



Shenzhen Properties Group

深房集团

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

ANNUAL REPORT 2018

2019-020

March 2019

Part I Important Notes, Table of Contents and Definitions

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

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

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

The Board has approved a final dividend plan as follows: based on the 1,011,660,000 shares, a cash dividend of RMB2.00 (tax inclusive) per 10 shares is to be distributed to the shareholders, with no bonus issue from either profit or capital reserves.

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

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Definitions

Term	Definition
“SPG”, the “Company”, the “Group” or “we”	ShenZhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd. and its consolidated subsidiaries, except where the context otherwise requires
Holding Company	Shenzhen Investment Holdings Co., Ltd.
The “Reporting Period” or “Current Period”	The period from 1 January 2018 to 31 December 2018
RMB, RMB’0,000	Expressed in the Chinese currency of Renminbi, expressed in tens of thousands of Renminbi

Part II Corporate Information and Key Financial Information

I Corporate Information

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

II Contact Information

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

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

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

IV Change to Company Registered Information

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

V Other Information

The independent audit firm hired by the Company:

Name	Ruihua Certified Public Accountants LLP
Office address	9 F, West Tower, China Overseas Property Plaza, Building No. 7, Compound No. 8, Xi Binhe Road, Yong Ding Men, Dong Cheng District, Beijing, China
Accountants writing signatures	Cai Xiaodong, Wang Huansen

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

Reporting Period:

Applicable Not applicable

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

Applicable Not applicable

VI Key Financial Information

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

Yes No

	2018	2017	2018-over-2017 change (%)	2016
Operating revenue (RMB)	2,175,187,242.60	1,345,912,605.09	61.61%	2,352,023,528.43
Net profit attributable to the listed company's shareholders (RMB)	503,498,831.60	184,988,512.42	172.18%	311,567,386.94
Net profit attributable to the listed company's shareholders before exceptional items (RMB)	490,490,702.80	181,588,638.91	170.11%	303,613,457.72
Net cash generated from/used in operating activities (RMB)	1,062,567,405.59	-17,801,139.64	6,069.10%	526,691,326.20
Basic earnings per share (RMB/share)	0.4977	0.1829	172.12%	0.3080
Diluted earnings per share (RMB/share)	0.4977	0.1829	172.12%	0.3080
Weighted average return on equity (%)	16.35%	6.76%	9.59%	12.53%
	31 December 2018	31 December 2017	Change of 31 December 2018 over 31 December 2017 (%)	31 December 2016
Total assets (RMB)	4,665,891,514.25	3,989,263,981.96	16.96%	3,785,600,783.23
Equity attributable to the listed company's shareholders (RMB)	3,332,259,641.39	2,828,242,120.98	17.82%	2,643,860,443.09

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

1. Net Profit and Equity under CAS and IFRS

Applicable Not applicable

Unit: RMB

	Net profit attributable to the listed company's shareholders		Equity attributable to the listed company's shareholders	
	2018	2017	Ending amount	Beginning amount
Under CAS	503,498,831.60	184,988,512.42	3,332,259,641.39	2,828,242,120.98
Adjusted as per IFRS				
Under IFRS	503,498,831.60	184,988,512.42	3,332,259,641.39	2,828,242,120.98

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

Applicable Not applicable

No difference for the Reporting Period.

3. Reasons for Accounting Data Differences Above

Applicable Not applicable

VIII Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	149,537,691.65	1,168,003,939.70	282,588,259.93	575,057,351.32
Net profit attributable to the listed company's shareholders	-5,982,684.72	335,048,769.25	44,934,281.00	129,498,466.07
Net profit attributable to the listed company's shareholders before exceptional items	-6,292,418.64	335,436,291.74	44,760,056.43	116,586,773.27
Net cash generated from/used in operating activities	205,338,536.04	389,389,593.63	70,070,302.04	397,768,973.88

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

Yes No

IX Exceptional Gains and Losses

Applicable Not applicable

Unit: RMB

Item	2018	2017	2016	Note
Gain or loss on disposal of non-current assets (inclusive of)	-69,739.73	4,261,370.46	-301,584.30	

impairment allowance write-offs)				
Government subsidies charged to current profit or loss (exclusive of government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)	10,243.00	59,611.09		Subsidy for keeping steady jobs for employees
Gain or loss on assets entrusted to other entities for investment or management	16,347,157.53			Gain on investments in bank's structured deposits
Gain or loss on contingencies that do not arise in the Company's ordinary course of business			5,393,358.79	
Reversed portion of impairment allowance for accounts receivable which are tested individually for impairment			4,800,000.00	
Non-operating income and expense other than the above	891,652.84	212,183.13	713,464.47	
Less: Income tax effects	4,171,184.84	1,133,291.17	2,651,309.74	
Total	13,008,128.80	3,399,873.51	7,953,929.22	--

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

Applicable Not applicable

No such cases for the Reporting Period.

Part III Business Summary

I Principal Activity of the Company in the Reporting Period

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

Yes, because the Company engages in real estate.

2018 saw a complicated and harsh international economic environment, as well as a domestic economy under greater downward pressure. The Chinese government adhered to the principle of “housing is for living in, not for speculation”, and kept a consistent and stable policy for real estate regulation, bringing the real estate market back to rationality gradually. Focused on residential property development, the Company has been seeing increasing brand effects with great effort spent on project quality and progress, as well as on premium projects. With real estate, the core business, accounting for a much larger share in the Company’s operating revenue, its operating performance hit a record high.

In Shenzhen, the Cuilinyuan project was completed and accepted in May 2018; the Chuanqi Jingyuan project was completed and accepted in April 2018, with fine decoration all finished; and the Chuanqi Donghu Mingyuan project was topped out. In Shantou, the Tianyuewan Phase I project saw the completion of its landscape upgrade and the second phase has started construction in November 2018. Up to the end of the Reporting Period, approximately 86%, 15% and 30%, respectively, of the residential units of the Cuilinyuan project, the Chuanqi Jingyuan project and the Tianyuewan Phase I project have been sold.

II Significant Changes in Major Assets

1. Significant Changes in Major Assets

Major assets	Main reason for significant changes
Equity assets	The ending amount was down by RMB17,327,554.41 (or 57.97%) from the beginning amount, primarily driven by the allowance for impairment of long-term equity investments.
Fixed assets	The ending amount was down by RMB4,011,670.19 (or 10.57%) from the beginning amount, primarily driven by the depreciation allowance.
Intangible assets	The ending amount was down by RMB55,200.00 (or 100%) from the beginning amount, primarily driven by the end of the five-year amortization of Kingdee’s financial software.
Construction in progress	No significant change
Monetary capital	The ending amount was up by RMB841,443,345.64 (or 69.71%) from the beginning amount, primarily driven by the inflow of house payments.
Notes and accounts receivable	The ending amount was down by RMB109,586,451.40 (or 76.63%) from the beginning amount, primarily driven by the recovery of house mortgages and construction payments.
Prepayments	The ending amount was down by RMB1,862,599.63 (or 30.84%) from the beginning amount, primarily driven by a smaller amount of prepayments for construction.

Deferred income tax assets	The ending amount was up by RMB107,053,693.61 (or 225.42%) from the beginning amount, primarily driven by the provision for land VAT.
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2. Major Assets Overseas

Applicable Not applicable

III Core Competitiveness Analysis

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

Yes, because the Company engages in real estate.

As one of the earliest real estate listed companies in Shenzhen, the Company has a history over 30 years in real estate development in Shenzhen and rich experience in the main business of real estate development. In recent years, thanks to the experience learned from the Shenzhen-located Chuanqishan project, Chuanqi Shanglin project, Chuanqi Jingyuan project and Chuanqi Donghu Mingyuan project, as well as from the Shantou-located projects, the Company accelerates the establishment of a modern enterprise HR management system and works hard in building a professional and high-quality development team. It also keeps improving the management mechanism and processes for project development. As a result, the professionalism and management capability of the Company have improved significantly; planning, construction, cost control, marketing capability and brand image have been effectively enhanced; and the operational capability in the main business of real estate keeps increasing, along with the core competitiveness. As of the Reporting Period (inclusive), the Company has been honored jointly by the Guangdong Provincial Enterprise Confederation and the Guangdong Provincial Association of Entrepreneurs as a “Most Honest Enterprise in Guangdong Province” for seven years in a row. During the Reporting Period, the Company also won accolades from the Shenzhen Real Estate Association, including the “Real Estate Developer in Shenzhen with the Highest Brand Value” and the “Honest (Quality) Real Estate Developer in Shenzhen”.

Part IV Operating Performance Discussion and Analysis

I Overview

For 2018, the Company recorded operating revenue of RMB2,175 million, up 61.61% year-on-year; a profit before tax of RMB683 million, up 179.76% year-on-year; and a net profit attributable to the listed company's shareholders of RMB503 million, up 172.18% year-on-year. As at 31 December 2018, equity attributable to the listed company's shareholders amounted to RMB3,332 million, up 17.82% year-on-year; and the debt/asset ratio was 31.40%, down by 0.92 percentage point year-on-year.

Review of Operation and Management in 2018

In 2018, the international economic environment was complicated and grim, and the downward pressure on the domestic economy increased. Real estate regulation and control sticks to the position of "Houses are for living in, not for speculating on", maintains the continuity and stability of regulation and control policies, and the real estate market tends to be rational. The Company has made concerted efforts from top to bottom to overcome difficulties and comprehensively pushed forward all aspects of the Company's development and reform. Its operating performance has reached a record high. The reorganization of assets has been carried out in compliance with regulations and the Party construction has achieved remarkable results. The main work was as follows:

1. The development of the main business was smooth. The Company paid attention to improving the management and control ability of project development, further strengthening design management, project management and cost control, paying attention to safe production management, timely finding and coordinating to solve the problems encountered in the project development process, and basically realizing the target plan for the main project development progress. The Cuilinyuan project in Shenzhen was completed and accepted in May 2018. The Chuanqi Jingyuan project was completed and accepted in April 2018, and the fine decoration project has also been completed. The Chuanqi Donghu Mingyuan Project was capped in September 2018. Shantou Tianyuewan Phase I Project has completed the landscape upgrading and renovation project, and Phase II project was started in November 2018.

(1) The Company's main real estate projects under construction and available for sale during the Reporting Period included the Shenzhen-based Cuilinyuan, Chuanqi Jingyuan, and Chuanqi Donghu Mingyuan projects, as well as the Shantou-located Tianyuewan project, etc., and the Company's real estate projects do not involve primary land development. Details as follows:

Project	Location	Usage	Status	The Company's interest	Site area (m ²)	Floor area with plot ratio (m ²)	Completed floor area (m ²)	Expected total investment (RMB'0,000)	Accumulated investment (RMB'0,000)
Cuilinyuan	Shenzhen	Residential	Available for sale	100%	16,424.29	60,111.42	60,111.42	57,000	48,667
Chuanqi Jingyuan	Shenzhen	Rental	Available for sale	49%	4,243.34	43,156.44	43,156.44	24,865	19,792
Chuanqi Donghu Mingyuan	Shenzhen	Residential	Available for sale	100%	5,889.70	45,043.72		51,000	30,927
Tianyuewan Phase I	Shantou	Residential	Available for sale	100%	31,167.50	153,470.40	153,470.40	79,801	65,756
Tianyuewan Phase II	Shantou	Residential	Under construction	100%	33,361.70	127,769.60	0	65,485	17,822
Total					91,086.53	429,551.58	256,846.37	278,151.00	182,964.00

(2) Land bank for future development by the end of the Reporting Period:

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

2. Real estate sales are progressing steadily. The Company pays close attention to market changes and policy trends all the time. Combining with the regional market conditions and project characteristics of the projects under sale, the Company formulated different sales promotion plans, selected new media promotion channels, and achieved good results. The proportion of real estate main business income in annual operating income was greatly increased. The project of Cuilinyuan and Chuanqi Jingyuan in Shenzhen achieved contract sales of more than 1.1 billion yuan in the whole year. The sales situation of Shantou project has improved somewhat, and further sales promotion efforts are still needed in the future.

(1) The sales of the Company's real estate projects during the Reporting Period are as follows:

Project	Usage	The Company's interest	Location	Sellable area at the beginning of the year (m ²)	Actual area sold this year (m ²)	Settlement area (m ²)
Cuilinyuan	Residential	100%	Shenzhen	37,290	24,557	40,881
Chuanqi Jingyuan	Rental	49%	Shenzhen	21,093	3,082	2,375
Chuanqi Donghu Mingyuan	Residential	100%	Shenzhen	32,857	95	
Tianyuewan Phase I	Residential	100%	Shantou	142,017	19,932	7,247

Yuejing Dongfang Remaining Building	Residential	100%	Shantou	1,008	64	785
Jinyedao Remaining Building	Residential	100%	Shantou	3,486	78	1,100
Total				237,751	47,808	52,388

(2) Sales of the Company's major real estate projects during the reporting period

Unit: RMB'0,000

	Location	Operating revenue	Cost of sales	Gross operating profit	Gross profit margin (%)
Cuilinyuan	Shenzhen	138,284	39,040	99,244	71.77%
Chuanqi Jingyuan	Shenzhen	15,879	2,227	13,652	85.98%
Chuanqi Donghu Mingyuan	Shenzhen	0	0	0	
Tianyuewan Phase I	Shantou	3,900	3,176	724	18.54%
Yuejing Dongfang Remaining Building	Shantou	663	524	139	21.04%
Jinyedao Remaining Building	Shantou	821	391	430	52.37%
Total		159,547	45,358	114,189	71.57%

3. We improved management, operation and quality. And the Company standardized corporate governance, continuously improved the system and orderly carried out internal control work. The development project strengthened the fine management of dynamic cost and realized the controllability of the whole process. We strengthened financial management, sped up the return of sales funds, and strove to improve capital efficiency through bank structured deposits, negotiated deposits, etc. We paid close attention to the budget management, six key monitoring costs were controlled within the budget, down 2.05% year on year; Rental of properties increased by 6% year-on-year through comprehensive measures such as expanding the market outside and strengthening services inside. New progress had been made in dealing with problems left over from history, with over RMB9 million yuan in unpaid rent and property management fees recovered. All affiliated enterprises strove to open up markets, paid close attention to operation, strengthened management and improve service, and their profit level had basically stabilized and increased.

(1) During the reporting period, the Company's major properties were leased as follows:

Unit: m²

Location	Building name	Rentable area	Leased area	Occupancy	Usage	Land ownership	The Company's interest
Shenzhen	Real Estate Building	3,413.88	3,413.88	100%	Commercial	The Company	100%
Shenzhen	North Block of			100%	Commercial	The	100%

n	Guoshang Mansion	4,819.71	4,819.71		al	Company	
Shenzhen	Haiyan Building	22,475.47	22,475.47	100%	Commercial	The Company	100%
Shenzhen	Shenfang Square	59,462.52	51,833.48	87.17%	Office building	The Company	100%
	The Skirt Building of Shenfang Square	21,456.72	21,456.72	100%	Commercial	The Company	100%
Shenzhen	Wenjin Huayuan	3,531.60	3,531.60	100%	Commercial	The Company	100%
Total		115,159.9	107,530.86				

(2) Financing in the Reporting Period

N o.	Financing category	Loan term	Curren cy	Amount (RMB'0,000)		Usage	Interest rate range (%)
				Total amount	Remaining principal at the end of the year		
1	Bank loan	1year	RMB	200	200	Short-term credit	Benchmark interest rates rose 30%
Total			RMB	200	200		

4. Promoting compliance in asset restructuring. Since the shares of the company were suspended from trading on September 14, 2016, the Cooperation Agreement on Reorganization and Listing was signed with all parties involved in the reorganization on October 3, 2016. During the Reporting Period, the Company's shares were suspended from trading, and the Company, together with all parties involved in this major asset restructuring, actively promoted all aspects of the major asset restructuring. On the basis of strict compliance with regulatory discipline and the principle of trust and trust, the Company actively and properly handled investor relations, seriously responded to investor questions within the stipulated time, patiently and carefully explained and appeased investor calls and visits, and had won the understanding and support of the vast majority of investors. In order to ensure the compliance of the Company's reorganization process, the company signed "Supplementary Agreement III to the Cooperation Agreement on Reorganization and Listing" and "Supplementary Agreement IV to the Cooperation Agreement on Reorganization and Listing" with the reorganization parties on June 13, 2018 and December 28, 2018 respectively. Relevant announcements had been disclosed in the company's designated media. During the reporting period, the company strictly performed its information disclosure obligations in accordance with the regulatory rules, disclosed the reorganization progress at least once every five trading days, handled the renewal of the license in a timely manner and disclosed relevant reorganization information.

5. Significant achievements have been made in Party building. The Company's Party Committee has thoroughly implemented the "Four Projects" of Party building, vigorously promoted the

construction of leading groups at all levels, built learning-type Party organizations, played the leading role of Party organizations and the role of fighting fortresses, and continuously improved the quality and effectiveness of the work of grass-roots Party organizations. The innovation of "secretary project" and the implementation of "state-owned enterprise party building to help communities" have been affirmed by municipal and district organizations. Party conduct and clean government education should be integrated into enterprise management activities, and clean government education should be carried out persistently. The Company played the role of mass organizations, actively carried out various corporate cultural activities, and constantly enhanced the cohesion of enterprises.

6. Ensuring safety in production unremittingly. In accordance with the requirements of the safety production responsibility system of "Party and government have the same responsibility, one post and two responsibilities, joint management, dereliction of duty and responsibility", the Company insisted on paying equal attention to risk control and hidden danger investigation and management, and carried out in-depth monthly safety production activities. Through irregular inspections and routine inspections before holidays, the Company thoroughly examined potential safety hazards, strived to create a safe production environment, and ensured the smooth realization of the safety production objectives throughout the year.

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

II Core Business Analysis

1. Overview

See "I Overview" above.

2. Revenue and Cost Analysis

(1) Breakdown of Operating Revenue

Unit: RMB

	2018		2017		Change (%)
	Operating revenue	As % of total operating revenue (%)	Operating revenue	As % of total operating revenue (%)	
Total	2,175,187,242.60	100%	1,345,912,605.09	100%	61.61%
By operating division					
Real estate	1,595,473,065.40	73.35%	606,590,040.49	45.07%	163.02%
Engineering construction	370,298,109.36	17.02%	525,486,669.06	39.04%	-29.53%
Rental services	160,011,318.50	7.36%	65,040,795.43	4.83%	146.02%
Property management	78,128,484.68	3.59%	151,384,222.02	11.25%	-48.39%
Other	25,329,926.73	1.16%	32,833,625.17	2.44%	-22.85%

Eliminated internal transactions and accounts	-54,053,662.07	-2.49%	-35,422,747.08	-2.63%	-52.60%
By product category					
Residential houses	1,435,068,125.37	65.97%	540,387,150.04	40.15%	165.56%
Shops and carports	1,614,094.30	0.07%	66,202,890.45	4.92%	-97.56%
Apartment	158,790,845.73	7.30%			
Total of other industry products	633,767,839.27	29.14%	774,745,311.68	57.56%	-18.20%
Eliminated internal transactions and accounts	-54,053,662.07	-2.49%	-35,422,747.08	-2.63%	-52.60%
By operating segment					
Guangdong Province	2,142,575,113.69	98.50%	1,307,068,941.16	97.11%	63.92%
Other regions in China	86,071,887.30	3.96%	73,657,278.57	5.47%	16.85%
Overseas	593,903.68	0.03%	609,132.44	0.05%	-2.50%
Eliminated internal transactions and accounts	-54,053,662.07	-2.49%	-35,422,747.08	-2.63%	-52.60%

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

√ Applicable □ Not applicable

Is the Company subject to any disclosure requirements for special industries?

Yes

Real estate

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Real estate	1,595,473,065.40	445,500,004.85	72.08%	163.02%	50.90%	20.75%
Engineering construction	370,298,109.36	358,335,541.20	3.23%	-29.53%	-30.07%	0.74%
By product category						
Residential houses	1,435,068,125.37	422,440,982.74	70.56%	165.56%	58.07%	20.02%
Shops and carports	1,614,094.30	790,606.45	51.02%	-97.56%	-97.17%	-6.72%
Apartment	158,790,845.73	22,268,415.66	85.98%			
By operating segment						
Guangdong Province	2,142,575,113.69	915,381,177.13	57.28%	63.92%	2.51%	25.60%

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

Applicable Not applicable

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

Yes No

Operating division	Item	Unit	2018	2017	Change (%)
Real estate development (RMB'0,000)	Unit sales		125,008	95,660	30.68%
	Output		73,927	52,524	40.75%
	Inventory		176,408	172,413	2.32%

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

Applicable Not applicable

Unit sales increased 30.68% from the year earlier mainly due to the increase of the sales of real estate; output increased 40.75% year on year mainly due to the increase of completions of real estate.

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

Applicable Not applicable

(5) Breakdown of Cost of Sales

By operating division

By operating division

Unit: RMB

Operating division	Item	2018		2017		Change (%)
		Cost of sales	As % of total cost of sales (%)	Cost of sales	As % of total cost of sales (%)	
Real estate		445,500,004.85	47.48%	295,237,720.34	30.63%	16.85%
Engineering construction		358,335,541.20	38.19%	512,422,101.82	53.16%	-14.97%
Rental services		141,533,608.15	15.08%	25,182,070.35	2.61%	12.47%
Property management		33,072,276.63	3.52%	135,132,080.77	14.02%	-10.49%
Other		19,705,354.72	2.10%	25,829,143.23	2.68%	-0.58%
Eliminated internal transactions and accounts		-59,760,772.46	-6.37%	-29,885,883.52	-3.10%	-3.27%

Note

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

Yes No

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

Applicable Not applicable

(8) Major Customers and Suppliers

Major customers:

Total sales to top five customers (RMB)	74,975,136.64
Total sales to top five customers as % of total sales of the Reporting Period (%)	6.00%
Total sales to related parties among top five customers as % of total sales of the Reporting Period (%)	0.00%

Information about top five customers:

No.	Customer	Sales revenue contributed for the Reporting Period (RMB)	As % of total sales revenue (%)
1	Legal person A	21,882,939.91	1.75%
2	Legal person B	16,439,115.69	1.32%
3	Legal person C	12,787,744.92	1.02%
4	Legal person D	12,182,133.01	0.97%
5	Legal person E	11,683,203.11	0.93%
Total	--	74,975,136.64	6.00%

Other information about major customers:

Applicable Not applicable

Major suppliers:

Total purchases from top five suppliers (RMB)	87,215,434.48
Total purchases from top five suppliers as % of total purchases of the Reporting Period (%)	23.66%
Total purchases from related parties among top five suppliers as % of total purchases of the Reporting Period (%)	6.81%

Information about top five suppliers:

No.	Supplier	Purchase in the Reporting Period (RMB)	As % of total purchases (%)
1	Legal person A	25,113,981.01	6.81%
2	Legal person B	21,464,656.54	5.82%
3	Legal person C	16,179,200.60	4.39%
4	Legal person D	12,514,340.45	3.40%
5	Legal person E	11,943,255.88	3.24%
Total	--	87,215,434.48	23.66%

Other information about major suppliers:

Applicable Not applicable

3. Expense

Unit: RMB

	2018	2017	Change (%)	Reason for any significant change
Selling expense	52,562,980.22	34,490,583.68	52.40%	Increase of referral fee and

				commission of the sales of Cuilinyuan in the Reporting Period
Administrative expense	74,029,840.44	49,512,042.67	49.52%	The expensing of labor costs for related engineering development when the project was completed.
Finance costs	-17,235,722.16	-8,628,098.75	99.76%	The decrease of interest expense for returning the borrowings, and the increase of interest income of fixed deposits

4. R&D Expense

Applicable Not applicable

5. Cash Flows

Unit: RMB

Item	2018	2017	Change (%)
Subtotal of cash generated from operating activities	2,274,046,624.46	1,455,861,556.49	56.20%
Subtotal of cash used in operating activities	1,211,479,218.87	1,473,662,696.13	-17.79%
Net cash generated from/used in operating activities	1,062,567,405.59	-17,801,139.64	6,069.10%
Subtotal of cash generated from investing activities	614,891,757.53	6,374,120.59	9,546.69%
Subtotal of cash used in investing activities	1,500,629,839.43	817,310.10	183,505.93%
Net cash generated from/used in investing activities	-885,738,081.90	5,556,810.49	-16,039.68%
Subtotal of cash generated from financing activities	17,550,137.29	20,900,000.00	-16.03%
Subtotal of cash used in financing activities	253,025,175.24	67,020,933.68	277.53%
Net cash generated from/used in financing activities	-235,475,037.95	-46,120,933.68	-410.56%
Net increase in cash and cash equivalents	-58,266,620.53	-58,978,234.11	1.21%

Explanation of why any of the data above varies significantly:

Applicable Not applicable

The subtotal of cash generated from operating activities in 2018 showed a year-on-year increase of 56.20%, mainly caused by the increase of the houses selling amount received from selling products and providing the labor services of 2018

The subtotal of cash used in operating activities in 2018 showed a year-on-year decrease of 17.79%, mainly due to the decrease of the engineering amount paid for purchasing the goods and accepting the labor services, as well as the decrease of tax payments.

The subtotal of cash generated by investing activities in 2018 showed a year-on-year increase of 9546.69%,

mainly because of recovering the bank structural deposits of RMB0.6 billion in 2018.

The subtotal of cash used in investing activities in 2018 showed a year-on-year increase of 183505.93%, mainly because the Company invested to buy bank structural deposits of RMB1.5 billion in 2018.

The subtotal of cash generated by financing activities in 2018 showed a year-on-year decrease of 16.03%, mainly because of the decrease of newly added financing in 2018.

The subtotal of cash used in financing activities in 2018 showed a year-on-year decrease of 410.56%, mainly because the Company returned the long-term bank loans.

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

Applicable Not applicable

Mainly due to the time difference between the sales of real estate and carryforward

III Analysis of Non-Core Businesses

Applicable Not applicable

IV Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	31 December 2018		31 December 2017		Change in percentage (%)	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary capital	2,048,522,435.93	43.90%	1,207,079,090.29	30.26%	13.64%	Withdrawal of money from selling
Accounts receivable	33,426,991.65	0.72%	137,092,156.05	3.44%	-2.72%	Withdrawal of mortgage payment
Inventories	1,685,152,051.26	36.12%	1,764,086,643.94	44.22%	-8.10%	
Investment property	623,930,838.15	13.37%	647,297,124.04	16.23%	-2.86%	
Long-term equity investments	12,561,107.24	0.27%	29,888,661.65	0.75%	-0.48%	Provision for impairment
Fixed assets	33,926,198.52	0.73%	37,937,868.71	0.95%	-0.22%	
Construction in progress					0.00%	
Short-term borrowings	17,260,103.46	0.37%	104,207,653.64	2.61%	-2.24%	Returning borrowings
Long-term borrowings		0.00%	82,000,000.00	2.06%	-2.06%	Returning borrowings
Advances from customers	156,426,152.86	3.35%	332,152,016.54	8.33%	-4.98%	Carryforward of real estate
Taxes payable	300,547,372.98	6.44%	86,153,526.89	2.16%	4.28%	Provisions for VAT of land
Current portion of non-current liabilities		0.00%	64,000,000.00	1.60%	-1.60%	Returning borrowings

2. Assets and Liabilities at Fair Value

Applicable Not applicable

3. Restricted Asset Rights as at the Period-End

Item	Ending carrying value	Reasons
Monetary capital	900,000,000.00	For details, see Note VII. 1
Accounts receivable	15,260,103.46	Pledge for short-term borrowings
Total	915,260,103.46	

V Investments Made**1. Total Investment Amount**

Applicable Not applicable

2. Major Equity Investments Made in the Reporting Period

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

No such cases in the Reporting Period.

