



Shenzhen Properties Group

深房集团

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

ANNUAL REPORT 2022

2023-010

【March 2023】

Part I Important Notes, Table of Contents and Definitions

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

Tang Xiaoping, the Company’s General Manager, Wang Jianfei, the Company’s Chief Financial Officer, and Qiao Yanjun, head of the Company’s financial department (equivalent to financial manager) hereby guarantee that the Financial Statements carried in this Report are factual, accurate and complete.

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

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

The Board has approved a final dividend plan as follows: based on the total share capital of 1,011,660,000 shares, a cash dividend of RMB0.61 (tax inclusive) per 10 shares is to be distributed to the shareholders, with no bonus issue from either profit or capital reserves.

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

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Documents Available for Reference

1. The financial statements with the personal signatures and stamps of the Company's general manager, Chief Financial Officer and head of the financial department;
2. The original of the Auditor's Report with the stamp of the CPA firm, as well as the personal signatures and stamps of the CPAs; and
3. The originals of all the documents and announcements disclosed by the Company on Securities Times, China Securities Journal and Ta Kung Pao during the Reporting Period.

Definitions

Term	Definition
“Shenzhen SASAC” or the “Municipal SASAC”	The State-owned Assets Supervision and Administration Commission of the People’s Government of Shenzhen Municipal
SIHC	Shenzhen Investment Holdings Co., Ltd.
The “Company”, the “Group”, “SPG” or “we”	ShenZhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd. and its consolidated subsidiaries, except where the context otherwise requires
Shenzhen Property Management	Shenzhen Property Management Co., Ltd.
Petrel Hotel	Shenzhen Petrel Hotel Co., Ltd.
Zhentong Engineering	Shenzhen Zhentong Engineering Co., Ltd.
Huazhan Construction Supervision	Shenzhen Huazhan Construction Supervision Co., Ltd.
Jianbang Group	Guangdong Jianbang Group (Huiyang) Industrial Co., Ltd.
Chuanqi Real Estate Development	Shenzhen SPG Chuanqi Real Estate Development Co., Ltd.

Part II Corporate Information and Key Financial Information

I Corporate Information

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

II Contact Information

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

Stock exchange website where this Report is disclosed	Shenzhen Stock Exchange (http://www.szse.cn/)
Newspaper and website where this Report is disclosed	Domestic: Securities Times, China Securities Journal, and http://www.cninfo.com.cn Overseas: Ta Kung Pao (HK)
Place where this Report is lodged	47/F, SPG Plaza, 3005 Renmin South Road, Luohu District, Shenzhen, Guangdong, P.R.China

IV Change to Company Registered Information

Unified social credit code	91440300192179585N
Change to principal activity of the Company since going public (if any)	No change

Every change of controlling shareholder since incorporation (if any)	On 24 March 1999, the controlling shareholder was changed from Shenzhen Investment Management Co., Ltd. to Shenzhen Construction Investment Holdings Co., Ltd. And on 14 February 2006, it was changed to Shenzhen Investment Holdings Co., Ltd.
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V Other Information

The independent audit firm hired by the Company:

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

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

	2022	2021	2022-over-2021 change (%)	2020
Operating revenue (RMB)	634,384,561.42	1,320,790,648.45	-51.97%	1,615,009,713.88
Net profit attributable to the listed company's shareholders (RMB)	153,718,805.57	220,836,309.93	-30.39%	290,229,772.23
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	21,160,405.11	208,306,710.37	-89.84%	253,595,334.11
Net cash generated from/used in operating activities (RMB)	-675,775,998.76	-1,205,952,107.94	43.96%	285,164,013.17
Basic earnings per share (RMB/share)	0.1519	0.2183	-30.42%	0.2869
Diluted earnings per share (RMB/share)	0.1519	0.2183	-30.42%	0.2869
Weighted average return on equity (%)	3.88%	5.72%	-1.84%	7.81%
	31 December 2022	31 December 2021	Change of 31 December 2022 over 31 December 2021 (%)	31 December 2020
Total assets (RMB)	5,689,769,802.18	6,182,498,050.43	-7.97%	4,936,916,746.74
Equity attributable to the listed company's shareholders (RMB)	4,004,240,547.70	3,938,260,291.97	1.68%	3,797,512,488.22

Indicate by tick mark whether the lower of the net profit attributable to the listed company's shareholders before and after exceptional gains and losses was negative for the last three accounting years, and the latest independent auditor's report indicated that there was uncertainty about the Company's ability to continue as a going concern.

Yes No

Indicate by tick mark whether the lower of the net profit attributable to the listed company's shareholders before and after exceptional gains and losses was negative.

Yes No

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

1. Net Profit and Equity under CAS and IFRS

Applicable Not applicable

Unit: RMB

	Net profit attributable to the listed company's shareholders		Equity attributable to the listed company's shareholders	
	2022	2021	Ending amount	Beginning amount
Under CAS	153,718,805.57	220,836,309.93	4,004,240,547.70	3,938,260,291.97
Adjusted as per IFRS				
Under IFRS	153,718,805.57	220,836,309.93	4,004,240,547.70	3,938,260,291.97

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

Applicable Not applicable

No difference for the Reporting Period.

3. Reasons for Accounting Data Differences Above

Applicable Not applicable

VIII Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	272,594,952.10	93,589,546.80	160,169,563.23	108,030,499.29
Net profit attributable to the listed company's shareholders	162,278,083.59	-17,149,753.45	-20,007,368.55	28,597,843.98
Net profit attributable to the listed company's shareholders before exceptional gains and losses	37,225,453.61	-20,086,291.05	-20,271,993.00	24,293,235.55
Net cash generated from/used in operating activities	-461,062,516.92	-87,052,626.42	-62,497,846.24	-65,163,009.18

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	2022	2021	2020	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	161,542,599.57	-13,451.61	11,429.23	Mainly due to income from disposal of interest in subsidiary in 2022
Government subsidies charged to current profit or loss (exclusive of government subsidies consistently given in the Company's ordinary course of business at fixed quotas or amounts as per government policies or standards)	559,803.19	1,669,479.40	3,370,769.21	Government grants received

Gain or loss on assets entrusted to other entities for investment or management	9,129,650.51	13,024,710.91	15,217,058.60	Change in fair value of monetary fund investments and return on investment
Gain or loss on debt restructuring	2,610,128.31			Debt restructuring income
Reversed portions of impairment allowances for receivables which are tested individually for impairment		482,790.04		
Non-operating income and expense other than the above	1,094,190.56	1,542,604.01	29,009,657.60	
Other gains and losses that meet the definition of exceptional gain/loss			1,237,002.86	
Less: Income tax effects	41,451,680.41	4,176,533.19	12,211,479.38	
Non-controlling interests effects (net of tax)	926,291.27			
Total	132,558,400.46	12,529,599.56	36,634,438.12	--

Details of other gains and losses that meet the definition of exceptional gain/loss:

Applicable Not applicable

No such cases for the Reporting Period.

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item 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 Management Discussion and Analysis

I Industry Overview for the Reporting Period

The Company is subject to the information disclosure requirements for the real estate industry in the Disciplinary and Regulatory Guideline No. 3 of the Shenzhen Stock Exchange for Listed Companies—Industry-specific Information Disclosure.

The real estate sector embraced a policy recovery in 2022, thanks to a constant number of favorable policies introduced by the regulatory authorities to advance the sound and steady development of the real estate market. Specifically, the combo of policies focusing on three financing channels, namely credit, bonds, and equities, was put in place in November, re-opening the refinancing channels for the listed real estate enterprises and listed enterprises engaged in real estate business, which was expected to relieve the financial pressure on the real-estate enterprises. Concurrently, cities across China implemented policies based on local conditions. To restore house purchasers' confidence, the government decreased the downpayment percentage and house loan interest rate and increased the provident fund loan limit. Finally, the policies' effectiveness gradually manifested.

II Principal Activity of the Company in the Reporting Period

The Company is subject to the information disclosure requirements for the real estate industry in the Disciplinary and Regulatory Guideline No. 3 of the Shenzhen Stock Exchange for Listed Companies—Industry-specific Information Disclosure.

The Company primarily develops residential properties. During the Reporting Period, it had six available-for-sale projects, which are mainly located in Shenzhen, Huizhou and Shantou. They are: the Chuanqi Donghu Mingyuan project and the Cuilinyuan project in Shenzhen, the Linxinyuan Phase I project located in a place in Huizhou that is close to Shenzhen, and the Tianyuewan project, the Yuejing Dongfang project and the Jinyedao project in Shantou. In addition, the Company had two under-construction projects, i.e. the Guangmingli project in Guangming District, Shenzhen, and the Linxinyuan project located in a place in Huizhou that is close to Shenzhen.

New additions to the land bank:

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

Cumulative land bank:

Name of project/area	Site area (0,000 m ²)	Floor area (0,000 m ²)	Floor area available for development (0,000 m ²)
Xinfeng Building in Shantou	0.59	2.66	2.66
Linxinyuan Phase II	2.57	7.72	7.72
Linxinyuan Phase III	4.31	9.57	9.57
Linxinyuan Phase IV	3.23	6.45	6.45
Total	10.70	26.40	26.40

Development status of major projects:

City/region	Name of project	Location	Status	The Company's interest	Time for commencement of construction	% developed	% constructed	Site area (m ²)	Planned floor area with plot ratio	Floor area completed in the Current	Cumulatively completed floor area	Expected total investment (RMB'0,000)	Cumulative investment (RMB'0,000)

									(m ²)	Period (m ²)	(m ²)		
Huizhou	Linxinyuan Phase I	Huiyang	Frame work in construction	51.00%	11 June 2021	94%	94.00%	64,278	159,761			115,750	109,127
Shenzhen	SPG Guangmingli	Guanming District	Foundation pit being built	100.00%	19 January 2022	70%	70.00%	10,721	53,605			151,758	106,876

Sales status of major projects:

City/region	Name of project	Location	Status	The Company's interest	Floor area with plot ratio (m ²)	Floor area available for sale (m ²)	Cumulatively pre-sold/sold floor area (m ²)	Floor area pre-sold/sold in the Current Period (m ²)	Pre-sale/sales revenue generate in the Current Period (RMB' 0,000)	Cumulatively settled floor area (m ²)	Floor area settled in the Current Period (m ²)	Pre-sale/sales revenue settled in the Current Period (RMB' 0,000)
Shenzhen	Chuanqi Donghu Mingyuan	Luohu District	Ready for sale	100.00%	55,727	32,857	32,663	246	1,606	32,663	2,651	16,166
Shenzhen	Cuilinyuan	Longgang District	Ready for sale	100.00%	60,111	56,137	52,884	915	2,755	52,884	915	2,469
Shantou	Tianyuewan Phase I	Chaoyang District	Ready for sale	100.00%	153,470	160,372	114,884	4,998	2,844	101,655	9,131	4,793
Shantou	Tianyuewan Phase II	Chaoyang District	Ready for sale	100.00%	127,770	137,059	28,271	11,580	6,537	25,512	13,995	7,295
Huizhou	Linxinyuan Phase I	Huiyang District	On pre-sale	51.00%	159,761	159,761	2,792	2,236	2,558			

Rental status of major projects:

Name of project	Location	Use	The Company's interest	Rentable area (m ²)	Cumulative rented area (m ²)	Average occupancy rate
Real Estate Mansion	Shenzhen	Commercial	100.00%	3,413.88	2,436.60	71.37%
North Tower of Guoshang Mansion	Shenzhen	Commercial	100.00%	4,819.71	4,819.71	100.00%
Petrel Building	Shenzhen	Commercial	100.00%	22,475.47	22,475.47	100.00%
SPG Plaza	Shenzhen	Office building	100.00%	61,005.82	30,523.92	50.03%
Podium of SPG Plaza	Shenzhen	Commercial	100.00%	19,896.30	16,123.49	81.04%
Wenjin Garden	Shenzhen	Commercial	100.00%	3,531.60	3,531.60	100.00%

Primary land development:

Applicable Not applicable

Financing channels:

Financing	Ending balance	Financing cost	Maturity structure
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channel	of financings	range/average financing cost	Within 1 year	1-2 years	2-3 years	Over 3 years
Bank loans	60,366,770.99	4.15%-4.20%	6,105,770.99			54,261,000.00
Total	60,366,770.99		6,105,770.99			54,261,000.00

Development strategy and operating plan for the coming year:

Please refer to “XI Prospects” in this part of the Report.

Provision of guarantees for homebuyers on bank mortgages:

Applicable Not applicable

Project	Guarantee period	Guarantee amount (RMB' 0,000)	Note
Shanglinyuan	Until the property ownership certificate is registered as collateral and handed over to bank for keeping	107.49	
Cuilinyuan	Until the property ownership certificate is registered as collateral and handed over to bank for keeping	2,174.37	
Chuanqi Donghu Mingyuan	Until the property ownership certificate is registered as collateral and handed over to bank for keeping	1,820.33	
Tianyuewan	Until the property ownership certificate is registered as collateral and handed over to bank for keeping	36,056.20	
Total		40,158.39	

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

Applicable Not applicable

Project	Type of investor	Investment amount (RMB)	As % of total investment	As % of the peak of project funds	Cumulative returns (RMB)	Disinvestment	Compatibility of actual investment and returns
Linxinyuan	Director, supervisor or senior management of the Company	8,950,000.00	39.25%	0.90%	0.00	N/A	N/A

III Core Competitiveness Analysis

As a pioneer of real estate development enterprises in Shenzhen, the Company has created a number of "first places" in the history of real estate development in China. For example, the first to use the paid state-owned land, the first to introduce the foreign investment for the cooperative land development, the first to raise development funds by means of pre-sale of buildings, the first to carry out public bidding for construction projects in accordance with international practices, the first to set up a property management company to the buildings and residences developed in an all-rounded manner, the first to win the bid in the auction of land use rights held in the Shenzhen Special Economic Zone, etc.

