



# **SHENZHEN PROPERTIES & RESOURCES DEVELOPMENT (GROUP) LTD.**

## **ANNUAL REPORT 2019**

**(Announcement No. 2020-9)**

**March 2020**

## **Part I Important Notes, Table of Contents and Definitions**

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

**Liu Shengxiang, the Company’s legal representative, Cai Lili, the Company’s head of financial affairs, and Liu Qiang, head of the Company’s financial department (equivalent to financial manager) hereby guarantee that the Financial Statements carried in this Report are factual, accurate and complete.**

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

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

**The Company has described in detail in this Report the possible risks facing it, along with countermeasures. Please refer to the section headed “Prospects” of “Part IV Operating Performance Discussion and Analysis” of this Report.**

**The Board has approved a final dividend plan as follows: based on the total share capital of 595,979,092 shares, a cash dividend of RMB3.6 (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.**

## Table of Contents

<b>Part I Important Notes, Table of Contents and Definitions.....</b>	<b>2</b>
<b>Part II Corporate Information and Key Financial Information.....</b>	<b>6</b>
<b>Part III Business Summary.....</b>	<b>11</b>
<b>Part IV Operating Performance Discussion and Analysis.....</b>	<b>18</b>
<b>Part V Significant Events.....</b>	<b>46</b>
<b>Part VI Share Changes and Shareholder Information.....</b>	<b>65</b>
<b>Part VII Preferred Shares.....</b>	<b>74</b>
<b>Part VIII Convertible Corporate Bonds.....</b>	<b>75</b>
<b>Part IX Directors, Supervisors, Senior Management and Staff.....</b>	<b>76</b>
<b>Part X Corporate Governance.....</b>	<b>85</b>
<b>Part XI Corporate Bonds.....</b>	<b>93</b>
<b>Part XII Financial Statements.....</b>	<b>94</b>
<b>Part XIII Documents Available for Reference.....</b>	<b>271</b>

## Definitions

Term	Definition
The “Company”, the “Group”, “SZPRD” or “we”	ShenZhen Properties & Resources Development (Group) Ltd. and its consolidated subsidiaries, except where the context otherwise requires
SIHC	Shenzhen Investment Holdings Co., Ltd.
SCIHC	Shenzhen Construction Investment Holdings Corporation
SIM	Shenzhen Investment Management Co., Ltd.
TK Property	Shenzhen Toukong Property Management Co., Ltd.
Huangcheng Real Estate	Shenzhen Huangcheng Real Estate Co., Ltd.
Dongguan Company	Dongguan ITC Changsheng Real Estate Development Co., Ltd.
Xuzhou Company	SZPRD Xuzhou Dapeng Real Estate Development Co., Ltd.
Yangzhou Company	SZPRD Yangzhou Real Estate Development Co., Ltd.
Rongyao Real Estate	Shenzhen Rongyao Real Estate Development Co., Ltd.
ITC Property Management	Shenzhen International Trade Center Property Management Co., Ltd.
Huangcheng Property Management	Shenzhen Huangcheng Property Management Co., Ltd.
Shandong Shenguo-mao Real Estate Management	Shandong Shenguo-mao Real Estate Management Co., Ltd.
Chongqing Shenguo-mao Real Estate Management	Chongqing Shenguo-mao Real Estate Management Co., Ltd.
Yangzhou Jingyue Property Development	Yangzhou Shouxihu Jingyue Property Development Co., Ltd.
Shenshan Guomao Property Development	Shenzhen Shenshan Special Cooperation Zone Guomao Property Development Co., Ltd.
Guomao Tongle Property Management	Shenzhen Guomao Tongle Property Management Co., Ltd.
Housing Assets Operation and Management Company	Shenzhen SZPRD Housing Assets Operation and Management Co., Ltd.
Guomao Catering	Shenzhen Guomao Catering Co., Ltd.
Jifa Warehousing	Shenzhen Real Estate Jifa Warehousing Co., Ltd.
Supervision Company	Shenzhen Property Engineering and Construction Supervision Co., Ltd.
Tian’an Company	Shenzhen Tian’an International Mansion Property Administration Co., Ltd.
Industrial park	A special park built by a government or an enterprise for the purpose of achieving industrial development, of which those built by an enterprise usually fall into the following categories: logistics parks, technology parks, cultural creation park, company headquarters and ecological agriculture parks

RMB, RMB'0,000, RMB'00,000,000	Expressed in the Chinese currency of Renminbi, expressed in tens of thousands of Renminbi, expressed in hundreds of millions of Renminbi
IFMA	International Facility Management Association
COVID-19	The novel coronavirus disease that started in 2019

## Part II Corporate Information and Key Financial Information

### I Corporate Information

Stock name	PRD, PRD-B	Stock code	000011, 200011
Changed stock name (if any)	N/A		
Stock exchange for stock listing	Shenzhen Stock Exchange		
Company name in Chinese	深圳市物业发展(集团)股份有限公司		
Abbr.	深物业集团		
Company name in English (if any)	ShenZhen Properties & Resources Development (Group) Ltd.		
Abbr. (if any)	SZPRD		
Legal representative	Liu Shengxiang		
Registered address	39/F and 42/F, International Trade Center, Renmin South Road, Luohu District, Shenzhen, Guangdong Province, P.R.China		
Zip code	518014		
Office address	16/F, 20/F, 39/F and 42/F, International Trade Center, Renmin South Road, Luohu District, Shenzhen, Guangdong Province, P.R.China		
Zip code	518014		
Company website	www.szwuye.com.cn		
Email address	000011touzizhe@szwuye.com.cn		

### II Contact Information

	Board Secretary	Securities Representative
Name	Fan Weiping	Qian Zhong and Ding Minghua
Address	39/F, International Trade Center, Renmin South Road, Luohu District, Shenzhen, Guangdong Province, P.R.China	39/F, International Trade Center, Renmin South Road, Luohu District, Shenzhen, Guangdong Province, P.R.China
Tel.	0755-82211020	0755-82211020
Fax	0755-82210610 82212043	0755-82210610 82212043
Email address	000011touzizhe@szwuye.com.cn	000011touzizhe@szwuye.com.cn

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

Newspapers designated by the Company for information disclosure	For A-stock investors: Securities Times For B-stock investors: Ta Kung Pao (HK)
Website designated by CSRC for publication of this Report	www.cninfo.com.cn
Place where this Report is lodged	Board Office, 39/F, International Trade Center, Renmin South Road, Luohu District, Shenzhen, Guangdong Province, P.R.China

### IV Change to Company Registered Information

Unified social credit code	No change
Change to principal activity of the Company since going public (if any)	No change
Every change of controlling shareholder since incorporation (if any)	<p>On 29 September 2004, the State-Owned Assets Supervision and Administration Commission of Shenzhen Municipality (“SASAC Shenzhen”) decided to incorporate Shenzhen Investment Holdings Co., Ltd. (“SIHC”) to include Shenzhen Investment Management Co., Ltd. (“SIM”, the former controlling shareholder of the Company) and Shenzhen Construction Investment Holdings Corporation (“SCIHC”). SCIHC and SIM hold 323,796,324 and 56,582,573 shares respectively in the Company, representing a combined stake of 63.82%.</p> <p>On 19 October 2018, the Company was notified by its actual controlling shareholder SIHC that it had received the Confirmation of Securities Transfer Registration from China Securities Depository and Clearing Co., Ltd. (Shenzhen branch), marking the completion of the equity transfer to SIHC. As such, SIHC has become the controlling shareholder of the Company.</p> <p>The controlling shareholder remained unchanged during the Reporting Period.</p>

### V Other Information

The independent audit firm hired by the Company:

Name	Pan-China Certified Public Accountants LLP
Office address	4/F, Tower A2, Yuzhu Plaza, 856 Huangpu Boulevard East, Huangpu District, Guangzhou City, Guangdong Province, China
Accountants writing signatures	Wang Huansen and Chen Yan

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

Reasons for the retrospective restatements:

Business combination under common control

	2019	2018		2019-over -2018 change (%)	2017	
		Before	Restated	Restated	Before	Restated
Operating revenue (RMB)	3,961,669,942.44	2,787,240,632.53	3,376,673,249.90	17.32%	2,904,690,690.53	3,313,178,320.65
Net profit attributable to the listed company's shareholders (RMB)	817,805,780.12	592,723,852.71	698,050,728.96	17.16%	622,962,734.37	663,742,776.33
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	695,675,201.19	591,362,024.37	591,362,024.37	17.64%	559,625,850.90	559,625,850.90
Net cash generated from/used in operating activities (RMB)	939,789,565.96	1,123,594,927.59	1,231,718,056.18	-23.70%	-346,269,760.94	-274,210,826.57
Basic earnings per share (RMB/share)	1.3722	0.9945	1.1713	17.15%	1.0453	1.1137
Diluted earnings per share (RMB/share)	1.3722	0.9945	1.1713	17.15%	1.0453	1.1137
Weighted average return on equity (%)	20.46%	18.94%	19.47%	0.99%	26.64%	21.75%
	31 December 2019	31 December 2018		Change of 31 December 2019 over 31 December 2018 (%)	31 December 2017	



		Before	Restated	Restated	Before	Restated
Total assets (RMB)	10,772,491,740.53	5,820,202,137.54	7,023,354,613.55	53.38%	5,393,331,548.87	6,429,389,760.43
Equity attributable to the listed company's shareholders (RMB)	3,147,949,009.38	3,337,949,324.64	3,872,406,104.67	-18.71%	2,921,693,794.08	3,345,542,300.92

## 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

No difference for the Reporting Period.

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

Applicable  Not applicable

No difference for the Reporting Period.

## VIII Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	385,944,107.52	369,445,972.44	246,562,586.92	2,959,717,275.56
Net profit attributable to the listed company's shareholders	78,431,920.59	25,317,477.57	-689,810.21	714,746,192.17
Net profit attributable to the listed company's shareholders before exceptional gains and losses	77,831,706.94	25,854,478.35	-1,104,487.82	593,093,503.72
Net cash generated from/used in operating activities	-64,518,467.02	-395,433,769.96	994,222,491.29	405,519,311.65

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

Yes  No

## IX Exceptional Gains and Losses

Applicable  Not applicable

Unit: RMB

Item	2019	2018	2017	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	47,015.23	-79,489.58	104,883,756.37	
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)	2,410,184.82	165,676.08		
Current profit or loss on subsidiaries obtained in business combinations involving enterprises under common control from the period-beginning to combination dates, net	118,680,871.93	105,442,907.48	41,053,124.05	
Gain or loss on contingencies that do not arise in the Company's ordinary course of business			-5,491,792.67	
Non-operating income and expense other than the above	2,048,751.21	1,724,017.41	-466,062.66	
Other gains and losses that meet the definition of exceptional gain/loss	91,337.56			
Less: Income tax effects	1,146,936.51	448,375.57	35,589,017.57	
Non-controlling interests effects (net of tax)	645.31	116,031.23	273,082.09	
Total	122,130,578.93	106,688,704.59	104,116,925.43	--

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

#### (I) Core Business Overview

Established in November 1982, the Company was originally known as “Luohu Engineering and Construction Headquarters” and renamed “Shenzhen Municipal Property Development Corporation” in August 1985. The Company was determined as the second batch of pilot units for joint-stock reform of state-owned enterprises in 1988. Approved by the municipal government, the Company renamed to ShenZhen Properties & Resources Development (Group) Ltd. (SZPRD) in April 1990. The stock of the group company (stock name: PRD, PRD-B; stock code: 000011, 200011) was officially listed in Shenzhen Stock Exchange in March 1992. The Company is headquartered in the International Trade Center, Renmin South Road, Luohu District, Shenzhen, Guangdong Province, P.R.China.

At its inception, the Company contracted and built Shenzhen International Trade Centre Building as Party A, and created the world-famous "Shenzhen Speed" that "one floor was completed in three days". International Trade Centre Building ranked the first place in several places in China: It was the first super-high-rise building in China, which has occupied the position of "the tallest building in the country" for ten years; It was the first building project involving bidding in China. It is the landmark building in Luohu and even Shenzhen, a resounding historical and cultural symbol in Shenzhen and the "cultural card in Shenzhen". It was selected into the first batch of 45 historical buildings in Shenzhen and became "The Reflection of the Shenzhen Speed and the Symbol of the Reform and Opening-up" with a reputation for the whole country and even the world. The enterprise spirit of "going ahead and reforming" of Shenzhen Property Group has also become the spiritual totem of the numerous entrepreneurs in Shenzhen.

Since its establishment 38 years ago, the Company has developed into a large-scale comprehensive group company from a simple project company at that time by focusing on the traditional real estate business and implementing the pluralistic development strategy, taking Luohu as its base area and radiating all over the country. Currently, the Company mainly takes real estate development property management and housing asset operation as the basic business, with catering service, warehousing business and supervision business, etc. as supplement, and the diversified business structure of “3+X” is being formed. In accordance with three-step strategic implementation route of “strengthening bases, brink breakthrough, and focus on leading”, the Company constantly consolidates existing basic business, promotes the comprehensive upgrading of various businesses, constitutes the advantage of sustainable development, and keeps on making efforts for development vision of building “comprehensive full ecological chain operator of intelligent scientific and technological park which ranks the first in China and takes a leading position in the world”. During the reporting period, the Company realized large scale growth of asset scale, business revenue and net profits, comprehensive capacity and industry position of the Company is further improved, and the transformation mode of modern urban comprehensive complex has obtained substantial achievements.

#### 1. Real estate business

Since its establishment, in terms of the main real estate business, the Company is specialized in developing the residence, the hi-end apartment and the office building, owns Shenzhen Huangcheng Real Estate Co., Ltd., Dongguan ITC Changsheng Real Estate Development Co., Ltd., SZPRD Xuzhou Dapeng Real Estate Development Co., Ltd., SZPRD Yangzhou Real Estate Development Co., Ltd. and Shenzhen Rongyao Real Estate Development Co., Ltd., and has developed a batch of brand projects, including International Trade Commercial Building, Huanggang Port, Huangyuyuan, Tian'an International Building, etc. During the reporting period, the Company purchased 69% equity of Shenzhen Rongyao Real Estate Development Co., Ltd., and pioneered in developing urban update projects jointly between Shenzhen state owned asset system and private enterprise, and opened the construction curtain of the first completely marketized urban renewal project in the Group history. Development control mode of real estate development project of the Company includes two grades, i.e. Group HQ and urban Company. The Group mainly controls land investment, plan

and operation, key marketing nodes, planning design and cost control above quota, while urban Company is in charge of engineering management, site marketing, site design and cost control below quota. Sufficient autonomy is granted to each project Company. The Group makes takes institutionalized management and has formed the internal operation system of main real estate business with comprehensive management system Real Estate Manual and other standard codes, and the real estate control mode gets complete and mature gradually. In 2019, the Company expanded land projects and deepened the core market of Shenzhen by bid invitation, auction and listing, merger and acquisition, and other channels, with the new annual land reserve increased by 120,000 square meters. Currently, the cumulative land reserve of the Company is close to 300,000 square meters, which initially relieves the bottle neck problem of land reserve that restricts the sustainable development of the Company.

## **2. Property management**

During the reporting period, the Company purchased 100% equity of TK Property successfully, further enriched property resources under management of the Company, including land, house property and high end scientific and technological park. The Company takes subordinate enterprises of Shenzhen International Trade Center Property Management Co., Ltd. And TK Property as the core platform, strives for building comprehensive full ecological chain operator of intelligent science and technology park. Shenzhen International Trade Center Property Management is among the first batch of National Qualified Level I Enterprise of Property Management, and was rated as “Top 100 National Property Management Enterprises” and “Excellent Enterprise of Property Management of Industrial Park In China” for several years successively, and has four subsidiaries, namely, Shenzhen Huangcheng Property Management Co., Ltd., Shandong ITC Property Management Co., Ltd., Chongqing ITC Property Management Co., Ltd. and Yangzhou Jingyue Property Management Co., Ltd. During the reporting period, it newly established Shenshan Guomao Property Management, Tongle Property Management of Shenzhen ITC Property Management, which are joint ventures. After more than 30 years of development, Shenzhen ITC Property Management has had striking brand advantages, with its property service projects all over the world, including Hulun Buir, Manzhouli, Baoding in Southwest China Market, Shandong, Shanghai, Zhejiang and Jiangsu in East China Market, Chongqing in Southwest China Market, Shenzhen and Dongguan in South China Market. The Company has provided service for the famous enterprise parks (Huawei, Alibaba, Jingdong, Hikvision) and a large batch of government property projects in Shandong and Chongqing. After purchasing TK Property, currently the total property management area of the Company is more than 20 million square meters, including 8 million square meters of management area of high end quality industrial parks, and has realized the national layout of high end industrial park operation management, having Baoding Shenzhen Industrial Park in the north, Hangzhou Alibaba in the east, Shenzhen Bay Industrial Park in the south, Chongqing Jingdong Industrial Park in the west. High end industrial operation and management scale of the Company will enter into the first echelon of domestic industrial park operation and management. On the basis of consolidating traditional property management, the Company will further accelerate to use big data, Internet of Things, AI, and other new technologies, construct smart operation service platform, constantly promotes platform upgrading and realize scale profits.

## **3. House leasing business**

As an important link in building comprehensive full ecological chain operator of the Company, house leasing business was originally operated by the leasing center of the HQ, and now it is operated by house leasing company independently, which aims at accelerating to cultivate the core operation ability of long term rental apartment while giving full play to the basic business advantage of real estate development and property management of the Group Company. House leasing company actively explores the development mode of “long term rental apartment + commercial office”, considers the operation solution of full life cycle of leasing assets as well, attaches great importance to return on investment, focuses on disposing stock assets and improves the operation profits of assets while seeking new opportunities of new leasing properties. Currently, the Company has signed cooperation agreement with talents settlement group of Futian District, and takes Fumin Complex project as the pilot project of new leasing mode, which has been listed into talent settlement engineering plan of Futian District in 2019. Stage I apartment project of Chuanbu Street, Fumin Complex project, Gourmet Palace on the 2<sup>nd</sup> floor of International Trade Center Plaza and other renovation project also progress as planned. Currently, the leasing property area exceeds 100,000 square meters, with the occupancy rate reaching 86%.

## **4. Other business**

The Company also provides catering service, warehousing service, supervision service, etc. The catering service is operated by Shenzhen Guomao Catering Co., Ltd, with the total operation area as 1,892 square meters. Guomao Catering Co., Ltd. was established in 1986, and the ITC Revolving Restaurant is the first air restaurant in China and was listed as “China’s highest revolving restaurant” by the State Council, is the only revolving restaurant specializing in Chinese foods and an important reception restaurants appointed by Shenzhen Municipal Government, and has received more than 600 domestic and overseas state heads, famous people and numerous domestic and overseas guests, with its reputation spreading all over the world. Talks given by President Deng Xiaoping in ITC Revolving Restaurant during his inspection to the south in 1992 stirred up the second wave of China’s opening up, and ITC Revolving Restaurant also becomes landmark scenic spot of Shenzhen with unique historical significance. Warehousing service is mainly operated by joint venture (50% equity) Jifa Warehousing Co., Ltd., with total warehouse area as 35,000 square meters. Subordinated supervision company of the Group, which was originally known as Shenzhen Property Engineering Management Department, has grade A supervision qualification of building works of MOHURD, and takes part in the construction and management work of Shenzhen World Trade Center Building. It is a witness of the whole process of “Shenzhen speed”, and mainly serves for the development project of the Group.

## **(II) Industry development stage and cyclic characteristics of the Company, and industry position of the Company during the reporting period**

**Industry development of the Company is closely related to national economic development and national policy orientation, and in positive correlation with cyclic fluctuation of economy.**

### **1. Real estate industry**

During the reporting period, China’s real estate market policy environment is still tightening. In July, 2019, meeting of the Political Bureau of the Central Committee reiterated the position of “house is used for living instead of speculation”, implemented long term management mechanism of real estate, and put forward the first time that real estate is not taken as a way for short term economic stimulation, specified the basic tone of future housing system and real estate policy. Financing policy of the real estate company gets tight constantly, involving trust, foreign bonds, development loan, etc. Base on each city, each district, and actuation situation, locality implement policies accordingly to keep the stability of real estate market. Under such policy background, China’s real estate industry mainly presents the following characters:

#### **(1) Real estate market enters the new cycle of quality improvement, speed reduction, and stable development**

According to report of the central bank, at the end of December, 2019, price of new commercial residence and second hand residence in 70 small and middle cities raised by 6.8% and 3.7% respectively, with the increase rate reduced by 3.7% and 4% compared with the same period last year. In 2019, the sales area of national commercial house keeps nearly the same as last year, with the total sales amount as 1.6 billion Yuan, with an increase of 6.5% compared with the same period last year, with the increase speed reduced by 5.7% compared with the end of last year. The increase speed of sales area and sales amount of commercial house both slowed down. National real estate development investment increased stably, with the completion amount increased by 9.9%, with the increase speed improved by 0.4% compared with last year. Among it, cumulative residence development investment was 0.97 billion Yuan, with an increase of 13.9% compared with the same period last year, with the increase speed improved by 0.5% compared with last year, accounting for 73.4% of real estate development investment. The real estate market maintains stable operation overall, and basically realized the policy objective of “stable land price, stable house price and stable forecast”. With the gradual exit of monetized resettlement dividend of shantytown renovation, fast promotion of long-effect management mechanism of real estate and housing system reform, etc., the market will return to rationality and commercial house sales will return to self-living needs.

(2) Pulled by progress of urbanization, urban renewal and renovation, improvement of living conditions, etc., real estate market space is still huge.

Real estate industry still has relatively huge development space. First, from the perspective of urbanization rate and citizen consumption level, urbanization rate failed to reach 60.60% in 2019, and there is still gap from 70% urbanization rate of developed countries. The improvement of urbanization still brings relative huge space for real estate market development, and the acceleration of centralizing the people to city will improves demand for urban real estate. Second, urban reconstruction and renewal involves a lot

of demolition of old houses, which is resettled by means of house or currency. As for monetized settlement, part of citizens need to enter second hand house and new commercial house market to buy self-living house. With city entering into the stock renovation age gradually, future urban renovation and renewal will further improve house demand. Third, according to study data of Evergrande, main real estate purchasing urban population of China before 2045 will be stabilized at about 0.55 billion, with their age moving upward. With the increase of urban citizens, outstanding demand for house quality improvement, in the future, high quality improved house will be popular.

(3) With the deterioration of industry competition, various real estate companies seek the development road of transformation and upgrading

“Matthew Effect” of market share of real estate enterprises is still deteriorating. According to statistics of CRIC, by the end of 2019, centralization degree of equity sales amount of TOP3, TOP10, TOP30, TOP50, TOP100 real estate develops have reached nearly 9.5%, 21.4%, 35.7%, 43.5% and 53% respectively. On one hand, risk prevention of real estate industry is strengthened, part local governments require that only developers with a certain scale can get the land, which squeezes the living space of small and medium real estate developers. On the other hand, constantly tightened policy makes overall financing difficulty and financing cost of real estate industry increase, scale real estate developers enjoy outstanding financing advantages and top real estate developers will occupy bigger market share. In fierce market competition, traditional single real estate development mode gets harder and harder to adapt to the change of the age. Various real estate companies also explore the development road of transformation and upgrading on and off, and seek new development direction and function positioning. Under the age background of big data and 5G, in the new age of replacing population dividend and land dividend with digital dividend completely, it has become the important direction of real estate developers to stand out in a round of new competition by thoroughly utilizing rich scenarios and traffic ports of themselves and seizing the opportunities brought by data application, Internet of Thing, and other scientific and technological revolution.

## 2. Industry of property management

With the acceleration of urbanization, the upgrading of citizen’s consumption level, and the constantly increase of stock property area, property management starts to develop fast, with broad industry development prospect. On one hand, China’s real estate market develops constantly, national new urbanization plan progresses for implementation, governments of part areas promotes full coverage of property management, and a large amount of residential communities introduce property management gradually. Incremental houses, stock houses and old residential communities provide huge market space for property management space. On the other hand, users of property service get mature, especially affected by the COVID-19 epidemic at the beginning of 2020, the service level of different property management show apparently, citizens realize that excellent property service not only matters the living experience, but also closely relates to individual health in critical period, which will further stimulate them to purchase excellent property service. Specifically, China’s property management industry mainly presents the following characteristics:

(1) Market scale accelerates expansion, industry presents the trend of the strong being strong forever

According to *Development Indicator Evaluation Report of Property Service Enterprises in 2019*, in 2018, total national management area of property management industry is 27.93 billion square meters, with an increase of 3.265 billion square meters compared with 2017, with the increase rate as 13.2%; the total income was 704.363 billion Yuan, with an increase of 103.64 billion Yuan compared with 2017 and the increase rate as 17.25%; there are totally 127,000 property service enterprises nationwide, with an increase of 9000 compared with 2017 and increase rate as 7.2%. In 2018, there are 70,403 property management projects of top 500 enterprises, with the management area as 11.878 billion square meters, accounting for 42.56% of the total area of property management industry in 2018, and the industry centralization degree is further improved. Meanwhile, different level enterprises of top 500 deteriorate their division, top 100 enterprises manage 41,514 projects and 8.008 billion square meters, with an increase of 33.89% compared with the same period last year, which account for 58.97% and 67.73% of the management projects and management area of top 500 enterprises. Resource advantages centralize toward top enterprises, and the industry presents the trend of the strong being strong forever.

(2) Fundamental property service is the basis and multiple operations become the profit growth point.

The revenue of property service enterprises mainly consist of two parts: income of fundamental property service and income of multiple operations. From the perspective of revenue and profit composition, fundamental property service has always been the revenue and profit core of property management service. However, in recent years, due to the slow increase of property management fee, the cost of labor intensive industry is hard to reduce; multiple operation business develops quickly, and has become the profit growth point of enterprises gradually. Top enterprises of property management industry deepen to dig customers' needs while providing high quality fundamental services, strive for providing diversified value added services for customers, and carry out multiple operation services, such as consulting, community house broker, community e-commerce service, community domestic service, community elderly care service, etc., involving elderly care, finance, education, tourism, new retailing, agriculture, etc, activate the stock market of fundamental property, and bring new growth space for enterprise development.

(3) Industry transformation and upgrading accelerates, the new format of "Internet + property management" presents

The development of Internet+ and big data makes property management enterprises follow the latest development trend of market closely, turn to intelligent property management, construct the new format of "Internet+ property management", and improve enterprise management efficiency and operation efficiency through informationized, intelligent, automatic and intensive management. Nearly all top property service enterprises own or are developing their own informationization platform. After the COVID-19, technological and mechanical requirements of property management service industry of the government and society will be further improved. In the future, property service enterprises will speed up transformation and upgrading, and change from traditional property service provider to integral supplier of modern services, apply scientific and technological means to provide standard "private butler" service and other service modes, and quality while paying more attention to the diversified needs of owners and improve property service quality while utilizing technology, information, AI and other high-tech technologies to improve service efficiency.

### 3. Industry position of the Company

SZPRD arises together with Shenzhen opening up and devotes to Shenzhen real estate and property management and other fields for more than 30 years. Its comprehensive capacity and brand influence gets stronger constantly and its industry position improves gradually. It has won many honors and awards in past years.

**Real estate division:** During the reporting period, at the Grand Ceremony of Shenzhen Real Estate in 2019 as well as Comprehensive Evaluation Briefing of Industry held by Shenzhen Real Estate Association, the Group won the honor of "Brand Value Enterprise of Shenzhen Real Estate Development Industry" and 30-Year Vice Present Unit Since Shenzhen's Establishment"; SZPRD-Hupan Yujing project won "Residential Quarter Gold Prize of Tien-yow Jeme Civil Engineering Prize", with product capacity winning the recognition of industry authorities; Dongguang Company won the honor of "Service Enterprise with Benefit Contribution Ranking Top 10 in 2018", with the ranking as 2<sup>nd</sup>.

**Property management division:** ITC Property Management was among the first batch of national qualified Level I enterprises of property management. During the reporting period, it ranked the 33<sup>rd</sup> of "Top 100 Enterprises of China's Property Management in 2019", ranked the 4<sup>th</sup> of "Property Management Enterprises of China's Industrial Park in 2019", and won the honor of "Best Innovation Award" of IFMA (China) in 2019 and other honors. This also enables ITC Property Management to be rated as Top 100 Enterprise of China's Property Service from 2016 to 2019 consecutively and become council member of Guangdong Green Supply Chain Association & Green Property Management Professional Committee; the Company's purchasing of TK Property enhances the Company capacity and improves industry position strikingly. During the reporting period, TK Property ranked the 15<sup>th</sup> of "Top 50 of Comprehensive Capacity of Shenzhen Property Service Enterprises in 2018" which is rated by Shenzhen Property Management Association, ranking three places higher than in 2017.

Comprehensive capacity of the Company also won thorough recognition and highly evaluation of the industry. During the reporting period, the result of the selection activity of "Guandong Top 500 Enterprises in 2019" jointly held by Guangdong Provincial Federation of Enterprises and Guangdong Federation of Entrepreneurs, the Company won the honor of "Guandong Top 500 Enterprises in 2019" consecutively for 9 years.

## II Significant Changes in Major Assets

### 1. Significant Changes in Major Assets

Major assets	Main reason for significant changes
Equity assets	Up 12.69% from the beginning amount, primarily driven by gains on joint ventures recognized at the equity method
Fixed assets	Down 8.74% from the beginning amount, primarily driven by asset stripping by subsidiary Shenzhen Toukong Property Management Co., Ltd.
Intangible assets	Up 53.83% from the beginning amount, primarily driven by new purchases
Construction in progress	No such assets
Accounts receivable	Up 39.14% from the beginning amount, primarily driven by the increase in revenue of the property management business
Other receivables	Up 1046.94% from the beginning amount, primarily driven by the accounts between Rongyao Real Estate and shareholders before Rongyao Real Estate was merged into the Company
Inventories	Up 251.93% from the beginning amount, primarily driven by increase in the development costs of the projects of Guanlan Bangling, Banshan Yujing Phase II and Fuchang Phase II
Other current assets	Up 146.62% from the beginning amount, primarily driven by increase in pre-paid VAT and input tax to be deducted
Available-for-sale financial assets	Down 100% from the beginning amount, primarily driven by reclassification according to the new accounting standards governing financial instruments
Investment property	Down 21.25% from the beginning amount, primarily driven by asset stripping by subsidiary Shenzhen Toukong Property Management Co., Ltd.
Long-term prepaid expenses	Up 101.37% from the beginning amount, primarily driven by more decoration activities
Deferred income tax assets	Up 26.37% from the beginning amount, primarily driven by larger amounts of deductible loss and land VAT provision
Other non-current assets	Down 95.71% from the beginning amount, primarily driven by decrease in prepayments for investments

### 2. Major Assets Overseas

Applicable  Not applicable

## III Core Competitiveness Analysis

In recent years, while vigorously developing the traditional real estate business and deploying the core city cluster, the Company has gradually improved its pluralistic development strategy, and continuously enhanced its core competitiveness by means of effective strategic adjustment so as to accumulate strength for its future sustainable development. The Company's core competitiveness can be analyzed from the following aspects:



**The first is the enterprise spirit of "going ahead and reforming".** At the beginning of its establishment, The "Shenzhen Speed" that "one floor was completed in three days" reflected the good style of work of Shenzhen Property personnel, such as taking courage to explore, and forged the enterprise spirit of "going ahead and reforming". During the reporting period, the Group obtained localized development project for the first time by means of marketized purchasing, which is also the first completely marketized urban renewal project in the history of the Group. Merger of TK Property just took 9 and a half months actually, and created "Shenzhen Speed" of marketized incorporation of state owned enterprises in Shenzhen. The Company leads to implement following investment system of urban renewal projects in municipal state owned asset system, and takes solid steps in multi-layer incentive restriction mechanism. One generation after another generation of Shenzhen Property personnel constantly carry forward and practice the enterprise spirit of "going ahead and reforming", and promote sustainable, healthy and stable development of the enterprise.

**The second is the constantly enriched strategic and project resources.** As the main company and platform company of municipal state owned enterprise system of Shenzhen, SZPRD thoroughly utilizes listed company platform for capital operation, constantly enriches property resources under management, including land, housing property and high end scientific and technological park, and realizes endogenous and denotative growth. It actively introduces strategic investors and establishes strategic cooperation relationship with Infinova and other companies, with its strategic resources obtaining and integration ability enhanced constantly. Meanwhile, relying on high quality service and good reputation, it accumulates a lot of stable customer resources, and expands project resources constantly, and the affiliated property management company won several bids of property management projects. Its property service format realizes diversification and professionalism.

**The third is standard governing mechanism and stable management team.** The Company constantly deepened system construction, consolidated enterprise operation foundation, improved standard and normative management level, and finished remuneration performance and enterprise annuity reform solution and implemented it within the year. For bidding and tendering, investment and merger, internal control, more than 15 regulations and systems were newly formulated or revised in the whole year, the conception of ruling the enterprise by law was sorted out and strengthened, and corporate governance structure was completed. The Company has a stable operation team, which persists in the corporate development strategy, continuously making the 13<sup>th</sup> Five-Year Strategic Plan and the 14<sup>th</sup> Five-Year Strategic Plan and pioneering with the strategic plans as the guideline and road map, thus ensuring the continuity of the Company's principal policy.

**The forth is profound "ITC" brand value and social recognition.** Over more than 30 years of development and accumulation, the Company is highly recognized in the market by virtue of its brand value of "ITC" brand value that carries the spirit of opening up. In July, 2019, the Company won the honor of "Brand Value Enterprise of Shenzhen Real Estate Development Industry" and 30-Year Vice Present Unit Since Shenzhen's Establishment", as well as the honor of "Best 500 of China Real Estate Developers", "Guangdong Top 500 Enterprises", etc, with its social influence and brand reputation improved constantly.

## Part IV Operating Performance Discussion and Analysis

### I Overview

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.

#### (I) Industry review for the reporting period

##### 1. Macro economic situation

In 2019, affected by the rise of trade protection, slow-down of technical revolution, and the increase of uncertainty of geopolitics, etc., global economy growth kept slow, the growth of main world economic entities was sluggish. For different countries, tense international trade situation and sluggish global economy made the economic growth speed of America slow down. Federal Reserve entered preventive interest rate reduction from interest rate increase channel, had three times of interest reduction in July, September, and October respectively, and promotes loose monetary policy gradually. Due to trade friction and the uncertainty of Brexit, the economic growth of Eurozone is sluggish, inflation kept on being low, which is apparently not good as the middle and long term goal. Japan was also affected by internal and external factors, presented reduction in both export and production, with its economy running low. Restricted by both external uncertainty and internal structure problems, economic growth of main world emerging market countries also slowed down, and part of countries all entered into interest reduction channel. Generally speaking, global economy is still in the deep adjustment period after the international financial crisis, accelerated evolution characteristics of great world change gets more strikingly, and global fluctuation and risk points increase obviously.

For domestic economy, restricted by Sino-US trade friction, Financial deleveraging, industry transformation and upgrading, etc., the pressure of economy walking downward is big. According to national statistic bureau, in 2019, annual GDP was 99.1 trillion Yuan, with an increase of 6.1% compared with the same period last year, conforming to the predicted objective of 6% to 6.5%. However, economic growth reached record new since 1991, with quarterly growth rate as 6.4%, 6.2%, 6.0% and 6.0% respectively, presenting quarterly downward trend. Growth rate of Q3 and Q4 reduced to the lowest point during 12 historical quarters. In 2019, fixed asset investment increased by 5.4% compared with the same period last year, with the increase rate decreased by 0.5% compared with the whole year of 2018. However, real estate investment was still in downward channel, cumulative real estate investment in 2019 increased by 9.9% compared with the same period last year, with the growth speed fell back by 0.3% compared with January to November but increased by 0.4% compared with 2018; as for December, it increased by 7.4% compared with the same period last year, fell back by 1.0% compared with November. With tight policy, investment fell back slowly. In 2019, land purchase area decreased by 11.4% compared with the same period last year, with a negative increase, decreased by 25.6% compared with 2018. According to data of China Index Academy, in four quarters of 2019, average land transaction rate of 300 cities were 13%, 21%, 10%, 9% respectively, presenting falling down trend, and the land market cooled down obviously. In 2019, real estate sales decreased by 0.1% annually, fell down by 1.4% compared with 2018. Under the overall tightening financing environment, real estate sales is still low.

At the end of 2019, with the mutual function of temporarily slow-down of Sino-US trade friction, loose financial and monetary policy, forecast improvement of enterprises, etc., economy stabilized in short term, investment and export increased a little, and consumption kept stable. From the beginning of 2020, the epidemic of COVID-19 spread all over the country quickly, to avoid large scale flow and aggregation of population, the whole country took the prevention measures of isolation at home, prolonging work and production resumption, etc., manufacturing, real estate, infrastructure construction stopped basically, which caused apparent shock to investment, consumption and export in short term. However, after this epidemic, domestic system and mechanism reform expects to further deepen, stimulate new intelligent, online production and life formats. In long term, China's economy still has huge

development potential. With the further deepened structure reform of supply side, scientific and technological innovation vitality brought by higher level opening up, the improvement of total factor productivity, and constant stability of macro policy, China's economy will keep on maintain the basic trend of walking toward better in stability and in long term.

## 2. Policy environment of the industry

In 2019, for policy of central committee level: at the beginning of the year, two sessions(NPC and CPPCC) clarified to “prevent big fluctuation of real estate market:; in April, meeting of the Political Bureau of the Central Committee reiterated the basic tone of “living house being not for speculation; in July, the Political Bureau of the Central Committee put forward for the first time that real estate will not be take as a means to stimulate economy in short term; at the end of the year, economic work conference of the Central Committee pointed out to “strengthen urban renewal and stock house renovation and improvement, do renovation work of old urban communities well, powerfully develop rental house”, and further reiterated to “stick to the position of house being not used for speculation, and thoroughly implement the long effect regulation mechanism of taking measures according to city situation, stabilizing land price, house price and forecast”; the Central Committee went through the forecast of from stability to tightening to stability again. For local finance level: at the beginning of the year, Haikou, Xi'an, Nanjing, and many other cities lowered its talent settlement threshold, Shijiazhuang opened its settlement and moving-in restriction conditions thoroughly, Hohhot, Ningbo, etc. released the stimulant measures, such as subsidy for talents to purchase house, etc.; at the middle of the year, Suzhou, Dalian, Xi'an, etc. enhanced their regulation, and implemented price limit order to maintain the forecast stability of real estate market; since Q3, many cities focus on new policy on talents, Shanghai, Zhuhai, Nanjing, etc. only loosed its house purchasing threshold for in part ares, while Changsha, Sanya, Foshan, etc. Loosed its restriction in the whole city, and the local level went through the regulation process from being loose to being tightening to being loose again.

For financial policy, taking NO. 23 Document in May as the start point, China Banking and Insurance Regulatory Commission 's supervision for bank and trust financing got stricter and stricter, real estate trust and overseas financing showed tightening signal successively. This policy has relatively small influence on real estate developer with stable finance and high credit, and industry finance may further be divided. In August, the Central Bank completed its LPR and formed mechanism, loan interest rate pricing method is adjusted into “LPR plus basis point”. Although currently, house loan still belongs to high quality assets with safety attributes and this pricing method may have good benefits, under the big background of strict regulation on real estate, loan interest rate still tend to increase instead of fall. Besides, in 2019, shanty house renovation cooled down apparently, with the construction amount fell back greatly, and monetary settlement rate reduced.

Looking forward to the future, stability is still the main tone of real estate regulation policy. Long-effect mechanism has been quickly implemented in leasing, selling, house for living instead of speculation and other regulation links, leads the market to stabilize the forecast with long-effect mechanism. There expects to be more system policies to be released in 2020. In the future, real estate market will show the layout of stable sales and regional differentiation, and return to its living attributes.

## 3. Regional market layout

In 2019, the Central Committee reiterated that the house is for living instead of speculation, real estate financial supervision keeps on tightening. Under such a background, Shenzhen embraced the releases of GBA Planning Outline, the issuing of opinions on pioneering socialist demonstration zone, and the adjustment of standard of “mansion tax”, etc., the real estate market kept on going upward. According to data of China Index Academy of CREIS, in 2019, the whole city launched 43,376 commercial houses with the area as 4.3777 million square meters, with the supply area increased by 15.1% compared with the same period last year, and the supply quantity had resumed to the level of 2016; commercial house transaction reached 37,484 sets, with the area as 3.6986 square meters, with the transaction area increased by 26.48% compared with the same period last year, and the transaction scale reached record high in recent three years; transaction price of commercial house kept stable, the average annual transaction price was 55,8231 Yuan /square meter, with an increase of 3.14% compared with the same period last year; transaction of second hand house kept strong, with totally 77,149 second hand houses transacted in the whole year, with the area as 6.3721 square meters, and the transaction quantity and area reached record high in recent three years, with an increase of 19.4% and 20.1% respectively. The land market also realized increase in both supply and demand, the whole city launched 56 pieces of land, with the total planning area as

8.2785 square meters, with an increase of 26.9% compared with same period last year; 48 pieces of land were transacted successfully in total, with the planning area as 6.7478 million square meters, with an increase of 9.8% compared with the same period last year. In the future, regulation policy in Shenzhen expects to maintain the main tone of stability, keep on promote the system of both leasing and purchasing, establish long-effect mechanism, to ensure the real estate market to realize the pattern of stable transition and multiple consumption.

## (II) Business Review for the Company in 2019

In 2019, the Company upheld the core values of “Work Together, Create Together and Share Together”, focused on the major tasks of “Property Development, Capital Operation and Payment Collection”, and adhered to a market-oriented strategy in operations. As a result, breakthroughs have been made in multiple major property projects that are leading the Company’s strategic transformation, the operations of the existing property projects have been fruitful, and a “3+X” diverse business structure is taking shape. More details are given as follows:

——**Operating results achieved a new high as all business divisions thrived.** The total assets of the Group exceeded RMB10 billion for the first time in history during 2019. For the year, the Group recorded operating revenue of nearly RMB4 billion for the first time in history, up 17.32% year-on-year, and a profit before tax reaching RMB1 billion for the first time in history, up 9.42% year-on-year. Currently, operating revenue mainly comes from property sales, with minor contributions from property management, house rental, catering service and other businesses. For 2019, the property sales business reported operating revenue of RMB2.740 billion (69.16% of the Group’s total operating revenue), up 20.03% year-on-year; the property management business achieved operating revenue of RMB1.198 billion (30.24% of the Group’s total operating revenue, a much bigger contribution than before), up 12.83% year-on-year; the catering business generated operating revenue of RMB22 million (0.57% of the Group’s total operating revenue); and the other businesses combined reported operating revenue of RMB1.0638 million (0.03% of the Group’s total operating revenue).

——**Performance of real estate plate is striking, and land reserve bottle neck is relieved temporarily.** Subordinated real estate companies of the Group actively adapted to the change of macro policy and micro market, adjusted operation strategy timely, seized the market opportunities quickly, obtained outstanding performance during the reporting period, completed the annual payment collection objective of Golden Collar Holiday Apartment, Qianhai Harbor Garden, Songhua Langyuan, and made great contribution for the Group to maintain abundant currency flow and good asset and debt level as well as to complete annual operation objective. Huangcheng Real Estate Company realized annual operation revenue of about 2.1 billion Yuan, with the net profit as about 0.6 billion Yuan, and revenue and net profit increase in large amount; Phase II project of Xuzhou Company opened quotation at the end of the year, on the opening day, the subscription got good performance immediately. Meanwhile, the Company powerfully expanded land projects through bid invitation, auction and listing, merger and acquisition, etc., the new land reserve of the whole year exceeded 120,000 square meters, all the lands are in Shenzhen, and cumulative land reserve is close to 300,000 square meters. The bottle neck problem of land reserve which has always been restricting the sustainable development of the Company has been relieved initially.

——**Property management plate keeps vigorous, and endogenetic expansion is the bright spot.** In 2019, ITC Property Management realized an operation revenue of about 0.55 billion Yuan (including Huangcheng Property Management, Dongguan Company, Yangzhou Jingyue Property Management), expanded totally 25 high quality property management projects, including, Jingdong in Chongqing and Chengdu, Giant Interactive Group Inc. in Shanghai, etc., the net management area increased by about 1.48 million square meters, and over-fulfilled the market expansion objective; it registered and established Shenshan Guomao Property Development Guomao Tongle Property Management and other property management subsidiaries, and innovated business development mode of property management; it reached property service intention with VCEP to jointly build the demonstration zone of the “the Belt and Road” initiative, with its market occupancy and brand influence enlarged constantly. The revenue of Huangcheng Property Management is about 60 million Yuan, and its first external expansion project broke through 0 in the year, newly expanded project area of 50,000 square meters, including Bank of Communication Tower, Double Innovation Park in Zhaoqing, etc. The operation revenue of joint venture Yangzhou Jingyue Property Management was about 7 million Yuan, and it

undertook projects, like 1520 mu of Phase I of Sanwan Scenic Spot of Yangzhou Canal, with the total area as 1.83 million square meters.

——**House asset operation plate realized independent operation, which accelerated the cultivation of core competitiveness.**

Housing Assets Operation and Management Company operated independently, actively explored the development mode of “commercial office + long term rental apartment, with the annual rental more than 60 million Yuan, and especially revitalized the Mayland parking lot, ONE39 Building, Fumin Complex, realized the operation of “Manshili” to the public. It also adapted to the market change and adjusted the operation strategy of long term rental apartment, and rented Xiyu Longyuan Store and Longhua Store out successfully.

—— **The business of other plates were carried out in order, the effect of diversified operation strategy was striking.** The operation revenue of Guomao Catering from January to November was about 25 million Yuan, the revolving restaurant stopped operation for decoration. After decoration, it will take opening up and talks give by Chairman Deng Xiaoping in his inspection to the south as clues, re-pick up the special administrative zone spirit of “being pioneering and going ahead”, fully manifest the historic value of revolving restaurant, and expects to bring new growth for catering business income; revenue of the Supervision Company was about 6 million Yuan; the revenue of SZPRD Jifa Warehouse Co., Ltd. Was about 16 million Yuan, took back the warehouses which were occupied overdue successfully and unconditionally, and will charge venue fee for overdue occupancy by stages; the revenue of Tian’an Company was about 20 million Yuan, and all work carried out smoothly.

**The second is to focus on increment, and lay solid foundation for the sustainable development of the Group.** In 2019, the company started to expand project resources through merger and acquisition, with obvious incremental effect. Guanlan Bangling urban renewal project made great breakthrough within the year as the first industrial and urban integration project of the Group, with a site area of approximately 70,000 square meters and a floor area of more than 600,000 square meters. The purchasing work of TK Property was completed within 9 and a half month, and created the “Shenzhen Speed” of state owned asset system enterprise merger and acquisition. After the purchasing, the asset scale of the Group broke through 1 million Yuan for the first time, and it has realized its nationwide operation and management layout of high end industrial parks with Baoding (Shenzhen) Industrial Park in the north, Alibaba Hangzhou in the east, Shenzhen Bay Industrial Park in the south and JD in the west. Its high end industrial park management area reached nearly 8 million square meters, and ranked into the first formation of domestic high end industrial park management, with its industry position improved obviously. Leasable property area of the Group has increased by 3.5 times to 380,000 square meters, the area of land which can be developed in Shenzhen was about 54,000 square meters, with striking synergism, which lays solid foundation for sustainable development of the Group. TK Property realized an annual revenue of about 0.68 billion Yuan, and became another major growth polar of Group revenue.

**The third is to practice marketized operation conception, and to establish stimulation and restriction mechanism of multi-level.** In 2019, the Group implemented following investment of real estate project, and pioneered in state owned asset system of Shenzhen, which not only opened the new pattern that the Group and employees enjoys the development achievements together, but also became a pilot field for the Group to change operation revenue and implement marketized operation mode, mechanism, means and level, realized the Group’s transformation from pure pursuit of project “profits” to efficiency, effect and profits”, and will further stimulate the employees’ initiative and innovation and improve operation performance; the Group realized remuneration reform with full coverage for the first time, actively explored to promote multi-layer incentive measures, realized to connect remuneration level, and punishment and reward measures with marketization level, which is of great significance for preservation and introduction of core professional personnel and is favorable for driving the high quality stable development of the Group.

### **(III) Land Bank**

#### **1. New additions to the land bank**

Name of land lot or project	Location	Planned usage of land	Site area (m <sup>2</sup> )	Floor area with plot ratio (m <sup>2</sup> )	How the land is obtained	The Company's interest	Total land price (RMB'0,000)	Consideration of the acquiree's interest (RMB'0,000)
Guanlan Bangling project	Shenzhen	Comprehensive	68,299	433,640	Acquired	69%	Still in the stage of demolition, land price unpaid	50,800
Yupinluanshan Garden project	Shenzhen	Office, residential	21,924	78,925	Acquired	As per contract	17,997.5 (acquisition price)	102,738
Baolu project	Shenzhen	Industrial	32,425	81,640	Acquired	100%	12,256.63 (acquisition price)	102,738

Note: The last column in the table above shows the considerations of the acquirees' interests.

## 2. Cumulative land bank

Name of project/area	Site area (0,000 m <sup>2</sup> )	Floor area (0,000 m <sup>2</sup> )	Floor area available for development (0,000 m <sup>2</sup> )
Guanlan Bangling project	6.83	62.47	62.47
Yupinluanshan Garden project	2.19	7.89	7.89
Baolu project	3.24	8.16	8.16
Land in Danshui, Huiyang District, Huizhou City	1.77	6.20	6.20
Land in Hongqi Town, Haikou City	15.80	-	-
<b>Total</b>	<b>29.83</b>	<b>84.72</b>	<b>84.72</b>

Note: The floor areas of the Yupinluanshan Garden project, the Baolu project and the land in Danshui, Huiyang District, Huizhou City are floor areas with plot ratio.

## (IV) Development status of major projects

City/region	Name of project	Location	Usage	The Company's interest	Time for commencement of construction	% developed	% that has completed construction	Site area (m <sup>2</sup> )	Planned floor area with plot ratio (m <sup>2</sup> )	Floor area that completed construction in the Current Period (m <sup>2</sup> )	Cumulative floor area that has completed construction (m <sup>2</sup> )	Estimated total investment (RMB'0,000)	Cumulative investment (RMB'0,000)
-------------	-----------------	----------	-------	------------------------	---------------------------------------	-------------	-----------------------------------	-----------------------------	--	--	---	--	-----------------------------------

Shenzhen	Golden Collar's Resort apartments	Futian District	Residential	100%	2014.3	100%	100%	12,598	133,767	182,585	182,585	143,758	86,571
Xuzhou City	Banshan Yujing (Phase II)	Tongshan District	Residential	100%	2019.3	Under construction	Roof sealed atop the concrete and steel frame, and secondary structure 40% completed	31,537	22,906	0	0	22,124	10,766
Shenzhen	Fuhui Huayuan	Futian District	Affordable housing	100%	2018.12	Under construction	Pile foundation completed	4,274	32,050	0	0	90,439	57,631

**(V) Sales status of major projects**

City/region	Name of project	Location	Usage	The Company's interest	Floor area with plot ratio (m <sup>2</sup> )	Floor area available for sale (m <sup>2</sup> )	Cumulative pre-sold/sold floor area (m <sup>2</sup> )	Floor area pre-sold/sold in the Current Period (m <sup>2</sup> )	Pre-sale/sales revenue generated in the Current Period (RMB'0,000)	Cumulative settled floor area (m <sup>2</sup> )	Floor area settled in the Current Period (m <sup>2</sup> )	Pre-sale/sales revenue settled in the Current Period (RMB'0,000)

ShenZhen	SZPR D-Qianhai Gangwan Garden	Intersection of Yueliangwan Boulevard and Xinghai Boulevard in Nanshan District	Residential	100.00%	64,625.13	63,448.26	63,448.26	3,383.81	25,437.8	63,336.29	4,629.70	33,306.86
ShenZhen	Golden Collar's Resort apartments	Intersection of Futian South Road and Binhe Road in Futian District	Residential, studio apartments and commercial	100.00%	133,767	125,234.63	34,908.48	34,753.60	276,914	27,102.13	27,102.13	208,550
Dongguan City	Songhu Langyuan	Dalang Town	Residential, commercial	100.00%	147,139.96	140,911	140,911	2,519.96	3,686.9	145,443	9,687	10,432
Xuzhou City	Banshan Yujing (Phase I)	6 Huashan Road, Tongshan District, Xuzhou City, Jiangsu Province	Villa	100.00%	54,589	85,651.61	85,651.61	6,321.47	5,213	83,321.27	4,864	3,888
Xuzhou City	Banshan Yujing (Phase II)	6 Huashan Road, Tongshan District, Xuzhou City, Jiangsu Province	Residential (elevator houses of 4-7 floors)	100.00%	22,906	21,720.72	11,728	11,728	14,199	0	0	0
Yangzhou City	Hupan Yujing Phase I	Intersection of Shouxihu Road and Hangou Road	Residential units, shops, apartments, parking garages and lots	100.00%	36,141.28	48,870.98	41,478.67	1,618.24	156	41,271.18	2,411.74	1,321.29



Yangzhou City	Hupan Yuqing Phase II	Intersection of Shouxihu Road and Hangou Road	Residential units, shops, apartments, parking garages and lots	100.00%	56,935.75	73,121.96	66,205.83	8,813.37	11,085	63,116.99	8,874.11	9,193.56
---------------	-----------------------	---	--	---------	-----------	-----------	-----------	----------	--------	-----------	----------	----------

Note: The settled floor area of the Songhu Langyuan project in Dongguan City includes parking lots.