(2) Investments in Derivative Financial Instruments

Applicable Not applicable

No such cases in the Reporting Period.

5. Use of Funds Raised

Applicable Not applicable

No such cases in the Reporting Period

VI Sale of Major Assets and Equity Interests

1. Sale of Major Assets

Applicable Not applicable

No such cases in the Reporting Period.

2. Sale of Major Equity Interests

Applicable Not applicable

VII Major Subsidiaries

Applicable Not applicable

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

Unit: RMB

Name	Relationship with the Company	Principal activity	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shenzhen SPG Longgang Development Co., Ltd.	Subsidiary	Real estate development	30,000,000.00	1,258,353,470.92	562,936,371.78	1,383,694,480.25	596,163,169.57	447,485,409.32
Shantou SEZ, Wellam FTY, Building Development, Co., Ltd.	Subsidiary	Real estate development	91,226,120.44	216,137,477.89	123,606,095.16	14,848,017.43	-1,644,353.31	-1,765,751.87
Shantou Huafeng Real Estate Development Co., Ltd.	Subsidiary	Real estate development	80,000,000.00	898,199,068.87	31,712,271.38	38,995,174.61	-44,806,539.62	-34,756,594.04
Great Wall Estate Co., Inc. (U.S.)	Subsidiary	Real estate development	2,051,146.00	19,333,629.61	-87,221,771.62	593,903.68	-184,610.61	-184,610.61
Shenzhen Zhentong Engineering Co., Ltd.	Subsidiary	Installation and maintenance	10,000,000.00	134,715,398.76	27,128,607.39	371,218,700.31	3,817,921.95	3,198,777.39
Shenzhen Property Management Co., Ltd.	Subsidiary	Property management	7,250,000.00	111,498,078.21	26,495,320.19	154,120,152.99	4,882,756.83	3,685,341.73
Shenzhen	Subsidiary	Hotel	30,000,000	46,757,398	41,817,887	25,830,863	1,297,005.	926,541.77

Petrel Hotel Co., Ltd.		service	.00	.42	.36	.75	89	
Shenzhen Huazhan Construction Supervision Co., Ltd.	Subsidiary	Supervisor	8,000,000.00	9,756,198.22	8,820,732.96	4,292,953.20	277,278.28	3,685,341.73
Xin Feng Enterprise Co., Ltd.	Subsidiary	Investment and management	502,335.00	122,717,698.39	-449,299,604.60	6,046,913.48	-24,069,978.46	-24,484,215.62

Subsidiaries obtained or disposed in the Reporting Period:

Applicable Not applicable

Information about major majority- and minority-owned subsidiaries:

1. Except the Company, the subordinate subsidiaries engaged in real estate development mainly include: Shenzhen SPG Longgang Development Co., Ltd., Shantou SEZ, Wellam FTY, Building Development, Co., Ltd., Shantou Huafeng Real Estate Development Co., Ltd. The Cuilinyuan project developed by Shenzhen SPG Longgang Development Co., Ltd. brought forward RMB1.383 billion in 2018, accounting for 87% of the Company's real estate sector income, 64% of the Company's operating income and 87% of the group's combined profits. Jinyedao and YuejingDongfang developed by Shantou SEZ, Wellam FTY, Building Development, Co., Ltd. were sold in 2018 as remaining buildings. And Shantou Huafeng Real Estate Development Co., Ltd. was responsible for the development of Tianyuewan project (divided into Phase I and Phase II). Tianyuewan Phase I was opened for sale in October 2016, and Phase II started construction in November 2018. The sales progress of the Phase I was relatively slow. The main reasons for the loss in 2018 were: the sales progress was not up to expectations, and another was due to the payment of interest on internal loans.
2. Shenzhen Zhentong Engineering Co., Ltd. was engaged in the business of building installation and maintenance with the 2018 operating revenues of RMB371.22 million and of 17% to the operating revenues of the Company.
3. Shenzhen Property Management Co., Ltd was engaged in the industry of property management, and the business was steady. The 2018 operating revenues was of RMB154.12 million that was of 7% to the operating revenues of the Company.
4. The 2018 net profits of Xin Feng Enterprise Co., Ltd. was of RMB-24.48 million which mainly due to the changes of exchange rate and the provision made for impairment of long-term equity investment of RMB17.27 million.

VIII Structured Bodies Controlled by the Company

Applicable Not applicable

IX Prospects

Looking forward to 2019, the world economy will continue to slow down and China's economy will face new downward pressure. However, the government has taken a series of measures to stimulate market vitality and the domestic economic operation will remain within a reasonable range. The national real estate regulation and control still adheres to the position of "Houses are for living in, not for speculating on", and the city government's

responsibilities of stabilizing land price, housing price and expectation are implemented through city policies and classified guidance, so as to improve the housing market and security system. With the promulgation of the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area and the accelerated development of the Shenzhen-Shantou Cooperation Zone, Shenzhen's urban attraction has increased and it is expected that Shenzhen's residential market will continue to develop steadily.

Although the Company's performance hit a new high during the Reporting Period, there are still some problems to be solved urgently. First, the shortage of land reserves affects the Company's sustainable development. Second, the professional ability and control level needs to be further improved, and the sense of responsibility needs to be further strengthened. The company will attach great importance to the above problems and take effective measures to solve them. The Company insists on seeking progress in stability, strives to be the first, strives to do a good job in party building, party conduct and clean government building, and enterprise culture building, continues to push forward major asset restructuring, pays full attention to safe production and operation management, continues to do a good job in the main business, plans to increase land reserves, strengthens cost control, improves the level of control, and constantly pushes all work to a higher level.

In 2019, the Company will focus on the following three aspects:

(I) To promote the construction of key projects, to ensure the realization of the annual business objectives. Take marketing as the center to push forward the construction of the project in an all-round way, and keep the progress, quality and safety of the construction of the project in good order around the marketing node. Continue to optimize the control process and system, optimize the organization structure and human resources allocation of the department; Continue to pay special attention to the construction of talent team, and strive to build a high-quality, professional management team; Strengthen strategic control, seek to increase land reserves; Strengthen overall budget management, manage and make good use of funds, and strive to improve the efficiency of funds; Give full play to the role of the large-scale supervision system, strengthen audit supervision, and ensure compliance and legality of various business management activities; Attach great importance to safe production, strengthen the safe production management, implement the safe production responsibility system, avoid the safe production responsibility accident, create the good condition for the realization year-round management goal; Business units will further explore the market, strengthen internal management and improve market competitiveness and efficiency.

(II) To promote major asset restructuring actively. Pay close attention to the trend of the capital market, continue to push forward major asset restructuring, strengthen communication with regulatory agencies and coordination with all parties involved in the transaction, effectively complete information disclosure and investor relations management to maintain a good image of the company in the capital market during major asset restructuring.

(III) To strengthen basic party building and construction of the clean and honest Party. We must deeply study and implement the Xi Jinping thought on socialism with Chinese characteristics for a new era and the Party's nineteenth congress spirits, comprehensively implement the decisions and requirements of the higher authorities, continue to implement the "four projects", strengthen the Party committee of the company and the subsidiary enterprises to organize the primary responsibility for grass-roots party building. We will give full play to the leading role of the Party committees of state-owned enterprises in guiding the overall situation and ensuring its implementation. We will continue to enhance the creativity, cohesion and combat effectiveness of the Party organizations and the sense of honor and belonging of the majority of Party members.

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

1. During the Reporting Period

√ Applicable □ Not applicable

Date	Way of communication	Type of communication party	Index to main information communicated
11 January 2018	By telephone	Individual	Inquired of the progress of assets restructuring and the sales of project development, and didn't offer written materials
9 February 2018	By telephone	Individual	Inquired of the progress of assets restructuring and annual operation and expected disclosure time of annual report, and didn't offer written materials
26 March 2018	By telephone	Individual	Inquired of the progress of assets restructuring and fundamentals of the Company, and didn't offer written materials
12 April 2018	By telephone	Individual	Inquired of the progress of assets restructuring and share trading resumption time of the Company, and didn't offer written materials
17 May 2018	By telephone	Individual	Inquired of the progress of assets restructuring and share trading resumption time of the Company, and didn't offer written materials
14 June 2018	By telephone	Individual	Inquired of the progress of assets restructuring and fundamentals of the Company, and didn't offer written materials
26 June 2018	By telephone	Individual	Inquired of the progress of assets restructuring and fundamentals of the Company, and didn't offer written materials
11 July 2018	By telephone	Individual	Inquired of the interim operation, progress of assets restructuring and expected share trading resumption time of the Company, and didn't offer written materials
12 July 2018	By telephone	Individual	Inquired of the interim operation, progress of assets restructuring and expected share trading resumption time of the Company, and didn't offer written materials
31 July 2018	By telephone	Individual	Inquired of the share trading resumption time of assets restructuring of the Company, and expected disclosure time of interim report, and didn't offer written materials
2 August 2018	By telephone	Individual	Inquired of the progress of assets restructuring and share trading

			resumption time of the Company, and expected disclosure time of interim report, and didn't offer written materials
9 August 2018	By telephone	Individual	Inquired of the progress of assets restructuring and share trading resumption time of the Company, and didn't offer written materials
21 August 2018	By telephone	Individual	Inquired of the progress of assets restructuring and share trading resumption time of the Company, and didn't offer written materials
22 August 2018	By telephone	Individual	Inquired of the progress of assets restructuring and share trading resumption time of the Company, and didn't offer written materials
17 September 2018	By telephone	Individual	Inquired of the progress of assets restructuring and share trading resumption time of the Company, and didn't offer written materials
28 September 2018	By telephone	Individual	Inquired of the progress of assets restructuring and operation of the Company, and expected disclosure time of third quarter report, and didn't offer written materials
11 October 2018	By telephone	Individual	Inquired of the progress of assets restructuring and, reasons for delaying share trading resumption, and expected share trading resumption time and didn't offer written materials
25 October 2018	By telephone	Individual	Inquired of the progress of assets restructuring and, reasons for delaying share trading resumption, and expected share trading resumption time and didn't offer written materials
8 November 2018	By telephone	Individual	Inquired of the progress of assets restructuring and, reasons for delaying share trading resumption, and expected share trading resumption time and didn't offer written materials
22 November 2018	By telephone	Individual	Inquired of the progress of assets restructuring and share trading resumption time of the Company, and didn't offer written materials
4 December 2018	By telephone	Individual	Inquired of the progress of assets restructuring and share trading resumption time of the Company, and didn't offer written materials
13 December 2018	By telephone	Individual	Inquired of the progress of assets restructuring and share trading resumption time of the Company, and didn't offer written materials
26 December 2018	By telephone	Individual	Inquired of the progress of assets restructuring, annual operation,

			and the sales of project development, and didn't offer written materials
28 December 2018	By telephone	Individual	Inquired of the progress of assets restructuring, annual operation, and the sales of project development, and didn't offer written materials
Times of communications			24
Number of institutions communicated with			0
Number of individuals communicated with			24
Number of other communication parties			0
Tip-offs or leakages of substantial supposedly-confidential information during communications		None	

Part V Significant Events

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

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

Applicable Not applicable

The profit distribution of the Company strictly conforms to the regulations of Articles of Association. The specific cash dividend plan shall be made after being reviewed by Board of Directors and General Meeting of Shareholders, and independent directors faithfully perform their duties and play their due role. Because the significant asset restructuring of the Company is still in the process, no profit distribution or share capital increase from capital reserve would be conducted in 2017. The retained earnings are used for developing construction in progress and adding new land reserves if necessary to guarantee the continuous operation and development of the Company.

Special statement about the cash dividend policy	
In compliance with the Company's Articles of Association and resolution of general meeting	The cash dividend policy of the Company, the conditions and procedures for revising Articles of Association are legal and transparent, and the contents conforms to the relevant laws and regulations and the requirements of China Securities Regulatory Commission
Specific and clear dividend standard and ratio	The revised dividend standard and ratio is specific and clear
Complete decision-making procedure and mechanism	Relevant decision-making procedure and mechanism is complete
Independent directors faithfully performed their duties and played their due role	Independent directors faithfully performed their duties, and expressed their independent opinions for cash dividend policy of the Company
Non-controlling interests are able to fully express their opinion and desire and their legal rights and interests are fully protected	Yes
In case of adjusting or changing the cash dividend policy, the conditions and procedures involved are in compliance with applicable regulations and transparent	Yes

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

For the year 2016, no profit distribution or share capital increase from capital reserve would be conducted.

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

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

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

Unit: RMB

Year	Cash dividends (tax inclusive) (A)	Net profit attributable to ordinary shareholders of the listed company in consolidated statements for the year (B)	A as % of B (%)	Cash dividends in other forms (such as share repurchase) (C)	C as % of B (%)	Total cash dividends (including those in other forms) (D)	D as % of B (%)
2018	202,332,000.00	503,498,831.60	40.19%	0.00	0.00%	202,332,000.00	40.19%
2017	0.00	184,988,512.42	0.00%	0.00	0.00%	0.00	0.00%
2016	0.00	311,567,386.94	0.00%	0.00	0.00%	0.00	0.00%

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

Applicable Not applicable

II Final Dividend Plan for the Reporting Period

Applicable Not applicable

Bonus shares for every 10 shares (share)	0
Dividend for every 10 shares (RMB) (tax inclusive)	2.00
Additional shares to be converted from capital reserve for every 10 shares (share)	0
Total shares as the basis for the profit distribution proposal (share)	1,011,660,000
Cash dividends (RMB) (tax inclusive)	202,332,000.00
Cash dividends in other forms (such as share repurchase) (RMB)	0.00
Total cash dividends (including those in other forms) (RMB)	202,332,000
Distributable profit (RMB)	615,038,028.05
Total cash dividends (including those in other forms) as % of total profit distribution	100%
Cash dividend policy	
Other	
Details about the proposal for profit distribution and converting capital reserve into share capital	
The Profit Distribution Plan of 2018 was reviewed and approved by the 44 th Meeting of the 7 th Board of Directors held on 28 March 2019, and intended to be submitted to The 2018 Annual General Meeting for review. based on the total 1,011,660,000 shares of the Company as at 31 December 2018, a cash dividend of RMB2.00	

(tax included) will be distributed to the A-share and B-share holders for every 10 shares they hold without bonus share (tax included), and no share capital increase from capital reserve would be conducted. The profit distribution plan can be implemented upon review and approval of the Shareholders' General Meeting of the Company.

III Fulfillment of Commitments

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

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

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

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

VI YoY Changes to Accounting Policies, Estimates and Methods

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

No such cases in the Reporting Period.

VIII YoY Changes to the Scope of the Consolidated Financial Statements

Applicable Not applicable

No such cases in the Reporting Period.

IX Engagement and Disengagement of Independent Auditor

Current independent auditor:

Name of the domestic independent auditor	Ruihua Certified Public Accountants LLP
The Company's payment to the domestic independent auditor (RMB'0,000)	58
How many consecutive years the domestic independent auditor has provided audit service for the Company	5
Names of the certified public accountants from the domestic independent auditor writing signatures on the auditor's report	Cai Xiaodong, Wang Huansen
How many consecutive years the certified public accountants from the domestic independent auditor have provided audit service for the Company	4
Name of the foreign independent auditor (if any)	None
The Company's payment to the foreign independent auditor (RMB'0,000) (if any)	0
How many consecutive years the foreign independent auditor has provided audit service for the Company (if any)	None
Names of the certified public accountants from the foreign independent auditor writing signatures on the auditor's report (if any)	None
How many consecutive years the certified public accountants from the foreign independent auditor have provided audit service for the Company (if any)	None

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

Yes No

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

Applicable Not applicable

The Company hired Ruihua Certified Public Accountants LLP to provide internal control audit service for this Reporting Period at the cost of RMB0.25 million.

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

Applicable Not applicable

XI Insolvency and Reorganization

Applicable Not applicable

No such cases in the Reporting Period.

XII Major Legal Matters

Applicable Not applicable

General information	Involved amount (RMB'0,	Provisio n	Progress	Decisions and effects	Execution of decisions	Disclosure date	Index to disclosed information

	000)						
Xi'an Project Lawsuit	2,100	No	In execution	<p>• Business Tourism Company had to pay for the compensation RMB36.62 million and the relevant interest (from 14 September 1998 to the payment day) to Xi'an Fresh Peak Company within one month after the judgment entering into force. If the Business Tourism Company failed to pay in time, it had to pay double debt interests to Xi'an Fresh Peak Company for the overdue period; ② Xi'an Joint Commission on Commerce had jointly and severally obligation of the interests of the compensation; . ③ Business Tourism Company shall bear RMB227,500 of the acceptance fee and the security fee.</p>	<p>The applicant has received RMB15.20 million. Now Business Tourism Company has no executable properties and Xi'an Joint Commission on Commerce has been refusing to execute the ruling. It is difficult to recover the rest.</p>	29 August 2018	Interim Report 2018 (full text) on www.cninfo.com.cn

XIII Punishments and Rectifications

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

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

Applicable Not applicable

No such cases in the Reporting Period.

XVI Major Related-Party Transactions

1. Continuing Related-Party Transactions

√Applicable □ Not applicable

Related party	Relationship with the Company	Type of transaction	Specific transaction	Pricing principle	Transaction price	Total value (RMB', 0,000)	As % of total value of all same-type transactions	Approved transaction line (RMB', 0,000)	Over the approved line or not	Method of settlement	Obtainable market price for same-type transactions	Disclosure date	Index to disclosed information
Shenzhen Jianan (Group) Co., Ltd.	Controlled by the same company as the parent	Engineering construction	Wholly-owned subsidiary undertook engineering construction of related party	Negotiate through agreements	-	148.06	0.40%	148.06	Not	Bank transfer	-	29 March 2019	2017 Annual Report disclosed on www.cninfo.com.cn
Shenzhen Jianan (Group) Co., Ltd.	Controlled by the same company as the parent	Engineering construction	Wholly-owned subsidiary paid total account for construction contracted to related party	Negotiate through agreements	-	2,511.4	3.66%	2,511.4	Not	Bank transfer	-	29 March 2019	2017 Annual Report disclosed on www.cninfo.com.cn
Total				--	--	2,659.46	--	2,659.46	--	--	--	--	--
Large-amount sales return in detail				N/A									
Give the actual situation in the Reporting Period (if any) where an estimate had been made for the total value of continuing related-party transactions by type to occur in the Reporting Period				N/A									
Reason for any significant difference between the transaction price and the market reference price (if applicable)				N/A									

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

Applicable Not applicable

No such cases in the Reporting Period.

3. Related Transactions Regarding Joint Investments in Third Parties

Applicable Not applicable

No such cases in the Reporting Period.

4. Credits and Liabilities with Related Parties

Applicable Not applicable

No such cases in the Reporting Period.

5. Other Major Related-Party Transactions

Applicable Not applicable

No such cases in the Reporting Period.

XVII Major Contracts and Execution thereof

1. Entrustment, Contracting and Leases

(1) Entrustment

Applicable Not applicable

No such cases in the Reporting Period.

(2) Contracting

Applicable Not applicable

No such cases in the Reporting Period.

(3) Leases

Applicable Not applicable

No such cases in the Reporting Period.

2. Major Guarantees

Applicable Not applicable

No such cases in the Reporting Period.

3. Cash Entrusted to Other Entities for Management

(1) Cash Entrusted for Wealth Management

Applicable Not applicable

Overview of cash entrusted for wealth management in the Reporting Period

Unit: RMB'0,000

Type	Capital resources	Amount incurred	Outstanding balance	Overdue unrevoked amount
Bank financial products	Self-owned funds	60,000	0	0
Bank financial products	Self-owned funds	90,000	90,000	0
Total		150,000	90,000	0

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

Applicable Not applicable

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

Applicable Not applicable

(2) Entrusted Loans

Applicable Not applicable

No such cases in the Reporting Period.

4. Other Major Contracts

Applicable Not applicable

No such cases in the Reporting Period.

XVIII Corporate Social Responsibility (CSR)

1. Measures Taken to Fulfill CSR Commitment

The Company paid attention on the execution of the social responsibilities and positively protected the legal interests of the stakeholders such as the creditors, employees, customers, suppliers and community as well as executed the social responsibilities. During the Reporting Period, the Company organized the volunteer team and the Party member volunteer service team and positively developed the volunteer service and the Party member volunteer service activities; furthermore, the

Company also executed the social responsibilities as a state-owned enterprise, made donations to Shenzhen Charity Community Public Welfare Fund, provided special funds for community to carrying out joint construction, joint governance and joint enjoyment, helped families with family planning difficulty, paid consolation money to Party members and employees in hardship and hospitalized employees due to diseases; carried out condolence activities for employees on their birthday and for retired cadres on festivals; positively developed the interest teams activities such as the badminton, table tennis, mountain climbing and basketball as well as football. As of the Reporting Period, the Company was successively honored by GuangDong Provincial Enterprise Confederation and Guangdong Provincial Association of Entrepreneurs as "Best Honesty Enterprise of Guangdong Province" for seven years. Besides, during the Reporting Period, the Company was honored by Shenzhen Real Estate Association as "Enterprise with High Brand Value in Shenzhen Real Estate Development Industry" and "High-integrity (Superior) Enterprise in Shenzhen Real Estate Development Industry".

2. Measures Taken for Targeted Poverty Alleviation

(1) Plans

(2) Summary of the Related Work Done in the Reporting Period

(3) Results

Indicator	Measurement unit	Quantity/Progress
1. General results	——	——
2. Itemized results	——	——
2.1 Out of poverty by industrial development	——	——
2.2 Out of poverty by transferring employment	——	——
2.3 Out of poverty by relocation	——	——
2.4 Out of poverty by education	——	——
2.5 Out of poverty by improving health	——	——
2.6 Out of poverty by protecting ecological environment	——	——
2.7 Subsidy for the poorest	——	——
2.8 Social poverty alleviation	——	——
2.9 Other items	——	——
3. Accolades received (for what and at what level)	——	——

(4) Subsequent Plans

3. Issues Related to Environmental Protection

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

Not applicable

XIX Other Significant Events

√ Applicable □ Not applicable

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

The Company convened the 33rd Meeting of the 7th Board of the Directors on 11 November 2016, which the *Proposal on Continued Share Trading Suspension due to Planning of Major Assets Restructuring* was reviewed and approved. For details, see the *Announcement on Continued Share Trading Suspension after Expiration of Period of Share Trading Suspension due to Planning of Major Assets Restructuring* (No. 2016-039) disclosed on 14 November 2016.

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

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

To ensure the smooth progress of this major assets restructuring, prevent abnormal fluctuations in the prices of its stocks and protect the rights and interests of its non-controlling interests, the Company has applied to the Shenzhen Stock Exchange for continued share trading suspension for no more than 1 month as of 14 March 2019 and expects to disclose the major assets restructuring plan or report according to the requirements of the Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 26—*Major Assets Restructuring of Listed Companies* prior to 14 April 2019. For details, see the *Announcement on Delay of Share Trading Resumption and Progress of Planning of Major Assets Restructuring* (No. 2019-013) disclosed on 14 March 2019.

During the share trading suspension period, the Company shall disclose the progress of this major assets restructuring at least every five trading days in strict accordance with the requirements of

applicable laws and regulations. At present, this major assets restructuring is proceeding smoothly. This major assets restructuring is subject to great uncertainty. Therefore, investors are kindly reminded to pay attention to possible investment risk.

XX Significant Events of Subsidiaries

Applicable Not applicable

Shantou Huafeng Real Estate Development Co., Ltd., the wholly-owned subsidiary of the Company, increased its registered capital. For details, please refer to the *Announcement on Resolutions of the 42nd Meeting of the 7th Directors of the Board of Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd.* disclosed on www.cninfo.com.cn by the Company on 28 August 2018.

Part VI Share Changes and Shareholder Information

I. Share Changes

1. Share Changes

Unit: share

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

Reasons for share changes:

 Applicable Not applicable

Approval of share changes:

Applicable Not applicable

Transfer of share ownership:

Applicable Not applicable

Progress on any share repurchase:

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

2. Changes in Restricted Shares

Applicable Not applicable

II. Issuance and Listing of Securities

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

Applicable Not applicable

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

Applicable Not applicable

3. Existing Staff-Held Shares

Applicable Not applicable

III Shareholders and Actual Controller

1. Shareholders and Their Shareholdings at the Period-End

Unit: share

Number of ordinary shareholders	76,443	Number of ordinary shareholders at the month-end prior to the disclosure of this	76,443	Number of preferred shareholders with resumed voting rights (if any) (see note 8)	0	Number of preferred shareholders with resumed voting rights at the month-end prior to the	0
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Report							disclosure of this Report (if any) (see note 8)	
5% or greater shareholders or top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Increase/decrease in the Reporting Period	Restricted shares held	Unrestricted shares held	Shares in pledge or frozen	
							Status	Shares
Shenzhen Investment Holdings Co., Ltd	State-owned legal person	63.55%	642,884,262			642,884,262		
Shandong Gold Financial Holding Capital Management Co., Ltd. — Shandong Gold Financial Holding Sustaining Fund 1	Domestic non-state-owned legal person	1.02%	10,300,000			10,300,000		
Lu Zhigao	Domestic natural person	0.32%	3,246,949			3,246,949		
Tan Shiqing	Domestic natural person	0.13%	1,286,701			1,286,701		
Yang Shuilian	Domestic natural person	0.13%	1,273,700			1,273,700		
Yang Jianxiong	Domestic natural person	0.12%	1,255,750			1,255,750		
Central Huijin Asset Management Co., Ltd.	State-owned legal person	0.12%	1,165,500			1,165,500		
Peng Wei	Domestic natural person	0.11%	1,129,082			1,129,082		
Wu Haoyuan	Foreign natural person	0.11%	1,109,300			1,109,300		
Guotai Junan Securities (Hong Kong) Limited	Foreign legal person	0.10%	1,015,683			1,015,683		
Strategic investor or general legal person becoming a top-10 ordinary shareholder due to rights issue (if any) (see note 3)	None							
Related or acting-in-concert parties among the shareholders above	The Company has found no related parties or acting-in-concert parties as defined in the Administrative Measures for Shareholding Changes in Listed Companies among the shareholders above.							
Top 10 unrestricted shareholders								
Name of shareholder	Unrestricted shares held at the period-end	Shares by type						
		Type	Shares					
Shenzhen Investment Holdings Co., Ltd	642,884,262	RMB ordinary shares	642,884,262					
Shandong Gold Financial Holding Capital Management Co., Ltd. — Shandong Gold	10,300,000	RMB ordinary shares	10,300,000					

Financial Holding Sustaining Fund 1			
Lu Zhigao		3,246,949	RMB ordinary shares 3,246,949
Tan Shiqing		1,286,701	RMB ordinary shares 1,286,701
Yang Shuilian		1,273,700	RMB ordinary shares 1,273,700
Yang Jianxiong		1,255,750	Domestically listed foreign share 1,255,750
Central Huijin Asset Management Co., Ltd.		1,165,500	RMB ordinary shares 1,165,500
Peng Wei		1,129,082	RMB ordinary shares 1,129,082
Wu Haoyuan		1,109,300	Domestically listed foreign share 1,109,300
Guotai Junan Securities (Hong Kong) Limited		1,015,683	Domestically listed foreign share 1,015,683
Related or acting-in-concert parties among top 10 unrestricted public shareholders, as well as between top 10 unrestricted public shareholders and top 10 shareholders	The Company has found no related parties or acting-in-concert parties as defined in the Administrative Measures for Shareholding Changes in Listed Companies among the shareholders above.		
Top 10 ordinary shareholders involved in securities margin trading (if any) (see note 4)	The fourth shareholder holds all his shares in the Company in his accounts of credit. And the third shareholder holds some of his shares in the Company in such accounts.		