Over the past 40 years, the Company has developed more than 100 high-rise buildings, 500 multi-storey residential buildings, and 400 garden villas, with a cumulative building area of more than 4 million square meters. It has paid great efforts to the establishment of a modern enterprise HR management system and works hard in building a professional and high-quality development team. It also keeps improving the management mechanism and processes for project development. As a result, its planning, construction, cost control, sales ability and brand image have been effectively improved. More importantly, its main business operation ability and core competitiveness have been greatly enhanced. The Company has been granted the titles of “Socially Responsible Company” and “Honest (Quality) Company” in the real estate sector of Shenzhen for two consecutive years.

IV Core Business Analysis

1. Overview

In 2022, strictly following relevant laws, regulations, and the Company's policies and adhering to the principle of being responsible for all shareholders of the Company, the Board of Directors of the Company kept improving its corporate governance capability and strictly implemented all resolutions of the Shareholders' General Meeting, thereby operating in a standard and efficient manner. All directors of the Company earnestly performed their duties and responsibilities granted by shareholders, effectively safeguarding the legitimate rights and interests of the Company and its shareholders.

A. Operating results of the Company

During the Reporting Period, the Company recorded operating revenue of RMB634.3846 million, down 51.97% year on year; and a net profit attributable to shareholders of the Company as the parent of RMB153.7188 million, down 30.39% year on year. As of the end of the Reporting Period, equity attributable to shareholders of the Company as the parent stood at RMB4,004.2405 million, representing an increase of RMB65.9803 million as compared to a year ago.

B. Review of Operations Management in 2022

Facing an increasingly complex external context and tougher reform and development tasks in 2022, the Company conscientiously implemented the decisions and arrangements of the State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal (Municipal SASAC) and Shenzhen Investment Holdings Co., Ltd. (SIHC). Concurrently, all SPG employees worked in unity and stayed determined to improve operations management and advance various tasks in all respects. With all these unremitting efforts, a new chapter in the high-quality development of the Group was written. Major work progress for the Reporting Period is as follows:

a. Focusing on development projects, the Company achieved new progress in the core business

Project construction: By strengthening the coordination with municipally-owned enterprises, including Shenzhen General Institute of Architectural and Research Co., Ltd., Shenzhen Water Planning & Design Institute Co., Ltd., and Shenzhen Municipal Engineering Corp., the construction of the Guangmingli project progressed rapidly, with the soldier piles, engineering piles, earthmoving, and anchor cable and breast beam works having been completed and the floor underlayment and anti-floating anchors in construction. Additionally, the structures of Buildings 1 to 8 of Linxinyuan Phase I and the basements of Phase II were completed.

Real estate sales: The Company strengthened project promotion through multiple channels for the purpose of customer base expansion. It also accelerated the pace of destocking. As a result, Chuanqi Donghu Mingyuan and Cuilinyuan in Shenzhen had only a few housing units left for sale. Concerning the Shantou Tianyuewan project, approximately 75% of units in Phase I and 20% in Phase II were sold. Concurrently, the units in Linxinyuan that have been sold represent approximately 3% of the total of the project. The sales area for the year totaled 20.1 thousand square meters, and the new contracted sales reached RMB165 million.

Rental business: The Company took pronged measures to expand the customer source. As a result, it recorded RMB53.8703 million in rental revenue for the year. Additionally, SPG Plaza was included among the "Buildings for Shenzhen-HongKong Medical and Healthcare Specialty Industry".

b. Focusing on the maintenance of stable safety protection, the Company newly consolidated the safety barrier

First, the Company fully assumed its principal responsibility for safe production by requiring all levels, ranging from the Chairman to general employees, to sign the safe production responsibility letter, doing so to ensure that the safe production accountability system for all employees would be thoroughly implemented. To this end, the Company carried out 254 potential risk inspections throughout the year, with more than 1,000 potential risks inspected and remedied. Additionally, 52 educational and training activities on safe production were organized in the year, providing training for more than 2,800 employees. Thanks to these efforts, the line of defense for safe production was fully strengthened, with no safety incidents occurring in the Group throughout the year. Second, the Company organized and carried out work for public opinion management, complaint petition response, information publicity, cybersecurity, and confidentiality management. As a result, no material negative public opinion incidents occurred during the Reporting Period.

c. Focusing on guarantee services, the Company newly maintained the corporate stability

First, the Company renewed the liability insurance for directors, supervisors, and senior managers in 2022 to provide a necessary guarantee for the performance of duties by directors, supervisors, and senior managers of the Company. It purchased critical illness insurance and group accident supplementary medical insurance for employees to enhance employees' ability to resist risks. Second, the Company completed talent introduction for ten urgent positions, further enhancing workforce development. Third, project financing was put in place. The development loan project of RMB500 million for Chuanqi Real Estate Development was completed, fully guaranteeing project development and operation. Fourth, accounts receivable management was strengthened, with RMB414 million of funds recovered in total, guaranteeing the Company's operation. Fifth, the Company fulfilled its tax obligation by laws and regulations. It paid RMB619 million in taxes and got RMB132 million in tax rebates. Sixth, the Company upgraded its official website and OA system, effectively improving its brand image and office efficiency.

d. Focusing on internal control and internal audit, the Company newly strengthened the operations management

First, the Company prepared the key tasks for 2022 and decomposed business targets and key tasks. Additionally, it held work meetings every month to make unified arrangements for the completion of key tasks and supervise the implementation of these arrangements. Second, the Company proactively advanced the streamlining of its policies and procedures. It drafted and revised eight policies for safe production and human resource management, further standardizing its policy management system. Third, the Company completed the disclosure of 50 items on the procurement platform and ten public bidding invitations in strict accordance with the procurement management regulations. Fourth, the Company stepped up efforts at internal audit. It completed seven special audits and audits, respectively. Fifth, contract review was strengthened. The Company reviewed 313 contracts throughout the year, achieving a contract review rate of 100%. Concurrently, it properly dealt with 15 lawsuits. Sixth, the Company attached great importance to the budget and settlement regarding major projects. Statistically, it prepared 17 budgets and completed 21 settlement audits, and the reduction in the budget and settlement upon review reached RMB8.13 million.

e. Focusing on the affiliates, the Company added new impetus to its business development

First, market expansion: Zhentong Engineering recorded 43 contracted projects throughout the year, with the contract value totaling RMB140 million. Petrel Hotel successfully achieved tourism transformation, and Floors 16, 19, and 28 of Petrel Building, with a combined area of 3,600 square meters, were successfully leased out. Huazhan Construction Supervision secured the project supervision business of the Guangmingli project. Second, business management: Petrel

Hotel pushed ahead with “downsizing for efficiency” to strengthen workforce management and improve efficiency. Zhentong Engineering advanced risk control in all respects and achieved positive progress in the recovery of funds for construction projects that had been tied up and the notes receivable due. Huazhan Construction Supervision refined its risk control system and strengthened on-site supervision to improve the quality and safety of construction projects. Shantou branch improved its performance appraisal mechanism to motivate employees. Additionally, the Company successfully completed the transfer of equities of Shenzhen Property Management and Yunnan Kunpeng Air Service Co., Ltd. and properly handled complicated issues, such as the profit audit during the transition period and settlement of legacy accounts receivable and payable. Existing real estate, including the land of Great Wall Estate Co., Inc. (U.S.) and Guoshang Mansion, was listed on The Stock Exchange of Hong Kong Limited, marking a breakthrough in quality and efficiency improvement.

f. Focusing on the leadership of Party building, the Company newly strengthened Party building

First, the implementation of the responsibilities for Party building was strengthened. Party organizations of the Group thoroughly learned the guiding principles of the 20th National Congress of the Communist Party of China through the “First Topics”. They adhered to the leadership of the guiding principles of the 20th National congress of the Communist Party of China and elevated the leading role of Party organizations to a new high. Special remediation was advanced strictly and rapidly, with 170 special remediation tasks on the list completed effectively and efficiently. Additionally, the development of the “One Brand for One Enterprise” Party building brand was advanced on an ongoing basis via the construction of the “Safe SPG Bright Project”. Moreover, the “massive learning, thorough research, and full implementation” working mechanism was implemented. Specifically, 35 leadership members of the Group conducted in-depth research at the paired enterprises. In the process, issues such as community-level Party building and services for the community level were addressed. The “I do practical things for the masses” practical activity was carried out regularly. Additionally, the renovation of Xiabei Village Primary School in Longdu Town, Chenghai District, Shantou City and the helpful project of improving the learning and living environment of primary school students in Longdu Town were completed according to the arrangements of the Party Committee of SIHC, fully demonstrating the Company’s sense of responsibility as a state-owned enterprise.

Second, the constraint of rigorous Party self-governance was enhanced. The Company persevered with the “one position and two responsibilities” system and arranged for the signature of the responsibility letter for improving Party conduct and ensuring integrity to decompose and fully implement the responsibilities. It strictly practiced the principles of the central Party leadership’s eight-point decision on improving conduct and implemented the regulations of the superior unit regarding the holidays. Moreover, close attention was paid to the “pointless formalities, bureaucratism, hedonism, and extravagance” issue tending to occur during major holidays to ensure the supervision of conduct improvement during holidays. Additionally, the Integrity Education and Learning Activity Program was drafted and issued to guide the educational and learning activities of the Group for the year. The implementation of the mandatory integrity topic system in the Party branch’s learning activities was promoted to carry out practice integrity learning and education from multiple perspectives and at multiple levels. By doing so, the “no desire to be corrupt” self-discipline mechanism was further enhanced, and thus the ideological line of defense for integrity and self-discipline was consolidated.

2. Revenue and Cost Analysis

(1) Breakdown of Operating Revenue

Unit: RMB

	2022		2021		Change (%)
	Operating revenue	As % of total operating revenue (%)	Operating revenue	As % of total operating revenue (%)	
Total	634,384,561.42	100%	1,320,790,648.45	100%	-51.97%
By operating division					
Property sales	309,331,841.57	48.76%	876,161,088.60	66.34%	-64.69%
Engineering and construction	241,209,525.79	38.02%	200,259,571.16	15.16%	20.45%
Property management	36,660,871.83	5.78%	162,526,580.18	12.31%	-77.44%
Rental service	53,870,265.26	8.49%	81,791,161.56	6.19%	-34.14%
Other	5,552,040.91	0.88%	15,776,937.12	1.19%	-64.81%
Eliminated internal transactions and accounts	-12,239,983.94	-1.93%	-15,724,690.17	-1.19%	22.16%
By product category					
Residential units	277,643,154.35	43.77%	875,153,000.99	66.26%	-68.27%
Shops and parking lots	31,688,687.22	5.00%	1,008,087.61	0.08%	3,043.45%
Other	337,292,703.79	53.17%	460,354,250.02	34.85%	-26.73%
Eliminated internal transactions and accounts	-12,239,983.94	-1.93%	-15,724,690.17	-1.19%	22.16%
By operating segment					
Guangdong Province	640,594,852.83	100.98%	1,308,786,001.07	99.09%	-51.05%
Other regions in China	5,552,040.91	0.88%	27,096,812.69	2.05%	-79.51%
Overseas	477,651.62	0.08%	632,524.86	0.05%	-24.48%
Eliminated internal transactions and accounts	-12,239,983.94	-1.93%	-15,724,690.17	-1.19%	22.16%
By marketing model					
Principal operations	641,072,504.45	101.05%	1,320,738,401.50	100.00%	-51.46%
Other	5,552,040.91	0.88%	15,776,937.12	1.19%	-64.81%
Eliminated internal transactions and accounts	-12,239,983.94	-1.93%	-15,724,690.17	-1.19%	22.16%

(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	309,331,841.57	144,720,332.63	53.22%	-64.69%	-50.48%	-13.42%
Engineering and construction	241,209,525.79	236,074,624.77	2.13%	20.45%	26.64%	-4.79%
Rental service	53,870,265.26	46,657,985.12	13.39%	-34.14%	31.26%	-43.15%
Property	36,660,871.83	22,415,236.68	38.86%	-77.44%	-84.64%	28.63%

management						
By product category						
Residential units	277,643,154.35	126,448,366.58	54.46%	-68.27%	-56.72%	-12.15%
Shops and parking lots	31,688,687.22	18,271,966.05	42.34%	3,043.45%	23,570.78%	-50.00%
By operating segment						
Guangdong Province	640,594,852.83	449,868,179.20	29.77%	-51.05%	-43.70%	-9.18%
By marketing model						

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	2022	2021	Change (%)
Property sales	Sales volume	RMB'0,000	16,522	69,045	-76.07%
	Output	RMB'0,000	37,603	204,708	-81.63%
	Inventory	RMB'0,000	425,681	403,220	5.57%

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

Applicable Not applicable

Affected by the real estate market, the Company saw less-than-expected property sales carryforwards and existing property sales in 2022, resulting in a decrease in property investment and development.

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

Applicable Not applicable

(5) Breakdown of Cost of Sales

By operating division

Unit: RMB

Operating division	Item	2022		2021		Change (%)
		Cost of sales	As % of total cost of sales (%)	Cost of sales	As % of total cost of sales (%)	
Property sales		144,720,332.63	33.11%	292,260,823.05	43.86%	-50.48%
Engineering and construction		236,074,624.77	54.02%	186,409,100.14	27.97%	26.64%
Property management		22,415,236.68	5.13%	145,898,235.49	21.90%	-84.64%
Rental service		46,657,985.12	10.68%	35,545,938.32	5.33%	31.26%
Other		2,747,095.64	0.63%	22,151,678.03	3.32%	-87.60%
Eliminated internal transactions and accounts		-15,563,273.83	-3.56%	-15,917,413.55	-2.39%	2.22%
Total		437,052,001.01	100.00%	666,348,361.48	100.00%	-34.41%

Note:

Affected by markets and development cycles, property sales experienced a year-on-year drop; engineering and construction projects saw new breakthroughs in expansion, resulting in a year-on-year increase in sales; and property management revenue registered a drop due to the disposal of subsidiary Shenzhen Property Management Co., Ltd.