#### (VI) Rental status of major projects

Name of project	Location	Usage	The Company's working interest	Rentable area (m <sup>2</sup> )	Cumulative rented area (m <sup>2</sup> )	Average occupancy rate
Xi Apartments (Longyuan)	Shenzhen	Apartments for long-term rental	100%	3967	3967	100%
Xi Apartments (Longhua)	Shenzhen	Apartments for long-term rental	100%	1609	1609	100%
Xi Apartments (Xinhu)	Shenzhen	Apartments for long-term rental	100%	1600	1600	100%
Food Court in the International Trade Center	Shenzhen	Commercial	100%	4423	4080	92%
Tower A of Wenjindu Port Building	Shenzhen	Office building	Jan.-Nov.: 100% Dec.: 75%	5884	5653	96.2%
Haiwai Lianyi Building	Shenzhen	Commercial units and offices	Jan.-Nov.: 100% Dec.: 75%	9788	9788	100%
Anhua Building	Shenzhen	Offices	Jan.-Nov.: 100% Dec.: 75%	1414	1414	100%
Training Building/Dormitory	Shenzhen	Residential units/offices/commercial units	Jan.-Nov.: 100% Dec.: 75%	7682	2796	36.4%
Pengfu Building	Shenzhen	Offices	Jan.-Nov.: 100% Dec.: 75%	6494	6494	100%
Jinfu Building	Shenzhen Shenzhen	Commercial	Jan.-Nov.: 100% Dec.: 75%	1701	1701	100%
			100%	568	568	100%
Fuxing Garden	Shenzhen	Residential/commercial	Jan.-Nov.: 100% Dec.: 75%	5787	5787	100%
		Commercial	100%	1417	1417	100%

Plant area in Tangxia Town, Dongguan City	Dongguan City	Plant	Jan.-Nov.: 100% Dec.: 75%	21383	21383	100%
Pacific Business Building	Shenzhen	Commercial units/offices	Jan.-Nov.: 100% Dec.: 75%	18134	15703	86.5%
Kangti Building	Shenzhen	Commercial units/offices	Jan.-Nov.: 100% Dec.: 75%	3157	3157	100%
Lyuhua Building	Shenzhen	Commercial and residential	Jan.-Nov.: 100% Dec.: 75%	6297	6297	100%
Shops on the ground floor of Tower 48 in Lianhua North Village	Shenzhen	Shops	Jan.-Nov.: 100% Dec.: 75%	1000	1000	100%
Haonianhua Building	Shenzhen	Apartments and commercial units	Jan.-Nov.: 100% Dec.: 75%	2513	2513	100%
			100%	1619	1619	100%
Hostel 2 at Yuxin School	Shenzhen	Hostel	Jan.-Nov.: 100% Dec.: 75%	3176	3176	100%
Kaifeng Garden in Shangmeilin	Shenzhen	Residential	100%	1307	1252	95.8%
West Tower of Baihuo Square	Shenzhen	Commercial units/offices	100%	13632	13632	100%
Nanzheng Building	Shenzhen	Offices	100%	8810	6590	74.8%
Building 409 in Sangda Industrial Zone	Shenzhen	Plant	100%	3309	3309	100%
Mianshui Studio Apartments	Shenzhen	Apartments	100%	3440	3440	100%
Xiangfu Building	Shenzhen	Commercial units	100%	3109	3109	100%

**(VII) Primary land development**

Applicable  Not applicable

**(VIII) Financing channels**

Unit: RMB'0,000

Financing channel	Ending balance of financings	Financing cost range/average financing cost	Maturity structure			
			Within 1 year	1-2 years	2-3 years	Over 3 years
Bank loans	219,393.30	4%-6%			93.30	219,300.00
<b>Total</b>	<b>219,393.30</b>				<b>93.30</b>	<b>219,300.00</b>

**(IX) Development strategy and operating plan for the coming year**

Please refer to “IX Prospects” in “Part IV Operating Performance Discussion and Analysis”.

**(X) Provision of guarantees for homebuyers on bank mortgages**

Applicable  Not applicable

As a usual practice for real estate developers, the Company has been providing guarantees and security deposits for its homebuyers on their bank mortgages. As at 31 December 2019, security deposits for such outstanding guarantees amounted to RMB1,120,910.60, which will be returned upon the expiry of the guarantees, i.e. when the relevant homebuyers paid off their bank mortgages.

As a usual practice for real estate developers, the Company and its subsidiaries has been providing guarantees for its homebuyers on their bank mortgages, and the homebuyers use their purchased homes as collateral. As at 31 December 2019, the outstanding guarantee amount was RMB1,812,240,875.59 in total. On the ground that there have been no default by the homebuyers so far and that the market prices of the relevant properties are currently higher than the trading prices, the Company believes the risk associated with such guarantees is low.

**(XI) Joint investments by directors, supervisors and senior management and the listed company (applicable for such investments where the directors, supervisors and senior management are the investment entities)**

Applicable  Not applicable

Name of project	Type of investment entity	Amount of investment (RMB'0,000)	% of investment amount	As % of the peak of the project funds	Cumulative income	Disinvestment	Compatibility of actual investment amount and distributed income
Urban Renewal of Bangling Section at Guanlan Street	Mandatory investment entities (including directors and senior management)	2,647.00	66.18%	N/A	0	None	N/A
	Voluntary investment entities	1,353.00	33.82%	N/A	0	None	N/A

Note: Since this is an ongoing project, the peak of the project funds, cumulative income and disinvestment are unknown. For details, please refer to the relevant announcements disclosed by the Company on [www.cninfo.com.cn](http://www.cninfo.com.cn) dated 9 November 2019.

**II Core Business Analysis****1. Overview**

See “I Overview” above.

**2. Revenue and Cost Analysis****(1) Breakdown of Operating Revenue**

Unit: RMB

	2019		2018		Change (%)
	Operating revenue	As % of total operating revenue (%)	Operating revenue	As % of total operating revenue (%)	
Total	3,961,669,942.44	100%	3,376,673,249.90	100%	17.32%
By operating division					
Property development	2,740,011,690.51	69.16%	2,282,760,505.89	67.60%	20.03%
Property management	1,198,097,114.02	30.24%	1,061,865,341.89	31.45%	12.83%
Catering service	22,497,327.37	0.57%	27,677,194.36	0.82%	-18.72%
Other	1,063,810.54	0.03%	4,370,207.76	0.13%	-75.66%
By product category					
Property development	2,740,011,690.51	69.16%	2,282,760,505.89	67.60%	20.03%
Property management	1,198,097,114.02	30.24%	1,061,865,341.89	31.45%	12.83%
Catering service	22,497,327.37	0.57%	27,677,194.36	0.82%	-18.72%
Other	1,063,810.54	0.03%	4,370,207.76	0.13%	-75.66%
By operating segment					
Shenzhen	3,712,909,688.00	93.72%	2,286,409,007.08	67.71%	62.39%
Dongguan	104,316,939.42	2.63%	252,401,699.77	7.47%	-58.67%
Other	144,443,315.02	3.65%	837,862,543.05	24.81%	-82.76%

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

√ Applicable □ Not applicable

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Property sales	2,740,011,690.51	473,094,327.81	82.73%	20.03%	-45.72%	20.91%
Property management	1,198,097,114.02	938,758,632.94	21.65%	12.83%	15.58%	-1.86%
By product category						

Property sales	2,740,011,690.51	473,094,327.81	82.73%	20.03%	-45.72%	20.91%
Property management	1,198,097,114.02	938,758,632.94	21.65%	12.83%	15.58%	-1.86%
By operating segment						

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

Applicable  Not applicable

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

Yes  No

Operating division	Item	Unit	2019	2018	Change (%)
Property development	Sales volume	m <sup>2</sup>	69,138.45	60,245	14.76%
	Output	m <sup>2</sup>	262,098	262,098	0.00%
	Inventory	m <sup>2</sup>	114,628	158,489	-27.67%

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

Applicable  Not applicable

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

Applicable  Not applicable

### (5) Breakdown of Cost of Sales

By operating division

Unit: RMB

Operating division	Item	2019		2018		Change (%)
		Cost of sales	As % of total cost of sales (%)	Cost of sales	As % of total cost of sales (%)	
Property development		473,094,327.81	33.00%	871,541,406.96	50.96%	-45.72%
Property management		938,758,632.94	65.48%	812,213,761.80	47.49%	15.58%
Catering service		21,187,618.40	1.48%	24,267,757.21	1.42%	-12.69%
Other		575,306.29	0.04%	2,267,624.96	0.13%	-74.63%

Notes:

N/A

**(6) Changes in the Scope of Consolidated Financial Statements for the Reporting Period**√ Yes  No

Four new entities were added to and one entity was excluded from the consolidated financial statements of 2019 compared to 2018. For details, please refer to “VIII Changes to the Scope of the Consolidated Financial Statements” in “Part XII Financial Statements”.

**(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)	138,669,567.95
Total sales to top five customers as % of total sales of the Reporting Period (%)	3.50%
Total sales to related parties among top five customers as % of total sales of the Reporting Period (%)	0.77%

Information about top five customers:

No.	Customer	Sales revenue contributed for the Reporting Period (RMB)	As % of total sales revenue (%)
1	Alibaba (China) Co., Ltd.	40,935,059.58	1.03%
2	Shenzhen Bay Technology Development Co., Ltd.	30,371,848.90	0.77%
3	SF Technology Co., Ltd.	27,928,635.64	0.70%
4	Alibaba (China) Technology Co., Ltd.	22,273,082.83	0.56%
5	Natural person 1	17,160,941.00	0.43%
Total	--	138,669,567.95	3.50%

Other information about major customers:

√ Applicable  Not applicable

The Company's controlling shareholder Shenzhen Investment Holdings Co., Ltd. holds 100% of shares of Shenzhen Bay Technology Development Co., Ltd. which exists related-party relationship with the Company.

Major suppliers:

Total purchases from top five suppliers (RMB)	341,196,729.00
Total purchases from top five suppliers as % of total purchases of the Reporting Period (%)	75.34%
Total purchases from related parties among top five suppliers as % of total purchases of the Reporting Period (%)	0.00%

Information about top five suppliers:

No.	Supplier	Purchase in the Reporting Period (RMB)	As % of total purchases (%)
1	The Second Construction Co., Ltd of China Construction Third Engineering Bureau	144,810,000.00	31.98%
2	Jiangsu Hanjian Group	110,750,000.00	24.46%
3	Shenzhen Hongtao Group Co.,Ltd.	30,513,800.00	6.74%
4	Shenzhen Dingsheng Xingye Technology Co., Ltd.	27,985,529.00	6.18%
5	Shenzhen Grandland Group Co., Ltd.	27,137,400.00	5.99%
Total	--	341,196,729.00	75.34%

Other information about major suppliers:

Applicable  Not applicable

### 3. Expense

Unit: RMB

	2019	2018	Change (%)	Reason for any significant change
Selling expenses	111,553,952.50	46,501,225.18	139.89%	Increases in commissions for sales agents and advertising expenditure
Administrative expenses	204,654,552.64	162,378,284.09	26.04%	Increase in payments for remuneration and office administrative expense
Finance costs	134,718,833.57	-65,830,939.26	-304.64%	Increase in long-term borrowings
Income tax expenses	262,716,180.91	220,260,863.60	19.28%	Increase in realized profits

### 4. R&D Expense

Applicable  Not applicable

### 5. Cash Flows

Unit: RMB

Item	2019	2018	Change (%)
Subtotal of cash generated from operating activities	5,264,435,040.93	3,368,161,064.17	56.30%
Subtotal of cash used in operating activities	4,324,645,474.97	2,136,443,007.99	102.42%

<b>Net cash generated from/used in operating activities</b>	<b>939,789,565.96</b>	<b>1,231,718,056.18</b>	<b>-23.70%</b>
Subtotal of cash generated from investing activities	357,613.40	80,017,263.11	-99.55%
Subtotal of cash used in investing activities	1,031,698,003.98	125,212,463.57	723.96%
<b>Net cash generated from/used in investing activities</b>	<b>-1,031,340,390.58</b>	<b>-45,195,200.46</b>	<b>2,181.97%</b>
Subtotal of cash generated from financing activities	2,236,220,000.00	3,450,000.00	64,717.97%
Subtotal of cash used in financing activities	2,740,366,078.11	198,234,654.66	1,282.38%
<b>Net cash generated from/used in financing activities</b>	<b>-504,146,078.11</b>	<b>-194,784,654.66</b>	<b>158.82%</b>
<b>Net increase in cash and cash equivalents</b>	<b>-595,682,024.42</b>	<b>991,743,577.15</b>	<b>-160.06%</b>

Explanation of why any of the data above varies significantly:

Applicable  Not applicable

- ① Cash generated and net cash flows from operating activities increased from last year, primarily driven by the increase in expenses for project development in the Reporting Period.
- ② Cash used and net cash flows from investing activities increased from last year, primarily driven by the increase of payments for investment in the Reporting Period.
- ③ Cash used and net cash flows from financing activities increased from last year, primarily driven by the increase of interest expense.
- ④ Net increase in cash and cash equivalents decreased from last year, primarily driven by the increase in project development expense, investment expense and income expense in the Reporting Period.

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

Applicable  Not applicable

For the Reporting Period, the net cash flows from operating activities stood at RMB939,789,565.96, representing a big difference with the net income of RMB742,130,050.54, which was mainly because of the increase in interest expense of the Company and the time difference between related taxes provisions and actual payment.

### III Analysis of Non-Core Businesses

Applicable  Not applicable

Unit: RMB

	Amount	As % of total profit	Source/Reason	Exceptional or recurrent
Investment income	5,076,839.48	0.51%	Investment income of main joint ventures	Recurrent



Asset impairments	-1,234,250.84	-0.12%	Bad debt provision for inventories	Exceptional
Non-operating income	23,732,348.28	2.36%	Related accounts that the Company cannot pay	Exceptional
Non-operating expense	4,793,503.85	0.48%	Paying legal cost, overdue fine and compensation for removing tenants	Exceptional
Credit impairments	-18,701,016.31	-1.86%	Bad debt provision for accounts receivable	Exceptional

## IV Analysis of Assets and Liabilities

### 1. Significant Changes in Asset Composition

Unit: RMB

	31 December 2019		31 December 2018		Change in percentage (%)	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary assets	3,297,890,935.91	30.61%	3,907,602,032.67	55.64%	-25.03%	Payment for equity transfer with large amount
Accounts receivable	216,923,663.25	2.01%	155,898,006.77	2.22%	-0.21%	Increase in property management subsidiary's accounts receivable from house owners
Inventories	4,913,510,876.66	45.61%	1,396,154,603.04	19.88%	25.73%	Incorporation of Rongyao Real Estate and increase in subsequent development expense
Investment property	503,323,428.61	4.67%	639,167,209.48	9.10%	-4.43%	Stripping assets and withdrawing depreciation by TK Property
Long-term equity investments	45,076,122.72	0.42%	39,999,283.24	0.57%	-0.15%	Increase in investment income under equity method
Fixed assets	93,557,782.83	0.87%	102,516,975.36	1.46%	-0.59%	Stripping assets and withdrawing depreciation by TK Property
Long-term borrowings	2,193,833,000.00	20.37%	1,000,000.00	0.01%	20.36%	New borrowings in the Reporting Period
Other receivables	917,981,165.74	8.52%	80,037,483.65	1.14%	7.38%	Intercourse funds with shareholders of Rongyao

						Real Estate before acquisition
Deferred income tax assets	658,153,122.73	6.11%	520,832,796.49	7.42%	-1.31%	Increase in deductible losses and withdrawal of unpaid VAT of land
Other non-current assets	4,711,963.66	0.04%	109,851,318.29	1.56%	-1.52%	The prepaid equity transfer money has been defrayed
Accounts payable	577,689,139.10	5.36%	435,350,850.19	6.20%	-0.84%	Increase in construction funds of real estate projects
Advances from customers	728,186,032.63	6.76%	278,045,801.46	3.96%	2.80%	Increase in presale funds received from real estate projects
Other non-current liabilities	108,164,737.46	1.00%	64,627,587.61	0.92%	0.08%	Increase in investments of Bangling Project by employees

## 2. Assets and Liabilities at Fair Value

Applicable  Not applicable

Unit: RMB

Item	Beginning amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes charged to equity	Impairment allowance for the Reporting Period	Purchased in the Reporting Period	Sold in the Reporting Period	Other changes	Ending amount
Financial assets								
4. Investments in other equity instruments	3,621,381.11		-2,051,268.24				10,362.99	1,580,475.86
Subtotal of financial assets	3,621,381.11		-2,051,268.24				10,362.99	1,580,475.86
Total of the above	3,621,381.11		-2,051,268.24				10,362.99	1,580,475.86
Financial liabilities	0.00		0.00					0.00

Other changes are impacts of exchange rate fluctuation.

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

Yes  No

### 3. Restricted Asset Rights as at the Period-End

① Shenzhen Huazhengpeng Property Management Development Co., Ltd., the subordinate of the Company's subsidiary Shenzhen Toukong Property Management Co., Ltd., held a sum of restricted assets of RMB11,018.00 in the frozen account; Shenzhen Taixinli Real Estate Management Co., Ltd., the subordinate of Shenzhen Toukong Property Management Co., Ltd., held a sum of restricted assets of RMB7,063,237.32 in the frozen account. For details about relevant lawsuits, please refer to Part V-XII Major Legal Matters.

② Shenzhen Shenlv Park Technology Industrial Co., Ltd., the subordinate of the Company's subsidiary Shenzhen Toukong Property Management Co., Ltd., held the performance guarantee bonds of RMB49,020.00 which was the performance guarantee for the agreement with the number of 20190531SLYL signed between the Company and Shenzhen Administrative Office of Greening on 31 May 2019.

③ As a real estate developer, the Company provided purchasers of commercial residential building with mortgage guarantee and paid cash deposits of loans according to the operation convention in real estate industry. As of 31 December 2019, the balance of cash deposits not releasing guarantee was of RMB1,120,910.60, and the guarantee will be released when mortgage is paid off.

④ There was RMB4,301,516.52 of interest from the fixed time deposits which was undue and withdrawn at the period-end among the Company's monetary assets.

## V Investments Made

### 1. Total Investment Amount

Applicable  Not applicable

### 2. Major Equity Investments Made in the Reporting Period

Applicable  Not applicable

Unit: RMB

Investee	Main business	Investment method	Investment amount	Shareholding percentage	Capital resources	Partner	Investment term	Type of products	Progress as of the balance sheet date	Estimated income	Profits or losses of investment in the Reporting Period	Involved in lawsuits or not	Disclosure date (if any)	Disclosure index (if any)
Shenzhen Rongyao Real Estate Development Co., Ltd.	Real estate	Acquisition	508,000,000.00	69.00%	Self-owned	Shenzhen Xinhai Rongyao Real Estate Development Co., Ltd.	Long-term	Development of real estate	Ownership transfer of equity	0.00	-168,106,508.82	No	11 February 2019	Announcement on Acquisition of Equity Interests in Target Company and Providing Guarantee for it (No.: 2019-2) on Cninfo

Shenzhen Toukong Property Management Co., Ltd.	Property management	Acquisition	1,027,382,513.56	100.00%	Self-owned	Shenzhen Investment Holdings Co., Ltd.	Long-term	Property management, house rent and real estate development	Ownership transfer of equity	0.00	112,965,251.79	No	21 September 2019	Announcement on Acquisition of 100% of Equity Interests in Shenzhen Toukong Property Management Co., Ltd. and Related-party Transactions (No.: 2019-33) on Cninfo
Total	--	--	1,535,382,513.56	--	--	--	--	--	--	0.00	-55,141,257.03	--	--	--

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

Applicable  Not applicable

### 4. Financial Investments

#### (1) Securities Investments

Applicable  Not applicable

Unit: RMB

Variety of security	Code of security	Name of security	Initial investment cost	Accounting measurement method	Beginning carrying value	Gain/Loss on fair value changes in Reporting Period	Accumulated fair value changes charged to equity	Purchased in Reporting Period	Sold in Reporting Period	Gain/losses in Reporting Period	Ending carrying value	Accounting title	Source of investment funds
Domestic/Foreign stock	400016, 420016	Gintian A, Gintian B	3,565,856.06	Fair value method	3,621,381.11	0.00	-205,1268.24	0.00	0.00	10,362.99	1,580,475.86	Investments in other equity instruments	Obtained in Gintian's debt restructuring
Total			3,565,856.06	--	3,621,381.11	0.00	-205,1268.24	0.00	0.00	10,362.99	1,580,475.86	--	--

Disclosure date of announcement on Board's consent for securities investment	
Disclosure date of announcement on shareholders' meeting's consent for securities investment (if any)	

## (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 Huangcheng Real Estate Co., Ltd.	Subsidiary	Development and sales of real estate	30000000	3,051,184,643.99	755,935,507.32	2,088,366,016.40	790,032,903.22	593,756,497.76
Shenzhen Toukong Property Management Co., Ltd.	Subsidiary	Property management	30000000	1,012,030,800.62	319,156,030.36	677,228,822.59	130,913,158.78	114,059,286.52
Shenzhen Rongyao Real Estate Development Co., Ltd.	Subsidiary	Development and sales of real estate	10000000	4,154,532,177.09	343,495,206.60	0.00	-284,126,674.33	-243,632,621.48

Subsidiaries obtained or disposed in the Reporting Period:

Applicable  Not applicable

Subsidiary	How subsidiary was obtained or disposed in the Reporting Period	Effects on overall operations and operating performance
Shenzhen Rongyao Real Estate Development Co., Ltd.	Business combination not under the same control	Income was of RMB0, and the net profit was of RMB-244 million
Shenzhen Toukong Property Management Co., Ltd.	Business combination under the same control	Income was of RMB677 million, and the net profit was of RMB114 million
Shenzhen Shenshan Special Cooperation Zone Guomao Property Development Co., Ltd.	Newly established	Income was of RMB34,000, and the net profit was of RMB-1.9922 million
Shenzhen Guomao Tongle Property Management Co., Ltd.	Newly established	Both income and net profit are of RMB0

## VIII Structured Bodies Controlled by the Company

Applicable  Not applicable

For details, see IX 1. Equity interests in subsidiaries in Part XII Financial Report herein.

## IX Prospects

### (I) Development Environment Analysis

Refer to "(I) Review of industry development during the reporting period" in "Part IV: Operating Performance Discussion and Analysis"

### (II) The Company's Future Development Strategy

As the traditional real estate market's development declines on the whole, various industrial resources have been continuously occupied by the large-scale brand houses, which has threatened the survival and development of medium and small-sized property companies. "Large-scale Enterprises Taking All Advantages" has become normal in the industry, and the positioning of "Houses are

for living in, not for speculating on” has already been established. In this case, Shenzhen Properties & Resources Development (Group)Ltd. specialized in the traditional real estate will be confronted with the extremely severe industrial situation. In order to implement the overall strategic layout formulated by Land and Resources Bureau of Shenzhen Municipality, the Company has made great effort to seek effective breakthroughs, thoroughly connected with the system of Land and Resources Bureau, kept abreast of the major strategic orientation featuring gradient of layers and multiple industrial parks in one district and combined fund control, and learned from the leading enterprises in the benchmarking industry. The Company **put forward the development vision of “Becoming Top 1 Intelligent Technology Industrial Park Full Eco-chain Integrated Operator in China and even Leading the World”**. Through following the overwhelming trend of the real estate market from the age of increments to the age of stocks and seizing the golden opportunity posed by the transformation of the social major contradiction, the Company has attached great importance to the key points of stock assets’ value management and industrial and ecological operation services, propelled the high-quality development based on new development ideas and satisfied people’s longings for better life.

In this context, the Company **put forward the “12345” overall development idea of “1 Vision + 2 Major Sectors + 3 Driving Factors + 4 Businesses + 5 Value-added Services”**. In other words, the Company will take effective measures with the focus on “Hi-tech Industrial Park” and “Resident Community”, and relying on the driving innovation power, the leverage of capital and the platform linkage mechanism as the inexhaustible motive force for development, pay special attention to develop four major businesses through expanding the main business and making breakthroughs including the urban space development, the industrial ecological operation, property management services, and high-end value-added services. Meanwhile, the Company will realize the rapid deployment and integration of five major value-added services.

The Company will moderately deploy the high-quality heavy-asset operating properties, and the highly market-operated light-assets operating properties, and simultaneously carry out the heavy-assets operation and the light-assets operation with the priority given to the light-assets operation, highlighting the asset value management capability, the industrial ecological operational capability and the channel resources platform integration capability; the Company will also strengthen the driving role played by the strategic objective, establish the humanistic thought, broaden the horizon of human resources allocation, build and improve the mechanism and proportion of all employees to share various development results, and strive to shape a beautiful life scene. In 2025, the Company will make its four business segments advance side by side, complement each other, realize the coordinated development, catch up with and surpass the world’s advanced level. With strong comprehensive strength and unique brand advantages, it will become Top 1 Intelligent Technology Industrial Park Full Eco-chain Integrated Operator in China and even Leading the World, and further promote the core competitiveness of Shenzhen.

### **(III) Major Works and Tasks for 2020**

**In 2020, the guiding ideology of the Group is:** being guided by Xi Jinping's thought on Socialism with Chinese Characteristics for a New Era, comprehensively implemented the spirit of the 19<sup>th</sup> CPC National Congress, the spirit of the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> plenary sessions of the 19<sup>th</sup> CPC Central Committee and the spirit of the Central Economic Working Conference, actively devoting to Shenzhen for the construction of Pilot Demonstration Area of Socialism with Chinese Characteristics, promoting the great practice of the construction of GBA, overall implementing series decision and deployment of municipal SASAC, adhering to being oriented by problems, development and solid work, properly seizing the major historical opportunities of big reform and big integration of state owned assets and state owned enterprises in Shenzhen, keeping steady, seeking progress in stability, and doing things well with concentration and devotion, keeping on fighting the three battles of “project development, capital operation and sales payment collection”, making efforts in “revitalization, digestion, turnover, effect”; following the Group to promote merger process based on scale and resources, timely initiating coordination of strategic principles, organizing framework optimization, integrating business line, reconstructing control process, integrating enterprise culture, etc, and other integral reform, and forming institution, process, system and information advantages at new level; strengthening technological innovation carrier construction and capability construction, enhancing the Group products and service development ability, being oriented by the market, taking customers as the center, benchmarking the world class, and building operation and management mode of high end intelligent technological park; giving full play to the platform advantages of listed companies, actively carrying out market value management, and building the

listed company image of being active, positive and responsible; implementing elite talent program, cultivating and introducing to accelerate the backbone talents and core talents cultivation process, forming backbone talents foundation for leaping development and transformation development of the Group as soon as possible; continuing reinforcing Party guidance work of the Group, implementing the Party Committee to control the direction and the major situation overall to ensure execution and positioning, promoting the construction of a honest and clean Party solidly, consolidating the clean and righteous work and entrepreneurship atmosphere, practically changing the political advantages into core competitiveness of the Group Company and high quality development efficiency, striving for completing various objectives and tasks of 2020 thoroughly with solid belief, noble mission awareness, strong responsibility and high fighting posture, and laying solid foundation for the blueprint of “the 14<sup>th</sup> Five-Year Plan” of the Group Company. The specific is as following:

**Firstly, the Company shall seize the opportunity and take the initiative to occupy three heavily-fortified positions, continuously reinforce its development potentials and firmly promote the group’s high-quality development.** Strictly adhering to the functional orientation of establishing the main Company and the platform Company, the Company will accordingly take the initiative to occupy three heavily-fortified positions in relation Sales Outstanding, Project Development and Capital Operation, and flexibly apply various marketing methods to guarantee the full completion of the annual sales target. The Group will ensure to realize the collection objective of RMB2.5 billion of sales payment in 2020, to obtain 200,000 square meters of industrial park type land and 200,000 square meters of residential land reserve successfully by marketized means, and to actively explore multiple financing channels to raise funds for project development and construction. By occupying three heavily-fortified positions, the Company’s development potentials will be further enhanced. In addition, the Company will continuously optimize its business development structure, improve its business development quality, strive to realize the high-quality foundation, operation level and development potentials, and firmly drive the Company’s high-quality growth.

**Secondly, the Company will spare no effort to guarantee the fulfillment of annual business target.** Based on the comprehensive budget, the Company will effectively implement the budget plan, figure out various in-depth potential factors and formulate the operating budget for the year 2020 in a scientific and reasonable way, complete various budget objectives, carry out strict assessment work and properly implement the supervision and inspection. Various branches not involved in the real estate are required to increase the income and reduce the expenditure, save the cost and improve the efficiency, contributing to the increase of operating profits of the group. Constantly strengthen coordination and control for general project objective, node objective, progress time table, and investment plan, with the key on fine decoration of Tower A and C of SZPRD-Golden Collar’s Resort, construction commencement of Phase I and II of Guanlan Bangling, making efforts to complete project setting of Fuyuan Industry Park, land replacement for Baolu, the ceiling of Phase II of Fuchang, and promoting the construction of Phase II of Xuzhou and Yupin Luanshan.

**Thirdly, the Company shall stick to the development strategy of externally expanding its property management business, realize its large-scale expansion, enhance its core competitiveness and expand the brand influence.** By continuously learning from the leading enterprise within the bench-marking industry, the Company will seek ways for expanding its property management business to the overseas market, and facilitate the Company to transform from the supplier of traditional property management services to the supplier of internationalized and modernized comprehensive social services. Regarding high-end high-tech industrial parks, cultural tourism, municipal engineering and medium and high-end residence communities as key points, the Company will realize its large-scale expansion by means of merges and acquisitions and the establishment of industrial acquisition fund, emphasize the improvement of various competitive advantages in the field of industrial parks, continuously improve the service innovation ability, form the unique brand influence and core competitiveness, enhance the introduction and training of core property management cadres and talents, and establish the talent base for its rapid expansion. In this year, the Company shall try its best to make the expanded property management area through M&A no less than 10 million square meters and the self-developed area no less than 1 million square meters.

**Fourthly, the Company will insist on the comprehensive deepening of the reform, further optimize the system, define the power-responsibility system, firmly implement the system and strengthen the development momentum.** The Company must respect the laws of the market, optimize the rational allocation of resources, and effectively establish a mechanism for sharing



benefits. Meanwhile, it is required to strengthen the market-oriented management in the business areas of group real estate, property management, and long-term rental apartments etc., improve the decision-making efficiency and level, rationally allocate resources according to the rules of market value, provide all necessary support, and ensure the unification of “efficiency, benefits and effects”. At the same time, the Company will further set up multi-layered incentive and restraint systems based on completing the Group’s internal remuneration reform, and the real estate project investment system, fully introduce the incremental sharing mechanism, strengthen the assessment, lay the common material benefits foundation for all members’ fulfillment of core values such as Concentric Effort, Co-creation and Sharing, and guarantee the long-term, stable and sustainable development of the Group.

**In the fifth step, the Company shall focus on the new mission for its development, continuously strengthen its basic management ability, and help the Group become the first-class enterprise in this industry.** The first is to accelerate the informationization process of the Group, and pull the comprehensive system construction of OA integration of the whole Group, online operation of internal bid invitation and purchase of the Group and financial EAS; the second is to adapt to the new situation, properly optimizes control framework and process design of the Group, and complete the responsibility and right division system of the Group with subordinated enterprises; the third is to complete brand construction of the Group and re-sorting work of enterprise culture, and form the brand strategy and culture recognition of upper to lower consistency and plate synergy; the forth is to steadily promote standardization construction of product and service of the Group, establish R&D center of the Group and reserve fund system of R&D, construct scientific and technological system of the Group, and gradually enhance scientific and technological innovation ability of the Group and improve the contribution of scientific and technological innovation in development of the Group; the fifth is set up special organization of urban renewal at Group level to be specially in charge of early stage work of urban renewal, study activation and development solution of stock land and house property, and ownership confirmation of land and house property.

**The sixth is to further complete the governing of listed company and strengthen the construction of board of directors and supervisory committee.** Start and complete the amendment work of articles of association of the Group, overall implement and imbed the latest supervision requirements of state owned assets, specify the operation mode of “blank belt” of supervision and authorization, make the board of directors more practical and stronger and enlarge the authorization of operation team, and practically improve the supervisors’ ability to perform duties and communication and coordination with board of supervisors before major decision making practically.

**The seventh is to be guided by the Party, and to fully exert the leading function of the Party organization”. The Group will thoroughly promote the front square construction of International Trade Center Building and exhibition hall of reform and opening up on the 42<sup>th</sup> floor, and open the revolving restaurant on the 49th floor, completely manifest the profound history of the Group, rebuild the Group brand quality image of “going ahead and reforming”. The Group will practically strengthen to integrate the Party guidance with business, cultivate healthy work style and morality, grow positive energy, foster innovative atmosphere, create new pattern of operation and development, and effectively exert the Party Committee of the enterprise’s role in controlling directions, grasping the overall situation and ensuring implementation. The Group will promote the construction of a clean and honest Party, enhance the construction of anti-corruption management system, give full play to the sharp weapon function of discipline construction in treating both principal and secondary problems, complete brand construction of the Group overall and re-sorting work of enterprise culture, and form the brand strategy and culture recognition of upper to lower consistency and plate synergism.**

**The eighth is to enhance risk control and stick to safe production bottom line firmly.** The Group will strictly implement the deployment of safe production of top units, constantly promote standardization of safe production and the construction of “double prevention mechanism, carry out list management for risk of key fields and important links, and strive for improving the ability of “accident prevention” and “emergency handling”. The Group will constantly follow up litigation cases, contract review, risk removal and other work, strengthen follow-up and implementation of major risk momentum. The Group will enhance supervision for petition letter and visits, and stability maintenance and investigation on hidden problems, and reinforce to handle left historical problems, solve petition letter and visits problems appropriately, and make sure that no safe production accident happens in the whole year, and make the situation stable and controllable.

#### **(IV) Analysis of the Company’s Possible Risks**

### 1. Market-related Risks

Affected by factors such as Sino-US trade friction, financial de-leveraging and industrial upgrading and transformation, in 2019, China's economy suffered increasing downturn pressure, which may cause a decline in the effective demand and exert adverse influence on the Company's continuing operation. At present, the real estate market has reached its later period of adjustment and control. In despite of a downturn, under the guide of the policy "Houses are for living in, not for speculating on", the adjustment made to the real estate market is still strictly controlled. From the perspective of demand, the real estate sales still declined in 2019; from the perspective of supply, the real estate financing from various channels was relatively difficult and the sales payment returned continuously dropped. It is estimated that the pressure on the fund end would continue to increase.

The Company has made great effort to probe deeply into various opportunities and challenges posed by the macro-economic trend and policies, positively realize a strategic breakthrough and put forward the development vision of "China's First Smart Technology Park Ecological Chain Comprehensive Operator Topping the World" in order to follow the significant trend of the real estate market evolving from the age of increment to the age of stock and firmly hang on to the core link of stock assets value management and industrial ecological operation service. In addition, while strengthening the traditional mainstream business, the Company will also expand its property business and accelerate the layout of house renting business as well as implement diversified development strategy so as to gain various opportunities for its future sustainable development.

### 2. Land Reserve Risk

As a matter of fact, the Company still lacks enough land reserves and development power at later stages. In recent years, the supply of residential land on Shenzhen Market has continuously declined. As the price of each single plot increases year after year, various large-scale real estate enterprises have enlarged their market shares and accelerated their M&A pace. While the real estate industry is centralizing, the degree of centralization of the land reserve scale has also been enhanced. As the external environment and the industry's trend become much more complicated and severe, the increment market scale will further shrink and the market competition will become increasingly fierce.

Impacted by various factors including the refined regulatory policies, the fiercer industrial competition and insufficient resources, the Company will deepen its internal reform, reinforce the market management and make special effort to improve the business development mode and internal management measures. External cooperation in various forms will also be developed in line with corresponding urban renewal policies and the city's development planning. Except for the land bid, auction and listing, diversified land purchase policies obtained by means of cooperation, acquisition and strategic operation will be applied to obtain various lands.

### 3. Financing Risk

In 2019, a new round of real estate financing was tightened and various measures were taken to reorganize the real estate trust financing. Currently, various means of financing have been under strict supervision, including the bank loan, trust, bond and private equity etc. Various real estate financing policies have become unprecedentedly stringent. In the process of actively increasing land reserves and accelerating the business development, the Company needs to invest a large amount of funds for land acquisition and project development. In addition to its own funds, the Company's project development funds need to be externally financed through bank loans and issuing securities. If the country's macroeconomic situation, credit policy and capital market undergo ultra-expected major changes or adjustments, it may lead to restrictions on the Company's financing or the Company's financing costs, which will adversely affect the Company's production and operation.

Currently, the Company has steady financial situation, sufficient cash flow and good credit condition, and will further strictly control financial risks, actively explore various financing channels so as to raise funds for project development in the future.

**The above business plan and business objectives do not represent the listed Company's profit forecast for 2020. Whether it can be achieved depends on various factors including changes in market conditions and the effort made by the management team. Investors must pay special attention to that because there exists huge uncertainty.**

## 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
22 February 2019	By phone	Individual	Inquired of stock prices and business development of the Company
27 February 2019	By phone	Individual	Inquired of stock prices of the Company and Bangling Project and Qianhai Project
5 March 2019	By phone	Individual	Inquired of the acquisition progress of TK Property
8 March 2019	By phone	Individual	Inquired of project progress of the Company
14 March 2019	By phone	Individual	Inquired of stock prices and business development of the Company
25 March 2019	By phone	Individual	Inquired of the acquisition progress of TK Property
4 April 2019	Easy Interaction Platform of Shenzhen Stock Exchange	Individual	Inquired of land reserve of the Company
17 April 2019	By phone	Individual	Inquired of performance and stock prices of the Company
18 April 2019	Easy Interaction Platform of Shenzhen Stock Exchange	Individual	Inquired of Golden Collar's Resort Project
29 April 2019	By phone	Individual	Inquired of stock prices of the Company
9 May 2019	Easy Interaction Platform of Shenzhen Stock Exchange	Individual	Inquired of progress of Shouxihu Sci-Tech Innovative Ecological Park
9 May 2019	Easy Interaction Platform of Shenzhen Stock Exchange	Individual	Inquired of progress of the Special Pilot Area of Shenzhen-Bama Health Cooperation Project
9 May 2019	Easy Interaction Platform of Shenzhen Stock Exchange	Individual	Inquired of the Company's market value management
17 June 2019	Easy Interaction Platform of Shenzhen Stock Exchange	Individual	Inquired of progress of Golden Collar's Resort Project
23 June 2019	Easy Interaction Platform of Shenzhen Stock Exchange	Individual	Inquired of sales of Golden Collar's Resort Project
27 June 2019	By phone	Individual	Inquired of the annual report and project construction of the Company

2 July 2019	Easy Interaction Platform of Shenzhen Stock Exchange	Individual	Inquired of disclosure of the Company's interim report
6 July 2019	Easy Interaction Platform of Shenzhen Stock Exchange	Individual	Inquired of business development of the Company
8 July 2019	Easy Interaction Platform of Shenzhen Stock Exchange	Individual	Inquired of property management of Golden Collar Project
8 July 2019	Easy Interaction Platform of Shenzhen Stock Exchange	Individual	Inquired of the Company's performance in the first half of the year
9 July 2019	By phone	Individual	Inquired of business progress of the Company
9 July 2019	Easy Interaction Platform of Shenzhen Stock Exchange	Individual	Inquired of Golden Collar Project's property market value
11 July 2019	Easy Interaction Platform of Shenzhen Stock Exchange	Individual	Inquired of Golden Collar Project
11 July 2019	Easy Interaction Platform of Shenzhen Stock Exchange	Individual	Inquired of commercial buildings selling of the Company
13 July 2019	Easy Interaction Platform of Shenzhen Stock Exchange	Individual	Inquired of Fuchang II Project
15 July 2019	By phone	Individual	Inquired of project construction progress and financial condition of the Company
17 July 2019	Easy Interaction Platform of Shenzhen Stock Exchange	Individual	Inquired of commercial buildings selling of the Company
19 July 2019	Easy Interaction Platform of Shenzhen Stock Exchange	Individual	Inquired of the desterilization of restricted shares
23 August 2019	Easy Interaction Platform of Shenzhen Stock Exchange	Individual	Inquired of number of the Company's shareholders
11 September 2019	Easy Interaction Platform of Shenzhen Stock Exchange	Individual	Inquired of shareholders of the Company
12 September 2019	By phone	Individual	Inquired of B-shares repurchase by the Company and acquisition of TK Property
19 September 2019	Easy Interaction Platform of Shenzhen Stock Exchange	Individual	Inquired of shareholders of the Company
9 October 2019	Easy Interaction Platform of Shenzhen Stock Exchange	Individual	Inquired of the Company's internal control system
13 November 2019	By phone	Individual	Inquired of the reasons for falling stock prices of the Company
13 November 2019	Easy Interaction Platform of Shenzhen Stock Exchange	Individual	Inquired of number of the Company's shareholders

14 November 2019	By phone	Individual	Inquired of the reasons for falling stock prices of the Company
21 November 2019	Easy Interaction Platform of Shenzhen Stock Exchange	Individual	Inquired of the acquisition progress of TK Property
6 December 2019	Easy Interaction Platform of Shenzhen Stock Exchange	Individual	Inquired of the Company's property assets
16 December 2019	By phone	Individual	Inquired of the reasons for share transfer to China Orient Asset Management Co., Ltd. by Shenzhen Investment Holdings Co., Ltd.
20 December 2019	By phone	Individual	Inquired of the reasons for falling stock prices of the Company
24 December 2019	By phone	Individual	Inquired of performance and project construction of the Company
Times of communications		41	
Number of institutions communicated with		0	
Number of individuals communicated with		41	
Number of other communication parties		0	
Tip-offs or leakages of substantial supposedly-confidential information during communications		None	

## Part V Significant Events

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

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

Applicable  Not applicable

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

Year	Profit distributions (in the form of cash or stock)
2019	A cash dividend of RMB3.60 (tax included) per 10 shares and no share capital increase from capital reserve
2018	A cash dividend of RMB3.00 (tax included) per 10 shares and no share capital increase from capital reserve
2017	A cash dividend of RMB3.00 (tax included) per 10 shares and no share capital increase from capital reserve

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

Unit: RMB

Year	Cash dividends (tax inclusive) (A)	Net profit attributable to ordinary shareholders of the listed company in consolidated statements for the year (B)	A as % of B (%)	Cash dividends in other forms (such as share repurchase) (C)	C as % of B (%)	Total cash dividends (including those in other forms) (D)	D as % of B (%)
2019	214,552,473.12	817,805,780.12	26.24%			214,552,473.12	26.24%
2018	178,793,727.60	698,050,728.96	25.61%			178,793,727.60	25.61%
2017	178,793,727.60	663,742,776.33	26.94%			178,793,727.60	26.94%

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)	3.60
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)	595,979,092.00
Cash dividends (RMB) (tax inclusive)	214,552,473.12
Cash dividends in other forms (such as share repurchase) (RMB)	0.00
Total cash dividends (including those in other forms) (RMB)	214,552,473.12
Distributable profit (RMB)	1,677,296,289.46
Total cash dividends (including those in other forms) as % of total profit distribution	100%
<b>Cash dividend policy</b>	
If the Company is in a mature development stage and has no plans for any significant expenditure, in profit allocation, the ratio of cash dividends in the profit allocation shall be 80% or above.	
<b>Details about the proposal for profit distribution and converting capital reserve into share capital</b>	
According to the Company's Articles of Association as well as the actual situation of its development and operation, the proposal of the Company for 2019 annual profit distribution is as follows: Based on the total 595,979,092 shares of the Company as at 31 December 2019, a cash dividend of RMB3.60 (tax included) will be distributed to all its shareholders for every 10 shares they hold, with the total cash dividends to be distributed amounting to RMB214,552,473.12. And the retained profits will be carried over for distribution in the future. No capital reserves will be turned into share capital for 2019.	

### 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

Commitment	Promisor	Type of commitment	Details of commitment	Date of commitment making	Term of commitment	Fulfillment

Commitments made in acquisition documents or shareholding alteration documents	Shenzhen Investment Holdings Co., Ltd.	Commitments on horizontal competition, related-party transactions and capital occupation	Wholly-owned subsidiary Shenzhen Expander and subsidiary holding SPG of Shenzhen Investment Holdings deal with real estate operation and commercial house sales, which belong to the same industry of the Listed Company, and has horizontal competition with the Listed Company. To avoid horizontal competition, Shenzhen Investment Holdings make the following commitments <sup>1</sup> .	6 September 2018	Three years	Normal performance
	Shenzhen Investment Holdings Co., Ltd.	Commitments on horizontal competition, related-party transactions and capital occupation	To reduce and standardize related transactions with the Listed Company, Shenzhen Investment Holdings makes the following commitments <sup>2</sup> .	6 September 2018	Long-term	Normal performance
Other commitments made to minority shareholders	Shenzhen Investment Holdings Co., Ltd.	Performance commitment and compensation arrangement	Shenzhen Investment Holdings signed equity transfer contract on 100% equity transfer of TK Property with the Company, and the contract stipulated relevant commitments on performance <sup>3</sup> .	23 September 2019	Three years	Normal performance
Fulfilled on time	Yes					

**Note 1:** Wholly-owned subsidiary Shenzhen Expander and subsidiary holding SPG of Shenzhen Investment Holdings deal with real estate operation and commercial house sales, which belong to the same industry of the Listed Company, and has horizontal competition with the Listed Company. To avoid horizontal competition, Shenzhen Investment Holdings make the following commitments: 1. On the horizontal competition solution of Shenzhen Expander: as the holding shareholder of the Listed Company, during the listing period at Shenzhen Stock Exchange of the Listed Company, as for the current business of Shenzhen Expander which has horizontal competition with the Listed Company, within the scope permitted by law and regulation, within 12 months from the equity of SZPRD being transferred to Shenzhen Investment Holdings, Shenzhen Investment Holdings will start the solution with practical operability among below horizontal competition solution timely and complete implementation of the solution within 3 years from the date that the equity of SZPRD is transferred to Shenzhen Investment Holdings to solve current horizontal competition problems: (1) Shenzhen Expander signs asset custody agreement with the Listed Company, entrusts the assets which has direct competition with the Listed Company to the Listed Company, confirms fair custodian fee at the same time, and takes effective measures to solve horizontal competition within commitment period; (2) Inject assets with direct competition with the Listed Company into the Listed Company; (3) Transfer assets with direct competition with the Listed Company to unrelated third party; (4) other measures which can solve horizontal competition effectively and is favorable for protecting the interest of the Listed Company and legal interests of other shareholders. Before solving current horizontal competition, while company, enterprise, economic organization (not including enterprises controlled by the Listed Company, hereinafter referred to as subordinated Companies) which the Listed Company and Shenzhen Investment Holdings hold controlling shares or controls actually have business, in case the involved dispute, etc. have major influence on the business, Shenzhen Investment Holdings should keep neutral as a controlling shareholder to ensure that the Listed Company and subordinated Companies can take part in market competition on the principle of



fair competition. 2. Horizontal competition solution of SPG: From 14 September 2016 to now, SPG has had stock suspension because of major assets reconstruction. According to *Review Opinions on Delaying Stock Resumption because of Major Assets Reconstruction of SPG announced by CITIC Securities and Huatai Securities* on 26 November 2016, the reconstruction solution is that SPG plans to issue A share and / or use currency to purchase 100% equity of Evergrande Group (hereinafter referred to as “the reconstruction of SPG”). After SPG completes this reconstruction, Guangzhou Kailong Real Estate Co., Ltd. will become the controlling shareholder of SPG. Therefore, in case the reconstruction of SPG completes successfully, Shenzhen Investment Holdings will lose the control on SPG. By then, the horizontal competition between SPG and SZPRD will be solved. In case the reconstruction of SPG is terminated for some reasons, for business of SPG which has horizontal competition with the Listed Company, Shenzhen Investment Holdings, within the scope permitted by law and regulation, Shenzhen Investment Holdings will start a rational horizontal competition solution according to actual situation at the time within 12 months after the termination of reconstruction of SPG and stock resumption announcement date, and fulfill announcement obligation, and SPG will complete to implement the solution and solve the horizontal competition between SZPRD and SPG within 3 years from the date SPG terminates the reconstruction and announces stock resumption. 3. Other commitments to avoid horizontal competition: as the controlling shareholder of the Listed Company and during the listing period of the Listed Company at Shenzhen Stock Exchange, other subordinated Companies of Shenzhen Investment Holdings will not engage in relevant business which has direct horizontal business competition with the Listed Company in new business fields except for in the business field where it already has had horizontal competition with the Listed Company. Shenzhen Investment Holdings promises not to seek improper benefits with the position of controlling shareholder of the Listed Company and damage the interest of the Listed Company and its shareholders. In case of violating above commitment, Shenzhen Investment Holdings shall undertake corresponding legal liabilities, including but not limited to undertaking compensation responsibilities for all losses caused to the Listed Company.

On 17 October 2019, the Company received *Correspondence on the Progress of Horizontal Competition Solving* from controlling shareholder Shenzhen Investment Holdings. During the commitment period of horizontal competition solving, Shenzhen Investment Holdings actively fulfilled its relevant commitments, with the details as the following: 1. Shenzhen Investment Holdings is sorting out the relevant assets and business of Shenzhen Expander, and studying to formulate the solution of horizontal competition. Due to the long history of Shenzhen Expander and the complicated asset state, relevant solution needs to be further analyzed and demonstrated. Shenzhen Investment Holdings will active promote relevant work, strives for solve competition problem within commitment period. 2. The reconstruction of SPG with Evergrande Group is in the process, Shenzhen Investment Holdings will start a rational horizontal competition solving solution according to ongoing situation of reconstruction and announce timely. 3. Within the commitment period, Shenzhen Investment Holdings will not engage in relevant business which has direct horizontal business competition with SZDRP in new business fields except for in the business field where it already has had horizontal competition with SZDRP. Shenzhen Investment Holdings does not seek improper benefits with the position of controlling shareholder of SZPRD and damage the interest of the Listed Company and its shareholders.

**Note 2:** To reduce and standardize related transactions with the Listed Company, as controlling shareholder of the Listed company and during the listing period of the Listed Company at Shenzhen Exchange Stock, Shenzhen Investment Holdings promises: 1. Shenzhen Investment Holdings and its controlling or actually controlled companies, enterprises, economic organizations (not including enterprises controlled by the Listed Company, hereinafter referred to as the “subordinated companies”) will strictly exercise the rights of shareholders according to provisions of laws, regulations, and other normative documents, and fulfill the obligations of shareholders, and keep the independence of the Listed Company in assets, finance, employees, business and agency, etc. 2. Shenzhen Investment Holdings promises not to use its position of controlling shareholder to promote board of shareholders or board of directors to make resolutions which may damage the legal interest of the Listed Company or other shareholders; 3. Shenzhen Investment Holdings and its subordinated companies will try their best to avoid having related transactions with the Listed Company. In case the transaction with the Listed Company is inevitable, Shenzhen Investment Holdings and its subordinated companies will have transaction with the Listed Company on the basis of equality and free will, according to fair, rational and normal commercial transaction conditions, will not require or accept conditions which is more preferential than the Listed Company gives to

the third party in any fair market transactions, and strictly fulfill various related transactions with the Listed Company with good will.

4. Shenzhen Investment Holdings and its subordinated companies will strictly fulfill decision making procedures and relevant information disclosure obligations of related transactions according to articles of association of the Listed Company and relevant laws and regulations.

5. Shenzhen Investment Holdings and its subordinated companies will make sure that they will not seek special interests beyond above stipulations by having related transactions with the Listed Company, will not use related transactions to illegally transfer funds and profits of the Listed Company and to maliciously damage the legal interests of the Listed Company and its shareholders.

6. As for current related transaction with the Listed Company, within the scope permitted by laws and regulations, Shenzhen Investment Holdings promises to confirm rational related transaction solution within 12 months after the Company shares are transferred to Shenzhen Investment Holdings, and complete to implement the solution within 5 years after the Company shares are transferred to Shenzhen Investment Holdings, to solve such related transactions completely. The specific forms include: (1) After current related transaction contract expires, it will not be renewed. In case contract renewal is necessary according to the operation needs of the Listed Company, it will fulfill relevant decision making procedures strictly according to procedures of related transactions. (2) Under the precondition of possible realization, terminate contract which is being fulfilled, and adopt marketized and open bid invitation, etc., inquire again on service items involved in such related transactions to confirm appropriate service provider. In case related transaction is involved, it should fulfill relevant decision making procedures according to related transaction procedures. (3) In case there is possibility of price re-negotiation in the related transaction contract which is being fulfilled, conduct price negotiation again, make the contract amount after re-pricing conform to market price and not higher than the amount of contract which is being fulfilled, and strictly fulfill relevant decision making procedures according to related transaction procedures. (4) Other appropriate measures which can reduce and finally eliminate current related transaction but not necessary.