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

Yea No

No such cases in the Reporting Period.

2. Controlling Shareholder

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

Type of the controlling shareholder: legal person

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

				government-allocated land; and investment in and provision of services for strategic emerging industries
Controlling shareholder's holdings in other listed companies at home or abroad in the Reporting Period	380,380,000 shares in SZPRD A (000011), representing a stake of 63.82%; 234,070,000 shares in STHC (000045), representing a stake of 45.78%; 12,360,000 shares in Shenzhen Universe A (000023), representing a stake of 8.91%; 962,720,000 shares in Ping An (601318), representing a stake of 5.27%; 2,749,520,000 shares in Guosen Securities (002736), representing a stake of 33.53%; 609,430,000 shares in Guotai Junan (601211), representing a stake of 6.99%; 103,370,000 shares in Guotai Junan (2611.HK), representing a stake of 1.19%; 195,030,000 shares in Telling Holding (000829), representing a stake of 18.80%; 255,890,000 shares in Infinova (002528), representing a stake of 21.35%; 2,213,450,000 shares in HOPEWELL INFR-R (0737.HK), representing a stake of 71.83%; 188,000,000 shares in BEAUTYSTAR (002243), representing a stake of 51.52%; 388,450,000 shares in EA (002183), representing a stake of 18.30%; 42,000,000 shares in ETOP (834386), representing a stake of 60.00%; 20,000,000 shares in CCIC Testing (836325), representing a stake of 40.00%; 113,980,000 shares in Techand Ecology (002243), representing a stake of 5.00%; 5,640,000 shares in Shenzhen Energy (000027), representing a stake of 0.14%; 9,520,000 shares in BOCOM (601328), representing a stake of 0.01%.			

Change of the controlling shareholder in the Reporting Period:

Applicable Not applicable

No such cases in the Reporting Period.

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

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

Type of the actual controller: legal person

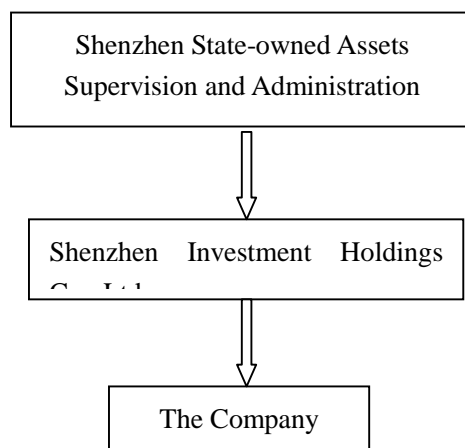
Name of actual controller	Legal representative/person in charge	Date of establishment	Unified social credit code	Principal activity
Shenzhen State-owned Assets Supervision and Administration Commission	Peng Haibin	31 July 2004	K3172806-7	Perform the responsibilities of investor on behalf of the state,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

Change of the actual controller during the Reporting Period:

Applicable Not applicable

No such cases in the Reporting Period.

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



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

Applicable Not applicable

4. Other 10% or Greater Corporate Shareholders

Applicable Not applicable

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

Applicable Not applicable

Part VII Preferred Shares

Applicable Not applicable

No preferred shares in the Reporting Period.

Part VIII Directors, Supervisors, Senior Management and Staff

I Change in Shareholdings of Directors, Supervisors and Senior Management

Name	Office title	Incumbent/Former	Gender	Age	Start of tenure	End of tenure	Beginning shareholding (share)	Increase in the Reporting Period (share)	Decrease in the Reporting Period (share)	Other increase/decrease (share)	Ending shareholding (share)
Zhou Jianguo	Chairman of the Board	Incumbent	Male	63	17 April 2012	16 April 2015	0	0	0	0	0
Chen Maozheng	General Manager and Director	Incumbent	Male	54	17 April 2012	16 April 2015	0	0	0	0	0
Zhuang Quan	Supervisor	Incumbent	Male	63	17 April 2012	16 April 2015	80,000	0	0	0	80,000
Deng Kangcheng	Director	Incumbent	Male	52	17 April 2012	16 April 2015	10,000	0	0	0	10,000
Wen Li	Director	Incumbent	Female	49	17 April 2012	16 April 2015	0	0	0	0	0
Jiang Lihua	Director	Incumbent	Female	54	17 April 2012	16 April 2015	0	0	0	0	0
Zhang Lei	CFO and Director	Incumbent	Male	50	17 April 2012	16 April 2015	0	0	0	0	0
Liu Quanmin	Independent director	Left	Male	54	15 October 2010	15 May 2018	0	0	0	0	0
Song Botong	Independent director	Incumbent	Male	50	15 October 2010	14 October 2016	0	0	0	0	0
Zhang Shunwen	Independent director	Incumbent	Male	50	23 April 2014	22 April 2017	0	0	0	0	0
Kang Xiaoyue	Independent director	Incumbent	Male	54	15 May 2018	14 May 2021	0	0	0	0	0
Wang Xiuyan	Supervisor	Left	Female	54	17 April 2012	16 April 2015	0	0	0	0	0
Li Yufei	Supervisor	Incumbent	Female	40	17 April 2012	16 April 2015	0	0	0	0	0
Ren	Superv	Incu	Male	38	15 May	14 May	0	0	0	0	0

Wei isor mben t					2018	2021						
Teng Xianyou	Vice GM	Incumbent	Male	61	17 May 2012	16 May 2015	0	0	0	0	0	0
Wei Hanping	Vice GM	Incumbent	Female	52	28 September 2012	16 May 2015	0	0	0	0	0	0
Tang Xiaoping	Vice GM, Secretary of the Board	Incumbent	Male	48	22 October 2013	16 May 2015	0	0	0	0	0	0
Feng Hongwei	Supervisor	Incumbent	Male	47	2 March 2017	1 March 2020	0	0	0	0	0	0
Lin Jun	Supervisor	Incumbent	Female	49	27 April 2016	26 April 2019	0	0	0	0	0	0
Chen Ji	Secretary of the Board	Left	Male	47	17 May 2012	26 April 2018	0	0	0	0	0	0
Total	--	--	--	--	--	--	90,000	0	0	0	0	90,000

II Change of Directors, Supervisors and Senior Management

√Applicable □ Not applicable

Name	Office title	Type of change	Date of change	Reason for change
Chen Ji	Board Secretary	Left	26 April 2018	Job change
Liu Quanmin	Independent director	Left	15 May 2018	Personal reasons
Wang Xiuyan	Supervisor	Left	15 May 2018	Retired

III Biographical Information

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

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

1. Zhou Jianguo: he was once the Vice GM of Shenzhen Investment Holdings Co., Ltd. And he has been the Secretary of CPC and Chairman of the Board of the Company since February 2009.
2. Chen Maozheng: he once was the Vice Secretary of CPC and managing director of Shenzhen City Construction Development (Group) Co. Ltd. And he has been the Vice Secretary of CPC and Director as well as managing director of the Company since October 2009.
3. Zhuang Quan: he once was Chairman of the Supervisory Board of Shenzhen Shenfubao Group Co., Ltd. He has been the Chairman of the Supervisory Board of the Company since April 2012.

4. Deng Kangcheng: he was once deputy director, director of the Office of Shenzhen Investment Holdings Co., Ltd., and supervisor of the Company. And he has been director, Vice Secretary of CPC and Secretary in Discipline Inspection Committee of the Company since February 2009.
5. Zhang Lei: he was once the CFO and Secretary to the Board of SDIC ZHONGLU FRUIT Co., Ltd. And he has been the Director and CFO of the Company since October 2010.
6. Kang Xiaoyue: he was once the staff member of Department of Justice of Jiangxi Province, a reporter, editor and head of News Department of Shenzhen Legal Newspaper. Now he serves as a chief lawyer and senior partner of Guangdong Wansheng Law Firm. Since May 2018 he acts as an independent director of the Company.
7. Song Botong: he ever took posts of Deputy Chief of Civil Engineering Department in College of Architecture and Civil Engineering and Chairman of Labor Union, and Secretary of CPC of Shenzhen University. Now he acts as Standing Deputy Director of Research Center for Real Estate and Director of Infrastructure Department in Shenzhen University. He has been the Independent Director of the Company since October 2010.
8. Zhang Shunwen: he acted as Director of the Shenzhen Juyuan Certified Public Accounting, now he acts as partner of BDO China Shu Lun Pan Certified Public Accountants LLP. He acts as Independent Directors of the Company since April 2014.
9. Wen Li: she once worked as the Vice Chief of the Investment and Development Department, Vice Director of Management Center for Construction Project and Minister of Enterprise Department I of Shenzhen Investment Holdings Co., Ltd. Now, she serves as the Director, GM and Deputy Secretary of CPC in Shenzhen Bay Technology Development Co., Ltd. And she has been the Director of the Company since September 2006.
10. Jiang Lihua: she once was the Vice Chief of the Finance Department and the Chief of Appraisal and Distribution Department in Shenzhen Investment Holdings Co., Ltd. Now, he serves as the Chief of Financial Department (Settlement Center). And she has been acting as Director of the Company since February 2009.
11. Feng Hongwei: He once was the Vice Chief of the Board Secretariat, and the Securities Representative. Now he acts as the Audit Supervisory Manager of the Company. He has been acting as a supervisor of the Company since March 2017.
12. Ren Wei: he once was the CFO of Xian Zhenye Real Estate Development Co., Ltd., minister of Budget & Financing Department and director of Fund Centre of Shenfubao Group Co., Ltd. Now he serves as the vice minister of Audit Department of Shenzhen Investment Holdings Co., Ltd. Since May 2018 he serves as the supervisor of the Company.
13. Lin Jun: She once was the Vice Chief of the Party-Mass Work Department and the Vice Discipline Inspection Secretary & Chief of the Party-Mass Work Department of the Company. And she has been acting as a supervisor of the Company since April 2016.
14. Li Yufei: she ever worked as the Assistant to the Manager of the Investment Department and Assistant to the Manager & Vice Manager of Assets Management Centre as well as the Senior Management Staff of Enterprise Department I and Enterprise Department II (Journal Center) in Shenzhen Investment Holdings Co., Ltd. Now, he serves as the senior executive of Industrial

Management Department. And she has been the Supervisor of the Company since April 2012.

15. Teng Xianyou: he once was the Vice GM of Shenzhen Tagen Group Co., Ltd., and concurrently as GM of Shenzhen Municipal Engineering Corp. And he has been Vice GM of the Company since December 2009.

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

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

Offices held concurrently in shareholding entities:

Applicable Not applicable

Name	Shareholding entity	Office held in the shareholding entity	Start of tenure	End of tenure	Remuneration or allowance from the shareholding entity
Jiang Lihua	Shenzhen Investment Holdings Co., Ltd	Chief of Financial Department (Settlement Center)	1 March 2017		Yes
Ren Wei	Shenzhen Investment Holdings Co., Ltd	Vice minister of Audit Department	18 September 2017		Yes
Li Yufei	Shenzhen Investment Holdings Co., Ltd	Senior executive of Industrial Management Department	1 July 2015		Yes
Offices held concurrently in shareholding entities		The relevant personnel get paid by shareholder entities for their jobs therein, not for being directors or supervisors of the Company.			

Offices held concurrently in other entities:

Applicable Not applicable

Name	Other entity	Office held in the entity	Start of tenure	End of tenure	Remuneration or allowance from the entity
Song Botong	Infrastructure Department of Shenzhen University	Director	1 March 2013		Yes
Zhang Shunwen	BDO China Shu Lun Pan Certified Public Accountants LLP.	Partner	1 March 2008		Yes
Kang Xiaoyue	Guangdong Wansheng Law Firm	Senior partner	1 December 1993		Yes
Wen Li	Shenzhen Bay Technology Development Co., Ltd.	Director, GM and Deputy Secretary of CPC	1 December 2016		Yes
Zhang Lei	Shenzhen Agricultural Products Co., Ltd.	CFO	11 January 2017		Yes
Zhang Lei	Shenzhen Zhenye (Group) Co., Ltd.	Supervisor	16 March 2017		No
Offices held concurrently in other entities		The relevant personnel get paid by other entities for their jobs therein, not for being directors of the Company.			

Punishments imposed in the recent three years by the securities regulator on the incumbent directors, supervisors

and senior management as well as those who left in the Reporting Period:

Applicable Not applicable

IV Remuneration of Directors, Supervisors and Senior Management

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

It was executed according to the procedures stipulated in the Interim Measures for the Administration of Human Resources of the Company.

Their remuneration was decided in accordance with the Interim Provisions of the Annual Salary System for Managers of the State-owned Enterprises in Shenzhen and spirit of relevant documents as well as the Interim Measures for the Administration of Human Resources of the Company.

The Directors Jiang Lihua and Wen Li, and the Supervisor Wang Xiuyan, Li Yufei and Ren Wei are dispatched by controlling shareholders of the Company without drawing remuneration from the Company.

With review and approval of the 2013 Annual General Meeting convened on 23 April 2014, allowance for each independent director was adjusted to RMB7,000 (tax included) per month since May 2014. Besides, they received no other rewards from the Company.

The Company paid their remuneration monthly according to relevant systems for remuneration management of the Company.

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

Unit: RMB'0,000

Name	Office title	Gender	Age	Incumbent/Former	Total before-tax remuneration from the Company	Any remuneration from related party
Zhou Jianguo	Chairman of the Board	Male	63	Incumbent	90.7	No
Chen Maozheng	General Manager and Director	Male	54	Incumbent	98.57	No
Zhuang Quan	Supervisor	Male	63	Incumbent	61.49	No
Deng Kangcheng	Director	Male	52	Incumbent	86.3	No
Wen Li	Director	Female	49	Incumbent	0	No
Jiang Lihua	Director	Female	54	Incumbent	0	No
Zhang Lei	CFO and Director	Male	50	Incumbent	0	No
Liu Quanmin	Independent director	Male	54	Left	2.8	No
Song Botong	Independent director	Male	50	Incumbent	8.4	No
Zhang Shunwen	Independent director	Male	52	Incumbent	8.4	No
Kang Xiaoyue	Independent director	Male	54	Incumbent	5.6	No
Wang Xiuyan	Supervisor	Female	54	Left	0	Yes
Li Yufei	Supervisor	Female	56	Incumbent	0	No
Ren Wei	Supervisor	Male	40	Incumbent	0	No

				nt		
Lin Jun	Supervisor	Female	49	Incumbent	49.11	No
Feng Hongwei	Supervisor	Male	47	Incumbent	49.11	No
Teng Xianyou	Vice GM	Male	61	Incumbent	73.22	No
Wei Hanping	Vice GM	Female	52	Incumbent	84.41	No
Tang Xiaoping	Vice GM, Secretary of the Board	Male	48	Incumbent	86.3	No
Chen Ji	Secretary of the Board	Male	47	Left	50.92	No
Total	--	--	--	--	755.33	--

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

Applicable Not applicable

V Employees

1. Number, Functions and Educational Backgrounds of Employees

Number of in-service employees of the Company as the parent	107
Number of in-service employees of major subsidiaries	1,847
Total number of in-service employees	1,954
Total number of paid employees in the Reporting Period	1,954
Number of retirees to whom the Company as the parent or its major subsidiaries need to pay retirement pensions	528
Functions	
Function	Employees
Production	1,314
Sales	83
Technical	423
Financial	54
Administrative	80
Total	1,954
Educational backgrounds	
Educational background	Employees
Doctors	2
Masters	27
Bachelors	185
College graduates	303
Technical secondary school graduates	158
High school graduates and below	1,279
Total	1,954

2. Employee Remuneration Policy

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

3. Employee Training Plans

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

4. Labor Outsourcing

Applicable Not applicable

Part IX Corporate Governance

I Basic Situation of Corporate Governance

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

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

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

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

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

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

Yes No

No such cases in the Reporting Period.

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

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

(II) In respect of personnel, the Company was absolutely independent in management of labor, personnel and salaries from the controlling shareholders. All the senior executives of the Company took no office title concurrently and drew no remunerations from the Shareholder Company.

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

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

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

III Horizontal Competition

Applicable Not applicable

IV Annual and Special General Meetings Convened during the Reporting Period

1. General Meeting Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Date of the meeting	Disclosure date	Index to disclosed information
The 2017 Annual General Meeting	Annual General Meeting	63.58%	26 April 2018	27 April 2018	<i>Announcement on Resolutions of 2017 Annual General Meeting</i> disclosed on www.cninfo.com.cn .
The 1 st Extraordinary General Meeting of 2018	Extraordinary General Meeting	63.59%	15 May 2018	16 May 2018	<i>Announcement on Resolutions of the 1st Extraordinary General Meeting of 2018</i> disclosed on www.cninfo.com.cn .
The 2 nd Extraordinary General Meeting of 2018	Extraordinary General Meeting	63.61%	18 September 2018	19 September 2018	<i>Announcement on Resolutions of the 2nd Extraordinary General Meeting of 2018</i> disclosed on www.cninfo.com.cn .

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

Applicable Not applicable

V Performance of Duty by Independent Directors in the Reporting Period

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

Attendance of independent directors at board meetings and general meetings							
Independent director	Total number of board meetings the independent director was eligible to attend	Board meetings attended on site	Board meetings attended by way of telecommunication	Board meetings attended through a proxy	Board meetings the independent director failed to attend	The independent director failed to attend two consecutive board meetings (yes/no)	General meetings attended
Liu Quanmin	2	2	0	0	0	No	2
Song Botong	4	3	1	0	0	No	2
Zhang Shunwen	4	3	1	0	0	No	1
Kang Xiaoyue	2	1	1	0	0	No	0

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

None

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

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

Yes No

No such cases in the Reporting Period.

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

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

Yes No

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

None

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

During the Reporting Period, Liu Quanmin resigned his post of independent director of the Company for personal reason. The proposal on appointment of Kang Xiaoyue as independent director of the Company was reviewed and approved on the 1st Extraordinary General Meeting of 2018 held on 11 May 2018 and corresponding adjustment of members of relevant specialized committees under the Board was made.

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

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

During the Reporting Period, the Audit Committee actively promoted the progress of the annual audit and the relevant work. It reviewed on the Company's following issues: Arrangement on the

Annual Audit Work, Periodic Financial Report, Profit Distribution Plan, Engagement of CPAs Firm, Written Submission of the Administration on CPAs Firm, Construction of Internal Control, Fund Transfer Between Listed Companies and Related Parties and Guarantee Events, etc.. Besides, it also kept full and necessary communication with the annual auditor of the Company. During the Reporting Period, the Audit Committee has convened three sessions, reviewed the Company's financial statements and the preliminary auditing result issued by the annual auditor of the Company, as well as issued their opinions after the review.

2. Performance of the Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee issued its opinion on annual remuneration of directors, supervisors and senior management disclosed in 2017 Annual Report on 28 March 2018.

3. Performance of the Nomination Committee

The Nomination Committee issued its opinion on the Company's changes in independent directors and secretary of the Board on 26 April 2018.

VII Performance of Duty by the Supervisory Committee

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

Yes No

The Supervisory Committee raised no objections in the Reporting Period.

VIII Appraisal of and Incentive for Senior Management

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

IX Internal Control

1. Material Internal Control Weaknesses Identified for the Reporting Period

Yes No

2. Internal Control Self-Evaluation Report

Disclosure date of the internal control self-evaluation report	29 March 2019
Index to the disclosed internal control self-evaluation report	Internal Control Self-Evaluation Report on www.cninfo.com.cn
Evaluated entities' combined assets as % of consolidated total assets	96.85%
Evaluated entities' combined	100.00%

operating revenue as % of consolidated operating revenue		
Identification standards for internal control weaknesses		
Type	Weaknesses in internal control over financial reporting	Weaknesses in internal control not related to financial reporting
Nature standard	The Company in line with the actual situation, when the follows events or indications happen, which means there probably existing serious or important defects in the financial report; (1) the directors, supervisors and senior executives were fraud. (2) Certified Public Accountant find that there is a significant error in the financial report, however, the internal control did not discover it when conducting internal control; (3) The Audit Committee under the Board and Internal Audit Service's supervision to the internal control is invalid. (4) The accounting personnel were without necessary qualities to complete the preparation of financial statements.	The criterion of quality of the recognition of defects of internal control in the non-financial statements mainly were order of severity of defect involving business nature, the direct or potential negative influence nature and the influence scope and other factors. If the follows events or indicators occur, there may be serious or important defects of internal control in the non-financial statements : (1) Lack democratic decision-making process, if lack significant problem decision-making, important appointment and dismissal of cadres, significant project investment decision-making; usage of large capital (three important, one large); (2) Unscientific decision-making process, such as the major decision-making errors, has caused a serious property loss to the company; (3) Seriously violating state laws and regulations; (4) Loss of key management personnel or important talent; (5) Negative news media appear frequently and widely spread; (6) The results of the internal control evaluation especially large or significant defects have not been corrected. (7) Important business systems lack control rules, or systemic failure.
Quantitative standard	Serious defects: the defects, or defect group may lead to the financial results misstatement or potential losses >3% of net assets; important defects: 1% of net assets<the defects, or defect group may lead to the financial results misstatement or potential losses ≤ 3% of net assets; General defects: the defects, or defect group may lead to the financial results misstatement or potential losses ≤ 1% of net assets. Note: Net assets in a recent issue of the audited financial report shall prevail	The criterion of quantity of the recognition of defects of internal control in the non-financial statements mainly were amount of direct economy losses, in line with the criterion of quantity of the recognition of defects of internal control in financial report of the Company.
Number of material weaknesses in		0

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

X Independent Auditor's Report on Internal Control

Applicable Not applicable

Opinion paragraph in the independent auditor's report on internal control	
We believe that Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd. maintained effective internal control of financial statements in all significant aspects on 31 December 2018 in accordance with Basic Standards for Internal Control and relevant regulations	
Independent auditor's report on internal control disclosed or not	Disclosed
Disclosure date	29 March 2019
Index to such report disclosed	Report on Internal Control disclosed on www.cninfo.com.cn .
Type of the auditor's opinion	Unmodified unqualified opinion
Material weaknesses in internal control not related to financial reporting	None

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

Yes No

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

Yes No

Part X Corporate Bonds

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

No

Part XI Financial Statements

I Independent Auditor's Report

Type of the independent auditor's opinion	Unmodified unqualified opinion
Date of signing this report	28 March 2019
Name of the independent auditor	Ruihua Certified Public Accountants (LLP)
Name of the certified public accountants	Cai Xiaodong and Wang Huansen

Text of the Independent Auditor's Report

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

Financial Statements with Auditors' Report

For The Year Ended 31 December 2018

(English Translation for Reference Only)

Ruihua Shen Zi [2019] No. 4840000X

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Auditor's Report

To The Board of Directors of SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) CO. Ltd.:

I. Opinion

We have audited the accompanying consolidated financial statements of SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) CO., Ltd. and its subsidiaries (hereinafter shall be referred as "the Group") consisting of the company's and the consolidated balance sheet as of December 31, 2018, and the consolidated income statement, cash flow statement and consolidated statement of change in owner's equity for the year then ended, and the notes to financial statements.

In our opinion, the financial statements of the Group present fairly, in all material respects, the Company's and its subsidiaries' financial position as of December 31, 2018 and the company's results of operation and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. Basis for Opinion

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

III. Key Issues of Auditing

The Key Issues of Auditing, which are considered to be the most important issues for auditing of the current financial statements, are based on our professional judgment. The response to these matters is based on auditing of the financial statements as a whole and the formation of an audit opinion. We do not comment on these matters separately.

1. Revenue Confirmation Of Real Estate Development Project

(1) Event description

As of December 31, 2018, the income of real estate, which shown in the notes 6.28 of the consolidated financial statements of Shenzhen Group, amounted to RMB 159.5 million, accounting for 74.21% of the total consolidated revenue and its gross profit accounted for 93.40% of the consolidated gross profit. As a major source of income for the Group, we determined that real estate development business income was the key issue.

According to the Group's accounting policy as which be shown in the note 4.20, the Group established real estate sales revenue is recognized, must meet to the following conditions at the same time:

- A. Signed a contract of sale and make recording in land department
- B. Real estate is completed, and is completed checking and accepting;
- C. For one-off payment, if the payment has been received for all the payment. Installment, if it is deferred for receiving money with financing, the cost should be measured in present value according to the contract price. Mortgage, has been received, and have completed the first phase of the mortgage loan approval procedures;
- D. Agreed in the contract of sale and transfer the property to buyers.

Refer to Note.4.20 Income for the detail.

(2) Audit response

The audit procedures we implemented during auditing mainly include:

- Evaluated the effectiveness of the design and operation of key internal controls related to the revenue recognition of real estate development projects;
- Examined the terms of the real estate sales contract to evaluate whether the ShenFang Group's revenue recognition policy for real estate development projects meets the requirements of relevant accounting standards;
- Check sales contracts, payment status and repossession opinions, drawing from the samples of projects that confirm real estate sales this year, to evaluate related real estate whether the sales revenue has been confirmed in accordance with the revenue recognition policy;
- Select samples from items which is confirmed sales income of the real estate around the balance sheet date .Check the sales contract, payment status and repossession opinion to assess whether the related real estate sales revenue is confirmed in the appropriate period;

- Acquire sales chart of sales department, to evaluate whether the real estate sales income is fully recorded by checking the realized book value income;
- Recalculated all taxes for the amount of real estate income confirmed this year, and check whether there is any difference;
- Compared the average unit price in real estate development projects which is calculated according to the type of the house in the previous year for real estate sales revenue confirmed in this year.