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

See “VI Changes in the Scope of Consolidated Financial Statements” in “Part X 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)	87,448,833.82
Total sales to top five customers as % of total sales of the Reporting Period (%)	13.78%
Total sales to related parties among top five customers as % of total sales of the Reporting Period (%)	0.00%

Information about top five customers:

No.	Customer	Sales revenue contributed for the Reporting Period (RMB)	As % of total sales revenue (%)
1	Legal person A	26,856,591.42	4.23%
2	Legal person B	23,269,448.58	3.67%
3	Legal person C	15,851,434.16	2.50%
4	Legal person D	11,879,250.66	1.87%
5	Legal person E	9,592,109.00	1.51%
Total	--	87,448,833.82	13.78%

Other information about major customers:

 Applicable Not applicable

Major suppliers:

Total purchases from top five suppliers (RMB)	278,248,909.89
Total purchases from top five suppliers as % of total purchases of the Reporting Period (%)	53.63%
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	Legal person A	175,935,982.19	33.91%
2	Legal person B	72,443,947.18	13.96%
3	Legal person C	15,035,235.49	2.90%
4	Legal person D	7,503,316.74	1.45%
5	Legal person E	7,330,428.29	1.41%
Total	--	278,248,909.89	53.63%

Other information about major suppliers:

 Applicable Not applicable**3. Expense**

Unit: RMB

	2022	2021	Change (%)	Reason for any significant change
Selling expense	19,217,595.11	42,737,748.22	-55.03%	Decreased property sales
Administrative expense	55,758,749.08	98,307,831.60	-43.28%	New project development and staff structure adjustments

Finance costs	-6,507,147.03	-18,083,491.01	64.02%	Decreased bank balances and deposit interest income
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4. R&D Investments

Applicable Not applicable

5. Cash Flows

Unit: RMB

Item	2022	2021	Change (%)
Subtotal of cash generated from operating activities	668,449,932.34	1,805,846,506.24	-62.98%
Subtotal of cash used in operating activities	1,344,225,931.10	3,011,798,614.18	-55.37%
Net cash generated from/used in operating activities	-675,775,998.76	-1,205,952,107.94	43.96%
Subtotal of cash generated from investing activities	282,766,666.00	799,855,541.48	-64.65%
Subtotal of cash used in investing activities	713,537.29	1,751,621,932.29	-99.96%
Net cash generated from/used in investing activities	282,053,128.71	-951,766,390.81	129.63%
Subtotal of cash generated from financing activities	111,428,077.62	266,256,968.76	-58.15%
Subtotal of cash used in financing activities	140,126,109.45	164,908,415.94	-15.03%
Net cash generated from/used in financing activities	-28,698,031.83	101,348,552.82	-128.32%
Net increase in cash and cash equivalents	-421,928,565.67	-2,056,810,291.67	79.49%

Explanation of why any of the data above varies significantly:

Applicable Not applicable

Cash generated from operating activities decreased year on year primarily driven by the decreased property sales.

Cash used in operating activities decreased year on year primarily driven by the land payment made last year.

Net cash generated from investing activities increased year on year primarily driven by the large-amount payment made for equity acquisition and the purchase of currency funds last year.

Net cash generated from financing activities decreased year on year primarily driven by the receipt of loan by project company from minority shareholder last year.

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

Applicable Not applicable

There is a big difference between the net operating cash flow and the net profit for the year, primarily due to the long time span between property development, sales and revenue recognition.

V Analysis of Non-Core Businesses

Applicable Not applicable

VI Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	31 December 2022		1 January 2022		Change in percentage (%)	Reason for any significant change
	Amount	As a % of total assets	Amount	As a % of total assets		

Monetary assets	197,663,949.74	3.47%	564,358,824.63	9.13%	-5.66%	Payment of land VAT of Donghu Mingyuan in the current period
Accounts receivable	63,580,422.16	1.12%	61,048,785.11	0.99%	0.13%	
Inventories	4,257,109,614.31	74.82%	4,034,933,562.62	65.26%	9.56%	Development of projects
Investment property	566,873,915.07	9.96%	588,865,777.16	9.52%	0.44%	
Long-term equity investments	93,927.64	0.00%	272,168.28	0.00%	0.00%	
Fixed assets	21,425,475.05	0.38%	23,920,424.55	0.39%	-0.01%	
Right-of-use assets	232,496.72	0.00%	365,351.97	0.01%	-0.01%	
Short-term borrowings	51,138,077.62	0.90%	50,440,116.24	0.82%	0.08%	
Contract liabilities	43,533,467.29	0.77%	199,965,490.08	3.23%	-2.46%	Carryforwards from homebuyer payments received in advance to revenue
Long-term borrowings	54,261,000.00	0.95%			0.95%	
Lease liabilities	53,885.23	0.00%	125,920.77	0.00%	0.00%	
Held-for-trading financial assets	408,154,361.42	7.17%	514,024,710.91	8.31%	-1.14%	Redemption of currency funds
Notes payable			247,376,403.56	4.00%	-4.00%	Honoring of commercial acceptance notes and transfer of certain such notes that had become mature to accounts payable
Accounts payable	434,601,559.67	7.64%	141,447,559.24	2.29%	5.35%	Transfer of certain such notes that had become mature to accounts payable
Taxes payable	190,951,185.99	3.36%	600,540,872.48	9.71%	-6.35%	Payment of land VAT of Donghu Mingyuan in the current period
Other payables	574,331,340.84	10.09%	581,377,415.64	9.40%	0.69%	

Indicate whether overseas assets account for a high proportion of total assets.

Applicable Not applicable

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								
1. Held-for-trading financial assets (excluding derivative financial	514,024,710.91	8,970,031.50				114,840,380.99		408,154,361.42

assets)								
4. Investments in other equity instruments	36,322,704.33		1,839,235.57			22,490,765.41		13,839,235.57
Total of the above	550,347,415.24	8,970,031.50	1,839,235.57			137,331,146.40		421,993,596.99
Financial liabilities	0.00							0.00

Other change

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

Yes No

3. Restricted Asset Rights as at the Period-End

Item	Ending carrying value	Reasons for restriction
Monetary assets	5,674,439.78	Project of public facilities inside and surrounding the urban renewal project of Longgang District, Shenzhen-construction funds
Monetary assets	48,315.48	Frozen in a lawsuit case
Accounts receivable	51,138,077.62	Put in pledge for short-term borrowings
Inventories	965,000,000.00	Lands mortgaged for project development loans
Total	1,021,860,832.88	

VII Investments Made

1. Total Investment Amount

Applicable Not applicable

Total investment amount in the Reporting Period (RMB)	Total investment amount in last year (RMB)	Change (%)
299,540,000.00	2,047,080,000.00	-85.37%

2. Significant Equity Investments Made in the Reporting Period

Applicable Not applicable

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

Applicable Not applicable

4. Financial Investments

(1) Securities Investments

Applicable Not applicable

No such cases in the Reporting Period.

(2) Investments in Derivative Financial Instruments

Applicable Not applicable

No such cases in the Reporting Period.

5. Use of Funds Raised

Applicable Not applicable

No such cases in the Reporting Period.

VIII 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

Counterparty	Equity interests sold	Date of sale	Selling price (RMB'0,000)	Amount contributed by the equity interests to net income of the Company from period - beginning to date of sale (RMB'0,000)	Effect of the sale on the Company	Amount contributed by the sale to net income of the Company as a percentage of the Company's net income (%)	Pricing principle	Related-party transaction or not	Relationship between counterparty and the Company	Ownership fully transferred or not	Executed as scheduled or not, if not, state reason and actions taken	Disclosure date	Index to disclosed information
Shenzhen International Trade Center Property Management Co., Ltd.	100% of equity interests of Shenzhen Property Management Co., Ltd.	11 February 2022	19,667.67	964.52	This transaction is in line with the Company's development strategies and is conducive to the Company's further optimization and adjustment of its industry structure, enrichment of capital reserves, expansion of new profit growth areas, and continuous improvement of its quality. During the Reporting Period, the counterparty has	81.02%	The transaction price is determined based on the net asset valuation assessed by the evaluation agency on the base date of 30 June	Yes	Shenzhen International Trade Center Property Management Co., Ltd. (hereinafter referred to as "ITC Property Management") is a wholly-owned subsidiary of ShenZh	Yes	Yes	30 September 2022	Announcement on the Completion of the Related-party Transaction regarding the Transfer of 100% of Equity Interest

					paid 90% (RMB177,009,000) of the equity transfer payment to the Group in accordance with the equity transfer agreement. After the equity transfer, the Company derecognized the said equity and confirmed the investment income of RMB161,581,100 in consolidated financial statements. The matter has a positive impact on the Company cash flow and operating results in 2022.	2021.		en Properties & Resources Development (Group) Ltd. "hereinafter referred to as "SZPRD" and both SZPRD and the Company are majority-owned subsidiaries of Shenzhen Investment Holdings Co., Ltd. Thus, an association relationship is formed.				sts of Shenzhen Property Management Co., Ltd. (2022-032) disclosed on www.cninfo.com.cn
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IX Principal Subsidiaries and Joint Stock Companies

Applicable Not applicable

Principal subsidiaries and joint stock companies with an over 10% effect on the Company's net profit:

Unit: RMB

Company name	Relationship with the Company	Main business scope	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Guangdong Jianbang Group (Huiyang) Industrial Co., Ltd.	Subsidiary	Development of real estate	2,800,000.00	1,485,802,072.25	-15,696,555.83	-	-10,306,937.48	-8,184,594.48
Shenzhen SPG Chuanqi Real Estate Development Co., Ltd.	Subsidiary	Development of real estate	30,000,000.00	1,101,813,520.17	994,181,899.24	-	-169,495.37	-191,631.91
Shenzhen SPG Longgang Development Co., Ltd.	Subsidiary	Development of real estate	30,000,000.00	130,226,700.89	57,602,358.61	26,662,120.02	3,757,227.19	11,138,816.55
Shantou SEZ, Wellam FTY, Building Development, Co., Ltd.	Subsidiary	Development of real estate	91,226,120.44	97,248,372.66	90,304,817.44	2,410,093.12	-32,256,218.54	-32,256,218.54
Shantou Huafeng Real Estate Development Co.,	Subsidiary	Development of real estate	80,000,000.00	832,020,757.11	17,624,899.13	121,021,739.63	-3,144,032.12	-3,413,873.32

Ltd.								
Great Wall Estate Co., Inc. (U.S.)	Subsidiary	Development of real estate	2,051,146.00	19,400,131.63	90,088,884.01	477,651.62	431,973.10	431,973.10
Shenzhen Zhentong Engineering Co., Ltd.	Subsidiary	Installation and maintenance	10,000,000.00	128,018,261.20	20,168,334.04	242,326,338.13	535,875.61	345,974.37
Shenzhen Petrel Hotel Co., Ltd.	Subsidiary	Hotel service	30,000,000.00	46,978,263.33	36,924,321.85	13,401,432.09	3,353,411.41	2,521,866.37
Shenzhen Huazhan Construction Supervision Co., Ltd.	Subsidiary	Construction supervision	8,000,000.00	10,884,988.58	10,328,185.16	3,802,892.48	306,693.47	292,964.25
Xin Feng Enterprise Co., Ltd.	Subsidiary	Investment and management	502,335.00	339,071,513.82	226,370,965.47	-	12,934,886.25	12,934,886.25

Subsidiaries obtained or disposed in the Reporting Period:

Applicable Not applicable

Name	Way of gaining and disposing subsidiaries	Influence on overall production and operation as well as performance
Shenzhen Property Management Co., Ltd.	Negotiating transfer	Refer to Note VIII Sale of Major Assets and Equity Interests

Information about major majority- and minority-owned subsidiaries:

- In May 2021, through the payment of consideration of RMB450 million, the Group acquired 51% equity interest in Guangdong Jianbang Group (Huiyang) Industrial Co., Ltd. The project company will develop the Linxingyuan Project with a gross site area of 200,000 square meters and a total capacity building area of 0.4 million square meters, which will be developed in four phases and is expected to achieve revenue of RMB6 billion and total profit of approximately RMB1.8 billion from 2023 to 2025. The Group has control over the project company, which will be included in the scope of consolidation in May 2021. As at the end of 2022, eight residential buildings of Phase I have been capped, the basement of Phase II has been completed, the development of Phase III and Phase IV are to be initiated, and construction permit has not been granted for the school. In 2022, new areas sold totaled 2,236 square meters, income from sales increased by RMB25.58 million, and RMB22.29 million was withdrawn.
- In October 2021, the Company won the bid for a land plot in Guangming District and established the project company Shenzhen SPG Chuanqi Real Estate Development Co., Ltd. to be responsible for the development and construction of the land. In 2022, actual investment totaled RMB74.81 million, which was mainly made in primary supporting piles and groundworks.
- The subordinate subsidiaries engaged in real estate development also include: Shenzhen SPG Longgang Development Co., Ltd., Shantou SEZ, Wellam FTY, Building Development, Co., Ltd., Shantou Huafeng Real Estate Development Co., Ltd. The Cuilinyuan project developed by Shenzhen SPG Longgang Development Co., Ltd. brought forward RMB24.69 million in 2022 (the percentage of accumulative sales carried forward was 96%). Jinyedao and YuejingDongfang developed by Shantou SEZ, Wellam FTY, Building Development, Co., Ltd. left a few amount of remaining buildings for sale. And Shantou Huafeng Real Estate Development Co., Ltd. was responsible for the development of Tianyuewan project (divided into Phase I and Phase II). Tianyuewan Phase I was completed in December 2019. The Phase II started construction in November 2018 and was completed at the end of June 2021. The overall sales progress is relatively slow with an accumulated sales rate of about 74% for Phase I and 19% for Phase II.
- Shenzhen Zhentong Engineering Co., Ltd. was engaged in the business of building installation and maintenance with the 2022 operating revenues of RMB242 million and of 38.20% to the operating revenues of the Company.