7. In case of violating above commitments, Shenzhen Investment Holdings shall undertake corresponding legal liabilities, including but not limited to undertaking compensation liability for all the losses caused to the Listed Company.

**Note 3:** Shenzhen Investment Holdings signed equity transfer contract on 100% equity transfer of TK Property with the Company, and the contract stipulated: 1. Shenzhen Investment Holdings promises that the cumulative net profits (net profit after deducting extraordinary items) of TK Property from 2019 to 2021 will not be less than 18% of the equity transfer payment amount of this transaction, i.e. three-year cumulative net profits  $\geq$  equity transfer payment \* 18%. The above net profits are subject to the amount which is confirmed by audited financial report of TK Property. 2. In case three-year cumulative profits of TK Property fails to reach above promised amount, TP Property shall compensate the insufficient part to the Company in full amount by cash. In case three-year cumulative profits (net profit after deducting extraordinary items) of TK Property is more than the promised amount, the Company will not refund. 3. In case Shenzhen Investment Holdings needs to fulfill performance compensation obligation, it shall complete the performance compensation obligation within 30 days after receiving the compensation notice of the Company, and the specific delivery method will be agreed by both parties. In case Shenzhen Investment Holdings delays to pay the performance compensation, it shall pay liquidated damages of 3/10000 of unpaid amount for each day delay. In case of failing to pay for more than 90 days, then Company has the right to cancel the contract.

**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

### Changes to main accounting policies:

1. The Company prepared 2019 Financial Statements in accordance with the Notice on Revising and Printing the Format of 2019 General Enterprises Financial Statement (CK [2019] No. 6), the Notice on Revising and Printing the Format of Consolidated Financial Statements (2019) (CK [2019] No. 16) issued by the Ministry of Finance and the requirements of the Accounting Standards for Business Enterprises. Retroactive adjustment was adopted for the changes in the accounting policy. The significantly affected items and amounts in 2018 Financial Statements are as follows:

Item and amount in original financial statement		Item and amount in new financial statement	
Notes receivable and accounts receivable	155,898,006.77	Notes receivable	
		Accounts receivable	155,898,006.77
Notes payable and accounts payable	435,350,850.19	Notes payable	
		Accounts payable	435,350,850.19

2. The Company starts to implement the Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 23-Transfer of Financial Assets, Accounting Standards for Business Enterprises No. 24-Hedging and Accounting Standards for Business Enterprises No.37-Presentation of Financial Instruments (hereinafter referred to as the new standards governing financial instruments) revised by the Ministry of Finance. As required by the connection regulation for the old and new standards, the information of comparative period was not adjusted, and the beginning retained earnings or other comprehensive income of the Reporting Period shall be retroactively adjusted for the difference between the original standards and the new one when implemented on the first execution date. For more details, please refer to the Note V Changes to Main Accounting Policies and Accounting Estimates in the Company's 2019 Financial Statements.

3. The Company starts to implement the revised Accounting Standards for Business Enterprise No. 7-Exchange of Non-monetary Assets since 10 June 2019 and implement the revised Accounting Standards for Business Enterprises No. 12-Debt Restructuring since 17 June 2019. Prospective application method will be adopted to treat this change to accounting policies.

## 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

For the detailed changes to the Company's consolidated statements of the Reporting Period, see "Part XII Financial Statements",

VIII.

**IX Engagement and Disengagement of Independent Auditor**

Current independent auditor:

Name of the domestic independent auditor	Pan-China Certified Public Accountants (LLP)
The Company's payment to the domestic independent auditor (RMB'0,000)	85
How many consecutive years the domestic independent auditor has provided audit service for the Company	One year
Names of the certified public accountants from the domestic independent auditor writing signatures on the auditor's report	Wang Huansen, Chen Yan
How many consecutive years the certified public accountants have provided audit service for the Company	Two years for Wang Huansen and one year for Chen Yan

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

 Yes  No

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

 Yes  No

Indicate by tick mark whether an approval procedure was implemented for the change of independent auditor.

 Yes  No

Further details about the change of independent auditor:

Reviewed and approved by the Annual General Meeting of 2018, the Company hired Ruihua Certified Public Accountants (LLP) (hereinafter referred to as "Ruihua CPA") as the Company's independent auditor in 2019 providing audit service for the Company. Ruihua CPA adhered to the principle of independent audit in the course of practicing, and reflected the financial status of the Company in an objective, fair and impartial way, earnestly fulfilled their due responsibilities, and effectively safeguarded the legitimate rights and interests of the Company and its shareholders from a professional perspective.

Based on the demand of business development and future audit of the Company and bilateral communication and negotiation, Ruihua CPA was no longer the independent auditor of the Company. The Company held the 12<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors and the 1<sup>st</sup> Extraordinary General Meeting of 2020 respectively on 30 December 2019 and 15 January 2020 and determined to hire Pan-China Certified Public Accountants (LLP) as the auditor for the 2019 Financial Statements and internal control of the Company. The said proposal has been approved both on the board meeting and shareholders meeting.

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

 Applicable  Not applicable

In this Reporting Period, the Company engaged Pan-China Certified Public Accountants (LLP) for its internal control audit and paid an internal control audit fee of RMB0.25 million to it for the period.

**X Possibility of Listing Suspension or Termination after Disclosure of this Report** Applicable  Not applicable

## XI Insolvency and Reorganization

Applicable  Not applicable

No such cases in the Reporting Period.

## XII Major Legal Matters

Applicable  Not applicable

General information	Involved amount (RMB'0,000)	Provision	Progress	Decisions and effects	Execution of decisions	Dislo sure date	Index to dislo sed infor matio n
Litigation matters in disputes over environmental pollution liability of Fuchang Building II	815.4	None	See Part XII Financial Report-XIV-2	See Part XII Financial Report-XIV-2	See Part XII Financial Report-XIV-2		
Summary of other contract disputes	840.62	Yes	See Part XII Financial Report-XIV-2	See Part XII Financial Report-XIV-2	See Part XII Financial Report-XIV-2		

## 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 Bay Technology Development Co., Ltd.	Wholly-owned subsidiary of the Company as the parent	Related-party transactions governing sales of commodity and providing of labors	Property management services	Market principle	Agreement price	3,037.18	2.54%	N/A	N/A	Cash	3,037.18		
Shenzhen Hi-Tech Zone Development Construction Company Ltd.	Wholly-owned subsidiary of Shenzhen Bay Technology Development Co., Ltd.	Related-party transactions governing sales of commodity and providing of labors	Property management services	Market principle	Agreement price	142.09	0.12%	N/A	N/A	Cash	142.09		

Shenzhen Shentou Real Estate Development Co.,Ltd.	Wholly-owned subsidiary of the Company as the parent	Lease	Office	Market principle	Agreement price	37.32	0.01%	N/A	N/A	Cash	37.32		
Shenzhen Shentou Real Estate Development Co.,Ltd.	Wholly-owned subsidiary of the Company as the parent	Investment property	Entrusted management services of houses	Market principle	Agreement price	455.24	1.66%	N/A	N/A	Cash	455.24		
Total				--	--	3,671.83	--		--	--	--	--	--
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				The Company's wholly-owned subsidiary TK Property has completed equity change registration in November 2019, relevant estimated approval procedure is not applicable.									
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

Related party	Relationship with the Company	Type of transaction	Specific transaction	Pricing principle	Carrying value of the transferred assets (RMB'0,000)	Assessed value of the transferred assets (RMB'0,000)	Transfer price (RMB'0,000)	Method of settlement	Profit or loss of the transaction (RMB'0,000)	Disclosure date	Index to disclosed information

Shenzhen Investment Holdings Co., Ltd.	The Company as the parent	Equity interests acquisition	Equity interests acquisition of TK Property	Market valuation	39,614.40	105,946.04	102,738.25	Cash	21 0 September r 2019	Announcement on Acquisition of 100% of Equity Interests in Shenzhen Toukong Property Management Co., Ltd. And Related-Party Transactions (No.: 2019-33) on Cninfo
Reasons for relatively large difference between the transfer price and the carrying value or assessed value (if any)				N/A						
Influence on the Company's operating results and financial condition				Refer to Part XII Financial Report-VIII Changes of Consolidation Scope for details						
Performance realization during the Reporting Period when relative transactions involved performance promise				The equity transfer contract agrees that the accumulative net profit (deducted non-recurring profit or loss) of three years from 2019 to 2021 of TK Property shall be not less 18% of the amount paid for the equity transfer. The net profit of TK Property for the Reporting Period was RMB114 million.						

### 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

Indicate by tick mark whether there were any credits and liabilities with related parties for non-operating purposes.

Yes  No

Receivable from related parties



Related party	Relationship with the Company	Reason	Capital occupation for non-operating purposes (yes/no)	Beginning balance (RMB'0,000)	Amount newly added in current period (RMB'0,000)	Amount received in current period (RMB'0,000)	Interest rate	Current interest (RMB'0,000)	Ending balance (RMB'0,000)
Shenzhen Bay Technology Development Co., Ltd.	Wholly-owned subsidiary of the Company as the parent	Business circulating funds	No	5,406.18	7,252.6	3,279.75	0.00%	0	9,379.03
Shenzhen Hi-Tech Zone Development Construction Company	Wholly-owned subsidiary of Shenzhen Bay Technology Development Co., Ltd.	Business circulating funds	No	95.10	136.38	113.05	0.00%	0	118.43
Shenzhen Xinhai Holdings Co., Ltd.	The parent company of the subsidiary Rongyao Real Estate's minority shareholder Xinhai Rongyao	Business circulating funds before acquisition	No	105,790		50,640	0.00%	0	55,150
Shenzhen Xinhai Rongyao Real Estate Development Co., Ltd.	Minority shareholder of the subsidiary Rongyao Real Estate	Business circulating funds before acquisition	No	33,207.29		160	0.00%	0	33,047.29
Shenzhen Wufang Pottery & Porcelain Industrial Co., Ltd.	26% equities held by the Company	Business circulating funds	No	174.73			0.00%	0	174.73
Influence on the Company's operating results and financial condition	All were within the risks control of the Company and not influenced the operating results and the financial conditions.								

Liabilities payable to related parties

Related party	Relation with the Company	Formation reason	Beginning balance (RMB'0,000)	Amount newly added in current period (RMB'0,000)	Amount returned in current period (RMB'0,000)	Interest rate	Current interest (RMB'0,000)	Ending balance (RMB'0,000)
Shenzhen Jifa Warehouse Co., Ltd.	Joint venture	Intercourse funds	2,929.67	650				3,579.67
Shenzhen Tian'an International Building Property Management Co., Ltd.	Joint venture	Intercourse funds	521.43					521.43
Influence on the Company's operating results and financial condition		All were within the risks control of the Company and not influenced the operating results and the financial conditions.						

## 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

Description of trusteeship situation:

1) On 20 August 2018, the Company signed *Entrusted Management Agreement* with Shenzhen Investment Holdings, and agreed that Shenzhen Investment Holdings entrusts the Company to manage its sole subsidiary - TK Property, with the entrusted management term from 20 August 2018 to 20 January 2019, totally 6 months. During the entrusted management period, Shenzhen Investment Holdings entrusted the daily operation and management power of TK Property for our party to exercise. Shenzhen Investment Holdings continues to have the ownership, rights to earnings and disposal right of TK Property, and make decisions for major events according to provisions of state owned asset supervision and articles of association of TK Property.

2) On 6 November 2019, Shenzhen Investment Holdings signed *Equity Transfer Contract of TK Property* with our party, our party plans to purchase 100% equity of TK Property held by Shenzhen Investment Holding. Regarding to historical problems left in part land and properties of TK Property and the complexity for handling, Shenzhen Investment Holdings and TK Property signed *Entrusted Operation and Management Agreement of Stripped Land and Assets of TK Property* with TK Property, Shenzhen Investment Holdings, TK Property and our party all confirmed that it is the consensus of three parties to "entrust land and properties which is stripped to Shenzhen Investment Holdings in land and property disposal solution of TK Property to TK Property for operation and management again before ownership confirmation and being transferred to SZPRD according to price evaluation

agreement. Refer to Reference No.: 2019-33 announcement-*Announcement on Purchasing 100% Equity and Related Transactions of TK Property* disclosed by cninfo on 21 September 2019 for details.

Projects whose profits and losses for the Company reached more than 10% of the total profits during the Reporting Period:

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

### (1) Guarantees

Unit: RMB'0,000

Guarantees provided by the Company as the parent and its subsidiaries for external parties (exclusive of those for subsidiaries)								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
Guarantees provided by the Company for its subsidiaries								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
Shenzhen Rongyao Real Estate Development Co., Ltd.	18 October 2019	500,000	27 November 2019	219,300	Joint-liability	27 November 2019 to 20 November 2024	No	Yes

Shenzhen Huangcheng Real Estate Co., Ltd.	29 March 2018	75,000	20 July 2018	93.3	General guaranty	20 July 2018 to 20 June 2021	No	Yes
Total approved line for such guarantees in the Reporting Period (B1)		500,000		Total actual amount of such guarantees in the Reporting Period (B2)		219,300		
Total approved line for such guarantees at the end of the Reporting Period (B3)		575,000		Total actual balance of such guarantees at the end of the Reporting Period (B4)		219,393.3		
Guarantees provided between subsidiaries								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
Total guarantee amount (total of the three kinds of guarantees above)								
Total guarantee line approved in the Reporting Period (A1+B1+C1)		500,000		Total actual guarantee amount in the Reporting Period (A2+B2+C2)		219,300		
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)		575,000		Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)		219,393.3		
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets				69.69%				
Of which:								
Balance of guarantees provided for shareholders, actual controller and their related parties (D)				0				
Balance of debt guarantees provided directly or indirectly for obligors with an over 70% debt/asset ratio (E)				219,393.3				
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)				61,995.85				
Total of the three amounts above (D+E+F)				219,393.3				

Compound guarantees:

## (2) Irregularities in Provision of 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

No such cases in the Reporting Period.

#### (2) Entrusted Loans

Applicable  Not applicable

No such cases in the Reporting Period.

### 4. Other Major Contracts

Applicable  Not applicable

Name of contracting party	Name of the other party of the contract	Target	Signing date	Carrying value of the involved assets (RMB'0,000) (if any)	Assessed value of the involved assets (RMB'0,000) (if any)	Name of evaluative agency (if any)	Base date of evaluation (if any)	Pricing principles	Transaction price (RMB'0,000)	Related transactions or not	Related relations	Execution date of the end of the Reporting Period	Disclosure date	Index to disclosed information
Shenzhen Properties & Resources Development (Group) Ltd.	Shenzhen Xinhai Rongyao Real Estate Development Co., Ltd.	69% of equity interests in Shenzhen Rongyao Real Estate Development Co., Ltd.	26 February 2019	-26,373.23	74,650.4	Shenzhen Pengxin Assets, Land and Real Estate Appraisal Co., Ltd.	31 July 2018	Asset-based approach	50,800	No	Not related	Has completed the acquisition of related equity interests	11 February 2019	Announcement on the Acquisition of Equity Interests in the Target Company and Providing Guarantees for it (No.: 2019-6) on Cninfo

Shenzhen Properties & Resources Development (Group) Ltd.	Shenzhen Investment Holdings Co., Ltd.	100% of equity interests in Shenzhen Toukong Property Management Co., Ltd.	6 November 2019	39,614.4	105,946.05	Pan-China Appraisal Co., Ltd.	31 March 2019	Asset-based approach	102,738.25	Yes	Shenzhen Investment Holdings Co., Ltd. is the Controlling shareholder of the Company and TK Property	Has completed the acquisition of related equity interests	21 September 2019	Announcement on the Acquisition of 100% of Equity Interests in Shenzhen Toukong Property Management Co., Ltd. and Related-Party Transactions (No.: 2019-33) on Cninfo
--	--	--	-----------------	----------	------------	-------------------------------	---------------	----------------------	------------	-----	--	---	-------------------	---

## XVIII Corporate Social Responsibility (CSR)

### 1. Measures Taken to Fulfill CSR Commitment

Since its inception, SZPRD has been adhering to the concept of honesty, responsibility and win-win cooperation for the benefit of society. The Company actively fulfills its social responsibilities and always takes repaying the society as an important development concept. It actively fulfills its statutory social responsibilities and ethical social obligations, and unifies the realization of economic and social benefits to create an excellent corporate image. The Company carried out the following activities to perform its social responsibility in 2019:

#### 1) Actively Organize and Conduct the Voluntary Blood Donation Activity

In order to commemorate the 98<sup>th</sup> anniversary of the founding of the Communist Party of China and carry forward the good moral integrity of being helpful and selfless, on 1 July, the party committee of Shenzhen International Trade Center Property Management Co., Ltd. subordinated to SZPRD together with the Jiabei Community Station of Nanhu Sub-district in Luohu District and International Trade Center Sub-branch of Shenzhen Branch of Bank of China held the activity of “Red Banner & Red Action” Voluntary Blood Donation, attracting a total of 132 people to voluntarily donate their blood on the day with the total amount of blood donation 45,700 ml. In fact, the number of people involving the blood donation and the donated blood volume all exceeded that in previous years.

Since 2011, the party committee of Shenzhen International Trade Center Property Management Co., Ltd. has insisted on carrying out the theme activity for public benefits of “Red Banner & Red Action” to commemorate the party’s birthday every year, allowing party member volunteers to play an exemplary role. Fortunately, the activity has attracted the active response from the owners and tenants of ITC Building, various party organizations in the southern business district and Jiabei Community station and people from all walks of life, and become a unique party building activity featuring “the secretary controls the activity, the party branch creates the brand, and the party members strive for becoming the vanguard”. This activity has been held for consecutive nine years. In terms of this activity, more than 600 people have donated their blood voluntarily with the total unpaid blood donation volume exceeding 225,000 ml.

#### 2) Care for the employees and shoulder social responsibilities

On January 10 when the spring festival was coming, to make grass-root employees, especially employees who has financial problems, have a warm and harmonious spring festival, Party secretary and president of SZPRD, Liu Shengxiang, deputy secretary of the Party committee, secretary of the Commission for Discipline Inspection and chairman of the labor union, Wei Xiaodong, vice general president Zhang Gejian, and other leaders went to the grass roots for visit and consolation, brought consolation products and money for them, and made grass-root employees feel the warmth of the enterprise.

On May 26 to enrich the culture life of employees, display enterprise culture of pioneering, innovation and keeping pace with the age, SZPRD held the first competition of “fitness test”. The competition carried out in a compact and orderly way. All the participants gave the best account of oneself and displayed fine sportsmanship, manifested the enterprise spirit of “going ahead and reforming” of SZPRD personnel, and reflected the good team spirit of “uniting together and making efforts together”.

On July 10 to practice the spirit of the 19th National Congress of the Communist Party of China, implement work assisting mechanism within the Party, normalize Party member’s consolation activities on major festivals, combining with the theme education of “staying true to our founding mission”, Party Committee of SZPRD carried out “July 1” symposia to console Party members who have difficulty, and sent care and warmth of the Party organization to them.

To actively respond the call of municipal SASAC, combining with the theme education work arrangement of “staying true to our founding mission”, from August 8 on, direct subordinated Party Organization of SZPRD carried out money donation on Guangdong Poverty Relief Day of 2019 on and off. By August 26 totally RMB38,495.50 was raised. Since Party Committee of SZPRD initialized to carry out money donation activity, each direct subordinated Party organization actively prepared for it, and called for Party members and common people for wide participation. Charity fund raised this time will be donated to targeted poverty alleviation village -- Shima Village, Beiling Town, Longchuan County, Heyuan City according to a certain ratio. The rest funds will be listed into poverty relief fund of the Group for help internal employees who have difficulties.

### **3) Construct red education bases, and carry forward the spirit of reform and opening up**

In March, to fully dig the historic value of ITC Building, SZPRD started the construction preparation work of historic exhibition center of reform and opening up in ITC Building. After its construction, it will boast education, study, display and exchange functions, as well as become a red education base which displays the historic value of reform and opening up and spirits of the time.

As the birth place of “Shenzhen Speed” and former place of talks given by Chairman Deng Xiaoping in his inspection to the south in 1992, ITC Building wins the attention and worship of the whole country again. In 2019, totally 20 batches of trainees of the training course of the Party School of the CPC Municipal Committee, totally 2000 persons, visited ITC Building. SZPRD powerfully carries forward the spirit of reform and opening up and makes the spirit pass down forever.

### **4) Social honors won**

On March 8 the winners list of first IFMA held by IFMA China came out, and “Renovation Project of ITC Building Air Conditioner Energy Saving” declared by subordinated ITC Property Management of SZPRD won “Best Innovation Award”.

On July 3 at Grand Ceremony of Shenzhen Real Estate in 2019 as well as Comprehensive Evaluation Briefing of the Industry” held by SREA, SZPRD won “Brand Value Enterprise of Shenzhen Real Estate Development Industry” and “30-Year Vice President Unit Since the Establishment of Shenzhen”.

On July 15 Shenzhen Property Management Association released *Ranking Analysis Report of Top 50 Property Management enterprises in Comprehensive Capacity of Shenzhen in 2018* to disclose top 50 enterprises, and TK Property ranked the 15<sup>th</sup> in it, ranking three places higher than in 2017.

In August, the selection result of “Guangdong Top 50 Enterprises in 2019” jointly held by Guangdong Provincial Federation of Enterprises and Guangdong Federation of Entrepreneurs came out. The comprehensive capacity of SZPRD won thorough recognition and highly evaluation, and was selected as “Guano Top 50 Enterprises in 2019”, which is its 15<sup>th</sup> time to win such a honor. The selection has been carried out for 15 years consecutively, has stirred up a lot of attention and been attached more importance, and has become the authoritative reference for measuring influence, scale and comprehensive capacity of an enterprise.

In September, China Civil Engineering Society, CCES, disclosed the selection result of Tien-yow Jeme Civil Engineering Prize,

SZPRD-Hupan Yujing won “Gold Prize of Residential Community of Tien-yow Jeme Civil Engineering Prize”, with its product quality winning the authoritative recognition of the industry. There were 31 residential communities winning “Gold Prize of Residential Community of Tien-yow Jeme Civil Engineering Prize” in 2019, and 14 projects (single excellence”) were praised. Yangzhou Hupan Yujing project of SZPRD finally Gold Prize of Residential Community after experts’ comprehensive evaluation in planning design, architectural design, environment design, engineering quality, scientific and technological innovation. The project team always remain true to quality, emphasize details, quality and brand, stick to striving for perfection in each link of design, construction, and management, which finally win such a honor.

In December, Shenzhen Property Management Association held summary and commendation conference of 2019, ITC Property Management won the honor of “Enthusiastic Charity Enterprise in the Industry of Shenzhen Property Management in 2019”. ITC Property Management is keen on social public welfare. In 2019, it carried out the money donation activity of “Alleviating Poverty and Passing Love”, solved medical equipment project for Daping Township Hospital of Puge County, Liangshan Yi Autonomous Prefecture, Sichuan, displayed the spirit of being brave to shoulder social responsibility and selfless in devotion, and won the recognition of the industry and the society.

## 2. Measures Taken for Targeted Poverty Alleviation

The Company didn’t take any targeted measures to help people lift themselves out of poverty during the Reporting Period, no targeted poverty alleviation plan temporarily too.

## 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.

No.

No such cases in the Reporting Period.

## XIX Other Significant Events

Applicable  Not applicable

No such cases in the Reporting Period.

## XX Significant Events of Subsidiaries

Applicable  Not applicable



## Part VI Share Changes and Shareholder Information

### I. Share Changes

#### 1. Share Changes

Unit: share

	Before		Increase/decrease 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 (%)
I. Restricted shares	352,511,223	59.15%	0	0	0	-350,579,943	-350,579,943	1,931,280	0.33%
1. Shares held by State	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned legal person	350,579,943	58.82%	0	0	0	-350,579,943	-350,579,943	0	0.00%
3. Shares held by other domestic investors	1,931,280	0.33%	0	0	0	0	0	1,931,280	0.33%
Among which: Shares held by domestic legal person	1,894,980	0.32%	0	0	0	0	0	1,894,980	0.32%
Shares held by domestic natural person	36,300	0.01%	0	0	0	0	0	36,300	0.01%
4. Shares held by other foreign investors	0	0.00%	0	0	0	0	0	0	0.00%
II. Unrestricted shares	243,467,869	40.85%	0	0	0	350,579,943	350,579,943	594,047,812	99.67%
1. RMB common shares	175,862,626	29.51%	0	0	0	350,579,943	350,579,943	526,442,569	88.33%
2. Domestically listed foreign shares	67,605,243	11.34%	0	0	0	0	0	67,605,243	11.34%
III. Total shares	595,979,092	100.00%	0	0	0	0	0	595,979,092	100.00%

Reasons for share changes:

√ Applicable □ Not applicable

According to the share reform commitment of Shenzhen Investment Holdings Co., Ltd., as of 4 November 2012, shares can be unblocked of Shenzhen Investment Holdings are 350,579,943 accounting for 58.82% of the Company's total share capital. During

the Reporting Period, the Company completed related procedures regarding the desterilization of non-tradable shares and 350,579,943 restricted shares held by Shenzhen Investment Holdings have been listed for trading on 19 July 2019. For more information, please refer to the Indicative Announcement on the Desterilization of Non-Tradable Shares (No.: 2019-23) disclosed by the Company on Cninfo on 18 July 2019.

Approval of share changes:

Applicable  Not applicable

Above-mentioned desterilization of non-tradable shares has been approved by Shenzhen Stock Exchange and completed the change registration in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

Transfer of share ownership:

Applicable  Not applicable

Progress on any share repurchases:

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

On 16 January 2020, the shareholder with restricted public shares of the Company Han Yihua repaid the advanced shares for share reform of 3,326 to the Company's controlling shareholder Shenzhen Investment Holdings and transferred the share ownership to the latter. Since then, the shareholding of Shenzhen Investment Holdings increased to 380,382,223 shares from 380,378,897 shares. On 4 March 2020, Shenzhen Investment Holdings transferred some shares of the Company to China Orient Asset Management Co., Ltd. (hereinafter referred to as "Orient Asset") by means of contract and completed the ownership transfer registration in China Securities Depository and Clearing Corporation Limited. After the transfer, Shenzhen Investment Holdings held 345,412,223 shares of the Company with the shareholding decreasing to 57.96% from 63.82% but is still the controlling shareholder of the Company. Orient Asset holds 34,970,000 shares of the Company accounting for 5.87% of the Company's total share capital and becomes the second largest shareholder with over 5% of shares in the Company. For more details, please refer to the Announcement on Completing the Ownership Transfer of Some Shares of the Company through Contract by the Controlling Shareholder (No.: 2020-6) disclosed on Cninfo on 6 March 2020 by the Company.

## 2. Changes in Restricted Shares

Applicable  Not applicable

Unit: share

Name of shareholders	Number of restricted shares at the period-begin	Number of increased restricted shares	Number of released restricted shares	Number of restricted shares at the period-end	Reason for restriction	Date of restriction release
Shenzhen Investment Holdings Co., Ltd.	350,579,943	0	350,579,943	0	Share reform commitments	19 July 2019

Total	350,579,943	0	350,579,943	0	--	--
-------	-------------	---	-------------	---	----	----

## 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

Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Increase/d 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	63.82%	380,378,897	0	0	380,378,897		
Shenzhen Duty-Free Commodity Enterprises Co., Ltd.	Domestic non-state-owned legal person	0.29%	1,730,300	0	1,730,300	0		
Yang Yaochu	Domestic natural person	0.24%	1,425,020	14,400	0	1,425,020		

Mai Furong	Domestic natural person	0.20%	1,181,500	51,000	0	1,181,500		
Li Jing	Domestic natural person	0.20%	1,176,740	0	0	1,176,740		
Duan Shaoteng	Domestic natural person	0.18%	1,067,700	1,067,700	0	1,067,700		
Wang Hui	Domestic natural person	0.15%	900,000	152,000	0	900,000		
Chen Yutang	Domestic natural person	0.15%	865,400	705,400	0	865,400		
Shantou Property Hexin Co.,Ltd.	Domestic non-state-owned legal person	0.14%	850,000	250,000	0	850,000		
Li Baorong	Domestic natural person	0.13%	800,000	400,000	0	800,000		
Strategic investor or general legal person becoming a top-10 ordinary shareholder due to rights issue (if any) (see note 3)		N/A						
Related or acting-in-concert parties among the shareholders above		The first largest shareholder, Shenzhen Investment Holdings Co., Ltd., is the actual controlling shareholder of the Company. And the Company does not know whether there are related parties or acting-in-concert parties among the other 9 shareholders.						
Top 10 unrestricted shareholders								
Name of shareholder	Unrestricted shares held at the period-end	Shares by type						
		Type	Shares					
Shenzhen Investment Holdings Co., Ltd.	380,378,897	RMB common share	380,378,897					
Yang Yaochu	1,425,020	Domestically listed foreign share	1,425,020					
Mai Furong	1,181,500	Domestically listed foreign share	1,181,500					
Li Jing	1,176,740	Domestically listed foreign share	1,176,740					
Duan Shaoteng	1,067,700	RMB common share	1,067,700					
Wang Hui	900,000	Domestically listed foreign share	900,000					
Chen Yutang	865,400	RMB common share	865,400					
Shantou Property Hexin Co.,Ltd.	850,000	RMB common share	850,000					

Li Baorong	800,000	RMB common share	800,000
He Simo	762,650	Domestically listed foreign share	762,650
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 first largest shareholder, Shenzhen Investment Holding Corporation, is the actual controlling shareholder of the Company. And the Company does not know whether there are related parties or acting-in-concert parties among the other 9 shareholders.		
Top 10 ordinary shareholders involved in securities margin trading (if any) (see note 4)	N/A		

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
---------------------------------	---------------------------------------	-----------------------	----------------------------	--------------------

<p>Shenzhen Investment Holdings Co., Ltd.</p>	<p>Wang Yongjian</p>	<p>13 October 2004</p>	<p>914403007675664218</p>	<p>To execute investments and M&amp;A on financial equity such as banks, securities, insurance, funds and guarantees and pseudo-banking equity; to engage in the property development and operation business within the scale of legally acquire the land use right; to execute investments and services in strategic emerging industry; to execute the investment, operating and management of the state-owned equities of the wholly-owned, controlling and stock-participating enterprises through the methods such as the restructuring integration, capital operation and assets disposal; other business developed with the authority from the Municipal State-owned Assets Supervision and Administration Commission (if the activity needs approval as required by state regulations, it shall not be operated until it is approved).</p>
---	----------------------	------------------------	---------------------------	---

Shareholdings of the controlling shareholder in other listed companies at home or abroad in this Reporting Period	Shenzhen Textile (000045) holds 234.07 million shares, accounting for 45.96%; SPG A (000029) holds 642.88 million shares, accounting for 63.55%; Shenzhen Universe A (000023) holds 12.27 million shares, accounting for 8.85%; Ping'an (601318) holds 962.72 million shares, accounting for 5.27%; Guosen Securities (002736) holds 2,749.53 million shares, accounting for 33.53%; Guotai Jun'an (601211) holds 609.24 million A-shares and 103.37 million H-shares, totally accounting for 8.00%; Telling Telecommunication (000829) holds 195.03 million shares, accounting for 18.80%; Shenzhen International (00152) holds 952.01 million shares, accounting for 44.04%; Beauty Star (002243) holds 604.82 million shares, accounting for 51.93%; Bay Area Development (00737) holds 2,213.45 million shares, accounting for 71.83%; Infinova (002528) holds 315.83 million shares, accounting for 26.35%; Eternal Asia (002183) holds 388.45 million shares, accounting for 18.30%; Shenzhen Energy (000027) holds 5.64 million shares, accounting for 0.14%; Bank of Communications (601328) holds 9.52 million shares, accounting for 0.01%; Techand (300197) holds 113.98 million shares, accounting for 4.86%; Vanke (02202) holds 77.27 million shares, accounting for 0.68%.
---	---

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

<p>Shenzhen Municipal State-owned Assets Supervision and Administration Commission</p>	<p>Yu Gang</p>	<p>1 July 2004</p>	<p>K31728067</p>	<p>(I) Implementing and practicing state, provincial and municipal laws and regulations related to management on state-owned assets, drafting local laws, regulations, and policies about management on state-owned assets, and organizing implementation activities upon approvals. Intending to draft supervision systems and methods about operational state-owned assets, and organizing implementation activities.</p> <p>(II) On the basis of authorization from municipal government, fulfilling duties of investors according to laws and regulations, and protecting the rights and interests of investors for state-owned assets according to laws</p> <p>(III) Taking charge of Party-building work for enterprises in its supervision and organs entrusted</p> <p>(IV) Undertaking the supervision over state-owned assets of municipal enterprises, strengthening management on state-owned assets, further perfecting the management mechanism for state-owned assets with the unification of power, obligation, and duties, as well as the combination of managing assets, people, and affairs</p> <p>(V) Being responsible for hedging and appreciation of the value of state-owned assets of enterprises in its supervision, establishing and perfecting the index system for hedging and appreciation of the value of state-owned assets, setting out assessment standards, supervising on hedging and appreciation of the value of state-owned assets of enterprises in its supervision by statistics, audit, and check, and urging enterprises in its supervision to fulfill social duties</p> <p>(VI) In charge of researching and preparing the general planning for transformation and development of state-owned enterprise in its supervision, guiding and boosting transformation and re-organization of state-owned enterprises, prompting the construction of modern enterprise system, carrying forward operation of state-owned capital, pushing the strategic adjustment on state-owned economy layout and structure, and making state-owned capital play the role in significant industries and key fields including national security, national economy lifeline, etc.</p> <p>(VII) Directing and propelling enterprises in its supervision to perfect company governance structure, intensifying construction of Board and Supervision Committees of enterprises in its supervision, and forming the governance mechanism with specific duties, coordinating operation, and effective counterbalance</p> <p>(VIII) Assuming the management work of income distribution for enterprises in its supervision, and standardizing the income distribution and position-related consumption over people in charge of enterprises in its supervision</p> <p>(IX) In line with rules of municipal Party committee, appointing</p>
--	----------------	--------------------	------------------	---



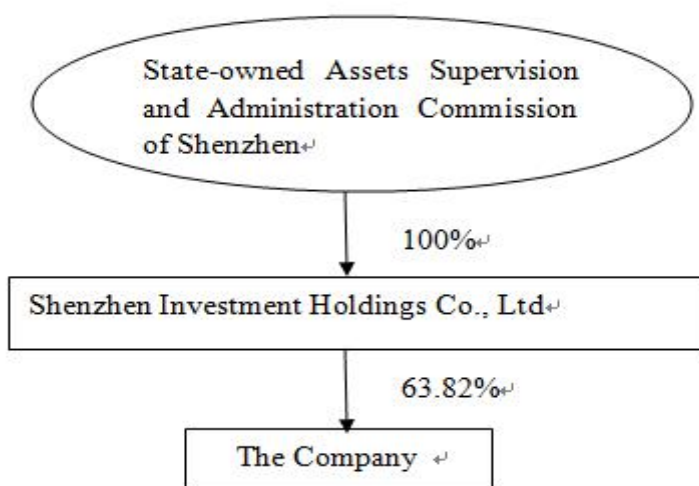
Shareholdings of the actual controller in other listed companies at home or abroad in this Reporting Period	Listed companies such as the Shenzhen Airport, YTP, Shenzhen Energy, Shenzhen Zhenye, Shenzhen Tagen, Agricultural Products and SDGI.
---	---

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 Convertible Corporate Bonds

Applicable  Not applicable

No convertible corporate bonds in the Reporting Period.

## Part IX Directors, Supervisors, Senior Management and Staff

### I Change in Shareholdings of Directors, Supervisors and Senior Management

Name	Office title	Incumbent/Former	Gender	Age	Start of tenure	End of tenure	Beginning shareholding (share)	Increase in the Reporting Period (share)	Decrease in the Reporting Period (share)	Other increase/decrease (share)	Ending shareholding (share)
Liu Shengxiang	Party Secretary and Chairman of the Board	Incumbent	Male	49	15 June 2018	14 June 2021	0	0	0	0	0
Wang Hangjun	Director, Deputy Party Secretary, GM	Incumbent	Male	54	15 June 2018	14 June 2021	0	0	0	0	0
Wei Xiaodong	Director, Deputy Party Secretary	Incumbent	Male	50	15 June 2018	14 June 2021	0	0	0	0	0
Shen Xueying	Director and CFO	Incumbent	Female	51	15 June 2018	14 June 2021	0	0	0	0	0
Wang Ge	Director	Incumbent	Male	49	15 June 2018	14 June 2021	0	0	0	0	0
Zhang Shilei	Director	Incumbent	Male	42	15 June 2018	14 June 2021	0	0	0	0	0
Yuan Hongchang	Independent Director	Incumbent	Male	49	14 April 2017	14 June 2021	0	0	0	0	0
Mei Yonghong	Independent Director	Incumbent	Male	56	15 June 2018	14 June 2021	0	0	0	0	0
Li Qingyuan	Independent Director	Incumbent	Male	43	15 June 2018	14 June 2021	0	0	0	0	0
Dai Xianhua	Chairman of the Supervisory Committee	Incumbent	Male	58	15 June 2018	14 June 2021	0	0	0	0	0

Zhang Manhua	Supervisor	Incumbent	Male	45	15 June 2018	14 June 2021	0	0	0	0	0
Li Qinghua	Supervisor	Incumbent	Male	38	15 June 2018	14 June 2021	0	0	0	0	0
Wang Qiuping	Employee supervisor, GM of ITC Property Management	Incumbent	Female	50	15 June 2018	14 June 2021	0	0	0	0	0
Gu Weimin	Employee supervisor, vice minister of Audit Department	Incumbent	Female	39	15 June 2018	14 June 2021	0	0	0	0	0
Fan Weiping	Vice GM, General Counsel, Board Secretary	Incumbent	Male	55	15 June 2018	14 June 2021	0	0	0	0	0
Cai Lili	Vice GM	Incumbent	Female	48	15 June 2018	14 June 2021	0	0	0	0	0
Li Peng	Vice GM	Incumbent	Male	44	15 June 2018	14 June 2021	0	0	0	0	0
Zhang Gejian	Vice GM	Incumbent	Male	45	15 June 2018	14 June 2021	0	0	0	0	0
Total	--	--	--	--	--	--	0	0	0	0	0

## II Change of Directors, Supervisors and Senior Management

Applicable  Not applicable

## III Biographical Information

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

### Members of the Board of Directors:

**Mr. Liu Shengxiang**, born in August 1971, is a now member of the Communist Party of China, professor-level senior engineer, National Certified Architect (Level 1), and has obtained his Bachelor Degree, Master of Engineering, and MBA. In June 1994, he joined Shenzhen Tagen Group Co., Ltd., and successively served as the deputy general manager, general manager, and general Party branch secretary of Shenzhen Municipal Engineering Corp. and the deputy general manager of Shenzhen Tagen Group Co., Ltd. In June 2013, he joined Shenzhen Road & Bridge Group as the executive director, Secretary of the Party Committee and general manager. He now is the Secretary of the Party Committee and the Chairman of the Company. Mr. Liu Shengxiang was awarded the title of Outstanding Communist Party Member of Shenzhen in 2001, and obtained Tien-yow Jeme Civil Engineering Prize in 2013,

and May 1<sup>st</sup> Labor Medal of Shenzhen in 2015, the Party representative of the 6<sup>th</sup> Party Congress in Shenzhen.

**Mr. Wang Hangjun**, born in Nov. 1966, member of Communist Party of China, is a senior auditor with a master degree of economy. He ever took post of Deputy Chief of Audit Bureau of Nanshan District, Shenzhen; Vice Minister, Minister of Audit Department of Shenzhen Investment and Management Company; Vice Minister, Minister of Supervision Department of Shenzhen Investment and Management Company; Minister of Audit and Inspection Department of Shenzhen Investment Holding Co., Ltd. He has been Deputy GM of the Company since Oct. 2007. Now he is the Director, deputy Party Secretary and GM of the Company.

**Mr. Wei Xiaodong**, born in January 1970, is a member of the Communist Party of China with the Bachelor's Degree. Mr. Wei Xiaodong ever worked in the municipal government department of Shenzhen for many years. In 2008, he began to work for Shenzhen State-owned Assets Supervision and Administration Commission, and successively served as the deputy director and director of Shenzhen SASAC Office. In June 2014, he served as the deputy director of Shenzhen SASAC Office, and now, he is the Director, deputy secretary of the Party committee, Secretary of Committee for Discipline Inspection.

**Ms. Shen Xueying**, born in October 1969, Bachelor of Economics, is a senior accountant. Ms. Shen Xueying has been engaged in the financial management of listed companies for more than 20 years. She joined the Finance Department of the Company in 1991 and successively served as the clerk and deputy manager of the financial management department of the Company. She was the manager of the financial management department of the Company from 2007-2018 and now she is currently the Director and Chief Financial Officer of the Company.

**Mr. Wang Ge**, born in October 1971, the member of the Communist Party of China, is now the senior engineer with the degree of Bachelor of Engineering. Mr. Wang Ge has been engaged in the enterprise management for many years. He successively served as the deputy director and director of the engineering department of Shenzhen Jian'an (Group) Co., Ltd., the manager and the deputy secretary of the Party Branch of Jian'an Group Construction and Municipal Engineering Company, and the deputy general manager, director, the deputy secretary of the Party Committee and the general manager of Jian'an Group. From March 2017 to present, he has served as the Chief Engineer of Shenzhen Investment Holdings Co., Ltd.

**Mr. Zhang Shilei**, Born in December 1976, is the member of the Communist Party of China with the degree of Master of Management, and successively served as the office director of Shenzhen Information Pipeline Co., Ltd., the deputy director of the general office of Shenzhen Investment Holdings Co., Ltd., the director of Shenzhen Wuzhou Hotel Co., Ltd., the deputy secretary of the Party Committee and the secretary of the Committee for Discipline Inspection. From September 2017 to present, he serves as the director of the general management department of Shenzhen Investment Holdings Co., Ltd.

**Mr. Yuan Hongchang**, born in Mar. 1971, Chinese nationality without overseas residency, is a undergraduate and postgraduate of Tsinghua University, EMBA of Central Europe. He holds professional qualification of registered land appraiser of China and registered real estate broker. He joined in Shenzhen WorldUnion Properties Consultancy Incorporated in 2001, and acted as Vice GM in East China Region, GM of Shanghai WorldUnion, GM in East China Region. Now he works as Vice GM and Secretary of Board in Shenzhen WorldUnion Properties Consultancy Incorporated. Mr. Yuan Hongchang has attended the 80<sup>th</sup> phase of independent directors' training class of Shenzhen Stock Exchange with qualification certificate of independent director.

**Mr. Mei Yonghong**, born in October 1964, is the member of the Communist Party of China, and graduated from the Department of Agriculture of Huazhong Agricultural University with the Degree of Bachelor of Agriculture. He successively served as the deputy director of the General Office of Ministry of Science and Technology and the director of the information research office, the director of the Policy, Regulations and System Reform Department of Ministry of Science and Technology and the mayor of Jining City in Shandong Province. From September 2015 to present, he has served as the director of China National GeneBank (CNGB) and the chairman of BGI Agricultural Group.

**Mr. Li Qingyuan**, Born in 1977, is the member of the Communist Party of China with the Chinese nationality. After he obtained the degree of the Doctor of Accountancy, he became a visiting scholar of Columbia University, and was successively supported by Program for New Century Excellent Talents in University of Ministry of Education in 2012, 351 Program for Talents of Wuhan University in 2011 and Outstanding Accounting Talents (Academic) of Ministry of Finance in 2008. Meanwhile, he also serves as the

member of the Academic Exchange Committee of Accounting Society of China, the editor member of China Journal of Accounting Studies, the professional editor-in-chief of LuoJia Management Review and the director of the Board of Journal of Management Accounting Studies. As a professor (Level 4), he is nominated and elected into National Support Program for Outstanding Young Talents, and now serves as the deputy dean of the department of economy and management and the director of the department of accounting of Wuhan University.

#### **Members of the Supervisory Committee:**

**Mr. Dai Xianhua**, was born in April 1962, doctor degree, Party member of CPC. He worked as a lecturer in School of Business and Economy of Zhongnan University of Economics and Law from 1986 to 1989. He took posts of editor of department of theory and review, vice director, and editor-in-chief, in Shenzhen Economic Daily from 1992 to 1997; worked in Shenzhen State Assets Administration Committee (hereinafter referred as “Shenzhen SAC”) as Vice Section Chief of Assets Management Department, investigator of property right management Department, Vice Director, investigator of Office, and investigator of Appraisal and Distribution Department from 1997 to 2012. Since 2012 he is the Chairman of the Supervisory Committee of the Company and is the Party Secretary since 2020.

**Mr. Zhang Manhua**, born in Feb. 1975, master’s degree, member of the Communist Party of China, studied and worked in Central South University from 1992 to 2004; Senior Manager in the Investment Center of Konka Group and concurrently worked as the Board Secretary for Shenzhen Jvlong Optoelectronic Co., Ltd., and Investment Manager in Shenchao Technological Investment Co., Ltd. from 2004 to 2013; he worked as deputy director in the Strategy & Development Department in Shenzhen Investment Holding Co., Ltd from 2013 to 2018. He is the director in Law and Risks Management department of Shenzhen Investment Holdings Co., Ltd since 2018.

**Mr. Li Qinghua**, born in April 1982, has obtained his Bachelor degree. From 2003 to 2013, he worked for DZX International Appraisal Limited, and successively served as the project assistance, the project manager and the senior manager; from 2013 to 2017, he served as the senior executive of the property right management and legal affairs department of Shenzhen Investment Holdings Co., Ltd., and from 2017 till now, he serves as the deputy director of the audit department of Shenzhen Investment Holdings Co., Ltd.

**Ms. Wang Qiuping**, born in Jan. 1970, Bachelor degree, member of the Communist Party of China, is a senior economist. From 1992 to 2015, she ever took post in GM office, Plan and Finance Department, and Development Management. Since 2015, she is the Party Committee Secretary and GM of Shenzhen International Trade Center Property Management Co., Ltd.

**Ms. Gu Weimin**, Born in October 1981, is the member of the Communist Party of China with the Master’s Degree. From 2007 to 2010, he served as the audit assistance manager of KPMG Shenzhen; from 2011 till now, he has worked for the Company in the audit department (the office of the board of supervisors), and is now the deputy director of the audit department.

#### **Executive officers:**

**Mr. Wang Hangjun**, born in Nov. 1966, member of Communist Party of China, is a senior auditor with a master degree of economy. He ever took post of Deputy Chief of Audit Bureau of Nanshan District, Shenzhen; Vice Minister, Minister of Audit Department of Shenzhen Investment and Management Company; Vice Minister, Minister of Supervision Department of Shenzhen Investment and Management Company; Minister of Audit and Inspection Department of Shenzhen Investment Holding Co., Ltd. He has been Deputy GM of the Company since Oct. 2007. Now he is the Director, deputy Party Secretary and GM of the Company.

**Mr. Fan Weiping**, born in Apr. 1965, is a member of the Communist Party of China with postgraduate degree. He used to work in Shenhua Group successively as the Chief of the Legal Affairs Section in the Supervisory and Audit Department; the Vice Manager and Manager of the Legal Affairs Department; the GM Assistant; and the Chief Legal Adviser. Since Jan. 2009, he has become the Board Secretary and the Chief Legal Adviser for the Company. And he has been a Vice GM, the Board Secretary and the Chief Legal Adviser for the Company since Feb. 2012, and he got the qualification certificate of Board Secretary in Shenzhen Stock Exchange in 2009. Now he is the member of the Party Committee, vice GM, Chief Legal Adviser, and Board Secretary of the Company.

**Ms. Cai Lili**, Born in November 1972, is the member of the Communist Party of China, and has obtained the Master’s Degree in Economics. Since 1995, he has worked in Shenzhen Tax Service, SAT, and ever served as the deputy chief of the taxation and

scientific and technological development department of Shenzhen Tax Service, SAT, and the member of the Party Organization and the deputy director of Futian District Tax Bureau in Shenzhen. Currently, he is the member of the Party Committee, deputy general manager and Chief Financial Officer.

**Mr. Li Peng**, Born in May 1976, is the member of the Communist Party of China, the Bachelor of Engineering and the intermediate economist. Since July 1999, he has worked for the Company as the operation manager, and successively served as the deputy manager of the Company's development management department, the manager of the cost control department, and the secretary of the Party branch and the deputy general manager of Shenzhen Huangcheng Real Estate Co., Ltd. Currently, he now is the member of the Party Committee, and deputy general manager.

**Mr. Zhang Gejian**, born in September 1975, the member of the Communist Party of China, MBA, is an Accountant as well as Auditor. He was engaged in internal auditing work in Audit Department of the Company since July 1997. He acted as the audit manager, Supervisor of the Company and concurrently the Cost Control Manager. Now he is the member of the Party Committee, and the vice GM of the Company.

**Ms. Shen Xueying**, born in October 1969, the member of the Communist Party of China, Bachelor of Economics, is a senior accountant. Ms. Shen Xueying has been engaged in the financial management of listed companies for more than 20 years. She joined the Finance Department of the Company in 1991 and successively served as the clerk and deputy manager of the financial management department of the Company. She has been the manager of the financial management department of the Company from 2007-2018, and now she is the Director, and Chief Financial Officer 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
Wang Ge	Shenzhen Investment Holdings Co., Ltd.	Chief Engineer of Shenzhen Investment Holdings Co., Ltd.	1 March 2017		Yes
Zhang Shilei	Shenzhen Investment Holdings Co., Ltd.	Director of the general management department of Shenzhen Investment Holdings Co., Ltd.	1 September 2017		Yes
Zhang Manhua	Shenzhen Investment Holdings Co., Ltd.	Deputy director in capital operation department of Shenzhen Investment Holdings Co., Ltd.	1 January 2017		Yes
Li Qinghua	Shenzhen Investment Holdings Co., Ltd.	Deputy director of the audit department of Shenzhen Investment Holdings Co., Ltd.	1 January 2017		Yes

Offices held concurrently in other entities:

Applicable Not applicable

Name	Other entity	Office held in the entity	Start of tenure	End of tenure	Remuneration or allowance from the entity
------	--------------	---------------------------	-----------------	---------------	---



Yuan Hongchang	Shenzhen WorldUnion Properties Consultancy Incorporated	Vice GM and Secretary of Board in Shenzhen WorldUnion Properties Consultancy Incorporated.	1 September 2013		Yes
Mei Yonghong	China National GeneBank, BGI Agricultural Group	Director of China National GeneBank (CNGB) and the chairman of BGI Agricultural Group	1 September 2015		Yes
Li Qingyuan	Wuhan University	Deputy dean of the department of economy and management and the director of the department of accounting of Wuhan University.	1 December 2015		Yes
Dai Xianhua	ShenZhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd.	Chairman of the Supervisory Committee of ShenZhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd.	16 January 2020		No

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

Applicable  Not applicable

#### IV Remuneration of Directors, Supervisors and Senior Management

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

During this Reporting Period, the board and the management of the Company signed statement of operation objectives responsibility for 2019, conducted appraisal system integrating operation indicators, classification indicators with management objectives. After the end of this Reporting Period, assessment was implemented by the board. Remuneration of senior executives, according to "Management Method of Annual salary System of Directors, Supervisors and Senior Executives", adopted annual salary system, and need to be implemented after assessment of the board.

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
Liu Shengxiang	Party Secretary and Chairman of the Board	Male	49	Incumbent	113.31	No
Wang Hangjun	Director, Deputy Party Secretary, GM	Male	54	Incumbent	136.11	No
Wei Xiaodong	Director, Deputy Party Secretary	Male	50	Incumbent	121.03	No

Shen Xueying	Director and CFO	Female	51	Incumbent	97.12	No
Wang Ge	Director	Male	49	Incumbent		Yes
Zhang Shilei	Director	Male	42	Incumbent		Yes
Yuan Hongchang	Independent Director	Male	49	Incumbent	8	No
Mei Yonghong	Independent Director	Male	56	Incumbent	8	No
Li Qingyuan	Independent Director	Male	43	Incumbent	8	No
Dai Xianhua	Chairman of the Supervisory Committee	Male	58	Incumbent	100.19	No
Zhang Manhua	Supervisor	Male	45	Incumbent		Yes
Li Qinghua	Supervisor	Male	38	Incumbent		Yes
Wang Qiuping	Employee supervisor, GM of ITC Property Management	Female	50	Incumbent	62.4	No
Gu Weimin	Employee supervisor, vice minister of Audit Department	Female	39	Incumbent	56.6	No
Fan Weiping	Vice GM, General Counsel, Board Secretary	Male	55	Incumbent	116.72	No
Cai Lili	Vice GM	Female	48	Incumbent	116.54	No
Li Peng	Vice GM	Male	44	Incumbent	121.03	No
Zhang Gejian	Vice GM	Male	45	Incumbent	121.08	No
Total	--	--	--	--	1,186.11	--

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	96
Number of in-service employees of major subsidiaries	7,673
Total number of in-service employees	7,769

Total number of paid employees in the Reporting Period	7,769
Number of retirees to whom the Company as the parent or its major subsidiaries need to pay retirement pensions	0
<b>Functions</b>	
Function	Employees
Production	5,382
Sales	211
Technical	1,286
Financial	249
Administrative	467
Managerial	174
Total	7,769
<b>Educational backgrounds</b>	
Educational background	Employees
College and Technical secondary school graduates and above	3,269
High school graduates and below	4,500
Total	7,769

## 2. Employee Remuneration Policy

In 2019, the Group stuck to remuneration system of industrialization within the Group and marketization in the industry, referred to market remuneration level of the same industry, reformed bravely and promoted the income distribution system reform of the whole Group stably by learning from external experience as well as multiple demonstration, completed remuneration performance management system, established incremental sharing mechanism, the Company HQ revised and implemented new remuneration performance system according to procedures; studied and revised organization framework design, department function division, fixed position and fixed arrangement, remuneration performance and incremental sharing system of subordinated Companies based on marketized principle; property management plate also has had policy study reserve according to business development needs and will launch at proper time.