2. Withdrawal of Land appreciation tax

(1) Event description

As which is shown in Note 6.29, Land appreciation tax is one of the major taxes that ShenFang Group Co., Ltd. should pay. Real estate development company are required to pay Land appreciation tax at the rate of 30% to 60% of the land appreciation value obtained by the transfer developed real estate. Real estate development enterprises, building ordinary standard residential properties for sale, if the value-added amount does not exceed 20 percent of the deductible amount, Land appreciation tax shall be exempted; if not, Its total value added shall be taxed as required.

At the end of each financial reporting period, the Group's management needs to estimate the amount of Land appreciation tax. While the Group's management making the estimation, the main considerations include the provisions and explanations of relevant tax laws and regulations and the projected income from real estate sales after reducing the estimated deductible land costs, real estate development costs, interest costs, development costs, etc. When the Group settles its Land appreciation tax, the actual tax payable may be different from the amount estimated by the Group. For there is a significant impact on the taxation and tax payable in the consolidated financial statements about the accrual of Land appreciation tax, we identified the withdrawal of Land appreciation tax of ShenFang Group as a key audit issue.

(2) Audit response

- Evaluated the design and operational effectiveness of key internal control systems related to Land appreciation tax;
- Evaluated the accrual of the Land appreciation tax of the Group on December 31, 2018 by external tax expert's report;
- Estimated revenue from real estate sales and estimated deductible items, assessment of management's assumptions and judgments;
- Recalculation of Land appreciation tax provided by the Group and compared it with the amount recorded by the Group.

There are no other key audit issues that need to be communicated in our audit report.

IV. Other Information

The Group's management are responsible for the other information. The other information comprises the information included in the annual report of 2018, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, We conclude that there is a material misstatement of this other information, We are required to report that fact. We have nothing to report in this regard.

V. Management's responsibility for the financial statements

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

In preparing the financial statements, the Group's management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group's management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. Auditors' responsibility

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

In the process of auditing in accordance with auditing standards, we use professional judgment and maintain professional suspicion. At the same time, we also perform the following tasks:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an information of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Group's management.
 - Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern .If we conclude that a material uncertainty exists, We are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.
- We communicate with the directors regarding, among other matters, planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- In compliance with ethical requirements related to independence, we also provide those charged with governance with a statement and communicate with the management on all relationships and other matters that may reasonably be considered to affect our independence, as well as related preventive measures.

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

Ruihua Certified Public Accountants

Certified Public Accountants:_____

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Beijing, China

Certified Public Accountants:_____

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March 28, 2019

Consolidated Balance Sheet

As of 31 December 2018

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

Currency: RMB Yuan

Item	Note	Closing balance	Opening balance
Current Assets:			
Monetary funds	6.1	2,048,522,435.93	1,207,079,090.29
Notes receivable and Account receivables	6.2	33,426,991.65	143,013,443.05
Notes receivable		-	5,921,287.00
Account receivables		33,426,991.65	137,092,156.05
Prepayments	6.3	4,177,767.88	6,040,367.51
Other receivables	6.4	45,018,027.61	76,955,351.38
Interest receivable		2,453,067.78	-
Dividends receivable		1,052,192.76	1,052,192.76
Inventories	6.5	1,685,152,051.26	1,764,086,643.94
Other current assets	6.6	6,780,999.56	11,369,544.80
Total current assets		3,823,078,273.89	3,208,544,440.97
Non-current assets			
Available- for- sale financial assets	6.7	17,464,240.74	17,464,240.74
Long-term equity investments	6.8	12,561,107.24	29,888,661.65
Investment properties	6.9	623,930,838.15	647,297,124.04
Fixed assets	6.10	33,926,198.52	37,937,868.71
Intangible assets	6.11	-	55,200.00
Long-term deferred assets	6.12	387,066.91	586,350.66
Deferred tax assets	6.13	154,543,788.80	47,490,095.19
Other non-current assets		--	--
Total non-current assets		842,813,240.36	780,719,540.99
TOTAL ASSETS		4,665,891,514.25	3,989,263,981.96

Consolidated Balance Sheet

As at 31 December 2018

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

Currency: RMB Yuan

Item	Note	Closing balance	Opening balance
Current liabilities:			
Short-term loans	6.14	17,260,103.46	104,207,653.64
Notes payable and Accounts payable	6.15	216,758,906.71	190,629,756.30
Deferral	6.16	156,426,152.86	332,152,016.54
Employee benefits payable	6.17	45,836,830.05	30,516,219.96
Taxes payable	6.18	300,547,372.98	86,153,526.89
Other payables	6.19	721,819,898.48	391,480,367.04
Interest payables		16,535,277.94	16,535,277.94
Non-current liabilities due within one year	6.20	-	64,000,000.00
Total current liabilities		1,458,649,264.54	1,199,139,540.37
Non-current liabilities:			
Long-term loans	6.21	-	82,000,000.00
Long-term payables	6.22	6,507,139.20	8,101,880.05
Total non-current liabilities		6,507,139.20	90,101,880.05
Total liabilities		1,465,156,403.74	1,289,241,420.42
Owners' equity:			
Share capital	6.23	1,011,660,000.00	1,011,660,000.00
Capital reserve	6.24	978,244,910.11	978,244,910.11
Less: treasury shares			
Other comprehensive income	6.25	10,564,385.97	10,045,697.16
Surplus reserve	6.26	95,906,222.59	85,666,668.00
Undistributed profit	6.27	1,235,884,122.72	742,624,845.71
Total owners' equity attributable to parent company		3,332,259,641.39	2,828,242,120.98
Minority interests		-131,524,530.88	-128,219,559.44
Total owners' equity		3,200,735,110.51	2,700,022,561.54
Total liabilities and owners' equity		4,665,891,514.25	3,989,263,981.96

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Consolidated Income Statement
For the Year 2018

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

Currency: RMB Yuan

Item	Note	Amount for the current period	Amount for the prior period
I . Total operating income	6.28	2,175,187,242.60	1,345,912,605.09
Including: Operating income	6.28	2,175,187,242.60	1,345,912,605.09
II . Total operating Costs		1,510,412,953.26	1,107,106,979.03
Including: Operating costs	6.28	938,386,013.09	963,917,232.99
Tax and surcharge	6.29	445,365,141.92	67,815,218.44
Selling expenses	6.30	52,562,980.22	34,490,583.68
Administrative expense	6.31	74,029,840.44	49,512,042.67
Financial expense	6.32	-17,235,722.16	-8,628,098.75
Impairment losses of assets	6.33	17,304,699.75	-
Add: Gains from changes in fair value ("-" means loss)			
Investment income ("-" means loss)	6.34	17,121,605.87	5,026,506.92
Including: Investment income from associates and joint venture		-52,651.66	54,902.00
Gains from disposal of asset ("-" means loss)	6.35	-530.20	-52,617.35
III. Operating profit ("-" means loss)		681,895,365.01	243,779,515.63
Add: Non-operating income	6.36	1,411,786.32	392,538.08
Including: Gains from disposal of non-current assets	6.36	--	--
Less: Non-operating expenses	6.37	579,100.01	128,360.97
Including: Loss on disposal of non-current assets	6.37	--	--
IV . Total profit ("-" means loss)		682,728,051.32	244,043,692.74
Less: Income tax expenses	6.38	182,756,486.36	59,121,094.64
V . Net profit ("-" means loss)		499,971,564.96	184,922,598.10
Net attributable to owners of parent company		503,498,831.60	184,988,512.42
Minority interests		-3,527,266.64	-65,914.32
VI . After-tax net of other comprehensive incomes	6.39	740,984.01	-866,906.44
After-tax net of other comprehensive incomes owned by owner of the parent company		518,688.81	-606,834.53
(I)Other comprehensive incomes that cannot be classified into profit and loss in the future		--	--
(II)Other comprehensive incomes that would be classified into profit and loss in the future		518,688.81	-606,834.53
1.Loss and profit of change in fair value of available-for-sale financial assets		--	--
2.Loss and profit of held-to-maturity investments reclassifying into available-for-sale financial assets		--	--
3.Translation difference in the foreign currency financial statement		518,688.81	-606,834.53
Net of tax from other comprehensive incomes owned by minority stockholders		222,295.20	-260,071.91
VII . Total comprehensive income		500,712,548.97	184,055,691.66
Total comprehensive income attributable to owners of parent company		504,017,520.41	184,381,677.89
Total comprehensive income attributable to minority interests		-3,304,971.44	-325,986.23
VIII . Earnings per share		--	--
Basic Earnings per share		0.4977	0.1829
Diluted Earnings per share		0.4977	0.1829

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Consolidated Cash Flow Statement For the Year 2018

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

Items	Note	Amount for the current period	Amount for the prior period
I . Cash Flow from Operating Activities:			
Cash received from sales of goods or rendering of services		2,216,524,455.50	1,405,853,786.73
Refund of taxes and levies		-	12,562,993.81
Cash received relating to other operating activities	6.40(1)	57,522,168.96	37,444,775.95
Sub-total of Cash Inflows		2,274,046,624.46	1,455,861,556.49
Cash paid for goods and services		686,915,180.64	1,086,262,424.86
Cash paid to and on behalf of employees		155,037,192.56	148,025,179.46
Cash paid on taxes and levies		286,175,244.06	173,201,713.01
Cash paid relating to other operating activities	6.40(2)	83,351,601.61	66,173,378.80
Sub-total of Cash Outflows		1,211,479,218.87	1,473,662,696.13
Net Cash Flows from Operating Activities		1,062,567,405.59	-17,801,139.64
II . Cash Flows from Investing Activities:			
Cash received from return of investments		--	--
Cash received investing income		14,891,757.53	650,000.00
Net cash received from disposal of fixed assets, intangible assets and other long assets"		-	14,976.00
Net cash flows from disposal subsidiary and other operating unite		-	5,709,144.59
Other cash received relating to investing activities	6.40(3)	600,000,000.00	-
Sub-total of Cash Inflows		614,891,757.53	6,374,120.59
Cash paid to acquire fixed assets, intangible assets and other long assets		629,839.43	817,310.10
Cash paid on investments		--	--
Net cash paid on obtain subsidiary and other operating unite		--	--
Cash paid on other investing activities	6.40(4)	1,500,000,000.00	-
Sub-total of Cash Outflows		1,500,629,839.43	817,310.10
Net Cash Flows from Investing Activities		-885,738,081.90	5,556,810.49
III. Cash flow from Financing Activities			
Cash received from investments		--	--
Including: Cash received from investments by minority interests of subsidiaries		--	--
Cash received from borrowing		17,260,103.46	20,900,000.00
Cash received from issuing bonds		-	-
Other cash received relating to Financing activities	6.40(4)	290,033.83	-
Sub-total of Cash Inflows		17,550,137.29	20,900,000.00
Cash repayments on borrowed amounts		250,207,653.64	55,637,196.47
Cash payments for distribution of dividends or profits		2,817,521.60	11,383,737.21
Including: Dividends or profit paid to minority interests of subsidiaries		--	--
Cash payments on other financing activities		--	290,033.83
Sub-total of cash Outflows		253,025,175.24	67,020,933.68
Net cash flows from financing activities		-235,475,037.95	-46,120,933.68
IV. Effect of foreign exchange rate on cash			
V . Net increase in cash and cash equivalents		-58,266,620.53	-58,978,234.11
Add: cash equivalents at the beginning of the period		1,206,789,056.46	1,265,767,290.57
VI. Cash equivalents at the end of the period		1,148,522,435.93	1,206,789,056.46

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

CONSOLIDATED STATEMENT OF CHANGE IN OWNER'S EQUITY

For the Year 2018

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

Currency: RMB Yuan

Items	The amount in current year								Minority interests	Total owners' equity
	Attribute to the equity of parent company									
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Generic risk reserve	Undistributed profit		
I. Balance at the end of last period	1,011,660,000.00	978,244,910.11	--	10,045,697.16	-	85,666,668.00	--	742,624,845.71	-128,219,559.44	2,700,022,561.54
Add: Changes of accounting policies	--	--	--	--	--	--	--	--	--	--
Prior year adjustments	--	--	--	--	--	--	--	--	--	--
Corporate combination under common control	--	--	--	--	--	--	--	--	--	--
Others	--	--	--	--	--	--	--	--	--	--
II. Balance at the Beginning of the Year	1,011,660,000.00	978,244,910.11	--	10,045,697.16	--	85,666,668.00	--	742,624,845.71	-128,219,559.44	2,700,022,561.54
III. Increase/Decrease movements in this Year ("-" means loss)	--	--	--	518,688.81	--	10,239,554.59	--	493,259,277.01	-3,304,971.44	500,712,548.97
(I) Total comprehensive income	--	--	--	518,688.81	--	--	--	503,498,831.60	-3,304,971.44	500,712,548.97
(II) Capital paid in and reduced by the shareholders	--	--	--	--	--	--	--	--	--	--
(III) Profit distribution	--	--	--	--	--	10,239,554.59	--	-10,239,554.59	--	--
1. Draw statutory surplus reserve	--	--	--	--	--	10,239,554.59	--	-10,239,554.59	--	--
2. Draw generic risk reserve	--	--	--	--	--	--	--	--	--	--
3. Distribution to shareholders	--	--	--	--	--	--	--	--	--	--
4. Others	--	--	--	--	--	--	--	--	--	--
(IV) Internal carry-forward of shareholders' equity	--	--	--	--	--	--	--	--	--	--
(V) Special Reserve	--	--	--	--	--	--	--	--	--	--
(VI) Others	--	--	--	--	--	--	--	--	--	--
IV. Balance at the end of the period	1,011,660,000.00	978,244,910.11	--	10,564,385.97	-	95,906,222.59	--	1,235,884,122.72	-131,524,530.88	3,200,735,110.51

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

CONSOLIDATED STATEMENT OF CHANGE IN OWNER'S EQUITY

For the Year 2018

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

Currency: RMB Yuan

Items	The amount brought from the previous year								Minority interests	Total owners' equity
	Attribute to the equity of parent company									
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Generic risk reserve	Undistributed profit		
I. Balance at the end of last period	1,011,660,000.00	978,244,910.11	--	10,652,531.69		59,394,668.24		583,908,333.05	-127,893,573.21	2,515,966,869.88
Add: Changes of accounting policies	--	--	--	--	--	--	--	--	--	--
Prior year adjustments	--	--	--	--	--	--	--	--	--	--
Corporate combination under common control	--	--	--	--	--	--	--	--	--	--
Others	--	--	--	--	--	--	--	--	--	--
II. Balance at the Beginning of the Year	1,011,660,000.00	978,244,910.11	--	10,652,531.69		59,394,668.24		583,908,333.05	-127,893,573.21	2,515,966,869.88
III. Increase/Decrease movements in this Year ("-" means loss)	--	--	--	-606,834.53		26,271,999.76		158,716,512.66	-325,986.23	184,055,691.66
(I) Total comprehensive income	--	--	--	-606,834.53				184,988,512.42	-325,986.23	184,055,691.66
(II) Capital paid in and reduced by the shareholders	--	--	--	--	--	--	--	--	--	--
(III) Profit distribution	--	--	--	--	--	26,271,999.76		-26,271,999.76	--	--
1. Draw statutory surplus reserve	--	--	--	--	--	26,271,999.76		-26,271,999.76	--	--
2. Draw generic risk reserve	--	--	--	--	--	--	--	--	--	--
3. Distribution to shareholders	--	--	--	--	--	--	--	--	--	--
4. Others	--	--	--	--	--	--	--	--	--	--
(IV) Internal carry-forward of shareholders' equity	--	--	--	--	--	--	--	--	--	--
(V) Special Reserve	--	--	--	--	--	--	--	--	--	--
(VI) Others	--	--	--	--	--	--	--	--	--	--
IV. Balance at the end of the period	1,011,660,000.00	978,244,910.11	--	10,045,697.16		85,666,668.00		742,624,845.71	-128,219,559.44	2,700,022,561.54

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Balance Sheet

As at 31 December 2018

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

Currency: RMB Yuan

Item	Note	Closing balance	Opening balance
Current assets			
Monetary funds		1,344,486,378.53	726,801,673.89
Notes receivable and Account receivables	14.1	5,164,795.67	4,482,074.17
Notes receivable		--	--
Account receivables		5,164,795.67	4,482,074.17
Prepayments		200,000.00	-
Other receivables	14.2	770,374,849.84	1,069,266,476.08
Including :Interest receivable		2,380,301.11	-
Dividends receivable		-	169,393,952.18
Inventories		543,912,100.37	365,067,776.29
Other current assets		215,745.41	165,020.02
Total current assets		2,664,353,869.82	2,165,783,020.45
Non-current Assets:			
Available-for-sale financial assets		12,000,000.00	12,000,000.00
Long-term equity investments	14.3	235,284,776.57	248,870,407.21
Investment properties		511,040,299.65	532,414,374.79
Fixed assets		21,942,842.11	24,371,839.21
Intangible assets		-	55,200.00
Long-term deferred assets		346,015.72	529,905.52
Deferred tax assets		16,699,980.23	-
Other non-current assets		--	--
Total non-current assets		797,313,914.28	818,241,726.73
Total Assets		3,461,667,784.10	2,984,024,747.18

Balance Sheet (Continued)

As at 31 December 2018

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

Currency: RMB Yuan

LIABILITIES AND OWNERS' EQUITY	Note	Closing balance	Opening balance
Current liabilities:			
Short-term loans		--	--
Notes payable and Accounts payable		16,743,360.96	6,803,512.99
Deferral		22,035,608.45	93,435.00
Employee benefits payable		19,687,728.50	8,761,156.65
Taxes payable		144,621,616.85	52,311,869.66
Other payables		594,392,900.98	194,730,771.40
Including: Interest payable		16,535,277.94	16,535,277.94
Dividends payable		--	--
Non-current liability due within one year		-	64,000,000.00
Other current liability		--	--
Total current liabilities		797,481,215.74	326,700,745.70
Non-current liabilities:			
Long-term loans		--	82,000,000.00
Total non-current liabilities		--	82,000,000.00
Total liabilities		408,700,745.70	599,076,067.74
Owners' equity:			
Share capital		1,011,660,000.00	1,011,660,000.00
Capital reserve		964,711,931.13	978,244,910.11
Surplus reserve		72,776,609.18	62,537,054.59
Undistributed profit		615,038,028.05	522,882,036.78
Total owners' equity attributable to parent company		2,664,186,568.36	2,575,324,001.48
Total liabilities and owners' equity		3,461,667,784.10	2,984,024,747.18

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Income Statement
For the Year 2018

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

Currency: RMB Yuan

Item	Note	Amount for the current period	Amount for the prior period
I. Total operating income	14.4	229,682,550.17	258,598,457.84
Less: Operating cost	14.4	48,332,118.70	110,765,857.06
Tax and surcharge		76,302,964.10	31,394,400.56
Selling expenses		4,052,427.57	1,751,649.84
Administrative expense		29,529,995.90	21,896,829.36
Financial expense		-47,884,284.78	-19,670,615.98
Impairment losses of assets		--	--
Add: Gain from changes in fair value ("-" means loss)		--	--
Investment income ("-" means loss)	14.5	17,121,605.87	166,511,022.49
Including: Investment income from associates and joint venture	14.5	-52,651.66	54,902.00
II. Operating profit ("-" means loss)		136,470,934.55	278,971,359.49
Add: Non-operating income		633,377.64	16,766,868.12
Including: gains from disposal of non-current assets		--	--
Less: Non-operating expenses		374,436.18	12,574.69
Including: Loss from disposal of non-current assets		--	1,189.98
III. Total profit ("-" means loss)		136,729,876.01	295,725,652.92
Less: Income tax expenses		34,334,330.15	33,005,655.28
IV. Net profit ("-" means loss)		102,395,545.86	262,719,997.64
V. Other comprehensive income		102,395,545.86	262,719,997.64
VI. Total comprehensive income		136,729,876.01	295,725,652.92

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Cash Flow Statement

For the Year 2018

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

Currency: RMB Yuan

Item	Note	Amount for the current period	Amount for the prior period
I . Cash Flow from Operating Activities:			
Cash received from sales of goods or rendering of services		260,723,994.01	179,781,765.62
Refund of taxes and levies		-	12,562,993.81
Cash received relating to other operating activities		411,645,620.31	21,913,392.21
Sub-total of cash inflows		672,369,614.32	214,258,151.64
Cash paid for goods and services		172,885,291.04	125,138,313.98
Cash paid to and on behalf of employees		38,307,017.74	30,325,983.08
Cash paid on taxes and levies		39,081,749.05	64,656,145.14
Cash paid relating to other operating activities		14,362,419.34	58,271,041.32
Sub-total of Cash Outflows		264,636,477.17	278,391,483.52
Net Cash Flows from Operating Activities		407,733,137.15	-64,133,331.88
II . Cash Flows from Investing Activities:			
Cash received from return of investments		-	7,953,873.40
Cash received investing income		184,285,709.71	650,000.00
Net cash received from disposal of fixed assets, intangible assets and other long assets		-	
Other cash received relating to investing activities		892,206,391.13	
Sub-total of Cash Inflows		1,076,492,100.84	8,603,873.40
Cash paid to acquire fixed assets, intangible assets and other long assets		127,680.54	197,855.27
Cash paid on investments		-	
Cash paid on other investing activities		1,618,000,000.00	
Sub-total of cash outflows		1,618,127,680.54	197,855.27
Net Cash Flows from Investing Activities		-541,635,579.70	8,406,018.13
III. Cash flow from Financing Activities			
Cash received from investments		--	--
Cash received from borrowing		--	--
Cash received from issuing bonds		--	--
Cash received from other financing activities		--	--
Sub-total of cash inflows		--	--
Cash repayments on borrowed amounts		146,000,000.00	27,234,933.67
Cash payments for distribution of dividends or profits		2,399,365.74	8,458,162.12
Cash payments on other financing activities		-	
Sub-total of cash Outflows		148,399,365.74	35,693,095.79
Net cash flows from financing activities		-148,399,365.74	-35,693,095.79
IV. Effect of foreign exchange rate on cash		-13,487.07	-39,167.09
V. Net increase in cash and cash equivalents		-282,315,295.36	-91,459,576.63
Add: cash equivalents at the beginning of the period		726,801,673.89	818,261,250.52
VI. Cash equivalents at the end of the period		444,486,378.53	726,801,673.89

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Statement of Changes in Owners' Equity
For the year 2018

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

Currency: RMB Yuan

Items	The amount in current year							
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensiv e income	Surplus reserve	Generic risk reserve	Undistributed profit	Total owners' equity
I Balance at the End of Last Period	1,011,660,000.00	978,244,910.11	--	--	62,537,054.59		522,882,036.78	2,575,324,001.48
Add: Changes of accounting policies	--	--	--	--	--	--	--	--
Prior year adjustments	--	--	--	--	--	--	--	--
Corporate combination under common control	--	--	--	--	--	--	--	--
Others	--	--	--	--	--	--	--	--
II. Balance at the Beginning of the Year	1,011,660,000.00	978,244,910.11	--	--	62,537,054.59		522,882,036.78	2,575,324,001.48
III. Increase/Decrease movements in this Year ("-" means loss)	--	-13,532,978.98	--	--	10,239,554.59	-	92,155,991.27	88,862,566.88
(I) Total comprehensive income	--	--	--	--	-	-	102,395,545.86	102,395,545.86
(II) Capital paid in and reduced by the shareholders	--	--	--	--	--	--	--	--
(III) Profit distribution	--	--	--	--	10,239,554.59	-	-10,239,554.59	--
1. Draw statutory surplus reserve	--	--	--	--	10,239,554.59	-	-10,239,554.59	--
2. Draw generic risk reserve	--	--	--	--	--	--	--	--
3. Distribution to shareholders	--	--	--	--	--	--	--	--
4. Others	--	--	--	--	--	--	--	--
(IV) Internal carry-forward of shareholders' equity	--	--	--	--	--	--	--	--
(V) Special Reserve	--	--	--	--	--	--	--	--
(VI) Others	--	-13,532,978.98	--	--	-	-	-	-13,532,978.98
IV. Balance at the end of the period	1,011,660,000.00	964,711,931.13	--	--	72,776,609.18	-	615,038,028.05	2,664,186,568.36

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Statement of Changes in Owners' Equity
For the year 2018

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

Currency: RMB Yuan

Items	The amount brought from the previous year							
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Generic risk reserve	Undistributed profit	Total owners' equity
I Balance at the End of Last Period	1,011,660,000.00	978,244,910.11	--	--	36,265,054.83		286,434,038.90	2,312,604,003.84
Add: Changes of accounting policies	--	--	--	--	--	--	--	--
Prior year adjustments	--	--	--	--	--	--	--	--
Corporate combination under common control	--	--	--	--	--	--	--	--
Others	--	--	--	--	--	--	--	--
II. Balance at the Beginning of the Year	1,011,660,000.00	978,244,910.11	--	--	36,265,054.83		286,434,038.90	2,312,604,003.84
III. Increase/Decrease movements in this Year ("-" means loss)	--	--	--	--	26,271,999.76		236,447,997.88	262,719,997.64
(I) Total comprehensive income	--	--	--	--			262,719,997.64	262,719,997.64
(II) Capital paid in and reduced by the shareholders	--	--	--	--	--	--	--	--
(III) Profit distribution	--	--	--	--	26,271,999.76		-26,271,999.76	--
1. Draw statutory surplus reserve	--	--	--	--	26,271,999.76		-26,271,999.76	--
2. Draw generic risk reserve	--	--	--	--	--	--	--	--
3. Distribution to shareholders	--	--	--	--	--	--	--	--
4. Others	--	--	--	--	--	--	--	--
(IV) Internal carry-forward of shareholders' equity	--	--	--	--	--	--	--	--
(V) Special Reserve	--	--	--	--	--	--	--	--
(VI) Others	--	--	--	--	--	--	--	--
IV. Balance at the end of the period	1,011,660,000.00	978,244,910.11	--	--	62,537,054.59		522,882,036.78	2,575,324,001.48

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Note 1 General information

Shenzhen Special Economic Zone Real Estate and Properties (Group) Co., Ltd. (the "Group" or "the Company") was established in July 1993, as approved by the Shenzhen Municipal Government with document SFBF (1993) 724. The Company issued A shares on 15th September, 1993 and issued B shares on 10 January 1994. On 31 August 1994, B shares issued were listed in New York Exchange market as class A recommendation. The total share capital are 1,011,660,000 shares, of which, A shares are 891,660,000 shares, and the B shares are 120, 000,000 shares. The company business license registration number is 440301103225878, and the registered capital is RMB 1,011,660,000.00. On 13 October 2004, according to the document No.(2004) 223 "Decision on establishing Shenzhen investment Holding Co., Ltd." issued by State-Owned Assets Supervision and Administration Commission of Shenzhen Municipal Government, former major shareholder – Shenzhen Construction Investment Holding Company with two other assets management companies merged to form the Shenzhen Investment Holding Co., Ltd. By the State-owned Assets Supervision and Administration Commission of the state council, and quasi-exempt obligations tender offer as approved by China Security Regulatory Committee with document No.(2005)116, this issue of consolidated has been authorized and the registration changing had been done on 15 February 2006. As at the end of the reporting period, Shenzhen Investment Holding Limited holds 642,884,262 shares of the Company (63.55% of the total share capital). The shares are all selling unrestricted shares.

