	44.42
China Post Group Corporation Sanya Branch	10,800.00	18.37
Sanya Daily Office	9,557.52	16.26
Sunshine Property Insurance Co., LTD Hainan Branch	9,303.36	15.83



China Petrochemical Marketing Co. Ltd Sanya Branch	3,010.35	5.12
Total	58,783.23	100.00

Other note: Nil

## 7. Interest receivables

Nil

## 8. Dividend receivables

Nil

## 9. Other receivables

### (1) Other receivables by type

In RMB

Type	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision ratio		Amount	Proportion	Amount	Provision ratio	
Other receivables with large single amount and accrued for provision of bad debt on a single basis	77,363,143.31	98.85%	77,363,143.31	100.00%		77,363,143.31	98.79%	77,363,143.31	100.00%	
Other receivables accrued for provision of bad debt by portfolio	903,202.33	1.15%	729,098.81	80.72%	174,103.52	946,271.35	1.21%	734,324.98	77.60%	211,946.37
Other receivables with insignificant single amount but accrued for										



provision of bad debt on a single basis									
Total	78,266,345.64	100.00%	78,092,242.12		174,103.52	78,309,414.66		78,097,468.29	211,946.37

Other receivables with large single amount and accrued for provision of bad debt on a single basis at period-end:

√ Applicable □ Not applicable

In RMB

Content of other receivables (by unit)	Ending balance			
	Other receivables	Provision for bad debts	Provision ratio	Reason for provision
Hainan Dadonghai Hotel Co., Ltd.	54,767,945.15	54,767,945.15	100.00%	Expected unrecoverable due to aging more than five years and the debtor in the abnormal operation
Cash dividends distributed in 1994-1996	16,899,000.00	16,899,000.00	100.00%	Unrecoverable
Hainan Hong Kong & Macao International Tourism Ltd.	4,145,704.16	4,145,704.16	100.00%	Expected unrecoverable due to aging more than five years and faking in contact income
Guangdong Jinma Tourism Ltd.	1,200,494.00	1,200,494.00	100.00%	The bonus of participation in profit before 1996, which is expected to be unrecoverable due to share right replacement with Shenzhen Difu
Shareholder custody fee	350,000.00	350,000.00	100.00%	Unrecoverable due to the custody fee was paid for other shareholders who can not be found.
Total	77,363,143.31	77,363,143.31	--	--

Other receivables accrued for provision of bad debt by aging analysis method in portfolio:

√ Applicable □ Not applicable

In RMB

Aging	Ending balance		
	Other receivables	Provision for bad debts	Provision ratio
Within 1 year			
Subtotal within 1 year	156,048.92		
1-2 years	18,468.00	923.40	5.00%
2-3 years	600.00	90.00	15.00%
More than 3 years			
3-4 years			
4-5 years			
More than five years	728,085.41	728,085.41	100.00%
Total	903,202.33	729,098.81	

Portfolio recognized:



Other accounts receivable accrued for provision of bad debt by percentage of balance in portfolio:

Applicable  Not applicable

Other accounts receivable accrued for provision of bad debt by other methods in portfolio:

Applicable  Not applicable

## (2) Provision for bad debts accrued, regain or switch back in the Period

The amount of withdrawing for bad debts provision of other receivables is -5,226.17 yuan in current period. And no regains or switch back in the Period.

Including the followed significant amount:

Nil

## (3) Other account receivables actually cancel after verification in Period

Nil

## (4) Other account receivables category by nature of money

In RMB

Nature of money	Ending book balance	Beginning book balance
Original relevant companies fund accounts	54,767,945.15	54,767,945.15
Contracting profit receivable	4,145,704.16	4,145,704.16
Distributing dividends receivable	18,099,494.00	18,099,494.00
Guarantee deposit	563,818.99	561,818.99
Advance money for custody fee	350,000.00	350,000.00
Other fund accounts	23,114.20	153,764.20
Petty money	78,772.22	86,446.24
Utilities	164,165.49	70,789.50
Money from invested items	30,500.00	30,500.00
Personal social security 、 Accumulation fund	37,831.43	37,952.42
Project funds	3,700.00	3,700.00
Cash deposit for invoices	1,300.00	1,300.00
<b>Total</b>	<b>78,266,345.64</b>	<b>78,309,414.66</b>

**(5) Top five other account receivables collected by arrears party at ending balance**

In RMB

Company name	Nature of money	Ending balance	Aging	Proportion in total other receivables	Ending balance of bad debt provision
Hainan Dadonghai Hotel Co., Ltd.	Current accounts	54,767,945.15	More than five years	69.98%	54,767,945.15
Cash dividends distributed in 1994-1996	Dividends distributed and ought to be recovered	16,899,000.00	More than five years	21.59%	16,899,000.00
Hainan Hong Kong & Macao International Tourism Ltd.	Current accounts	4,145,704.16	More than five years	5.30%	4,145,704.16
Guangdong Jinma Tourism Ltd.	Dividends	1,200,494.00	More than five years	1.53%	1,200,494.00
Shareholder custody fee	Custody fee	350,000.00	More than five years	0.45%	350,000.00
Total	--	77,363,143.31	--	98.85%	77,363,143.31

**(6) Account receivables with government subsidies involved**

Nil

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

Nil

**(8) Other account receivables transferred and assets & liability formed by its continuous involvement**

Nil

**10. Inventories**

Whether the company needs to comply with the disclosure requirements of the particular industry

No

**(1) Classification of inventories**

Item	Ending balance			Beginning balance		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
Stock materials	876,822.10	742,966.17	133,855.93	885,380.88	745,479.33	139,901.55
Stock	22,771.38	11,102.41	11,668.97	22,771.38	11,102.41	11,668.97



commodities						
Food and beverages	52,660.42		52,660.42	39,578.03		39,578.03
Fuels	20,994.40		20,994.40	26,926.88		26,926.88
Total	973,248.30	754,068.58	219,179.72	974,657.17	756,581.74	218,075.43