5. The 2022 net profit of Xin Feng Enterprise Co., Ltd. was of RMB-12.93 million which mainly due to the changes of exchange rate and it conducts no business.

6. The 2022 net profit of Shenzhen Petrel Hotel Co., Ltd. was of RMB-2.52 million which mainly due to the fact that the hotel industry is generally facing difficulties in the business operation during the Reporting Period.

X Structured Bodies Controlled by the Company

Applicable Not applicable

XI Prospects

(I) Industrial Pattern and Trend

The real estate industry is still the pillar industry of China's national economy. After a series of strong macro-control, the industry is undergoing a gradual return to the track of sound and healthy development. Since the end of last year, loose policies have been introduced for real estate credits, bonds, equities and overseas loans under domestic guarantees, so China's urbanization will still be in a stage of rapid development in the next period of time, and there will be enough space for demands to support the steady development of the real estate industry and the real estate market is expected to recover step by step.

(II) Potential Risks and Countermeasures

1. Macroeconomic risks and countermeasures

The real estate industry has a greater correlation with the macroeconomy and is more influenced by the macroeconomic cycle. The geopolitical situation is now volatile, the risk of the world economy going downward is rising, and the domestic economy is repeatedly impacted by multiple factors that go beyond expectations. Pressures from shrinking demand, supply shock and weakening expectations continue to evolve, and the development environment is gaining complexity, severity and uncertainty. The Company will continue to pay attention to the international and domestic macroeconomic situation and actively adjust its business strategy.

2. Industry regulation risks and countermeasures

On the whole, industry regulation has been relaxed and policies are gradually shifting, but there are little changes in the policies of tier-one cities represented by Beijing, Shanghai, Guangzhou and Shenzhen. Market sentiment and homebuyer confidence remain low. The Company will continue to deepen its research on industry policies, follow the national strategies, innovate its operating model and optimize its development method while continuing to study industry-university-institute cooperation, strenuously exploring new areas and actively cultivating new business models.

3. Business operating risks and countermeasures

The land space in Shenzhen, where the Company's business focus is located, is limited, while project expansion requires a large amount of capital, so the Company faces challenges in adding land reserves. The Company will pay close attention to the market and industry policy changes, formulate targeted land expansion plans, and the Company will pay close attention to the quality and efficiency improvement of existing assets, and maintain a good operating revenue scale and performance level.

(III) Development strategy and operating plan

The year 2023 is the first year for implementing the spirit of the 20th National Congress of the Communist Party of China, a crucial year for connecting the past and the next in the 14th Five-year Plan, and a critical year for the Company to deepen reform and seek development. Based on the high-quality development strategies of the central

government, the provincial government and the municipal government, the Company will earnestly implement the deployment requirements of the State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal ("Shenzhen SASAC) and Shenzhen Investment Holdings Co., Ltd. ("SIHC"), further analyze and study the situation based on its own development, face up to challenges, seize opportunities, strengthen overall planning, and promote the high-quality development of the Group to a new level.

The Company has made an overall operating plan for 2023. Guided by the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company will conscientiously implement the spirit of the 20th National Congress of the Communist Party of China, the Central Economic Working Conference and important addresses of General Secretary Xi Jinping, make overall plans, highlight implementation, carry out reform and innovation, forge ahead and exert all efforts to promote the steady and long-term high-quality development of Shenzhen Properties Group ("SPG") in accordance with the decisions and arrangements of Shenzhen Municipal Party Committee and Government, Shenzhen SASAC and SIHC, adhering to the idea of seeking progress while maintaining stability and realizing sustainable development, centering on the overall objective of "consolidating primary business, exploring development paths, preventing and mitigating risks and making plans of high-quality and sustainable development" and following the leadership of Party building.

In 2023, the Company will focus on the following five aspects:

1. Deepening implementation and going all out to achieve performance targets

First, it will endeavor to the sales of Guangmingli and Tianyuewan projects and existing real estate projects to ensure quick withdrawal of funds and smooth achievement of performance targets. Second, it will intensify leasing business to achieve the annual leasing target. Third, it will advance land sales in the United States to promote the realization of inefficient assets overseas. Fourth, it will exert more efforts in recovering arrears to boost revenue and profit realization. Fifth, it will strengthen the operation management of its affiliates to ensure the completion of all business targets.

2. Making a sound overall plan and implementing key tasks on all fronts

First, it will complete the re-election of members of the Board of Directors and the Party Committee and improve the structure of its corporate governance. Second, it will highlight project construction and ensure smooth implementation of project development plans. Third, it will promptly define the right of the land for Xinfeng Building in Shantou and go through the construction application procedure as soon as possible. Fourth, it will promote the cleaning-up of "zombie enterprises" and properly address problems carried over from the past. Fifth, it will advance the construction of the "Buildings for Shenzhen-Hong Kong Medical and Healthcare Specialty Industry" and take the initiative to create the "Massive Health" ecological economic circle centering on SPG Plaza.

3. Taking multiple measures at the same time and making every effort to ensure business operation

First, it will well manage funds and financing to provide a solid guarantee for the Company's capital turnover. Second, it will optimize talent and organization structures to improve work efficiency from all aspects. Third, it will intensify performance appraisal and promote the establishment and improvement of a medium- and long-term incentive mechanism. Fourth, it will effectively respond to litigations and executions to mitigate potential risks. Fifth, it will emphasize security and stability maintenance related to safe production, stability maintenance and public opinion control, so as to guard the Company's business operation and management.

4. Enhancing synergy and actively exploring future development paths

The Company will, sticking to the development strategies of the central government, provincial government and municipal government, earnestly implement the decisions and deployments of superiors, intensify industrial research

centering on the development directions of controlling shareholders, enhance strategic and collaborative development of SIHC and synergetic development with system houses, and strive to make breakthroughs in the process of supporting and serving the development strategy of SIHC and form the Company's new core competitiveness.

5. Following the leadership of Party building and leading overall high-quality development

Guided by the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company will continue to organize the study, publicity and implementation of the spirit of the 20th National Congress of the Communist Party of China, and turn the effects of such study, publicity and implementation into a powerful driving force for its reform and development. On top of that, the Company will strengthen its Party organization theoretically and organizationally, improve the Party organization's conduct, and effectively integrate Party leadership into corporate governance to lead to high-quality development of the Company.

XII Communications with the Investment Community such as Researches, Inquiries and Interviews during the Reporting Period

Applicable Not applicable

Date of visit	Place of visit	Way of visit	Type of visitor	Visitor	Contents and materials provided	Index to main inquiry information
4 January 2022	The Company	By telephone	Individual	Individual investor	Inquired of the future development plan of the Company, and didn't offer written materials	N/A
18 January 2022	The Company	By telephone	Individual	Individual investor	Inquired of project sales of the Company, and didn't offer written materials	N/A
24 January 2022	The Company	By telephone	Individual	Individual investor	Inquired of the land reserves and projects progress of the Company, and didn't offer written materials	N/A
10 February 2022	The Company	By telephone	Individual	Individual investor	Inquired of business situations and strategic planning of the Company, and didn't offer written materials	N/A
15 February 2022	The Company	By telephone	Individual	Individual investor	Inquired of the future development plan of the Company, and didn't offer written materials	N/A
21 February 2022	The Company	By telephone	Individual	Individual investor	Inquired of business situations and strategic planning of the Company, and didn't offer written materials	N/A
1 March 2022	The Company	By telephone	Individual	Individual investor	Inquired of business situation, and didn't offer written materials	N/A
9 March 2022	The Company	By telephone	Individual	Individual investor	Inquired of the land reserves and projects progress of the Company, and didn't offer written materials	N/A
25 March 2022	The Company	By telephone	Individual	Individual investor	Inquired of the future development plan of the Company, and didn't offer written materials	N/A
30 March 2022	The Company	By telephone	Individual	Individual investor	Inquired of business situation, and didn't offer written materials	N/A
8 April 2022	The Company	By telephone	Individual	Individual investor	Inquired of business situations and strategic planning of the Company, and didn't offer written materials	N/A
11 April 2022	The Company	By telephone	Individual	Individual investor	Inquired of project sales of the Company, and didn't offer written materials	N/A

18 April 2022	The Company	By telephone	Individual	Individual investor	Inquired of the future development plan of the Company, and didn't offer written materials	N/A
21 April 2022	The Company	By telephone	Individual	Individual investor	Inquired of the land reserves and projects progress of the Company, and didn't offer written materials	N/A
10 May 2022	The Company	By telephone	Individual	Individual investor	Inquired of business situations and strategic planning of the Company, and didn't offer written materials	N/A
12 May 2022	The Company	By telephone	Individual	Individual investor	Inquired of project sales of the Company, and didn't offer written materials	N/A
23 May 2022	The Company	By telephone	Individual	Individual investor	Inquired of the future development plan of the Company, and didn't offer written materials	N/A
2 June 2022	The Company	By telephone	Individual	Individual investor	Inquired of the land reserves and projects progress of the Company, and didn't offer written materials	N/A
14 June 2022	The Company	By telephone	Individual	Individual investor	Inquired of business situations and strategic planning of the Company, and didn't offer written materials	N/A
16 June 2022	The Company	By telephone	Individual	Individual investor	Inquired of business situations and strategic planning of the Company, and didn't offer written materials	N/A
20 June 2022	The Company	By telephone	Individual	Individual investor	Inquired of project sales of the Company, and didn't offer written materials	N/A
22 June 2022	The Company	By telephone	Individual	Individual investor	Inquired of business situations and strategic planning of the Company, and didn't offer written materials	N/A
29 June 2022	The Company	By telephone	Individual	Individual investor	Inquired of project sales of the Company, and didn't offer written materials	N/A
4 July 2022	The Company	By telephone	Individual	Individual investor	Inquired of business situations and strategic planning of the Company, and didn't offer written materials	N/A
20 July 2022	The Company	By telephone	Individual	Individual investor	Inquired of the future development plan of the Company, and didn't offer written materials	N/A
25 July 2022	The Company	By telephone	Individual	Individual investor	Inquired of the project sales and future development plan of the Company, and didn't offer written materials	N/A
10 August 2022	The Company	By telephone	Individual	Individual investor	Inquired of project sales of the Company, and didn't offer written materials	N/A
24 August 2022	The Company	By telephone	Individual	Individual investor	Inquired of the future development plan of the Company, and didn't offer written materials	N/A
5 September 2022	The Company	By telephone	Individual	Individual investor	Inquired of the future development plan of the Company, and didn't offer written materials	N/A
8 September 2022	The Company	By telephone	Individual	Individual investor	Inquired of the land reserves and projects progress of the Company, and didn't offer written materials	N/A
14 September 2022	The Company	By telephone	Individual	Individual investor	Inquired of business situations and strategic planning of the Company, and didn't offer written materials	N/A
11 October 2022	The Company	By telephone	Individual	Individual investor	Inquired of the future development plan of the Company, and didn't offer written materials	N/A

17 October 2022	The Company	By telephone	Individual	Individual investor	Inquired of project sales of the Company, and didn't offer written materials	N/A
20 October 2022	The Company	By telephone	Individual	Individual investor	Inquired of the future development plan of the Company, and didn't offer written materials	N/A
1 November 2022	The Company	By telephone	Individual	Individual investor	Inquired of the land reserves and projects progress of the Company, and didn't offer written materials	N/A
2 November 2022	The Company	By telephone	Individual	Individual investor	Inquired of project sales of the Company, and didn't offer written materials	N/A
15 November 2022	The Company	By telephone	Individual	Individual investor	Inquired of the future development plan of the Company, and didn't offer written materials	N/A
15 December 2022	The Company	By telephone	Individual	Individual investor	Inquired of the land reserves and projects progress of the Company, and didn't offer written materials	N/A
19 December 2022	The Company	By telephone	Individual	Individual investor	Inquired of project sales of the Company, and didn't offer written materials	N/A
28 December 2022	The Company	Field research	Individual	Individual investor	Inquired of the future development plan of the Company, and didn't offer written materials	N/A

Part IV Corporate Governance

I Basic Situation of Corporate Governance

In accordance with the requirements of the Company Law, the Securities Law, the Code on the Governance of Listed Companies and other laws and regulations, the Company has been improving its governance structure continuously, adhering to standardized operation, and an operational mechanism featuring decision-making by the board of directors, execution by the management team, and supervision by the board of supervisors has been formed.

During the reporting period, the Company's governance institutions at all levels have carried out their responsibilities and authorities clearly and definitely and have performed their own functions. At the same time, they have checked and balanced each other in decision-making, implementation and supervision effectively, and have operated in a coordinated manner.

(1) Operation of the general meeting of shareholders

The preparation, holding of the annual and extraordinary general meetings of shareholders of the Company as well as disclosure of the resolutions made at the meetings have been carried out in strict accordance with the Company Law, the Rules of the General Meeting of Shareholders of Listed Companies of China Securities Regulatory Commission (CSRC), the Articles of Association and the Rules of Procedure of the General Meeting of Shareholders of the Company. The notification time of the meeting, the procedure of authorization, the procedure of convening, the convener, the qualification of the personnel attending the meeting and the voting procedure of the meeting have all been in line with relevant provisions. An on-site interaction for shareholders has been set at the shareholders' meeting to ensure that the shareholders, especially the small and medium-sized shareholders, can exercise their legitimate rights.