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

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

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

The Financial statement published on Mar 28th, 2019, which approved by Group's Board of Directors. 25 units were consolidated into the Group in 2018 for the detail in Note 8 "Equities in other entities". The merger scope of the company has not changed compared with that of the previous year.

Note 2 The Basis of Preparation of Financial Statements

The financial statements of the Group have been prepared on the basis of going concern in conformity with the Chinese Accounting Standards for Business Enterprises –The basic standards(Issued by order No.33 of the Ministry of Finance, Revised by order No.76 of the Ministry of Finance), the 42 specified Accounting Standards for Business Enterprise issued and revised by the Ministry of Finance of People's Republic of China on 15 February, 2006 and thereafter, the guidance for the application of

the Accounting Standards for Business Enterprise, the explanation for the Accounting Standards for Business Enterprise and other relevant regulations(thereafter referred as “Accounting Standards for Business Enterprises”) and Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.15—General Provisions on Financial Reports (2014 Revision) issued by the China Securities Regulatory Commission (CSRC).

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

2. Going concern

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

Note 3 Statement of Compliance with Accounting Standards

3.1 Basis of Preparation

The financial statements of the Group are recognized and measured in accordance with the regulations of the Chinese Accounting Standards for Business Enterprises and they give a true and fair view of the financial position, business result and cash flow of the Group as of 31 December 2018. In addition, the financial statements of the Group comply, in all material respects, with the revised disclosure requirements for financial statements and the notes of Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.15—General Provisions on Financial Reports (2014 Revision) issued by China Securities Regulatory Commission (CSRC).

Note 4 Important Accounting Policy And Accounting Estimates

The company and its subsidiaries are engaged in real estate development. The Company and its subsidiaries have established certain specific accounting policies and accounting estimates for revenue recognition and other transactions and events in accordance with the actual production and operation characteristics and in accordance with the relevant provisions of the Accounting Standards for Business Enterprises. For details, please refer to Note 4.20 “Description of income”. For details of the significant accounting judgments and estimates made by the management, please refer to Note 4.25 “Major accounting judgments and estimates”.

4.1 Accounting period

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

4.2 Operating cycle

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

4.3 Monetary Unit

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

4.4 Accounting Treatment Under Common/Non-common control

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

(1) Business combination involving entities under common control

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

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

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

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

(2) Business combination involving entities under non common control

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

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

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

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

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

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

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

For a business combination achieved in stages that involves multiple exchange transactions, according to the “No.5 Inform of Printing and Distributing the Explanation of Accounting Standards issued by the Finance of Ministry (Caikuai [2012] No.19)” and Article 51 of “Chinese Accounting Standards for Business Enterprises No.33- Consolidated financial statement”, relating with the judgment standards of package deal(refer to note 4.5(2)), a judgment about whether it is package deal or not should be made. If it is package deal, please refer to the note 4.12 - Long-term equity investment for accounting treatment; if it is not package deal, distinguish them as individual financial statement and consolidated financial statement for accounting treatment.

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

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

4.5 Preparation of consolidated financial statements

(1)The standards of determining the scope of consolidation

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

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

(2)The method of preparing the consolidated financial statements

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

For a subsidiary being disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate. For a subsidiary disposed during the period, no adjustment is made to the opening balance of the consolidated financial statements.

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

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

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

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

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

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

When the Group loses control of a subsidiary due to the disposal of a portion of an equity investment or other reasons, the remaining equity investment is re-measured at its fair value on the date when control is lost. The difference between 1) the total amount of consideration received from the transaction that resulted in the loss of control and the fair value of the remaining equity investment and 2) the carrying amounts of the interest in the former subsidiary's net assets immediately before the loss of the control is recognized as investment income for the current period when control is lost.

The amount recognized in other comprehensive income in relation to the former subsidiary's equity investment is reclassified as investment income for the current period when control is lost. The retained interest is subsequently measured according to the rules stipulated in the "Chinese Accounting Standards for Business Enterprises No.2—Long-term equity investment" or "Chinese Accounting Standards for Business Enterprises No.22—Determination and measurement of financial instruments" (see note 4.12-Long-term equity investment and 4.9-Financial instruments).

The Group's losing control of subsidiaries through multistep transactions of disposing of the long-term equity investment, need to indentify whether every transaction, involving with disposing of the investment in subsidiary until losing the control, is belonging to package deal. Several transactions should be accounted for as a package deal if conditions and the economic impact of disposal of investments in subsidiaries are in compliance with one or more of the following circumstances: ① These transactions are considered simultaneously or ② these transactions as a whole in order to reach a complete business results; another case of the occurrence of the impact of entering into a transaction depends ③ had at least one other transaction; ④ see a transaction alone is not economical, but, it is economical when other transactions are taken into account. If it is not package deal, every transaction of the non-package deals is treated according to the applicable accounting standards of "partly disposing of the long-term equity investment without losing control "(refer to 4.12(2) ④ for detail) and "losing the control to subsidiary due to partly disposing the equity investment or other reasons " (see the former paragraph for details). When every transaction involving with disposing of equity investment in subsidiary until losing control is a package deal, they will be treated as a single deal of disposing of the investment in subsidiary until losing control for accounting treatment. But, before the control are lost, the difference between each receipt of every transaction and the related shared proportion of indentified net assets are recognized as other comprehensive income. The other comprehensive income will be transferred into profit and loss in the period when losing control.

4.6 Joint venture arrangement classification& mutual office account treatment

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

The Group measures the joint venture investment using the equity method. Please refer to accounting policies listed on note 4.12 (2) ②-long-term equity investment measured using the equity method.

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

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

4.7 Cash and cash equivalent

Cash and cash equivalents of the Group include cash on hand, ready usable deposits and investments having short holding term (normally will be due within three months from the day of purchase), with strong liquidity and easy to be exchanged into certain amount of cash that can be measured reliably and have low risks of change.

4.8 Foreign exchange

(1) Translation in foreign exchange transactions

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

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

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

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

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

(3) The translation of financial statement in foreign currency

If the preparation of the consolidated financial statements involves overseas operations, if there is a foreign currency monetary item that substantially constitutes a net investment in overseas operations, the exchange difference arising from exchange rate changes shall be recognized as other comprehensive income as a “translation difference of foreign currency statements”; When it is included in the disposal of current profits and losses.

The foreign currency financial statements of overseas operations are converted into RMB statements according to the following methods: Assets and liabilities in the balance sheet are converted at the spot exchange rate on the balance sheet date; except for the “undistributed profits” item of the shareholders' equity items, other items by using the current exchange rate at the time of occurrence to convert. Income and expense items in the income statement are translated using the average exchange rate for the period in which the transaction occurred. The undistributed profit at the beginning of the year is the undistributed profit at the end of the year after the conversion of the previous year; the undistributed profit at the end of the year is calculated and calculated according to the profit distribution after the conversion; the difference between the total amount of the asset item and the liability item and the shareholder equity item after the conversion As a foreign currency statement translation difference, it is recognized as other comprehensive income. When disposing of overseas operations and loss of control, the difference between the translation of foreign currency statements related to the overseas operations indicated in the shareholders' equity item on the balance sheet is transferred to the current profit and loss of the current period. Foreign currency cash flows and cash flows of overseas subsidiaries are translated using the average exchange rate for the period on which the cash flows occur. The impact of exchange rate changes on cash is used as a reconciliation item and is presented separately in the cash flow statement. The number of the beginning of the year and the actual number of the previous year are shown in the amount after the conversion of the financial statements of the previous year.

In the case of disposing of the entire owner's equity of the company's operations abroad or the loss of control over overseas operations due to the disposal of part of the equity investment or other reasons, the shareholder's equity items on the balance sheet are shown below and related to the overseas business. The foreign currency statement translation difference of the company's owner's equity is transferred to the current profit and loss. When the disposal of part of the equity investment or other reasons leads to a decrease in the proportion of foreign-invested equity, but does not lose control over the overseas operation, the foreign currency statement translation difference related to the foreign operation and disposal part will be attributed to the minority shareholders' equity and will not be transferred to the current profit and loss. When disposing of a part of the equity of an overseas enterprise or a joint venture, the translation difference of the foreign currency statement related to the foreign operation is transferred to the disposal of the current profit and loss according to the proportion of the disposal of the foreign operation.

4.9 Financial instruments

When the Group becomes one party of the financial instrument contract, a financial asset or financial liability should be recognized. The initial measurement of the financial asset and financial liability is based on the fair value. For financial asset and financial liability measured at fair value and designated its changes into current period profit and loss, the related trading expense should be recorded in the profit and loss. For the financial asset and financial liability of other categories, the related trading expense should be recorded as part of initial cost.

(1) The method of determining the fair value of financial assets and financial liabilities

Fair value is the price that the market participators can get when selling an assets or need to pay when transferring an obligation incurred in an orderly transaction on the measurement date. When there is active market for the financial instruments, the quotation in the active market is used as the fair value. Quotation in the active market means the price that can be easily and periodically got from the exchange market, broker's agency, Guild, pricing service organization etc. It represents the actually happened trading price in the fair trading. When there is no active market for the financial instruments, the fair value is determined by the valuation techniques. The valuation techniques include making a reference to the used price in recent market trading among the parties who know the situations and is willing to trade, making a reference to the current fair value that is used by the other substantially similar financial assets, discounting the future cash flow and option pricing model etc.

(2) Classification of financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. On initial recognition, the Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, held-to maturity investments, loans and receivables and available-for-sell financial assets.

1) Financial assets at fair value through profit or loss:

Including financial assets held-for-trade and financial assets designated at fair value through profit or loss.

Financial asset held-for-trade is the financial asset that meets one of the following conditions:

A. The financial asset is acquired for the purpose of selling it in a short term;

B. The financial asset is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits;

C. The financial asset is a derivative, except for a derivative that is designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured. For such kind of financial assets, fair values are adopted for subsequent measurement.

Financial asset is designated on initial recognition as at fair value through profit or loss only when it meets one of the following conditions:

A. The designation eliminates or significantly reduces the inconsistency in the measurement or recognition of relevant gains or losses that would otherwise arise from measuring the financial instruments on different bases.

B. A group of financial instruments is managed and its performance is evaluated on a fair value basis, and is reported to the enterprise's key management personnel. Formal documentation regarding risk management or investment strategy has prepared.

Financial assets at fair value through profit or loss are subsequently measured at the fair value. Any gains or losses arising from changes in the fair value and any dividends or interest income earned on the financial assets are recognized in the profit or loss.

2) Investment held-to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. Such kind of financial assets are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortization are recognized in profit or loss for the current period.

Effective interest rate is the rate that exactly discounted estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group shall estimate future cash flow considering all contractual terms of the financial asset or financial liability without considering future credit losses, and

also consider all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts, etc.

3) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed determinable payment that are not quoted in an active market. Financial assets classified as loans and receivables by the Group include note receivables, account receivables, interest receivable dividends receivable and other receivables.

Loans and receivables are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortization is recognized in profit or loss.

4) Financial assets available-for-sell

Financial assets available-for-sell include non-derivative financial assets that are designated on initial recognition as available for trade, and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or investment held-to-maturity.

Financial assets available-for-trade are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognized as other comprehensive income and included in the capital reserve, except that impairment losses and exchange differences related to amortized cost of monetary financial assets denominated in foreign currencies are recognized in profit or loss, until the financial assets are derecognized, at which time the gains or losses are released and recognized in profit or loss.

Interests obtained and dividends declared by the investee during the period in which the financial assets available-for-trade are held, are recognized in investment gains.

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

(3) Impairment of financial assets (not including account receivables)

The Group assesses, at the balance sheet date, the carrying amount of every financial asset except for the financial assets that measured by the fair value. If there is objective evidence indicating a financial asset may be impaired, provision for impairment is recorded.

The Group makes an impairment test for a financial asset that is individually significant. For a financial asset that is not individually significant, it is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment or individually assessed for impairment. If no objective evidence of impairment incurs for an individually assessed financial asset (whether the

financial asset is individually significant or not individually significant), it is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets for which an impairment loss is individually recognized is not included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment.

1) Impairment on held-to maturity investment, loans and receivables

The financial assets measured by cost or amortized cost write down their carrying value by the estimated present value of future cash flow. The difference is recorded as impairment loss. If there is objective evidence to indicate the recovery of value of financial assets after impairment, and it is related with subsequent event after recognition of loss, the impairment loss recorded originally can be reversed. The carrying value of financial assets after impairment loss reversed shall not exceed the amortized cost of the financial assets without provisions of impairment loss on the reserving date.

2) Impairment loss on available-for-trade financial assets

When decision is made with all related factors on whether the fall of fair value investment of an equity instrument available-for-trade is significant or non-transient, it indicates impairment of such equity instrument investment, in which, Significant means over 20% of fall in fair value and Non-transient means over 12 months of subsequent fall.

When an available-for-trade financial asset is impaired, the cumulative loss arising from declining in fair value that had been recognized in capital reserve shall be removed and recognized in profit or loss. The amount of the cumulative loss that is removed shall be difference between the acquisition cost with deduction of recoverable amount less amortized cost, current fair value and any impairment loss on that financial asset previously recognized in profit or loss.

If, after an impairment loss has been recognized, there is objective evidence that the value of the financial asset is recovered, and it is objectively related to an event occurring after the impairment loss was recognized, the initial impairment loss can be reversed and the reserved impairment loss on available-for-trade equity instrument is recorded in the profit or loss, the reserved impairment loss on available-for-trade debt instrument is recorded in the current profit or loss.

The equity instrument where there is no quoted price in an active market, and whose fair value cannot be reliably measured, or impairment loss on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument shall not be reversed.

(4) Recognition and measurement of financial assets transfer

The Group derecognizes a financial asset when one of the following conditions is met:

- 1) The rights to receive cash flows from the asset have expired;
- 2) The enterprise has transferred its rights to receive cash flows from the asset to a third party under a "pass-through" arrangement; or

3) The enterprise has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

For the financial assets sold with recourse and the endorsed, the Group should make a judgment whether the risks and rewards related with the financial assets' ownership have been almost all transferred. For the financial assets of which the risks and rewards related with its ownership have been, in substantial, all transferred, it should be derecognized. For the financial assets of which the risks and rewards have been, in substantial, all retained, it should be not be derecognized. For the financial assets, the related ownership of which have not been neither ,in substantial, all transferred nor retained, the Group need to make a judgment about whether the control over the financial assets have been kept or not and then deal with it according to the standards mentioned in the previous paragraphs.

(5) Classification of the financial liabilities and measurement

The financial liabilities are classified into financial liabilities measured at fair value with its changes into profit and loss and other financial liabilities. The initial measurement is made at its fair value. For the financial liabilities measured at fair value with its changes into profit and loss, the related trading expense are recorded into current period profit and loss; for other financial liabilities, the related trading expenses are recorded in its initial cost.

1) Financial liabilities measured by the fair value and the changes recorded in profit or loss

The classification by which financial liabilities held-for-trade and financial liabilities designated at the initial recognition to be measured by the fair value follows the same criteria as the classification by

which financial assets held-for-trade and financial assets designated at the initial recognition to be measured by the fair value and their changes are recorded in the current profit or loss.

For the financial liabilities measured by the fair value and changes recorded in the profit or loss, fair values are adopted for subsequent measurement. All the gains or losses on the change of fair value and the expenses on dividends or interests related to these financial liabilities are recognized in profit or loss for the current period.

2) Other financial liabilities

Derivative financial liabilities that linked with equity instruments, which do not have a quoted price in an active market and their fair value cannot be measured reliably, is subsequently measured by cost. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition or amortization is recognized in profit or loss for the current period.

3) Financial guarantee contracts

For financial guarantee contracts that are not designated as at fair value through profit or loss, or loan commitments not designated as at fair value through profit or loss but to offer at the interest rate lower than market level they are, after initial recognition, subsequently measured at the higher of: (i) the amount determined according to the principles of *Accounting Standards for Business Enterprises No. 13 - Contingencies*, and (ii) the amount initially recognized less the accumulated amortization determined according to the principles of *Accounting Standards for Business Enterprises No. 14 - Revenue*.

(6) Derecognition

The Group derecognizes a financial liability (or part of it) when the underlying present obligation (or part of it) is discharged or cancelled or has expired. An agreement between the Group (an existing borrower) and existing lender to replace original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new liability.

When the financial liabilities are fully and partially derecognized, the difference between the carrying value of the part derecognized and consideration paid (including the non-current assets transferred out or new financial liabilities assumed) should be recorded in the current period profit and loss.

(7) Derivatives and embedded derivatives

Derivatives are initially measured at fair value on the date of the relevant contract, and are subsequently measured at fair value. Changes in the fair value of derivatives are recognised in profit or loss for the period.

For a hybrid instrument that includes an embedded derivative, if it is not designated as financial assets or financial liabilities measured at fair value through profit or loss, the embedded derivative

does not have a close relationship with the main contract in terms of economic characteristics and risks, and as with embedded derivatives, the tools that exist separately are defined by the derivatives, and the embedded derivatives are split from the hybrid and treated as separate derivative financial instruments. If it is not possible to measure the embedded derivative separately at the time of acquisition or subsequent balance sheet date, the hybrid instrument is designated as a financial asset or financial liability at fair value through profit or loss.

(8) Offset of financial assets and financial liabilities

When the company has the statutory right to offset the recognized financial assets and financial liabilities, and the legal rights can be enforced at the same time, while the company plans to netize or simultaneously realise the financial assets and pay off the financial liabilities, the financial assets and Financial liabilities are presented in the balance sheet at offsetting amounts. In addition, financial assets and financial liabilities are presented separately in the balance sheet and are not offset.

(9) Equity tools

An equity instrument is a contract that evidences a residual interest in the assets of the company after deducting all liabilities. The Company issues (including refinancing), repurchases, sells or cancels equity instruments as changes in equity. Transaction costs associated with equity transactions are deducted from equity. The Company's various distributions of equity instrument holders (excluding stock dividends) reduce shareholders' equity. The Company does not recognize the change in fair value of equity instruments.

4.10 Account receivables

The account receivable by the Group includes account receivables, and other receivables.

The Group carries out an inspection on the balance sheet date. Where there is any objective evidence proving that the receivables have been impaired, an impairment provision shall be made:

- 1) A serious financial difficulty occurs to the issuer or debtor;
- 2) The debtor breaches any of the contractual stipulations, for example, fails to pay or delays the payment of interests or the principal, etc.;
- 3) The debtor will probably become bankrupt or carry out other financial reorganizations;
- 4) Other objective evidences showing the impairment of the receivables.

(1) Provisions of bad debts in account receivables that is individually significant.

The Group treats account receivables over RMB 5,000,000.00 (including 5,000,000.00) as individually significant item.

For an account receivable that is individually significant, the asset is individually assessed for impairment. If there is objective evidence indicating that the asset is impaired. The impairment loss is recognized in the profit and loss at the excess of carrying value over its predicted future cash flow (excluding the non-incurred future credit loss) discounted with original actual interest rate.

(2) Provisions of bad debts for accounts receivables that is individually insignificant.

For the accounts receivables that is individually insignificant, if there are signs indicating the impairment, such as long-aging, having a dispute with the obligator or obligator suffering serious financial difficulties, it should be individually tested for impairment.

4.11 Inventories

(1) Classification of inventory

① Real estate development products

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

② Build contracted inventory

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

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

(2) Valuation method of inventories upon delivery

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

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

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net

realizable value is determined on the basis of clear evidence obtained, and takes into consideration the purpose of holding inventories and effect of post balance sheet events.

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

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

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

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

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

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

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

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

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

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

4.12 Long-term equity investments

The long-term equity investment mentioned in this section is about the equity investment of which the Group has control, common control or significant influences over the investee. For the investments that the Group has no control, common control or significant influences over the investee, they will be recorded as available-for-sale or financial instrument assets measured at fair value with its changes into profit and loss. Please refer to note 4.9-Financial instruments for detail.

Common control means the Group's mutual control to the arrangement according to the related agreement and the arrangement's activities related decisions can be made only after getting the mutual agreement from other parties sharing the control power. Significant influences represent that

the Group has the right to participate in the decision of the financial and operating policies, but cannot control or control together with other parties to make the policy related decision.

(1) Determination of investment cost

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

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

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

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

(2) Subsequent measurement

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

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

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

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

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

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

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

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

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

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

For long-term equity investments in associates and joint ventures which had been held by the Group before its first time adoption of *Accounting Standards for Business Enterprises*, where the initial investment cost of a long-term equity investment exceeds the Group's interest in the investee's net assets at the time of acquisition, the excess is amortized and is recognized in profit or loss on a straight line basis over the original remaining life.

3) Acquisition of minority interest

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

4) Disposal of long-term equity investment

Where the parent company disposes long-term investment in a subsidiary without a change in control, the difference in the net asset between the amount of disposed long-term investment and the amount of the consideration paid or received is adjusted to the owner's equity. If the disposal of long-term investment in a subsidiary involves loss of control over the subsidiary, the related accounting policies in Note 4.5 applies.

(3) Accounting policies retailed on "the method of preparing consolidated financial statements"

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

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

For long-term equity investment accounted for using the cost method, when the rest of the long-term equity investment is still accounted for using the cost method after disposal, other comprehensive income recognized using the equity method or the method of recognizing and measuring the financial instruments before obtaining the control over the investee should be dealt with as the same way with investee's direct disposing of its assets and liabilities and be proportionately taken into profit and loss; The other investee equity changes caused beside the net profit, other comprehensive income and profit distribution should be proportionately transferred into current year profit and loss.

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

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

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

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

4.13 Investment properties

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

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

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

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

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

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

4.14 Fixed assets

(1) The conditions of recognition

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

(2) The method for depreciation

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

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

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

(3) Measurement and recognition of fixed assets impairment

For the details of impairment test method and withdrawal method of impairment provision for fixed assets, please refer to Note.4.18 Long-term assets impairment

(4) Recognition and measurement of financial lease

Finance leases which transfer substantially all the risks and rewards of ownership .Its ownership may be transferred or not eventually .The depreciation policy for assets held under finance leases should be consistent with that for owned assets. If it is reasonable to determine the ownership of the leased asset at the end of the lease term, depreciation is provided within the useful life of the leased asset. Otherwise, the asset should be depreciated over the shorter of the lease term or the life of the asset

(5) Others

Subsequent expenditure incurred for a fixed asset that meet the recognition criteria shall be included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced shall be derecognized. Otherwise, such expenditure shall be recognized in profit or loss in the period in which they are incurred.

A fixed asset is derecognized when it is disposed or no economic benefits will be gained through the use or disposal of the assets.. The revenue from selling or transferring, or disposing a fixed asset is booked into profit and loss after deduction of carrying value and related tax.

The Group conducts a review of useful life, expected net realizable value and depreciation methods of the fixed asset at least on an annual base. Any change is regarded as change in accounting estimates.

4.15 Borrowing costs

(1) The standards for capitalizing the borrowing cost

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

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

(2) The period of capitalizing the borrowing costs

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

(3) The period suspending capitalizing the borrowing costs

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

(4) The method for calculating the amount of borrowing cost capitalized

Where funds are borrowed for a specific-purpose, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds.

Where funds are borrowed for a general-purpose, the amount of interest to be capitalized on such borrowings is determined by applying a weighted average interest rate to the weighted average of the excess amounts of accumulated expenditure on the asset over and above the amounts of specific-purpose borrowings.

During the capitalization period, exchange differences related to a specific-purpose borrowing denominating in foreign currency are all capitalized. Exchange differences in connection with general-purpose borrowings are recognized in profit or loss in the period in which they are incurred.

4.16 Intangible assets

(1) Recognition and calculation of intangible asset

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

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

Land use rights that are purchased by the Group are accounted for as intangible assets. Buildings, such as plants that are developed and constructed by the Group, and relevant land use rights and

buildings, are accounted for as intangible assets and fixed assets, respectively. Payments for the land and buildings purchased are allocated between the land use rights and the buildings; if they cannot be reasonably allocated, all of the land use rights and buildings are accounted for as fixed assets.

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

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

(2) The accounting of expenditures of internally researched and developed project

Expenditure on the research phase of an internal research is recognized in profit & loss in the period in which it is incurred.

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

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

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

(3) Methods of impairment assessment and determining the provision for impairment losses of intangible assets

The testing method for intangible assets impairment and the calculation of the provision for impairment is detailed listed on the note 4.18-Long-term assets impairment.

4.17 Long-term deferred assets

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

4.18 Long-term assets impairment

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

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

The fair value of the assets is determined by the sale contract price of fair trade; When there are no sale contracts but exist active market ,the fair value will be determined with the quotation from the buyer; When there exist neither sale contracts nor active market, the assets fair value will be determined by the best information available.

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

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

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

allocated and then reduce the book value of each asset of the assets group or the group of assets group according to the percentage of each asset to the assets group or the group of assets group beside the goodwill.

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

4.19 Employee Benefits

The benefits of employees in the Group include short-term benefits, welfare after demission, demission welfare and other long-term welfare.

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

Welfare after demission mainly includes the defined contribution plan and the defined benefit plan. The defined contribution plan and the defined benefit plan mainly include the basic endowment insurance premium, unemployment insurance expense and pension etc. For the defined contribution plan, the sinking fund deposited to the an independent entity for the service provided by employee in the accounting period on the balance sheet is recognized as the debt and included in the current profit and loss or related asset costs according to the benefit object.

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

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

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

4.20 Revenue

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

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

(1) Developed products

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

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

(2) Revenue from Installment selling

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

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

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

(3) Revenue from self-use house selling

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

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

(4) Revenue from rental property

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

(5) Revenue from construction contracts

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

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

- 1) The total revenue of the contract can be measured reliably;
- 2) It is probable that the associated economic benefits will flow to the enterprise;
- 3) The actual cost of the contract incurred can be determined and measured reliably;
- 4) The stage of completion of the contract and the costs to be incurred associated with the completion of the contract can be measured reliably.