Does the Company comply with the disclosure requirement of “Information Disclosure Guidelines of Shenzhen Stock Exchange No.4 – Listed Companies Engaged in Seed Industry and Planting Business” or not

No

## (2) Inventory depreciation reserve

In RMB

Item	Beginning balance	Increased in 2016		Decreased in 2016		Ending balance
		Accrual	Other	Reversing or write-off	Other	
Stock materials	745,479.33			2,513.16		742,966.17
Stock commodities	11,102.41					11,102.41
Total	756,581.74			2,513.16		754,068.58

During the normal operation, as for the amount of inventory after estimated selling price less the estimated sales expenses and relevant taxes, determine the net realizable value

Switch back of the provisions for decline in inventory; receive the inventory that has provision for depreciation partially

## (3) Explanation on inventories with capitalization of borrowing costs included at ending balance

Nil

## (4) Assets unsettled formed by construction contract which has completed at period-end

Nil

## 11. Divided into assets held for sale

Nil

## 12. Non-current assets maturing within one year

In RMB

Item	Ending balance	Beginning balance
Long-term differed expenses needed to be amortized within one year	584,369.42	532,500.00
Total	584,369.42	532,500.00

Other note: nil

**13. Other non-current assets**

Item	In RMB	
	Ending balance	Beginning balance
Prepay corporate income tax	1,702,702.80	
Prepay VAT	173,746.42	
<b>Total</b>	<b>1,876,449.22</b>	

Other note: nil

**14. Available-for-sale financial assets****(1) Available-for-sale financial assets**

Item	In RMB					
	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Available-for-sale equity instruments:	5,000,000.00	5,000,000.00		9,500,000.00	5,000,000.00	4,500,000.00
<b>Total</b>	<b>5,000,000.00</b>	<b>5,000,000.00</b>		<b>9,500,000.00</b>	<b>5,000,000.00</b>	<b>4,500,000.00</b>

**(2) Available-for-sale financial assets measured at fair value at period-end**

Nil

**(3) Available-for-sale financial assets measured at cost at the end of the period**

Item	In RMB									
	Book balance				Provision for impairment				Shareholding ratio in investee	Cash dividends in 2016
	Beginning balance	Increase in 2016	Decrease in 2016	Ending balance	Beginning balance	Increase in 2016	Decrease in 2016	Ending balance		
Shenzhen Difu Investment & Development Ltd	5,000,000.00			5,000,000.00	5,000,000.00			5,000,000.00	14.28%	
Sanya Xiangyu E-business Ltd.	4,500,000.00		4,500,000.00						18.00%	
<b>Total</b>	<b>9,500,000.00</b>		<b>4,500,000.00</b>	<b>5,000,000.00</b>	<b>5,000,000.00</b>			<b>5,000,000.00</b>	<b>--</b>	



**(4) Changes of impairment of available-for-sale financial assets in Period**

In RMB

Classification	Equity instrument available for sale	Debt instrument available for sale		Total
Impaired balance accrual at period-begin	5,000,000.00			5,000,000.00
Impaired balance accrual at period-end	5,000,000.00			5,000,000.00

**(5) Fair value of the available-for-sale equity instrument drops significantly or not contemporarily without depreciation reserves accrued**

Nil

**15. Held-to-maturity investment****(1) Held-to-maturity investment**

In RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book Value	Book balance	Provision for impairment	Book Value
Hubei Jingsha Dadonghai Club Ltd.	4,566,207.42	4,566,207.42		4,566,207.42	4,566,207.42	
Sanya Shun'an Casino	5,150,166.84	5,150,166.84		5,150,166.84	5,150,166.84	
<b>Total</b>	<b>9,716,374.26</b>	<b>9,716,374.26</b>		<b>9,716,374.26</b>	<b>9,716,374.26</b>	

**(2) Important held-to-maturity investment at period-end**

Nil

**(3) Reclassify of held-to-maturity investment in the period**

Other note: nil

**16. Long-term account receivables****(1) Long-term account receivables**

Nil

**(2) Long-term receivable derecognition due to the financial assets transfer**

Nil

**(3) Assets and liability from continuing involvement from transfer of long-term receivable**

Nil

**17. Long-term equity investments**

Nil

**18. Investment real estate****(1) Investment real estate by cost measurement**

√ Applicable □ Not applicable

In RMB

Item	Houses and buildings	Land use right	Construction in progress	Total
I. Original book value:				
1. Beginning balance				
2. Increase in 2016	18,856,504.44	5,662,740.59		24,519,245.03
(1) Purchase				
(2) Transfer from fixed assets\intangible assets	18,856,504.44	5,662,740.59		24,519,245.03
(3) Increase in business merger				
3. Decrease in 2016				
(1) Disposal				
(2) Other transfer				
4. Ending balance	18,856,504.44	5,662,740.59		24,519,245.03
II. Accumulated depreciation and accumulated amortization				
1. Beginning balance				
2. Increase in 2016	9,771,216.42	2,107,046.45		11,878,262.87
(1) Withdraw or amortize				
(2) Transfer from fixed assets\intangible assets	9,771,216.42	2,107,046.45		11,878,262.87