(2) Operation of the board of directors

The preparation and holding of the board meeting of the Company and the disclosure of the resolution made at the meeting have been carried out in strict accordance with the Company Law, the Self-regulation Guidelines for Listed Companies of Shenzhen Stock Exchange No. 1-Standardized Operation of Listed Companies on the Main Board, the Articles of Association and the Rules of Procedure of the Board Meeting of the Company. The number and manning of the board of directors have met the requirements of laws and regulations. The directors have worked diligently and responsibly, and the board of directors has worked hard in making decisions and setting the direction for the Company, and has exercised its power in accordance with the requirements for corporate governance.

(3) Operation of the supervisory committee

The number and manning of the board of supervisors have met the requirements of laws and regulations. All members of the board of supervisors of the Company have performed their duties diligently and conscientiously. They have supervised and inspected the important matters of the Company in strict accordance with the Company Law, the Self-regulation Guidelines for Listed Companies of Shenzhen Stock Exchange No. 1-Standardized Operation of Listed Companies on the Main Board, the Articles of Association and the Rules of Procedure of the Board of Supervisors of the Company, exercised the power of supervision effectively, gave a full play to the supervisory function, have played a substantial role in the operation and management of the Company, and have protected the legitimate rights and interests of the Company and the shareholders.

(4) Operation at manager level

The manager level of the Company has performed its duties in strict accordance with the Company Law, the Self-regulation Guidelines for Listed Companies of Shenzhen Stock Exchange No. 1-Standardized Operation of Listed Companies on the Main Board, the Articles of Association and the Detailed Working Rules for the General Manager of the Company. The manager level is responsible for the production, operation and management of the Company all-roundly. They have performed their duties diligently and conscientiously, and have carried out the decisions of the board of directors effectively. The members at the manager level have had a clear division of labor among them, they have worked diligently and conscientiously, and there has not existed any situation of "control under insiders".

Indicate by tick market whether there is any material incompliance with laws, administrative regulations and regulations governing the governance of listed companies issued by the CSRC.

Yes No

No such cases in the Reporting Period.

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

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

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

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

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

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

III Horizontal Competition

Applicable Not applicable

Type	Relationship with the Company	Company name	Company nature	Course	Countermeasures	Progress and follow-up plan
Horizontal competition	Controlling shareholder	Shenzhen Investment Holdings Co., Ltd.	Other	The Company and ShenZhen Properties & Resources Development (Group) Ltd. (hereinafter referred to as "SZPRD") are majority-owned subsidiaries of Shenzhen Investment Holdings Co., Ltd. The Company and SZPRD are operating real estate development and commercial property sales business, which belong to the same industry. There is horizontal competition.	For the Company's existing business that has horizontal competition with ShenZhen Properties & Resources Development (Group) Ltd., Shenzhen Investment Holdings Co., Ltd. will, within the scope permitted by laws and regulations, timely launch one or several of the following solutions that is practically feasible, and complete the implementation of the relevant solution(s) before 9 November 2024 to solve the existing horizontal competition problem: (1) Solve the horizontal competition between the two through asset sales or asset replacement; (2) Solve the horizontal competition between the two through equity transfer; (3) Take other measures that can effectively solve the problem of horizontal competition.	Refer to the Announcement on Receiving the Avoiding Horizontal Competition Commitment Letter from the Controlling Shareholder (No.: 2021-032) disclosed by the Company on 11 September 2021 and the Announcement on Resolutions of the 1 st Extraordinary General Meeting of 2021 (No.: 2021-34) disclosed by ShenZhen Properties & Resources Development (Group) Ltd. on 27 September 2021 for details.

IV Annual and Extraordinary General Meeting Convened during the Reporting Period

1. General Meetings Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Index to disclosed information
The 2021 Annual General Meeting	Annual General Meeting	63.56%	17 May 2022	18 May 2022	Resolutions of 2021 Annual General Meeting disclosed on China Securities, Securities Times, Ta Kung Pao and www.cninfo.com.cn (No.: 2022-018)

The 1 st Extraordinary General Meeting of 2022	Extraordinary General Meeting	56.27%	16 November 2022	17 November 2022	Resolutions of the 1 st Extraordinary General Meeting of 2022 disclosed on China Securities, Securities Times, Ta Kung Pao and www.cninfo.com.cn (No.: 2022-041)
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2. Extraordinary General Meeting Convened at Request of Preference Shareholders with Resumed Voting Rights

Applicable Not applicable

V Directors, Supervisors and Senior Management

1. Basic Information

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)	Reason for change
Tang Xiaoping	Director	Incumbent	Male	53	31 December 2020		0	0	0	0	0	
Tang Xiaoping	GM	Incumbent	Male	53	14 December 2020		0	0	0	0	0	
Deng Kangcheng	Director	Incumbent	Male	57	17 April 2012		10,000	0	2,500	0	7,500	Personal financial arrangement
Wang Jianfei	Director	Incumbent	Male	50	11 October 2021		0	0	0	0	0	
Wang Jianfei	CFO	Incumbent	Male	50	22 September 2021		0	0	0	0	0	
Wen Li	Director	Incumbent	Female	54	8 September 2006		0	0	0	0	0	
Sun Minghui	Director	Incumbent	Male	42	31 December 2020		0	0	0	0	0	
Kang Xiaoyue	Independent director	Incumbent	Male	59	15 May 2018		0	0	0	0	0	
He Zuowen	Independent director	Incumbent	Male	61	30 June 2020		0	0	0	0	0	
Mi Xuming	Independent director	Incumbent	Male	48	30 June 2020		0	0	0	0	0	
Wang Jiangtao	Chairman of the Supervisors	Incumbent	Male	57	17 May 2022		0	0	0	0	0	

	Supervisory Committee											
Ren Wei	Supervisor	Incumbent	Male	43	15 May 2018		2,000	0	0	0	2,000	
Li Yufei	Supervisor	Incumbent	Female	45	17 April 2012		0	0	0	0	0	
Feng Hongwei	Supervisor	Incumbent	Male	52	2 March 2017		0	0	0	0	0	
Lin Jun	Supervisor	Incumbent	Female	54	27 April 2016		0	0	0	0	0	
Zhang Hongwei	Vice GM	Incumbent	Male	57	15 July 2020		0	0	0	0	0	
Huang Weijun	Vice GM	Incumbent	Male	51	29 July 2022		0	0	0	0	0	
Wu Zhiyong	Vice GM	Incumbent	Male	51	29 July 2022		0	0	0	0	0	
Luo Yi	Secretary of the Board	Incumbent	Male	49	31 December 2020		0	0	0	0	0	
Liu Zhengyu	Chairman of the Board	Former	Male	53	15 January 2020	1 November 2022	0	0	0	0	0	
Li Lian	Chairman of the Supervisory Committee	Former	Female	56	31 December 2020	17 May 2022	0	0	0	0	0	
Wei Hanping	Vice GM	Left	Female	57	28 September 2012	7 June 2022	0	0	0	0	0	
Total	--	--	--	--	--	--	12,000	0	2,500	0	9,500	--

Indicate by tick mark whether any directors or supervisors left or any senior management were disengaged during the Reporting Period

Yes No

1. Chairman Mr. Liu Zhengyu of the Company no longer serves as the Chairman of the Board of Directors or a director of the Company due to job changes. For details, please refer to the Announcement on Leave of Chairman and Election of A Director to Act as the Chairman (Announcement No. 2022-040) disclosed by the Company on 2 November 2022, on cninfo.com.cn.

2. Chairman Ms. Li Lian of the Board of Supervisors of the Company has gone through the procedure to get retired, and no longer serves as the Chairman of the Board of Supervisors or a supervisor of the Company. For details, please refer to the Announcement on Change of Supervisor and Chairman of the Board of Supervisors (Announcement No. 2022-020) disclosed by the Company on 18 May 2022 on cninfo.com.cn.

3. Deputy General Manager Ms. Wei Hanping of the Company has gone through the procedure to get retired, and no longer serves as the Deputy General Manager of the Company. For details, please refer to the Announcement on Retirement and Leave of Deputy General Manager (Announcement No. 2022-021) disclosed by the Company on 8 June 2022, on cninfo.com.cn.

Change of Directors, Supervisors and Senior Management

Applicable Not applicable

Name	Office title	Type of change	Date of change	Reason for change
Liu Zhengyu	Chairman of the Board	Left	1 November 2022	Job change
Li Lian	Chairman of the Supervisory Committee	Left	17 May 2022	Retirement
Wei Hanping	Vice GM	Left	7 June 2022	Retirement
Wang Jiangtao	Chairman of the Supervisory Committee	Elected	18 May 2022	
Huang Weijun	Vice GM	Engaged	29 July 2022	
Wu Zhiyong	Vice GM	Engaged	29 July 2022	

2. Biographical Information

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

1. Tang Xiaoping: he ever act as CFO and finance minister of Shenzhen HRD Assets Management Company, minister of Financial Operations Management Department of Shenzhen Foreign Labor Service Co., Ltd. and executive director of Shenzhen Foreign Affairs Service Center, Manager of Financing Plan Department, deputy GM, secretary of the Board of the Company and deputy secretary of the CPC of the Company. He is currently the director, GM and secretary of the CPC of the Company.

2. Deng Kangcheng: he was once deputy director, director of the Office of Shenzhen Investment Holdings Co., Ltd., and supervisor of the Company. And now he acts as the director, Vice Secretary of CPC and Chairman of the Trade Union Federation of the Company.

3. Wang Jianfei: he was once the minister of the Financial Management Department of Shenzhen Construction Development (Group) Company, vice GM of Hubei SIHC Investment Development Co., Ltd. And now he acts as the director and CFO of the Company.

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

5. Sun Minghui: Former the senior director of the Finance Department and the Office of the Board of Directors of Shenzhen Investment Holdings Co., Ltd., and the deputy director of the Finance Department (Settlement Center); currently, he is the director of the Finance Department (Settlement Center) of Shenzhen Investment Holdings Co., Ltd. and a director of the Company.

6. Kang Xiaoyue: he was once the staff member of Department of Justice of Jiangxi Province, a reporter, editor and head of Special Issue Department of Shenzhen Legal Newspaper. Chief Lawyer, senior partner of Guangdong New Century Law Firm (later renamed Guangdong Wancheng Law Firm). Now he serves as a senior partner of Beijing Weiheng (Shenzhen) Law Firm and the independent director of the Company.

7. He Zuowen: formerly associate professor of accounting, deputy director of teaching and research section and member of the Disciplinary Committee of Changsha University of Science & Technology, partner and deputy director of Shenzhen Huapeng Certified Public Accountants, director and vice GM of Beijing Zhongtian Huazheng Certified Public Accountants Co., Ltd. (Dahua Certified Public Accountants) as well as head of Shenzhen Branch of it, partner of BDO Certified Public Accountants; advisory expert of Internal Control Standard Committee of the Ministry of Finance (the 1st, 2nd and 4th), director of Shenzhen Institute of Certified Public Accountants, director of the Investigation

Committee, member of the Shenzhen Municipal Social Organization Disciplinary Inspection Committee, member of CPC, Vice Secretary of CPC & Secretary of the Disciplinary Committee of Shenzhen CPA Industry Committee, etc., currently partner of Dahua Certified Public Accountants (Special General Partnership), Secretary of CPC General Branch of Shenzhen Branch, Chairman of Shenzhen Tianye Tax Agent Co., Ltd., and also served as the independent director of Shenzhen Textile (Group) Co., Ltd., Shenzhen Bioeasy Biotechnology Co., Ltd., Shenzhen Tongyi Industry Co., Ltd. and the Company. The main social positions are: judge of the Shenzhen Municipal Senior Accountant Review Committee, external master tutor of Shenzhen University, member of Shenzhen CPA Industry Committee, director of Shenzhen Certified Tax Agents Association and Member of the Capital Market Advisory Expert Committee of the Xinjiang Regulatory Bureau of the China Securities Regulatory Commission, expert of the experts database of State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipality, Development and Reform Commission of Shenzhen Municipality, Science and Technology Innovation Commission of Shenzhen Municipality, Shenzhen Bureau of Radio, Television, Culture, Tourism and Sports, Shenzhen United Property and Equity Exchange, etc.

8. Mi Xuming: Former lecturer and associate professor at Shenzhen University, post-doctor of post-doctoral mobile station for applied economics of School of Economics of Xiamen University, visiting scholar at the University of Exeter; currently professor and master tutor of Shenzhen University, and at the same time as the independent directors of Shenzhen Farben Information Technology Co., Ltd. and the Company.

9. Wang Jiangtao: Former Deputy General Manager and Secretary of the Party Branch of Shenzhen Foreign Economic and Trade Investment Company, Director, Secretary of the Disciplinary Committee, Secretary of CPC and Chairman of the Supervisory Committee, of Shenzhen Architecture Design General Research Institute; currently Chairman of the Supervisory Committee, Secretary of the Disciplinary Committee and member of CPC of the Company.

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

11. Li Yufei: she ever worked as the Assistant to the Manager of the Investment Department and Assistant to the Manager & Vice Manager of Assets Management Centre as well as the Senior Management Staff of Enterprise Department I and Enterprise Department II (Journal Center) in Shenzhen Investment Holdings Co., Ltd. Now, she serves as the deputy director of Discipline Inspection Office in Shenzhen Investment Holdings Co., Ltd. and the supervisor of the Company.