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

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

(6) Royalty revenue

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

(7) Interest income

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

(8) Other business income recognition

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

4.21 Government Grants

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

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

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

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

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

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

4.22 Deferred income tax assets and deferred income tax liabilities

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

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

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

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

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

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

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

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

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

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

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

4.23 Leases

Finance lease is a lease that transfers all the risks and rewards associated with ownership of an asset substantially, and its ownership may or may not be transferred. Other leases except for finance leases are operating leases.

(1) The Group as Lessee under Operating Lease

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

(2) The Group as Leaser under Operating Lease

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

(3) The Group as Lessee under Operating Lease

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

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

(4) The Group as Leaser under Operating Lease

For an asset that is leased out under a finance lease, the aggregate of the minimum lease receipts at the inception of the lease and the initial direct costs is recorded as a finance lease receivable, and unguaranteed residual value is recorded at the same time; the difference between the aggregate of

the minimum lease receipt, initial direct costs, and unguaranteed residual value, and the aggregate of their present values, is recognized as unearned finance income, which is amortized using the effective interest rate method over each period during the lease term. Finance lease receivable less unearned finance income shall be separated into long-term liabilities and long-term liability within one year for presentation.

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

4.24 Changes in major accounting policies and accounting estimates

(1) Changes of accounting policies

There were no changes of accounting policies during this period.

(2) Changes of accounting estimates

There were no changes of main accounting estimations during this period.

4.25 Material accounting judgments and accounting estimations

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

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

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

(1) Income recognition - construction contract

The Company confirm the contract income by the percentage method of completion on the balance sheet date when the result of the construction can be reliably estimated. The percentage of completion is confirmed according to the methods mentioned in Note 4.25 Income, and is accumulated in the accounting year for each construction contract.

Significant judgments need to be made in determining the percentage of completion, the cost of the

contract, the total revenue and cost of the contract, and the recoverability of the contract. Project management's judgments mainly relies on past experience and work. The change in the estimated total revenue and cost of the contract, as well as the estimated alteration of the execution result of the contract, may affect or constitute a major impact on the business income and cost, profit and loss during the current or subsequent period.

(2) classification of lease

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

(3) The provision for allowance for bad debt

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

(4) Provision for inventory

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

(5) The fair value of financial instrument

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

(6) Provision for Available- for- sale financial assets

The determination to confirm the impairment loss in the profit statement of whether the impairment of Available- for- sale financial assets is largely depends on the judgement and assumption of the management. In the process of judgment and assumptions, the cost and duration of the investment fair value, the financial condition and short-term business prospect of investment targets, including the industry situation, technological change, credit rating, default rate and the risk of hand will be taken into account.

(7) Provision for non-current assets

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

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

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

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

The Group will test the goodwill for impairment at least once a year, which requires to estimate the present value of the future cash flows of the assets and assets group allocated with the goodwill.

When estimating the present value to the future cash flow, the Group need to estimate the cash flows generating from the assets and assets group, and choose the applicable discount rate to determine the present value.

(8) Depreciation and amortization

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

(9) Deferred tax asset

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

(10) Income tax

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

Note 5 Principal Taxes Applied

Taxes and their rates

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

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

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

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

Note 6 Notes to the Consolidated Financial Statements

Unless specified, the items of the Opening in the followings (including the notes to the Company financial statements) refers to the date of January 1, 2018, the Closing refers to the December 31, 2018; the items of the prior period refers to the year 2017, the current period refers to the year 2018.

6.1 Monetary funds

Item	Closing balance	Opening balance
Cash on hand	57,979.40	56,472.32
Cash in bank	1,148,464,456.53	1,206,732,584.14
Other monetary funds	900,000,000.00	290,033.83
Total	2,048,522,435.93	1,207,079,090.29
Including amount deposited in the foreign countries	8,239,667.62	8,257,485.53

Note: Other monetary funds that the Group's ownership are the structural deposits; The company has signed an agreement with China Citic Bank to invest RMB 90 million of its own capital in the bank structured deposits with floating income of capital preservation. The maturity date is March 22, 2019

6.2 Note receivables & Accounts receivables

Item	Closing balance	Opening balance
Note receivables	--	5,921,287.00
Accounts receivables	33,426,991.65	137,092,156.05
Total	33,426,991.65	143,013,443.05

(1) Note receivables

① Note receivables by types

Item	Closing balance	Opening balance
Bank acceptance	--	--
Trade acceptance	--	5,921,287.00
Total	--	5,921,287.00

② There are no notes receivable that has been pledged at the end of the year.

(2) Accounts receivables

① Accounts receivable by categories

Category	Closing balance				book value
	Carrying amount		Bad debt provision		
	Amount	(%)	Amount	(%)	
Accounts receivable of which provision for bad debts is of individually significant	--	--	--	--	--
Accounts receivable of which provision for bad debts is of individually insignificant	52,670,649.16	100.00	19,243,657.51	36.54	33,426,991.65
Total	52,670,649.16	100.00	19,243,657.51	36.54	33,426,991.65

(Continued)

Category	Opening balance				book value
	Carrying amount		Bad debt provision		
	Amount	(%)	Amount	(%)	
Accounts receivable of which provision for bad debts is of individually significant	--	--	--	--	--
Accounts receivable of which provision for bad debts is of individually insignificant	156,335,813.56	100.00	19,243,657.51	12.31	137,092,156.05
Total	156,335,813.56	100.00	19,243,657.51	12.31	137,092,156.05

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

Content of accounts receivable	Closing balance			Reasons for the provision
	Carrying amount	Amount of bad debt	Proportion of provision	
Receivables of import and export agency business	11,574,556.00	11,574,556.00	100.00%	A separate provision is established according to the recoverability of each receivable with long aging and little retrievability.
House pay to be collected	12,030,682.80	6,968,694.02	57.92%	
Engineering construction funds and others	29,065,410.36	700,407.49	2.41%	
Total	52,670,649.16	19,243,657.51	36.54%	—

② Accounts receivable by aging balance

	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)
Within 1 year	20,297,050.49	38.54	118,574,422.11	75.99
1-2 years	1,422,214.09	2.70	9,284,609.76	6.00
2-3 years	2,698,788.09	5.12	248,689.67	0.01
Over 3 years	28,252,596.49	53.64	28,228,092.02	18.00
Total	52,670,649.16	100.00	156,335,813.56	100.00

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

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

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

Name of entity	Relationship with the Group	Amount	Age	Proportion of the amount to the total AR (%)
Corporate unit No.1	Un-related party	7,354,136.93	Within 1 year	13.96
ICorporate unit No.2	Un-related party	2,911,098.20	Within 1 year	5.53
Corporate unit No.3	Un-related party	2,564,093.94	Within 1 year	4.87
Corporate unit No.4	Un-related party	1,997,219.11	over 5 years	3.79
Individual No.1	Un-related party	1,200,000.00	over 5 years	2.28
Total		16,026,548.18		30.43

(5) Details of pledge of accounts receivable are as follows: Note 6.42 and Note 9.2

6.3 Prepayments

(1) Aging analysis

Aging	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)
Within 1 year	4,177,217.88	99.99	3,412,663.50	56.50
1-2 years			2,626,942.07	43.49
2-3 years			--	--
Over 3 years	550.00	0.01	761.94	0.01
Total	4,177,767.88	100.00	6,040,367.51	100.00

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

The sum of the first five accounts paid by the company was RMB 3,820,954.70, which accounts for 91.46% of the closing balance.

6.4 Other receivables

Item	Closing balance	Opening balance
Interest receivable	2,453,067.78	--
Dividends receivables	1,052,192.76	1,052,192.76
Other receivables	41,512,767.07	75,903,158.62
Total	45,018,027.61	76,955,351.38

(1) Interest receivable

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

(2) Dividends receivables

① Details of dividends receivable

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

② Dividends receivable aging over 1 year

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

(3) Other receivables

① Other receivables by categories

Category	Closing balance				Book value
	Carrying amount		Bad debt provision		
	Amount	(%)	Amount	(%)	
Other receivables of which provision for bad debts is of individually significant	145,114,361.44	67.10	144,780,234.62	99.77	334,126.82
Other receivables of which provision for bad debts is of individually insignificant	71,157,148.94	32.90	29,978,508.69	42.13	41,178,640.25
Total	216,271,510.38	100.00	174,758,743.31	80.81	41,512,767.07

(Continued)

Category	Closing balance				Book value
	Carrying amount		Bad debt provision		
	Amount	(%)	Amount	(%)	
Other receivables of which provision for bad debts is of individually significant	144,777,268.75	58.00	144,443,572.49	99.77	333,696.26
Other receivables of which provision for bad debts is of individually insignificant	105,057,180.46	42.00	29,487,718.10	28.07	75,569,462.36
Total	249,834,449.21	100.00	173,931,290.59	69.62	75,903,158.62

1)Bad debt provision of other receivables which is of individually significant

Content of accounts receivable	Carrying amount	Amount of bad debt	Proportion of provision	Reasons for the provision
Other receivables between subsidiaries that are not included in the consolidated statement	120,765,594.85	120,764,162.02	100.00	A separate provision is established according to the recoverability of each receivables with long aging and little retrievability
Others	24,348,766.59	24,016,072.60	98.63	
Total	145,114,361.44	144,780,234.62	99.77	

2)Bad debt provision of other receivables which is of individually insignificant

Content of other receivables	Carrying amount	Amount of bad debt	Proportion of provision	Reasons for the provision
Other receivables between subsidiaries that are not included in the consolidated statement	237,648.82	189,179.82	79.60	A separate provision is established according to the recoverability of each receivables with long aging and little retrievability
Others	70,919,500.12	29,789,328.87	42.00	
Total	71,157,148.94	29,978,508.69	42.13	

3)Other receivables by aging balance

	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)
Within 1 year	7,746,036.15	3.58	23,917,858.27	10.00
1-2 years	9,382,626.85	4.34	13,257,080.48	5.00
2-3 years	1,512,791.00	0.70	7,989,182.55	3.00
Over 3 years	197,630,056.38	91.38	204,670,327.91	82.00
Total	216,271,510.38	100.00	249,834,449.21	100.00

(2) The amount of bad debt provision in this year is RMB 29,797.00; The amount of bad debt provision recovered or transferred back this year is RMB 0.00. Other bad debt reserves increased this year due to exchange rate fluctuations when converted into foreign currency statements.

(3)There were no any Other receivables had been written off in this accounting year

(4)Other receivables by nature

Nature	Closing balance	Opening balance
Other receivables between subsidiaries that are not included in the consolidated statement	121,003,243.67	121,140,372.17
Others	95,268,266.71	128,694,077.04
Total	216,271,510.38	249,834,449.21

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

Name of entity	Nature	Amount	Age	Proportion of the amount to the total OR (%)	Provision for bad debt at year end
Canada Great Wall(Vancouver) Co.,Ltd	current account	89,035,748.07	Above 5 years	40.51	89,035,748.07
Paklid Limited	current account	19,170,556.20	Above 5 years	8.72	19,169,123.37
Bekaton property Limited *	current account	12,559,290.58	Above 5 years	5.71	12,559,290.58
Guangdong province Huizhou Luofu Hill Mineral Water Co.,Ltd	current account	10,465,168.81	Above 5 years	4.76	10,465,168.81
Shenxi Limited	current account	5,464,392.59	Above 5 years	2.49	5,131,698.60
Total		136,695,156.25		62.19	136,361,029.43

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

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

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

6.5 Inventory

(1) Categories of inventory

Item	Closing balance		Net carrying amount
	Carrying amount	Provision for inventories	
Real estate development projects			
Real estate developing products			
Real estate developed products	517,451,829.98	6,169,877.30	--
Real estate which are going to be developed	1,064,268,679.28	31,104,641.81	268,941.60
Non real estate development projects			
Raw materials	882,857.81	--	240,000.00
Finished products	319,679.87	--	38,891.91
Low-value consumable products	102,776,837.83	--	--
Construction in progress			
Total	1,685,699,884.77	37,274,519.11	547,833.51

(Continued)

Item	Carrying amount	Opening balance	
		Provision for inventories	Net carrying amount
Real estate development projects			
Real estate developing products	804,372,181.70	11,690,968.98	--
Real estate developed products	751,099,380.82	29,397,448.66	268,941.60
Real estate which are going to be developed	168,923,076.99	--	--
Non real estate development projects			
Raw materials	883,896.65	--	240,000.00
Finished products	350,102.98	--	38,891.91
Low-value consumable products	39,005,838.31	--	--
Construction in progress			
Total	1,764,634,477.45	41,088,417.64	547,833.51

(2) Real estate developing products

	Starting time	Finished time	Estimated total investment	Opening balance	Closing balance
ChuanQi DongHu Building(Former DongHuDiJing Building)	2017	2019	51,000.00	177,737,495.85	309,169,276.59
JingTian Heaven International Apartment	2015	2018	24,685.00	161,738,048.77	--
Shengfang CuiLin Building)	2015	2018	57,000.00	438,869,219.32	--
ShanTou Fresh Peak Building				26,027,417.76	25,291,908.11
TianYue Bay No.2	2015	2017	65,485.00	--	182,990,645.28
Total			—	804,372,181.70	517,451,829.98

(3)Real estate developed products

Name of project	Finished time	Opening balance	Additions	Reductions	Closing balance
Jinye Island Multi-tier villa	1997	39,047,068.09	43,780.00	--	39,090,848.09
Jinye Island villa No.10	2010	6,390,491.10	--	311,319.13	6,079,171.97
Jinye Island villa No.11	2008	8,071,448.13	--	1,190,138.89	6,881,309.24
YueJing dongfang Project	2014	15,008,500.21	--	5,218,619.02	9,789,881.19
Wenjing Garden*1		3,477,684.15	--	178,643.95	3,299,040.20

Name of project	Finished time	Opening balance	Additions	Reductions	Closing balance
Real Estate building *1		10,160,633.95	--	450,115.30	9,710,518.65
HuaFeng Building		1,631,743.64	--	--	1,631,743.64
HuangPuXinCun		289,802.88	--	--	289,802.88
XingHu Garden		156,848.69	--	--	156,848.69
Chuanqishan Project	2013	8,969,652.53	--	--	8,969,652.53
Shenfang Shanglin Garden	2014	10,206,656.46	--	--	10,206,656.46
BeiJing Fresh Peak Buliding		304,557.05	--	--	304,557.05
TianYue Bay No.1	2017	647,384,293.94	--	29,243,335.01	618,140,958.93
JingTian Heaven International Apartment	2018	--	202,604,266.38	22,222,465.24	180,381,801.14
Shengfang CuiLin Building)	2018	--	536,663,558.76	367,327,670.14	169,335,888.62
Total		751,099,380.82	739,311,605.14	426,142,306.68	1,064,268,679.28

Note: *1 The closing balance of Wenjing Garden and Real Estate building decreased as the amortization for house leasing temporary.

(4) Real estate which are going to be developed

	Opening balance	Additions	Reductions	Closing balance
TianYue Bay No.2 (Shantou Jingzaiwan)	168,923,076.99	--	168,923,076.99	--
Total	168,923,076.99	--	168,923,076.99	--

(5) Movement of Provision of inventories

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

(6) There are no Specific basis on accruing provision of inventories and reason for it reversed back or written off

(7) Capitalized borrowing cost at year end is RMB 37,274,519.11.

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

Item	Amount
Accumulated cost incurred	1,687,416,860.72
Accumulated gross profit	69,763,611.76
Deduct: Expected loss	--
Amount already settled	1,654,403,634.65
Completed outstanding assets formed by the construction contract	102,776,837.83

6.6 Other current assets

Item	Closing balance	Opening balance
Value added tax	6,336,815.15	10,783,474.63
Business tax	444,184.41	401,663.63
City construction surcharge	--	78,771.08
Local education surcharge	--	105,635.46
Total	6,780,999.56	11,369,544.80

6.7 Available-for-sale financial assets

(1) Details of available-for-sale financial assets

Item	Closing balance			Opening balance		
	Book balance	Impairment	Book value	Book balance	Impairment	Book value
Available-for-sale debt instrument	--	--	--	--	--	--
Available-for-sale equity instrument	17,464,240.74	--	17,464,240.74	17,464,240.74	--	17,464,240.74
Including : measured by fair value	--	--	--	--	--	--
Measured by cost	17,464,240.74	--	17,464,240.74	17,464,240.74	--	17,464,240.74
Others	--	--	--	--	--	--
Total	17,464,240.74	--	17,464,240.74	17,464,240.74	--	17,464,240.74

(2) Available-for-sale financial assets measured by cost at year end

Investee	Book balance				Provision for impairment				Proportion rate in investee (%)	Curr. year cash div.
	Opening bal.	Increase.	Decrease	Closing bal.	Opening bal.	increase	decrease	Closing bal.		
Shantou Small &Medium Enterprises Financing Guarantee Co., Ltd	12,000,000.00	--	--	12,000,000.00	--	--	--	--	7.14	850,000.00
Yunnan KunPeng Flight service Co.,Ltd	5,464,240.74	--	--	5,464,240.74	--	--	--	--	25.00	--
Total	17,464,240.74	--	--	17,464,240.74	--	--	--	--		850,000.00

Note: The Group's shareholding proportion to Yunnan Kungpeng Flight service Co., Ltd is 25%. Because the Group have no participating right to its finance and operating policies, the Group cannot exercise the significant influence on the investee.

6.8 Long-term equity investments

(1) Long-term equity investments by types

Invested company	Opening balance	Additional investment	Change amount of this year			
			Negative investment	Profit and loss on investments confirmed with equity method	Other comprehensive income adjustment	Other equity change
I. Joint ventures						
Guangdong province Huizhou Luofu Hill Mineral Water Co.,Ltd	9,969,206.09	--	--	--	--	--
Fengkai Xinhua Hotel	9,455,465.38	--	--	--	--	--
Jiangmen Xinjiang Real Estate Co., Ltd	9,037,070.89	--	--	--	--	--

Invested company	Opening balance	Additional investment	Change amount of this year			Other comprehensive income adjustment	Other equity change
			Negative investment	Profit and loss on investments confirmed with equity method			
Xi'an Fresh Peak Property Trading Co., Ltd	32,840,729.61	--	--	--	--	--	--
Dongyi Real Estate Co., Ltd	30,376,084.89	--	--	--	--	--	--
Subtotal	91,678,556.86	--	--	--	--	--	--
II. Affiliated enterprises							
Shenzhen Ronghua JiDian Co., Ltd	1,523,815.70	--	--	-52,651.66	--	--	--
Shenzhen Runhua Automobile trading Co., Ltd	1,445,425.56	--	--	--	--	--	--
Subtotal	2,969,241.26	--	--	-52,651.66	--	--	--
III. Other equity investments							
Subtotal	125,883,763.89	--	--	--	--	--	--
Total	220,531,562.01	--	--	54,902.00	--	--	--

(Continued)

Invested company	Invested company	Change amount of this year		Ending balance	Provision for impairment balance at year end
		Change amount of this year	Ending balance		
I. Joint ventures					
Guangdong province Huizhou Luofu Hill Mineral Water Co., Ltd	--	--	--	9,969,206.09	9,969,206.09
Fengkai Xinhua Hotel	--	--	--	9,455,465.38	9,455,465.38
Jiangmen Xinjiang Real Estate Co., Ltd	--	8,124,533.73	--	9,037,070.89	9,037,070.89

Invested company	Invested company	Change amount of this year		Ending balance	Provision for impairment balance at year end
		Change amount of this year	Ending balance		
Xi'an Fresh Peak Property Trading Co., Ltd	--	--	--	32,840,729.61	20,673,831.77
Dongyi Real Estate Co., Ltd	--	9,150,369.02	--	30,376,084.89	30,376,084.89
Subtotal	--	17,274,902.75	--	91,678,556.86	79,511,659.02
Invested company	Invested company	Change amount of this year		Ending balance	Provision for impairment balance at year end
		Change amount of this year	Ending balance		
II.Affiliated enterprises					
Shenzhen Ronghua JiDian Co.,Ltd	--	--	--	1,471,164.04	1,076,954.64
Shenzhen Runhua Automobile trading Co.,Ltd	--	--	--	1,445,425.56	1,445,425.56
Subtotal	--	--	--	2,916,589.60	2,522,380.20
III.Other equity investments	--	--	--	125,883,763.89	125,883,763.89
Subtotal	--	--	--	125,883,763.89	125,883,763.89
Total	--	--	--	220,478,910.35	207,917,803.11

Note: After the cessation of business activities, Jiangmen Xinjiang Real Estate Co., Ltd and Dongyi Real Estate Co., Ltd, have shown no signs of restarting business activities in the foreseeable future. Therefore, the company has made impairment provisions of RMB 8,124,533.73 and RMB 9,150,369.02 for the long-term equity investment .

For other equity investments, please refer to note 8.1

6.9 Investment properties

Investment properties measured at cost.

Item	House& building	Land-use right	Total
I.Original carrying value			
1.Opening balance	1,010,636,392.81	100,823,904.75	1,111,460,297.56
2.Increase in the year	--	5,291,513.25	5,291,513.25
(1) Outsourcing	--	--	--
(2) Carried over from inventory	--	--	--
(3) Others	--	5,291,513.25	5,291,513.25
3.Decrease in the year	--	--	--
4.Closing balance	1,010,636,392.81	106,115,418.00	1,116,751,810.81
II.Accumulative depreciation& amortization			
1.Opening balance	367,283,745.78	--	367,283,745.78
2.Increase in the year	24,314,807.30	--	24,314,807.30
(1) Withdrawing or amortization	24,314,807.30	--	24,314,807.30
(2) Carried over from assets	--	--	--
3.Decrease in the year	--	--	--
4. Closing balance	391,598,553.08	--	391,598,553.08
III.Provision for impairment			
1.Opening balance	14,128,544.62	82,750,883.12	96,879,427.74
2.Increase in the year	--	4,342,991.84	4,342,991.84
3.Decrease in the year	--	--	--
4.Closing balance	14,128,544.62	87,093,874.96	101,222,419.58
IV. Book value			
1.Closing book value	604,909,295.11	19,021,543.04	623,930,838.15
2.Opening book value	629,224,102.41	18,073,021.63	647,297,124.04

Note:(a) Current year depreciation and amortization is RMB24,314,807.30;

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

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

6.10 Fixed assets

Item	Houses& Buildings	Transportation equipment	Electronic equipment and others	Total
I.Original carrying value				
1.Opening balance	107,110,751.42	12,270,722.14	14,833,483.00	134,214,956.56
2. Increase in the year	--	22,570.48	607,268.95	629,839.43
(1) Purchasing	--	22,570.48	607,268.95	629,839.43
(2) Transferred from the construction in progress	--	--	--	--
3. Decrease in the year	--	6,047.87	1,230,172.37	1,236,220.24
(1) Disposal or discard as useless	--	6,047.87	1,230,172.37	1,236,220.24
(2) Decrease of cooperation combination	--	--	--	--
(3) Transferred to investment property	--	--	--	--
4. Closing balance	107,110,751.42	12,287,244.75	14,210,579.58	133,608,575.75
II.Accumulated depreciation				
1.Opening balance	73,640,632.96	10,638,507.53	11,997,947.36	96,277,087.85
2. Increase in the year	3,563,290.05	296,128.16	714,901.68	4,574,319.89
Including: withdrawing	3,563,290.05	296,128.16	714,901.68	4,574,319.89
3. Decrease in the year	--	2,521.44	1,166,509.07	1,169,030.51
(1) Disposal or discard as useless	--	2,521.44	1,166,509.07	1,169,030.51
(2) Decrease of corporate combination	--	--	--	--
(3) Transferred to investment property	--	--	--	--
4. Closing balance	77,203,923.01	10,932,114.25	11,546,339.97	99,682,377.23
III.Provision for Impairment				
1.Opening balance	--	--	--	--
2. Increase in the year	--	--	--	--
Including: Withdrawing	--	--	--	--
3. Decrease in the year	--	--	--	--
4. Closing balance	--	--	--	--
IV. Book value				
1. Ending book value	29,906,828.41	1,355,130.50	2,664,239.61	33,926,198.52
2. Beginning book value	33,470,118.46	1,632,214.61	2,835,535.64	37,937,868.71

Note: (1)The depreciation for the current year is RMB 4,574,319.89. There were no constructions in progress transferred to fixed assets during the period.

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

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

6.11 Intangible assets

Item	Software	Total
I. Carrying value		
1. Opening balance	2,241,800.00	2,241,800.00
2. Increase in the year	--	--
(1) Purchased	--	--
(2) Internally developed	--	--
(3) Increase of corporate combination	--	--
3. Decrease in the year	--	--
(1) Disposal	--	--
(2) Decrease of corporate combination	--	--
4. Closing balance	2,241,800.00	2,241,800.00
II. Accumulated amortization		
1. Opening balance	2,186,600.00	2,186,600.00
2. Increase in the year	55,200.00	55,200.00
Including: withdrawing	55,200.00	55,200.00
3. Decrease in the year	--	--
(1) Disposal	--	--
(2) Decrease of corporate combination	--	--
4. Closing balance	2,241,800.00	2,241,800.00
III. Provision for impairment		
1. Opening balance	--	--
2. Increase in the year	--	--
Including: withdrawing	--	--
3. Decrease in the year	--	--
4. Closing balance	--	--
IV. Book value		
1. Ending book value	--	--
2. Beginning book value	55,200.00	55,200.00

6.12 Long-term deferred assets

Item	Opening balance	Increase	Amortization	Other reductions	Closing balance
Renovation costs	529,905.52	--	183,889.67	--	346,015.85

Item	Opening balance	Increase	Amortization	Other reductions	Closing balance
Others	56,445.14	--	15,394.08	--	41,051.06
Total	586,350.66	--	199,283.75	--	387,066.91

6.13 Deferred tax assets

(1) Recognized deferred tax assets

Item	Closing balance		Opening balance	
	Deferred tax assets	Deductible or taxable temporary differences	Deferred tax assets	Deductible or taxable temporary differences
Provision for impairment losses of assets	268,941.60	67,235.40	268,941.60	67,235.40
Deductible loss	72,853,906.32	18,213,476.58	26,809,694.47	6,702,423.62
Provision for land appreciation tax liquidation reserves	416,873,760.12	119,730,695.91	92,582,611.51	23,145,652.88
Expected profit for advances from customers	12,937,987.44	3,234,496.80	40,166,204.21	10,041,551.05
Eliminated unrealized profit when consolidating financial statement	4,419,308.84	1,104,827.21	30,132,928.99	7,533,232.24
Contract tentative estimate cost	47,474,275.32	12,193,056.84	--	--
Total	554,828,179.64	154,543,788.80	189,960,380.78	47,490,095.19

(2) Details of unrecognized deferred tax assets

Item	Closing balance	Opening balance
Deductible operating losses	8,280,235.61	4,194,750.37
Bad debt provision	42,485,814.23	46,673,541.64
Provision for decline in value of inventories	--	--
Provision for impairment of long-term investments	51,979,450.78	47,660,725.09
Provision for impairment of investment properties	25,305,604.90	24,219,856.94
Total	128,051,105.52	122,748,874.04

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

Year	Closing balance	Opening balance
------	-----------------	-----------------

2018	--	1,656,431.26
2019	107,123.28	107,123.28
2020	9,692,495.52	9,692,495.52
2021	11,349,323.06	11,349,323.06
2022	5,753,184.38	5,753,184.38
2023	4,085,485.24	--
Total	30,987,611.48	28,558,557.50

6.14 Short-term loans

Item	Closing balance	Opening balance
Entrusted loan	--	--
Credit Loan	2,000,000.00	20,900,000.00
Mortgage Loan	--	--
Pledged Loan	15,260,103.46	83,307,653.64
合计	17,260,103.46	104,207,653.64

Note:(1) Refer to note 6.2/Notes receivable for the details of pledged loan and note 6.42.