3. Decrease in 2016				
(1) Disposal				
(2) Other transfer				
4. Ending balance	9,771,216.42	2,107,046.45		11,878,262.87
III. Depreciation reserve				
1. Beginning balance				
2. Increase in 2016	1,404,400.47	1,903,054.14		3,307,454.61
(1) Withdraw				
(2) Transfer from fixed assets\intangible assets	1,404,400.47	1,903,054.14		3,307,454.61
3. Decrease in 2016				
(1) Disposal				
(2) Other transfer				
4. Ending balance	1,404,400.47	1,903,054.14		3,307,454.61
IV. Book value				
1. Book value at the end of the period	7,680,887.55	1,652,640.00		9,333,527.55
2. Book value at the beginning of the period				

**(2) Investment real estate by fair value**

Applicable  Not applicable

**(3) Investment real estate without certificate of ownership**

Nil

**19. Fixed assets****(1) Fixed assets**

							In RMB
Item	Buildings and Constructions	Machines	Vehicles	Electronic Equipments	Others	Decoration and improvement	Total



I. Original book value:							
1.Beginning balance	155,421,287.59	13,141,471.00	2,091,322.77	2,564,213.96	2,059,452.29	458,732.39	175,736,480.00
2. Increase in 2016				270,561.80	108,617.74		379,179.54
(1) Purchase				270,561.80	108,617.74		379,179.54
(2) transfer in of the construction project							
(3) the increase in business combination							
3. Decrease in 2016	18,856,504.44			249,506.84	464,680.58	458,732.39	20,029,424.25
(1) Disposal or scrap				249,506.84	464,680.58	458,732.39	1,172,919.81
(2) Transfer to investment property	18,856,504.44						18,856,504.44
4.Ending balance	136,564,783.15	13,141,471.00	2,091,322.77	2,585,268.92	1,703,389.45		156,086,235.29
II. Accumulated depreciation							
1.Beginning balance	75,404,131.86	8,814,547.35	1,101,790.90	2,098,234.92	1,476,565.95	354,317.97	89,249,588.95
2. Increase in 2016	2,552,331.48	278,128.73	151,144.80	249,282.19	215,664.27	87,159.12	3,533,710.59
(1) Disposal	2,552,331.48	278,128.73	151,144.80	249,282.19	215,664.27	87,159.12	3,533,710.59
3. Decrease in 2016	9,771,216.42			236,370.66	244,320.42	441,477.09	10,693,384.59
(1) Disposal or scrap				236,370.66	244,320.42	441,477.09	922,168.17
(2) Transfer to investment property	9,771,216.42						9,771,216.42
4.Ending balance	68,185,246.92	9,092,676.08	1,252,935.70	2,111,146.45	1,447,909.80		82,089,914.95
III. Depreciation reserve							
1.Beginning balance	32,477,188.64	2,527,851.26		1,872.00	199,992.57		35,206,904.47
2. Increase in 2016							
(1) Withdraw							
3. Decrease in 2016	1,404,400.47			1,872.00	199,992.57		1,606,265.04



(1) Disposal or scrap				1,872.00	199,992.57		201,864.57
(2) Transfer to investment property	1,404,400.47						1,404,400.47
4. Ending balance	31,072,788.17	2,527,851.26					33,600,639.43
IV. Book value of fixed assets							
(1) Book value at the end of the period	37,306,748.06	1,520,943.66	838,387.07	474,122.47	255,479.65		40,395,680.91
(2) Book value at the beginning of the period	47,539,967.09	1,799,072.39	989,531.87	464,107.04	382,893.77	104,414.42	51,279,986.58

**(2) Fixed assets temporarily idled**

Nil

**(3) Fixed assets rented by finance leases**

Nil

**(4) Fixed assets leased in the operating leases**

Nil

**(5) Fixed assets without certificate of title completed**

Nil

**20. Construction in process****(1) Construction in process**

Nil

**(2) Changes of major construction in process in the period**

Nil

**(3) Accrual of the impairment of construction in progress**

Nil

**21. Engineering materials**

Nil

**22. Disposal of fixed assets**

Nil

**23. Productive biological assets****(1) Measured by cost** Applicable  Not applicable**(2) Measured by fair value** Applicable  Not applicable**24. Oil-and-gas assets** Applicable  Not applicable**25. Intangible assets****(1) Intangible assets**

In RMB

Item	Land use right	Patent right	Non-patent technology		Total
I. Original book value					
1. Beginning balance	87,315,277.74				87,315,277.74
2. Increase in the period					
(1) Purchase					
(2) Internal R&D					
(3) Increase in enterprise merger					
3. Decrease in the period	5,662,740.59				5,662,740.59
(1) Disposal					
(2) Transfer to investment property	5,662,740.59				5,662,740.59
4. Ending balance	81,652,537.15				81,652,537.15
II. Accumulated amortization					
1. Beginning balance	31,619,996.24				31,619,996.24
2. Increase in the period	868,727.16				868,727.16



(1) Withdraw	868,727.16				868,727.16
3. Decrease in the period	2,107,046.45				2,107,046.45
(1) Disposal					
(2) Transfer to investment property	2,107,046.45				2,107,046.45
4. Ending balance	30,381,676.95				30,381,676.95
III. Depreciation reserve					
1. Beginning balance	29,343,890.98				29,343,890.98
2. Increase in the period					
(1) Withdraw					
3. Decrease in the period	1,903,054.14				1,903,054.14
(1) Disposal					
(2) Transfer to investment property	1,903,054.14				1,903,054.14
4. Ending balance	27,440,836.84				27,440,836.84
IV. Booking value					
1. Ending book value	23,830,023.36				23,830,023.36
2. Beginning book value	26,351,390.52				26,351,390.52

The proportion of intangible assets balance accounted for by the company's internal R & D by the end

## (2) Land use right without certificate of title completed

Nil

## 26. Development expenditure

Nil

## 27. Goodwill

### (1) The original book value of goodwill

Nil

### (2) Goodwill impairment provision

Nil

**28. Long-term deferred expenses**

In RMB

Item	Beginning balance	Increase in the period	Amortization in the period	Other decreases	Ending balance
B building coating project	1,508,750.00	207,477.69	644,883.72		1,071,343.97
Total	1,508,750.00	207,477.69	644,883.72		1,071,343.97