12. Feng Hongwei: he once was the Vice Chief of the Board Secretariat, the Securities Representative and Minister of Audit Department. Now he acts as the supervisor, member of the Disciplinary Committee and Manager of Asset Management Center of the Company.

13. Lin Jun: She once was the Vice Chief and Chief of the Party-Mass Work Department. And she has been acting as a supervisor of the Company, the Vice Discipline Inspection Secretary and Director of Discipline Inspection and Supervision Office (Office of the Board of Supervisors).

14. Zhang Hongwei: once served as GM of Shenzhen Urban Construction Investment Development Co., Ltd., Hefei Ruifa Urban Construction Investment Development Co., Ltd., manager of the Company's Development Department, Sales Department, Project II Department, Project Management Department; currently deputy GM of the Company, member of CPC, Chairman of Jianbang Group, and GM of Longgang Development Company.

15. Huang Weijun: Once served as a member of the Party Committee, Secretary of the Committee for Discipline Inspection and Deputy GM of Shenzhen Guangming Group Co., Ltd., a member of the Party Committee, Secretary of the Committee for Discipline Inspection and Deputy GM of Shenzhen OCT Vision Inc. (concurrently as an executive

director of Shenzhen OCT International Media Performing Co., Ltd.), and now serving as the Deputy GM of the Company.

16. Wu Zhiyong: Once served as the Chairman and GM of Shenzhen Petrel Hotel Co., Ltd. and Deputy Manager of Property Management Department and Asset Operation Center of the Company, and now serving as the Deputy GM of the Company.

17. Luo Yi: He was once the Vice GM, Deputy Director of Board Secretariat and Securities Representative in the Shantou branch of the Company. And he now serves as the Board Secretary and Director of the Board Secretariat in 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
Sun Minghui	Shenzhen Investment Holdings Co., Ltd	Chief of Financial Department (Settlement Center)	11 November 2020		Yes
Ren Wei	Shenzhen Investment Holdings Co., Ltd	Vice minister of Audit Department	18 September 2017		Yes
Li Yufei	Shenzhen Investment Holdings Co., Ltd	Deputy Director of Discipline Inspection Office	9 July 2015		Yes

Offices held concurrently in other entities:

Applicable Not applicable

Name	Other entity	Office held in the entity	Start of tenure	End of tenure	Remuneration or allowance from the entity
Sun Minghui	China Nanshan Development (Group) Co., Ltd.	Supervisor	17 October 2017		No
Sun Minghui	Shenzhen Highway Passenger Transportation Service Centre Co., Ltd.	Supervisor	16 June 2017		No
Sun Minghui	ULTRARICH INTERNATIONAL LIMITED	Director	11 November 2020		No
Sun Minghui	Shenzhen Chiwan Industry Development Co., Ltd.	Supervisor	30 June 2021		No
Sun Minghui	Hubei SIHC Investment Development Co., Ltd.	Director	11 November 2020		No
Sun Minghui	Shenzhen Textile (Holdings) Co., Ltd.	Director	10 February 2021		No
Sun Minghui	Shenzhen Shenzhen-Hong Kong Science and Technology Innovation Cooperation Zone Development Co., Ltd.	Director	18 October 2021		No
Ren Wei	Shenzhen Sungang China Resources Land Development Co., Ltd.	Supervisor	17 October 2017		No
Li Yufei	Shenzhen Dapengwan Huaqiao Tomb	Director	19 November 2015		No
Li Yufei	Shenzhen Shentou Cultural Investment Co., Ltd.	Director	2 September 2022		No
Kang Xiaoyue	Beijing Weiheng (Shenzhen) Law Firm	Senior partner	2 December 2019		Yes
He Zuowen	Dahua Certified Public Accountants (Special General Partnership)	Partner	1 December 2002		Yes
He Zuowen	Shenzhen Tianye Tax Agency Co., Ltd.	Chairman of the Board	1 December 2008		Yes
He Zuowen	Shenzhen JPT Opto-Electronics Co., Ltd.	Independent director	1 June 2017	20 April 2022	Yes
He Zuowen	Shenzhen Textile (Holdings) Co., Ltd.	Independent director	19 July 2017		Yes

He Zuowen	Shenzhen Bioeasy Biotechnology Co., Ltd.	Independent director	1 October 2017		Yes
He Zuowen	Shenzhen Tongyi Industry Co., Ltd.	Independent director	11 October 2018		Yes
Mi Xuming	Shenzhen University	Professor and master tutor	1 December 2009		Yes
Mi Xuming	ChinaLin Securities Co., Ltd.	Independent director	10 April 2017	16 May 2022	Yes
Mi Xuming	Shenzhen Farben Information Technology Co., Ltd.	Independent director	29 January 2021		Yes

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

3. Remuneration of Directors, Supervisors and Senior Management

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

The remuneration of the Company's directors, supervisors and senior managers shall be determined and implemented in accordance with the regulations of the Company's remuneration management system.

After the review and approval at the 2013 Annual General Meeting of Shareholders held on 23 April 2014, the allowance for independent directors has been adjusted to RMB7000 (tax included) per person per month since May 2014, and independent directors will not receive any remuneration other than it from the Company.

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

Unit: RMB'0,000

Name	Office title	Gender	Age	Incumbent/Former	Total before-tax remuneration from the Company	Any remuneration from related party
Tang Xiaoping	Director and GM	Male	53	Incumbent	111.51	No
Deng Kangcheng	Director	Male	57	Incumbent	56.4	No
Wang Jianfei	Director and CFO	Male	50	Incumbent	74.4	No
Wen Li	Director	Female	54	Incumbent	0	No
Sun Minghui	Director	Male	42	Incumbent	0	No
Kang Xiaoyue	Independent director	Male	59	Incumbent	0	No
He Zuowen	Independent director	Male	61	Incumbent	0	No
Mi Xuming	Independent director	Male	48	Incumbent	0	No
Wang Jiangtao	Chairman of the Supervisory Committee	Male	57	Incumbent	40	No
Ren Wei	Supervisor	Male	43	Incumbent	0	No
Li Yufei	Supervisor	Female	45	Incumbent	0	No
Feng Hongwei	Supervisor	Male	52	Incumbent	62.12	No
Lin Jun	Supervisor	Female	54	Incumbent	62.09	No
Zhang Hongwei	Vice GM	Male	57	Incumbent	97.31	No
Huang Weijun	Vice GM	Male	51	Incumbent	28.19	No
Wu Zhiyong	Vice GM	Male	51	Incumbent	73.02	No
Luo Yi	Secretary of the Board	Male	49	Incumbent	64.12	No
Liu Zhengyu	Chairman of the Board	Male	53	Former	0	No
Li Lian	Chairman of the Supervisory Committee	Female	56	Former	83.2	No
Wei Hanping	Vice GM	Female	57	Former	59.9	No
Total	--	--	--	--	812.26	--

VI Performance of Duty by Directors in the Reporting Period

1. Board Meeting Convened during the Reporting Period

Meeting	Date of the meeting	Disclosure date	Index to disclosed information
The 70 th Meeting of the 7 th Board of Directors	28 February 2022	1 March 2022	Announcement on Resolutions of the 70 th Meeting of the 7 th Board of Directors (No.: 2022-002) disclosed on China Securities Journal, Securities Times, Ta Kung Pao and www.cninfo.com.cn .
The 71 st Meeting of the 7 th Board of Directors	17 March 2022	18 March 2022	Announcement on Resolutions of the 71 st Meeting of the 7 th Board of Directors (No.: 2022-003) disclosed on China Securities Journal, Securities Times, Ta Kung Pao and www.cninfo.com.cn .
The 72 nd Meeting of the 7 th Board of Directors	29 April 2022	30 April 2022	Announcement on Resolutions of the 72 nd Meeting of the 7 th Board of Directors (No.: 2022-014) disclosed on China Securities Journal, Securities Times, Ta Kung Pao and www.cninfo.com.cn .
The 73 rd Meeting of the 7 th Board of Directors	29 July 2022	30 July 2022	Announcement on Resolutions of the 73 rd Meeting of the 7 th Board of Directors (No.: 2022-024) disclosed on China Securities Journal, Securities Times, Ta Kung Pao and www.cninfo.com.cn .
The 74 th Meeting of the 7 th Board of Directors	25 August 2022	26 August 2022	Announcement on Resolutions of the 74 th Meeting of the 7 th Board of Directors (No.: 2022-027) disclosed on China Securities Journal, Securities Times, Ta Kung Pao and www.cninfo.com.cn .
The 75 th Meeting of the 7 th Board of Directors	28 October 2022	29 October 2022	Announcement on Resolutions of the 75 th Meeting of the 7 th Board of Directors (No.: 2022-034) disclosed on China Securities Journal, Securities Times, Ta Kung Pao and www.cninfo.com.cn .
The 76 th Meeting of the 7 th Board of Directors	7 December 2022	8 December 2022	Announcement on Resolutions of the 76 th Meeting of the 7 th Board of Directors (No.: 2022-043) disclosed on China Securities Journal, Securities Times, Ta Kung Pao and www.cninfo.com.cn .

2. Attendance of Directors at Board Meetings and General Meetings

Attendance of directors at board meetings and general meetings							
Director	Total number of board meetings the 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 director failed to attend	The director failed to attend two consecutive board meetings (yes/no)	General meetings attended
Tang Xiaoping	7	0	7	0	0	No	2
Deng Kangcheng	7	0	7	0	0	No	2
Wang Jianfei	7	0	7	0	0	No	2
Wen Li	7	0	7	0	0	No	2
Sun Minghui	7	0	7	0	0	No	2
Kang Xiaoyue	7	0	7	0	0	No	2
He Zuowen	7	0	7	0	0	No	2
Mi Xuming	7	0	7	0	0	No	2
Liu Zhengyu	6	0	6	0	0	No	0

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

Not applicable

3. Objections Raised by Directors on Matters of the Company

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

Yes No

No such cases in the Reporting Period.

4. Other Information about the Performance of Duty by Directors

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

Yes No

Suggestions from directors adopted or not adopted by the Company:

During the Reporting Period, all directors of the Company performed their duties diligently and conscientiously. They thoroughly mastered the Company's production and operation, internal control, and standardized operation, and put forward relevant opinions on the Company's major governance and operation decisions based on their professional advantages. These opinions were fully communicated and discussed among the directors before forming consensus, which effectively promoted scientific and objective decision-making by the Board of Directors, and helpfully safeguarded the legitimate rights and interests of the Company and all shareholders.

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

Committee	Members	Number of meetings convened	Convened date	Content	Important opinions and suggestions raised	Other information about the performance of duty	Details about issues with objections (if any)
Audit Committee of the Board of Directors	He Zuowen, Sun Minghui, Mi Xuming	4	14 January 2022	Deliberation on the Company's 2021 financial statements	It is believed that the Company has chosen and applied appropriate accounting policies and made reasonable accounting estimates in accordance with the provisions of the new Accounting Standards for Business Enterprises. The Company has always been cautious about changes in accounting policies and accounting estimates. There is no use or abuse of changes in accounting policies or accounting estimates to adjust profits. The financial statements prepared by the Company are true and reliable with complete contents.		
			10 March 2022	Deliberation on the preliminary audit opinions of Grant Thornton China (LLP) on the Company's 2021 financial statements	It is believed that the Company's 2021 financial statements prepared by Grant Thornton China (LLP) comply with all provisions of the Accounting Standards for Business Enterprises, and truly and completely represent the Company's financial position as of 31 December 2021 and its operating results and cash flows for the year 2021 in all material respects.		
			17	Deliberation on the	It is believed that Grant Thornton China (LLP) has completed the audit		

			March 2022	summary of the 2021 audit service provided by Grant Thornton China (LLP) for the Company	of the Company's 2021 financial statements well.		
			21 October 2022	Deliberation on the proposed renewal of the audit firm	It is believed that Grant Thornton China (LLP) (hereinafter referred to as "Grant Thornton") possesses independence, professional competence, the ability to protect investors, and the experience and capability of providing audit services for listed companies. During the audit of the Company's 2021 financial statements and internal control, Grant Thornton was able to earnestly perform its duties in accordance with the requirements of the auditing standards and the <i>Basic Code for Internal Control of Enterprises</i> . It independently, objectively and fairly evaluated the Company's financial position and operating results, demonstrating occupational ethics and professional competence. Therefore, it is proposed to the Company's Board of Directors that Grant Thornton should be renewed as the auditing agency for the Company's 2022 financial statements and internal control.		
Remuneration and Appraisal Committee of the Board of Directors	Mi Xuming, Wang Jianfei, He Zuowen	4	22 February 2022	Deliberation on the Proposal on Formulating the <i>Management Measures for Business Performance Appraisal and Remuneration Management of Senior Management Members (Trial)</i>	It is held that the <i>Management Measures for Business Performance Appraisal and Remuneration Management of Senior Management Members (Trial)</i> formulated by the Company is in line with the income distribution policy for state-owned enterprises and the relevant regulations of Shenzhen SASAC, can effectively enhance the loyalty and diligence consciousness of the management team, further improve the performance appraisal and incentive and restraint mechanism for senior management members and advance the Company's corporate governance, and is conducive to the Company's long-lasting and healthy development.		
			17 March 2022	Deliberation on the annual remuneration of directors, supervisors and senior management as disclosed in the Company's 2021 annual report	It is believed that the remuneration decision-making procedures for the Company's directors, supervisors and senior management are compliant, the remuneration payment standards for the Company's directors, supervisors and senior management are in line with the regulations of the remuneration system, and that the remuneration disclosed in the 2021 annual report is true and accurate.		
			29 April 2022	Review of the Implementation Plan for Performance	It is held that: 1. The <i>Implementation Plan for Performance Appraisal of Senior Management Members in 2021</i> is in		