## 3. Employee Training Plans

In 2019, the Group promoted the construction of learning type organization, formulated training plan according to operation development needs, with the key contents including special courses of real estate, comprehensive management ability, team expansion, position ability and quality improvement, and other courses, taking the method of combining internal training and external training, organized all the employees to take part in training by grade as planned, improved the professional quality, business ability and execution ability of staff team, enhanced the understanding and conscientiousness for governing the enterprise by law and acting according to rules.

#### **4. Labor Outsourcing**

Applicable  Not applicable

## Part X Corporate Governance

### I General Information of Corporate Governance

During this Reporting Period, in accordance with the requirement of the Company Law, Securities Law, Code of Corporate Governance for Listed Companies in China and Stock Listing Rules of Shenzhen Stock Exchange as well as relevant laws and statutes of CSRC, the Company continuously regulated and perfected corporate governance structure, established and perfected internal management and control system and investigated in management activities of the Company, which promoted the Company's standard management level.

As to the end of this Reporting Period, the internal control system of the Company is complete, accomplished and defined that in accordance with Company Law, Articles of Association and other laws and regulations as well as requirements of regulatory documents. The convene of Shareholders' General Meeting, the Board of Directors and Supervisory Board are strictly in accordance with relevant rules and regulations, all directors and supervisors earnestly and diligently commit their responsibilities. Corporate structure of the Company is complete and the operation of the Company is standardized.

With the goal of constructing a standard management structure, the Company has established related regulations on Shareholders' Meeting, Board of Directors and Board of Supervisors, to ensure effective rights to decision-making, execution and supervision respectively.

The Shareholders' Meeting shall have the highest right to review and make decision on major issues, including the Company's business idea, investment plan, major trading items, capital changes, appointment and dismissal of directors and supervisors, within the legal scope as defined by laws, regulations and rules like the Company Law and Articles of Corporation. The Company has established and strictly followed various regulations, including Rules of Procedure of Shareholders' Meeting, to ensure all shareholders' rights.

The Board of Directors has the right to business decision-making, responsible for the establishment and effective execution of the Company's internal control as well. Besides, it further sets up four special committees, namely, Strategic Development & Investment Committee, Remuneration and Assessment Committee, Audit Committee and Nomination Committee, to improve its operating efficiency based on corresponding work rules.

The Board of Supervisors acts as a supervising organ for the Company. It checks the Company's finance, and supervises all jobs of the Company's directors and senior management. Also, it is responsible for and reports to the Shareholders' Meeting. The Company formulated and strictly executed *Rules of Procedure of Board of Supervisors*, *Joint Conference System of Supervision Work* and several other systems, to ensure the work of board of supervisors to carry out smoothly. The business management have the right to execution. They are appointed by the Board of Directors, and responsible for daily running of business management and internal control.

The Company abided by the principle of being scientific, simplified and high efficient, set up Party-mass office, discipline inspection and supervision office, office of board of directors, comprehensive office (procedure and information center), HR department, financial management department (settlement center), investment development department, operation and management department, product management department (technological center), law and risk management department (letters and visits office, office of security committee), auditing department (office of board of supervisors). Each department perform its own functions, and strictly carries out work according to internal control system, to ensure the normal operation of the Company.

The Company has always attached great importance on standardizing insider information management, formulated and completed *Management Provisions on Information Disclosure*, *Work Procedures of Annual Report of Auditing Committee*, *Accountability System of Major Errors in Information Disclosure of Annual Report*, *Work System of Annual Report*, *Insider Management System of*

*Insider Information, Management System of Investor Relationship*, and other internal control system, to ensure the authenticity, accuracy and completeness of Company information disclosure. During the reporting period, the Company strictly carried out information disclosure, corporate governance conference organization, an other work according to requirements of securities supervision, disclosed information timely, accurately and completely, without any accidents which violate relevant internal control system of information disclosure.

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**

The Company was independent from the controlling shareholder in business, personnel, assets, organization and finance to realize that independent personnel, independent finance, complete assets, independent organization and independent business.

1. In aspect of business: The Company was independent from the controlling shareholder with independent and complete business and independent operation capability. There was no business which was same or competitive with the controlling shareholder.

2. In aspect of personnel: The Company was complete independent from the controlling shareholder in terms of labor and personnel, management on remuneration. All Senior Executives drew the remuneration from the Company, and none held a post concurrently in shareholders' company. Personnel of the Company are independent, all ones signed labor contract with the Company. The Company was independent from the shareholders or other related parties in personnel management, social security, salary etc.

3. In aspect of asset: The Company's assets were complete and independent, the property relationship was clear. There was no capital occupation by controlling shareholder, and assets of the Company were completely independent from controlling shareholder.

4. In aspect of organization: The Company's organization was independent, and the Company implemented rules and regulations as well as responsibilities for all departments, formed independent responsibilities and rights, scientific and rational internal control system. Independence of the Company on operation and management is free from impact from controlling shareholders and other subordinated units. There were no controlling shareholders intervene organization of the Company.

5. In aspect of finance: The Company's finance was independent with independent finance department. The Company established the independent finance settling system and financial management system, had its own finance account and paid the tax in line with laws, run finance decision-making independently.

The controlling shareholder of the Company performed normatively with no conduct that intervened with the operation decision-making and operation activities directly or indirectly over the shareholders' general meeting, however, the controlling shareholder could influence on the significant decision-making through the shares holding.

## **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 1 <sup>st</sup> Extraordinary General Meeting of 2019	Extraordinary General Meeting	63.92%	26 February 2019	27 February 2019	Announcement on Resolutions of the 1 <sup>st</sup> Extraordinary General Meeting of 2019 (No.: 2019-8) on Cninfo
The 2018 Annual General Meeting	Annual General Meeting	63.99%	19 April 2019	20 April 2019	Announcement on Resolutions of the 2018 Annual General Meeting (No.: 2019-17) on Cninfo
The 2 <sup>nd</sup> Extraordinary General Meeting of 2019	Extraordinary General Meeting	2.05%	23 September 2019	24 September 2019	Announcement on Resolutions of the 2 <sup>nd</sup> Extraordinary General Meeting of 2019 (No.: 2019-34) on Cninfo
The 3 <sup>rd</sup> Extraordinary General Meeting of 2019	Extraordinary General Meeting	63.96%	4 November 2019	5 November 2019	Announcement on Resolutions of the 3 <sup>rd</sup> Extraordinary General Meeting of 2019 (No.: 2019-43) on Cninfo
The 4 <sup>th</sup> Extraordinary General Meeting of 2019	Extraordinary General Meeting	63.90%	25 November 2019	26 November 2019	Announcement on Resolutions of the 4 <sup>th</sup> Extraordinary General Meeting of 2019 (No.: 2019-49) on Cninfo

### 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
Yuan Hongchang	9	2	7	0	0	No	5
Mei Yonghong	9	2	7	0	0	No	5
Li Qingyuan	9	2	7	0	0	No	5

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

Not applicable

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

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

Yes  No

No such cases in the Reporting Period.

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

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

Yes  No

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

With attitude of credibility and diligence to the Company and all shareholders, independent directors was diligent and responsible, reviewed all resolutions, and in line with their professional knowledge and capability, made independent, objective and fair judgment away from influence from the Company and principal shareholders of the Company. Also, independent directors expressed independent, objective and fair opinion on relevant events, which made practical efforts to safeguard interests of the Company and minority shareholders.

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

The four special committees under the board—the Strategic Development and Investment Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Audit Committee—according to “Governance Principle of listed Company”, “Articles of Association”, “and Rules of Procedure of the Board of Directors” and implementation rules of special committee, earnestly performed their duties.

### 1. Duty Performance of Strategic Development and Investment Committee

During this Reporting Period, strategic development and investment committee paid attention to authorization of the board to project development and financing, kept good contact with the management and had a good knowledge of matters within their power.

### 2. Duty Performance of Nomination Committee

During the Reporting Period, the Nomination Committee actively kept good contact with relevant departments, studied the demand for directors and senior management fitting the development and changes of the Company’s operation pattern and assets scale and put forward suggestions to the Board of Directors.



### 3. Duty Performance of Remuneration and Assessment Committee

During this Reporting Period, remuneration and assessment committee earnestly performed their duties, kept good contact with the management and conducted three meetings respectively to review the performance appraisal result of the organization, remuneration performance management system, enterprise annuity plan and appraisal result of vice GMs.

### 4. Duty Performance of Audit Committee

During this Reporting Period, audit committee held on-the-spot working conference four times, listened to report of Ruihua Certified Public Accountants (LLP) on audit work, deliberate preliminary audit opinion issued by Ruihua Certified Public Accountants (LLP) and proposed their opinions about 2018 Financial Statement of the Company. In addition, it reviewed and approved the Proposal on 2020 Comprehensive Budget (Draft) and issued written opinions about the Company's change of CPAs.

## 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

Within this Reporting Period, the annual operating target plan 2019 was went forth to the management team by the Board of Directors, of which the Company adopted appraisal method by the score combination of operation index, category index and administrative goal. At the end of the fiscal year, the Board of Directors examined the final score. For senior executives of the Company, the Company adopted annual salary system in accordance with Management Measure for Annual Salary System of Directors, Supervisors and Senior Executives, which shall be implemented after the Board of Directors completing fiscal examination.

## 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	18 March 2020
Index to the disclosed internal control self-evaluation report	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Evaluated entities' combined assets as % of consolidated total assets	99.00%
Evaluated entities' combined operating revenue as % of consolidated operating revenue	100.00%

Identification standards for internal control weaknesses		
Type	Weaknesses in internal control over financial reporting	Weaknesses in internal control not related to financial reporting
Nature standard	<p>Indications of the serious defect of the financial report were including: (1) to execute the misstatement correction of the great defect occurred on the reported and disclosed financial report by the Company; (2) the audit institution discovered the current financial report had great defect while the internal control of the Company didn't found out during the operating process; (3) the supervision of the Company's Audit and Risk Committee and the internal audit department on the internal control was invalid; (4) there was significant corrupt practice among the Directors, Supervisors or Senior Management. Indications of the important defect of the financial report were including: (1) didn't abide by the universally acknowledged accounting standard to choose and apply the accounting policies; (2) had not built up the anti-fraud process and the control measures; (3) had not built up the corresponding control mechanism or had not executed the corresponding compensating control for the accounting treatment which was unconventional or with special transaction; (4) the control during the process of the financial report at the period-end existed one or multiple defects that could not guarantee the compile of the financial report reach the goal of being real and complete. Common defect: refers to the other control defect except for the above great defect and significant defect.</p>	<p>If the following situation occurred, could be recognized as the serious defect and other situation should be recognized as the important defect or the common defect respectively according to the influenced degree: (1) the decision-making of the significant events of the Company lacked of the collective democratic decision-making process or the collective democratic decision-making process was not normative; (2) the decision-making of the Company was not scientific or the decision-making occurred serious mistakes; (3) the operating or the decision-making seriously violated the national laws and regulations; (4) the Company occurred serious environmental pollution or other events seriously effected the social public interests; (5) the media frequently occurred the significant negative news; (6) lacked of the important business management system or the systematicness of the system operation was invalid; (7) the constantly outflow of the key management personnel and technical personnel of the Company; (8) the great or significant internal control defect of the Company could not be timely modified; (9) the Company constantly or plentifully occurred the significant internal control defects; (10) other situation may lead the Company to seriously deviate from the control target.</p>

Quantitative standard	<p>Serious defect: potential misstatement of the operating income <math>\geq 1\%</math> of the operating income of the consolidated statements of the Company, potential misstatement of the total assets amount <math>\geq 0.40\%</math> of the total assets of the consolidated statements of the Company, potential misstatement of the net assets <math>\geq 1.00\%</math> of the net assets of the consolidated statements of the Company. Important defect: 0.50% of the operating income of the consolidated statements of the Company <math>\leq</math> misstatement <math>&lt; 1\%</math> of the operating income of the consolidated statements of the Company; 0.2% of the total assets of the consolidated statements of the Company <math>\leq</math> misstatement <math>&lt; 0.4\%</math> of the total assets of the consolidated statements of the Company, 0.5% of the net assets of the consolidated statements of the Company <math>\leq</math> misstatement <math>&lt; 1\%</math> of the net assets of the consolidated statements of the Company. Common defect: misstatement of the operating income <math>&lt; 0.5\%</math> of the operating income of the consolidated statements of the Company, misstatement of the total assets amount <math>&lt; 0.2\%</math> of the total assets amount of the consolidated statements of the Company, misstatement of the net assets <math>&lt; 0.5\%</math> of the net assets of the consolidated statements of the Company.</p>	Quantitative identification standard of internal control defects in non financial statement confirmed by the company will mainly execute according to the amount of direct economic loss caused by control defectives and by referring to quantitative identification standard internal control defects in non financial statement.
Number of material weaknesses in internal control over financial reporting	0	
Number of material weaknesses in internal control not related to financial reporting	0	
Number of serious weaknesses in internal control over financial reporting	0	
Number of serious weaknesses in internal control not related to financial reporting	0	

## X Independent Auditor's Report on Internal Control

Applicable  Not applicable

Opinion paragraph in the independent auditor's report on internal control	
We believe that Shenzhen Properties & Resources Development (Group) Ltd. maintained efficient internal control of financial reports in all significant aspects according to "Basic Standards of Corporate Internal Control" and relevant regulations.	
Independent auditor's report on internal control disclosed or not	Disclosed
Disclosure date	18 March 2020
Index to such report disclosed	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
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 XI Corporate Bonds**

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

No.

## Part XII Financial Statements

### I Independent Auditor's Report

Type of the independent auditor's opinion	Unmodified unqualified opinion
Date of signing this report	17 March 2020
Name of the independent auditor	Pan-China Certified Public Accountants (LLP)
Reference number of Audit Report	Pan-China Audit Report [2020] No 7-90.
Name of the certified public accountants	Wang Huansen, Chen Yan

### Text of the Auditor's Report

Pan-China Audit Report [2020] No. 7-90

#### All shareholders of Shenzhen Properties & Resources Development (Group) Ltd.:

#### 1. Opinion

We have audited the financial statements of Shenzhen Properties & Resources Development (Group) Ltd. (the "Company"), which comprise the consolidated and parent company balance sheets as of 31 December 2019, the consolidated and parent company statements of income, cash flows and changes in owners' equity for the year then ended, as well as the notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated and parent company financial position of the Company at 31 December 2019, and the consolidated and parent company operating results and cash flows for the year then ended, in conformity with the Chinese Accounting Standards (CAS).

#### 2. Basis for Opinion

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

#### 3. Key audit items

Key audit items are the items that are considered most important for the audit of the current financial statements based on our professional judgment. The response to these items is based on the audit of the financial statements as a whole and the formation of audit opinions. We do not comment on these items separately.

##### (I) Revenue Recognition

##### 1. Description

See Note III (XXIII) and Note V (II) 1 of the financial report for details.

The operating revenue of the Company was mainly generated from the sales of real estate developed by itself. In 2019, the operating revenue of the Company was RMB3,961,669,942.44, of which the operating revenue from sales of real estate was RMB2,666,917,880.15, accounting for 67.32% of total operating revenue.

According to the revenue recognition accounting policy of SZPRD, the recognition of the Company's real estate sales income must meet the following conditions: the development product has been completed and qualified for acceptance, and the realization of sales revenue is recognized after the property is handed over to the owner in accordance with the contract.

As operating revenue is one of the key performance indicators of the Company, there might be the inherent risk of the management of the Company intending to achieve certain goals or expectations through improper revenue recognition. Therefore, we identify revenue recognition as a key audit event.

## 2. Audit Response

Audit procedures we implemented against revenue recognition mainly include:

- (1) Understand key internal control related to revenue recognition, evaluate its design and execution and test the operation effectiveness of relevant internal control;
- (2) Check key sale contracts, identify the terms related to the major risks and remuneration shift of commodity ownership, evaluate whether the revenue recognition policy complies with the regulation of the accounting standards for enterprises;
- (3) Implement the gross margin analysis on revenue by real estate projects, identify whether there are any significant or unusual fluctuations and find out the reasons;
- (4) We took samples from the project whose real estate sales revenue was recognized to check the sales contract, the payment status and the receipt of the building and to evaluate whether relevant real estate sales were recognized in accordance with the Group's revenue recognition policy
- (5) For various projects whose real estate sales revenue was recognized before and after the balance sheet date, we selected some samples, checked the sales contract, the payment status and the receipt of the building to evaluate whether relevant real estate sales revenue was recognized during the appropriate period;
- (6) Check whether the information related to operating revenue has been properly presented in the financial statements.

## (II) Calculation and Withdrawal of VAT of Land

### 1. Description

The land value-added tax is one of the major taxes payable by SZPRD, and for the real estate sold and developed by SZPRD, it's required to pay the land value-added tax based on the land value-added amount and the progressive tax rate of 30% to 60%. However, for various real estate development enterprises specialized in constructing ordinary standard residential buildings for sales, if the value-added amount does not exceed 20% of the deducted project amount, they shall be exempted from paying the land value-added tax; otherwise, related taxes shall be calculated based on the added value. Therefore, at the end of each financial reporting period, the management needs to estimate the amount of the land value-added tax. In making the judgment on the estimation, main factors required to be considered include the provisions and explanations of relevant tax laws and regulations, and the estimated real estate sales revenue minus the estimated deductible land costs, real estate development costs, interest expenses, development costs etc.

When SZPRD clears the land value-added tax, the actual tax payable may differ from the amount estimated by SZPRD. As the accrued land value-added tax accounts for a large proportion in the taxes and surcharges and taxes payable reflected in the consolidated financial statements, and the management's judgment on the estimation includes various considerations such as the understanding of relevant tax laws, regulations and practices. Therefore, we have recognized the accrual of the land value-added tax of SZPRD as a key audit matter.

## 2. Audit Response

- (1) Understand key internal control related to VAT of land, evaluate its design and execution and test the operation effectiveness of relevant internal control;
- (2) Evaluate the accrual of the land value-added tax on 31 December 2019 by SZPRD, including the evaluation of SZPRD's assumptions and judgment based on our understanding of the actual implementation of related tax laws by various local tax authorities,
- (3) Evaluate the management's estimations on the deductible amount and SZPRD's assumptions and judgment;
- (4) Re-calculate the land value-added tax accrued by SZPRD, and make a comparison between our calculated results and the amount

recorded by SZPRD.

#### **4. Other Information**

The Company's management (hereinafter referred to as the Management") is responsible for the other information. The other information comprises all of the information included in the Company's 2019 Annual Report other than 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.

#### **5. Responsibilities of Management and Those Charged with Governance for Financial Statements**

The Management is responsible for the preparation of the financial statements that give a fair view in accordance with CAS, and for designing, implementing and maintaining such internal control as the management determines 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 Management is 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 Management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance (hereinafter referred to as the "Governance") are responsible for overseeing the Company's financial reporting process.

#### **6. Auditor's Responsibilities for Audit of Financial Statements**

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

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

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances without the purpose of issuing opinions about the effectiveness of internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by CAS to draw users' 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.



(5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

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

Pan-China Certified Public Accountants (LLP)

Chinese CPA:  
(Engagement Partner)  
Wang Huansen

Hangzhou·China

Chinese CPA  
Chen Yan

17 March 2020

## II Financial Statements

Currency unit for the financial statements and the notes thereto: RMB

### 1. Consolidated Balance Sheet

Prepared by Shenzhen Properties & Resources Development (Group) Ltd.

31 December 2019

Unit: RMB

Item	31 December 2019	31 December 2018
Current assets:		
Monetary assets	3,297,890,935.91	3,894,546,925.52
Settlement reserve		
Interbank loans granted		
Held-for-trading financial assets		

Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable		
Accounts receivable	216,923,663.25	155,898,006.77
Accounts receivable financing		
Prepayments	69,546,774.17	59,546,657.35
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	917,981,165.74	80,037,483.65
Including: Interest receivable		13,055,107.15
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	4,913,510,876.66	1,396,154,603.04
Contractual assets		
Assets classified as held for sale		
Current portion of non-current assets		
Other current assets	42,500,585.94	17,233,435.58
Total current assets	9,458,354,001.67	5,603,417,111.91
Non-current assets:		
Loans and advances to customers		
Investments in debt obligations		
Available-for-sale financial assets		3,621,381.11
Investments in other debt obligations		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	45,076,122.72	39,999,283.24
Investments in other equity instruments	1,580,475.86	
Other non-current financial assets		
Investment property	503,323,428.61	639,167,209.48
Fixed assets	93,557,782.83	102,516,975.36

Construction in progress		
Productive living assets		
Oil and gas assets		
Use rights assets		
Intangible assets	700,369.66	455,300.38
R&D expense		
Goodwill		
Long-term prepaid expense	7,034,472.79	3,493,237.29
Deferred income tax assets	658,153,122.73	520,832,796.49
Other non-current assets	4,711,963.66	109,851,318.29
Total non-current assets	1,314,137,738.86	1,419,937,501.64
Total assets	10,772,491,740.53	7,023,354,613.55
Current liabilities:		
Short-term borrowings		
Borrowings from the central bank		
Interbank loans obtained		
Held-for-trading financial liabilities		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable		
Accounts payable	577,689,139.10	435,350,850.19
Advances from customers	728,186,032.63	278,045,801.46
Contractual liabilities		
Financial assets sold under repurchase agreements		
Customer deposits and interbank deposits		
Payables for acting trading of securities		
Payables for underwriting of securities		
Payroll payable	143,493,868.80	126,062,756.70
Taxes payable	2,598,283,291.68	1,580,024,773.11
Other payables	1,149,104,928.85	656,720,054.30

Including: Interest payable		1,669.10
Dividends payable	12,202,676.04	12,434,579.81
Handling charges and commissions payable		
Reinsurance payables		
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities	3,921,032.24	
Other current liabilities		
Total current liabilities	5,200,678,293.30	3,076,204,235.76
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	2,193,833,000.00	1,000,000.00
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term payroll payable		
Provisions	2,903,327.87	
Deferred income	341,259.63	
Deferred income tax liabilities	3,821.08	5,275.60
Other non-current liabilities	108,164,737.46	64,627,587.61
Total non-current liabilities	2,305,246,146.04	65,632,863.21
Total liabilities	7,505,924,439.34	3,141,837,098.97
Owners' equity:		
Share capital	595,979,092.00	595,979,092.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	80,488,045.38	483,347,184.25
Less: Treasury stock		
Other comprehensive income	-2,698,371.44	-1,786,181.69
Specific reserve		

Surplus reserves	17,060,448.05	299,569,569.96
General reserve		
Retained earnings	2,457,119,795.39	2,495,296,440.15
Total equity attributable to owners of the Company as the parent	3,147,949,009.38	3,872,406,104.67
Non-controlling interests	118,618,291.81	9,111,409.91
Total owners' equity	3,266,567,301.19	3,881,517,514.58
Total liabilities and owners' equity	10,772,491,740.53	7,023,354,613.55

Legal representative: Liu Shengxiang

Head of financial affairs: Cai Lili

Head of the financial department: Liu Qiang

## 2. Balance Sheet of the Company as the Parent

Unit: RMB

Item	31 December 2019	31 December 2018
Current assets:		
Monetary assets	2,455,001,204.14	2,520,788,994.16
Held-for-trading financial assets		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable		
Accounts receivable	755,932.14	1,853,494.72
Accounts receivable financing		
Prepayments	496,729.09	829,683.68
Other receivables	501,082,153.81	1,306,715,826.93
Including: Interest receivable		8,229,503.58
Dividends receivable		
Inventories	624,499,208.02	105,840,115.24
Contractual assets		
Assets classified as held for sale		
Current portion of non-current assets		
Other current assets	1,113,935.28	
Total current assets	3,582,949,162.48	3,936,028,114.73

Non-current assets:		
Investments in debt obligations		
Available-for-sale financial assets		3,851,881.11
Investments in other debt obligations		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	1,070,542,003.11	239,501,956.17
Investments in other equity instruments	1,810,975.86	
Other non-current financial assets		
Investment property	312,638,785.76	317,313,917.65
Fixed assets	26,337,488.29	9,121,637.65
Construction in progress		
Productive living assets		
Oil and gas assets		
Use rights assets		
Intangible assets		
R&D expense		
Goodwill		
Long-term prepaid expense	605,416.29	778,392.57
Deferred income tax assets	343,958,821.07	315,888,967.26
Other non-current assets	1,613,657,031.92	104,132,920.00
Total non-current assets	3,369,550,522.30	990,589,672.41
Total assets	6,952,499,684.78	4,926,617,787.14
Current liabilities:		
Short-term borrowings		
Held-for-trading financial liabilities		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable		
Accounts payable	64,503,938.37	124,501,464.28
Advances from customers	320,469.53	75,895,087.75
Contractual liabilities		
Payroll payable	36,735,205.68	31,224,455.28

Taxes payable	1,322,751,671.37	1,402,388,742.76
Other payables	3,146,684,268.89	224,875,980.31
Including: Interest payable		
Dividends payable	29,642.40	29,642.40
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities		
Other current liabilities		
Total current liabilities	4,570,995,553.84	1,858,885,730.38
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term payroll payable		
Provisions		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities	40,000,000.00	
Total non-current liabilities	40,000,000.00	
Total liabilities	4,610,995,553.84	1,858,885,730.38
Owners' equity:		
Share capital	595,979,092.00	595,979,092.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	53,876,380.11	92,326,467.62
Less: Treasury stock		
Other comprehensive income	-2,051,268.24	
Specific reserve		
Surplus reserves	16,403,637.61	298,912,759.52
Retained earnings	1,677,296,289.46	2,080,513,737.62

Total owners' equity	2,341,504,130.94	3,067,732,056.76
Total liabilities and owners' equity	6,952,499,684.78	4,926,617,787.14

### 3. Consolidated Income Statement

Unit: RMB

Item	2019	2018
1. Revenue	3,961,669,942.44	3,376,673,249.90
Including: Operating revenue	3,961,669,942.44	3,376,673,249.90
Interest income		
Premium income		
Handling charge and commission income		
2. Costs and expenses	2,966,054,505.18	2,477,752,293.95
Including: Cost of sales	1,433,615,885.43	1,710,290,550.93
Interest expense		
Handling charge and commission expense		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surcharges	1,081,511,281.04	624,413,173.01
Selling expense	111,553,952.50	46,501,225.18
Administrative expense	204,654,552.64	162,378,284.09
R&D expense		
Finance costs	134,718,833.57	-65,830,939.26
Including: Interest expense	194,545,794.14	284,918.67
Interest income	61,860,403.42	67,282,441.97
Add: Other income	5,150,377.43	312,339.94
Return on investment ("-" for loss)	5,076,839.48	1,889,021.11



Including: Share of profit or loss of joint ventures and associates	5,076,839.48	1,268,890.28
Income from the derecognition of financial assets at amortized cost (“-” for loss)		
Foreign exchange gain (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)		
Credit impairment loss (“-” for loss)	-18,701,016.31	
Asset impairment loss (“-” for loss)	-1,234,250.84	2,592,077.88
Asset disposal income (“-” for loss)		-8,096.97
3. Operating profit (“-” for loss)	985,907,387.02	903,706,297.91
Add: Non-operating income	23,732,348.28	19,094,959.16
Less: Non-operating expense	4,793,503.85	4,435,733.97
4. Profit before tax (“-” for loss)	1,004,846,231.45	918,365,523.10
Less: Income tax expense	262,716,180.91	220,260,863.60
5. Net profit (“-” for net loss)	742,130,050.54	698,104,659.50
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	742,061,273.73	698,866,085.82
5.1.2 Net profit from discontinued operations (“-” for net loss)	68,776.81	-761,426.32
5.2 By ownership		
5.2.1 Net profit attributable to owners of the Company as the parent	817,805,780.12	698,050,728.96
5.2.1 Net profit attributable to non-controlling interests	-75,675,729.58	53,930.54
6. Other comprehensive income, net of tax	-912,189.75	2,325,405.45
Attributable to owners of the Company as the parent	-912,189.75	2,325,405.45
6.1 Items that will not be reclassified to profit or loss	-2,051,268.24	

6.1.1 Changes caused by remeasurements on defined benefit pension schemes		
6.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
6.1.3 Changes in the fair value of investments in other equity instruments	-2,051,268.24	
6.1.4 Changes in the fair value of the company's credit risks		
6.1.5 Other		
6.2 Items that will be reclassified to profit or loss	1,139,078.49	2,325,405.45
6.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
6.2.2 Changes in the fair value of investments in other debt obligations		
6.2.3 Gain/Loss on changes in the fair value of available-for-sale financial assets		
6.2.4 Other comprehensive income arising from the reclassification of financial assets		
6.2.5 Gain/Loss arising from the reclassification of held-to-maturity investments to available-for-sale financial assets		
6.2.6 Allowance for credit impairments in investments in other debt obligations		
6.2.7 Reserve for cash flow hedges		
6.2.8 Differences arising from the translation of foreign currency-denominated financial statements	1,139,078.49	2,325,405.45
6.2.9 Other		
Attributable to non-controlling interests		

7. Total comprehensive income	741,217,860.79	700,430,064.95
Attributable to owners of the Company as the parent	816,893,590.37	700,376,134.41
Attributable to non-controlling interests	-75,675,729.58	53,930.54
8. Earnings per share		
8.1 Basic earnings per share	1.3722	1.1713
8.2 Diluted earnings per share	1.3722	1.1713

Where business combinations under common control occurred in the current period, the net profit achieved by the acquirees before the combinations was RMB118,680,871.93, with the amount for last year being RMB105,442,907.48.

Legal representative: Liu Shengxiang

Head of financial affairs: Cai Lili

Head of the financial department: Liu Qiang

#### 4. Income Statement of the Company as the Parent

Unit: RMB

Item	2019	2018
1. Operating revenue	393,330,909.38	1,280,644,589.75
Less: Cost of sales	61,706,002.23	225,828,386.48
Taxes and surcharges	152,745,770.45	525,630,333.93
Selling expense	13,078,323.49	19,343,750.44
Administrative expense	77,139,133.61	47,578,406.12
R&D expense		
Finance costs	-43,712,067.17	-54,255,168.19
Including: Interest expense		
Interest income	42,193,217.20	50,378,375.05
Add: Other income	85,442.53	
Return on investment (“-” for loss)	86,697,646.64	1,834,522.57
Including: Share of profit or loss of joint ventures and associates	5,076,839.48	1,268,890.28
Income from the derecognition of financial assets at amortized cost (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		

Gain on changes in fair value (“-” for loss)		
Credit impairment loss (“-” for loss)	811,051.45	
Asset impairment loss (“-” for loss)		-47,377,759.48
Asset disposal income (“-” for loss)		
2. Operating profit (“-” for loss)	219,967,887.39	470,975,644.06
Add: Non-operating income	359,518.50	963,333.70
Less: Non-operating expense	1,292,469.73	711,102.23
3. Profit before tax (“-” for loss)	219,034,936.16	471,227,875.53
Less: Income tax expense	54,998,560.04	132,509,442.15
4. Net profit (“-” for net loss)	164,036,376.12	338,718,433.38
4.1 Net profit from continuing operations (“-” for net loss)	164,036,376.12	338,718,433.38
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax	-2,051,268.24	
5.1 Items that will not be reclassified to profit or loss	-2,051,268.24	
5.1.1 Changes caused by remeasurements on defined benefit pension schemes		
5.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method	-2,051,268.24	
5.1.3 Changes in the fair value of investments in other equity instruments		
5.1.4 Changes in the fair value of the company’s credit risks		
5.1.5 Other		
5.2 Items that will be reclassified to profit or loss		
5.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		

5.2.2 Changes in the fair value of investments in other debt obligations		
5.2.3 Gain/Loss on changes in the fair value of available-for-sale financial assets		
5.2.4 Other comprehensive income arising from the reclassification of financial assets		
5.2.5 Gain/Loss arising from the reclassification of held-to-maturity investments to available-for-sale financial assets		
5.2.6 Allowance for credit impairments in investments in other debt obligations		
5.2.7 Reserve for cash flow hedges		
5.2.8 Differences arising from the translation of foreign currency-denominated financial statements		
5.2.9 Other		
6. Total comprehensive income	161,985,107.88	338,718,433.38
7. Earnings per share		
7.1 Basic earnings per share	0.2752	0.5683
7.2 Diluted earnings per share	0.2752	0.5683

## 5. Consolidated Cash Flow Statement

Unit: RMB

Item	2019	2018
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	4,536,821,506.05	3,243,653,946.59
Net increase in customer deposits and interbank deposits		
Net increase in borrowings from the central bank		
Net increase in loans from other financial institutions		

Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Interest, handling charges and commissions received		
Net increase in interbank loans obtained		
Net increase in proceeds from repurchase transactions		
Net proceeds from acting trading of securities		
Tax rebates		51,795.24
Cash generated from other operating activities	727,613,534.88	124,455,322.34
Subtotal of cash generated from operating activities	5,264,435,040.93	3,368,161,064.17
Payments for commodities and services	2,805,353,837.83	680,343,701.88
Net increase in loans and advances to customers		
Net increase in deposits in the central bank and in interbank loans granted		
Payments for claims on original insurance contracts		
Net increase in interbank loans granted		
Interest, handling charges and commissions paid		
Policy dividends paid		
Cash paid to and for employees	635,119,649.94	550,174,464.52
Taxes paid	698,846,233.34	792,878,768.68
Cash used in other operating activities	185,325,753.86	113,046,072.91
Subtotal of cash used in operating activities	4,324,645,474.97	2,136,443,007.99

Net cash generated from/used in operating activities	939,789,565.96	1,231,718,056.18
2. Cash flows from investing activities:		
Proceeds from disinvestment		
Return on investment		
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	357,613.40	115,576.54
Net proceeds from the disposal of subsidiaries and other business units		79,901,686.57
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	357,613.40	80,017,263.11
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	62,167,787.99	25,212,463.57
Payments for investments		100,000,000.00
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units	969,530,215.99	
Cash used in other investing activities		
Subtotal of cash used in investing activities	1,031,698,003.98	125,212,463.57
Net cash generated from/used in investing activities	-1,031,340,390.58	-45,195,200.46
3. Cash flows from financing activities:		
Capital contributions received	3,220,000.00	2,450,000.00
Including: Capital contributions by non-controlling interests to subsidiaries	3,220,000.00	2,450,000.00
Borrowings obtained	2,193,000,000.00	1,000,000.00
Cash generated from other financing activities	40,000,000.00	
Subtotal of cash generated from financing activities	2,236,220,000.00	3,450,000.00
Repayments of borrowings	2,193,067,000.00	11,000,000.00
Payments for interest and dividends	423,796,908.60	187,234,654.66

Including: Dividends paid by subsidiaries to non-controlling interests		
Cash used in other financing activities	123,502,169.51	
Subtotal of cash used in financing activities	2,740,366,078.11	198,234,654.66
Net cash generated from/used in financing activities	-504,146,078.11	-194,784,654.66
4. Effect of foreign exchange rate changes on cash and cash equivalents	14,878.31	5,376.09
5. Net increase in cash and cash equivalents	-595,682,024.42	991,743,577.15
Add: Cash and cash equivalents, beginning of the period	3,881,027,257.89	2,889,283,680.74
6. Cash and cash equivalents, end of the period	3,285,345,233.47	3,881,027,257.89

## 6. Cash Flow Statement of the Company as the Parent

Unit: RMB

Item	2019	2018
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	338,520,399.21	1,414,305,014.68
Tax rebates		
Cash generated from other operating activities	3,301,015,120.23	43,112,205.17
Subtotal of cash generated from operating activities	3,639,535,519.44	1,457,417,219.85
Payments for commodities and services	617,310,657.83	7,075,382.01
Cash paid to and for employees	47,049,144.09	38,651,894.17
Taxes paid	342,530,888.32	148,571,148.46
Cash used in other operating activities	45,901,384.05	246,528,170.36
Subtotal of cash used in operating activities	1,052,792,074.29	440,826,595.00



Net cash generated from/used in operating activities	2,586,743,445.15	1,016,590,624.85
2. Cash flows from investing activities:		
Proceeds from disinvestment	100,000,000.00	
Return on investment	42,319,444.45	
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	690.00	
Net proceeds from the disposal of subsidiaries and other business units		73,001,849.11
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	142,320,134.45	73,001,849.11
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	25,563,107.56	4,936,323.59
Payments for investments	2,634,574,943.74	100,000,000.00
Net payments for the acquisition of subsidiaries and other business units		39,351,392.06
Cash used in other investing activities		
Subtotal of cash used in investing activities	2,660,138,051.30	144,287,715.65
Net cash generated from/used in investing activities	-2,517,817,916.85	-71,285,866.54
3. Cash flows from financing activities:		
Capital contributions received		
Borrowings obtained		
Cash generated from other financing activities	40,000,000.00	
Subtotal of cash generated from financing activities	40,000,000.00	
Repayments of borrowings		
Payments for interest and dividends	178,793,727.60	178,793,727.60
Cash used in other financing activities		

Subtotal of cash used in financing activities	178,793,727.60	178,793,727.60
Net cash generated from/used in financing activities	-138,793,727.60	-178,793,727.60
4. Effect of foreign exchange rate changes on cash and cash equivalents	14,878.31	5,212.00
5. Net increase in cash and cash equivalents	-69,853,320.99	766,516,242.71
Add: Cash and cash equivalents, beginning of the period	2,520,788,994.16	1,754,272,751.45
6. Cash and cash equivalents, end of the period	2,450,935,673.17	2,520,788,994.16

## 7. Consolidated Statements of Changes in Owners' Equity

2019

Unit: RMB

Item	2019														
	Equity attributable to owners of the Company as the parent												Non-controlling interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	General reserve	Retained earnings	Other			Subtotal
	Preferred shares	Perpetual bonds	Other												
1. Balances as at the end of the prior year	595,979,092.00				483,347,184.25		-1,786,181.69		299,569,569.96		2,495,296,440.15		3,872,406,104.67	9,111,409.91	3,881,517,514.58
Add: Adjustments for changed accounting policies															
Adjustments for corrections of previous errors															

Adjustments for business combinations under common control														
Other adjustments														
2. Balances as at the beginning of the year	595,979,092.00			483,347,184.25		-1,786,181.69		299,569,569.96		2,495,296,440.15		3,872,406,109.91	9,111,409.91	3,881,517,514.58
3. Increase/decrease in the period (“-” for decrease)				-402,859,138.87		-912,189.75		-282,509,121.91		-38,176,644.76		-724,457,095.29	109,506,881.90	-614,950,213.39
3.1 Total comprehensive income						-912,189.75				817,805,780.12		816,893,590.37	-75,675,729.58	741,217,860.79
3.2 Capital increased and reduced by owners				-402,859,138.87				-298,912,759.52		-660,785,059.67		-1,362,556,958.06	185,182,611.48	-1,177,374,346.58
3.2.1 Ordinary shares increased by owners													3,220,000.00	3,220,000.00
3.2.2 Capital increased by holders of other equity instruments														
3.2.3 Share-based payments included in owners' equity														
3.2.4 Other				-402,859,138.87				-298,912,759.52		-660,785,059.67		-1,362,556,958.06	181,962,611.48	-1,180,594,346.58

3.3 Profit distribution								16,403,637.61		-195,197,365.21		-178,793,727.60		-178,793,727.60
3.3.1 Appropriation to surplus reserves								16,403,637.61		-16,403,637.61				
3.3.2 Appropriation to general reserve														
3.3.3 Appropriation to owners (or shareholders)										-178,793,727.60		-178,793,727.60		-178,793,727.60
3.3.4 Other														
3.4 Transfers within owners' equity														
3.4.1 Increase in capital (or share capital) from capital reserves														
3.4.2 Increase in capital (or share capital) from surplus reserves														
3.4.3 Loss offset by surplus reserves														
3.4.4 Changes in defined benefit pension schemes transferred to retained earnings														

3.4.5 Other comprehensive income transferred to retained earnings															
3.4.6 Other															
3.5 Specific reserve															
3.5.1 Increase in the period															
3.5.2 Used in the period															
3.6 Other															
4. Balances as at the end of the period	595,979,092.00			80,488,045.38		-2,698,371.44		17,060,448.05		2,457,119,795.39		3,147,949,009.38	118,618,291.81	3,266,567,301.19	

2018

Unit: RMB

Item	2018													Non-controlling interests	Total owners' equity
	Equity attributable to owners of the Company as the parent											Subtotal			
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	General reserve	Retained earnings		Other		
	Preferred shares	Perpetual bonds	Other												
1. Balances as at the end of the prior year	595,979,092.00				118,938,132.89		-4,111,587.14		299,569,966		1,911,318,586.37		2,921,693,794.08	862,087.06	2,922,555,881.14
Add: Adjustments for changed accounting policies															
Adjustments for corrections of previous errors															

Adjustments for business combinations under common control					364,309,051.36						72,876,860.81		437,185,912.17	5,745,392.31	442,931,304.48
Other adjustments															
2. Balances as at the beginning of the year	595,979,092.00				483,247,184.25	-4,111,587.14		299,569,569.96			1,984,195,447.18		3,358,879,706.25	6,607,479.37	3,365,487,185.62
3. Increase/decrease in the period (“-” for decrease)					100,000.00	2,325,405.45					511,100,992.97		513,526,398.42	2,503,930.54	516,030,328.96
3.1 Total comprehensive income						2,325,405.45					698,050,728.96		700,376,134.41	53,930.54	700,430,064.95
3.2 Capital increased and reduced by owners					100,000.00								100,000.00	2,450,000.00	2,550,000.00
3.2.1 Ordinary shares increased by owners					100,000.00								100,000.00	2,450,000.00	2,550,000.00
3.2.2 Capital increased by holders of other equity instruments															
3.2.3 Share-based payments included in owners' equity															
3.2.4 Other															

3.3 Profit distribution										-186,949,735.99		-186,949,735.99		-186,949,735.99
3.3.1 Appropriation to surplus reserves														
3.3.2 Appropriation to general reserve														
3.3.3 Appropriation to owners (or shareholders)										-186,949,735.99		-186,949,735.99		-186,949,735.99
3.3.4 Other														
3.4 Transfers within owners' equity														
3.4.1 Increase in capital (or share capital) from capital reserves														
3.4.2 Increase in capital (or share capital) from surplus reserves														
3.4.3 Loss offset by surplus reserves														

3.4.4 Changes in defined benefit pension schemes transferred to retained earnings																			
3.4.5 Other comprehensive income transferred to retained earnings																			
3.4.6 Other																			
3.5 Specific reserve																			
3.5.1 Increase in the period																			
3.5.2 Used in the period																			
3.6 Other																			
4. Balances as at the end of the period	595,979,092.00			483,347,184.25		-1,786,181.69		299,569,569.96		2,495,296,440.15		3,872,406,104.67		9,111,409.91				3,881,517,514.58	

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

2019

Unit: RMB

Item	2019											Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	
		Preferr ed shares	Perpet ual bonds	Other								



1. Balances as at the end of the prior year	595,979,092.00			92,326,467.62				298,912,759.52	2,080,513,737.62		3,067,732,056.76
Add:											
Adjustments for changed accounting policies											
Adjustments for corrections of previous errors											
Other adjustments											
2. Balances as at the beginning of the year	595,979,092.00			92,326,467.62				298,912,759.52	2,080,513,737.62		3,067,732,056.76
3. Increase/decrease in the period (“-” for decrease)				-38,450,087.51	-2,051,268.24			-282,509,121.91	-403,217,448.16		-726,227,925.82
3.1 Total comprehensive income					-2,051,268.24				164,036,376.12		161,985,107.88
3.2 Capital increased and reduced by owners				-38,450,087.51				-298,912,759.52	-372,056,459.07		-709,419,306.10
3.2.1 Ordinary shares increased by owners											
3.2.2 Capital increased by holders of other equity instruments											
3.2.3 Share-based payments included in owners' equity											

3.2.4 Other					-38,450, 087.51				-298,912 ,759.52	-372,05 6,459.0 7		-709,419,3 06.10
3.3 Profit distribution									16,403,6 37.61	-195,19 7,365.2 1		-178,793,7 27.60
3.3.1 Appropriation to surplus reserves									16,403,6 37.61	-16,403 ,637.61		
3.3.2 Appropriation to owners (or shareholders)										-178,79 3,727.6 0		-178,793,7 27.60
3.3.3 Other												
3.4 Transfers within owners' equity												
3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												
3.4.4 Changes in defined benefit pension schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												

3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other												
4. Balances as at the end of the period	595,979,092.00				53,876,380.11		-2,051,268.24		16,403,637.61	1,677,296,289.46		2,341,504,130.94

2018

Unit: RMB

Item	2018											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferr ed shares	Perpet ual bonds	Other								
1. Balances as at the end of the prior year	595,979,092.00				94,057,859.68				298,912,759.52	1,920,589,031.84		2,909,538,743.04
Add: Adjustments for changed accounting policies												
Adjustments for corrections of previous errors												
Other adjustments												
2. Balances as at the beginning of the year	595,979,092.00				94,057,859.68				298,912,759.52	1,920,589,031.84		2,909,538,743.04

3. Increase/decrease in the period (“-” for decrease)					-1,731,392.06					159,924,705.78		158,193,313.72
3.1 Total comprehensive income										338,718,433.38		338,718,433.38
3.2 Capital increased and reduced by owners												
3.2.1 Ordinary shares increased by owners												
3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments included in owners’ equity												
3.2.4 Other												
3.3 Profit distribution										-178,793,727.60		-178,793,727.60
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to owners (or shareholders)										-178,793,727.60		-178,793,727.60
3.3.3 Other												
3.4 Transfers within owners’ equity												-1,731,392.06

3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												
3.4.4 Changes in defined benefit pension schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												-1,731,392.06
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other					-1,731,392.06							
4. Balances as at the end of the period	595,979,092.00				92,326,467.62			298,912,759.52	2,080,513,737.62			3,067,732,056.76

### III Company Profile

Shenzhen Properties & Resources Development (Group) Ltd. (hereinafter referred to as “the Company” or “Company”) was incorporated based on the reconstruction of Shenzhen Properties & Resources Development Co., Ltd. after obtaining approval of ZFBF [1991] No. 831 from People’s Government of Shenzhen Municipality. It was registered with Shenzhen Industrial and Commercial Administration Bureau on 17 January 1983 with Shenzhen as its headquarters. Now the Company holds the business license for legal person with the registration number/unified social credit code of 91440300192174135N. The registered capital was RMB595,979,092 with the total shares of 595,979,092 (RMB1 face value per share), among which, restricted public shares: 1,931,280 A shares and 0 B shares; unrestricted public shares: 526,442,569 A shares and 67,605,243 B shares. The stock of the Company has been listed on the Shenzhen Stock Exchange on 30 March 1992.

The Company is in the real estate sector. Its main business includes development of real estate and sale of commercial housing, construction and management of buildings, house rent, supervision of construction, domestic trading and materials supply and marketing (excluding exclusive dealing and monopoly sold products and commodities under special control to purchase). Main products or services rendered mainly include the development and sales of commercial residential housing; property management; buildings and the building devices maintenance, garden afforest and cleaning service; property leasing; supervise and management of the engineering; retails of the Chinese food, Western-style food and wines, and etc.

The financial statements were approved and authorized for issue by the 13<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors of the Company on 17 March 2020.

There were 43 subsidiaries including Shenzhen Huangcheng Real Estate Co., Ltd., Dongguan Guomao Changsheng Real Estate Development Co., Ltd., Shenzhen International Trade Center Property Management Co., Ltd. included in the consolidation financial statements in 2019. Please refer to the Note VIII and Note IX of the financial statements for details.

### IV. Basis for the Preparation of Financial Statements

#### 1. Preparation Basis

The financial statement of the Company was prepared on the base of the assumption of continuation.

#### 2. Continuation

There was no such case where the sustainable operation ability within 12 months since the end of the Reporting Period was highly doubted.

### V. Important Accounting Policies and Estimations

Indication of specific accounting policies and estimations:

#### 1. Statement for Complying with the Accounting Standard for Business Enterprise

The financial statements for the Reporting Period prepared by the Company are in compliance with the requirements of the accounting standard for business enterprise, and have reflected the Company’s financial status, operating results and cash flows in an accurate and complete way.

## 2. Fiscal Period

The fiscal year of the Company is a solar calendar year, which is from 1 January to 31 December.

## 3. Operating Cycle

Except for the real estate industry, other businesses run by the Company have relatively short operating cycles according to the classification standard of 12-month's liquidity of assets and liabilities. The operating cycle of the real estate industry shall be generally more than 12 months from real estate development to cash the sales. The specific cycle shall be determined by the development project and classified by the assets and liabilities liquidity.

## 4. Standard Currency of Accounts

The Company adopts Renminbi as a standard currency of accounts.

## 5. Accounting Process of Business Combinations under the Same Control and not under the Same Control

### 1. Accounting Process of Business Combinations under the Same Control

The assets and liabilities that the Company obtains in a business combination shall be measured on the basis of their carrying amount combined party in the consolidated financial statements of the final controller on the combining date. As for the balance between the carrying amount of combined party's owners equities in the consolidated financial statements of the final controller and the carrying amount of the consideration paid by it or the total par value of the shares issued), the additional paid-in capital shall be adjusted. If the additional paid-in capital is not sufficient to be offset, the retained earnings shall be adjusted.

### 2. Accounting Process of Business Combinations not under the Same Control

The Company shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets obtained from the acquiree on purchase date as goodwill. If the combination costs are less than the fair value of the identifiable net assets obtained from the acquire, the Company shall recheck the various identifiable assets and liabilities obtained from the acquire, fair value with liabilities, and measurement of combination costs. If the combination costs are less than the fair value of the identifiable net assets obtained from the acquire after recheck, the Company shall the record the balance into the profit and loss of the current period.

## 6. Methods for Preparing Consolidated Financial Statements

The Company as the parent included its all subsidiaries into the consolidation scope of consolidated financial statements. Based on the financial statements of the Company as the parent and its subsidiaries and other related materials, the consolidated financial statements were prepared by the Company as the parent according to Accounting Standards for Enterprises No. 33 –Consolidated Financial Statements.

## 7. Classification of Joint arrangements and Accounting Treatment of Joint Operations

1. Joint arrangement is classified into joint operation and joint ventures.
2. When the Company is a party of a joint operation, recognize the following items related to the profits in the joint operation:
  - (1) Recognize the assets held independently, and recognize the assets held jointly in the holding portion;

- (2) Recognize the liabilities borne independently, and recognize the liabilities held jointly in the holding portion;
- (3) Recognize the revenue generated from the output portion of joint operation shared for selling the Company;
- (4) Recognize the revenue generated from the sale of assets in joint operation in the holding portion of the Company;
- (5) Recognize the expenses incurred independently, and recognize the expenses incurred in joint operation in the holding portion of the Company.

## **8. Recognition Standard for Cash and Cash Equivalents**

The term “cash” listed and presented in the cash flow statement refers to cash on hand and deposits that are available for payment at any time. The term “cash equivalents” refers to short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

## **9. Foreign Currency Businesses and Translation of Foreign Currency Financial Statements**

### **(1) Accounting treatments for translation of foreign currency business**

As for a foreign currency transaction in its initial recognition, the amount in the foreign currency shall be translated into the amount in the Renminbi at the spot exchange rate of the transaction date. On balance sheet date, the foreign currency monetary items shall be translated as the spot exchange rate on the balance sheet date, the balance occurred thereof shall be recorded into the profits and losses at the current period except that the balance of exchange arising from the principal and interests of foreign currency borrowings for the purchase and construction or production of assets eligible for capitalization. The foreign currency non-monetary items measured at the historical cost shall still be translated at the spot exchange rate on the transaction date, of which the amount of functional currency shall not be changed. The foreign currency non-monetary items measured at the fair value shall be translated at the spot exchange rate on the confirming date of fair value, of which the balance of exchange shall be included into the profit and loss of the current period or other comprehensive income.

### **(2) Translation of foreign currency financial statements**

The asset and liability items in the balance sheets shall be translated at a spot exchange rate on the balance sheet date. Among the owner’s equity items, except for the items as “retained earnings”, other items shall be translated at the spot exchange rate at the time when they are incurred. The income and expense items in the income statements shall be translated at the approximate spot exchange rate at the time when they are incurred. The difference from translation of foreign currency financial statements thereof shall be recorded into other comprehensive income.