Other note: nil

**29. Deferred income tax assets / deferred income tax liabilities**

Nil

**30 .Other non-current assets**

Nil

**31 .Short-term loans**

Nil

**32. Financial liabilities measured at fair value through current profit and loss**

Nil

**33. Derivative financial liabilities** Applicable  Not applicable**34. Note payable**

Nil

**35. Accounts payable****(1) Details of accounts payable are as follows**

In RMB

Item	Ending balance	Beginning balance
Within 1 year (including 1 year)	856,048.21	923,373.39
1-2 years (including 2 years)	199,317.78	205,220.78





2-3 years (including 3 years)	334,316.59	334,316.59
Over 3 years	577,882.93	952,691.61
<b>Total</b>	<b>1,967,565.51</b>	<b>2,415,602.37</b>

**(2) Accounts payable with major amount and aging of over one year**

In RMB

Item	Ending balance	Reason
Provisional estimation	788,499.69	Purchase amount recorded without invoice issued
<b>Total</b>	<b>788,499.69</b>	--

Other note: nil

**36. Accounts received in advance****(1) Accounts received in advance**

In RMB

Item	Ending balance	Beginning balance
Within 1 year (including 1 year)	1,272,672.89	601,642.54
1-2 years (including 2 years)	141,408.02	133,860.80
2-3 years (including 3 years)	65,874.80	23,959.76
Over 3 years	414,568.57	394,391.85
<b>Total</b>	<b>1,894,524.28</b>	<b>1,153,854.95</b>

**(2) Accounts received in advance with major amount and aging of over one year**

In RMB

Item	Ending balance	Reason
Guangzhou South Holiday International Travel Service Co., Ltd. Sanya Branch	101,244.00	No settlement
Hainan QiongZhong Ecological Investment Guarantee Co., Ltd.	31,314.00	No settlement
Beijing Yualuxincheng Management Consulting Co., Ltd.	30,540.00	No settlement



PEGAS Zheng Qingbo	32,243.02	No settlement
Sanya Public Security Fire Control Team	19,420.88	No settlement
Total	214,761.90	--

### (3) Assets settled formed by construction contract which has un-completed at period-end

Nil

## 37. Employee compensation payable

### (1) Classification of employee compensation payable

In RMB

Item	Beginning balance	Increase in the period	Decrease in the period	Ending balance
I. Short-term employee benefits	2,150,364.40	9,573,421.28	9,575,271.32	2,148,514.36
II. Post-employment benefits - defined contribution plans		826,995.84	826,995.84	
Total	2,150,364.40	10,400,417.12	10,402,267.16	2,148,514.36

### (2) Short-term employee benefits

In RMB

Item	Beginning balance	Increase in the period	Decrease in the period	Ending balance
1.Salary, bonus, allowance and subsidy	1,295,854.64	7,403,313.17	7,399,621.82	1,299,545.99
2.Employee welfare		1,395,410.60	1,395,410.60	
3.Social insurance premium		395,717.10	395,717.10	
Of which: including: medical insurance expenses		355,700.25	355,700.25	
Work injury insurance expenses		17,785.23	17,785.23	
Maternity insurance		22,231.62	22,231.62	
4.Housing provident funds		120,106.36	120,106.36	
5.Labor union expenditures and	854,509.76	258,874.05	264,415.44	848,968.37



employee education expenses				
Total	2,150,364.40	9,573,421.28	9,575,271.32	2,148,514.36

**(3) Details of defined contribution plans**

In RMB

Item	Beginning balance	Increase in the period	Decrease in the period	Ending balance
1.Basic endowment insurance expenses		790,549.48	790,549.48	
2.Unemployment insurance expenses		36,446.36	36,446.36	
Total		826,995.84	826,995.84	

Other note:

**38. Taxes payable**

In RMB

Item	Ending balance	Beginning balance
VAT	228,923.41	135,982.62
Enterprise income tax		-1,702,702.80
Individual income tax	1.14	6,804.20
Urban maintenance and construction tax	6,505.86	6,105.02
Business tax		127,228.90
Educational surtax	2,788.22	4,360.73
Local educational surtax	1,858.82	
Property tax	234,032.26	
Stamp tax	246.50	
Land use tax	108,588.06	
Total	582,944.27	-1,422,221.33

Other note: According to ASBE (Accounting Standards for Business Enterprises), the prepay enterprise income tax shall be reclassified by other current assets.

**39. Interest payable**

Nil

**40. Dividend payable**

Nil

**41 .Other payables****(1) Other payables by items**

In RMB

Item	Ending balance	Beginning balance
Fine for rule-breaking operation on the stock of the Company	19,810,000.00	19,810,000.00
Audit fee	285,003.21	285,003.21
Project funds	317,277.05	1,246,613.78
Agency fund	139,319.74	453,720.42
Quality retention money (Cash deposit)	230,096.75	248,196.75
Guarantee deposit	350,600.90	430,809.90
membership of Board director 、 the board of supervisors	214,506.98	148,506.98
Personal fund accounts	73,752.85	91,041.38
Other fund accounts	1,001,405.96	938,635.86
Deposit and rental	662,541.29	
<b>Total</b>	<b>23,084,504.73</b>	<b>23,652,528.28</b>

**(2) Other payables with large amount and aging of over one year**

In RMB

Company name	Ending balance	Reason for non-repayment or carryover
China Securities Regulatory Commission	19,810,000.00	Financial difficulty
Hong Kong Deloitte & Touche LLP	285,003.21	No settlement
Sanya Shuxin Building Waterproofing Co. Ltd	170,000.00	No settlement
China Building Decoration Company	161,111.03	No settlement