				Appraisal of Senior Management Members in 2021, the Implementation Plan for Performance Appraisal of Senior Management Members in 2022 and the 2022 Statement of Responsibility of Senior Management Members for Business Performance	line with the <i>Company requirements put forward in the Management Measures for Business Performance Appraisal and Remuneration Management of Senior Management Members</i> , the appraisal indicators are scientifically and reasonably set, and the plan is conducive to further improving the incentive and restraint mechanism for senior management members. 2. The <i>Implementation Plan for Performance Appraisal of Senior Management Members in 2022</i> is in line with the <i>Company requirements put forward in the Management Measures for Business Performance Appraisal and Remuneration Management of Senior Management Members</i> , the appraisal indicators are scientifically and reasonably set, and the plan is conducive to further improving the incentive and restraint mechanism for senior management members. 3. The 2022 Statement of Responsibility of Senior Management Members for Business Performance is in line with the <i>Company's Articles of Association</i> and the <i>Management Measures for Business Performance Appraisal and Remuneration Management of Senior Management Members</i> , and is conducive to further improving the incentive and restraint mechanism for senior management members and promoting the <i>Company's</i> long-lasting and healthy development.		
			7 December 2022	Review of the results of performance appraisal of senior management members of SPG in 2021 and the result application plan	It is held that the decision-making process of the performance appraisal of senior management members of the <i>Company</i> in 2021 conforms to the relevant laws and regulations of China and the <i>Company's Articles of Association</i> and <i>Management Measures for Business Performance Appraisal and Remuneration Management of Senior Management Members</i> , and has caused no damage to the interests of the <i>Company</i> or its shareholders. Therefore, the Committee recognizes the above and agrees to submit them to the 76 th Meeting of the 7 th Board of Directors of the <i>Company</i> for deliberation.		
Nomination Committee of the Board of Directors	Kang Xiaoyue, Deng Kangchen, He Zuowen	1	22 July 2022	Deliberation on the nomination of Mr. Huang Weijun and Mr. Wu Zhiyong as the <i>Company's</i> vice managers	It is believed that Mr. Huang Weijun and Mr. Wu Zhiyong are not involved in the circumstances stipulated in the <i>Company Law</i> that prohibit them from serving as a director, a supervisor or a senior management member, have never received punishment by the China Securities Regulatory Commission and other relevant authorities or disciplinary action by the stock exchange, have not been placed on file for		

					investigation by judicial organs for suspected crimes or placed on file for inspection by the China Securities Regulatory Commission for suspected violations of laws and regulations, are not a defaulter, are not a person held liable or punished for dishonesty, and have the qualifications required by relevant laws, administrative regulations, departmental rules, and normative documents. It is agreed that Mr. Huang Weijun and Mr. Wu Zhiyong may be recommended as the Company's vice managers.		
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VIII 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.

IX Employees

1. Number, Functions and Educational Backgrounds of Employees

Number of in-service employees of the Company as the parent at the period-end	112
Number of in-service employees of major subsidiaries at the period-end	164
Total number of in-service employees at the period-end	276
Total number of paid employees in the Reporting Period	273
Number of retirees to whom the Company as the parent or its major subsidiaries need to pay retirement pensions	0
Functions	
Function	Employees
Production	137
Sales	14
Technical	15
Financial	32
Administrative	78
Total	276
Educational backgrounds	
Category	Number
Doctors	2
Masters	21
Bachelors	103
College graduates	72
Technical secondary school graduates	11
High school graduates and below	67
Total	276

2. Employee Remuneration Policy

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

3. Employee Training Plans

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

4. Labor Outsourcing

Applicable Not applicable

X Profit Distributions (in the Form of Cash and/or Stock)

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

Applicable Not applicable

As audited by Grant Thornton Certified Public Accountants (Special General Partnership), ShenZhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd. as the parent recorded retained earnings of RMB1,474,557,043.86 at the beginning of 2022. This, plus the net profit of RMB341,088,743.27 in 2022, and minus the 10% statutory surplus reserve of RMB34,108,874.33 and the payout in 2022 of the 2021 dividend of RMB89,026,080.00, equals the distributable profit of RMB1,692,510,832.80.

According to the *Company's Articles of Association* and taking into account the actual situation and future development of the Company, a final dividend plan for 2022 has been proposed as follows: based on the total share capital of 1,011,660,000 shares at 31 December 2022, a cash dividend of RMB0.61 (tax inclusive) per 10 shares is to be distributed to the shareholders, with no bonus issue from either profit or capital reserves.

A total of RMB61,711,260.00 of cash dividends will be distributed, accounting for 40.15% of the consolidated net profit of RMB153,718,805.57 attributable to the Company as the parent for the year. And the retained earnings of RMB1,630,799,572.80 will be carried forward to the next accounting period.

Special statement about the cash dividend policy	
In compliance with the Company's Articles of Association and resolution of general meeting	Yes
Specific and clear dividend standard and ratio	Yes
Complete decision-making procedure and mechanism	Yes
Independent directors faithfully performed their duties and played their due role	Yes
Non-controlling interests are able to fully express their opinion and desire and their legal rights and interests are fully protected	Yes
In case of adjusting or changing the cash dividend policy, the conditions and procedures involved are in compliance with applicable regulations and transparent	Not applicable

Indicate by tick mark whether the Company fails to put forward a cash dividend proposal for 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 shareholders are positive.

Applicable Not applicable

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)	0.61
Total shares as the basis for the profit distribution proposal (share)	1,011,660,000
Cash dividends (RMB) (tax inclusive)	61,711,260.00

Cash dividends in other forms (such as share repurchase) (RMB)	0.00
Total cash dividends (including those in other forms) (RMB)	61,711,260.00
Distributable profit (RMB)	1,692,510,832.80
Total cash dividends (including those in other forms) as % of total profit distribution	100%
Cash dividend policy	
It's not easy to distinguish in the Company's development stage. While, when there is a major capital spending, the percentage of cash dividends to the profit distribution shall be 20% at least when conducting the profit distribution.	
Details about the proposal for profit distribution and converting capital reserve into share capital	
The Profit Distribution Plan of 2022 was reviewed and approved by the 78 th Meeting of the 7 th Board of Directors held on 17 March 2023, and intended to be submitted to The 2022 Annual General Meeting for review. Based on the total 1,011,660,000 shares of the Company as at 31 December 2022, a cash dividend of RMB0.61 (tax included) will be distributed to the A-share and B-share holders for every 10 shares they hold without bonus share (tax included), and no share capital increase from capital reserve would be conducted. The profit distribution plan can be implemented upon review and approval of the Shareholders' General Meeting of the Company.	

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

Applicable Not applicable

No such cases in the Reporting Period.

XII Establishment and Execution of the Internal Control System for the Reporting Period

1. Establishment and Execution of the Internal Control System

The Company has established a relatively complete and continuously effective internal control system, and has carried out internal control evaluation in accordance with the internal control matrix and documents. In accordance with the requirements of the standard system for enterprise internal control and relevant regulations, the Company has maintained effective internal control over financial reporting in all material respects. No major deficiencies in internal control not related to financial reporting have been found, and no factors affecting the evaluation conclusion of internal control effectiveness have occurred. At the same time, the Company attaches great importance to the regulation and steering role of the big supervision system. By holding joint supervision meetings and carrying out key supervision and inspection, the Company has promoted the standardization level improvement of relevant management work. No major violations of regulations and disciplines have been found. In the future, the Company will continue to develop internal control in a standardized manner and strengthen the supervision and inspection of internal control in order to promote the healthy and sustainable development of the Company.

2. Material Internal Control Weaknesses Identified for the Reporting Period

Yes No

XIII Management and Control over Subsidiaries by the Company for the Reporting Period

Subsidiary	Integration plan	Integration progress	Problem	Countermeasures taken	Settlement progress	Follow-up settlement plan
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: 1. No new subsidiary was purchased during the Reporting Period.

XIV Internal Control Self-Evaluation Report or Independent Auditor's Report on Internal Control

1. Internal Control Self-Evaluation Report

Disclosure date of the internal control self-evaluation report	18 March 2023	
Index to the disclosed internal control self-evaluation report	2022 Internal Control Self-Evaluation Report on www.cninfo.com.cn	
Evaluated entities' combined assets as % of consolidated total assets	81.50%	
Evaluated entities' combined operating revenue as % of consolidated operating revenue	95.37%	
Identification standards for internal control weaknesses		
Type	Weaknesses in internal control over financial reporting	Weaknesses in internal control not related to financial reporting
Nature standard	The Company in line with the actual situation, when the follows events or indications happen, which means there probably existing serious or important defects in the financial report; (1) the directors, supervisors and senior executives were fraud. (2) Certified Public Accountant find that there is a significant error in the financial report, however, the internal control did not discover it when conducting internal control; (3) The Audit Committee under the Board and Internal Audit Service's supervision to the internal control is invalid. (4) The accounting personnel were without necessary qualities to complete the preparation of financial statements.	The criterion of quality of the recognition of defects of internal control in the non-financial statements mainly were order of severity of defect involving business nature, the direct or potential negative influence nature and the influence scope and other factors. If the follows events or indicators occur, there may be serious or important defects of internal control in the non-financial statements:(1) Lack democratic decision-making process, if lack significant problem decision-making, important appointment and dismissal of cadres, significant project investment decision-making; usage of large capital (three important, one large); (2) Unscientific decision-making process, such as the major decision-making errors, has caused a serious property loss to the company; (3) Seriously violating state laws and regulations; (4) Loss of key management personnel or important talent; (5) Negative news media appear frequently and widely spread; (6) The results of the internal control evaluation especially large or significant defects have not been corrected. (7) Important business systems lack control rules, or systemic failure.
Quantitative standard	Serious defects: the defects, or defect group may lead to the financial results misstatement or potential losses >3% of net assets; important defects: 1% of net assets<the defects, or defect group may lead to the financial results misstatement or potential losses ≤ 3% of net assets; General defects: the defects, or defect group may lead to the financial results misstatement or potential losses ≤ 1% of net assets.	The criterion of quantity of the recognition of defects of internal control in the non-financial statements mainly were amount of direct economy losses, in line with the criterion of quantity of the recognition of defects of internal control in financial report of the Company.
Number of material weaknesses in 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	

2. Independent Auditor's Report on Internal Control

Applicable Not applicable

Opinion paragraph in the independent auditor's report on internal control	
We believe that Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd. maintained effective internal control of financial statements in all significant aspects on 31 December 2022 in accordance with Basic Standards for Internal Control and relevant regulations.	
Independent auditor's report on internal control disclosed or not	Disclosed
Disclosure date	18 March 2023
Index to such report disclosed	Report on Internal Control disclosed on www.cninfo.com.cn .
Type of the auditor's opinion	Unmodified unqualified opinion
Material weaknesses in internal control not related to financial reporting	No

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

Yes No

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

Yes No

XV Rectifications of Problems Identified by Self-inspection in the Special Action for Listed Company Governance

1. In accordance with the requirements of relevant laws, regulations and regulatory rules and in light of the reality of the Company, the Company completed the revision of ten governance policies including the Rules of Procedure of the General Meeting of Shareholders, the Rules of Procedure of the Board Meeting, the Rules of Procedure of the Board of Supervisors, the implementation rules of the special committees under the Board of Directors, the Work Policy for Independent Directors, the Registration and Administration Policy for Persons with Insider Information, and the Information Disclosure Affairs Management Policy in 2021.

2. The Company held the 77th Meeting of the 7th Board of Directors and the 51st Meeting of the 7th Supervisory Committee on 19 January 2023, to deliberate the matters concerning the election at the expiration of the office term of the 7th Board of Directors and the 7th Supervisory Committee. On 15 March 2023, the Company issued the notice of convention of the 1st Extraordinary General Meeting in 2023 and decided to hold the meeting to deliberate proposals concerning the election at the expiration of the office term of the Board of Directors and the Supervisory Committee on 30 March 2023.

Part V Environmental and Social Responsibility

I Major Environmental Issues

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

Yes No

Administrative penalties imposed for environmental problems during the Reporting Period

Name	Reason	Case	Result	Influence on production and operation	Rectification measures
N/A	N/A	N/A	N/A	N/A	N/A

Other environmental information disclosed with reference to the heavily polluting business

The Company and its subsidiaries are not imposed any administrative penalties for environmental problems during the Reporting Period.

Measures taken to decrease carbon emission in the Reporting Period and corresponding effects

Applicable Not applicable

Reason for failure of disclosing other environmental information

The Company and its subsidiaries isn't a heavily polluting business identified by the environmental protection authorities of China.

II Social Responsibility

As a listed company controlled by Shenzhen SASAC, the Company always remains true to our original aspiration, takes the initiative to assume social responsibility, actively participates in social charity activities and promotes the harmonious development of society with practical actions within our capacity. In 2022, the Company (including all subsidiaries) invested a total of RMB358,700 in public welfare; all party member of the Company in Shenzhen completed the online "Double Check-in" at the place of residence and the workplace community; the party member employees participated in 48 volunteer activities with accumulated 243 participants and 1,159.50 hours.

III Consolidation and Expansion of Poverty Alleviation Outcomes, and Rural Revitalization

During the Reporting Period, the Company actively participated in the special action of poverty alleviation through consumption and helped consolidated the achievement in poverty alleviation with poverty alleviation products worth RMB714,000 purchased in the system; supported the rural revitalization of Longdu through completing the transformation of Xiabei Village Primary School, Longdu Town, Chenghai District, Shantou and caring the study and living state of students in this school according to the deployment of the Party Committee of SIHC, which fully demonstrated the responsibility of a state-owned enterprise. The Company held the "Improve People's Livelihood with Love from SPG" public welfare activity to encourage clothing donation and environment protection receiving nearly 500 clothes, books and school supplies. All the clothes donated will be sorted out and disinfected by cooperative agencies and sent to Southern Xinjiang regions.