## **10. Financial Instruments**

### **1. Classification of Financial Assets and Financial Liabilities**

Financial assets shall be classified into the following three categories when they are initially recognized: (1) financial assets measured at amortized cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

Financial liabilities shall be classified into the following four categories when they are initially recognized: (1) financial liabilities at fair value through profit or loss; (2) financial liabilities generated from transfer of financial assets not conforming to requirements of derecognition or continuous involvement of transferred financial assets; (3) financial guarantee contracts not belonging to above (1) or (2), and loan commitments not belonging to above



(1) and at lower interest rate than the market interest rate; (4) financial liabilities measured at amortized cost.

## **2. Recognition Basis, Calculation Method, and Termination of Recognition of Financial Assets and Liabilities**

### **(1) Recognition basis and initial calculation method of financial assets and liabilities**

When the Company becomes a party to a financial instrument, it shall recognize a financial asset or financial liability. The financial assets and financial liabilities initially recognized shall be measured at their fair values. For the financial assets and liabilities measured at their fair values and of which the variation is recorded into the profits and losses of the current period, the transaction expenses thereof shall be directly recorded into the profits and losses of the current period; for other categories of financial assets and financial liabilities, the transaction expenses thereof shall be included into the initially recognized amount. However, when the accounts receivable initially recognized by the Company do not include significant financing or the Company does not consider the financing in contracts not over one year, it shall be initially calculated at the transaction price.

### **(2) Subsequent calculation method of financial assets**

#### **1) Financial assets at amortized cost**

The Company shall make subsequent measurement on its financial assets at amortized cost by adopting the actual interest rate method. The gains or losses generated from the financial assets at amortized cost and not belonging to any hedging relationship shall be recorded into the current profit or loss when derecognized, reclassified, amortized with the actual interest rate method or recognizing impairments.

#### **2) Investments in debt instruments at fair value through other comprehensive income**

The Company shall make subsequent measurement at fair value. The interest calculated by adopting the actual interest rate method, impairment losses or profits and foreign exchange gains shall be recorded into the current profit or loss, and other profits or losses shall be recorded into other comprehensive income. When derecognized, the accumulative profits or losses thereof originally recorded into other comprehensive income shall be transferred out and then recorded into the current profit or loss.

#### **3) Investments in equity instruments at fair value through other comprehensive income**

The Company shall make subsequent measurement at fair value. The dividends obtained (exclude those belong to recovery of investment cost) shall be recorded into the current profit or loss, and other gains or losses recorded into other comprehensive income. When derecognized, the accumulative gains or losses thereof originally recorded into other comprehensive income shall be transferred out and then recorded into the retained earnings.

#### **4) Financial assets at fair value through profit or loss**

The Company shall make subsequent measurement at fair value. The gains or losses generated (include interest and dividend income) shall be recorded into the current profit or loss, unless the financial asset is one part of a hedging relationship.

### **(3) Subsequent calculation method of financial liabilities**

#### **1) Financial liabilities at fair value through profit or loss**

Such financial liabilities include trading financial liabilities (include derivative instruments belonging to financial liabilities) and those designated as financial liabilities at fair value through profit or loss. For such financial liabilities, the subsequent measurement shall be conducted at fair value. The amount of changes in fair value of designated financial liabilities at fair value through profit or loss due to the Company's credit risk changes shall be recorded into other comprehensive income, unless this treatment will result in or enlarge accounting mismatch of the profit or loss. The other gains or losses generated from such financial liabilities (including interest expense, changes of fair value not caused by the Company's credit risk changes) shall be recorded into the current profit or loss, unless the they are one part of a hedging relationship. And when derecognized, the accumulative gains or losses thereof originally recorded into other comprehensive income shall be transferred out and then recorded into

the retained earnings.

2) Financial liabilities generated from financial assets transfer not conforming to derecognition conditions or continuous involvement of transferred financial assets

They shall be measured in accordance with regulations of Accounting Standards for Business Enterprises No.23-Transfer of Financial Assets

3) financial guarantee contracts not belonging to above (1) or (2), and loan commitments not belonging to above (1) and at lower interest rate than the market interest rate;

The subsequent measurement shall be conducted according to the higher of the following two amounts after initial recognition: ① amount of allowance for impairments recognized in accordance with the impairment provisions of financial instruments; ② the residual of initial recognized amount after deducted accumulative amortized amount recognized as relevant regulations.

4) Financial liabilities at amortized cost

The Company shall measure at amortized cost by adopting actual interest rate method. The gains or losses generated from financial liabilities at amortized cost and not belonging to any hedging relationship shall be recorded into the current profit or loss when derecognized or amortized with actual interest rate method.

(4) Derecognition of financial assets and financial liabilities

1) Derecognize financial assets when meeting one of the following conditions:

① The contract rights for collecting cash flow of financial assets have terminated;

② Financial asset has been transferred and the transfer meets the provisions of Accounting Standards for Business Enterprises No.23-Transfer of Financial Assets governing the derecognition of financial assets.

2) When the current obligation of the financial liability (or some of it) has been relieved, the financial liability (or some of it) shall be accordingly derecognized.

### 3. Recognition Basis and Measurement of Transfer of Financial Assets

Where the Company has transferred nearly all of the risks and rewards related to the ownership of the financial asset to the transferee, it shall stop recognizing the financial asset and separately recognize the rights and obligations generated retained from the transfer as assets or liabilities. If it retained nearly all of the risks and rewards related to the ownership of the financial asset, it shall continue to recognize the transferred financial asset.

Where the Company does not transfer or retain nearly all of the risks and rewards related to the ownership of a financial asset, it shall deal with it according to the circumstances as follows, respectively: (1) If it gives up its control over the financial asset, it shall stop recognizing the financial asset and separately recognize the rights and obligations generated retained from the transfer as assets or liabilities; (2) If it does not give up its control over the financial asset, it shall, according to the extent of its continuous involvement in the transferred financial asset, recognize the related financial asset and recognize the relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for stopping recognition, the difference between the amounts of the following 2 items shall be recorded in the profits and losses of the current period: (1) The carrying value of the transferred financial asset on the derecognition date; (2) The sum of consideration received from the transfer of financial assets, and derecognition amount among the accumulative amount of the changes of the fair value originally recorded in the other comprehensive income (the financial assets involve transfer are investments in debt instruments at fair value through other comprehensive income. If the transfer of partial financial asset satisfies the conditions to stop the recognition, the entire carrying value of the transferred financial asset shall, between the portion whose recognition has been stopped and the portion whose recognition has not been stopped, be apportioned according to their respective relative fair value on the transfer date, and the difference between the amounts of the following two items shall be included into the profits and losses of the current period: (1)The carrying value of the portion whose recognition has been stopped; (2)The sum of

consideration of the portion whose recognition has been stopped, and derecognition amount among the accumulative amount of the changes of the fair value originally recorded in the other comprehensive income (the financial assets involve transfer are investments in debt instruments at fair value through other comprehensive income).

#### **4. Recognition Method of Financial Assets and Financial Liabilities' Fair Value**

The Company adopts the valuation technique with sufficient useful data and supported by other information which is suitable for the current situation to recognize the fair value of related financial assets and liabilities. The Company classifies the input value used in the valuation technique into the following levels and uses them in sequence:

- (1) The first level of input value is the non-adjustable offer of the same assets or liabilities in the active market on the calculation date;
- (2) The second level of input value is the directly or indirectly observable input value of related assets or liabilities except the input value on the first level, including: offer of similar assets or liabilities in the active market; offer of identical or similar assets or liabilities in the non-active market; other observable input value except offer, including the observable interest rate during the interval period of common offer, profit rate curve, etc.; the input value for market verification etc..
- (3) The third level of input value is the non-observable input value of related assets or liabilities, including interest rates that cannot be observed directly or verified by the data of observable market, stock fluctuation rate, future cash flow of the disposal obligation borne in corporate mergers, financial forecast based on self-data, etc..

#### **5. Impairment of financial instrument**

##### **(1) Impairment measurement and accounting handling of financial instrument**

Based on expected credit loss, the Company conducts impairment handling and confirms loss reserve for financial assets which is measured by amortized cost, debt instrument investment which is measured by fair value and whose change is calculated into other comprehensive profits, accounts receivable of rental, loan commitment which is beyond financial debt classified as the one which is measured by fair value and whose change is calculated into current profits and losses, financial debt which does not belong to the one which is measured by fair value and whose change is calculated into current profits or losses, or financial guarantee contract of financial debt which is formed when it does not belong to financial asset transfer and doesn't conform to confirmation condition of termination or keeps on being involved in transferred financial asset.

Expected credit loss refers to weighted average of credit loss of financial instrument which takes the risk of contract breach occurrence as the weight. Credit loss refers to the difference between all contract cash flow which is converted into cash according to actual interest rate and receivable according to contract and all cash flow which to be charged as expected, i.e. current value of all cash shortage. Among it, as for financial asset purchased or original which has had credit impairment, it should be converted into cash according actual interest rate of this financial asset after credit adjustment.

As for financial asset purchased or original which has had credit impairment, the Company only confirms cumulative change of expected credit loss within the whole duration after initial confirmation on the balance sheet date as loss reserve.

As for accounts receivable which don't include major financing contents or the Company does not consider financing contents in contract which is less than one year, the Company applies simplified measurement method, and measures loss reserve according to amount of expected credit loss within the whole duration.

As for account receivable of rental and accounts receivable including major financing contents, the Company applies simplified measurement method, and measure loss reserve according to amount of expected credit loss within the whole duration.

As for financial asset beyond above mentioned measurement methods, the Company evaluates whether its credit risk has increased obviously since the initial confirmation on each balance sheet date. In case credit risk has increased obviously, the Company measures the loss reserve according to amount of expected credit loss within the whole duration; in case the credit risk does not increase obviously, the Company measures loss reserve according to the amount of expected credit loss in next 12 months.

By utilizing obtainable rational and well grounded information, including forward-looking information, comparing the risk of contract breach on balance sheet date and risk of contract breach on initial confirmation date, the Company confirms whether the credit risk of financial instrument has increased obviously from initial confirmation.

On balance sheet date, in case the Company judges that the financial instrument just has relatively low credit risk, then it will be assumed that credit risk of the financial instrument has not increased obviously.

Based on single financial instrument or financial portfolio, the Company evaluates expected credit risk and measures expected credit loss. When based on financial instrument portfolio, the Company takes common risk characteristics as the basis, and divides financial instruments into different portfolios.

The Company measures expected credit loss again on each balance sheet date, the increase of loss reserve or amount which is transfer back generated by it is calculated into current profits and losses as impairment profits or losses. As for financial asset which is measured by amortized cost, loss reserve offsets the carrying value of the financial asset listed in the balance sheet; as for debt investment which is measured by fair value and whose change is calculated into other comprehensive profits, the Company confirms its loss reserve in other comprehensive profits and does not offset the carrying value of the financial asset.

## (2) Financial instruments assessing expected credit risk by groups and measuring expected credit losses

Item	Recognition basis	Method of measuring expected credit losses
Other receivables-intercourse funds among related party group within the consolidation scope	Accounts nature	Consulting historical experience in credit losses, combining actual situation and prediction for future economic situation, the group's expected credit loss rate shall be accounted through exposure at default and the expected credit loss rate within the next 12 months or the entire life
Other receivables-interest receivable group		
Other receivables-other intercourse funds among related party group		
Other receivables-credit risk characteristics group	Aging group	Consulting historical experience in credit losses, combining actual situation and prediction for future economic situation, the group's expected credit loss rate shall be accounted through exposure at default and the expected credit loss rate within the next 12 months or the entire life

## (3) Accounts receivable with expected credit losses measured by groups

### ① Specific groups and method of measuring expected credit loss

Item	Recognition basis	Method of measuring expected credit
------	-------------------	-------------------------------------

		losses
Bank's acceptance bills receivable	Bill type	Consulting historical experience in credit losses, combining actual situation and prediction for future economic situation, the group's expected credit loss rate shall be accounted through exposure at default and the expected credit loss rate within the entire life
Trade acceptance bills receivable		
Accounts receivable-other intercourse funds among related party group	Account nature	Consulting historical experience in credit losses, combining actual situation and prediction for future economic situation, the group's expected credit loss rate shall be accounted through exposure at default and the expected credit loss rate within the entire life
Accounts receivable-credit risk characteristics group	Aging group	Prepare the comparative list between aging of accounts receivable and expected credit loss rate over the entire life by consulting historical experience in credit losses, combining actual situation and prediction for future economic situation

② Accounts receivable-the comparative list between aging of common customer group and expected credit loss rate over the entire life

Aging	Expected credit loss rate of accounts receivable (%)
Within 1 year (inclusive, the same below)	3.00
1 to 2 years	10.00
2 to 3 years	30.00
3 to 4 years	50.00
4 to 5 years	80.00
Over 5 years	100.00

#### 6. Offset between financial asset and financial debt

Financial asset and financial debt are listed in the balance sheet separately and don't offset each other. However, when the following conditions are met at the same time, the Company will list the net amount after mutual offset in the balance sheet: (1) The Company has the legal right to offset the confirmed amount, and the legal right is executable currently; (2) The Company plans to settle by net amount, or monetize the financial asset and liquidate the financial debt at the same time. For those transfers of financial assets not meeting the derecognition conditions, the Company does not offset the transferred financial assets and relative liabilities.

## 11. Notes Receivable

Refer to Note V 10 Financial Instruments of the financial statements for details.

## 12. Accounts Receivable

Refer to Note V 10 Financial Instruments of the financial statements for details.

**13. Accounts Receivable Financing:** not applicable.

## 14. Other Receivables

Recognition and accounting treatment methods regarding expected credit losses of other receivables

Refer to Note V 10 Financial Instruments of the financial statements for details.

## 15. Inventory

### (1) Inventories Classification

Inventories include development land held for sale or consumption in the process of development and operation, development products, temporarily leased development products which intended for sale, relocation housing, stock materials, inventory equipment, and low-value consumables, etc., as well as development costs in the process of development.

### (2) Cost Flow Assumption

- 1) Send-out materials and equipment shall adopt the moving weighted average method.
- 2) During the development of the project, the development land shall be included in the development cost of the project by the floor area apportionment of the developed products.
- 3) Send-out developed products shall be accounted by specific identification method.
- 4) The temporarily leased development products which intended for sale and relocation housing shall be amortized averagely by stages according to the expected useful life of the same kind of fixed assets of the Company.
- 5) If the public supporting facilities are completed earlier than the relevant development products, after the final account of the public supporting facilities, it shall be account into the development cost of the relevant development projects according to the building area; If the public supporting facilities are completed later than the relevant development products, the relevant development products shall withhold the public supporting facilities fees, and adjust the relevant development product costs according to the difference between the actual occurrence and the withhold amount after the completed public supporting facilities' final accounts.

### (3) Recognition basis of Net Realizable Value of Inventory

On the balance sheet date, inventory shall be measured at the lower of cost or net realizable value, and provision shall be made for falling price of inventories on the ground of the difference between the cost of each item of inventories and the net realizable value. Inventories directly for sale, under normal producing process, to the amount after deducting the estimated sale expense and relevant taxes from the estimated sell price of the inventory, the net realizable value has been recognized; inventories which need to be processed, under normal producing process, to the amount after deducting the estimated cost of completion, estimated sale expense and relevant taxes from the estimated sale price of produced finished goods, the net realizable value has been recognized; on the balance sheet date, in the same item of inventories, if some have contractual price agreement while others do not,

the net realizable value shall be recognized respectively and compared with their cost, and the amount of provision withdrawal or reversal for falling price of inventories shall be recognized respectively.

**(4) Inventory System for Inventories:**

Inventory system: Perpetual inventory system

**(5) Amortization Method of the Low-value Consumption Goods and Packing Articles**

1) Low-value Consumption Goods

One-off amortization method

2) Packing Articles

One-off amortization method

**16. Contractual Assets:** not applicable.

**17. Contractual Costs:** not applicable

**18. Divided as Assets Held for Sale**

**1. Classification of Non-current assets or disposal group Held for Sale**

Non-current assets or disposal group are confirmed to be the components held for sale when the following conditions are simultaneously satisfied: (1) According to the convention of similar transactions selling this kind of assets or disposal group, they can be sold instantly in such conditions. (2) Sale is extremely likely to happen, that is, the Company has made the decision of a sale plan, and got the confirmed purchase commitment. It is estimated that the sale will be finished within 1 year.

Non-current assets or disposal groups specifically obtained by the Company for resale will be classified as held-for-sale on the acquisition date when they meet the stipulated conditions of “expected to be sold within one year” on the acquisition date, and may well satisfy the category of held-for-sale within a short time (which is usually 3 months).

If any transaction between non-related parties fails to complete within one year due to one of the following reasons outside the Company’s control, and the Company still commits to sell non-current assets or disposal groups, the non-current assets or disposal groups shall be still classified as the held-for-sale category: (1) For conditions of sale delay resulting from the accidental setting by the buyer or another party, the Company has duly taken actions against those conditions and it is expected that the delay factors can be smoothly solved within one year since the conditions of sale delay resulting from the setting; (2) Non-current assets or disposal groups held for sale fail to be sold within one year due to rare circumstances, and the Company has taken necessary measures against those new situations within the first year and re-satisfied the conditions for classifying them into the held-for-sale category.

**2. Measurement of held-for-sale non-current assets or disposal groups**

(1) Initial measurement and subsequent measurement

For the initial measurement and the re-measurement of held-for-sale non-current assets or disposal groups on the balance sheet date, if the carrying value is higher than the net amount of the fair value deducting the selling expenses, the carrying value shall be written down to the net amount of the fair value deducting the selling expenses. The written down amount shall be recognized as asset impairment losses and recorded into current profits or losses, and at the same time, the held-for-sale asset impairment provision shall be withdrawn.

In respect of non-current assets or disposal groups classified into the held-for-sale category on the date of obtainment, when initially measuring them, compare the initially measured amount supposing that they are not

classified into the held-for-sale category and the amount of the fair value deducting the selling expenses, and measure them at the lower amount. Other than the non-current assets or disposal groups obtained in corporate mergers, the difference generated from the net amount of the fair value of non-current assets or disposal groups deducting the selling expenses as the initially measured amount shall be recorded into current profits or losses.

For the amount of asset impairment losses recognized in respect of held-for-sale disposal groups, first write off the carrying value of goodwill in the disposal groups, and then write off their carrying value in proportion according to the percentage of the carrying value of each non-current asset in the disposal groups.

Depreciation or amortization shall not be withdrawn for held-for-sale non-current assets or the non-current assets in disposal groups, while the interests of liabilities and other expenses in held-for-sale disposal groups shall still be recognized.

#### (2) Accounting Methods for the Recovery of Assets Impairment Losses

If the net amount that the fair value of the non-current assets held for sale on the follow-up balance sheet date minus the sale costs increases, the previous written-down amount will be restored, and reversed to the asset impairment loss confirmed after the assets being classified as held-for-sale. The reversed amount will be included in the current profit or loss. Impairment losses on assets recognized prior to classification as held for sale are not reversed.

If the net amount that the fair value of the disposal groups held for sale on the follow-up balance sheet date minus the sale costs increases, the previous written-down amount will be restored, and reversed to the asset impairment loss confirmed after the assets being classified as held-for-sale. The reversed amount will be included in the current profit or loss. The carrying value of deducted goodwill and the non-current assets applicable to the measurement of held-for-sale categories will not be reversed if the asset impairment loss is recognized before it is classified as held for sale.

For the subsequent reversal amount of the asset impairment loss recognized by the disposal group held for sale, its carrying value shall be increased proportionately to the proportion of the carrying value of various non-current assets measured by the disposal group in addition to goodwill.

#### (3) Accounting Methods for Ceasing to be classified as held-for-sale and Termination of Recognition

When a non-current asset or disposal group ceases to be classified as held-for-sale or a non-current asset is removed out from the held-for-sale disposal group due to failure in meeting the classification conditions for the category of held-for-sale, it will be measured by one of the followings whichever is lower: ① The carrying value before being classified as held for sale will be adjusted according to the depreciation, amortization or impairment that would have been recognized under the assumption that it was not classified as held for sale; ② The recoverable amount.

When terminating the recognition of non-current assets or disposal group held for sale, the unconfirmed gains or losses shall be recorded into the current profits and losses.

**19. Investments in Debt Obligations:** not applicable

**20. Investments in other Debt Obligations:** not applicable

**21. Long-term Accounts Receivable:** not applicable

**22. Long-term Equity Investments**

**1. Judgment of Joint Control and Significant Influences**



The term "joint control" refers to the joint control over an arrangement in accordance with the related agreements, which does not exist unless the participants sharing the control power agree with each other about the related arranged activity. The term "significant influences" refers to the power to participate in making decisions on the financial and operating policies of an enterprise, but not to control or do joint control together with other parties over the formulation of these policies.

## 2. Recognition of Investment Cost

(1) If the business combination is under the common control and the acquirer obtains long-term equity investment in the consideration of cash, non-monetary asset exchange, bearing acquiree's liabilities, or the issuance of equity securities, the initial cost is the carrying amount of the proportion of the acquiree's owner's equity at the acquisition date. The difference between the initial cost of the long-term equity investment and the carrying amount of the paid combination or the total amount of the issued shares should be adjusted to capital surplus. If the capital surplus is not sufficient for adjustment, retained earnings are adjusted respectively.

When a long-term equity investment is formed from the business combination under common control through the Company's multiple transactions step by step, the treatment shall be carried out based on whether the transactions constitute the "package deal". If they do, the accounting treatment shall be carried out on the basis of assuming all transactions as one transaction with the acquisition of control. If they do not, the initial investment cost shall be the portion of the carrying value of acquiree's net assets entitled in the consolidated financial statements of the final controller after the consolidation. The difference between the initial investment cost of the long-term equity investment on the combination date and the carrying value of the investment before the combination plus the carrying value of the newly-paid consideration for the acquisition of the shares on the consolidation date shall be adjusted to capital reserve; if the capital reserve is insufficient for the adjustment, retained earnings should be adjusted accordingly.

(2) For those formed from the business combination under different control, the initial investment cost is the fair value of the combination consideration paid on the acquisition date.

When a long-term equity investment is formed from the business combination under different control through the Company's multiple transactions step by step, the accounting treatment shall be carried out based on whether the financial statements are individual or consolidated:

1) In individual financial statements, the initial investment cost accounted in cost method is the sum of the carrying value of the equity investment originally held and the cost of new investment.

2) In consolidate financial statements, judge whether the transactions constitute the "package deal". If they do, the accounting treatment shall be carried out on the basis of assuming all transactions as one transaction with the acquisition of control. If they do not, for the acquiree's equity held before the acquisition date, re-measurement shall be carried out according to the fair value of the equity on the acquisition date and the difference between the fair value and the carrying value shall be recorded into current investment income; if the acquiree's equity held before the acquisition date involves other comprehensive income accounted in equity method, other comprehensive income related to it shall be transferred into the income for the period in which the acquisition date falls, with the exception of the other comprehensive incomes occurred because of the changes of net liabilities or net assets of the defined benefit pension plans be re-measured for setting by the investees.

3) For those formed other than from business combination: If they are acquired in cash payment, the initial investment cost is the purchase price actually paid; if they are acquired in the issue of equity securities, the initial

investment cost is the fair value of the issued equity securities; if they are acquired in debt restructuring, the initial investment cost shall be recognized according to the Accounting Standards for Enterprises No. 12 - Debt Restructuring; if they are acquired in the exchange of non-monetary assets, the initial investment shall be recognized according to the Accounting Standards for Enterprises No. 7 - Exchange of Non-Monetary Assets.

### **3. Method of subsequent measurement and recognition of profits and losses**

Long-term equity investment with control over investees shall be accounted in cost method; long-term equity investment on associated enterprises and joint ventures shall be accounted in equity method.

### **4. Method of treating the disposal of the investment in a subsidiary stem by step through multiple transactions until the loss of the controlling right**

#### (1) Individual financial statements

For the disposed equity, the difference between its fair value and the actually obtained price shall be recorded into current profits or losses. For the residual equity, the part that still has significant effects on investees or with common control jointly with other parties shall be accounted in equity method; the part that has no more control, common control or significant effects on investees shall be accounted in accordance with the relevant regulation of the Accounting Standards for Enterprises No. 22 - Recognition and Measurement of Financial Instruments.

#### (2) Consolidated financial statements

1) For the disposal of the investment in subsidiaries step by step until the loss of the controlling right through multiple transactions, which do not constitute the “package deal”

Before the loss of the controlling right, for the balance between the disposal remuneration and the shares of net assets in the subsidiaries that have been calculated since the acquisition date or combination date corresponding to the disposal of long-term equity investment, capital reserve (capital premium) shall be adjusted, and if the capital premium is not sufficient for the write-down, the retained earnings shall be written down.

At the loss of the controlling right over the original subsidiaries, the residual equity shall be re-measured at its fair value on the date of losing the controlling right. The difference between the consideration obtained in the equity disposal, plus the fair value of the remaining equities, less the Company’s share of net assets enjoyed of the former subsidiary that has been calculated since the acquisition date or combination date according to the former shareholding ratio, shall be recorded into the investment gains for the period when the control ceases; meanwhile, goodwill shall be written down. Other comprehensive income related to former subsidiary's equity investment shall be transferred into current investment income when the control ceases.

2) For the disposal of the investment in subsidiaries step by step until the loss of the controlling right through multiple transactions, which constitute the “package deal”

The accounting treatment shall be carried out on the basis of considering each transaction as a transaction of disposing the subsidiary and losing control. However, before losing control, the difference between each disposal price before losing the control, and the corresponding net assets share enjoyed of subsidiary when disposing long-term equity investment, shall be recognized as other comprehensive income in the consolidated financial statements and when the control ceases, transferred into current profits or losses of the period of losing control.

## 23. Investment Property

Measurement mode of investment real estates

Measurement of cost method

Depreciation or amortization method

1. The term "investment real estate" includes the right to use any land which has already been rented, the right to use any land which is held and prepared for transfer after appreciation, and the right to use any building which has already been rented.
2. The Company initially measures the investment property according to the costs, and adopts the cost method in the subsequent measurement of investment property, and adopts the same methods with fixed assets and intangible assets to withdraw depreciation or amortization.

## 24. Fixed Assets

### (1) Recognized Standard of Fixed Assets

The term "fixed assets" refers to the tangible assets that simultaneously possess the features as follows: they 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. No fixed asset may be recognized unless it simultaneously meets the conditions as follows: (1) The economic benefits are likely to flow into the enterprise; (2) The cost of the fixed asset can be measured reliably.

### (2) Depreciation Method

Category	Depreciation method	Useful life (year)	Expected net salvage value	Annual depreciation
Houses and buildings	Straight-line depreciation	20-25	5-10	3.6-4.75
Transportation	Straight-line depreciation	5	5	19
Other equipment	Straight-line depreciation	5	5	19
Machinery equipment	Straight-line depreciation	5	5	19
Decoration of fixed assets	Straight-line depreciation	5	0	20

### (3) Recognition Basis, Pricing and Depreciation Method of Fixed Assets by Finance Lease: not applicable

## 25. Construction in Progress

1. No construction in progress may be recognized unless it simultaneously meets the conditions as follows: (1) The economic benefits are likely to flow into the enterprise; (2) The cost of the fixed asset can be measured reliably. Construction in progress shall be measured according to the occurred actual costs before the assets available for the intended use.
2. When the construction in progress is available for the intended use, it shall be transferred to fixed assets according to the actual cost of the project. For construction in progress available for the intended use but not

dealing with final accounts of completed project, it shall be transferred to fixed assets according to the estimated value first, and then adjust original temporarily estimated value based on the actual costs after the final accounts of completed project, but not adjust the depreciation that was already calculated.

## **26. Borrowing Costs**

### **1. Recognition Principle of Capitalization of Borrowing Costs**

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it shall be capitalized and recorded into the costs of relevant assets. Other borrowing costs shall be recognized as expenses when it occurred, and shall be recorded into the current profits and losses.

### **2. Capitalization Period of Borrowings Costs**

(1) The borrowing costs shall not be capitalized unless they simultaneously meet the following requirements: 1) The asset disbursements have already incurred; 2) The borrowing costs have already incurred; 3) The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

(2) Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended. The borrowing costs incurred during such period shall be recognized as expenses, and shall be recorded into the profits and losses of the current period, till the acquisition and construction or production of the asset restarts.

(3) When the acquisition and construction or production of a qualified asset eligible for capitalization are available for its intended use or sale, the capitalization of borrowing costs shall be stopped.

### **3. Capitalized rate and amount of borrowing costs**

To the extent that funds are borrowed specifically for the purpose of acquiring or constructing a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset is determined as the actual interest costs (including amortization of discount and premium confirmed according to effective interest method) incurred on that borrowing during the period less any investment income on the temporary investment of the borrowing. To the extent that funds are borrowed generally and used for the purpose of acquiring or constructing a qualifying asset, the amount of borrowing costs eligible for capitalization shall be determined by applying a capitalization rate to the weighted average of excess of accumulated expenditures on qualifying asset over that on specific purpose borrowing.

**27. Biological Assets:** not applicable

**28. Oil and Gas Assets:** not applicable

**29. Use Right Assets:** not applicable

## **30. Intangible Assets**

### **(1) Pricing Method, Useful Life and Impairment Test**

1. Intangible assets include right to use land sites, use right of software etc. and conduct the initial measurement according to the costs.

2. With regard to intangible assets with limited service life, it shall be amortized systematically and reasonably

within their service life according to the expected implementation of economic interests related to the intangible assets. If it can't recognize the expected implementation reliably, it shall be amortized by straight-line method. The specific useful lives are as follows:

Items	Useful life for amortization (years)
Use right of lands	Statutory life of land use right
Use right of software	5

The intangible assets with uncertain service life shall not be amortized, and the Company rechecks the service life of the intangible assets in every accounting period. For intangible assets with uncertain service, the recognition basis is without certain service life and expected benefit life.

**(2) Accounting Policies of Internal R&D Expenses:** not applicable

### 31. Impairment of Long-term Assets

For long-term assets, such as investment property measured by cost model, fixed assets, construction in progress, and intangible assets with limited service life measured by cost model, the Company shall estimate the recoverable amount if there are signs of impairment on balance sheet date. For intangible assets with uncertain goodwill or service life formed by enterprise combination, whether or not there is sign of impairment, impairment test shall be conducted every year. Goodwill combination and its related assets group or combination of assets group shall be conducted the impairment test.

If the recoverable amount of the above-mentioned long-term assets is lower than its carrying value, it shall make the preparation for assets impairment based on its balance and be recorded into current profits and losses.

### 32. Long-term Prepaid Expenses

Long-term deferred expenses refer to general expenses with the amortized period over one year (one year excluded) that have occurred. Long-term prepaid expense shall be recorded into the account according to the actual accrual. Long-term prepaid expense shall be amortized averagely within benefit period or specified period. In case of no benefit in the future accounting period, the amortized value of such project that fails to be amortized shall be transferred into the profits and losses of the current period.

**33. Contractual Liabilities:** not applicable

### 34. Payroll

#### (1) Accounting Treatment of Short-term Compensation

During the accounting period when the employees providing the service for the Company, the actual short-term compensation shall be recognized as liabilities, and be recorded into the current profits and losses or related assets costs.

#### (2) Accounting Treatment of the Welfare after Demission

The Company's welfare after demission plans is divided into defined contribution plans and defined benefit plans

(1) During the accounting period when the employee providing service for the Company, the amount paid in line with the setting drawing plan will be recognized as liabilities and recorded into current profits or losses or cost of relevant assets.

(2) The accounting treatment of defined benefit plans usually consists of the following steps:

1) According to the expected cumulative welfare unit method, adopt unbiased and mutually consistent actuarial assumptions to evaluate related demographic variables and financial variables, measure the obligations generated from defined benefit plans and recognize the period in respect of related obligations. Meanwhile, discount the obligations generated from defined benefit plans to recognize their present value and the current service costs;

2) If there are any assets in a defined benefit plan, the deficit or surplus formed from the present value of the defined benefit plan obligations less the fair value of the defined benefit plan assets shall be recognized as net liabilities or net assets of a defined benefit plan. If there is any surplus in a defined benefit plan, the net assets of the plan shall be measured at the lower of the surplus or the upper asset limit;

3) At the end of the period, the staff remuneration costs generated from a defined benefit plan shall be recognized as services costs, net interests of the net liabilities or net assets of the plan and changes from the re-measurement of the net liabilities or net assets of the plan. Service costs and net interests of the net liabilities or net assets of the plan shall be recorded into the current profits or losses or related asset costs, while changes from the re-measurement of the net liabilities or net assets of the plan shall be recorded into other comprehensive income and shall not be transferred back to profits or losses in subsequent accounting periods. But the amounts recognized in other comprehensive income may be transferred within the equity scope.

### **(3) Accounting Treatment of Demission Welfare**

When the Company is unable to unilaterally withdraw the plan on the cancellation of labor relationship or the layoff proposal, or when recognizing the costs or expenses (the earlier one between the two) related to the reorganization of paying the demission welfare, should recognize the payroll liabilities from the demission welfare and include in the current gains and losses.

### **(4) Accounting Treatment of other Welfare of the Long-term Employees**

The Company provides the other long-term employee benefits for the employees, and for those met with the defined contribution plans, accounting treatment should be conducted according to the related regulations of the defined contribution plans; the for the others long-term employee benefits except for the former, accounting treatment should be conducted according to the related regulations of the defined benefit plans. In order to simplify the related accounting treatment, the payrolls shall be recognized as service costs, the net amount of interest of net liabilities and net assets of other welfare of the long-term employees. The total net amounts made up from the changes of measuring the net liabilities and net assets of other welfare of the long-term employees again shall be recorded into the current profits and losses or related assets costs.

**35. Lease Liabilities:** not applicable

### **36. Provisions**

1. The obligation such as external guaranty, litigation or arbitration, product quality assurance, loss contract, pertinent to a contingencies shall be recognized as the provisions when the following conditions are satisfied simultaneously: ① That obligation is a current obligation of the enterprise; ② It is likely to cause any economic

benefit to flow out of the enterprise as a result of performance of the obligation; and ③ The amount of the obligation can be measured in a reliable way.

2. The Company shall conduct the initial measurement to provisions according to the best estimate number needed for performing the related current obligation and recheck the carrying value of accrued liabilities on balance sheet date.

**37. Share-based Payment:** not applicable

**38. Other Financial Instruments such as Preferred Shares and Perpetual Bonds:** not applicable

### 39. Revenue

Has implemented new standards governing revenue

Yes  No

#### (1) Real Estate Sales Revenue

##### 1) Real Estate Sales Revenue Recognition Principle

The realization of sales revenue shall be recognized under the following conditions: the developed products have been completed and accepted, the sales contract has been signed and the obligations stipulated in the contract have been fulfilled, the main risks and rewards of ownership of the developed products have been transferred to the buyer at the same time, the Company shall no longer retain the continuous management rights normally associated with ownership and effectively control the sold developed products, the revenue amount can be measured reliably, the related economic benefits are likely to flow in, and the related costs that have occurred or will occur can be measured reliably.

For the sale of self-occupied housing, the realization of sales income shall be recognized under the following conditions: the main risks and rewards of ownership of self-occupied houses are transferred to the buyer, the Company will no longer retain the continuous management rights normally associated with ownership and effectively control the sold development products, the amount of income can be measured reliably, relevant economic benefits are likely to flow in, the relevant costs that have occurred or will occur can be measured reliably.

##### 2) Specific methods for recognizing real estate sales revenue

Only recognizing the sales income realization under the following conditions: acquired the real estate completed and accepted as qualified (the completion and acceptance reports), signed an irreversible sales contract, obtained the buyer's payment certificate (for those who chose bank mortgage, the first installment and the full amount of bank mortgage must be required; for those who did not choose the bank mortgage to make their payment, the full house payment must be required) issued the notice of repossession (if the owner fails to go through the formalities in time within the specified time limit the building shall be deemed as repossessed).

#### (2) Providing labor services

If the provision of labor services can be reliably estimated (all the following conditions are met: ① The amount of income can be measured reliably; ② The relevant economic benefits are likely to inflow to the Company; ③ The progress of the transaction can be reliably determined; ④ The cost incurred and to be incurred in the transaction can be measured reliably), it shall recognize the revenue from providing services employing the percentage-of-completion method, and confirm the completion of labor service according to the costs incurred as a percentage of the total estimated costs. If the Company can't, on the date of the balance sheet, reliably estimate the outcome of a transaction concerning the labor services it provides, it shall be handled under the following

conditions: If the cost of labor services incurred is expected to be compensated, the revenue from the providing of labor services shall be recognized in accordance with the amount of the cost of labor services incurred, and the cost of labor services shall be carried forward at the same amount; If the cost of labor services incurred is not expected to compensate, the cost incurred should be included in the current profits and losses, and no revenue from the providing of labor services may be recognized.

Property management revenue shall be recognized when property management services have been provided, economic benefits related to property management services can flow into the enterprise, and costs related to property management can be reliably measured.

### **(3) Transferring the Right to Use Assets**

The revenue of transferring the right to use assets may not be recognized unless the following conditions are both met: the relevant economic benefits are likely to inflow to the Company; and the revenue can be reliably measured. The interest income shall be recognized according to the time and actual interest rate in which other people use the Company's monetary funds. Royalty revenue shall be recognized according to the chargeable time and method stipulated in related contracts and agreements.

According to the lease date and lease amount agreed in the lease contract and agreement, the realization of rental property income shall be recognized when relevant economic benefits are likely to flow in.

### **(4) Other Business Income**

According to the stipulations of relevant contracts and agreements, when the economic benefits related to the transaction can flow into the enterprise and the costs related to the income can be reliably measured, the realization of other business income shall be confirmed.

## **40. Government Subsidies**

### **1. If the government subsidies meet with the following conditions at the same, it should be recognized: (1)**

The entity will comply with the condition attaching to them; (2) The grants will be received from government. If a government subsidy is a monetary asset, it shall be measured according to the amount received or receivable. If a government subsidy is a non-monetary asset, it shall be measured at its fair value, and shall be measured at a nominal amount when the fair value cannot be obtained reliably.

### **2. Judgment basis and accounting methods of government subsidies related to assets**

The government subsidies that are acquired for construction or form long-term assets in other ways according to government documents shall be defined as asset-related government subsidies. For those not specified in government documents, the judgment shall be made based on the compulsory fundamental conditions for acquiring the subsidies. If the subsidies are acquired with construction or the formation of long-term assets in other ways as fundamental conditions, they shall be recognized as asset-related government subsidies. For asset-related government subsidies, the carrying value of related assets shall be written down or recognized as deferred income. If asset-related government subsidies are recognized as deferred income, it shall be recorded into profits or losses by period in a reasonable and systemic manner within the life of related assets. Government subsidies measured at the nominal amount shall be directly recorded into current profits or losses. If related assets are sold, transferred, disposed of or destroyed before the end of their life, the undistributed balance of related deferred income shall be transferred into the profits or losses for the period of the asset disposal.

### **3. Judgment basis and accounting treatment of profits-related government subsidies**

Government subsidies other than asset-related government subsidies shall be defined as profits-related government subsidies. For government subsidies consisting of both asset-related parts and profits-related parts, which is difficult to judge whether they are related to assets or profits, the entirety shall be classified as



profits-related government subsidies. Profits-related government subsidies that are used to compensate the related future expenses or losses shall be recognized as deferred income and shall be included into the current profit/losses during the period when the relevant expenses or losses are recognized; those subsidies used to compensate the related expenses or losses incurred shall be directly included into the current profits/losses.

**4. Government subsidies related to the Company's routine operating activities** shall be included into other income or write down related costs according to the economic business nature. Government subsidies not related to the Company's routine activities shall be included into non-operating income and expenditure.

#### **41. Deferred Income Tax Assets/Deferred Income Tax Liabilities**

1. In accordance with the balance (the item not recognized as assets and liabilities can confirm their tax bases according to the tax law, the balance between the tax bases and its carrying amount) between the carrying amount of assets or liabilities and their tax bases, deferred tax assets and deferred tax liabilities should be recognized at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

2. A deferred tax asset shall be recognized within the limit of taxable income that is likely to be obtained to offset the deductible temporary differences. At the balance sheet date, where there is strong evidence showing that sufficient taxable profit will be available against which the deductible temporary difference can be utilized, the deferred tax asset unrecognized in prior period shall be recognized.

3. The Company assesses the carrying amount of deferred tax asset at the balance sheet date. If it's probable that sufficient taxable profit will not be available against which the deductible temporary difference can be utilized, the Company shall write down the carrying amount of deferred tax asset, or reverse the amount written down later when it's probable that sufficient taxable profit will be available.

4. The current income tax and deferred income tax of the Company are recorded into the current gains and losses as income tax expenses or revenue, except in the following circumstances: (1) Business combination; (2) The transaction or event directly included in owner's equity.

#### **42. Lease**

##### **(1) Accounting Treatment of Operating Lease**

As a Lessee, the Company shall record the rent into relevant assets cost or recognize it as the current profit or loss on a straight-line basis over the lease term. The initial direct costs incurred shall be recognized as the current profit or loss; Contingent rents shall be charged into the current profit or loss when they are incurred.

As a lessor, the Company shall recognize the rent as the current profit or loss on a straight-line basis over the lease term. Initial direct costs incurred by the lessor shall be directly recognized as the current profit or loss except that costs with larger amounts shall be capitalized and recorded into the current profit and loss by stages; Contingent rents shall be charged into the current profit or loss when they are incurred.

##### **(2) Accounting Treatments of Financial Lease**

For the lessee, a fixed asset acquired under finance lease shall be valued at the lower of the fair value of the leased asset and the present value of the minimum lease payments at the inception of lease. The minimum lease payments as the entering value in long-term account payable, the difference as unrecognized financing charges; the initial direct costs shall be directly recorded into leasing asset value. At each period during the lease term, the

effective interest rate method shall be adopted to calculate and confirm the current financing charge.

On the initial date of financial lease, lessee of the financial lease shall record the sum of the minimum lease payments and initial direct costs as the financing lease accounts receivable, and also record the non-guaranteed residual value; recognize the difference between the total minimum lease payments, initial direct costs, non-guaranteed residual value and sum of the present value as the unrealized financing income; At each period during the lease term, the effective interest rate method shall be adopted to calculate and confirm the current financing income.

### **43. Other Important Accounting Policies and Accounting Estimations**

#### **(1) Confirmation standard and accounting handling method for operation termination**

Components which meet one of the following conditions, have been disposed or divided as held for sale category and can be distinguished separately are confirmed as operation termination.

- 1) The component represents one important independent main business or one single main operation area.
- 2) The component is one part of a related plan which plans to dispose one independent main business or one single main operation area.
- 3) The component is a subsidiary which is obtained for resale specially.

Refer to the Note XVI (5) of the financial statements for detailed situation of the Company operation termination.

#### **(2) Accounting Method for Maintenance fund and Quality Deposit**

##### **1) Maintenance fund accounting method**

According to the local relevant regulations of the development project, the maintenance fund shall collect from the buyers, or withdraw from the development costs of the Company's relevant development products when development products sell (pre-sell), and shall uniformly turn them over to the maintenance fund management department.

##### **2) Quality deposit accounting method**

The quality guarantee fund shall be reserved from the project fund of the construction unit according to the provisions of the construction contract. Maintenance fees incurred during the warranty period of the developed products shall be offset against the quality guarantee deposit; After the expiration of the warranty period agreed upon in the development of products, the balance of the quality guarantee deposit shall be returned to the construction unit.

#### **(3) Segmental report**

The Group recognizes the operating segments according to the internal organization structure, the management requirements and the internal report system. Operating segments refer to the compose parts of the Group which meet with the following conditions at the same time:

- 1) the compose part could cause revenues and expenses in the daily activities;
- 2) the management layer could periodically evaluate the operation results of the compose part and base which to distribute the resources and evaluate the performance;
- 3) the Group could acquire the relevant accounting information of the financial conditions, operation results and the cash flows of the compose part through analysis.

#### 44. Changes in Main Accounting Policies and Estimates

##### (1) Change of Accounting Policies

√Applicable □ Not applicable

Contents and reasons	Procedures	Remarks
----------------------	------------	---------

##### 1) Change of accounting policies caused by change of Accounting Standards for Business Enterprises

① The Company prepared 2019 Financial Statements in accordance with the Notice on Revising and Printing the Format of 2019 General Enterprises Financial Statements (CK [2019] No. 6), the Notice on Revising and Printing the Format of Consolidated Financial Statements (2019) (CK [2019] No. 16) issued by the Ministry of Finance and the requirements of the Accounting Standards for Business Enterprises. Retroactive adjustment was adopted for the changes in the accounting policy. The significantly affected items and amounts in 2018 Financial Statements are as follows:

Item and amount in original financial statement		Item and amount in new financial statement	
Notes receivable and accounts receivable	155,898,006.77	Notes receivable	
		Accounts receivable	155,898,006.77
Notes payable and accounts payable	435,350,850.19	Notes payable	
		Accounts payable	435,350,850.19

2) The Company starts to implement the Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 23-Transfer of Financial Assets, Accounting Standards for Business Enterprises No. 24-Hedging and Accounting Standards for Business Enterprises No.37-Presentation of Financial Instruments (hereinafter referred to the new standards governing financial instruments) revised by the Ministry of Finance since 1 January 2019. As required by the connection regulation for the old and new standards, the information of comparative period was not adjusted, and the beginning retained earnings or other comprehensive income of the Reporting Period shall be retroactively adjusted for the difference between the original standards and the new one when implemented on the first execution date.

① The impacts of implementing the new standards governing financial instruments on the Company's financial statements on 1 January 2019:

Item	Balance sheet		
	31 December 2018	Impacts	1 January 2019
Monetary assets	3,894,546,925.52	13,055,107.15	3,907,602,032.67
Other receivables	80,037,483.65	-13,055,107.15	66,982,376.50
Other payables	656,720,054.30	-1,669.10	656,718,385.20
Current portion of non-current liabilities		1,669.10	1,669.10

② The comparison statement of financial assets and financial liabilities of the Company classified and measured respectively according to the new standards governing financial instruments and the original one on 1 January 2019:

Item	Original standards		New standards	
	Measurement	Carrying value	Measurement category	Carrying value

	category			
Monetary assets	Loans and accounts receivable	3,894,546,925.52	Financial assets at amortized cost	3,907,602,032.67
Accounts receivable	Loans and accounts receivable	155,898,006.77	Financial assets at amortized cost	155,898,006.77
Other receivables	Loans and accounts receivable	80,037,483.65	Financial assets at amortized cost	66,982,376.50
Available-for-sale financial assets	Available-for-sale financial assets	3,621,381.11		
Investments in other equity instruments			Financial assets at fair value through other comprehensive income	3,621,381.11
Accounts payable	Other financial liabilities	435,350,850.19	Financial liabilities at amortized cost	435,350,850.19
Other payables	Other financial liabilities	656,720,054.30	Financial liabilities at amortized cost	656,718,385.20
Current portion of non-current liabilities	Other financial liabilities		Financial liabilities at amortized cost	1,669.10
Long-term borrowings	Other financial liabilities	1,000,000.00	Financial liabilities at amortized cost	1,000,000.00

③ The reconciliation statement of carrying value of original financial assets and financial liabilities of the Company reclassified and remeasured according to the new standards governing financial instruments on 1 January 2019

Item	Carrying value listed according to original standards (31 December 2018)	Reclassified	Remeasured	Carrying value listed according to new standards (1 January 2019)
A. Financial assets				
a. Amortized cost				
Monetary assets	3,894,546,925.52	13,055,107.15		3,907,602,032.67
Accounts receivable	155,898,006.77			155,898,006.77
Other receivables	80,037,483.65	-13,055,107.15		66,982,376.50
Total financial assets at amortized cost	4,130,482,415.94			4,130,482,415.94
b. At fair value through other comprehensive income				
Available-for-sale financial assets	3,621,381.11	-3,621,381.11		
Investments in other equity instruments		3,621,381.11		3,621,381.11
Total financial assets at fair value through other comprehensive	3,621,381.11			3,621,381.11

income				
B. Financial liabilities				
a. Amortized cost				
Accounts payable	435,350,850.19			435,350,850.19
Other payables	656,720,054.30	-1,669.10		656,718,385.20
Current portion of non-current liabilities		1,669.10		1,669.10
Long-term borrowings	1,000,000.00			1,000,000.00
Total liabilities at amortized cost	1,093,070,904.49			1,093,070,904.49

3) The Company starts to implement the revised Accounting Standards for Business Enterprises No.7-Non-Monetary Assets Exchange since 10 June 2019 and to implement the revised Accounting Standards for Business Enterprises No.12-Debt Restructuring since 17 June 2019. This change of accounting policy was treated with prospective application.

## (2) Changes in Accounting Estimates

Applicable  Not applicable

## (3) Adjustments to the Financial Statements at the Beginning of the First Execution Year of any New Standards Governing Financial Instruments, Revenue or Leases since 2019

Applicable  Not applicable

Consolidated balance sheet:

Unit: RMB

Item	31 December 2018	1 January 2019	Adjustment
Current assets:			
Monetary assets	3,894,546,925.52	3,907,602,032.67	13,055,107.15
Settlement reserve			
Interbank loans granted			
Held-for-trading financial assets			
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable	155,898,006.77	155,898,006.77	
Accounts receivable financing			

Prepayments	59,546,657.35	59,546,657.35	
Premiums receivable			
Reinsurance receivables			
Receivable reinsurance contract reserve			
Other receivables	80,037,483.65	66,982,376.50	-13,055,107.15
Including: Interest receivable	13,055,107.15		-13,055,107.15
Dividends receivable			
Financial assets purchased under resale agreements			
Inventories	1,396,154,603.04	1,396,154,603.04	
Contract assets			
Assets classified as held for sale			
Current portion of non-current assets			
Other current assets	17,233,435.58	17,233,435.58	
Total current assets	5,603,417,111.91	5,603,417,111.91	
Non-current assets:			
Loans and advances to customers			
Investments in debt obligations			
Available-for-sale financial assets	3,621,381.11		-3,621,381.11
Investments in other debt obligations			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	39,999,283.24	39,999,283.24	
Investments in other equity instruments		3,621,381.11	3,621,381.11

Other non-current financial assets			
Investment property	639,167,209.48	639,167,209.48	
Fixed assets	102,516,975.36	102,516,975.36	
Construction in progress			
Productive living assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	455,300.38	455,300.38	
R&D expense			
Goodwill			
Long-term prepaid expense	3,493,237.29	3,493,237.29	
Deferred income tax assets	520,832,796.49	520,832,796.49	
Other non-current assets	109,851,318.29	109,851,318.29	
Total non-current assets	1,419,937,501.64	1,419,937,501.64	
Total assets	7,023,354,613.55	7,023,354,613.55	
Current liabilities:			
Short-term borrowings			
Borrowings from central bank			
Interbank loans obtained			
Held-for-trading financial liabilities			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payable	435,350,850.19	435,350,850.19	
Advances from customers	278,045,801.46	278,045,801.46	
Contract liabilities			
Financial assets sold under repurchase agreements			
Customer deposits and interbank deposits			

Payables for acting trading of securities			
Payables for underwriting of securities			
Payroll payable	126,062,756.70	126,062,756.70	
Taxes payable	1,580,024,773.11	1,580,024,773.11	
Other payables	656,720,054.30	656,718,385.20	-1,669.10
Including: Interest payable	1,669.10		-1,669.10
Dividends payable	12,434,579.81	12,434,579.81	
Handling charges and commissions payable			
Reinsurance payables			
Liabilities directly associated with assets classified as held for sale			
Current portion of non-current liabilities		1,669.10	1,669.10
Other current liabilities			
Total current liabilities	3,076,204,235.76	3,076,204,235.76	
Non-current liabilities:			
Insurance contract reserve			
Long-term borrowings	1,000,000.00	1,000,000.00	
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term payroll payable			
Provisions			
Deferred income			
Deferred income tax liabilities	5,275.60	5,275.60	



Other non-current liabilities	64,627,587.61	64,627,587.61	
Total non-current liabilities	65,632,863.21	65,632,863.21	
Total liabilities	3,141,837,098.97	3,141,837,098.97	
Owners' equity:			
Share capital	595,979,092.00	595,979,092.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	483,347,184.25	483,347,184.25	
Less: Treasury stock			
Other comprehensive income	-1,786,181.69	-1,786,181.69	
Specific reserve			
Surplus reserves	299,569,569.96	299,569,569.96	
General reserve			
Retained earnings	2,495,296,440.15	2,495,296,440.15	
Total equity attributable to owners of the Company as the parent	3,872,406,104.67	3,872,406,104.67	
Non-controlling interests	9,111,409.91	9,111,409.91	
Total owners' equity	3,881,517,514.58	3,881,517,514.58	
Total liabilities and owners' equity	7,023,354,613.55	7,023,354,613.55	

Notes to the adjustments:

The Company starts to implement the Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 23-Transfer of Financial Assets, Accounting Standards for Business Enterprises No. 24-Hedging and Accounting Standards for Business Enterprises No.37-Presentation of Financial Instruments (hereinafter referred to the new standards governing financial instruments) revised by the Ministry of Finance since 1 January 2019. As required by the connection regulation for the old and new standards, the information of comparative period was not adjusted, and the beginning retained earnings or other comprehensive income of the Reporting Period shall be retroactively adjusted for the difference between the original standards and the new one when implemented on the first execution date.