Hannan Branch		
Total	20,426,114.24	--

Other note: nil

#### 42. Divided into liability held for sale

Nil

#### 43. Non-current liability due within one year

Nil

#### 44. Other current liability

Nil

#### 45. Long-term loans

Nil

#### 46. Bond payable

Nil

#### 47. Long-term payable

Nil

#### 48. Long-term employee salary payable

Nil

#### 49. Specific payable

Nil

#### 50. Estimates liabilities

In RMB

Item	Ending balance	Beginning balance	Reason
Other	1,489,685.04		Withholding the understate electricity from Sanya Power Bureau in two years
Total	1,489,685.04		--

Other explanation, including important assumptions and estimation for the major accrual liability:



At May 26, 2016, the Company received lawyer's letter of Hainan Yunfan law firm which is entrusted by Hainan Power Grid Co., LTD Sanya Power Supply Bureau (hereinafter referred to as the "Sanya Power Supply Bureau"), the letter claims that Sanya Power Supply Bureau found that the Company's subsidiary South China Grand Hotel of Hainan Dadonghai Tourism Center (Holdings) Co., Ltd's the amount of CT is different with its marketing management system record. The inconformity time is July, 2006, and the hotel's CT is changing on April, 2016. Therefore, undercounted electricity consumption amount is 10,313,373.00 kilowatt-hours, and estimated cost is 7,200,165.75 Yuan as various electricity prices and charges.

According to the file "Law Advisory Opinion about Retroactive Power (Charge) Dispute between South China Grand Hotel and Sanya Power Supply Bureau" issued by Beijing Junhe (Haikou) Law Firm at December 20, 2016, which claims that Sanya Power Supply Bureau has responsibility for CT to purchase, install, enseat, unseat and change, therefore, the responsibility of the guilty party for undercounted electricity consumption of South China Grand Hotel is Sanya Power Supply Bureau. According to the one hundred and thirty-five item of "General Rule of Civil Law", this item claims that limitation of action is two years if accuser request people's court's protection, except situations provided by law. The Company has withheld the undercounted electricity consumption cost in 2016 which is about 1,489,685.04 Yuan during the period from April, 2014 to April, 2016.

### 51. Deferred income

Nil

### 52. Other non-current liability

Nil

### 53 .Share capital

In RMB

	Beginning balance	Increase or decrease (+, -)					Ending balance
		New issue	Shares granted	Share capital converted from reserve fund	Others	Sub-total	
Total shares	364,100,000.00						364,100,000.00

Other note: Nil

### 54. Other equity instruments

Nil

**55. Capital reserves**

In RMB				
Item	Beginning balance	Increase in the period	Decrease in the period	Ending balance
Total	54,142,850.01			54,142,850.01

Other instructions, including changes in the current period, reasons for the change: Nil

**56. Treasury stock**

Nil

**57. Other comprehensive income**

Nil

**58. Reasonable reserves**

Nil

**59. Surplus reserves**

Nil

**60. Undistributed profits**

In RMB		
Item	The period	Last period
Undistributed profit of period-begin after adjustment	-341,305,382.08	-333,827,515.68
Plus: net profit attributable to owner of parent company in the period	-2,661,052.49	-7,477,866.40
Undistributed profits of period-end	-343,966,434.57	-341,305,382.08

Adjustment of undistributed profit at period-begin:

- 1) For the retroactive adjustment based on Accounting Standards for Business Enterprises and other relevant regulations, affected undistributed profit at period-begin of 0 Yuan
- 2) For changes of accounting policies, affected undistributed profit at period-begin of 0 Yuan
- 3) For correction on major accounting errors, affected undistributed profit at period-begin of 0 Yuan
- 4) For changes of consolidation scope from same controlling, affected undistributed profit at period-begin of 0 Yuan
- 5) Other adjustment totally affected undistributed profit at period-begin of 0 Yuan

**61. Operating income and operating cost**

In RMB				
Item	Amount as the period		Amount as last period	
	Income	Cost	Income	Cost
Main business	19,117,791.52	9,693,974.20	15,885,922.90	7,873,049.71



Other business	2,591,091.99	564,466.42		
Total	21,708,883.51	10,258,440.62	15,885,922.90	7,873,049.71

**62. Tax and surcharges**

In RMB

Item	Amount as the period	Amount as last period
Urban maintenance and construction tax	72,627.03	57,342.58
Educational surtax	31,080.92	24,575.39
Property tax	482,833.44	
Land use tax	289,572.87	
Stamp tax	11,718.17	
Business tax	503,486.90	819,179.54
Local educational surtax	20,720.64	16,383.59
Total	1,412,039.97	917,481.10

Other note: Nil

**63 .Selling expenses**

In RMB

Item	Amount as the period	Amount as last period
Salary	3,278,439.52	2,877,400.31
Depreciation	573,232.60	1,652,357.37
Water and electricity fees	188,186.48	134,181.44
Repair charges	157,060.17	376,166.50
Other expenses	734,414.49	681,967.20
Total	4,931,333.26	5,722,072.82

Other note: Nil

**64 .Administrative expenses**

In RMB

Item	Amount as the period	Amount as last period
Staff salary and welfare	4,580,727.09	3,156,688.29
Amortization of site use right	812,387.16	868,727.16





Business entertainment	738,590.98	1,496,691.06
Labor insurance expenses	525,680.35	503,883.72
Taxes	422,907.20	1,253,059.06
Agency fee	404,696.00	402,000.00
Directors and supervisors membership dues	312,947.50	282,644.70
Depreciation	270,946.41	306,954.24
Announcement fee	240,345.40	240,382.40
Travel expenses	212,223.67	643,482.95
Other expenses	853,184.15	1,117,749.28
Total	9,374,635.91	10,272,262.86