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

6.15 Notes payable & Accounts payable

Item	Closing balance	Opening balance
Notes payable	-	-
Accounts payable	216,758,906.71	190,629,756.30
Total	216,758,906.71	190,629,756.30

(1) Accounts payable

①Details of accounts payable

Item	Closing balance	Opening balance
Within 1 year	189,013,843.22	150,123,930.63
Over 1 year	27,745,063.49	40,505,825.67
Total	216,758,906.71	190,629,756.30

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

6.16 Advances from customers

(1)Details of advances from customers

Item	Closing balance	Opening balance
Within one year	143,880,207.46	325,258,418.19
Over one year	12,545,945.40	6,893,598.35
Total	156,426,152.86	332,152,016.54

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

(3) Details of advances from customers

Item	Closing balance	Opening balance	Estimated time of completion
Jinye Island villa No.10	688,952.39	2,899,190.49	Completed
Jinye Island villa No.11	1,117,261.91	1,558,741.91	Completed
TianYue Bay No.1	32,289,512.30	8,264,468.87	Completed
Yuejing dongfang	1,884,634.30	3,629,283.83	Completed
Shengfang CuiLin Building	30,416,820.00	256,113,269.00	Completed
ChuanQi DongHu Building(Former DongHuDiJing Building)	200,000.00	--	2019
JingTian Heaven International Apartment	21,742,173.45	--	Completed
Total	88,339,354.35	272,464,954.10	

6.17 Employee benefits payable

(1) Details of employee benefits payable

Item	Opening balance	Increase	Decrease	Closing balance
I.Short-term remuneration	30,373,697.09	155,146,820.77	139,826,677.16	45,693,840.70
II.Post-employment benefit-defined benefit plans	142,522.87	14,998,506.84	14,998,040.36	142,989.35
III.Severance welfares	--	--	--	--
IV. Other benefits due within 1 year	--	--	--	--
Total	30,516,219.96	170,145,327.61	154,824,717.52	45,836,830.05

(2) Details of short-term remuneration

Item	Opening balance	Increase	Decrease	Closing balance
I. Salary, bonus, allowance and subsidies	29,500,700.86	141,171,722.32	126,137,350.12	44,535,073.06
II. Employee welfare	39,600.00	1,886,698.00	1,886,698.00	39,600.00
III. Social insurance premium	2,045.09	3,096,680.85	3,097,147.37	1,578.57
Including: Medical insurance premium	1,503.22	2,595,146.94	2,595,146.94	1,503.22
Industries insurance premium	591.04	155,671.91	155,671.91	591.04
Maternity insurance premium	-49.17	345,862.00	346,328.52	-515.69
IV. Housing fund	124,366.23	6,304,942.51	5,801,179.03	628,129.71
V. Union expenses and employee education expenditure	706,984.91	2,686,777.09	2,904,302.64	489,459.36
Total	30,373,697.09	155,146,820.77	139,826,677.16	45,693,840.70

(3) The details of defined contribution plans

Item	Opening balance	Increase	Decrease	Closing balance
I. Basic endowment insurance premium	75,075.11	10,143,257.65	10,143,257.65	75,075.11
II. Unemployment insurance premium	447.60	319,787.22	319,320.70	914.12
III. Company annuity payment	67,000.16	4,535,461.97	4,535,462.01	67,000.12
Total	142,522.87	14,998,506.84	14,998,040.36	142,989.35

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

6. 18 Taxes payable

Item	Closing balance	Opening balance
Corporate income tax	180,717,910.92	28,512,631.43
Individual income tax	828,729.71	1,041,204.75
Property tax	335,365.77	1,975,303.69
Land appreciation tax	106,254,407.65	49,979,273.19
Urban maintenance & construction tax;	385,048.81	--
Education surcharge	239,105.38	12,493.53
Local Education surcharge	85,955.80	--
VAT	11,361,028.95	3,582,136.09
Others	339,819.99	1,050,484.21
Total	300,547,372.98	86,153,526.89

6. 19 Other payables

Item	Closing balance	Opening balance
Interest payable	16,535,277.94	16,535,277.94
Other payables	705,284,620.54	374,945,089.10
Total	721,819,898.48	391,480,367.04

(1) Interest payable

Item	Closing balance	Opening balance
Interest of long-term loans with interest payable by installments and principle payable on maturity	--	--
Others	16,535,277.94	16,535,277.94
Total	16,535,277.94	16,535,277.94

Note: The balance of "Other" interests payable due to Shenzhen Investment Holdings Co., Ltd., being accrued for the loans interest. Please refer refer to note 10.6 (2).

(2) Other payables

① Details of other payables

Item	Closing balance	Opening balance
Land appreciation tax accrued	509,788,654.15	176,386,234.44
Payable to related parties	2,770,322.64	11,999,854.37
Deposits	100,011,180.52	79,464,386.67
Others	92,714,463.23	107,094,613.62
Total	705,284,620.54	374,945,089.10

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

Name of entity	Amount	Reason for overdue
Tax accrued- land appreciation tax	176,004,797.91	Unexpired
Total	176,004,797.91	

(3) Description for significant balances of other payables

The Group made provision for LAT, according to Guo Shui Fa [2006] No. 187 "LAT liquidation management issues of real estate development enterprises made by the State Administration of Taxation". As at December 31, 2018, the closing balance is RMB 509,788,654.15

6.20 Non-current liabilities due within one year

(1) Details of non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term loans due within one year (Note 6.21)	--	64,000,000.00
Total	--	64,000,000.00

6.21 Long-term loans

Item	Closing balance	Opening balance
Loan with mortgage	--	146,000,000.00
Less: long-term loans due within one year (Note 6.20)	--	64,000,000.00
Total	--	82,000,000.00

6.22 Long-term payables

Details of long-term payables

Item	Closing balance	Opening balance
Maintenance fund	6,507,139.20	8,101,880.05
Total	6,507,139.20	8,101,880.05

6.23 Share capital

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

6.24 Capital surplus

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

6.25 Other comprehensive income

Item	Opening balance	Accrual before income tax this year	Amount incurred this year				Closing balance
			Less: previous years' OCI transferred to P&L in current period	Less: income tax	Attributable to parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive income that could not be classified into profit and loss in the future	--	--	--	--	--	--	--
II. Other comprehensive income that would be classified into profit and loss in the future	10,045,697.16	740,984.01	--	--	518,688.81	222,295.20	10,564,385.97

Item	Opening balance	Accrual before income tax this year	Amount incurred this year		Attributable to parent company after tax	Attributable to minority shareholders after tax	Closing balance
			Less: previous years' OCI transferred to P&L in current period	Less: income tax			
including: the difference of foreign currency financial statement translation	10,045,697.16	740,984.01	-	-	518,688.81	222,295.20	10,564,385.97
Total	10,045,697.16	740,984.01	-	-	518,688.81	222,295.20	10,564,385.97

6.26 Surplus reserve

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	85,666,668.00	10,239,554.59	--	95,906,222.59
Total	85,666,668.00	10,239,554.59	--	95,906,222.59

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

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

6.27 Undistributed profit

Item	Amount for the current period	Amount for the prior period
Before adjustment: Undistributed profits at the end of prior year	742,624,845.71	583,908,333.05
Adjustment: adjust the beginning undistributed profits (Increase +, decrease -)	--	--
After adjustment: Undistributed profits at beginning of year	742,624,845.71	583,908,333.05
Plus: net profit attributable to the shareholders of the parent company in the period	503,498,831.60	184,988,512.42
Less: Appropriation to the statutory surplus reserve	10,239,554.59	26,271,999.76

Item	Amount for the current period	Amount for the prior period
Appropriation to discretionary surplus reserve		
Common stock dividends declared	--	--
Conversion of ordinary shares' dividends into share capital	--	--
Undistributed profit at the end of the period	1,235,884,122.72	742,624,845.71

6.28 Operating income and costs

(1) Operating income and operating costs

Item	Amount for the current period		Amount for the prior period	
	Income	Costs	Income	Costs
Principal operating	2,149,857,315.87	918,680,658.37	1,317,410,744.73	941,631,209.52
Other operating	25,329,926.73	19,705,354.72	28,501,860.36	22,286,023.47
Total	2,175,187,242.60	938,386,013.09	1,345,912,605.09	963,917,232.99

(2) Principal operating activities (classified by industries)

Name of industry	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Real estate	1,595,473,065.40	445,500,004.85	606,590,040.49	295,237,720.34
Construction	370,298,109.36	358,335,541.20	525,486,669.06	512,422,101.82
Leasing	78,128,484.68	33,072,276.63	65,040,795.43	25,182,070.35
Property management	160,011,318.50	141,533,608.15	151,384,222.02	135,132,080.77
Subtotal	2,203,910,977.94	978,441,430.83	1,348,501,727.00	967,973,973.28
Less: offset the internal amount	54,053,662.07	59,760,772.46	31,090,982.27	26,342,763.76
Total	2,149,857,315.87	918,680,658.37	1,317,410,744.73	941,631,209.52

(3) Principal operating activities (classified by geographical areas)

Name of geographical area	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Domestic:				
GuangDong Province	2,117,245,186.96	895,675,822.41	1,274,235,315.99	896,993,539.02
Others	86,071,887.30	82,765,608.42	73,657,278.57	70,980,434.26
Overseas:	593,903.68	--	609,132.44	--
Subtotal	2,203,910,977.94	978,441,430.83	1,348,501,727.00	967,973,973.28
Less: offset the internal amount	54,053,662.07	59,760,772.46	31,090,982.27	26,342,763.76
Total	2,149,857,315.87	918,680,658.37	1,317,410,744.73	941,631,209.52

6.29 Taxes and surcharges

Item	Amount for the current period	Amount for the prior period
Business tax	-47,598.97	1,576,892.15
City construction and maintenance tax	6,817,766.33	3,986,097.11
Education surcharges	3,169,793.46	1,804,676.50
Property tax	9,538,716.87	7,507,714.07
Land appreciation tax	422,072,101.03	51,219,159.21
Local education surcharges	1,970,507.72	1,038,032.69
Embankment Protection Fee	1,843,855.48	682,646.71
Total	445,365,141.92	67,815,218.44

Note: Details of business taxes and surcharges please refer to Note 5 Taxation.

6.30 Selling expenses

Item	Amount for the current period	Amount for the prior period
Employee benefits	3,996,226.96	3,224,350.87
Advertising expenses	6,657,350.04	9,853,692.36
Entertainment expenses	900,385.69	885,049.99
Sales agency fees and commissions	38,454,875.23	18,102,945.27
Others	2,554,142.30	2,424,545.19
Total	52,562,980.22	34,490,583.68

6.31 Administrative expenses

Item	Amount for the current period	Amount for the prior period
Employee benefits	50,904,497.46	28,952,319.86
Depreciation	3,134,997.46	3,134,330.90
Entertainment expenses	2,796,377.72	2,847,605.07
Intermediary fee	2,499,764.35	2,189,691.09
Travel expense	359,268.65	369,294.12
Administrative expenses	1,480,234.71	1,042,133.91
Repair charge	925,690.83	883,623.71
Water and electricity charges	1,051,402.14	674,111.87
Other amortization	847,356.79	802,438.95
Others	10,030,250.33	8,616,493.19
Total	74,029,840.44	49,512,042.67

6.32 Financial expenses

Item	Amount for the current period	Amount for the prior period
Interest expenses	2,817,521.60	10,776,804.21
Less: Interest income	19,825,334.08	12,706,210.03
Less: capitalized interest expenses	--	7,851,229.12
Exchange differences	-547,960.63	851,416.84
Less: Capitalized exchange differences	--	--
Others	320,050.95	301,119.35
Total	-17,235,722.16	-8,628,098.75

6.33 Asset Impairment Loss

Item	Amount for the current period	Amount for the prior period
Long-term equity investment impairment loss	17,274,902.75	--
Bad debt loss	29,797.00	--
Total	17,304,699.75	--

Note: Refer to note 6.8 for the details of Long-term equity investment impairment loss.

6.34 Investment income

Item	Amount for the current period	Amount for the prior period
Investment income from wealth management products	16,347,157.53	--
Investment income from long-term investments under cost method	--	--
Investment income from long-term investments under equity method*1	-52,651.66	54,902.00
Investment income on disposal of long-term investments	--	4,321,604.92
Investment income from holding trading financial assets	--	--
Investment income for the sale of financial assets during the holding period	827,100.00	650,000.00
Total	17,121,605.87	5,026,506.92

6.35 Disposal income of assets

Item	Amount for the current period	Amount for the prior period
Disposal of fixed asset	-530.20	-52,617.35
Total	-530.20	-52,617.35

6.36 Non-operating income

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the period
Gains on penalty	586,932.13	225,154.81	586,932.13
Government grants unrelated to the Company's daily activities	10,243.00	59,611.09	10,243.00
Others	814,611.19	107,772.18	814,611.19
Total	1,411,786.32	392,538.08	1,411,786.32

6.37 Non-operating expenses

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the period
Total losses on disposal of non-current assets	69,209.53	7,617.11	69,209.53
Penalty expense	39,016.09	51,319.17	39,016.09
Donations to third parties	330,000.00	10,000.00	330,000.00
Compensation expense	--	14,000.00	--
Others	140,874.39	45,424.69	140,874.39
Total	579,100.01	128,360.97	579,100.01

6.38 Income tax expenses

(1) Details of income tax expenses

Item	Amount for the current period	Amount for the prior period
Current tax expense calculated according to tax laws and relevant requirements	295,133,757.80	70,829,251.97
Deferred income tax expenses	-112,377,271.44	-11,708,157.33
Total	182,756,486.36	59,121,094.64

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

Item	Incurred in the current year
Consolidated profit this year	682,728,051.32
Income tax calculated at legal or applicable tax rate	170,682,012.83
Impact of various tax rates applicable to subsidiaries	709,716.35
Adjustment of impact on the income tax in the previous period	--
Impact of non-taxable income	--
Impact of non-deductible cost, expense and loss	505,009.82
Impact of deductible losses deferred income tax assets unconfirmed in the previous use	903,883.86

Item	Incurred in the current year
period	
Impact of the deductible temporary differences or deductible loss of unconfirmed deferred tax assets of this year.	9,955,863.50
Changes of the deferred tax assets/liability caused by the adjustment of tax rate	--
Income taxes	182,756,486.36

6.39 Other comprehensive income

Note: Please refer to note 6.28.

6.40 Notes to items in the cash flow statements

(1) Other cash receipts relating to operating activities

Item	Amount for the current period	Amount for the prior period
Interest income	19,825,334.08	12,706,210.03
Cash pledge and security deposits	9,928,314.00	4,598,258.85
The collecting and paying on another's behalf	5,425,177.51	7,211,826.83
Others	22,343,343.37	12,928,480.24
Total	57,522,168.96	37,444,775.95

(2) Other cash payments relating to operating activities

Item	Amount for the current period	Amount for the prior period
Cash paid to general and administrative expenses	19,491,227.76	16,622,952.96
Cash paid to operating expenses	48,516,395.98	31,244,578.21
Cash pledge and security deposits	2,233,820.00	3,712,857.66
The collecting and paying on another's behalf	3,062,888.27	10,476,509.87
Others	10,047,269.60	4,116,480.10
Total	83,351,601.61	66,173,378.80

(3) Other cash receipts relating to Investment activities

Item	Amount for the current period	Amount for the prior period
Recovery of restricted currency funds in the current period – structural deposits	600,000,000.00	--
Total	600,000,000.00	--

(4) Other cash payments relating to financing activities

Item	Amount for the current period	Amount for the prior period
Pay for restricted currency funds in the current period –structural deposits	1,500,000,000.00	--
Total	1,500,000,000.00	--

(5) Other cash receipts relating to financing activities

Item	Amount for the current period	Amount for the prior period
Pay for deposit margin	290,033.83	--
Total	290,033.83	--

6.41 Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Item	Amount for the current period	Amount for the prior period
I.Reconciliation of net profit to cash flows from operating activities:		
Net profit	499,971,564.96	184,922,598.10
Add: Provision for asset impairment	17,304,699.75	--
Depreciation of fixed assets, bio-assets, and natural gas	28,889,127.19	26,962,406.38
Amortization of intangible assets	55,200.00	285,960.00
Amortization of long-term deferred expense	199,283.75	186,438.98
Losses on disposal of fixed assets, intangible assets and other long-term assets(deduct: gains)	530.20	52,617.35
Losses on scrapping of fixed assets (deduct: gains)	69,209.53	7,617.11
Loss of fair value variation (deduct: gains)	--	--
Financial expenses (deduct: gains)	2,269,560.97	11,389,775.49
Losses from investments (deduct: gains)	-17,121,605.87	-5,026,506.92
Decrease in deferred tax assets (deduct: increase))	-107,053,693.61	-11,708,157.33
Increase in deferred tax liabilities (deduct: decrease)	--	--
Decrease in inventories (deduct: increase)	78,934,592.68	-279,708,153.27
Decrease in operating receivables (deduct: increase)	147,437,501.15	-9,977,119.01
Increase in operating payables (deduct: decrease)	411,611,434.89	64,811,383.48
Others	--	--
Net cash flows from operating activities	1,062,567,405.59	-17,801,139.64
II. Investing and financing activities that do not affect cash receipt and		

Item	Amount for the current period	Amount for the prior period
payment		
Liabilities converted capital	--	--
Reclassify convertible bonds to be expired within one year as current liability	--	--
Fixed assets subject to finance leases	--	--
III. Net increase in cash and cash equivalents:		
Cash at the end of the period	1,148,522,435.93	1,206,789,056.46
Less: cash at the beginning of the period	1,206,789,056.46	1,265,767,290.57
Add: cash equivalents at the end of the period	--	--
Less: cash equivalents at the beginning of the period	--	--
Net increase in cash and cash equivalents	-58,266,620.53	-58,978,234.11

(2) Information of cash and cash equivalents

Item	Amount for the current period	Amount for the prior period
I. Cash	1,148,522,435.93	1,206,789,056.46
Including: Cash on hand	57,979.40	56,472.32
Bank deposits	1,148,464,456.53	1,206,732,584.14
Other monetary funds	--	--
II. Cash equivalents	--	--
Including: Investments in debt securities due within three months	--	--
III. Closing balance of cash and cash equivalents	1,148,522,435.93	1,206,789,056.46
Including: Cash and cash equivalents using restricted of the parent company or subsidiary	--	--

Note: Using restricted Cash and cash equivalents are excluded by the parent company and subsidiary in the Group.

6.42 Ownership or use-right restricted assets

Categories of assets	Closing balance	The reasons for restriction
Monetary fund	900,000,000.00	Refer to note 6.1
Accounts receivable	15,260,103.46	Short-term loan mortgaged
Total	915,260,103.46	

6.43 The items of foreign currency

(1) Details of items of foreign currency

Item	Balance of foreign currency at year end	Exchange rate	Balance of RMB converted
Monetary fund			
Including: USD	45,331.77	6.8845	312,086.57
HKD	9,018,966.14	0.8790	7,927,671.24
Other accounts receivable			
Including: USD	--	--	--
HKD	20,165,733.70	0.8790	17,725,679.92
Other accounts payable			
Including: USD	--	--	--
HKD	15,709,468.37	0.8790	13,808,622.70

(2) Oversea operating entities

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

Note 7 The changes of the scope of consolidation

There are no changes within the scope of consolidation in the current period.

Note 8 Equities in other entities.

8.1 Equities in the subsidiaries

(1) The formation of the Group

Name of the subsidiary	Main operating area	Reg. place	Business nature	Shareholding proportion (%)		Method of acquiring
				Direct	Indirect	
Shenzhen Petrel Hotel Co. Ltd.	Shenzhen	Shenzhen	Services	68.10	31.90	Acquiring through establishment or investment
Shenzhen City Property Management Ltd.	Shenzhen	Shenzhen	Services	95.00	5.00	Acquiring through establishment or investment
Shenzhen Zhen Tung Engineering Ltd.	Shenzhen	Shenzhen	Services	73.00	27.00	Acquiring through establishment or investment
Shenzhen City We Gen Construction Management Ltd.	Shenzhen	Shenzhen	Services	75.00	25.00	Acquiring through establishment or investment

Name of the subsidiary	Main operating area	Reg. place	Business nature	Shareholding proportion (%)		Method of acquiring
				Direct	Indirect	
Shenzhen City Shenfang Investment Ltd.	Shenzhen	Shenzhen	Investment	90.00	10.00	Acquiring through establishment or investment
Shenzhen City Shenfang Free Trade Trading Ltd.	Shenzhen	Shenzhen	Commercial trade	95.00	5.00	Acquiring through establishment or investment
Shenzhen City SPG Long Gang Development Ltd.	Shenzhen	Shenzhen	Real estate	95.00	5.00	Acquiring through establishment or investment
Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Property and Estate Co., Ltd.	Guangzhou	Guangzhou	Real estate	95.00	5.00	Acquiring through establishment or investment
Beijing fresh peak property development management limited company	Beijing	Beijing	Real estate	75.00	25.00	Acquiring through establishment or investment
Beijing SPG Property Management Limited	Beijing	Beijing	Services	10.00	90.00	Acquiring through establishment or investment
Shenzhen ShenWu Elebator Co.,Ltd	Shenzhen	Shenzhen	Services	--	100.00	Acquiring through establishment or investment
Shenzhen Lain Hua Industry and Trading Co. Ltd.	Shenzhen	Shenzhen	Services	95.00	5.00	Acquiring through establishment or investment
Fresh Peak Holding Ltd.	HongKong	HongKong	Investment and management	100.00	--	Acquiring through establishment or investment
Wellam Ltd.	HongKong	HongKong	Investment holding	--	100.00	Acquiring through establishment or investment
Shantou SEZ Wellam Fty Bldg., Dev. Co.	ShanTou	ShanTou	Real estate	--	100.00	Acquiring through establishment or investment
Shantou Huafeng Estate Dev.Co.	ShanTou	ShanTou	Real estate	37.50	62.50	Acquiring through establishment or investment
Great Wall Estate Co., Inc	USA	USA	Real estate	70.00	--	Acquiring through establishment or investment
Fresh Peak Holdings Ltd.	HongKong	HongKong	Investment	100.00	--	Acquiring through

Name of the subsidiary	Main operating area	Reg. place	Business nature and management	Shareholding proportion (%)		Method of acquiring
				Direct	Indirect	
						establishment or investment
Fresh Peak Investment Ltd.	HongKong	HongKong	Investment	--	55.00	Acquiring through establishment or investment
Openice Ltd.	HongKong	HongKong	Investment and management	20.00	80.00	Acquiring through establishment or investment
Barenie Co. Ltd.	HongKong	HongKong	Investment	--	80.00	Acquiring through establishment or investment
Keyear Development Ltd.	HongKong	HongKong	Investment	--	100.00	Acquiring through establishment or investment
Guangzhou Huangpu Xizun real estate limited company	GuangZhou	GuangZhou	Real estate	--	100.00	Acquiring through establishment or investment
Fresh Peak Real Estate Dev. Construction (Wuhan) Co. Ltd.*	WuHan	WuHan	Real estate	--	55.00	Acquiring through establishment or investment
Shantou Special Economic Zone Real Estate (Group) Songshan Property and Estate Co., Ltd.	Shantou	Shantou	Real estate	--	100.00	Subsidiary acquired through emerge under non-common control
Shenzhen Shenfang Department Store Co. Ltd.* ①	Shenzhen	Shenzhen	Commercial trade	95.00	5.00	Acquiring through establishment or investment
Bekaton Property Limited * ②	Australia	Australia	Real estate	60.00	--	Acquiring through establishment or investment
Canada Great Wall (Vancouver) *②	Canada	Canada	Real estate	--	60.00	Acquiring through establishment or investment
Paklid Limited *②	HongKong	HongKong	Commercial trade	60.00	40.00	Acquiring through establishment or investment
Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd *③	Guangdong Fengkai	Guangdong Fengkai	Manufacture	--	90.00	Acquiring through establishment or investment

*① Shenzhen Shenfang Department Store Co. Ltd

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

*② Bekaton Property Limited ,Canada Great Wall (Vancouver)and Paklid Limited

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

*③ Guangdong Province Fengkai Lian Feng Cement Manufacturing Co., Ltd

The total assets (including tangible and intangible assets) of the corporation were auctioned for debt repayment at 22 January 2006. The Company’s investment in the company’s book value is zero.

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

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

(Continued)

Investee	Provision for impairment	Increased current year provision for impairment	Current year cash dividends	Remarks
Paklid Limited	201,100.00	--	--	
Bekaton Property Limited	906,630.00	--	--	
Shenzhen Shenfang Department Store Co. Ltd	10,000,000.00	--	--	

Investee	Provision for impairment	Increased current year provision for impairment	Current year cash dividends	Remarks
Sahntou Huafeng Building	58,547,652.25	--	--	
Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd	56,228,381.64	--	--	
Total	125,883,763.89	--	--	

(2) Significant non-wholly owned subsidiary

Name of subsidiary	Minority interest share proportion (%)	Current year profit and loss attributable to minority interest shareholders	Current year dividends distributed to minority interest shareholders	Minority interest equity balance at the end of the year
Great Wall Estate Co., Inc	30.00	-55,383.18	--	-21,428,276.80
Fresh Peak Investment Ltd.	45.00	-9,060.80	--	-104,596,166.02
Barenie Co. Ltd.	20.00	-1,833,824.72	--	-3,871,090.12

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

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

(Continued)

Name of subsidiary	Current assets	Non-current assets	Opening balance			Total liabilities
			Total Assets	Current liabilities	Non-current liabilities	
Great Wall Estate Co., Inc	479,270.32	18,073,021.63	18,552,291.95	101,241,947.93	--	101,241,947.93
Fresh Peak Investment Ltd.	220,030,061.97	24,793,206.35	244,823,268.32	254,731,260.77	--	254,731,260.77
Barenie Co. Ltd.	975.66	30,373,713.87	30,374,689.53	32,794,671.39	--	30,374,689.53

(Continued)

Name of subsidiary	Incurred in current year				Incurred in previous year			
	Operating income	Net profit	Total of comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total of comprehensive income	Cash flow from operating activities
Great Wall Estate Co., Inc	593,903.68	-184,610.61		-184,610.61	609,132.44	-177,317.72		-177,317.72
Fresh Peak Investment Ltd.	-	-20,135.10		997.60	-	-21,549.14		--
Barenie Co. Ltd.	-	-9,169,123.59		1,922.53	-	-19,567.68		--

8.2 Equities in joint ventures or associated enterprises

(1) Insignificant joint ventures or associated enterprises

Item	Closing balance/Incurred this year	Opening balance /Incurred last year
Joint ventures* ^① :		
Total investment book value	12,166,897.84	29,441,800.59
Totals of the following items calculated per respective shareholding proportion		
—Net profit	--	--
—Other comprehensive income	--	--
—Total comprehensive income	--	--
Associated enterprises* ^② :		
Total investment book value	394,209.40	446,861.06
Totals of the following items calculated per respective shareholding proportion		
—Net profit	-52,651.66	54,902.00
—Other comprehensive income	--	--
—Total comprehensive income	--	--

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

6.8, including:

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

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

2) Fengkai Xinghua Hotel

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

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

The above corporations were the joint ventures set up with the local partners for the properties developing projects. Consider the projects had been stopped, and the joint ventures had closed operating activities for many years with no preparation of financial statements. Already the corresponding provision for the investment of these joint ventures was accrued. Refer to Note 6.10 for details.