Balance sheet of the Company as the parent:

Unit: RMB

Item	31 December 2018	1 January 2019	Adjustment
Current assets:			
Monetary assets	2,520,788,994.16	2,529,018,497.74	8,229,503.58
Held-for-trading financial assets			
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable	1,853,494.72	1,853,494.72	
Accounts receivable financing			
Prepayments	829,683.68	829,683.68	
Other receivables	1,306,715,826.93	1,298,486,323.35	-8,229,503.58
Including: Interest receivable	8,229,503.58		-8,229,503.58
Dividends receivable			
Inventories	105,840,115.24	105,840,115.24	
Contract assets			
Assets classified as held for sale			
Current portion of non-current assets			
Other current assets			
Total current assets	3,936,028,114.73	3,936,028,114.73	
Non-current assets:			
Investments in debt obligations			
Available-for-sale financial assets	3,851,881.11		-3,851,881.11
Investments in other debt obligations			
Held-to-maturity investments			
Long-term receivables			

Long-term equity investments	239,501,956.17	239,501,956.17	
Investments in other equity instruments		3,851,881.11	3,851,881.11
Other non-current financial assets			
Investment property	317,313,917.65	317,313,917.65	
Fixed assets	9,121,637.65	9,121,637.65	
Construction in progress			
Productive living assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets			
R&D expense			
Goodwill			
Long-term prepaid expense	778,392.57	778,392.57	
Deferred income tax assets	315,888,967.26	315,888,967.26	
Other non-current assets	104,132,920.00	104,132,920.00	
Total non-current assets	990,589,672.41	990,589,672.41	
Total assets	4,926,617,787.14	4,926,617,787.14	
Current liabilities:			
Short-term borrowings			
Held-for-trading financial liabilities			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payable	124,501,464.28	124,501,464.28	
Advances from customers	75,895,087.75	75,895,087.75	
Contract liabilities			
Payroll payable	31,224,455.28	31,224,455.28	
Taxes payable	1,402,388,742.76	1,402,388,742.76	
Other payables	224,875,980.31	224,875,980.31	

Including: Interest payable			
Dividends payable	29,642.40	29,642.40	
Liabilities directly associated with assets classified as held for sale			
Current portion of non-current liabilities			
Other current liabilities			
Total current liabilities	1,858,885,730.38	1,858,885,730.38	
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term payroll payable			
Provisions			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities			
Total liabilities	1,858,885,730.38	1,858,885,730.38	
Owners' equity:			
Share capital	595,979,092.00	595,979,092.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	92,326,467.62	92,326,467.62	

Less: Treasury stock			
Other comprehensive income			
Specific reserve			
Surplus reserves	298,912,759.52	298,912,759.52	
Retained earnings	2,080,513,737.62	2,080,513,737.62	
Total owners' equity	3,067,732,056.76	3,067,732,056.76	
Total liabilities and owners' equity	4,926,617,787.14	4,926,617,787.14	

Notes to the adjustments:

The Company starts to implement the Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 23-Transfer of Financial Assets, Accounting Standards for Business Enterprises No. 24-Hedging and Accounting Standards for Business Enterprises No.37-Presentation of Financial Instruments (hereinafter referred to the new standards governing financial instruments) revised by the Ministry of Finance since 1 January 2019. As required by the connection regulation for the old and new standards, the information of comparative period was not adjusted, and the beginning retained earnings or other comprehensive income of the Reporting Period shall be retroactively adjusted for the difference between the original standards and the new one when implemented on the first execution date.

#### **(4) Retroactive Adjustments to Comparative Data of Prior Years when Execution of any New Standards Governing Financial Instruments or Leases since 2019**

Applicable  Not applicable

#### **45. Other**

In the Note of the financial statements, the data of the period-beginning refers to the financial statement data on 1 January 2019; the data of the period-end refers to the financial statement data on 31 December 2019; the Reporting Period refers to the year of 2019; the same period of last year refers to the year of 2018. The same to the Company as the parent.

## **VI Taxes**

### **1. Main Taxes and Tax Rates**

Category of taxes	Tax basis	Tax rate
VAT	Sales of goods or provision of taxable services	[Note 1]
Urban maintenance and construction tax	Turnover tax payable	Applied to 7%, 1% separately according to the regional level

Enterprise income tax	Taxable income	25% [Note 2]
VAT of land	Added value generated from paid transfer of the use right of state-owned lands and property right of above-ground buildings and other attachments	Four progressive levels with the tax rate ranging from 30% to 60% of transferring real estate added value
Real estate tax	Levied according to price: paid according to 1.2% of the residual value of the real estate's original value after deducted 30% at once; levied according to lease: paid according to 12% of the rental income	
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%

Notes of the disclosure situation of the taxpaying bodies with different enterprises income tax rate

Name	Income tax rate
Chongqing Shenzhen International Trade Center Property Management Co., Ltd.	15%
Shenzhen SZPRD Housing Assets Operation and Management Co., Ltd.	20%
Shenzhen Guomao Catering Co., Ltd.	20%
Shenzhen Property Engineering and Construction Supervision Co., Ltd.	20%
Shenzhen Julian Human Resources Development Co.,Ltd.	20%
Shenzhen Huazhengpeng Property Management Development Co., Ltd.	20%
Shenzhen Jinhailian Property Management Co.,Ltd.	20%
Shenzhen Zhongtongda House Xiushan Service Co.,Ltd.	20%
Shenzhen Kangping Industry Co.,Ltd.	20%
Shenzhen Teacher Family Training Co., Ltd.	20%
Shenzhen Education Industry Co., Ltd.	20%
Shenzhen Yufa Industry Co., Ltd.	20%
Chongqing Aobo Elevator Co., Ltd.	20%
Subsidiaries registered in Hong Kong area	16.5%
Other taxpaying bodies within the consolidated scope	25%

## 2. Tax Preference

[Note 2] According to the regulations of No. 2, Property Service of No. 37, Commercial Service among the encouraging category of the Guidance Catalogue of Industry Constructure Adjustment (Y2011), the western

industry met with the conditions should be collected the corporate income tax according to 15% of the tax rate. The subsidiary of the Group Chongqing Shenzhen International Trade Center Property Management Co., Ltd. applies to above policy.

According to the State Administration of Taxation Notice on the Implementation of Inclusive Tax Relief Policy for Small and Micro Enterprises (Fiscal [2019] No.13), from 1 January 2019, to 31 December 2021, the portion of the annual taxable income of small and micro enterprises that does not exceed RMB1 million shall be included in the taxable income at a reduced rate of 25%, and the enterprise income tax shall be paid at a tax rate of 20%. If the annual taxable income exceeds RMB1 million and does not exceed RMB3 million, it shall be included in the taxable income at a reduced rate of 50%, and the enterprise income tax shall be paid at a tax rate of 20%. This policy applies to 12 subsidiaries of our group from 2019 onwards, including Chongqing Aobo Elevator Co., Ltd., Shenzhen International Trade Center Catering Co., Ltd., etc.

### 3. Other

[Note 1] Taxable items and tax rate of the VAT of the Company and its subsidiaries are as follows:

Type of the revenue	General rate	Percentage charges of
Sales of house property	10%	5%
Rent of real estate	10%	5%
Property service	6%	3%
Catering service	6%	3%
Others	16%	--

## VII. Notes to Major Items in the Consolidated Financial Statements of the Company

### 1. Monetary Assets

Unit: RMB

Item	Ending balance	Beginning balance
Cash on hand	130,048.49	184,219.12
Bank deposits	3,276,826,087.46	3,631,118,250.16
Other monetary assets	20,934,799.96	276,299,563.39
Total	3,297,890,935.91	3,907,602,032.67
Of which: the total amount deposited overseas	54,480,940.07	52,976,296.80
The total amount with restricted right of use for mortgage, pledge or freeze	12,545,702.44	26,574,774.78

Note: please refer to the Note V 44 for details of the difference between the data of the period-beginning and the ending balance of last year (31 December 2018).

Other notes:

Other monetary assets were RMB20,934,799.96, among which, the cash deposits for guarantees of RMB1,120,910.60, cash deposits for L/G of RMB49,020.00, frozen assets of bank's account of RMB7,074,255.32, bank deposits of RMB3,276,826,087.46 including RMB4,301,516.52 of interest of fixed time deposits withdrawn at the end of the Reporting Period. The above was not recognized as cash and cash equivalents for restrictions on use.

## 2. Held-for-trading Financial Assets

Unit: RMB

Item	Ending balance	Beginning balance
Of which:		
Of which:		

Other notes:

## 3. Derivative Financial Assets

Unit: RMB

Item	Ending balance	Beginning balance
------	----------------	-------------------

Other notes:

## 4. Notes Receivable

### (1) Notes Receivable Listed by Category

Unit: RMB

Item	Ending balance	Beginning balance
------	----------------	-------------------

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Of which:										
Of which:										

Bad debt provision separately accrued:

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Withdrawal reason

Bad debt provision withdrawn according to groups:



Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion

Notes of the basis of recognizing the group:

If the bad debt provision for notes receivable was withdrawn in accordance with the general model of expected credit losses, information related to bad debt provision shall be disclosed by reference to the disclosure method of other receivables:

Applicable  Not applicable

## (2) Bad Debt Provision Withdrawn, Reversed or Collected during the Reporting Period

Bad debt provision withdrawn in the Reporting Period:

Unit: RMB

Category	Beginning balance	Increase/decrease			Ending balance
		Withdrawn	Reversed or collected	Verified	

Of which, bad debt provision collected or reversed with significant amount:

Applicable  Not applicable

## (3) Notes Receivable Pledged by the Company at the Period-end

Unit: RMB

Item	Amount
------	--------

## (4) Notes Receivable which Had Endorsed by the Company or had Discounted and had not Due on the Balance Sheet Date at the Period-end

Unit: RMB

Item	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
------	---	--

## (5) Notes Transferred to Accounts Receivable because Drawer of the Notes Failed to Execute the Contract or Agreement

Unit: RMB

Item	Amount of the notes transferred to accounts receivable at the period-end
------	--

Other notes:

## (6) Notes Receivable with Actual Verification for the Reporting Period

Unit: RMB

161

Item	Amount
------	--------

Of which, verification of significant notes receivable:

Unit: RMB

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of related-party transactions
--------------------	--------	--------	--------	-----------	--

Notes of the verification of notes receivable:

## 5. Accounts Receivable

### (1) Accounts Receivable Classified by Category

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable with single bad debt provision accrued	106,958,370.47	31.79%	105,293,364.00	98.44%	1,665,006.47	106,653,210.92	40.50%	101,925,417.89	95.57%	4,727,793.03
Of which:										
Accounts receivable with bad debt provision withdrawn according to groups	229,476,481.62	68.21%	14,217,824.84	6.20%	215,258,656.78	158,966,496.11	59.85%	7,796,282.37	4.90%	151,170,213.74
Of which:										
Total	336,434,852.09	100.00%	119,511,188.84	35.52%	216,923,663.25	265,619,707.03	100.00%	109,721,700.26	41.31%	155,898,006.77

Single bad debt provision accrued: 105,293,364.00

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Withdrawal reason
Shenzhen Jiyong Properties & Resources Development Company	93,811,328.05	93,811,328.05	100.00%	Involved in lawsuit and no executable property

Shenzhen Tewe Industry Co., Ltd.	2,836,561.00	2,836,561.00	100.00%	Uncollectible for a long period
Lunan Industry Corporation	2,818,284.84	2,818,284.84	100.00%	Poor operating conditions, uncollectible for a long period
Those with insignificant single amount for which bad debt provision separately accrued	7,492,196.58	5,827,190.11	77.78%	Uncollectible for a long period
<b>Total</b>	<b>106,958,370.47</b>	<b>105,293,364.00</b>	<b>--</b>	<b>--</b>

Single bad debt provision accrued:

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Withdrawal reason

Bad debt provision withdrawn according to groups: 14,217,824.84

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Within 1 year	201,616,202.70	6,048,650.44	3.00%
1 to 2 years	15,256,204.99	1,525,620.50	10.00%
2 to 3 years	7,883,460.64	2,365,038.19	30.00%
3 to 4 years	662,992.00	331,496.00	50.00%
4 to 5 years	553,007.94	442,406.36	80.00%
Over 5 years	3,504,613.35	3,504,613.35	100.00%
<b>Total</b>	<b>229,476,481.62</b>	<b>14,217,824.84</b>	<b>--</b>

Notes of the basis of recognizing the group:

Bad debt provision withdrawn according to groups:

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion

Notes of the basis of recognizing the group:

If the bad debt provision for accounts receivable was withdrawn in accordance with the general model of expected credit losses, information related to bad debt provision shall be disclosed by reference to the disclosure method of other receivables:

Applicable  Not applicable

Disclosed by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	201,616,202.70

1 to 2 years	15,256,204.99
2 to 3 years	7,883,460.64
Over 3 years	111,678,983.76
3 to 4 years	662,992.00
4 to 5 years	553,007.94
Over 5 years	110,462,983.82
Total	336,434,852.09

## (2) Bad Debt Provision Withdrawn, Reversed or Collected during the Reporting Period

Bad debt provision withdrawn for the Reporting Period:

Unit: RMB

Category	Beginning balance	Increase/decrease			Ending balance
		Withdrawn	Reversed or collected	Verified	
Bad debt provision separately accrued	101,925,417.89	3,367,946.11			105,293,364.00
Bad debt provision withdrawn according to groups	7,796,282.37	6,449,091.52		27,549.05	14,217,824.84
Total	109,721,700.26	9,817,037.63		27,549.05	119,511,188.84

Of which, bad debt provision reversed or collected with significant amount:

Unit: RMB

Name of the entity	Amount reversed or collected	Method

## (3) Accounts Receivable with Actual Verification for the Reporting Period

Unit: RMB

Item	Amount verified

Of which, verification of significant accounts receivable:

Unit: RMB

Name of the entity	Nature	Amount verified	Reason for verification	Procedure	Whether occurred because of related-party transactions

Notes of the verification of accounts receivable:

**(4) Top 5 of the Ending Balance of the Accounts Receivable Collected according to the Arrears Party**

Unit: RMB

Name of units	Ending balance of accounts receivable	% of total ending balance of accounts receivable	Ending balance of bad debt provision
Shenzhen Jiyong Properties & Resources Development Company	93,811,328.05	27.88%	93,811,328.05
Shenzhen Bay Technology Development Co., Ltd.	93,790,305.70	27.88%	2,813,709.17
Alibaba Internet Technology Co., Ltd	11,395,058.57	3.39%	341,851.76
Alibaba Cloud Computing Ltd.	9,401,805.01	2.79%	282,054.15
Tao Bao(China)Software Co.,Ltd.	6,297,347.40	1.87%	188,920.42
Total	214,695,844.73	63.81%	

**(5) Derecogniton of Accounts Receivable due to the Transfer of Financial Assets****(6) The Amount of the Assets and Liabilities Formed due to the Transfer and the Continued Involvement of Accounts Receivable**

Other notes:

**6. Accounts Receivable Financing**

Unit: RMB

Item	Ending balance	Beginning balance
------	----------------	-------------------

Increase or decrease of accounts receivable financing and changes in fair value thereof

 Applicable  Not applicable

If the depreciation reserve for accounts receivable financing was withdrawn in accordance with the general model of expected credit losses, the information related to depreciation reserve shall be disclosed by reference to the disclosure method of other receivables:

 Applicable  Not applicable

Other notes:

**7. Prepayments****(1) List by Aging Analysis**

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	36,985,187.03	53.18%	30,184,640.40	50.69%

1 to 2 years	3,797,085.70	5.46%	8,360,467.04	14.04%
2 to 3 years	8,360,467.04	12.36%	20,009,974.40	33.60%
Over 3 years	20,404,034.40	29.00%	991,575.51	1.67%
Total	69,546,774.17	--	59,546,657.35	--

Notes of the reasons of the prepayment aging over 1 year with significant amount but failed settled in time:

The prepayment aging over 1 year are the various prepaid taxes, like land VAT, urban construction tax and educational surtax of prepayment of real estate projects still not reaching the recognition of income conditions according to tax law; the relevant procedures of conscience money including land price transaction fees and municipal supporting facilities fee hasn't been completed yet.

## (2) Top 5 of the Ending Balance of the Prepayments Collected according to the Prepayment Target

Name of units	Carrying amount	As % of the total ending balance of the prepayments (%)
Deferred tax-land VAT	36,435,166.41	51.95
Financial Committee of Shenzhen	19,509,471.00	27.81
Jiangsu Hanjian Group	8,000,000.00	11.41
State Grid Chongqing Electric Power Co., Ltd	475,000.00	0.68
Property management center of Tongshan District in Xuzhou	304,992.00	0.43
Total	64,724,629.41	92.28

Other notes:

The total amount of top 5 of the ending balance of the prepayments was RMB64,724,629.41, accounting for 92.28% of the total ending balance of the prepayments.

## 8. Other Receivables

Unit: RMB

Item	Ending balance	Beginning balance
Other receivables	917,981,165.74	66,982,376.50
Total	917,981,165.74	66,982,376.50

### (1) Interest Receivable

#### 1) Category of Interest Receivable

Unit: RMB

Item	Ending balance	Beginning balance
------	----------------	-------------------

**2) Significant Overdue Interest**

Unit: RMB

Entity	Ending balance	Overdue time	Overdue reason	Whether occurred impairment and the judgment basis

Other notes:

**3) Withdrawal of Bad Debt Provision** Applicable  Not applicable**(2) Dividends Receivable****1) Category of Dividends Receivable**

Unit: RMB

Item (or investees)	Ending balance	Beginning balance

**2) Significant Dividends Receivable Aged over 1 Year**

Unit: RMB

Item (or investees)	Ending balance	Aging	Reason	Whether occurred impairment and the judgment basis

**3) Withdrawal of Bad Debt Provision** Applicable  Not applicable

Other notes:

**(3) Other Receivables****1) Other Receivables Disclosed by Account Nature**

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Margin	13,439,816.18	15,537,472.90
Cash deposit	30,202,817.84	5,162,622.32
Petty cash	1,853,585.88	1,322,262.16
Payments on behalf	5,218,908.47	6,174,369.06

External intercourse funds	915,411,567.13	77,833,645.12
Other	9,087,762.19	9,504,197.22
<b>Total</b>	<b>975,214,457.69</b>	<b>115,534,568.78</b>

## 2) Withdrawal of Bad Debt Provision

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2019	20,576,560.35		27,975,631.93	48,552,192.28
Balance of 1 January 2019 in the Current Period	—	—	—	—
--Reverse to First Stage				
Withdrawal of the Current Period	9,315,041.60			9,315,041.60
Reversal of the Current Period	633,941.93			633,941.93
Balance of 31 December 2019	29,257,660.02		27,975,631.93	57,233,291.95

Changes of carrying amount with significant amount changed of loss provision in the current period

Applicable  Not applicable

Disclosure by aging

Unit: RMB

Aging	Carrying amount
Within 1 year (including 1 year)	909,014,689.39
1 to 2 years	5,209,826.38
2 to 3 years	2,747,772.38
Over 3 years	58,242,169.54
3 to 4 years	3,983,260.15
4 to 5 years	6,351,427.61
Over 5 years	47,907,481.78
<b>Total</b>	<b>975,214,457.69</b>



**3) Bad Debt Provision Withdrawn, Reversed or Recovered in the Reporting Period**

Withdrawal of bad debt provision:

Unit: RMB

Category	Beginning balance	Changes			Ending balance
		Withdrawal	Recovery or reversal	Write-off	
Individual withdrawal of bad debt provision	27,975,631.93				27,975,631.93
Withdrawal of bad debt provision by groups	20,576,560.35	9,315,041.60	633,941.93		29,257,660.02
<b>Total</b>	<b>48,552,192.28</b>	<b>9,315,041.60</b>	<b>633,941.93</b>		<b>57,233,291.95</b>

Individual withdrawal of bad debt provision of other receivables at the period-end:

Name of the entity	Carrying amount	Bad debt provision	Withdrawal proportion (%)	Withdrawal reason
Shanghai Yutong Real Estate Development Co., Ltd.	5,676,000.00	5,676,000.00	100.00	Difficult to recover the lawsuit judgment
Hong Kong Yueheng Development Co., Ltd.	3,271,837.78	3,271,837.78	100.00	Unrecoverable for a long term
Dameisha tourism center	2,576,445.69	2,576,445.69	100.00	Projects construction ceased
Elevated train project	2,542,332.43	2,542,332.43	100.00	Projects construction ceased
Other receivables with insignificant single amount for which bad debt provision separately accrued	13,909,016.03	13,909,016.03	100.00	Unrecoverable for a long term
<b>Subtotal</b>	<b>27,975,631.93</b>	<b>27,975,631.93</b>	<b>100.00</b>	

Of which bad debt provision reversed or recovered with significant amount:

Unit: RMB

Name of the entity	Reversed or collected amount	Method
--------------------	------------------------------	--------

**4) Particulars of the Actual Verification of Other Receivables during the Reporting Period**

Unit: RMB

Item	Amount
------	--------

Of which: significant actual verification of other receivables:

Unit: RMB

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of related-party transactions
--------------------	--------	--------	--------	-----------	--

Notes of verification of other receivables:

### 5) Top 5 of the Ending Balance of the Other Receivables Collected according to the Arrears Party

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to ending balance of other receivables%	Ending balance of bad debt provision
Shenzhen Xinhai Holding Co., Ltd.	External intercourse funds	551,499,990.18	Within 1 year	56.55%	
Shenzhen Xinhai Rongyao Real Estate Development Co., Ltd.	External intercourse funds	330,472,932.33	Within 1 year	33.89%	
Shanghai Yutong Real estate development Co., Ltd.	External intercourse funds	5,676,000.00	Over 5 years	0.58%	5,676,000.00
Shenzhen Banglingstock Cooperative Company	Margin	5,031,980.00	4 to 5 years and over 5 years	0.52%	4,031,980.00
Hong Kong Yueheng Development Co., Ltd.	External intercourse funds	3,271,837.78	Over 5 years	0.34%	3,271,837.78
Total	--	895,952,740.29	--	91.88%	12,979,817.78

### 6) Accounts Receivable Involving Government Subsidies

Unit: RMB

Name of the entity	Project of government subsidies	Ending balance	Aging at period-end	Estimated recovering time, amount and basis
--------------------	---------------------------------	----------------	---------------------	---

### 7) Derecognition of Other Receivables due to the Transfer of Financial Assets

### 8) The Amount of the Assets and Liabilities Formed due to the Transfer and the Continued Involvement of Other Receivables

Other notes:

### 9. Inventories

Whether the Company has already executed the new income standards

Yes  No

**(1) Category of Inventories**

The Company needs to comply with the disclosure requirements of Shenzhen Stock Exchange Industry Information Disclosure Guidelines No.3-Listed Companies Engaged in Real Estate Industry

Classified by nature

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Falling price reserves of inventory or depreciation reserves of contract performance cost	Carrying value	Carrying amount	Falling price reserves of inventory or depreciation reserves of contract performance cost	Carrying value
R&D expenses	4,528,429,076.71	6,648,404.13	4,521,780,672.58	953,871,537.48	6,648,404.13	947,223,133.35
R&D of products	390,363,836.20		390,363,836.20	448,118,524.87	1,611,969.40	446,506,555.47
Raw materials	1,743,790.82	484,117.43	1,259,673.39	1,309,072.68	489,471.79	819,600.89
Inventory good	2,132,162.67	2,094,300.39	37,862.28	2,148,716.42	859,790.85	1,288,925.57
Low-value consumption goods	68,832.21		68,832.21	316,387.76		316,387.76
Total	4,922,737,698.61	9,226,821.95	4,913,510,876.66	1,405,764,239.21	9,609,636.17	1,396,154,603.04

Disclose main items of R&D expenses and interest capitalization in the following format:

Unit: RMB

Name of project	Date of commencement	Estimated date of completion	Estimated total investment	Beginning balance	Transferred to developing properties for this period	Other decrease for this period	Increase (Costs of development) for this period	Ending balance	Accumulative amount of capitalized interests	Of which: amount of capitalized interests for this period	Capital resources
Guanlan Bangling project			6,433,000,000.00					3,004,198,155.43			Bank loan
SZPRD-Banshan Yujing Phase II	15 March 2019	11 March 2020	110,750,000.00	71,739,682.14			32,155,465.82	103,895,147.96			Other

SZPRD-Golden Collar's Resort –Building A&CA	1 March 2014	1 July 2019	1,595,600,000.00	618,616,846.23	479,743,129.07		440,892,137.39	579,765,854.55	2,670,836.07	38,071.34	Other
SZPRD-Fuchang Garden Phase II	1 December 2018	1 June 2020	969,290,000.00	6,851,663.65			574,565,307.68	581,416,971.33			Other
Yupin Luanshan				213,012,910.44			2,489,601.98	215,502,512.42			Other
Hainan Qiongshe n Land				6,648,404.13				6,648,404.13			Other
Shenhui Garden				37,002,030.89				37,002,030.89			Other
Total	--	--	9,108,640,000.00	953,871,537.48	479,743,129.07		1,050,102,512.87	4,528,429,076.71	2,670,836.07	38,071.34	--

Disclose main items of “Developing properties” in the following format:

Unit: RMB

Name of project	Date of completion	Beginning balance	Increase	Decrease	Ending balance	Accumulative amount of capitalized interests	Of which: amount of capitalized interests for this period
SZPRD-La ngqiao International	1 December 2012	11,517,196.11			11,517,196.11		
SZPRD-Hu pan Yujing Phase I	1 June 2015	73,821,561.41		9,763,188.71	64,058,372.70	10,446,911.43	
SZPRD-Qia nhai Gangwan Garden	1 January 2016	51,179,063.15		51,179,063.15		14,633,486.15	
SZPRD-Ba nshan Yujing Phase I		67,659,187.47		38,266,209.74	29,392,977.73	27,205,315.95	

SZPRD-Songhu Langyuan	1 July 2017	68,099,027.29		41,000,916.17	27,098,111.12	30,539,392.65	
SZPRD-Hupan Yujing Phase II	11 January 2017	165,839,369.65	49,456.79	75,829,802.11	90,059,024.33		
SZPRD-Golden Collar's Resort –Building B	1 December 2019		479,743,129.07	321,508,094.65	158,235,034.42	1,206,675.51	17,200.51
International Trade Center Plaza	1 December 1995	4,839,083.10			4,839,083.10		
Huangyuyan A Area	1 June 2001	790,140.58			790,140.58		
Podium Building of Fuchang Building	1 November 1999	645,532.65			645,532.65		
Other projects		3,728,363.46			3,728,363.46	83,077,702.96	
Total	--	448,118,524.87	479,792,585.86	537,547,274.53	390,363,836.20	167,109,484.65	17,200.51

Classification of “Developing properties with the collection of payments in installments”, “Renting developing properties” and “Temporary Housing”:

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
------	-------------------	----------	----------	----------------

## (2) Falling Price Reserves of Inventory and Depreciation Reserves of Contract Performance Cost

Disclosure of falling provision withdrawal of inventory in the following format:

Classified by nature:

Unit: RMB

Item	Beginning balance	Increase		Decrease		Ending balance	Note
		Withdrawal	Other	Reversal or write-off	Other		

R&D costs	6,648,404.13					6,648,404.13	
R&D products	1,611,969.40			1,611,969.40			
Raw materials	489,471.79			5,354.36		484,117.43	
Inventory good	859,790.85	1,234,509.54				2,094,300.39	
Total	9,609,636.17	1,234,509.54		1,617,323.76		9,226,821.95	--

Classification by main project:

Unit: RMB

Name of project	Beginning balance	Increase		Decrease		Ending balance	Notes
		Withdrawal	Other	Reversal or write-off	Other		
Hainan Qionghshan Land	6,648,404.13					6,648,404.13	
SZPRD-Banshan Yujing Phase I	1,611,969.40			1,611,969.40			
Total	8,260,373.53			1,611,969.40		6,648,404.13	--

### (3) Notes to the Ending Balance of Inventories Including Capitalized Borrowing Expense

The details of ending balance of the inventory included a total amount of the capitalized borrowings as follows:

Item	Period-begin	Reporting Period	Carry-over in Current Period	Period-end
SZPRD-Banshan Yujing Phase I	2,285,133.71		1,544,959.74	740,173.97
SZPRD-Qianhai Gangwan Garden	1,069,665.60		1,069,665.60	
SZPRD-Songhu Langyuan	1,116,092.96		1,072,373.39	43,719.56
SZPRD-Langqiao International	2,971,986.54			2,971,986.54
SZPRD-Hupan Yujing Phase I	2,140,112.62		515,546.13	1,624,566.49
SZPRD-Golden Collar's Resort	3,882,239.73	55,271.85	840,158.72	3,097,352.86
Subtotal	13,465,231.16	55,271.85	5,042,703.58	8,477,799.43

**(4) Inventory Limit**

Disclosed by project

Unit: RMB

Name of project	Beginning balance	Ending balance	Reason for the Limit

**(5) Category of Inventory**

The Company needs to comply with the disclosure requirements of Shenzhen Stock Exchange Industry Information Disclosure Guidelines No.3-Listed Companies Engaged in Real Estate Industry

Classified by nature:

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Falling price reserves	Carrying value	Carrying amount	Falling price reserves	Carrying value
R&D costs	4,528,429,076.71	6,648,404.13	4,521,780,672.58	953,871,537.48	6,648,404.13	947,223,133.35
R&D products	390,363,836.20		390,363,836.20	448,118,524.87	1,611,969.40	446,506,555.47
Raw materials	1,743,790.82	484,117.43	1,259,673.39	1,309,072.68	489,471.79	819,600.89
Inventory goods	2,132,162.67	2,094,300.39	37,862.28	2,148,716.42	859,790.85	1,288,925.57
Low-value consumption goods	68,832.21		68,832.21	316,387.76		316,387.76
Total	4,922,737,698.61	9,226,821.95	4,913,510,876.66	1,405,764,239.21	9,609,636.17	1,396,154,603.04

Disclose main items of R&amp;D expenses and interest capitalization in the following format:

Unit: RMB

Name of project	Date of commencement	Estimated date of completion	Estimated total investment	Beginning balance	Transferred to developing properties for this period	Other decrease for this period	Increase (Costs of development) for this period	Ending balance	Accumulative amount of capitalized interests	Of which: amount of capitalized interests for this period	Capital resources
Guanlan Bangling project			6,433,000,000.00					3,004,198,155.43			Bank loan
SZPRD-Banshanyujing Phase II	15 March 2019	11 March 2020	110,750,000.00	71,739,682.14			32,155,465.82	103,895,147.96			Other

SZPRD-Golden Collar's Resort –Building A&C	1 March 2014	1 July 2019	1,595,600,000.00	618,616,846.23	479,743,129.07		440,892,137.39	579,765,854.55	2,670,836.07	38,071.34	Other
SZPRD-Fuchang Garden Phase II	1 December 2018	1 June 2020	969,290,000.00	6,851,663.65			574,565,307.68	581,416,971.33			Other
Yupin Luanshan				213,012,910.44			2,489,601.98	215,502,512.42			Other
Hainan Qiongsa n Land				6,648,404.13				6,648,404.13			Other
Shenhui Garden				37,002,030.89				37,002,030.89			Other
Total	--	--	9,108,640,000.00	953,871,537.48	479,743,129.07		1,050,102,512.87	4,528,429,076.71	2,670,836.07	38,071.34	--

Disclosing main items of “Developing properties” in the following format:

Unit: RMB

Name of project	Date of completion	Beginning balance	Increase	Decrease	Ending balance	Accumulative amount of capitalized interests	Of which: amount of capitalized interests for this period
SZPRD-La ngqiao Internationa l	1 February 2012	11,517,196.11			11,517,196.11		
SZPRD-Hu pan Yujing Phase I	1 June 2015	73,821,561.41		9,763,188.71	64,058,372.70	10,446,911.43	
SZPRD-Qia nhai Gangwan Garden	1 January 2016	51,179,063.15		51,179,063.15		14,633,486.15	
SZPRD-Ba nshan Yujing Phase I		67,659,187.47		38,266,209.74	29,392,977.73	27,205,315.95	



SZPRD-Songhu Langyuan	1 July 2017	68,099,027.29		41,000,916.17	27,098,111.12	30,539,392.65	
SZPRD-Hupan Yujing Phase II	1 November 2017	165,839,369.65	49,456.79	75,829,802.11	90,059,024.33		
SZPRD-Golden Collar's Resort-Building B	1 February 2019		479,743,129.07	321,508,094.65	158,235,034.42	1,206,675.51	17,200.51
International Trade Center Plaza	1 December 1995	4,839,083.10			4,839,083.10		
Huangyuyan A Area	1 June 2001	790,140.58			790,140.58		
Podium Building of Fuchang Building	1 November 1999	645,532.65			645,532.65		
Other projects		3,728,363.46			3,728,363.46	83,077,702.96	
Total	--	448,118,524.87	479,792,585.86	537,547,274.53	390,363,836.20	167,109,484.65	17,200.51

Classification of “Developing properties with the collection of payments in installments”, “Renting developing properties” and “Temporary Housing”:

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
------	-------------------	----------	----------	----------------

## (6) Falling Price Reserves of Inventories

Disclosure of falling provision withdrawal of inventory in the following format:

Classified by nature:

Unit: RMB

Item	Beginning balance	Increase		Decrease		Ending balance	Notes
		Withdrawal	Other	Reversal or write-off	Other		
R&D costs	6,648,404.13					6,648,404.13	

R&D products	1,611,969.40			1,611,969.40			
Raw materials	489,471.79			5,354.36		484,117.43	
Inventory goods	859,790.85	1,234,509.54				2,094,300.39	
Total	9,609,636.17	1,234,509.54		1,617,323.76		9,226,821.95	--

Classification by main project:

Unit: RMB

Name of project	Beginning balance	Increase		Decrease		Ending balance	Notes
		Withdrawal	Other	Reversal or write-off	Other		
Hainan Qionghshan Land	6,648,404.13					6,648,404.13	
SZPRD-Banshan Yujing Phase I	1,611,969.40			1,611,969.40			
Total	8,260,373.53			1,611,969.40		6,648,404.13	--

**(7) Notes to the Ending Balance of Inventories Including Capitalized Borrowing Expense**

The details of ending balance of the inventory included a total amount of the capitalized borrowings as follows:

Item	Period-begin	Reporting Period	Carry-over in current period	Period-end
SZPRD-Banshan Yujing Phase I	2,285,133.71		1,544,959.74	740,173.97
SZPRD-Qianhai Gangwan Garden	1,069,665.60		1,069,665.60	
SZPRD-Songhu Langyuan	1,116,092.96		1,072,373.39	43,719.56
SZPRD-Langqiao International	2,971,986.54			2,971,986.54
SZPRD-Hupan Yujing Phase I	2,140,112.62		515,546.13	1,624,566.49
SZPRD-Golden Collar's Resort	3,882,239.73	55,271.85	840,158.72	3,097,352.86
Subtotal	13,465,231.16	55,271.85	5,042,703.58	8,477,799.43

**(8) Inventory Limit**

Disclosed by project

Unit: RMB

178

Name of project	Beginning balance	Ending balance	Reason for the Limit
-----------------	-------------------	----------------	----------------------

**(9) Completed but Unsettled Assets Generated from Construction Contracts at the Period-end**

Unit:

Item	Amount
------	--------

Other notes:

**(10) Category of Inventory**

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Falling price reserves of inventory or depreciation reserves of contract performance cost	Carrying value	Carrying amount	Falling price reserves of inventory or depreciation reserves of contract performance cost	Carrying value
Total			4,913,510,876.66			1,396,154,603.04

**(11) Falling Price Reserves of Inventory and Depreciation Reserves of Contract Performance Cost**

Unit: RMB

Item	Beginning balance	Increase		Decrease		Ending balance
		Withdrawal	Other	Reversal or write-off	Other	

**(12) Notes to the Ending Balance of Inventories Including Capitalized Borrowing Expense****(13) Notes to Amortized Amount of Contract Performance Cost****(14) Category of Inventory**

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Falling price reserves	Carrying value	Carrying amount	Falling price reserves	Carrying value
Total			4,913,510,876.66			1,396,154,603.04

**(15) Falling Price Reserves of Inventory**

Unit: RMB

Item	Beginning balance	Increase		Decrease		Ending balance
		Withdrawal	Other	Reversal or write-off	Other	

**(16) Notes to the Ending Balance of Inventories Including Capitalized Borrowing Expense****(17) Completed but Unsettled Assets Generated from Construction Contracts at the Period-end**

Unit: RMB

Item	Amount

Other notes:

**10. Contract Assets**

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Falling price reserves	Carrying value	Carrying amount	Falling price reserves	Carrying value

Amount of significant changes in carrying value of contract assets in the Reporting Period and reasons thereof:

Unit: RMB

Item	Amount changed	Reason

If the bad debt provision for contract assets in accordance with the general model of expected credit losses, the information related to the bad debt provision shall be disclosed by reference to the disclosure method of other receivables:

Applicable  Not applicable

Withdrawal of impairment provision for contract assets in the Reporting Period

Unit: RMB

Item	Withdrawn	Reversed	Write-off/verified	Reason

Other notes:

**11. Held-for-sale Assets**

Unit: RMB

Item	Ending carrying amount	Impairment provision	Ending carrying value	Fair value	Estimated disposal expense	Estimated disposal time

Other notes:

**12. Current Portion of Non-current Assets**

Unit: RMB

Item	Ending balance	Beginning balance
------	----------------	-------------------

Significant investments in debt obligations /other investments in debt obligations

Unit: RMB

Item	Ending balance				Beginning balance			
	Par value	Coupon rate	Actual interest rate	Maturity date	Par value	Coupon rate	Actual interest rate	Maturity date

Other notes:

**13. Other Current Assets**

Whether the Company has already executed the new income standards

 Yes  No

Unit: RMB

Item	Ending balance	Beginning balance
Prepaid VAT	34,043,807.16	16,981,072.00
Deducted input tax	8,191,279.34	252,363.58
Entrusted loan-business tax	248,037.77	
Prepaid income tax	17,461.67	
Total	42,500,585.94	17,233,435.58

Other notes:

**14. Investments in debt obligations**

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Impairment provision	Carrying value	Carrying amount	Impairment provision	Carrying value

Significant investments in debt obligations

Unit: RMB

Item	Ending balance				Beginning balance			
	Par value	Coupon rate	Actual interest rate	Maturity date	Par value	Coupon rate	Actual interest rate	Maturity date

Withdrawal of impairment provision

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
--------------------	-------------	--------------	-------------	-------

	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2019 in the Current Period	—	—	—	—

Changes in carrying amount of provision for losses with significant amount in the Reporting Period

Applicable  Not applicable

Other notes:

## 15. Other Investments in Debt Obligations

Unit: RMB

Item	Beginning balance	Accrued interest	Change in fair value in the Reporting Period	Ending balance	Costs	Accumulated changes in fair value	Accumulated provision for losses recognized in other comprehensive income	Notes
Significant other investments in debt obligations								

Unit: RMB

Item	Ending balance				Beginning balance			
	Par value	Coupon rate	Actual interest rate	Maturity date	Par value	Coupon rate	Actual interest rate	Maturity date
Withdrawal of impairment provision								

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2019 in the Current Period	—	—	—	—

Changes in carrying amount of provision for losses with significant amount in the Reporting Period

Applicable  Not applicable

Other notes:

## 16. Long-term Receivables

### (1) List of Long-term Receivables

Unit: RMB

Item	Ending balance			Beginning balance			Interval of discount rate
	Carrying amount	Bad debt provision	Carrying value	Carrying amount	Bad debt provision	Carrying value	

Impairment of bad debt provision

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2019 in the Current Period	—	—	—	—

Changes in carrying amount of provision for losses with significant amount in the Reporting Period

□ Applicable √ Not applicable

### (2) Derecognition of Long-term Receivables due to the Transfer of Financial Assets

### (3) The Amount of the Assets and Liabilities Formed due to the Transfer and the Continued Involvement of Long-term Receivables

Other notes

## 17. Long-term Equity Investments

Unit: RMB

Investees	Beginning balance (carrying value)	Increase/decrease								Ending balance (carrying value)	Ending balance of depreciation reserves
		Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of depreciation reserves	Other		
I. Joint ventures											

Shenzhen Real Estate Jifa Warehousing Co., Ltd.	34,103,840.40			4,510,931.26						38,614,771.66	
Shenzhen Tian'an International Building Property Management Co., Ltd.	5,895,442.84			565,908.22						6,461,351.06	
Subtotal	39,999,283.24			5,076,839.48						45,076,122.72	
II. Associated enterprises											
Shenzhen Wufang Ceramics Industrial Co., Ltd.	18,983,614.14									18,983,614.14	18,983,614.14
Shenzhen Kangfu Health Products Co., Ltd.	165,000.00									165,000.00	165,000.00
Shenzhen Xinghao Imitation Porcelain Co., Ltd.	756,670.68									756,670.68	756,670.68



Shenzhen Social Welfare Company Fuda Electronics Factory	326,693.24									326,693.24	326,693.24
Shenzhen Fulong Industry Development Co., Ltd.	1,684,350.00									1,684,350.00	1,684,350.00
Haonianhua Hotel	2,733,570.05									2,733,570.05	2,733,570.05
Shenzhen Education Fund Longhua Investment	500,000.00									500,000.00	500,000.00
Shenzhen Kangle Sports Club Huangfa Branch	540,060.00									540,060.00	540,060.00
Dankeng village plants of Fumin in Guanlan town	1,168,973.20									1,168,973.20	1,168,973.20
Shenzhen Bull Entertainment Co., Ltd.	500,000.00									500,000.00	500,000.00

Shenzhen Lianhua Caitian Property Management Co., Ltd.	1,475,465.91									1,475,465.91	1,475,465.91
Shenzhen Yangyuan Industrial Co., Ltd.	1,030,000.00									1,030,000.00	1,030,000.00
Jiakai Feng Co., Ltd. Bao'an Company	600,000.00									600,000.00	600,000.00
Guiyuan Garage	350,000.00									350,000.00	350,000.00
Shenzhen Wuweiben Roof Greening Co., Ltd.	500,000.00									500,000.00	500,000.00
Shenzhen Yuanping Plastic Steel Doors Co., Ltd.	240,000.00									240,000.00	240,000.00
Shenzhen Youfang Printing Co., Ltd.	100,000.00									100,000.00	100,000.00
Shenzhen Lusheng Industrial Development Co., Ltd.	100,000.00									100,000.00	100,000.00
Subtotal	31,754,397.22									31,754,397.22	31,754,397.22

Total	71,753,68 0.46			5,076,839 .48						76,830,51 9.94	31,754,39 7.22
-------	-------------------	--	--	------------------	--	--	--	--	--	-------------------	-------------------

Other notes

## 18. Other Equity Instrument Investment

Unit: RMB

Item	Ending balance	Beginning balance
Gintian Industry (Group) Co., Ltd.	1,580,475.86	3,621,381.11
Total	1,580,475.86	3,621,381.11

Disclosure of non-trading equity instrument investment

Unit: RMB

Name	Dividend income recognized	Accumulative gains	Accumulative losses	Amount of other comprehensive income transferred to retained earnings	Reason for assigning to measure by fair value and the changes be included in other comprehensive income	Reason of other comprehensive income transferred to retained earnings
Gintian Industry (Group) Co., Ltd.			2,051,268.24		Not aiming at gaining earnings by selling equity	

Other notes:

Note: Refer to Note V-44 (3) of the financial statements for the difference between beginning balance and ending balance of prior period (31 December 2018) for details.

## 19. Other Non-current Financial Assets

Unit: RMB

Item	Ending balance	Beginning balance
------	----------------	-------------------

Other notes:

## 20. Investment Property

### (1) Investment Property Adopted the Cost Measurement Mode

√ Applicable □ Not applicable

Unit: RMB

Item	Houses and buildings	Land use right	Construction in progress	Total
------	----------------------	----------------	--------------------------	-------

I. Original carrying value				
1. Beginning balance	1,065,043,700.41	30,594,387.05		1,095,638,087.46
2. Increased amount of the period	72,696,535.33			72,696,535.33
(1) Outsourcing	21,830,409.39			21,830,409.39
(2) Transfer from inventory/fixed assets/construction in progress	50,595,536.48			50,595,536.48
(3) Enterprise combination increase				
(4) Foreign currency financial statements	270,589.46			270,589.46
3. Decreased amount of the period	301,963,542.85	331,950.00		302,295,492.85
(1) Disposal				
(2) Other transfer				
(3) Assets transfer of enterprise combination under the same control	301,963,542.85	331,950.00		302,295,492.85
4. Ending balance	835,776,692.89	30,262,437.05		866,039,129.94
II. Accumulative depreciation and accumulative amortization				
1. Beginning balance	442,086,226.27	14,384,651.71		456,470,877.98
2. Increased amount of the period	36,730,933.12	699,062.38		37,429,995.50
(1) Withdrawal or amortization	36,730,933.12	699,062.38		37,429,995.50
3. Decreased amount of the period	130,916,801.63	268,370.52		131,185,172.15
(1) Disposal				
(2) Other transfer				
(3) Assets transfer of enterprise combination under the same control	130,916,801.63	268,370.52		131,185,172.15
4. Ending balance	347,900,357.76	14,815,343.57		362,715,701.33

III. Depreciation reserves				
1. Beginning balance				
2. Increased amount of the period				
(1) Withdrawal				
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Ending balance				
IV. Carrying value				
1. Ending carrying value	487,876,335.13	15,447,093.48		503,323,428.61
2. Beginning carrying value	622,957,474.14	16,209,735.34		639,167,209.48

## (2) Investment Property Adopted the Fair Value Measurement Mode

Applicable  Not applicable

The Company needs to comply with the disclosure requirements of Guideline No. 3 of the Shenzhen Stock Exchange on the Industrial Information Disclosure about Listed Companies' Engagement in Real Estate Business

Investment properties measured in fair value by project disclosure:

Unit: RMB

Name of project	Geographical location	Date of completion	Building area	Lease income during this Reporting Period	Beginning fair value	Ending fair value	Range of fair value changes	Reason for fair value changes and report index

Whether the Company has new investment properties in construction period measured in fair value

Yes  No

Whether the Company has new investment properties measured in fair value

Yes  No

## (3) Investment Property Failed to Accomplish Certification of Property

Unit: RMB

Item	Carrying value	Reason

02-01 plot of Statutory plan in Baolong East Area	9,328,459.26	Replaced from the construction of Xiamen-Shenzhen Railway, and hasn't exchanged for the new certification
Meilin land	3,885,469.40	Obtained after the success in the last instance in 2017, relevant certifications of property are in procedure.
507 units, Block No. 6, Maguling	32,744.04	The house is used for property management, once occupied by the third party, a property management company, now has been recovered, but hasn't handled the warrant yet.
Subtotal	13,246,672.70	

Other notes

Refer to Note XII-VIII (2) for decrease of assets transfer of business combination under the same control in the current period.

## 21. Fixed Assets

Unit: RMB

Item	Ending balance	Beginning balance
Fixed assets	93,557,782.83	102,516,975.36
Total	93,557,782.83	102,516,975.36

### (1) List of Fixed Assets

Unit: RMB

Item	Houses and buildings	Decoration of the fixed assets	Machinery equipment	Transportation equipment	Other equipment	Total
I. Original carrying value						
1. Beginning balance	243,372,650.59	10,605,513.07	3,056,524.06	14,618,740.14	25,651,572.91	297,305,000.77
2. Increased amount of the period	17,655,696.05	17,455,453.97		1,395,789.21	6,740,730.08	43,247,669.31
(1) Purchase	17,521,455.70	17,455,453.97		1,395,789.21	6,292,929.89	42,665,628.77
(2) Transfer from construction in progress					240,198.00	240,198.00

(3) Enterprise combination increase					207,602.19	207,602.19
(4) Influence of the translation of foreign currency-denominated financial statements	134,240.35					134,240.35
3. Decreased amount of the period	99,355,639.74	4,955,320.50	2,850,777.06	1,891,093.75	5,127,055.35	114,179,886.40
(1) Disposal or scrap		4,388,761.70		1,891,093.75	3,716,782.65	9,996,638.10
(2) Assets transfer of enterprise combination under the same control	99,355,639.74	566,558.80	2,850,777.06		1,410,272.70	104,183,248.30
4. Ending balance	161,336,884.91	23,105,646.54	205,747.00	14,123,435.60	27,601,069.63	226,372,783.68
II. Accumulative depreciation						
1. Beginning balance	156,651,454.95	7,616,459.58	1,741,447.97	9,971,905.81	18,731,039.94	194,712,308.25
2. Increased amount of the period	6,255,103.15	1,683,304.96	2,549.40	1,574,401.63	2,275,624.17	10,975,767.84
(1) Withdrawal	6,255,103.15	1,683,304.96	2,549.40	1,574,401.63	2,151,303.51	10,851,447.18
(2) Enterprise combination increase					124,320.66	124,320.66
3. Decreased amount of the period	61,248,743.91	4,850,158.86	1,741,447.97	1,848,384.85	4,075,272.28	73,764,007.87
(1) Disposal or scrap		4,283,600.06		1,848,384.85	3,257,094.38	9,389,079.29

(2) Assets transfer of enterprise combination under the same control	61,248,743.91	566,558.80	1,741,447.97		818,177.90	64,374,928.58
4. Ending balance	101,657,814.19	4,449,605.68	2,549.40	9,697,922.59	16,931,391.83	132,739,283.69
III. Depreciation reserves						
1. Beginning balance					75,717.16	75,717.16
2. Increased amount of the period						
(1) Withdrawal						
3. Decreased amount of the period						
(1) Disposal or scrap						
4. Ending balance					75,717.16	75,717.16
IV. Carrying value						
1. Ending carrying value	59,679,070.72	18,656,040.86	203,197.60	4,425,513.01	10,593,960.64	93,557,782.83
2. Beginning carrying value	86,385,373.65	2,989,053.49	1,315,076.09	4,646,834.33	7,180,637.80	102,516,975.36

## (2) List of Temporarily Idle Fixed Assets

Unit: RMB

Item	Original carrying value	Accumulative depreciation	Depreciation reserves	Carrying value	Note

## (3) Fixed Assets Leased in by Financing Lease

Unit: RMB



Item	Original carrying value	Accumulative depreciation	Depreciation reserves	Carrying value
------	-------------------------	---------------------------	-----------------------	----------------

**(4) Fixed Assets Leased out by Operation Lease**

Unit: RMB

Item	Ending carrying value
------	-----------------------

**(5) Fixed Assets Failed to Accomplish Certification of Property**

Unit: RMB

Item	Carrying value	Reason
Room 406, 2 units, Hulunbuir Guangxia Digital Building	2,952,876.22	Property right disputes before, now has won a lawsuit with unaccomplished certification of property.
Room 401, 402, Sanxiang Business Building Office Building	883,928.42	The office building will be removed due to the project adjustment and a high-rise office building will be established nearby the present address. The existing property shall be replaced after the completion of the new office building. Thus, the certification of the property is failed to transact.
Subtotal	3,836,804.64	

Other notes

**(6) Proceeds from Disposal of Fixed Assets**

Unit: RMB

Item	Ending balance	Beginning balance
------	----------------	-------------------

Other notes

**22. Construction in Progress**

Unit: RMB

Item	Ending balance	Beginning balance
------	----------------	-------------------

**(1) List of Construction in Progress**

Unit: RMB

Item	Ending balance	Beginning balance
------	----------------	-------------------

	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
--	-----------------	-----------------------	----------------	-----------------	-----------------------	----------------

## (2) Changes in Significant Construction in Progress during the Reporting Period

Unit: RMB

Item	Budget	Beginning balance	Increase amount	Transferred in fixed assets	Other decrease amount	Ending balance	Proportion of accumulated investment in constructions to budget	Job schedule	Accumulated amount of interest capitalization	Of which: Amount of capitalized interests for the Reporting Period	Capitalization rate of interests for the Reporting Period	Capital resources
------	--------	-------------------	-----------------	-----------------------------	-----------------------	----------------	---	--------------	---	--	---	-------------------

## (3) List of the Withdrawal of the Depreciation Reserves for Construction in Progress

Unit: RMB

Item	Amount withdrawn	Reason for withdrawal
------	------------------	-----------------------

Other notes

## (4) Engineering Materials

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value

Other notes:

## 23. Productive Living Assets

### (1) Productive Living Assets Adopting Cost Measurement Mode

 Applicable  Not applicable

### (2) Productive Living Assets Adopting Fair Value Measurement Mode

 Applicable  Not applicable

**24. Oil and Gas Assets**

□ Applicable √ Not applicable

**25. Right-to-use Assets**

Unit: RMB

Item	Total
------	-------

Other notes:

**26. Intangible Assets****(1) List of Intangible Assets**

Unit: RMB

Item	Land use right	Patent right	Non-patent right	Total
I. Original carrying value				
1. Beginning balance			784,922.02	784,922.02
2. Increased amount of the period			449,465.64	449,465.64
(1) Purchase			436,315.64	436,315.64
(2) Internal R&D				
(3) Business combination increase			13,150.00	13,150.00
3. Decreased amount of the period				
(1) Disposal				
4. Ending balance			1,234,387.66	1,234,387.66
II. Accumulated amortization				
1. Beginning balance			329,621.64	329,621.64
2. Increased amount of the period			204,396.36	204,396.36
(1) Withdrawal			204,396.36	204,396.36

3. Decreased amount of the period					
(1) Disposal			534,018.00		534,018.00
4. Ending balance					
III. Depreciation reserves					
1. Beginning balance					
2. Increased amount of the period					
(1) Withdrawal					
3. Decreased amount of the period					
(1) Disposal					
4. Ending balance					
IV. Carrying value					
1. Ending carrying value			700,369.66		700,369.66
2. Beginning carrying value			455,300.38		455,300.38

The proportion of intangible assets formed from the internal R&D of the Company at the Period-end to the ending balance of intangible assets was 0.00%.