Other note: Nil

## 65. Financial expenses

Item	In RMB	
	Amount as the period	Amount as last period
Interest expenses		
Less: interest income	275,296.73	172,796.40
Gains or losses on exchange		
Handling charges	81,651.44	63,582.60
Total	-193,645.29	-109,213.80

Other note: Nil

## 66. Losses on assets impairment

Item	In RMB	
	Amount as the period	Amount as last period
I. Losses on bad debt	-1,230.99	-107,753.38
VII. Loss on fixed asset impairment		792,028.88
Total	-1,230.99	684,275.50

Other note: Nil

## 67. Gains from changes of fair value

Nil

**68. Gains on investment**

Item	In RMB	
	Amount as the period	Amount as last period
Investment income obtained from disposal of available-for-sale financial assets	429,753.50	
Other creditor's right income from investment	961,165.05	422,000.00
<b>Total</b>	<b>1,390,918.55</b>	<b>422,000.00</b>

Other note: Nil

**69 .Non-operating incomes**

Item	In RMB		
	Amount as the period	Amount as last period	Amount included in current non-recurring profits or losses
Income from compensation	64,926.00	105,919.00	64,926.00
Confiscated income		1,194,445.50	
Others	4,680.00	364,562.14	4,680.00
<b>Total</b>	<b>69,606.00</b>	<b>1,664,926.64</b>	<b>69,606.00</b>

Government subsidy reckoned into current gains/losses:

Nil

**70. Non-operating expenses**

Item	In RMB		
	Amount as the period	Amount as last period	Amount included in current non-recurring profits or losses
Total losses on disposal of non-current assets	48,887.07	90,560.75	48,887.07
Including: loss on disposal of fixed assets	48,887.07	90,560.75	48,887.07
Amercement outlay		200.00	
Overdue fine		27.00	
<b>Total</b>	<b>48,887.07</b>	<b>90,787.75</b>	<b>48,887.07</b>

Other note: Nil

**71 .Income tax expenses****(1) Income tax expenses**

Nil

**72 .Other comprehensive income**

More details can be seen in Note.

**73. Notes to statement of cash flows****(1) Other cash receipts related to operating activities**

Item	In RMB	
	Amount as the period	Amount as last period
Interest income	275,296.73	172,796.40
Rental deposit and rent	244,000.00	
Social insurance for others	11,615.09	
Compensation for articles in the guest rooms	8.00	105,919.00
Confiscated income		1,194,445.50
Handling charges for price adjustment fund		346,472.00
Current account from Maming		240,000.00
Others	53,528.69	21,748.00
<b>Total</b>	<b>584,448.51</b>	<b>2,081,380.90</b>

Note of other cash receipts related to operating activities: Nil

**(2) Cash paid for other operating activities**

Item	In RMB	
	Amount as the period	Amount as last period
Business entertainment expenses	641,721.21	1,476,274.02
Audit fee	404,696.00	402,000.00
Announcement fee	240,345.40	240,202.00



Traveling expenses	205,293.67	643,482.95
Promotion expenses	116,318.27	
Listing fee	80,000.00	80,000.00
Repair charge	79,354.40	109,586.10
Fuel fee, electricity fee and gas fee	62,767.95	114,360.00
Office expenses	31,066.70	38,972.69
Postage	30,171.22	47,493.71
Directors and supervisors membership dues	12,947.50	282,644.70
Price adjustment fund	156,797.00	338,670.00
Individual workers insurance fee and housing fund	553,990.56	519,817.96
Financial costs	81,651.44	63,582.60
Guarantee deposit from Sun Hongjie		657,261.23
Other expenses	274,262.27	441,379.62
<b>Total</b>	<b>2,971,383.59</b>	<b>5,455,727.58</b>

Note of cash paid for other operating activities: Nil

### (3) Cash received with other investment activities concerned

In RMB

Item	Amount as the period	Amount as last period
VAT from income arising from debt investment	29,081.45	
<b>Total</b>	<b>29,081.45</b>	

Cash received with other investment activities concerned: nil

### (4) Cash paid for other investment activities

Nil

### (5) Cash received with other financing activities concerned

Nil

**(6) Cash paid for other financing activities**

Nil

**74 .Supplementary information to statement of cash flows****(1) Supplementary information to statement of cash flows**

Supplementary information	In RMB	
	Amount as the period	Amount as last period
(1) Net profit adjusted to cash flows from operating activities:	--	--
Net profit	-2,661,052.49	-7,477,866.40
Plus: provision for asset impairment	-1,230.99	684,275.50
Depreciation of fixed assets, gas and oil assets and productive biological assets	3,533,710.59	4,305,154.86
Amortization of intangible assets	868,727.16	868,727.16
Amortization of long-term deferred expenses	593,014.30	285,104.90
Loss on disposals of fixed assets, intangible assets and other long-term assets ("-" for gains)	48,887.07	90,560.75
Investments loss ("-" for gains)	-1,390,918.55	-422,000.00
Decrease in inventories ("-" for increases)	-1,104.29	90,546.10
Decrease in operating receivables ("-" for increases)	555,543.09	2,399,070.37
Increase in operating payables ("-" for decreases)	-268,888.91	-2,569,099.52
Other	1,489,685.04	
Net cash flows from operating activities	2,766,372.02	-1,745,526.28
2. Significant investing and financing activities not involving cash receipts and payments:	--	--
3. Net changes in cash and cash equivalents:	--	--
Ending balance of cash	27,210,248.01	19,782,392.26
Less: Beginning balance of cash	19,782,392.26	22,550,289.54
Net increase in cash and cash equivalents	7,427,855.75	-2,767,897.28