*② All associated enterprises of the Group are insignificant. For details of associated enterprises, please refer to note 6.8, including:

Shenzhen Runhua Automobile Trading Co., Ltd

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

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

Name of the joint ventures or associated enterprises	Accumulated unrecognized losses as of the end of last year	Unrecognized losses this year (or shared net profit this year)	Accumulated unrecognized losses as of the end of this year

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

Note 9 The risk associated with financial instruments

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

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

9.1 Risk management objectives and policies

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

(1) Credit risk

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

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

(2)Liquidity risk

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

9.2The transfer of financial assets

Financial assets that have been transferred but not wholly terminated

As of 31 December, 2018, the company declared factoring business 15,260,103.46 yuan to the bank in accounts receivable, got RMB 15,260,103.46 yuan of equal value. If it is fail to receive the corresponding accounts from the client, the bank has the right to repay the corresponding accounts to the company. Because the company still bear with these accounts receivable related credit risk, the company should continue to fully recognize the carrying amount of the accounts receivable due to the transfer of payments received and will confirm it as pledge loan.

Note 10 Related party relationships and transactions

10.1 Parent of the Company

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

10.2 Subsidiaries of the Company

Please refer to Note 8.1- Equities in the subsidiaries

10.3 Associates and joint ventures of the entity

Please refer to Note 8.2 –Equities in joint venture or associated enterprises

10.4 Other related parties of the Company

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

10.5 Related party transactions

(1)Contracting with related parties

List of contracting item

Name of main	Name of contractor	Type of	Reception	Expiration	Basis of	Contracting
--------------	--------------------	---------	-----------	------------	----------	-------------

contract issuing party		assets under contracting	date of contracting	date of contracting	pricing of contracting income	income recognized in the current year
Shenzhen Jian'an Group Co., Ltd.	Shenzhen Zhen Tung Engineering Ltd	Construction	2012-6-1		Negotiations	1,480,604.70

List of outsourcing item

Name of main contract issuing party	Name of contractor	Type of assets under outsourcing	Reception date of contracting	Expiration date of contracting	Basis of pricing of contracting income	Contracting income recognized in the current year
Shenzhen City SPG Long Gang Development Ltd.	Shenzhen Jian'an Group Co., Ltd.	Construction	2015-9-16		Negotiations	25,113,981.01

(2) Borrowing from related party

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

Group owed Shenzhen Investment Shareholding Co.Ltd 16,535,277.94 yuan loan interest at the end of 2016.

(3) Compensation for key management personal

Item	Amount for the current period	Amount for the prior period
Total	7.5533 [million]	7.2025 [million]

10.6 Amounts due from / to related parties

(1) Amounts due from related party

Item	Closing balance		Opening balance	
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision

Item	Closing balance		Opening balance	
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable				
Shenzhen Fresh Peak property consultant Co.,Ltd	1,185,689.73	--	1,140,015.16	--
Total	1,185,689.73	--	1,140,015.16	--
Other receivables				
Guangdong Province Huizhou Luofu Hill Mineral Water Co., Ltd	10,465,168.81	10,465,168.81	10,465,168.81	10,465,168.81
Shenzhen Runhua Automobile Trading Co., Ltd	3,072,764.42	3,072,764.42	3,072,764.42	3,072,764.42
Canada GreatWall (Vancouver) Co.,Ltd	89,035,748.07	89,035,748.07	89,035,748.07	89,035,748.07
Bekaton Property Limited	12,559,290.58	12,559,290.58	12,559,290.58	12,559,290.58
Paklid Limited	19,173,003.78	19,169,123.37	18,835,911.09	18,835,911.09
Shenzhen Shenfang Department Store Co. Ltd.	237,648.82	189,179.82	237,648.82	189,179.82
Shenzhen RongHua JiDian Co.,Ltd	475,223.46	--	475,223.46	--
Xi'an Fresh Peak property management& Trading Co.,Ltd	8,419,205.19	8,419,205.19	8,419,205.19	8,419,205.19
Total	143,438,053.13	142,910,480.26	143,100,960.44	142,577,267.98

(2) Amounts due to related party

Item	Closing balance	Opening balance
Accounts receivable		
Shenzhen Jian'an Group Co., Ltd.	43,446,497.68	5,755,028.65
Total	43,446,497.68	5,755,028.65
Other payables		
Shenzhen Dongfang New world store Co., Ltd	902,974.64	902,974.64
Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd.	1,867,348.00	1,867,348.00
Total	2,770,322.64	2,770,322.64
Interest payable:		
Shenzhen Investment Holding Co.,Ltd	16,535,277.94	16,535,277.94
Total	16,535,277.94	16,535,277.94

Note 11 Commitments and Contingencies

11.1 Significant commitments

(1) Capital commitment

Item	Amount for the current period	Amount for the prior period
Capital commitments that have been entered into but have not been recognized in the financial statements		
- Significant outsourcing contracts	368,570,701.08	245,497,748.08
Total	368,570,701.08	245,497,748.08

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

11.2 Contingencies

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

Xi'an project Lawsuit

Xi'an Fresh Peak Holding limited company (hereinafter referred to as "Fresh Peak

Company") was sino-foreign joint venture set up in Xi'an city. The shareholder of the Fresh Peak Company – Hongkong Fresh Peak Co., Ltd was the wholly owned subsidiary of the company. And the Hongkong Fresh Peak Co., Ltd contributed 84% of the Fresh Peak Company's share- capital in cash. And Xi'an trade building which was the enterprise under the Xi'an Joint Commission on Commerce and Trade contributed 16% of the Fresh Peak Company's share- capital with the land-use right. The core business was property development. And the project was Xi'an Trade Building. The project was started on 1995-11-28. But the project had been stopped in 1996 because of the two parties differences on the operating policy of the project.

In 1997, the Xi'an government withdrew the Xi'an Fresh Peak investment project compulsively and assigned the project to Xi'an Business Tourism Co., Ltd (hereinafter referred to as "Business Tourism Company"). But the two parties had insulted a lawsuit on compensation. The ShanXi Province High Peoples Court made a judgement "(2000) SJ-CZ No.25". The judgement was as follows: 1. Business Tourism Company had to pay for the compensation Rmb 36,620 thousand to Xi'an Fresh Peak Company after the judgment entering into force. If the Business Tourism Company failed to pay in time, it had to pay double debt interests to Xi'an Fresh Peak Company. 2. Xi'an Joint Commission on Commerce had jointly and severally obligation of the interests of the compensation.

Untill December 31th, 2018, the amount of RMB 15,201,000.00 had been called back. The company has obtained new property clues, submitted an application for resumption of execution, and the shanxi provincial high court conducted an execution hearing on November 16, 2018.

As at 31 December 2018, the book value of the investment of Xi'an Fresh Peak Company was RMB 12,166,897.84. The provision for investment was Rmb 20,673,831.77. The book balance of assets

was RMB 8,419,205.19 which has been taken full provision for impairment loss.

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

The Company provided loan guarantees for purchaser of real estate. Up to Dec 31th,2018, the amount and duration of the unsettled guarantee is as follows:

Items	Duration	Unsettled amount (million)
	From real estate license granted and mortgaged	868.02
	From real estate license granted and mortgaged	75.25
Total		943.27

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

Refer to Note 8“Equities in other entities”.

Note 12 Events after Balance Sheet Date

(1)On 28 March, 2018, the proposal of distributing the profit of 2018 was approved by the Group's board of direct. No profit distribution to shareholders and converting the capital surplus to capital. Based on the total share capital of 1,011,660,000 shares as of December 31, 2018, a cash dividend of 2.00 yuan (including tax) will be distributed to all shareholders for every 10 shares, and 0 shares (including tax) will be sent to the bonus shares, and no share capital will be transferred to the public reserve.

This profit distribution totaled a cash dividend of 202,332,000.00 yuan, accounting for 32.90% of the parent company's distributable profits, and the remaining undistributed profit of 412,706,028.05 yuan was retained for the next accounting period.The proposal still need to be submitted to the Company's general meeting of stockholders for voting.

(2) Impact of implementation of new accounting standards from jan 1, 2019

The ministry of finance issued on March 31, 2017, respectively by <the accounting standards for enterprises no. 22 - recognition and measurement financial instruments (2017 revision)> "(finance and accounting) [2017] no. 7, the accounting standards for enterprises no. 23 - transfer of financial assets (revised in 2017)" (finance and accounting) [2017] no. 8, the accounting standards for enterprises no. 24 - hedging accounting (2017 revision) "(finance and accounting) [2017] 9, On May 2, 2017, the accounting standards for enterprises no. 37 -- presentation of financial instruments (2017 revision) (accounting [2017] no. 14) (the above standards are collectively referred to as the "new financial instruments standards") was issued, and it requires domestic listed companies to take effect as of January 1, 2019. The company will implement the above new financial instrument standards from January 1, 2019, and will change relevant accounting policies in accordance with the above new

financial instrument standards.

The following are the main contents of the accounting policy changes involved:

Under the new financial instruments standard, all recognized financial assets are measured at their subsequent amortized cost or fair value.

In new financial instruments criterion, based on the company that has both the facts and circumstances evaluation management of the business model of financial assets, at the time of initial recognition of financial assets evaluation based on the facts and conditions the contractual cash flow characteristics on the financial assets, financial assets can be divided into three categories: according to the amortized cost measurement, measured at fair value and the changes are recorded in other comprehensive income and measured at fair value and the changes are included in the profits and losses. Where, for equity instrument investment measured at fair value and whose changes are included in other comprehensive income, when the financial asset is terminated for recognition, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained income and will not be included in current profit and loss.

Under the new financial instrument standards, based on the expected credit loss, the company will make provision for and recognize the credit impairment loss for the financial asset measured at amortized cost, the debt instrument investment measured at fair value and its changes included in other comprehensive income, the leasing receivables, the contract asset and the financial guarantee contract.

Note 13 Other material facts

On 14 September, 2016, the Group plan the reorganization of material assets. The Group announced it intended to buy 100% stock equity of Evergrande real estate group co., LTD by issue shares or cash payment on 14 October, 2016. Guangzhou chiron real estate co., LTD will become the controlling shareholder of the company after the acquisition

The restructuring of material assets is still in process as scheduled by the financial report day.

Note 14 Notes to Items in the Financial Statements of the Company

14.1 Accounts receivable

(1) Accounts receivable by categories

Category	Closing balance
----------	-----------------

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

(Continued)

Category	Opening balance				Book Value
	Carrying amount		Bad debt provision		
	Amount	(%)	Amount	(%)	
Accounts receivable of which provision for bad debts is of individually significant	--	--	--	--	--
Accounts receivable of which provision for bad debts is of individually insignificant	11,450,768.19	100.00	6,968,694.02	60.86	4,482,074.17
Total	11,450,768.19	100.00	6,968,694.02	60.86	4,482,074.17

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

Content of accounts receivable	Carrying amount	Amount of bad debt	Proportion of provision	Reasons for the provision
House pay to be collected	11,221,159.00	6,968,694.02	62.10	A separate provision is established according to the recoverability of each receivable with long aging and little retrievability.
Rental to be collected	912,330.69	--	--	
Total	12,133,489.69	6,968,694.02	57.43	

② Accounts receivable by aging balance

Item	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)
Within 1 year	1,105,116.03	9.11	398,804.69	3.48
1-2 years	140,732.69	1.16	293,033.67	2.56
2-3 years	293,033.67	2.42	241,725.80	2.11
Over 3 years	10,594,607.30	87.32	10,517,204.03	91.85
Total	12,133,489.69	100.00	11,450,768.19	100.00

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

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

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

Name of entity	Relationship with the Group	Amount	Age	Proportion of the amount to the total AR (%)	Bad debt provision
Corporation No.1	Un-related party	1,997,219.11	Within 1year	16.46	--
Individual No.1	Un-related party	1,200,000.00	Within 1year	9.89	1,200,000.00
Corporation No.2	Related party	1,185,689.73	Over 5year	9.77	--
Individual No.2	Un-related party	886,362.09	Within 1year	7.31	788,139.98
Individual No.3	Un-related party	876,864.11	Over 5year	7.23	876,864.11
Total		6,146,135.04		50.66	2,865,004.09

14.2 Other receivables

Item	Closing balance	Opening balance
Interest receivable	2,380,301.11	--
Dividends receivables	--	169,393,952.18
Other receivables	767,994,548.73	899,872,523.90
Total	770,374,849.84	1,069,266,476.08

(1) Interest receivable

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

(2) Other receivables by categories

Category	Closing balance				Book Value
	Carrying amount		Bad debt provision		
	Amount	(%)	Amount	(%)	
Accounts receivable of which provision for bad debts is of individually significant	1,546,671,462.05	98.76	786,391,511.59	50.84	760,279,950.46
Accounts receivable of which provision for bad debts is of individually insignificant	19,416,027.99	1.24	11,701,429.72	60.27	7,714,598.27
Total	1,566,087,490.04	100.00	798,092,941.31	50.96	767,994,548.73

(Continued)

Category	Opening balance				Book Value
	Carrying amount		Bad debt provision		
	Amount	(%)	Amount	(%)	

Category	Opening balance				Book Value
	Carrying amount		Bad debt provision		
	Amount	(%)	Amount	(%)	
Accounts receivable of which provision for bad debts is of individually significant	1,677,928,020.15	89.27	786,391,511.59	46.87	891,536,508.56
Accounts receivable of which provision for bad debts is of individually insignificant	20,037,445.06	10.73	11,701,429.72	58.40	8,336,015.34
Total	1,697,965,465.21	100.00	798,092,941.31	47.00	899,872,523.90

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

Content of accounts receivable	Carrying amount	Amount of bad debt	Proportion of provision	Reasons for the provision
Other receivables between subsidiaries that are included in consolidated statement	1,418,074,761.81	658,127,505.34	46.41	A separate provision is established according to the recoverability of each receivables with long aging and little retrievability
Other receivables between subsidiaries that are not included in consolidated statement	128,596,700.24	128,264,006.25	99.74	
Total	1,546,671,462.05	786,391,511.59	50.84	—

② Bad debt provision of other receivables which is of individually insignificant

Content of other receivables	Carrying amount	Amount of bad debt	Proportion of provision	Reasons for the provision
Other receivables between subsidiaries that are included in consolidated statement	4,386,459.34	--	--	A separate provision is established according to the recoverability of each receivable with long aging and little retrievability
Other receivables between subsidiaries that are not included in consolidated statement	237,648.82	189,179.82	79.60	
Others	14,791,919.83	11,512,249.90	77.83	
Total	19,416,027.99	11,701,429.72	60.27	

③ Other receivables by aging balance

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

	Amount	(%)	Amount	(%)
Within 1 year	158,202,023.94	10.10	74,844,951.68	4.40
1-2 years	73,851,395.97	4.72	309,985,757.96	18.26
2-3 years	310,307,057.96	19.81	128,716,633.75	7.58
Over 3 years	1,023,727,012.17	65.37	1,184,418,121.82	69.76
Total	1,566,087,490.04	100.00	1,697,965,465.21	100.00

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

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

Name of Entity	Relationship with the Group	Amount	Age	Proportion of the amount to the total OR (%)	Bad debt provision
Fresh Peak Enterprise Co., Ltd	Subsidiary	11,968,785.20	1-2 years	34.50	508,377,320.74
		9,689,866.22	2-3 years		
		518,703,253.29	Over 3years		
Shantou Huafeng Estate Development Co., Ltd	Subsidiary	137,318,202.51	Within 1 year	40.10	--
		73,328,902.56	1-2 years		
		170,323,464.83	2-3 years		
		247,106,776.63	Over 3years		
American Great Wall Co., Ltd	Subsidiary	101,379,954.81	Over 3years	6.47	101,379,954.81
Canada Great Wall(Vancouver) Co., Ltd	Subsidiary	89,035,748.07	Over 3years	5.69	89,035,748.07
Fresh Peak Holding Ltd.	Subsidiary	2,698,208.95	1-2 years	5.73	--
		2,184,455.92	2-3 years		
		84,817,588.05	Over 3years		
Total		1,448,555,207.04	—	92.50	698,793,023.62

14.3 Long-term equity investments

(1) Long-term equity investments by types

Item	Closing balance	Opening balance
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	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	304,045,949.42	69,155,382.25	234,890,567.17	317,578,928.40	69,155,382.25	248,423,546.15
Investment in associates and joint ventures	22,341,261.07	21,947,051.67	394,209.40	22,393,912.73	21,947,051.67	446,861.06
Total	326,387,210.49	91,102,433.92	235,284,776.57	339,972,841.13	91,102,433.92	248,870,407.21

(2) investment in subsidiaries

Name of investee	Opening balance	Curr. year Increase	Curr. year decrease	Closing balance	Curr. year impairment provision	Closing balance of impairment provision
Shenzhen City Property Management Ltd.	12,821,791.52	--	--	12,821,791.52	--	--
Shenzhen Petrel Hotel Co. Ltd.	20,605,047.50	--	--	20,605,047.50	--	--
Shenzhen City Shenfang Investment Ltd.	9,000,000.00	--	--	9,000,000.00	--	--
Fresh Peak Enterprise Ltd.	556,500.00	--	--	556,500.00	--	--
Fresh Peak Zhiye Co., Ltd.	22,717,697.73	--	--	22,717,697.73	--	--
Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Property and Estate Co., Ltd.	20,000,000.00	--	--	20,000,000.00	--	--
Shenzhen Zhen Tung Engineering Ltd	11,332,321.45	--	--	11,332,321.45	--	--
American Great Wall Co., Ltd	1,435,802.00	--	--	1,435,802.00	--	--
Shenzhen City Shenfang Free Trade Trading Ltd.	4,750,000.00	--	--	4,750,000.00	--	--
Shenzhen City Hua Zhan Construction Management Ltd.	6,000,000.00	--	--	6,000,000.00	--	--
QiLu Co.,Ltd	212,280.00	--	--	212,280.00	--	--
Beijing Shenfang Property Management Co., Ltd.	500,000.00	--	--	500,000.00	--	--
Shenzhen Lain Hua Industry and Trading Co., Ltd.	13,458,217.05	--	--	13,458,217.05	--	--
Shenzhen City SPG Long Gang Development Ltd.	30,850,000.00	--	--	30,850,000.00	--	--
Beijing Fresh Peak Property Development Management Limited Company	64,183,888.90	--	--	64,183,888.90	--	--
Shantou City Huafeng Real Estate Devepment Co., Ltd	30,000,000.00	--	13,532,978.98	16,467,021.02	--	--
Paklid Limited	201,100.00	--	--	201,100.00	--	201,100.00

Name of investee	Opening balance	Curr. year Increase	Curr. year decrease	Closing balance	Curr. year impairment provision	Closing balance of impairment provision
Bekaton Property Limited	906,630.00	--	--	906,630.00	--	906,630.00
Shenzhen Shenfang Department Store Co. Ltd.	9,500,000.00	--	--	9,500,000.00	--	9,500,000.00
Shantou Fresh Peak Building	58,547,652.25	--	--	58,547,652.25	--	58,547,652.25
Total	317,578,928.40	--	13,532,978.98	304,045,949.42	--	69,155,382.25

The detail of decrease in current year is in Note 8.1 Equities in the subsidiaries

(3) Investment in associates and joint ventures

Name of investee	Opening balance	Changes in this period				
		Add investment	Reduce investment	Investment income under equity method	Adjustments of other comprehensive income	Changes of other equity
I. Joint ventures						
Guangdong Huizhou Luofu Hill Mineral Water Co., Ltd	9,969,206.09	--	--	--	--	--
Fengkai Xinghua Hotel	9,455,465.38	--	--	--	--	--
Subtotal	19,424,671.47	--	--	--	--	--
II. Associates						
Shenzhen Runhua Automobile Trading Co., Ltd	1,445,425.56	--	--	--	--	--
Shenzhen Ronghua Jidian Co., Ltd	1,523,815.70	--	--	-52,651.66	--	--
Subtotal	2,969,241.26	--	--	-52,651.66	--	--
Total	22,393,912.73	--	--	-52,651.66	--	--

(Continued)

Name of investee	Changes in this period			Closing balance	Closing balance of impairment provision
	Cash dividend or profit declared	Provision for impairment	Others		
I. Joint ventures					
Guangdong Huizhou Luofu Hill Mineral Water Co., Ltd	--	--	--	9,969,206.09	9,969,206.09
Fengkai Xinghua Hotel	--	--	--	9,455,465.38	9,455,465.38
Subtotal	--	--	--	19,424,671.47	19,424,671.47
II. Associates					
Shenzhen Runhua Automobile Trading Co., Ltd	--	--	--	1,445,425.56	1,445,425.56
Shenzhen Ronghua Jidian Co., Ltd	--	--	--	1,471,164.04	1,076,954.64
Subtotal	--	--	--	2,916,589.60	2,522,380.20
Total	--	--	--	22,341,261.07	21,947,051.67

14.4 Operating income and costs

(1) Operating income and operating costs

Item	Amount for the current period		Amount for the prior period	
	Income	Costs	Income	Costs
Principal operating	229,634,645.39	48,332,118.70	258,399,695.90	110,765,857.06
Other operating	47,904.78	--	198,761.94	--
Total	229,682,550.17	48,332,118.70	258,598,457.84	110,765,857.06

(2) Principal operating activities (classified by industries)

Name of industry	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Real estate	158,790,845.73	22,268,415.66	193,968,032.91	87,249,112.03
Leasing	70,843,799.66	26,063,703.04	64,431,662.99	23,516,745.03
Total	229,634,645.39	48,332,118.70	258,399,695.90	110,765,857.06

(3) Principal operating activities (classified by geographical areas)

Name of geographical area	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Shenzhen	229,634,645.39	48,332,118.70	258,399,695.90	110,765,857.06
Total	229,634,645.39	48,332,118.70	258,399,695.90	110,765,857.06

14.5 Investment income

(1) Details of investment income

Item	Amount for the current period	Amount for the prior period
Investment income from long-term investments under cost method		169,393,952.18
Investment income from long-term investments under equity method	-52,651.66	54,902.00
Investment income on disposal of long-term investments		-3,587,831.69
Investment income from available-for-sale financial assets during the holding period	827,100.00	650,000.00
	16,347,157.53	
Total	17,121,605.87	166,511,022.49

Note15. Supplementary Materials

15.1 Breakdown non-recurring profit or loss

Items	Amount for the current period	Statement
Profit or loss on disposal of non-current assets	-69,739.73	--
Tax refunds or reductions with ultra vires approval or without official approval documents	--	--
Government grants recognized in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	10,243.00	--
Income earned from lending funds to non-financial institutions and recognized in profit or loss	--	--
The excess of attributable fair value of identifiable net assets over the consideration paid for the acquisition of subsidiaries, associates and joint ventures	--	--
Profit or loss on exchange of non-monetary assets	--	--
Profit or loss on entrusted investments or assets management	16,347,157.53	--
Impairment losses on assets due to force majeure events, e.g, natural disasters	--	--
Profit or loss on debt restructuring	--	--
Entity restructuring expenses, e.g., expenditure for layoff of employees, integration expenses, etc.	--	--
Profit or loss attributable to the evidently unfair portion of transaction price, being transacted price in excess of fair transaction price, of a transaction	--	--
Net profit or loss of subsidiaries from the beginning of the period up to the business combination date recognized as a result of business combination of enterprises under common control	--	--
Profit or loss arising from contingencies other than those related to normal operating business	--	--
Profit or loss on changes in the fair value of held-for-trade financial assets, and held-for-trade financial liabilities and financial assets available-for-sale, other than those used in the effective hedging activities relating to normal operating business	--	--

Items	Amount for the current period	Statement
Reversal of provision for account receivables that are tested for impairment losses individually	--	--
Profit or loss on entrusted loans	--	--
Profit or loss on changes in the fair value of investment properties that are subsequently measured using the fair value model	--	--
Effects on profit or loss of one-off adjustment to profit or loss for the period according to the period requirements of tax laws and accounting laws and regulations	--	--
Custodian fees earned from entrusted operation	--	--
Other non-operating income or expenses other than the above	891,652.84	--
Other profit or loss that meets the definition of non-recurring profit or loss	--	--
Subtotal	17,179,313.64	--
Tax effects	-4,171,184.84	--
Effects attributable to minority interests (after tax)	--	--
Total	13,008,128.80	--

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

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

15.2 Return rate of net assets and earning per share

Profit the in the reporting year	Weighted return rate of net assets(%)	Earning per share (yuan / stock)	
		Basic EPS	Diluted EPS
Net profit attributable to common stockholders	16.35	0.4977	0.4977
Less: Net profit attributable to common stockholders after deducting non-recurring losses	15.93	0.4848	0.4848

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

Differences in the net profit and net assets between those disclosed in the financial statements in compliance with International / Hongkong Finance Reporting Standards and CAS

	Net profit attributable to shareholders of listed companies t		Net assets attributable to shareholders of listed companies	
	Amount for the current period	Amount for the prior period	Amount for the current period	Amount for the prior period
	In accordance with CASs	503,498,831.60	184,988,512.42	3,332,259,641.39
In accordance with IFRS	503,498,831.60	184,988,512.42	3,332,259,641.39	2,828,242,120.98

Part XII Documents Available for Reference

1. The financial statements signed and sealed by the legal representative, the head of financial affairs and the head of the financial arm;
2. The original copy of the Independent Auditor's Report signed and sealed by the CPAs, as well as sealed by the CPA firm; and
3. The originals of all the Company's documents and announcements which were disclosed on Securities Time, China Securities Journal and Ta Kung Pao (HK) during the Reporting Period.