## (2) Land Use Right with Certificate of Title Uncompleted

Unit: RMB

Item	Carrying value	Reason
------	----------------	--------

Other notes:

## 27. R&D Expense

Unit: RMB

Item	Beginning balance	Increase			Decrease			Ending balance
		Internal R&D expense	Other		Recognized as intangible assets	Transfer to profit or loss		

Total								

Other notes

## 28. Goodwill

### (1) Original Carrying Value of Goodwill

Unit: RMB

Name of the invested units or events generating goodwill	Beginning balance	Increase		Decrease		Ending balance
		Formed by enterprise combination		Disposal		
Total						

### (2) Depreciation Reserves of Goodwill

Unit: RMB

Name of the invested units or events generating goodwill	Beginning balance	Increase		Decrease		Ending balance
		Withdrawal		Disposal		
Total						

Information on the assets group or combination of assets groups which include goodwill

Notes of the testing process of goodwill impairment, key parameters (such as growth rate of the forecast period, growth rate of stable period, rate of profit, discount rate, forecast period and so on for prediction of future present value of cash flows) and the recognition method of goodwill impairment losses:

Influence of goodwill impairment testing

Other notes

## 29. Long-term Prepaid Expense

Unit: RMB

Item	Beginning balance	Increased amount	Amortization amount of the period	Other decreased amount	Ending balance
Rental fees	591,838.00	1,008,576.00	1,012,078.00		588,336.00
Renovation costs	2,901,399.29	4,787,548.35	1,242,810.85		6,446,136.79
Total	3,493,237.29	5,796,124.35	2,254,888.85		7,034,472.79

Other notes

**30. Deferred Income Tax Assets/Deferred Income Tax Liabilities****(1) Deferred Income Tax Assets that Had not Been Off-set**

Unit: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	157,586,654.91	38,312,198.03	126,743,538.44	31,553,045.99
Internal unrealized profit	49,316,338.72	12,329,084.68	52,189,819.68	13,047,454.92
Deductible losses	162,281,053.40	40,570,263.35	657,498,958.12	164,374,739.53
Accrued land VAT	2,148,670,831.53	537,167,707.90	1,209,109,559.84	302,277,389.96
Estimated profit calculated at pre-sale revenue of property enterprises	119,095,335.72	29,773,833.93	38,294,088.60	9,573,522.15
Payroll payable unpaid but withdrawn	139.36	34.84	26,575.76	6,643.94
<b>Total</b>	<b>2,636,950,353.64</b>	<b>658,153,122.73</b>	<b>2,083,862,540.44</b>	<b>520,832,796.49</b>

**(2) Deferred Income Tax Liabilities Had Not Been Off-set**

Unit: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
The carrying value of fixed assets was larger than the tax basis	15,284.32	3,821.08	21,102.40	5,275.60
<b>Total</b>	<b>15,284.32</b>	<b>3,821.08</b>	<b>21,102.40</b>	<b>5,275.60</b>

**(3) Deferred Income Tax Assets or Liabilities Listed by Net Amount after Off-set**

Unit: RMB

Item	Mutual set-off amount of deferred income tax assets and liabilities at the period-end	Ending balance of deferred income tax assets or liabilities after off-set	Mutual set-off amount of deferred income tax assets and liabilities at the period-begin	Beginning balance of deferred income tax assets or liabilities after off-set
Deferred income tax assets		658,153,122.73		520,832,796.49
Deferred income tax liabilities		3,821.08		5,275.60

#### (4) List of Unrecognized Deferred Income Tax Assets

Unit: RMB

Item	Ending balance	Beginning balance
Deductible temporary difference	60,809,797.81	73,565,140.25
Deductible losses	187,768,845.36	117,469,411.97
Total	248,578,643.17	191,034,552.22

#### (5) Deductible Losses of Unrecognized Deferred Income Tax Assets will Due in the Following Years

Unit: RMB

Years	Ending amount	Beginning amount	Notes
Y2019	7,443.23	7,443.23	The deductible losses of 2014
Y2020	8,494.90	2,221,261.56	The deductible losses of 2015
Y2021	3,456.91	5,397,820.20	The deductible losses of 2016
Y2022	62,919,255.68	109,842,886.98	The deductible losses of 2017
Y2024	124,830,194.64		The deductible losses of 2019
Total	187,768,845.36	117,469,411.97	--

Other notes:

### 31. Other Non-current Assets

Whether the Company has executed the new income standards

 Yes  No

Unit: RMB

Item	Ending balance	Beginning balance
Prepayment for purchase of fixed assets, investment properties and intangible assets	4,711,963.66	9,851,318.29
Prepayment for acquisition of long-term equity investment		100,000,000.00

Total	4,711,963.66	109,851,318.29
-------	--------------	----------------

Other notes:

## 32. Short-term Borrowings

### (1) Category of Short-term Borrowings

Unit: RMB

Item	Ending balance	Beginning balance
------	----------------	-------------------

Notes of short-term borrowings category:

### (2) List of the Short-term Borrowings Overdue but Not Returned

The amount of the overdue unpaid short-term borrowings at the period-end was RMBXXX, of which the significant overdue unpaid short-term borrowings are as follows:

Unit: RMB

Borrower	Ending balance	Interest rate	Overdue time	Overdue charge rate
----------	----------------	---------------	--------------	---------------------

Other notes:

## 33. Trading Financial liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Of which:		
Of which:		

Other notes:

## 34. Derivative Financial Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
------	----------------	-------------------

Other notes:

## 35. Notes Payable

Unit: RMB

Category	Ending balance	Beginning balance
----------	----------------	-------------------

The total amount of notes payable due but unpaid was RMBXXX.



### 36. Accounts Payable

#### (1) List of Accounts Payable

Unit: RMB

Item	Ending balance	Beginning balance
Engineering construction expense payable	420,433,422.07	298,051,672.25
Accrued expense	90,484,298.98	79,416,420.98
Other	66,771,418.05	57,882,756.96
<b>Total</b>	<b>577,689,139.10</b>	<b>435,350,850.19</b>

#### (2) Significant Accounts Payable Aging over One Year

Unit: RMB

Item	Ending balance	Unpaid/ Un-carry-over reason
Jiangsu Hanjian Group Co., Ltd. (Phase II)	31,568,213.29	Unsettled
Shanghai Mingpeng Construction Group Co., Ltd.	25,976,705.79	Unsettled
The Second Construction Co., Ltd. of China Construction Third Engineering Bureau	25,955,592.81	Construction deposit
Shenzhen Luohu District Land and Resources Bureau	25,000,000.00	Unsettled
Henan First Construction Engineering Group Co., Ltd.	9,352,490.51	Construction deposit
<b>Total</b>	<b>117,853,002.40</b>	--

Other notes:

Classified by aging:

Item	Ending balance	Beginning balance
Within 1 year	390,848,867.89	161,755,701.03
1 to 2 years	65,326,341.12	204,934,319.16
2 to 3 years	80,063,934.43	13,628,614.76
Over 3 years	41,449,995.66	55,032,215.24
<b>Total</b>	<b>577,689,139.10</b>	<b>435,350,850.19</b>

### 37. Advances from Customers

Whether the Company has executed the new income standards

 Yes  No

**(1) List of Advances from Customers**

Unit: RMB

Item	Ending balance	Beginning balance
House payment in advance	694,213,671.69	234,024,856.00
Property fee in advance	17,463,948.02	18,043,816.10
Other	16,508,412.92	25,977,129.36
<b>Total</b>	<b>728,186,032.63</b>	<b>278,045,801.46</b>

**(2) Significant Advances from Customers Aging over One Year**

Unit: RMB

Item	Ending balance	Unpaid/ Un-carry-over reason
------	----------------	------------------------------

The Company needs to comply with the disclosure requirements of Guideline No. 3 of the Shenzhen Stock Exchange on the Industrial Information Disclosure about Listed Companies' Engagement in Real Estate Business

The proceeds information of top 5 advance sale amount:

Unit: RMB

No.	Name	Beginning balance	Ending balance	Expected completion date	Advance sale proportion
1	Golden Collar's Resort Building B	89,772,140.00	585,316,708.00	25 December 2019	21.64%
2	Banshan Yujing Phase II		70,839,912.00	31 March 2020	53.99%
3	Songhu Langyuan	51,299,542.00	16,887,344.69	31 July 2017	93.72%
4	Banshan Yujing Phase I	6,222,099.00	14,182,776.00	30 November 2016	97.28%
5	Hupan Yujing Phase II	8,687,567.00	6,376,931.00	30 November 2017	85.36%

**(3) Settled but Uncompleted Projects Formed by Construction Contracts at the Period-end**

Unit: RMB

Item	Amount
------	--------

Other notes:

Classified by aging:

Item	Ending balance	Beginning balance
Within 1 year	719,697,151.63	267,372,347.45
1 to 2 years	8,096,799.09	2,081,948.98

2 to 3 years	138,377.89	
Over 3 years	253,704.02	8,591,505.03
Total	728,186,032.63	278,045,801.46

### 38. Contract Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
------	----------------	-------------------

Significant changes in amount of carrying value occurred in the Reporting Period and the reasons

Unit: RMB

Item	Amount changed	Reason
------	----------------	--------

### 39. Payroll Payable

#### (1) List of Payroll Payable

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
I. Short-term salary	123,275,509.23	606,100,200.91	587,926,859.91	141,448,850.23
II. Post-employment benefit-defined contribution plans	2,787,247.47	45,689,295.04	46,555,439.86	1,921,102.65
III. Termination benefits		988,384.40	864,468.48	123,915.92
Total	126,062,756.70	652,777,880.35	635,346,768.25	143,493,868.80

#### (2) List of Short-term Salary

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Salary, bonus, allowance, subsidy	109,789,933.89	538,846,748.28	521,169,483.63	127,467,198.54
2. Employee welfare	830.00	17,949,213.12	17,770,140.07	179,903.05
3. Social insurance	315,010.52	16,304,815.92	16,310,005.06	309,821.38
Of which: Medical insurance premiums	310,766.46	14,344,628.07	14,348,176.53	307,218.00
Work-related injury insurance	629.30	645,788.19	646,417.49	

Maternity insurance	3,614.76	1,212,727.16	1,213,738.54	2,603.38
Other commercial insurance		101,672.50	101,672.50	
4. Housing fund	1,029,715.68	16,552,162.82	17,029,348.64	552,529.86
5. Labor union budget and employee education budget	12,140,019.14	14,098,904.25	13,299,525.99	12,939,397.40
8. Other short-term salary		2,348,356.52	2,348,356.52	
Total	123,275,509.23	606,100,200.91	587,926,859.91	141,448,850.23

### (3) List of Defined Contribution Plans

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Basic pension benefits	519,489.89	35,030,412.10	35,381,471.99	168,430.00
2. Unemployment insurance	2,247.50	890,563.97	892,811.47	
3. Annuity	2,265,510.08	9,768,318.97	10,281,156.40	1,752,672.65
Total	2,787,247.47	45,689,295.04	46,555,439.86	1,921,102.65

Other notes:

### 40. Taxes Payable

Unit: RMB

Item	Ending balance	Beginning balance
VAT	70,818,175.32	48,719,838.20
Corporate income tax	368,461,498.66	318,971,724.32
Personal income tax	1,556,780.71	1,176,109.41
Urban maintenance and construction tax	3,668,311.19	2,252,097.30
Land VAT	2,149,507,199.99	1,205,033,788.57
Property tax	526,309.33	1,172,809.91
Land use tax	942,757.19	905,178.31
Education surcharge	1,592,152.99	1,001,486.12
Local education surtax	1,067,591.60	656,617.48
Other	142,514.70	135,123.49

Total	2,598,283,291.68	1,580,024,773.11
-------	------------------	------------------

Other notes:

#### 41. Other Payables

Unit: RMB

Item	Ending balance	Beginning balance
Dividends payable	12,202,676.04	12,434,579.81
Other payables	1,136,902,252.81	644,283,805.39
Total	1,149,104,928.85	656,718,385.20

##### (1) Interest Payable

Unit: RMB

Item	Ending balance	Beginning balance
------	----------------	-------------------

List of the significant overdue unpaid interest:

Unit: RMB

Borrower	Overdue amount	Overdue reasons
----------	----------------	-----------------

Other notes:

##### (2) Dividends Payable

Unit: RMB

Item	Ending balance	Beginning balance
Ordinary share dividends	12,202,676.04	12,434,579.81
Total	12,202,676.04	12,434,579.81

Other notes, including significant dividends payable unpaid for over one year, the unpaid reason shall be disclosed:

Item	Amount unpaid	Reason
Shenzhen South China Investment Development Co., Ltd.	9,871.20	Without access to its account
Wenling Quality Control Association	9,871.02	Without access to its account
Shanghai Weihong Industry & Trade Co., Ltd.	9,900.00	Without access to its account
China Shenzhen International Cooperation (Group) Co., Ltd.	0.18	Without access to its account
Shenzhen Greening Department	10,869,036.68	Company restructured without clearing payment object
Labor union of Shenzhen Greening Department	1,300,000.00	Company restructured without clearing payment object
Shenzhen Sports Administration	3,996.96	Final payment unpaid

Subtotal	12,202,676.04	
----------	---------------	--

**(3) Other Payables****1) Other Payables Listed by Nature**

Unit: RMB

Item	Ending balance	Beginning balance
Guarantee	201,013,437.65	166,625,218.90
Cash deposit	51,062,427.71	53,640,205.90
residual funds of equity transfer unpaid	465,807,569.82	
Agency fund	7,531,813.31	53,492,958.02
Intercourse fund	316,244,391.26	291,519,747.65
Accrued expenses	64,684,769.05	54,494,153.72
Payment on behalf	9,235,637.59	4,981,829.36
Other	21,322,206.42	19,529,691.84
Total	1,136,902,252.81	644,283,805.39

**2) Significant Other Payables Aging over One Year**

Unit: RMB

Item	Ending balance	Unpaid/Un-carry-over reason
Shenzhen Real Estate Jifa Warehousing Co., Ltd.	35,796,665.14	Come-and-go accounts without specific payment term
Shenzhen Pason Aluminum Technology Co., Ltd.	195,776,155.45	Cooperative development funds settled in completion of the project
Margin of sporadic lease	6,060,127.83	Margin within the leasing period
Shenzhen Tian'an International Building Property Management Co., Ltd.	5,214,345.90	Come-and-go accounts without specific payment term
Rainbow Co., Ltd.	2,380,000.00	Margin within the leasing period
Total	245,227,294.32	--

Other notes

**42. Held-for-sale Liabilities**

Unit: RMB

Item	Ending balance	Beginning balance
------	----------------	-------------------

Other notes:

**43. Current Portion of Non-current Liabilities**

Unit: RMB

Item	Ending balance	Beginning balance
Current portion of long-term borrowings	3,921,032.24	1,669.10
Total	3,921,032.24	1,669.10

Other notes:

Note: Refer to Note V-44 for the difference between beginning balance and ending balance of prior period (31 December 2018) for details.

**44. Other Current Liabilities**

Whether the Company has executed the new income standards

 Yes  No

Unit: RMB

Item	Ending balance	Beginning balance
------	----------------	-------------------

Increase/decrease of the short-term bonds payable:

Unit: RMB

Bonds name	Par value	Issuing date	Duration	Issuing amount	Beginning balance	The current issue	Withdrawal of interest by par value	Amortization of premium and depreciation	Repayment in the Reporting Period	Ending balance
------------	-----------	--------------	----------	----------------	-------------------	-------------------	-------------------------------------	--	-----------------------------------	----------------

Other notes:

**45. Long-term Borrowings****(1) Category of Long-term Borrowings**

Unit: RMB

Item	Ending balance	Beginning balance
Pledged borrowings	2,192,900,000.00	
Guaranteed borrowings	933,000.00	1,000,000.00
Total	2,193,833,000.00	1,000,000.00

Notes to the category of long-term borrowings:

Other notes, including the interval of interest rate:

The pledged and guaranteed borrowings at the period-end were used to develop the Bangling urban renewal project of Shenzhen Rongyao Real Estate Development Co., Ltd. (hereinafter referred to as "Rongyao Real Estate") with the duration from 29 November 2019 to 20 November 2024, applying the borrowing rate by rising 1.55% complying to one-year level of loan prime rate. And 69%

equity of Rongyao Real Estate held by the Company was pledged and the guarantee mode was the joint liability guaranty.

## 46. Bonds Payable

### (1) List of Bonds Payable

Unit: RMB

Item	Ending balance	Beginning balance
------	----------------	-------------------

### (2) Increase/Decrease of Bonds Payable (Excluding Other Financial Instrument Classified as Financial Liabilities such as Preferred Shares and Perpetual Bonds)

Unit: RMB

Bonds name	Par value	Issuing date	Duration	Issuing amount	Beginning balance	The current issue	Withdrawal of interest by par value	Amortization of premium and depreciation	Repayment in the Reporting Period		Ending balance
Total	--	--	--								

### (3) Notes to the Conditions and Time of the Shares Transfer of the Convertible Corporate Bonds

### (4) Notes to Other Financial Instruments Classified as Financial Liabilities

Basic situation of other financial instruments such as preferred shares and perpetual bonds outstanding at the period-end

Changes in financial instruments such as preferred shares and perpetual bonds outstanding at the period-end

Unit: RMB

Outstanding financial instrument	Period-begin		Increase		Decrease		Period-end	
	Amount	Carrying value	Amount	Carrying value	Amount	Carrying value	Amount	Carrying value

Notes to basis for the classification of other financial instruments as financial liabilities

Other notes

## 47. Lease Liabilities

Unit:

Item	Ending balance	Beginning balance
------	----------------	-------------------

Other notes



**48. Long-term Payables**

Unit: RMB

Item	Ending balance	Beginning balance
------	----------------	-------------------

**(1) Long-term Payables Listed by Nature**

Unit: RMB

Item	Ending balance	Beginning balance
------	----------------	-------------------

Other notes:

**(2) Specific Payables**

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance	Reason for formation
------	-------------------	----------	----------	----------------	----------------------

Other notes:

**49. Long-term Payroll Payable****(1) List of Long-term Payroll Payable**

Unit: RMB

Item	Ending balance	Beginning balance
------	----------------	-------------------

**(2) Changes in Defined Benefit Plans**

Obligation present value of defined benefit plans:

Unit: RMB

Item	Reporting period	Same period of last year
------	------------------	--------------------------

Plan assets:

Unit: RMB

Item	Reporting period	Same period of last year
------	------------------	--------------------------

Net liabilities (net assets) of defined benefit plans:

Unit: RMB

Item	Reporting period	Same period of last year
------	------------------	--------------------------

Notes of influence of content of defined benefit plans and its relevant risks to the future cash flow, time and uncertainty of the Company:

Notes to the results of significant actuarial assumptions and sensitivity analysis of defined benefit plans:

Other notes:

**50. Provisions**

Whether the Company has executed the new income standards

Yes  No

Unit: RMB

Item	Ending balance	Beginning balance	Reason for formation
Pending litigation	2,903,327.87		Contract disputes
Total	2,903,327.87		--

Other notes, including notes to related significant assumptions and evaluation of significant provisions:

Refer to Note XIV (2) for details.

**51. Deferred Income**

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance	Reason for formation
Government subsidy		390,011.00	48,751.37	341,259.63	Government subsidy for Huangyuyuan Primary School
Total		390,011.00	48,751.37	341,259.63	--

Item involving government subsidies:

Unit: RMB

Item	Beginning balance	Amount of newly subsidy	Amount recorded into non-operating income in the Reporting Period	Amount recorded into other income in the Reporting Period	Amount offset cost in the Reporting Period	Other changes	Ending balance	Related to assets/related to income
Government subsidy for Huangyuyuan Primary School		390,011.00			48,751.37		341,259.63	Related to assets

Other notes:

**52. Other Non-current Liabilities**

Whether the Company has executed the new income standards

Yes  No

Unit: RMB

210

Item	Ending balance	Beginning balance
Utility specific fund	237,163.63	237,163.63
Housing principle fund	13,215,811.13	20,469,453.92
House warming deposit	7,052,274.22	6,649,884.71
Electric Equipment Maintenance fund	4,019,415.44	4,019,415.44
Deputed Maintenance fund	36,337,634.47	29,848,516.67
Follow-up investment of employees for Guanlan Bangling project	40,000,000.00	
Other	7,302,438.57	3,403,153.24
<b>Total</b>	<b>108,164,737.46</b>	<b>64,627,587.61</b>

Other notes:

### 53. Share Capital

Unit: RMB

	Beginning balance	Increase/decrease (+/-)					Ending balance
		New shares issued	Bonus shares	Bonus issue from profit	Other	Subtotal	
The sum of shares	595,979,092.00						595,979,092.00

Other notes:

### 54. Other Equity Instruments

#### (1) The Basic Information of Other Financial Instruments such as Preferred Stock and Perpetual Bond Outstanding at the End of the Period

#### (2) Changes in Financial Instruments such as Preferred Stock and Perpetual Bond Outstanding at the End of the Period

Unit: RMB

Outstanding financial instruments	Period-begin		Increase		Decrease		Period-end	
	Amount	Carrying value	Amount	Carrying value	Amount	Carrying value	Amount	Carrying value

The current changes in other equity instruments and the corresponding reasons and the basis of the relevant accounting treatment:

Other notes:

### 55. Capital Reserve

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Capital premium (premium on stock)	402,859,138.87		402,859,138.87	
Other capital reserves	80,488,045.38			80,488,045.38
Total	483,347,184.25		402,859,138.87	80,488,045.38

Other notes, including changes and reason of change:

(1) The Company obtained 100% equity of Shenzhen Toukong Property Management Co., Ltd. (hereinafter referred to as “TK Property”) via business combination under the same control in November 2019. In the process of obtaining the equity, the Company transferred the assets with defective property rights to original shareholder, Shenzhen Investment Holdings Co., Ltd. After transferring assets, the accounting treatment will be conducted with capital reserve of RMB206,448,648.94 and surplus reserves of RMB5,223,626.05 offset.

(2) The Company obtained 100% equity of Shenzhen Toukong Property Management Co., Ltd. (hereinafter referred to as “TK Property”) via business combination under the same control in November 2019. When preparing the consolidated comparative statements at the period-end according to the regulations, the equity shall be regarded to exist on the current condition as the ultimate controller started to exercise control to the margining parties. Thus, when combining the acquirees in prior year, the capital reserve was increased RMB364,409,051.36. After deducting the influence of the first point above, the capital reserve of RMB157,960,402.42 was increased retroactively by transferring to the prior year on the combination date under the same control.

(3) On the actual merger combination date, the capital reserve of RMB38,450,087.51 was offset by the difference between the acquisition price and the net assets of acquirees on the combination date, as well as the surplus reserves of RMB298,912,759.52 and retained earnings with RMB372,056,459.07.

## 56. Treasury Shares

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance

Other notes, including changes and reason of change:

## 57. Other Comprehensive Income

Unit: RMB

Item	Beginning	Reporting Period	Ending

	balance		Less: Recorded in other comprehensive income in prior period and transferred in profit or loss in the Current Period	Less: Recorded into other comprehe nsive income in prior period and transferred in retained earnings in the Current period		Less: Income tax expense	Attributabl e to owners of the Company as the parent after tax	Attributabl e to non-contro lling interests after tax	balance
I. Other comprehensive income that may not be reclassified to profit or loss		-2,051,268.24					-2,051,268.24		-2,051,268.24
Changes in fair value of other equity instrument investment		-2,051,268.24					-2,051,268.24		-2,051,268.24
II. Other comprehensive income that may subsequently be reclassified to profit or loss	-1,786,181.69	1,139,078.49					1,139,078.49		-647,103.20
Differences arising from translation of foreign currency denominated financial statements	-1,786,181.69	1,139,078.49					1,139,078.49		-647,103.20
Total of other comprehensive income	-1,786,181.69	-912,189.75					-912,189.75		-2,698,371.44

Other notes, including the adjustment of the effective gain/loss on cash flow hedges to the initial recognized amount:

## 58. Specific Reserve

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
------	-------------------	----------	----------	----------------

Other notes, including changes and reason of change:

## 59. Surplus Reserves

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
------	-------------------	----------	----------	----------------

Statutory surplus reserves	299,204,166.83	16,403,637.61	298,912,759.52	16,695,044.92
Discretionary surplus reserve	365,403.13			365,403.13
Total	299,569,569.96	16,403,637.61	298,912,759.52	17,060,448.05

Notes, including changes and reason of change:

The increase of the surplus reserves was due to the statutory surplus reserves withdrawn 10% of net profits; refer to the note of “Capital Reserve” for the reason of decrease.

## 60. Retained Earnings

Unit: RMB

Item	Reporting Period	Same period of last year
Beginning balance of retained earnings before adjustments	2,495,296,440.15	1,984,195,447.18
Beginning balance of retained earnings after adjustments	2,495,296,440.15	1,984,195,447.18
Add: Net profit attributable to owners of the Company as the parent	817,805,780.12	698,050,728.96
Less: Withdrawal of statutory surplus reserves	16,403,637.61	
Dividend of ordinary shares payable	178,793,727.60	186,949,735.99
Other	660,785,059.67	
Ending retained earnings	2,457,119,795.39	2,495,296,440.15

List of adjustment of beginning retained earnings:

- (1) RMB0.00 beginning retained earnings was affected by retrospective adjustment conducted according to the Accounting Standards for Business Enterprises and relevant new regulations.
- (2) RMB0.00 beginning retained earnings was affected by changes in accounting policies.
- (3) RMB0.00 beginning retained earnings was affected by correction of significant accounting errors.
- (4) RMB72,876,860.81 beginning retained earnings was affected by changes in combination scope arising from same control.
- (5) RMB0.00 beginning retained earnings was affected totally by other adjustments.

## 61. Operating Revenue and Cost of Sales

Unit: RMB

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	3,878,813,785.99	1,412,220,130.41	3,313,429,162.76	1,689,660,570.09

Other operations	82,856,156.45	21,395,755.02	63,244,087.14	20,629,980.84
Total	3,961,669,942.44	1,433,615,885.43	3,376,673,249.90	1,710,290,550.93

Whether the Company has executed the new income standards

Yes  No

Other notes

The Company needs to comply with the disclosure requirements of Shenzhen Stock Exchange Industry Information Disclosure Guidelines No.3-Listed Companies Engaged in Real Estate Industry

The top 5 accounts received with confirmed amount in the Reporting Period:

Unit: RMB

No.	Name of project	Income balance
1	Golden Collar's Resort	2,085,500,771.44
2	Qianhai Gangwan	333,068,610.42
3	Songhu Langyuan	104,316,939.42
4	Hupan Yujing Phase II	91,719,392.59
5	Banshan Yujing Phase I	38,883,049.53

## 62. Taxes and Surtaxes

Unit: RMB

Item	Reporting Period	Same period of last year
Urban maintenance and construction tax	13,199,586.55	10,157,150.82
Education surcharge	5,689,568.83	4,451,600.16
Property tax	10,984,861.45	11,799,837.72
Land use tax	1,647,805.28	1,677,205.13
Business tax		1,115,668.20
Local education surtax	3,716,788.54	2,976,213.48
Land VAT	1,043,898,373.56	591,164,599.63
Other taxes	2,374,296.83	1,070,897.87
Total	1,081,511,281.04	624,413,173.01

Other notes:

## 63. Selling Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Agency fee	84,330,766.24	19,774,323.60
Consultancy and sales service charges	8,639,346.44	3,508,647.82

Advertising	6,975,770.00	11,002,256.66
Employee's remuneration	3,847,637.11	4,024,373.52
Other	7,760,432.71	8,191,623.58
<b>Total</b>	<b>111,553,952.50</b>	<b>46,501,225.18</b>

Other notes:

#### 64. Administrative Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Employee's remuneration	143,843,884.07	118,468,213.91
Administrative office cost	38,579,803.69	30,176,236.34
Assets amortization and depreciation expense	6,357,837.46	4,888,307.99
Litigation costs	1,596,900.60	182,076.40
Other	14,276,126.82	8,663,449.45
<b>Total</b>	<b>204,654,552.64</b>	<b>162,378,284.09</b>

Other notes:

#### 65. R&D Expense

Unit: RMB

Item	Reporting Period	Same period of last year

Other notes:

#### 66. Finance Costs

Unit: RMB

Item	Reporting Period	Same period of last year
Interest expense	194,545,794.14	284,918.67
Less: Interest income	-61,860,403.42	-67,282,441.97
Foreign exchange gains or losses	770,739.07	290,983.11
Other	1,262,703.78	875,600.93
<b>Total</b>	<b>134,718,833.57</b>	<b>-65,830,939.26</b>

Other notes:



**67. Other Income**

Unit: RMB

Sources	Reporting Period	Same period of last year
Government subsidy related to income (Note)	1,015,033.29	312,339.94
Government subsidy related to assets (Note)	48,751.37	
Commission charges return of deductible income tax	91,337.56	
Additional deduction of VAT	3,995,255.21	
Total	5,150,377.43	312,339.94

**68. Investment Income**

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by equity method	5,076,839.48	1,268,890.28
Investment income from disposal of long-term equity investment		620,130.83
Total	5,076,839.48	1,889,021.11

Other notes:

**69. Net Gain on Exposure Hedges**

Unit: RMB

Item	Reporting Period	Same period of last year

Other notes:

**70. Gain on Changes in Fair Value**

Unit: RMB

Sources	Reporting Period	Same period of last year

Other notes:

**71. Credit Impairment Loss**

Unit: RMB

Item	Reporting Period	Same period of last year

Bad debt loss of other receivables	-18,701,016.31	
Total	-18,701,016.31	

Other notes:

## 72. Assets Impairment Loss

Whether the Company has executed the new income standards

Yes  No

Unit: RMB

Item	Reporting Period	Same period of last year
I. Bad debt loss		-3,873,731.34
II. Loss on inventory valuation	-1,234,250.84	6,565,809.22
V. Impairment loss of long-term equity investment		-100,000.00
Total	-1,234,250.84	2,592,077.88

Other notes:

## 73. Asset Disposal Income

Unit: RMB

Sources	Reporting Period	Same period of last year
Disposal income of fixed assets		-8,096.97

## 74. Non-operating Income

Unit: RMB

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Government subsidies	1,543,085.40	284,460.50	1,543,085.40
Compensation income	537,474.45	469,843.98	537,474.45
Accounts unpayable	19,416,063.33	14,098,815.36	19,416,063.33
Total income from scrap of non-current assets	70,145.12	18,571.33	70,145.12
Other	2,165,579.98	4,223,267.99	2,165,579.98
Total	23,732,348.28	19,094,959.16	23,732,348.28

Government subsidies recorded into current profit or loss

Unit: RMB

Item	Distribution entity	Distribution reason	Nature	Whether influence the profits or losses of the year or not	Special subsidy or not	Reporting Period	Same period of last year	Related to assets/related to income
Difficulty subsidy	Social Security Bureau of Chongqing Jiulongpo District	Subsidy	Obtained by undertaking state's functions of ensuring certain public service or social necessary products supply or price control	No	No	718,712.26		Related to income
Decoration subsidy of public rental housing	Finance Payment Center of Chongqing Beibei	Subsidy	Obtained by undertaking state's functions of ensuring certain public service or social necessary products supply or price control	No	No	777,708.00		Related to income
Other		Subsidy	Obtained by undertaking state's functions of ensuring certain public service or social necessary products supply or price control	No	No	36,665.14		Related to income
Total						1,543,085.40		

Other notes:

**75. Non-operating Expense**

Unit: RMB

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Loss on damage and scrap of non-current assets	510,294.93	271,572.70	510,294.93

Litigation costs	1,696,470.00	0.00	1,696,470.00
Donation	35,000.00	0.00	35,000.00
Penalty and fine for delaying payment	128,035.72	2,823,896.10	128,035.72
Other	2,423,703.20	1,340,265.17	2,423,703.20
Total	4,793,503.85	4,435,733.97	4,793,503.85

Other notes:

## 76. Income Tax Expense

### (1) List of Income Tax Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Current income tax expense	400,037,961.67	352,930,844.22
Deferred income tax expense	-137,321,780.76	-132,669,980.62
Total	262,716,180.91	220,260,863.60

### (2) Adjustment Process of Accounting Profit and Income Tax Expense

Unit: RMB

Item	Reporting Period
Profit before taxation	1,004,846,231.45
Current income tax expense accounted at statutory/applicable tax rate	251,211,557.86
Influence of applying different tax rates by subsidiaries	-3,473,080.27
Influence of income tax before adjustment	-5,761,627.90
Influence of non-deductible costs, expenses and losses	2,813,203.94
Influence of deductible loss of unrecognized deferred income tax assets in prior period	-13,281,421.38
Influence of deductible temporary difference or deductible losses of unrecognized deferred income tax in the Reporting Period	31,207,548.66
Income tax expense	262,716,180.91

Other notes

## 77. Other Comprehensive Income

Refer to Note VII-57 for details.

**78. Cash Flow Statement****(1) Cash Generated from Other Operating Activities**

Unit: RMB

Item	Reporting Period	Same period of last year
Large intercourse funds	599,052,281.39	61,619,596.64
Interest income	70,613,994.05	50,333,967.32
Net margins, security deposit and various special funds received	31,810,440.56	3,846,601.06
Government subsidy received	2,751,444.45	284,460.50
Other small receivables	23,385,374.43	8,370,696.82
<b>Total</b>	<b>727,613,534.88</b>	<b>124,455,322.34</b>

Notes:

**(2) Cash Used in Other Operating Activities**

Unit: RMB

Item	Reporting Period	Same period of last year
Paying administrative expense in cash	54,452,831.11	29,464,167.94
Paying selling expense in cash	96,486,380.21	44,006,125.48
Net amount of utilities, miscellaneous fees and accident fee and other payments on behalf	23,473,862.52	39,575,779.49
Other small payments	10,912,680.02	
<b>Total</b>	<b>185,325,753.86</b>	<b>113,046,072.91</b>

Notes:

**(3) Cash Generated from Other Investing Activities**

Unit: RMB

Item	Reporting Period	Same period of last year

Notes:

**(4) Cash Used in Other Investing Activities**

Unit: RMB

Item	Reporting Period	Same period of last year

Notes:

**(5) Cash Generated from Other Financing Activities**

Unit: RMB

Item	Reporting Period	Same period of last year
Follow-up investment of Guanlan Bangling project	40,000,000.00	
Total	40,000,000.00	

Notes:

**(6) Cash Used in Other Financing Activities**

Unit: RMB

Item	Reporting Period	Same period of last year
Distribution of profit to original shareholder by merged company under the same control	123,502,169.51	
Total	123,502,169.51	

Notes:

**79. Supplemental Information for Cash Flow Statement****(1) Supplemental Information for Cash Flow Statement**

Unit: RMB

Supplemental information	Reporting Period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operating activities	--	--
Net profit	742,130,050.54	698,104,659.50
Add: Provision for impairment of assets	20,061,463.19	-2,592,077.88
Depreciation of fixed assets, oil-gas assets, and productive living assets	49,096,658.15	42,922,617.35
Amortization of intangible assets	204,396.36	657,052.94
Amortization of long-term prepaid expenses	2,254,888.85	1,172,170.94
Los on disposal of fixed assets, intangible assets and other long-term assets (gains: negative)		8,096.97
Losses on scrap of fixed assets (gains: negative)	440,149.81	244,904.40
Finance costs (gains: negative)	194,530,915.83	279,706.67

Investment loss (gains: negative)	-5,250,050.75	-1,889,021.11
Decrease in deferred income tax assets (gains: negative)	-137,320,326.24	-131,757,067.12
Increase in deferred income tax liabilities (“-” means decrease)	-1,454.52	-3,392.55
Decrease in inventory (gains: negative)	-1,903,681,041.67	681,042,601.49
Decrease in accounts receivable generated from operating activities (gains: negative)	458,314,454.42	-89,688,923.59
Increase in accounts payable used in operating activities (decrease: negative)	1,519,009,461.99	33,216,728.17
Net cash generated from/used in operating activities	939,789,565.96	1,231,718,056.18
2. Significant investing and financing activities without involvement of cash receipts and payments	--	--
3. Net increase/decrease of cash and cash equivalent:	--	--
Ending balance of cash	3,285,345,233.47	3,881,027,257.89
Less: Beginning balance of cash	3,881,027,257.89	2,889,283,680.74
Net increase in cash and cash equivalents	-595,682,024.42	991,743,577.15

## (2) Net Cash Paid For Acquisition of Subsidiaries

Unit: RMB

	Amount
Cash and cash equivalent paid for business combination in the current period	969,574,943.74
Of which:	--
Of which: Shenzhen Rongyao Real Estate Development Co., Ltd.	408,000,000.00
Shenzhen Toukong Property Management Co., Ltd.	561,574,943.74
Less: Cash and cash equivalent held by subsidiaries on purchase date	44,727.75
Of which:	--
Of which: Shenzhen Rongyao Real Estate Development Co., Ltd.	44,727.75
Of which:	--
Of which: Shenzhen Rongyao Real Estate Development Co., Ltd.	
Net payments for acquisition of subsidiaries	969,530,215.99

Other notes:

**(3) Net Cash Receive from Disposal of the Subsidiaries**

Unit: RMB

	Amount
Of which:	--
Of which:	--
Of which:	--

Other notes:

**(4) Cash and Cash Equivalents**

Unit: RMB

Item	Ending balance	Beginning balance
I. Cash	3,285,345,233.47	3,881,027,257.89
Including: Cash on hand	130,048.49	184,219.12
Bank deposit on demand	3,272,524,570.94	3,618,063,143.01
Other monetary assets on demand	12,690,614.04	262,779,895.76
III. Ending balance of cash and cash equivalents	3,285,345,233.47	3,881,027,257.89

Other notes:

**80. Notes to Items of the Statements of Changes in Owners' Equity**

Notes to the name of "Other" of ending balance of the same period of last year adjusted and the amount adjusted:

Not applicable

**81. Assets with Restricted Ownership or Right to Use**

Unit: RMB

Item	Ending carrying value	Reason for restriction
Monetary assets	12,545,702.44	Note 1, Note 2, Note 3, Note 4
Total	12,545,702.44	--

Other notes:

Note 1: In term of monetary assets with restricted right to use at the period-end, there was limited capital of frozen account with RMB11,018.00 in the subsidiary company Shenzhen Huazhengpeng Property Management Co., Ltd., RMB7,063,237.32 in the subsidiary company Shenzhen Taixinli Property Management Co., Ltd. as well. Refer to Note X-(II) 1 for relevant matters involved with lawsuit for details.

Note 2: In term of monetary assets with restricted right to use at the period-end, there was guarantee deposit of RMB49,020.00 paid to the performance guarantee No. 20190531SLYL signed between the subsidiary company Shenzhen Shenlv Garden Technology Industrial Co., Ltd. and Shenzhen Urban Greening Management Department on 31 May 2019.



Note 3: In term of monetary assets with restricted right to use at the period-end, as a real estate developer, the Company has provided mortgage guarantees for commercial housing purchasers and paid loan guarantees of RMB1,120,910.60 according to real estate business practices. Refer to Note XI-(II) 2 for details.

Note 4: In term of monetary assets with restricted right to use at the period-end, there was interest of fixed time deposit of RMB4,301,516.52 undue but withdrawn at the period-end.

## 82. Foreign Currency Monetary Items

### (1) Foreign Currency Monetary Items

Unit: RMB

Item	Ending foreign currency balance	Exchange rate	Ending balance converted to RMB
Monetary assets	--	--	55,219,084.87
Of which: USD			
EUR			
HKD	61,642,202.36	0.8958	55,219,084.87
Accounts receivable	--	--	59,316.24
Of which: USD			
EUR			
HKD	66,215.94	0.8958	
Long-term borrowings	--	--	
Of which: USD			
EUR			
HKD			
Prepayment			6,973.39
Of which: HKD	7,784.54	0.8958	6,973.39
Other equity instrument investment			639,772.86
Of which: USD	91,707.93	6.9762	639,772.86
Accounts payable			50,164.80
Of which: HKD	56,000.00	0.8958	50,164.80
Other payables			325,745.73
Of which: HKD	363,636.67	0.8958	325,745.73
Long-term payables			439,760.88

Of which: USD	8,768.06	6.9762	61,167.74
HKD	422,631.32	0.8958	378,593.14

Other notes:

**(2) Notes to Overseas Entities Including: for Significant Oversea Entities, Main Operating Place, Recording Currency and Selection Basis Shall Be Disclosed; if there Are Changes in Recording Currency, Relevant Reasons Shall Be Disclosed.**

Applicable  Not applicable

Item	Main operating place	Recording currency	Basis for choosing
Shum Yip Properties Development Co., Ltd. and its subsidiary	Hong Kong	HKD	Located in HK, settled by HKD

### 83. Arbitrage

Qualitative and quantitative information of relevant arbitrage instruments, hedged risk in line with the type of arbitrage to disclose:

### 84. Government Subsidy

#### (1) Basic Information on Government Subsidy

Unit: RMB

Category	Amount	Listed items	Amount recorded in the current profit or loss
Small and micro businesses VAT exemption	196,685.24	Other income	196,685.24
Stable post subsidy	867,099.42	Other income	867,099.42
Bounty for achieving drainage of municipal engineering	10,000.00	Non-operating income	10,000.00
Decoration subsidy of Beibei Financial Treasury	777,708.00	Non-operating income	777,708.00
Social security subsidy of Jiulongpo District	755,377.40	Non-operating income	755,377.40
Subtotal	2,606,870.06		2,606,870.06

#### (2) Return of Government Subsidy

Applicable  Not applicable

Other notes:

## 85. Other

## VIII. Changes of Consolidation Scope

## 1. Business Combination Not under the Same Control

## (1) Business Combination Not under the Same Control during the Reporting Period

Unit: RMB

Name of acquiree	Time and place of gaining the equity	Cost of gaining the equity	Proportion of equity	Way to gain the equity	Purchase date	Recognition basis of purchase date	Income of acquiree from the purchase date to period-end	Net profits of acquiree from the purchase date to period-end
Shenzhen Rongyao Real Estate Development Co., Ltd.	11 March 2019	508,000,000.00	69.00%	Transfer	11 March 2019	Settlement date of equity		-243,632,621.48

Other notes:

## (2) Combination Cost and Goodwill

Unit: RMB

Combination cost	
--Cash	508,000,000.00
Total combination cost	508,000,000.00
Less: Fair value of identifiable net assets	405,118,201.39

Note to determination method of the fair value of the combination cost, consideration and changes:

The fair value at net assets of combination cost of Rongyao Real Estate was calculated from 100% equity of Rongyao Real Estate with assessed value of RMB746.504 million on the base date of assets evaluation of 31 July 2018 as well as the equity acquisition ratio according to the evaluation report (PXZPBZ (2018) No.S117) issued by Shenzhen Pengxin Assets Appraisal Land Real Estate Appraisal Co., Ltd.

The main formation reason for the large goodwill:

Other notes:

## (3) The Identifiable Assets and Liabilities of Acquiree on Purchase Date

Unit: RMB

--	--

	Fair value on purchase date	Carrying value on purchase date
Monetary assets	44,727.75	44,727.75
Accounts receivable	1,412,020,689.96	1,412,020,689.96
Inventory	1,561,388,969.82	551,161,727.04
Fixed assets	92,297.58	83,281.53
Other current assets	2,157,148.78	2,157,148.78
Long-term prepaid expense	170,945.15	170,945.15
borrowings	2,193,000,000.00	2,193,000,000.00
Accounts payable	117,109,047.60	117,109,047.60
Tax payable	54,276,750.00	54,276,750.00
Other payables	24,361,153.34	24,361,153.34
Net assets	587,127,828.10	-423,108,430.73
Less: Equity of non-controlling interests	182,009,626.71	-131,163,613.53
Net assets obtained	405,118,201.39	-291,944,817.21

The determination method of the fair value of identifiable assets and liabilities

The determination of the fair value: the third level input value of fair value, and estimating the fair value based on the net assets of investees at the period –end as key reference. The net assets of investees at the period –end will be the base number to estimate the fair value as it can reflect the fair value; otherwise it will be adjusted according to the assumption used in related assets or liabilities pricing by market participators.

Contingent liability of acquiree undertaken in the business combination

Other notes:

#### (4) Gains or losses from Re-measurement of Equity Held before the Purchase Date at Fair Value

Whether there is a transaction that through multiple transaction step by step to realize business combination and gaining the control during the Reporting Period

Yes  No

#### (5) Notes to Reasonable Consideration or Fair Value of Identifiable Assets and Liabilities of the Acquiree that Cannot Be Determined on the Acquisition Date or during the Period-end of the Merger

#### (6) Other Notes

Notes to the performance promise: In 2019, the Company assigned 69% of equity in Shenzhen Rongyao Real Estate Development Co., Ltd. (hereinafter referred to as “Rongyao Real Estate”) via business combination not under the same control. According to the terms of the equity transfer agreement, the original controlling shareholder of Rongyao Real Estate, Shenzhen Xinhai Rongyao Property Development Co., Ltd. (hereinafter referred to as “Xinhai Rongyao”) promised that in line with the equation of net profit (operation revenue-operation costs-general expenses-taxes)/operation revenue, if the net profit of sales calculated by the equation is lower than 10%, the difference shall be complemented by the dividend Xinhai Rongyao enjoyed; if the dividend is insufficient, the difference shall be complemented by cash or other methods that the Company recognized.

## 2. Business Combination under the Same Control

### (1) Business Combination under the Same Control during the Reporting Period

Unit: RMB

Combined party	Proportion of the equity	Basis	Combination date	Recognition basis of combination date	Income from the period-begin to the combination date of the acquiree	Net profits from the period-begin to the combination date of the acquiree	Income of the acquiree during the period of comparison	Net profits of the acquiree during the period of comparison
Shenzhen Toukong Property Management Co., Ltd.	100.00%	Under the same control before and after the combination	27 November 2019	Completed the changes of equity	638,544,486.82	118,680,871.93	589,432,617.37	105,442,907.48

Other notes:

### (2) Combination Cost

Unit: RMB

Combination cost	
--Cash	1,027,382,513.56

Contingent liabilities of the combined party undertaken in the business combination

Other notes:

### (3) The Carrying Value of Assets and Liabilities of the Combined Party on the Combination Date

Unit: RMB

	Combination date	Period-end of the last period
Monetary assets	550,425,217.78	505,312,567.80
Accounts receivable	131,009,306.66	91,666,738.83
Inventory	214,154,473.34	214,392,071.37
Fixed assets	26,489,663.22	69,904,382.96
Intangible assets	759,033.97	1,052,558.22
Prepayment	21,894,861.89	23,633,493.03
Other receivables	67,836,897.30	55,609,072.46
Other current assets	404,645.33	539,027.46

229

Investment property	63,067,367.78	238,019,261.74
Long-term prepaid expense	825,318.70	1,094,661.00
Deferred income tax assets	4,440,661.60	1,049,264.85
Other non-current assets	2,631.37	879,376.29
Accounts payable	35,887,991.26	36,920,994.23
Provisions	1,231,431.87	
Advances from customers	5,290,011.32	12,707,586.12
Payroll payable	21,116,047.39	29,993,235.16
Taxes payable	42,547,295.72	27,304,142.52
Other payables	633,461,988.10	544,217,907.61
Other non-current liabilities	17,244,278.44	11,690,406.80
Net assets	324,487,064.44	540,318,203.57
Less: non-controlling interests	6,523,856.98	5,861,423.54
Net assets obtained	317,963,207.46	534,456,780.03

Contingent liabilities of the combined party undertaken in the business combination

Other notes:

(1)Notes to the assets transfer of business combination under the same control: Shenzhen Toukong Property Management Co., Ltd. (hereinafter referred to as “TK Property”) acquired via business combination under the same control by the Company, before the combination date, transferred part of property with defective property rights under its name to original shareholder, Shenzhen Investment Holdings Co., Ltd., and thus the investment property and fixed assets of TK Property in the current period were decreased significantly compared with the prior period. In order to maintain the stabilization and development of TK Property after equity transfer as well as the compatibility and completeness between the employees and asset structure scale, TK Property has signed the Agreement on Entrusted Operation and Management of Divestiture of Land and Real Estate of Shenzhen Toukong Property Management Co., Ltd. with Shenzhen Investment Holdings Co., Ltd. and Shenzhen Shentou Property Development Co., Ltd., and entrusted TK Property to manage the aforesaid transferred assets on behalf.

(2)Notes to the performance promise: In 2019, the Company obtained 100% of equity in Shenzhen Toukong Property Management Co., Ltd. (hereinafter referred to as “TK Property”) via business combination under the same control. According to the terms of the equity transfer agreement, the original controlling shareholder of TK Property, Shenzhen Investment Holdings Co., Ltd. (hereinafter referred to as “Shenzhen Investment Holdings”) promised that the 3-year accumulative net profit from 2019 to 2021 of TK Property (after deducting non-recurring gain or loss) shall be higher than 18% of the equity transfer price; otherwise the difference shall be complemented through cash by Shenzhen Investment Holdings. The abovementioned net profit shall be subject to the audited amount of TK Property.

### 3. Counter Purchase

Basic information of trading, the basis of transactions constituted counter purchase, the retain assets, liabilities of the listed companies whether constituted a business and its basis, the determination of the combination costs, the amount and calculation of adjusted rights and interests in accordance with the equity transaction process:

#### 4. Disposal of Subsidiary

Whether there is a single disposal of the investment to the subsidiary and lost control?

Yes  No

Whether there are several disposals of the investment to the subsidiary and lost controls?