**(2) Net cash paid for subsidiary obtained in Period**

Nil

**(3) Net cash received from disposal of subsidiary in Period**

Nil

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

Item	In RMB	
	Ending balance	Beginning balance
I. Cash	27,210,248.01	19,782,392.26
Including: cash on hand	273,523.86	596,940.75
Bank deposit available for payment at any time	26,936,724.15	19,185,451.51
III. Ending balance of cash and cash equivalents	27,210,248.01	19,782,392.26

Other note: Nil

**75. Notes on items of changes of owner's equity**

Nil

**76. Assets with ownership or right-to-use restricted**

Nil

**77. Foreign currency monetary items****(1) Foreign currency monetary items**

Nil

**(2) Explanation on foreign operational entity, as for major foreign operational entity, disclosed foreign main operation land, book-keeping currency and basis; and disclosed reasons if the book-keeping currency changed** Applicable  Not applicable**78. Hedging**

Nil



## 79. Other

### VIII. Changes of consolidation scope

#### 1. Enterprise consolidation not under the same control

##### (1) Enterprise consolidation not under the same control in reporting period

Nil

##### (2) Consolidation cost and goodwill

Nil

##### (3) Identifiable assets, liability of the acquiree on purchasing date

Nil

##### (4) Gains or losses of the equity held before purchasing date, arising from re-measured by fair value

Realized enterprise combine step by step through multi-trading and dealing obtained controlling rights in Period

Yes No

##### (5) On purchasing date or current combine period, fails to determine the combination consideration or acquiree's fair value of identifiable assets and liabilities rationally

Nil

##### (6) Other notes

Nil

#### 2. Enterprise consolidation under the same control

Nil

#### 3. Counter purchase

Basic information of transactions, basis of transactions constituting counter purchase, whether assets and liabilities reserved by listed companies constituting business and their basis, confirmation of combined cost, the amount occurred when adjusting rights and interests in accordance with equity transaction and its calculation: Nil

#### 4. Disposal of subsidiaries

Losing controlling rights while dispose subsidiary on one-time

Yes No

Dispose subsidiary step by step through multi-dealings and losing controlling rights in the Period



Yes No

## **5. Changes of combination scope**

Other reasons contributed the changes for combination scope (e.g. new subsidiary established, liquidate subsidiary etc.):

Nil

## **6. Other**

Nil

## **IX. Equity in other entity**

### **1. Equity in the subsidiary**

Nil

### **2. Changes in the owner's equity share of the subsidiary and the transaction is still controlled subsidiary**

Nil

### **3. Equity in arrangement of joint venture or associated enterprises**

Nil

### **4. Important common management**

Nil

### **5. Equity in structured entities not included in the consolidated financial statements**

Nil

### **6. Other**

Nil

## **X. The risk associated with financial instruments**

Nil

## **XI. Disclosure of fair value**

Nil



**XII. Related parties and related party transactions****1. Parent company of the company**

Nil

**2. Subsidiary of the Company**

More detail of subsidiary of the Company can be seen in Note.

**3. Joint-venture and affiliated enterprise of the Company**

Nil

**4. Other related parties**

Nil

**5. Related party transactions****(1) Sale of goods/rendering of labor services/labor service offering**

Sale of goods/rendering of labor services: Nil

Goods sold and labor service offering

In RMB

Related party	Contents of related party transactions	Amount as the period	Amount as last period
Luoniushan Co., Ltd.	Accommodation	29,566.04	28,981.89

Note of sale of goods/rendering of labor services/labor service offering: Nil

**(2) Related trusteeship/contract and delegated administration/outsourcing**

Nil

**(3) Related leasing**

Nil

**(4) Related guarantee**

Nil

**(5) Borrowed funds of related party**

Nil

**(6) Related party's assets transfer and debt reorganization**

Nil

**(7) Remuneration of key management**

In RMB

Item	Amount as the period	Amount as last period
Key management compensation	1,161,900	1,147,100

**(8) Other related transactions**

Nil

**6. Receivables and payables of related parties****(1) Receivable**

In RMB

Name	Related party	Ending balance		Beginning balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Accounts receivable	Luoniushan Co., Ltd.	10,668.00		8,413.23	

**(2) Payables**

Nil

**7. Related party commitment**

Nil

**8. Other****XIII. Share-base payment****1. Overall performance of share-base payment** Applicable  Not applicable**2. Share-base payment settled by equity** Applicable  Not applicable**3. Share-base payment settled by cost** Applicable  Not applicable



#### **4. Modification and termination of share-base payment**

#### **5. Other**

### **XIV. Commitments and contingencies**

#### **1. Material commitments**

Major commitments on balance sheet date

#### **2. Contingencies**

##### **(1) Major contingencies on balance sheet date**

At May 26, 2016, the Company received lawyer's letter of Hainan Yunfan law firm which is entrusted by Hainan Power Grid Co., LTD Sanya Power Supply Bureau (hereinafter referred to as the "Sanya Power Supply Bureau"), the letter claims that Sanya Power Supply Bureau found that the Company's subsidiary South China Grand Hotel of Hainan Dadonghai Tourism Center (Holdings) Co., Ltd's the amount of CT is different with its marketing management system record. The inconformity time is July, 2006, and the hotel's CT is changing on April, 2016. Therefore, undercounted electricity consumption amount is 10,313,373.00 kilowatt-hours, and estimated cost is 7,200,165.75 Yuan as various electricity prices and charges.

According to the file "Law Advisory Opinion about Retroactive Power (Charge) Dispute between South China Grand Hotel and Sanya Power Supply Bureau" issued by Beijing Junhe (Haikou) Law Firm at December 20, 2016, which claims that Sanya Power Supply Bureau has responsibility for CT to purchase, install, enseal, unseal and change, therefore, the responsibility of the guilty party for undercounted electricity consumption of South China Grand Hotel is Sanya Power Supply Bureau. According to the one hundred and thirty-five item of "General Rule of Civil Law", this item claims that limitation of action is two years if accuser request people's court's protection, except situations provided by law. The Company has withheld the undercounted electricity consumption cost in 2016 which is about 1,489,685.04 Yuan during the period from April, 2014 to April, 2016.

##### **(2) For no major contingencies disclosed, explain reasons**

The Company has no major contingencies should be disclosed



### **3. Other**

## **XV. Event after balance sheet date**

### **1. Major non-adjustment events**

Nil

### **2. Profit distribution**

Nil

### **3. Sales return**

Nil

### **4. Explanation on other events after balance sheet date**

1. On 29 March 2017, being decision from 12<sup>th</sup> meeting of 8<sup>th</sup> session of the Board, the Company plans no profit distribution and capitalizing of common serves either.
2. The fine 19,810,000.00 Yuan about the irregularities of the company for Company stock exchange found by CSRC(China Securities Regulatory Commission) has been paid at February 20, 2017.

## **XVI. Other significant events**

### **1. Correction of accounting errors in previous period**

Nil

### **2. Debt reorganization**

Nil

### **3. Assets replacement**

**(1) Non-monetary assets replacement: Nil**

**(2) Others assets replacement: Nil**

### **4. Annuity plan: nil**

### **5. Termination of operation**

Nil



## 6. Segment information

**(1) Determination basis and accounting policy of the reportable segment: Nil**

**(2) Financial information of the reportable segment: Nil**

**(3) As for the total assets and liabilities of the reportable segment that can not be disclosed, explain the reasons: Nil**

**(4) Other note: nil**

**7. Major trading and items shows influence on investors' decision-making: nil**

**8. Other: nil**

## XVII. Note on financial statement of parent company

### 1. Accounts receivable

#### (1) Accounts receivable by type

Nil

Accounts receivable with large single amount and accrued for provision of bad debt on a single basis at period-end:

Applicable  Not applicable

Accounts receivable accrued for provision of bad debt by aging analysis method in portfolio:

Applicable  Not applicable

Accounts receivable accrued for provision of bad debt by percentage of balance in portfolio:

Applicable  Not applicable

Accounts receivable accrued for provision of bad debt by other methods in portfolio:

#### (2) Provision for bad debts accrued, regain or switch back in the Period

Nil

#### (3) Account receivables actually cancel after verification in Period

Nil



**(4) Top five account receivables collected by arrears party at ending balance: nil**

**(5) Account receivables recognition terminated due to transfer of financial assets: nil**

**(6) Account receivables transferred and assets & liability formed by its continuous involvement: nil**

## **2. Other receivables**

### **(1) Other receivables by type**

Nil

Other receivables with large single amount and accrued for provision of bad debt on a single basis at period-end:

Applicable  Not applicable

Other receivables accrued for provision of bad debt by aging analysis method in portfolio:

Applicable  Not applicable

Other accounts receivable accrued for provision of bad debt by percentage of balance in portfolio:

Applicable  Not applicable

Other accounts receivable accrued for provision of bad debt by other methods in portfolio:

Applicable  Not applicable

**(2) Provision for bad debts accrued, regain or switch back in the Period: Nil**

**(3) Other receivables actually written off in the reporting period: Nil**

**(4) Other account receivables category by nature of money: Nil**

**(5) Top five other account receivables collected by arrears party at ending balance: Nil**

**(6) Account receivables with government subsidies involved: Nil**

**(7) Other account receivables recognition terminated due to transfer of financial assets: Nil**

**(8) Other account receivables transferred and assets & liability formed by its continuous involvement: Nil**

## **3. Long-term equity investment: nil**

## **4. Operation income and operation cost**

Nil

**5. Investment income: nil****6. Other****XVIII. Supplementary information****1. Details of current non-recurring profits and losses**

√ Applicable □ Not applicable

Item	Amount	In RMB
		Remark
Profits or losses from disposal of non-current assets	380,866.43	Net income achieved from equity transfer
Fund occupancy expenses collected from non-financial enterprises and accounted into current profit and loss	961,165.05	Net income achieved from debt investment
Other non-operating income and expense other than the abovementioned ones	69,606.00	
Total	1,411,637.48	--

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

□ Applicable √ Not applicable

**2. REO and earnings per share**

Profits during report period	Weighted average ROE	Earnings per share	
		Basic EPS (Yuan/share)	Diluted EPS (Yuan/share)
Net profits belong to common stock stockholders of the Company	-3.52%	-0.0073	-0.0073
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	-5.39%	-0.0112	-0.0112

**3. Difference of the accounting data under accounting rules in and out of China****(1) Difference of the net profit and net assets disclosed in financial report, under both IAS (International Accounting Standards) and Chinese GAAP (Generally Accepted Accounting Principles)**

□ Applicable √ Not applicable



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

Applicable  Not applicable

**(3) Explanation on data differences under the accounting standards in and out of China; as for the differences adjustment audited by foreign auditing institute, listed name of the institute**

**4. Other**





## **Section XII. Documents available for references**

- I. Financial statement with signature and seal of legal person, person in charge of accounting works and person in charge of accounting organ (accountant in charge);
  - II. Original audit report seal with accounting firms and signature and seal from CPA;
  - III. The original manuscripts of all documents and announcements of the Company publicly disclosed on Securities Times and Hong Kong Commercial Daily during the report period
- The above said documents are prepared in the security department of the Company

Board of Directors of

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

Chairman: Li Yuanbin

29 March 2017