Yes  No

#### 5. Changes in Combination Scope for Other Reasons

Note to changes in combination scope for other reasons (such as newly establishment or liquidation of subsidiaries, etc.) and relevant information:

##### 1. Increase in combination scope

Unit: RMB

Name of company	Way to gain equity	Time and place of gaining equity	Capital contribution	Proportion
Shenzhen Shenshan Special Cooperation Zone Guomao Property Development Co., Ltd.	Newly-established subsidiary	10 June 2019	3,250,000.00	65.00%
Shenzhen Guomao Tongle Property Management Co., Ltd.	Newly-established subsidiary	19 November 2019	1,020,000.00	51.00%

##### 2. Decrease in combination scope

Unit: RMB

Name of company	Disposal way of equity	Time and place of equity disposal	Net assets on the disposal date	Net profit from period-begin to disposal date
Shenzhen Hefeng Property Management Co., Ltd.	Liquidation of subsidiary	14 October 2019	491,913.87	68,776.81

#### 6. Other

### IX. Equity in Other Entities

#### 1. Equity in Subsidiary

##### (1) Subsidiaries

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Shenzhen Huangcheng Real Estate Co., Ltd.	Shenzhen	Shenzhen	Real estate	100.00%		Set-up

SZPRD Real Estate Development Co., Ltd.	Shenzhen	Shenzhen	Real estate	100.00%		Set-up
PRD Group Xuzhou Dapeng Real Estate Development Co., Ltd.	Xuzhou	Xuzhou	Real estate	100.00%		Set-up
Dongguan International Trade Center Changsheng Real Estate Development Co., Ltd.	Dongguan	Dongguan	Real estate	100.00%		Set-up
PRD Yangzhou Real Estate Development Co., Ltd.	Yangzhou	Yangzhou	Real estate	100.00%		Set-up
Shenzhen International Trade Center Property Management Co., Ltd.	Shenzhen	Shenzhen	Real estate	100.00%		Set-up
Shenzhen Huangcheng Property Management Co., Ltd.	Shenzhen	Shenzhen	Real estate		100.00%	Set-up
Shandong Shenzhen International Trade Center Property Management Co., Ltd.	Jinan	Jinan	Real estate		100.00%	Set-up



Chongqing Shenzhen International Trade Center Property Management Co., Ltd.	Chongqing	Chongqing	Real estate		100.00%	Set-up
Chongqing Aobo Elevator Co., Ltd.	Chongqing	Chongqing	Service		100.00%	Set-up
Shenzhen Tianque Elevator Technology Co., Ltd.	Shenzhen	Shenzhen	Service		100.00%	Set-up
Shenzhen Guoguan Electromechanica l Device Co., Ltd.	Shenzhen	Shenzhen	Service		100.00%	Set-up
Shenzhen International Trade Center Catering Co., Ltd.	Shenzhen	Shenzhen	Hotels and catering services	100.00%		Set-up
Shenzhen Property Engineering Construction Supervision Co., Ltd.	Shenzhen	Shenzhen	Service	100.00%		Set-up
SZPRD Operation and Management of Real Estate Assets Co., Ltd.	Shenzhen	Shenzhen	Service	100.00%		Set-up
Zhanjiang Shenzhen Real Estate Development Co., Ltd.	Zhanjiang	Zhanjiang	Real estate	100.00%		Set-up
Shum Yip Properties Development Co., Ltd.	Hong Kong	Hong Kong	Real estate	100.00%		Set-up

Wayhang Development Co., Ltd.	Hong Kong	Hong Kong	Real estate		100.00%	Set-up
Chief Link Properties Co., Ltd.	Hong Kong	Hong Kong	Real estate		70.00%	Set-up
Syndis Investment Co., Ltd.	Hong Kong	Hong Kong	Real estate		70.00%	Business combination not under the same control
Yangzhou Slender West Lake Jingyue Property Development Co., Ltd.	Yangzhou	Yangzhou	Real estate		51.00%	Set-up
Shandong International Trade Center Hotel Management Co., Ltd.	Jinan	Jinan	Real estate		100.00%	Set-up
Shenzhen Shenshan Special Cooperation Zone Guomao Property Development Co., Ltd.	Shenzhen	Shenzhen	Real estate		65.00%	Set-up
Shenzhen Guomao Tongle Property Management Co., Ltd.	Shenzhen	Shenzhen	Real estate		51.00%	Set-up
Shenzhen Rongyao Real Estate Development Co., Ltd.	Shenzhen	Shenzhen	Real estate	69.00%		Business combination not under the same control
Shenzhen Toukong Property Management Co., Ltd.	Shenzhen	Shenzhen	Real estate	100.00%		Business combination under the same control

Shenzhen Julian Human Resources Development Co., Ltd.	Shenzhen	Shenzhen	Service		100.00%	Business combination under the same control
Shenzhen Huazhengpeng Property Management Development Co., Ltd.	Shenzhen	Shenzhen	Real estate		100.00%	Business combination under the same control
Shenzhen Taixinli Property Management Co., Ltd.	Shenzhen	Shenzhen	Real estate		100.00%	Business combination under the same control
Shenzhen Penghongyuan Industrial Development Co., Ltd.	Shenzhen	Shenzhen	Hotels and catering services		100.00%	Business combination under the same control
Shenzhen Jinhailian Property Management Co., Ltd.	Shenzhen	Shenzhen	Real estate		100.00%	Business combination under the same control
Shenzhen Social Welfare Co., Ltd.	Shenzhen	Shenzhen	Health and social work		100.00%	Business combination under the same control
Shenzhen Fuyuanmin Property Management Limited Liability Company	Shenzhen	Shenzhen	Real estate		90.00%	Business combination under the same control
Shenzhen Meilong Industrial Development Co., Ltd.	Shenzhen	Shenzhen	Service		100.00%	Business combination under the same control

Shenzhen Shenlv Garden Technology Industrial Co., Ltd.	Shenzhen	Shenzhen	Public facilities management		90.00%	Business combination under the same control
Shenzhen Jiayuan Property Management Co., Ltd.	Shenzhen	Shenzhen	Real estate		54.00%	Business combination under the same control
Shenzhen Helinhua Construction Management Co., Ltd.	Shenzhen	Shenzhen	Real estate		90.00%	Business combination under the same control
Shenzhen Zhongtongda House Xiushan Service Co., Ltd.	Shenzhen	Shenzhen	Construction industry		90.00%	Business combination under the same control
Shenzhen Kangping Industrial Co., Ltd.	Shenzhen	Shenzhen	Retail business		90.00%	Business combination under the same control
Shenzhen Sports Service Co., Ltd.	Shenzhen	Shenzhen	Manufacturing industry		100.00%	Business combination under the same control
Shenzhen Teacher's Home Training Co., Ltd.	Shenzhen	Shenzhen	Retail business		100.00%	Business combination under the same control
Shenzhen Education Industrial Co., Ltd.	Shenzhen	Shenzhen	Service		100.00%	Business combination under the same control
Shenzhen Yufa Industrial Co., Ltd.	Shenzhen	Shenzhen	Retail business		80.95%	Business combination under the same control

Notes to holding proportion in subsidiary different from voting proportion:

Basis of holding half or less voting rights but still controlling the investee and holding more than half of the voting rights but not controlling the investee:

Significant structural entities and controlling basis in the scope of combination:

Basis of determining whether the Company is the agent or the principal:

Other notes:

## (2) Significant Non-wholly-owned Subsidiary

Unit: RMB

Name	Shareholding proportion of non-controlling interests	The profit or loss attributable to the non-controlling interests	Declaring dividends distributed to non-controlling interests	Balance of non-controlling interests at the period-end
Shenzhen Rongyao Real Estate Development Co., Ltd.	31.00%	-75,526,112.66		106,483,514.05
Yangzhou Shouxihu Jingyue Property Development Co., Ltd.	49.00%	-546,365.80		3,311,533.51
Shenzhen Shenlv Garden Technology Industrial Co., Ltd.	10.00%	728,578.82		4,725,742.78

Holding proportion of non-controlling interests in subsidiary different from voting proportion:

Other notes:

## (3) The Main Financial Information of Significant Not Wholly-owned Subsidiary

Unit: RMB

Name	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Shenzhen Rongyao Real Estate Development Co., Ltd.	4,111,815,612.87	42,716,564.22	4,154,532,177.09	53,136,970.47	3,757,900,000.00	3,811,036,970.47	3,079,336,186.14	263,242.73	3,079,599,428.87	193,589,802.16	2,193,000,000.00	2,386,589,802.16

Yangzhou Shouxiu Jingyue Property Development Co., Ltd.	8,613,306.97	848,862.50	9,462,169.47	2,703,937.82	2,703,937.82	4,873,263.90		4,873,263.90			
Shenzhen Shenlv Garden Technology Industrial Co., Ltd.	32,340,229.87	596,876.54	32,937,106.41	29,322,025.36	29,322,025.36	30,066,273.28	31,159,873.35	61,226,146.63	33,420,670.34		33,420,670.34

Unit: RMB

Name	Reporting Period				Same period of last year			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Shenzhen Rongyao Real Estate Development Co., Ltd.		-243,632,621.48	-243,632,621.48	-957,858,901.03		-52,393,105.98	-52,393,105.98	-112,947,487.91
Yangzhou Shouxiu Jingyue Property Development Co., Ltd.	7,340,745.68	-1,115,032.25	-1,115,032.25	-4,922,102.11				-126,736.10
Shenzhen Shenlv Garden Technology Industrial Co., Ltd.	21,381,370.38	6,394,132.31	6,394,132.31	-23,167,201.63	16,997,131.49	870,457.45	870,457.45	5,184,728.26

Other notes:

**(4) Significant Restrictions on Using the Assets and Liquidating the Liabilities of the Company****(5) Financial Support or Other Supports Provided to Structural Entities Incorporated into the Scope of Consolidated Financial Statements**

Other notes:

**2. The Transaction of the Company with Its Owner's Equity Share Changed but Still Controlling the Subsidiary****(1) Note to the Owner's Equity Share Changed in Subsidiary****(2) The Transaction's Influence on the Equity of Non-controlling Interests and the Owner's Equity Attributable to the Company as the Parent**

Unit: RMB

--	--

Other notes

**3. Equity in Joint Ventures or Associated Enterprises****(1) Significant Joint Ventures or Associated Enterprises**

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Accounting treatment of the investment to joint venture or associated enterprise
				Directly	Indirectly	
Shenzhen Real Estate Jifa Warehousing Co., Ltd.	Shenzhen	Shenzhen	Warehouse service	50.00%		Equity method
Tian'an International Building Property Management Company of Shenzhen	Shenzhen	Shenzhen	Property management	50.00%		Equity method

Notes to holding proportion of joint venture or associated enterprise different from voting proportion:

Basis of holding less than 20% of the voting rights but has a significant impact or holding 20% or more voting rights but does not have a significant impact:

**(2) Main Financial Information of Significant Joint Ventures**

Unit: RMB

	Ending balance/Reporting Period	Beginning balance/Same period of last year
	Tian'an International Building Property Management Company of Shenzhen	Tian'an International Building Property Management Company of Shenzhen
Current assets	53,771,789.30	50,941,418.43
Of which: Cash and cash equivalents	34,531,027.99	34,496,954.60
Non-current assets	42,265.30	38,523.34
Total assets	53,814,054.60	50,979,941.77
Current liabilities	24,725,254.19	22,970,163.57
Non-current liability	16,166,098.30	16,218,892.53
Total liabilities	40,891,352.49	39,189,056.10
Equity attributable To owners of the Company as the parent	11,790,885.67	11,790,885.67
Portion of net Assets calculated according to proportion of shareholdings	5,895,442.84	5,895,442.84
Carrying value of equity investment to joint ventures	5,895,442.84	5,895,442.84
Operating revenue	20,445,172.55	20,490,161.85
Finance expense	-421,003.02	-221,967.51
Income tax expense	379,274.15	444,662.96
Net profit	1,131,816.44	1,327,325.27
Total comprehensive income	1,131,816.44	1,327,325.27

Other notes

**(3) Main Financial Information of Significant Associated Enterprise**

Unit: RMB

	Ending balance/Reporting Period	Beginning balance/Same period of last year

Other notes

**(4) Summary Financial Information of Insignificant Joint Ventures or Associated Enterprises**

Unit: RMB



	Ending balance/Reporting Period	Beginning balance/Same period of last year
Joint ventures:	--	--
The total of following items according to the shareholding proportions	--	--
Associated enterprises:	--	--
The total of following items according to the shareholding proportions	--	--

Other notes

#### **(5) Note to the Significant Restrictions on the Ability of Joint Ventures or Associated Enterprises to Transfer Funds to the Company**

#### **(6) The Excess Loss of Joint Ventures or Associated Enterprises**

Unit: RMB

Name	The cumulative recognized losses in previous accumulatively derecognized	The derecognized losses (or the share of net profit) in Reporting Period	The accumulative unrecognized losses in Reporting Period

Other notes

#### **(7) The Unrecognized Commitment Related to Investment to Joint Ventures**

#### **(8) Contingent Liabilities Related to Investment to Joint Ventures or Associated Enterprises**

### **4. Significant Common Operation**

Name	Main operating place	Registration place	Nature of business	Proportion /share portion	
				Directly	Indirectly

Notes to holding proportion or share portion in common operation different from voting proportion:

For common operation as a single entity, basis of classifying as common operation

Other notes

### **5. Equity in the Structured Entity Excluded in the Scope of Consolidated Financial Statements**

Notes to the structured entity excluded in the scope of consolidated financial statements:

### **6. Other**

## **X. The Risk Related to Financial Instruments**

The Company is engaged in risk management to achieve balance between risks and returns, minimizing the

negative effects of risks on its operation performance and maximizing the interests of its shareholders and other equity investors. Based on that risk management goal, the fundamental strategy of its risk management is to identify and analyze various risks facing the Company, establish an appropriate risk bottom line, carry out risk management and monitor various risks in a timely and reliable manner to control them within a restricted scope.

The Company faces various risks related to financial instruments in its routine activities, mainly including credit risk, liquidity risk market risk. The management has reviewed and approved the policies of managing those risks, which are summarized as follows.

#### (I) Credit Risk

Credit risk means the risk of financial losses incurred to the other party when one party of a financial instrument is unable to fulfill its obligations.

#### 1. Credit Risk Management Practice

##### (1) Credit Risk Evaluation Method

On each balance sheet date, the Company shall evaluate whether the credit risk of relevant financial instruments has increased significantly since the initial recognition. After determining whether the credit risk has increased significantly since the initial recognition, the Company shall consider obtaining reasonable and reliable information without paying unnecessary extra costs or efforts, including qualitative and quantitative analysis based on historical data, external credit risk rating and forward-looking information. On the base of the single financial instrument or combination of financial instruments with similar credit risk characteristics, the Company compares the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date to determine the change of default risk of financial instruments during their expected duration.

When one or more of the following quantitative and qualitative criteria prevails, the Company shall believe the credit risk of financial instruments has increased significantly:

- 1) For the quantitative standard, it can be mainly analyzed from the probability of default for the remaining duration on the balance sheet date rises by more than a certain proportion compared with the initial confirmation.
- 2) For the qualitative standard, it can be mainly analyzed from the major adverse changes in the debtor's operation or financial situation, changes in existing or expected technology, market, economy or legal environment which shall have major adverse impacts on the debtor's repayment ability of the Company, etc.
- 3) The upper limit is that the debtor's contract payment (including principal and interest) is overdue for more than 90 days.

##### (2) Definition of Default and Credit Impairment-Assets

When a financial instrument meets one or more of the following conditions, the Company shall define the financial asset as having defaulted, and its criteria are consistent with the definition of having incurred credit impairment:

##### 1) Quantitative Standard

The debtor fails to make the payment after the contract payment date for more than 90 days;

##### 2) Qualitative criteria

- ① The debtor has major financial difficulties;
- ② The debtor violates the binding provisions on the debtor in the contract;
- ③ The debtor is likely to go bankrupt or carry out other financial restructurings;
- ④ The creditor shall give the debtor concessions that will not be made in any other circumstances due to the economic or contractual considerations related to the debtor's financial difficulties.

#### 2. Measurement of Expected Credit Loss

Key parameters of the expected credit loss measurement include default probability, loss given default, and default risk exposure. The Company considers the quantitative analysis and forward-looking information of historical statistical data (such as counterparty rating, guarantee method, collateral type, repayment method, etc.) to establish exposure models of default probability, loss given default, and default risk.

3. Refer to Note V-I (2), V-I (4), V-I (8) for details of the reconciliation statements of beginning balance and ending balance of financial instrument loss provision.

#### 4. Credit Risk Exposure and Credit Risk Concentration

The Company's credit risk mainly comes from bank deposits and accounts receivable. To control the aforementioned relevant risks, the Company has adopted the following measures.

##### (1) Bank deposits

The Company places its bank deposits with financial institutions of high credit ratings. Thus, its credit risk is low.

##### (2) Accounts receivable

The Company conducts credit assessment on the customers trading in the mode of credit on a regular basis. Based on the credit assessment result, the Company chooses to trade with recognized customers with good credit and monitor the balance of the accounts receivable from them to ensure that the Company will not face any significant bad debt risk.

Due to the Company merely trades with the authorized third party with good credit, the guarantee is not required. Credit risk concentration is managed in accordance with the customers. As of 31 December 2019, there are certain credit concentration risks, and 63.81% of accounts receivable of the Company (72.89% on 31 December 2018) comes from top 5 customers of balance. The Company hasn't held any guarantee or other credit enhancement for balance of accounts receivable.

The maximum credit risk exposure the Company undertook shall be the carrying value of each financial asset in balance sheet.

##### (II) Liquidity Risk

Liquidity risk refers to the risk of fund shortage occurring when the Company fulfills the settlement obligation in the mode of cash delivery or other financial assets. Liquidity risk may originate from the failure to sell financial assets at fair value as soon as possible; or from the other party's failure to pay off its contractual debts; or from the earlier maturity of debts; or from the failure to generate the expected cash flow.

To control the risk, the Company comprehensively adopts bank loans as financing approach, appropriately combine long-term and short-term financing modes and optimize the financing structure to maintain the balance between financing sustainability and flexibility. The Company has obtained the line of credit from a number of commercial banks to satisfy its operation fund needs and capital expenditure.

Financial liabilities classified by remaining maturity

Item	Ending balance				
	Carrying value	Undiscounted contract amount	Within 1 year	1 to 3 years	Over 3 years
Bank loans	2,193,833,000.00	2,809,760,244.87	122,965,009.77	254,890,988.43	2,431,904,246.67
Accounts receivable	577,689,139.10	577,689,139.10	577,689,139.10		
Other receivables	1,136,902,252.81	1,136,902,252.81	1,136,902,252.81		
Current portion for	3,921,032.24	3,926,732.24	3,926,732.24		

other non-current liabilities					
Subtotal	3,912,345,424.15	4,528,278,369.02	1,841,483,133.92	254,890,988.43	2,431,904,246.67

(Continued)

Item	Beginning balance				
	Carrying value	Undiscounted contract amount	Within 1 year	1 to 3 years	Over 3 years
Bank loans	1,000,000.00	1,061,292.12	53,826.41	1,007,465.71	
Accounts payable	435,350,850.19	435,350,850.19	435,350,850.19		
Other payables	656,718,385.20	656,718,385.20	656,718,385.20		
Current portion for other non-current liabilities	1,669.10	1,669.10	1,669.10		
Subtotal	1,093,070,904.49	1,093,132,196.61	1,092,124,730.90	1,007,465.71	

Note: Refer to Note V-(44) for the difference between the beginning balance and ending balance in prior period (31 December 2018) for details.

### (III) Market Risk

Market risk means the fluctuation risk of the fair value of financial instruments or the future cash flow due to market price changes.

#### 1. Interest rate risk

Interest rate risk means the fluctuation risk of the fair value of financial instruments or the future cash flow due to changes of market interest rate. The Company has faced the interest rate risk of fair value generated from the financial instrument with interest of fixed rate, and the interest rate risk of cash flows generated from financial instrument with interest of floating interest rate. The Company will determine the proportion between the financial instrument with interest of fixed rate and floating interest rate according to the market environment, as well as review regularly, supervise and maintain appropriate portfolio of financial instrument. The interest rate risk of cash flows facing the Company is mainly related to the bank loans calculated by floating interest rate of the Company.

As of 31 December 2019, under the assumption of fixed variables with 50 basis points changed in interest rate, the bank loan with RMB2,193,933,000.00 (RMB1,000,000.00 on 31 December 2018) calculated at floating rate will not result in significant influence on total profit and shareholders' equity of the Company.

#### 2. Foreign exchange risk

Foreign exchange rate refers to the risk that may lead to the changes of fair value of financial instruments or future cash flows due to fluctuation in exchange rate. The risk of changes of exchange rate facing the Company is mainly related to foreign currency monetary assets and liabilities of the Company. The Company operates in mainland China, and the main activities are recorded by renminbi. Thus, the foreign exchange market risk undertaken is insignificant for the Company.

Refer to Note V-(V) 2 for the information of foreign currency monetary assets and liabilities at the period-end for

details.

## XI. The Disclosure of Fair Value

### 1. Ending Fair Value of Assets and Liabilities at Fair Value

Unit: RMB

Item	Ending fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
(III) Other equity instrument investment	1,580,475.86			1,580,475.86
Total amount of assets at fair value	1,580,475.86			1,580,475.86
II. Inconsistent fair value measurement	--	--	--	--

### 2. Market Price Recognition Basis for Consistent and Inconsistent Fair Value Measurement Items at Level 1

Other equity instrument held by the Company belongs to stocks of listed company, of which the closing price of stock exchange on 31 December 2019 shall be regarded as the fair value.

### 3. Valuation Technique Adopted and Nature and Amount Determination of Important Parameters for Consistent and Inconsistent Fair Value Measurement Items at Level 2

### 4. Valuation Technique Adopted and Nature and Amount Determination of Important Parameters for Consistent and Inconsistent Fair Value Measurement Items at Level 3

### 5. Sensitiveness Analysis on Unobservable Parameters and Adjustment Information between Beginning and Ending Carrying Value of Consistent Fair Value Measurement Items at Level 3

### 6. Explain the Reason for Conversion and the Governing Policy when the Conversion Happens if Conversion Happens among Consistent Fair Value Measurement Items at Different Levels

### 7. Changes in the Valuation Technique in the Current Period and the Reason for Such Changes

### 8. Fair Value of Financial Assets and Liabilities Not Measured at Fair Value

### 9. Other

## XII. Related Party and Related-party Transactions

### 1. Information Related to the Company as the Parent of the Company

Name	Registration place	Nature of business	Registered capital	Proportion of share held by the Company as the parent against the Company (%)	Proportion of voting rights owned by the Company as the parent against the Company (%)
Shenzhen Investment Holdings Co., Ltd.	Shenzhen	Managing state-owned assets	RMB25,349 million	63.82%	63.82%

Notes: Information on the Company as the parent

The Company as the parent of the Company is Shenzhen Investment Holdings Co., Ltd., a newly-established and organized state-owned capital investment company based on the original three state-owned assets management companies in October 2004, among which the main function is to manage the partial municipal state-owned companies according to the authorization of Municipal SASAC. As a government department, Shenzhen State-owned Assets Supervision and Administration Bureau manages Shenzhen Investment Holdings Co., Ltd. on behalf of People's Government of Shenzhen Municipality.

The final controller of the Company is Shenzhen State-owned Assets Supervision and Administration Committee of Shenzhen Government.

Other notes:

### 2. Subsidiaries of the Company

Refer to Note IX-(I) Equity in Significant Subsidiary for details.

### 3. Information on the Joint Ventures and Associated Enterprises of the Company

Refer to Note IX-3 for details about significant joint ventures or associated enterprises.

Information on other joint venture or associated enterprise of occurring related-party transactions with the Company in Reporting Period, or forming balance due to related-party transactions made in previous period:

Name	Relationship with the Company
------	-------------------------------

Other notes

### 4. Information on Other Related Parties

Name	Relationship with the Company
Shenzhen Investment Holdings Co., Ltd.	Wholly-owned subsidiary of the Company as the parent of the Company
Shenzhen Bay Technology Development Co., Ltd.	Wholly-owned subsidiary of the Company as the parent of the Company
Shenzhen Xinhai holding Co., Ltd.	The Company as the parent of Xinhai Rongyao of subsidiary Rongyao Real Estate by non-controlling interests
Shenzhen Xinhai Rongyao Real Estate Development Co., Ltd.	Subsidiary Rongyao Real Estate by non-controlling interests
Shenzhen Hi-tech Zone Development Construction Co., Ltd	Wholly-owned subsidiary of Shenzhen Bay Technology Development Co., Ltd.
Shenzhen Real Estate Jifa Warehousing Co., Ltd.	Joint venture of the Company
Shenzhen Tian'an International Mansion Property Administration Co., Ltd.	Joint venture of the Company
Shenzhen Wufang Ceramics Industrial Co., Ltd.	Associated enterprise of the Company

Other notes

### 5. List of Connected Transactions

#### (1) Information on Acquisition of Goods and Reception of Labor Service

Information on acquisition of goods and reception of labor service

Unit: RMB

Related party	Content	Reporting Period	The approval trade credit	Whether exceed trade credit or not	Same period of last year
---------------	---------	------------------	---------------------------	------------------------------------	--------------------------

Information of sales of goods and provision of labor service

Unit: RMB

Related party	Content	Reporting Period	Same period of last year
Shenzhen Bay Technology Development Co., Ltd	Property management	30,371,848.90	48,262,643.06

Shenzhen Hi-tech Zone Development Construction Co., Ltd.	Property management	1,420,903.83	526,391.41
--	---------------------	--------------	------------

Notes on acquisition of goods and reception of labor service

## (2) Information on Related-party Trusteeship/Contract

Lists of trusteeship/contract:

Unit: RMB

Name of the entruster/contractee	Name of the trustee/contractor	Type	Start date	Due date	Pricing basis	Income recognized in this Reporting Period
Shenzhen Shentou Property Development Co., Ltd.	Shenzhen Toukong Property Management Co., Ltd.	Investment property	6 November 2019	5 November 2025	Market pricing	4,552,437.91

Notes:

Lists of entrust/contractee

Unit: RMB

Name of the entruster/contractee	Name of the trustee/contractor	Type	Start date	Due date	Pricing basis	Charge recognized in this Reporting Period
----------------------------------	--------------------------------	------	------------	----------	---------------	--

Notes:

## (3) Information on Related-party Lease

The Company was lessor:

Unit: RMB

Name of lessee	Category of leased assets	The lease income confirmed in the Reporting Period	The lease income confirmed in the Same period of last year
Shenzhen Shentou Property Development Co., Ltd.	Investment property	373,194.96	365,868.00

The Company was lessee:

Unit: RMB

Name of lessor	Category of leased assets	The lease fee confirmed in the Reporting Period	The lease fee confirmed in the Same period of last year
----------------	---------------------------	---	---

Notes:



**(4) Information on Related-party Guarantee**

The Company was guarantor:

Unit: RMB

Secured party	Guarantee amount	Start date	End date	Execution accomplished or not

The Company was secured party

Unit: RMB

Guarantor:	Guarantee amount	Start date	End date	Execution accomplished or not

Notes:

**(5) Information on Inter-bank Lending of Capital of Related Parties**

Unit: RMB

Related party	Amount	Start date	End date	Note
Borrowing				
Shenzhen Real Estate Jifa Warehousing Co., Ltd.	6,500,000.00	22 July 2019		No specific repayment period
Lending				

<p>Shenzhen Xinhai Holding Co., Ltd.</p>	<p>551,499,990.18</p>	<p>31 July 2018</p>	<p>In 2019, the Company acquired 69% equity of Shenzhen Rongyao Real Estate Development co., ltd (hereinafter referred to as “Rongyao Real Estate”) through business combination under different control. On the day of merger and acquisition, Shenzhen Rongyao Real Estate Development Co., Ltd. Shall received a total of RMB1,390.6049 million from the former controlling shareholder Shenzhen Xinhai Rongyao Real Estate Development Co., Ltd. (hereinafter referred to as “Xinhai Rongyao”) and the parent company Shenzhen Xinhai Holdings Co., Ltd. (hereinafter referred to as “Xinhai Holdings”). For this transaction, ShenZhen Properties &amp; Resources Development (Group) Ltd. has made repayment arrangements with relevant parties and signed relevant repayment agreement, which stipulates that Xinhai Rongyao and Xinhai Holding will pay the abovementioned debts with the balance of equity transfer fund of RMB408 million. As for the repayment plan with the remaining balance of RMB982.6049 million: in the first stage, RMB100 million shall be repaid during the demolition of the project;</p>
--	-----------------------	---------------------	--

			<p>in the second stage, RMB582.6049 million shall be paid off within 3 months from the date of completion of the project (subject to the signing of the compensation and resettlement agreement for the relocation of all properties within the scope of the project); in the third stage, the remaining RMB300 million can be extended until the project is completely liquidated within one year from the date of completion of demolition, but the loan interest shall be paid at an annual interest rate of 11% per day to Rongyao Real Estate from the date of completion of demolition to the date of completion of loan repayment. According to the terms of the agreement, Xinhai Rongyao pledged 31% of equity in Rongyao Estate as the guarantee of implementation of the repayment obligation to the Company. As of the issuance of the report, the above pledge procedure hasn't been completed.</p> <p>As of 31 December 2019, the demolition progress of the project has not reached the repayment node of the second stage, and the balance due from Xinhai Rongyao Real Estate and Xinhai Holdings is RMB881.9729 million.</p>
--	--	--	--

Shenzhen Xinhai Rongyao Real Estate Development Co., Ltd.	330,472,932.33	22 June 2018		The same
---	----------------	--------------	--	----------

## (6) Information on Assets Transfer and Debt Restructuring by Related Party

Unit: RMB

Related party	Content	Reporting period	Same period of last year
---------------	---------	------------------	--------------------------

## (7) Information on Remuneration for Key Management Personnel

Unit: RMB

Item	Reporting period	Same period of last year
Remuneration for key management personnel	11,861,114.20	9,764,725.59

## (8) Other Related-party Transactions

### Projects Investment Status of Core Staff

To advocate the core staff of the group to share the operating results of market-oriented projects with the Company, share the operating risks, stimulate their endogenous power to improve efficiency and increase benefits, further improve the project turnover rate, reduce the risks of land acquisition, development and operation, improve the asset management efficiency and to realize the maintenance and appreciation of state-owned assets, through the standardized and scientific design of investment follow-up mechanism and the establishment of the group's long-term incentive and restraint mechanism, the Company has formulated the Staff Follow-up Investment Management Measures. According to the above management measures, follow-up investment matters will form related transactions of the joint investment with some core staff of the Company. As of 31 December 2019, the core staff of the Company has contributed a total of one item within the scope of the consolidated statement of follow-up investment through cash. The actual investment of follow-up investment is RMB40 million. There is no accumulated back-up fund. The follow-up investment of the item is as follows:

Item	Total amount	Accumulative return
Bangling urban renewal project (Note)	40,000,000.00	

Note: Bangling urban renewal project belongs to the urban renewal project of Shenzhen Rongyao Real Estate Development Co., Ltd., the subsidiary of the Company, located at Guihua Road, Longhua District, Shenzhen. The project is in the early stage of demolition currently, and after the demolition, the development construction land will be expected to cover 68,400 square meters with capacity building area of 434,600 square meters as well as RMB6,433 million in the expected total investment of the project.

## 6. Accounts Receivable and Payable of Related Party

### (1) Accounts Receivable

Unit: RMB

Item	Related party	Ending balance	Beginning balance
------	---------------	----------------	-------------------

		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable	Shenzhen Bay Technology Development Co., Ltd.	93,790,305.70	4,689,515.29	54,061,752.12	2,703,087.61
	Shenzhen Hi-tech Zone Development Construction Co., Ltd.	1,045,589.81	31,367.69	669,862.82	20,095.88
Subtotal		94,835,895.51	4,720,882.98	54,731,614.94	2,723,183.49
Other receivables	Shenzhen Xinhai Holding Co., Ltd.	551,499,990.18		1,057,899,990.18	
	Shenzhen Xinhai Rongyao Real Estate Development Co., Ltd.	330,472,932.33		332,072,932.33	
	Shenzhen Hi-tech Zone Development Construction Co., Ltd.	138,689.46	69,344.73	281,062.74	84,318.82
	Shenzhen Wufang Ceramics Industrial Co., Ltd.	1,747,264.25	1,747,264.25	1,747,264.25	1,747,264.25
Subtotal		883,858,876.22	1,816,608.98	1,392,001,249.50	1,831,583.07

**(2) Accounts Payable**

Unit: RMB

Item	Related party	Ending carrying amount	Beginning carrying amount
Other payables	Shenzhen Real Estate Jifa Warehousing Co., Ltd.	35,796,665.14	29,296,665.14
	Shenzhen Tian'an International Mansion Property Administration Co., Ltd.	5,214,345.90	5,214,345.90
Subtotal		41,011,011.04	34,511,011.04

**7. Commitments of Related Party****8. Other****XIII. Stock Payment****1. The Overall Situation of Stock Payment**

Applicable  Not applicable

**2. The Stock Payment Settled in Equity**

Applicable  Not applicable

**3. The Stock Payment Settled in Cash**

Applicable  Not applicable

**4. Modification and Termination of the Stock Payment****5. Other****XIV. Commitments and Contingency****1. Significant Commitments**

Significant Contingency on Balance Sheet Date

1. Large amount contract signed under performance or performance preparation

Item	Reporting period	Same period of last year
Signed but derecognized in financial statements		
—Large amount contract	145,501,513.44	11,355,909.38

**2. Contingency****(1) Significant Contingency on Balance Sheet Date****1) Contingent liabilities formed by pending action and financial influence**

① The action about transferring Jiabin Building contentious matter

In 1993, the Company signed Right of Development Transfer Contract of Jiabin Building with Shenzhen Jiyong Property Development Co., Ltd. (hereinafter referred to as “Jiyong Company”). Since the contract was not effectively executed, the Company subsequently filed a series of lawsuits against the parties involved in the project, but the outcome was not favorable to the Company. Therefore, the Company calculated and withdrew bad-debt provisions for accounts receivable from Jiyong Company in full in past years for the transfer of Jiabin Building. On October 31, 2018, Shenzhen Intermediate People’s Court made a civil award and ruled that the Company’s application for the bankruptcy of Jiyong Company would not be accepted. The Company refused to accept such

ruling and has appealed to Shenzhen Intermediate People's Court. As of the issuance date of the report, there is no new progress in the case.

② Lawsuit items regarding disputes over environmental pollution liability of Fuchang Building Phase II

On 24 May 2019, the Futian District Indemnificatory Talent Housing Project "Fuhuihuayuan, Fuchang Building Phase II" developed by the Company officially started. The plaintiffs Feng Shuiping and other 180 people filed a civil lawsuit against the Company and the Second Construction Engineering Co., Ltd. of China Construction Third Engineering Bureau Co., Ltd. (hereinafter referred to as "The Third Construction Bureau"). The plaintiffs claimed the amount of personal injury compensation at the standard of RMB300 per day during the construction period and the total amount of the subject matter involved in the series of cases was RMB8.154 million. The court initially fixed the court date as 10 December 2019, while another defendant, The Third Construction Bureau filed a jurisdictional objection with the court. The original court date decided by the court of the first instance was postponed. As of the issuance date of the report, the notice of the court date has not been received from the court of the first instance. As the court decision has not yet been obtained, the Company has not accrued the estimated liabilities for the above cases.\

③Lawsuit items regarding Lvxiyuan Company contract dispute

On 23 October 2018, Shenzhen Huazhengpeng Property Management Development Co., Ltd. (hereinafter referred to as "Huazhengpeng"), a subsidiary of the Company, was sued by the plaintiff Shenzhen Lvxiyuan Agricultural Products Co., Ltd. (hereinafter referred to as Lvxiyuan) for a dispute over the sales contract. On 11 March 2019, the court ruled that Huazhengpeng had to pay Lvxiyuan good payments and the interest altogether RMB593,579.23, and the bank account balance under Huazhengpeng's name was deducted RMB111,545.36 during the enforcement process by the court, and the account of Huazhengpeng Company was frozen, at this point, there are no executable assets under Huazhengpeng's name. This year, Huazhengpeng accrued an estimated liability of RMB 482,033.87 according to the compensation amount to be paid.

④ Lawsuit items regarding Cai Xuesen's contract dispute

On 10 August 2005, Shenzhen Taixinli Property Management Co., Ltd. (hereinafter referred to as "Taixinli"), a subsidiary of the Company, leased two lands located beside original Songgang toll station of national highway 107 to Cai Xuesen (natural person) for the construction of a factory building. Due to the land can only be used for education, Cai Xuesen was unable to obtain a work permit. Therefore, on 30 June 2008, Cai Xuesen filed a lawsuit to the court on the ground that Taixinli deliberately concealed the fact that they had no land use right, and made him impossible to start construction at the agreed time. On 13 January 2019, Shenzhen Intermediate People's Court made a final judgment on the case, demanding Taixinli to repay Cai Xuesen's losses altogether RMB749,398.00. The Company has fully accrued the estimated liabilities for the above amount.

⑤ Lawsuit items regarding Lubanhang's contract disputes

On 23 July 2014, Shenzhen Taixinli Property Management Co., Ltd. (hereinafter referred to as "Taixinli"), a subsidiary of the Company, signed Supervision Service Contract with Guangdong Lubanhang Technology Co., Ltd. (hereinafter referred to as "Lubanhang") regarding Yupin Luanshan project. The project was suspended in 2016 for some reason, so Lubanhang filed a lawsuit with Shenzhen Bao'an District People's Court on 31 March 2019, required to dissolve the Supervision Service Contract and pay supervision service fees and interest, etc altogether RMB7,063,237.32, and proposed to the court for property preservation and freeze the total amount of RMB7,063,237.32 in the account of Taixinli Company. On 5 November 2019, the court ruled in the first instance that Taixinli should pay part of the supervision service fees and corresponding interest according to the fault liability. Accordingly, the Company has accrued the estimated liability of RMB1,671,896.00 according to the judgment result of the court.

## 2) Contingent liabilities formed by debt guarantee provided for other units and financial influence

① As a real estate developer, the Company has provided mortgage guarantees for commercial housing purchasers and paid loan guarantees according to real estate business practices. As of 31 December 2019, the balance of the cash deposit that have not been released is RMB1,117,507.63. That guarantee will be released on the date when the mortgage money is paid off.

②The Company and its subsidiaries provide mortgage guarantees for commercial housing purchasers according to the real estate business practice. The purchaser uses the purchased commercial housing as collateral. The guarantee amount that has not been settled as of 31 December 2019 is RMB1,812,240,875.59 and since so far, purchasers have not defaulted, and the current market price of

these properties is higher than the selling price, the Company believes that the risks associated with providing such guarantees are relatively low.

## (2) In Despite of no Significant Contingency to Disclose, the Company Shall Also Make Relevant Statements

There was no significant contingency in the Company.

### 3. Other

## XV. Events after Balance Sheet Date

### 1. Significant Non-adjusted Events

Unit: RMB

Item	Content	Influence number to the financial position and operating results	Reason of inability to estimate influence number

### 2. Profit Distribution

Unit: RMB

Profits or dividends planned to distribute	214,552,473.12
Reviewed and approved profits or dividends declared to distribute	214,552,473.12

### 3. Sales Return

### 4. Notes to Other Events after Balance Sheet Date

## XVI. Other Significant Events

### 1. The Accounting Errors Correction in Previous Period

#### (1) Retrospective Restatement

Unit: RMB

Content	Processing program	Name of the influenced report items during comparison period	Accumulative impact

#### (2) Prospective Application

Content	Processing program	Reason for adopting prospective application



**2. Debt Restructuring**

Not applicable

**3. Assets Replacement****(1) Non-monetary Assets Exchange**

Not applicable

**(2) Other Assets Replacement**

Not applicable

**4. Pension Plans**

Not applicable

**5. Discontinued Operations**

Unit: RMB

Item	Income	Expense	Total profit	Income tax expense	Net profit	Profit from discontinued operations attributable to owners of the Company as the parent
Shenzhen Hefeng Property Management Co., Ltd.	0.00	928,469.09	68,776.81	0.00	68,776.81	68,776.81

Other notes

**6. Segment Information****(1) Determination Basis and Accounting Policies of Reportable Segment**

The factors considered to determine the reportable segment

In accordance with the internal organization structure, management requirements and internal report system, the Company identified the reportable segments based on the product segment and assessed the operational performance of ivory business, printing business and latex business. The assets and liabilities sharing with other segments shall be proportionally distributed among segments by scales.

**(2) The Financial Information of Reportable Segment**

Unit: RMB

Item	Real estate	Property management	Catering service	Others	Offset among segment	Total
Main operation revenue	2,733,576,693.98	1,149,248,827.13	25,233,345.26	6,164,659.54	-35,409,739.92	3,878,813,785.99
Main operation cost	487,948,623.15	944,077,821.52	23,764,400.05	3,335,375.68	-46,906,089.99	1,412,220,130.41
Total assets	14,198,271,884.51	1,518,565,388.80	3,858,917.20	2,265,195.50	-4,950,469,645.48	10,772,491,740.53
Total liabilities	11,419,730,032.77	1,081,903,366.20	3,048,272.47	3,322,033.01	-5,002,079,265.11	7,505,924,439.34

**(3) If there Was no Reportable Segment, or the Total Amount of Assets and Liabilities of Each Reportable Segment Could not Be Reported, Relevant Reasons Shall Be Clearly Stated**

**(4) Other notes****7. Other Significant Transactions and Events with Influence on Investors' Decision-making****8. Other****XVII. Notes of Main Items in the Financial Statements of the Company as the Parent****1. Notes Receivable and Accounts Receivable****(1) Accounts Receivable Disclosed by Category**

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable for which bad debt provision separately accrued	96,702,269.40	99.16%	96,702,269.40	100.00%	0.00	96,702,269.40	99.16%	96,702,269.40	100.00%	
Of which:										

Accounts receivable withdrawal of bad debt provision by group	820,241.30	0.84%	64,309.16	7.84%	755,932.14	1,940,446.37	1.97%	86,951.65	4.48%	1,853,494.72
Of which:										
Total	97,522,510.70	100.00%	96,766,578.56	99.22%	755,932.14	98,642,715.77	100.00%	96,789,221.05	98.12%	1,853,494.72

Accounts receivable for which bad debt provision separately accrued:

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Reason for withdrawal
Shenzhen Jiyong Properties & Resources Development Company	93,811,328.05	93,811,328.05	100.00%	Involved in lawsuit and with no executable property
Shenzhen Tewe Industrial Co., Ltd.	2,836,561.00	2,836,561.00	100.00%	Long aging and expected unrecoverable
Luohu District Economic Development Company	54,380.35	54,380.35	100.00%	Long aging and expected unrecoverable
Total	96,702,269.40	96,702,269.40	--	--

Accounts receivable for which bad debt provision separately accrued: RMB96,702,269.40

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Reason for withdrawal

Accounts receivable for which bad debt provision separately accrued:

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Reason for withdrawal

Withdrawal of bad debt provision by group: RMB64,309.16

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Portfolio of credit risk features	820,241.30	64,309.16	7.84%

Notes to the determination basis for the group:

For details, please refer to Part X Financial Statement-V-10.

Withdrawal of bad debt provision by group:

Unit: RMB

Name	Ending balance

	Carrying amount	Bad debt provision	Withdrawal proportion
Within 1 year	253,070.99	7,592.13	3.00%
1 to 2 years	567,170.31	56,717.03	10.00%
Total	820,241.30	64,309.16	--

Notes to the determination basis for the group:

Withdrawal of bad debt provision by group:

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion

Notes to the determination basis for the group:

Please refer to the relevant information of disclosure of bad debt provision of other accounts receivable if adopting the general mode of expected credit loss to withdraw bad debt provision of accountsreceivable.

Applicable  Not applicable

Disclosed by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	253,070.99
1 to 2 years	567,170.31
Over 3 years	96,702,269.40
Over 5 years	96,702,269.40
Total	97,522,510.70

## (2) Bad Debt Provision Withdrawal, Reversed or Recovered in the Reporting Period

Bad Debt Provision Withdrawn, Reversed or Recovered in the Reporting Period:

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period			Ending balance
		Withdrawal	Reversal or recovery	Write-off	
Bad debt provision withdrawn separately	96,702,269.40				96,702,269.40
Bad debt provision withdrawn by group	86,951.65		22,642.49		64,309.16
Total	96,789,221.05		22,642.49		96,766,578.56

Of which significant amount of reversed or recovered bad debt provision:

Unit: RMB

Name of entity	Amount reversed or recovered	Way of recovery
----------------	------------------------------	-----------------

**(3) Accounts Receivable with Actual Verification during the Reporting Period**

Unit: RMB

Item	Amount verified
------	-----------------

Of which the verification of significant other accounts receivable:

Unit: RMB

Name of entity	Nature	Amount verified	Reason for verification	Verification procedures performed	Whether generated from connected transactions
----------------	--------	-----------------	-------------------------	-----------------------------------	---

Notes to verification of accounts receivable:

**(4) Top 5 of the Ending Balance of the Accounts Receivable Collected according to Arrears Party**

Unit: RMB

Name of entity	Ending balance of accounts receivable	Proportion to the total ending balance of accounts receivable (%)	Ending balance of bad debt provision
Shenzhen Jiyong Properties & Resources Development Company	93,811,328.05	96.19%	93,811,328.05
Shenzhen Tewe Industry Co., Ltd.	2,836,561.00	2.91%	2,836,561.00
Shenzhen Rainbow Department Store Co., Ltd.	567,170.31	0.58%	567,170.31
Shenzhen Garwon Restaurant Chains Co., Ltd.	90,956.00	0.09%	2,728.68
Luohu District Economic Development Company	54,380.35	0.06%	54,380.35
Total	97,360,395.71	99.83%	

**(5) Accounts Receivable Derecognized due to the Transfer of Financial Assets****(6) The Amount of Assets and Liabilities Generated from the Transfer and the Continued Involvement of Accounts Receivable**

Other notes:

**2. Other Accounts Receivable**

Unit: RMB

Item	Ending balance	Beginning balance
Other accounts receivable	501,082,153.81	1,298,486,323.35
Total	501,082,153.81	1,298,486,323.35

**(1) Interest Receivable****1) Category of Interest Receivable**

Unit: RMB

Item	Ending balance	Beginning balance
------	----------------	-------------------

**2) Significant Overdue Interest**

Entity	Ending balance	Overdue time	Overdue reason	Whether occurred impairment and its judgment basis
--------	----------------	--------------	----------------	--

Other notes:

**3) Information of Withdrawal of Bad Debt Provision** Applicable  Not applicable**(2) Dividend Receivable****1) Category of Dividend Receivable**

Unit: RMB

Item (or investees)	Ending balance	Beginning balance
---------------------	----------------	-------------------

**2) Significant Dividends Receivable Aging over 1 Year**

Unit: RMB

Item (or investees)	Ending balance	Aging	Reason	Whether occurred impairment and its judgment basis
---------------------	----------------	-------	--------	--

**3) Information of Withdrawal of Bad Debt Provision** Applicable  Not applicable

Other notes:

**(3) Other Receivables****1) Other Receivables Disclosed by Account Nature**

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Guarantee deposit	2,139,511.80	2,218,894.63
Petty cash		174,311.00
Payment on behalf	16,557.82	511,835.47
External intercourse funds	23,164,046.99	23,110,568.22
Intercourse funds to subsidiary	508,280,508.64	1,305,603,603.25
<b>Total</b>	<b>533,600,625.25</b>	<b>1,331,619,212.57</b>

## 2) Information of Withdrawal of Bad Debt Provision

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2019	33,132,889.22			33,132,889.22
Balance of 1 January 2019 in the current period	—	—	—	—
Reversal of the current period	614,417.78			614,417.78
Balance of 31 December 2019	32,518,471.44			32,518,471.44

Changes of carrying amount with significant amount changed of loss provision in the Reporting Period

 Applicable  Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 years (including 1 year)	10,420,103.68
1 to 2 years	6,685,717.35
2 to 3 years	281,704,128.54
Over 3 years	234,790,675.68
3to 4 years	42,409,836.60
4to 5 years	5,644,887.62
Over 5 years	186,735,951.46
<b>Total</b>	<b>533,600,625.25</b>

**3) Bad Debt Provision Withdrawn, Reversed or Recovered in the Reporting Period**

Information of bad debt provision withdrawn:

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period			Ending balance
		Withdrawal	Reversal or recovery	Write-off	
Bad debt provision	33,132,889.22		614,417.78		32,518,471.44
Total	33,132,889.22		614,417.78		32,518,471.44

Of which the bad debt provision reversed or recovered with significant amount during the Reporting Period:

Unit: RMB

Name of entity	Amount reversed or recovered	Way of recovery

**4) Particulars of the Actual Verification of Other Receivables during the Reporting Period**

Unit: RMB

Item	Amount

Of which the verification of significant other receivables:

Unit: RMB

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of related-party transactions

Notes to the verification of other receivables:

**5) Top 5 of the Ending Balance of Other Receivables Collected according to the Arrears Party**

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to ending balance of total other receivables%	Ending balance of bad debt provision
SZPRD Xuzhou Dapeng Real Estate Development Co., Ltd.	Intercourse funds to subsidiary	222,088,221.77	1 to 3 years	38.18%	
Shum Yip Properties Development Limited	Intercourse funds to subsidiary	109,963,975.18	Over 5 years	18.91%	7,266,277.17
Shenzhen Huangcheng Property Management Co., Ltd.	Intercourse funds to subsidiary	66,865,906.77	2 to 3 years	11.49%	
SZPRD Yangzhou Real Estate Development Co., Ltd.	Intercourse funds to subsidiary	42,409,836.60	3 to 4 years	7.29%	



Shanghai Yutong Real Estate Co., Ltd.	External intercourse funds	5,676,000.00	Over 5 years	0.98%	5,676,000.00
Total	--	447,003,940.32	--	76.84%	12,942,277.17

### 6) Accounts Receivable Involving Government Subsidies

Unit: RMB

Name of the entity	Project of government subsidies	Ending balance	Ending aging	Estimated recovering time, amount and basis

### 7) Derecognition of Other Receivables due to the Transfer of Financial Assets

### 8) The Amount of the Assets and Liabilities Formed due to the Transfer and the Continued Involvement of Other Receivables

Other notes:

## 3. Long-term Equity Investment

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Investment to subsidiaries	1,095,429,880.39	69,964,000.00	1,025,465,880.39	269,466,672.93	69,964,000.00	199,502,672.93
Investment to joint ventures and associated enterprises	64,059,736.86	18,983,614.14	45,076,122.72	58,982,897.38	18,983,614.14	39,999,283.24
Total	1,159,489,617.25	88,947,614.14	1,070,542,003.11	328,449,570.31	88,947,614.14	239,501,956.17

### (1) Investment to Subsidiaries

Unit: RMB

Investee	Beginning balance (carrying value)	Increase/decrease				Ending balance (carrying value)	Ending balance of depreciation reserve
		Additional investment	Reduced investment	Depreciation reserve withdrawn	Other		

Shenzhen Huangcheng Real Estate Co., Ltd.	35,552,671.93					35,552,671.93	
SZPRD Real Estate Development Co., Ltd.	30,950,000.00					30,950,000.00	
SZPRD Yangzhou Real Estate Development Co., Ltd.	50,000,000.00					50,000,000.00	
Dongguan ITC Changsheng Real Estate Development Co., Ltd.	20,000,000.00					20,000,000.00	
Shenzhen International Trade Center Property Management Co., Ltd.	20,000,000.00					20,000,000.00	
Shenzhen International Trade Center Catering Co., Ltd.	1.00					1.00	1,600,000.00
Shenzhen Property Construction Supervision Co., Ltd.	3,000,000.00					3,000,000.00	
SZPRD Housing Assets Operation and Management Co., Ltd.	40,000,000.00					40,000,000.00	

Zhanjiang Shenzhen Real Estate Development Co., Ltd.	0.00						0.00	2,530,000.00
Shum Yip Properties Development Co., Ltd.	0.00						0.00	15,834,000.00
SZPRD Xuzhou Dapeng Real Estate Development Co., Ltd.	0.00						0.00	50,000,000.00
Shenzhen Rongyao Real Estate Development Co., Ltd.		508,000,000.00					508,000,000.00	
Shenzhen Toukong Property Management Co., Ltd.		317,963,207.46					317,963,207.46	
<b>Total</b>	<b>199,502,672.93</b>	<b>825,963,207.46</b>					<b>1,025,465,880.39</b>	<b>69,964,000.00</b>

## (2) Investment to Joint Ventures and Associated Enterprises

Unit: RMB

Investee	Beginning balance (carrying value)	Increase/decrease								Ending balance (carrying value)	Ending balance of depreciation reserve
		Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
<b>I. Joint ventures</b>											

Shenzhen Real Estate Jifa Warehousing Co., Ltd.	34,103,840.40			4,510,931.26						38,614,771.66	
Tian'an International Building Property Management Company of Shenzhen	5,895,442.84			565,908.22						6,461,351.06	
Subtotal	39,999,283.24			5,076,839.48						45,076,122.72	
II. Associated enterprises											
Shenzhen Wufang Ceramics Industrial Co., Ltd.											18,983,614.14
Subtotal											18,983,614.14
Total	39,999,283.24			5,076,839.48						45,076,122.72	18,983,614.14

### (3) Other Notes

#### 4. Operating Revenue and Cost of Sales

Unit: RMB

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	393,330,909.38	60,386,026.23	1,279,701,193.52	224,508,410.48
Other operations		1,319,976.00	943,396.23	1,319,976.00
Total	393,330,909.38	61,706,002.23	1,280,644,589.75	225,828,386.48

Whether the Company has executed the new income standards

Yes  No

Other notes:

## 5. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by equity method	5,076,839.48	1,268,890.28
Investment income from disposal of long-term equity investment		565,632.29
Investment income of financial instrument during holding period	81,620,807.16	
Total	86,697,646.64	1,834,522.57

## 6. Other

Not applicable

## XVIII. Supplementary Materials

### 1. Items and Amounts of Non-recurring Profit or Loss

Applicable  Not applicable

Unit: RMB

Item	Amount	Note
Gains/losses on the disposal of non-current assets	47,015.23	
Government grants recognized in the Current Period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the government's unified standards	2,410,184.82	
Current net gains and losses of subsidiaries acquired in business combination under the same control from period-begin to combination date	118,680,871.93	
Other non-operating income and expense other than the above	2,048,751.21	
Project confirmed with the definition of non-recurring gains and losses	91,337.56	

Less: Income tax effects	1,146,936.51	
Non-controlling interests effects	645.31	
Total	122,130,578.93	--

Explain the reasons if the Company classifies an item as a non-recurring gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses, or classifies any extraordinary gain/loss item mentioned in the said explanatory announcement as a recurring gain/loss item.

Applicable  Not applicable

## 2. Return on Equity and Earnings Per Share

Profit as of Reporting Period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to ordinary shareholders of the Company	20.467%	1.3722	1.3722
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	19.82%	1.1673	1.1673

## 3. Differences between Accounting Data under Domestic and Overseas Accounting Standards

### (1) Differences of Net Profit and Net Assets Disclosed in Financial Reports Prepared under International and Chinese Accounting Standards

Applicable  Not applicable

### (2) Differences of Net profit and Net assets Disclosed in Financial Reports Prepared under Overseas and Chinese Accounting Standards

Applicable  Not applicable

### (3) Explain Reasons for the Differences between Accounting Data under Domestic and Overseas Accounting Standards; for any Adjustment Made to the Difference Existing in the Data Audited by the Foreign Auditing Agent, Such Foreign Auditing Agent's Name Shall Be Clearly Stated

## 4. Other

## **Part XIII Documents Available for Reference**

- I. The financial statements with the signatures and stamps of the Company's legal representative, head of financial affairs and head of the financial department (accounting supervisor);
- II. The original copy of the Independent Auditor's Report with the seal of the CPA firm as well as the signatures and seals of the certified public accountants; and
- III. The originals of all the Company's documents and announcements disclosed to the public via newspapers designated by the CSRC in the Reporting Period.