Part VI Significant Events

I Fulfillment of Commitments

1. Commitments of the Company's De Facto 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
Other commitments made to minority interests	Shenzhen Investment Holdings Co., Ltd.	Avoiding horizontal competition	To avoid horizontal competition, Shenzhen Investment Holdings Co., Ltd. made such a commitment: For the Company's existing business that has horizontal competition with ShenZhen Properties & Resources Development (Group) Ltd., Shenzhen Investment Holdings Co., Ltd. will, within the scope permitted by laws and regulations, timely launch one or several of the following solutions that is practically feasible, and complete the implementation of the relevant solution(s) before 9 November 2024 to solve the existing horizontal competition problem: (1) Solve the horizontal competition between the two through asset sales or asset replacement; (2) Solve the horizontal competition between the two through equity transfer; (3) Take other measures that can effectively solve the problem of horizontal competition. Above commitment came into force upon the review and approval on the shareholders' meeting of ShenZhen Properties & Resources Development (Group) Ltd. (dated 27 September 2021).	10 September 2021	Before 9 November 2024	Ongoing
Fulfilled on time	Yes					
Specific reasons for failing to fulfill commitments on time and plans for next step (if any)	N/A					

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

II 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.

III Irregularities in the Provision of Guarantees

Applicable Not applicable

No such cases in the Reporting Period.

IV Explanations Given by the Board of Directors Regarding the Latest “Modified Opinion” on the Financial Statements

Applicable Not applicable

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 or Correction of Material Accounting Errors

Applicable Not applicable

For details, see “33. Significant Accounting Policies and Estimates” under “V Significant Accounting Policies and Estimates” in “Part X Financial Statements”.

VII YoY Changes to the Scope of the Consolidated Financial Statements

Applicable Not applicable

Please refer to “VI Changes to the Scope of the Consolidated Financial Statements” in Part X Financial Statements” for details.

VIII Engagement and Disengagement of Independent Auditor

Current independent auditor

Name of the domestic independent auditor	Grant Thornton China (LLP)
The Company's payment to the domestic independent auditor (RMB'0,000)	53
How many consecutive years the domestic independent auditor has provided audit service for the Company	4
Names of the certified public accountants from the domestic independent auditor writing signatures on the auditor's report	Zhao Juanjuan, Jiang Xiaoming
How many consecutive years the certified public accountants from the domestic independent auditor have provided audit service for the Company	4

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

Yes No

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

Applicable Not applicable

IX Possibility of Delisting after Disclosure of this Report

Applicable Not applicable

X Insolvency and Reorganization

Applicable Not applicable

No such cases in the Reporting Period.

XI Major Legal Matters

Applicable Not applicable

General information	Involved amount (RMB'0,000)	Provision	Progress	Decisions and effects	Execution of decisions	Disclosure date	Index to disclosed information
Xi'an Project Lawsuit	2,154	No	In execution	<p>① Xi'an Business Tourism Company Limited (hereinafter referred to as "Business Company") had to pay for the compensation RMB36.62 million and the relevant interest (from 14 September 1998 to the payment day) to Xi'an Fresh Peak Company within one month after the judgment entering into force. If the Business Company failed to pay in time, it had to pay double debt interests to Xi'an Fresh Peak Company for the overdue period; ② Xi'an Joint Commission on Commerce had jointly and severally obligation of the interests of the compensation; ③ Business Company shall bear RMB227,500 of the acceptance fee and the security fee.</p>	<p>Shaanxi High People's Court Sold all assets of Business Company by auction in accordance with laws in 2004. The applicant has received RMB15.20 million. Now Business Company has no executable properties and Xi'an Joint Commission on Commerce has been refusing to execute the ruling. It is difficult to recover the rest.</p>	26 August 2022	Interim Report 2022 (full text) (No.: 2022-030) on www.cninfo.com.cn
Dispute over the right to claim payment on bills	17,999.96	No	At law	<p>As Jianbang Group is incapable of paying the commercial bills due in January 2022, which total RMB177,151,400, Huizhou Mingxiang Economic Information Consulting Co., Ltd., Huizhou Huiyang Hongfa Industry & Trade Co., Ltd. and Huizhou Jinlongsheng Industrial Co., Ltd. brought a lawsuit on dispute over the right to claim payment on bills to the People's Court of Huiyang District. This case is still pending, and SPG is negotiating with Jianbang and the plaintiffs for an all-inclusive solution.</p>	Pending		

XII Punishments and Rectifications

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

XIV Major Related-Party Transactions

1. Continuing Related-Party Transactions

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

No such cases in the Reporting Period.

3. Related Transactions Regarding Joint Investments in Third Parties

Applicable Not applicable

No such cases in the Reporting Period.

4. Amounts Due to and from Related Parties

Applicable Not applicable

No such cases in the Reporting Period.

5. Transactions with Related Finance Companies

Applicable Not applicable

The Company did not make deposits in, receive loans or credit from and was not involved in any other finance business with any related finance company or any other related parties.

6. Transactions with Related Parties by Finance Companies Controlled by the Company

Applicable Not applicable

The finance company controlled by the Company did not make deposits, receive loans or credit from and was not involved in any other finance business with any related parties.

7. Other Major Related-Party Transactions

Applicable Not applicable

The Company transferred 100% equity interests of Shenzhen Property Management Co., Ltd. to Shenzhen International Trade Center Property Management Co., Ltd. which was a related-party transaction and was reviewed and approved on the 69th Meeting of the 7th Board of Directors and the 3rd Extraordinary General Meeting of 2021 of the Company. The said issue has been completed during the Reporting Period.

Index to announcements on major related-party transactions

Announcement	Disclosure time	Disclosure website
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Announcement on Resolutions of the 69 th Meeting of the 7 th Board of Directors (No.: 2021-049)	14 December 2021	www.cninfo.com.cn
Announcement on Progress of the Related-Party Transaction regarding the Transfer of 100% of Equity Interests in Shenzhen Property Management Co., Ltd. (No.: 2021-052)	24 December 2021	www.cninfo.com.cn
Announcement on Resolutions of the 3 rd Extraordinary General Meeting of 2021 (No.: 2021-053)	30 December 2021	www.cninfo.com.cn
Announcement on Progress of the Related-Party Transaction regarding the Transfer of 100% of Equity Interests in Shenzhen Property Management Co., Ltd. (No.: 2022-001)	15 February 2022	www.cninfo.com.cn
Announcement on Completion of the Related-Party Transaction regarding the Transfer of 100% of Equity Interest in Shenzhen Property Management Co., Ltd. (No.: 2022-032)	30 September 2022	www.cninfo.com.cn

XV Major Contracts and Execution thereof

1. Entrustment, Contracting and Leases

(1) Entrustment

Applicable Not applicable

No such cases in the Reporting Period.

(2) Contracting

Applicable Not applicable

No such cases in the Reporting Period.

(3) Leases

Applicable Not applicable

No such cases in the Reporting Period.

2. Major Guarantees

Applicable Not applicable

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	Collateral (if any)	Counter guarantee (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not
Guarantees provided by the Company as the parent for its subsidiaries										
Obligor	Disclosure date of the	Line of guarantee	Actual occurrence date	Actual guarantee	Type of guarantee	Collateral (if any)	Counter guarantee	Term of guarantee	Having expired or not	Guarantee for a related

	guarantee line announcement			amount			e (if any)			party or not
Shenzhen SPG Chuanqi Real Estate Development Co., Ltd.	18 March 2022	50,000	17 June 2022	6,036.68	Pledge	100% equity interests of Shenzhen SPG Chuanqi Real Estate Development Co., Ltd. held by the Company		From the date of signing the guarantee contract to the date when all guaranteed debts are unconditionally and irrevocably paid off in full.	Not	Not
Total approved line for such guarantees in the Reporting Period (B1)		50,000		Total actual amount of such guarantees in the Reporting Period (B2)		6,036.68				
Total approved line for such guarantees at the end of the Reporting Period (B3)		50,000		Total actual balance of such guarantees at the end of the Reporting Period (B4)		6,036.68				
Guarantees provided between subsidiaries										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	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)		50,000		Total actual guarantee amount in the Reporting Period (A2+B2+C2)		6,036.68				
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)		50,000		Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)		6,036.68				
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets				1.51%						
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)				0						
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)				0						
Total of the three amounts above (D+E+F)				0						

Compound guarantees

3. Cash Entrusted to Other Entities for Management

(1) Cash Entrusted for Wealth Management

Applicable Not applicable

Overview of cash entrusted for wealth management in the Reporting Period

Unit: RMB'0,000

Type	Funding source	Amount	Undue amount	Unrecovered overdue amount	Unrecovered overdue amount with provision for impairment
Others	Self-owned funds	51,604.89	40,815.44	0	0
Total		51,604.89	40,815.44	0	0

High-risk entrusted wealth management with significant single amount or low security and poor liquidity:

Applicable Not applicable

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

Applicable Not applicable

(2) Entrusted Loans

Applicable Not applicable

No such cases in the Reporting Period.

4. Other Major Contracts

Applicable Not applicable

No such cases in the Reporting Period.

XVI Other Significant Events

Applicable Not applicable

1. During the Reporting Period, Shenzhen Investment Holdings Co., Ltd., a controlling shareholding of the Company, carried out share reduction. From 30 August to 30 December 2022, SIHC reduced its holdings of 14,241,998 shares of the Company through call auction, accounting for 1.4078% of the total share capital of the Company. As at the end of the Reporting Period, SIHC was still holding 564,353,838 shares of the Company, accounting for 55.78% of the total share capital of the Company. For more details, please refer to the Pre-disclosure on Reduction of Shares Held by Controlling Shareholders (Announcement No. 2022-026), Progress on Reduction of Shares Held by Controlling Shareholders (Announcement No. 2022-031), Announcement on Half Time Left for Reduction of Shares Held by Controlling Shareholders (Announcement No. 2022-033), Announcement on 1% Reduction of Shares Held by Controlling Shareholders (Announcement No. 2022-046) and Announcement on Expiration of Reduction of Shares Held by Controlling Shareholders (Announcement No. 2023-001) disclosed on 30 July, 3 September, 28 October, 10 December 2022, and 4 January 2023, respectively.

2. During the Reporting Period, Chairman Mr. Liu Zhengyu of the Company no longer serves as the Chairman of the Board of Directors or a director of the Company due to job changes. Upon joint recommendation of all the current directors of the Company, Director and General Manager Mr. Tang Xiaoping of the Company will exercise the duties

of Chairman from 1 November 2022 to the date when the new chairman is elected by the Board of Directors of the Company. For details, please refer to the Announcement on Leave of Chairman and Election of A Director to Act as the Chairman (Announcement No. 2022-040) disclosed by the Company on 2 November 2022.

XVII Significant Events of Subsidiaries

Applicable Not applicable

Part VII Share Changes and Shareholder Information

I Share Changes

1. Share Changes

Unit: share

	Before		Increase/decrease (+/-)					After	
	Shares	Percentage (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Shares	Percentage (%)
1. Restricted shares	0.00	0.00%	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
1.1 Shares held by the state	0.00	0.00%	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
1.2 Shares held by state-owned Legal-person	0.00	0.00%	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
1.3 Shares held by other domestic investors	0.00	0.00%	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Among which: shares held by domestic legal person	0.00	0.00%		0.00	0.00	0.00	0.00	0.00	0.00%
Shares held by domestic natural person	0.00	0.00%	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
1.4 Oversea shareholdings	0.00	0.00%	0.00	0.00	0.00	0.00	0.00		0.00%
Among which: shares held by oversea legal person	0.00	0.00%	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Shares held by oversea natural person	0.00	0.00%	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
2. Unrestricted shares	1,011,660,000.00	100.00%	0.00	0.00	0.00	0.00	0.00	1,011,660,000.00	100.00%
2.1 RMB ordinary shares	891,660,000.00	88.14%	0.00	0.00	0.00	0.00	0.00	891,660,000.00	88.14%
2.2 Domestically listed foreign shares	120,000,000.00	11.86%	0.00	0.00	0.00	0.00	0.00	120,000,000.00	11.86%
2.3 Oversea listed foreign shares	0.00	0.00%	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
2.4 Other	0.00	0.00%	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
3. Total shares	1,011,660,000.00	100.00%	0.00	0.00	0.00	0.00	0.00	1,011,660,000.00	100.00%

Reasons for share changes:

 Applicable Not applicable

Approval of share changes:

 Applicable Not applicable

Transfer of share ownership:

 Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

2. Changes in Restricted Shares

Applicable Not applicable

II. Issuance and Listing of Securities

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

Applicable Not applicable

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

Applicable Not applicable

3. Existing Staff-Held Shares

Applicable Not applicable

III Shareholders and Actual Controller

1. Shareholders and Their Shareholdings at the Period-End

Unit: share

Number of ordinary shareholders	50,795	Number of ordinary shareholders at the month-end prior to the disclosure of this Report	48,403	Number of preferred shareholders with resumed voting rights (if any) (see note 8)	0	Number of preferred shareholders with resumed voting rights at the month-end prior to the disclosure of this Report (if any) (see note 8)	0	
Shareholding of ordinary shareholders holding more than 5% shares or the top 10 of ordinary shareholders								
Name of shareholder	Nature of shareholder	Holding percentage (%)	Number of shareholding at the end of the Reporting Period	Increase and decrease of shares during Reporting Period	Number of restricted shares	Number of unrestricted shares	Pledged, marked or frozen shares	
							Status of shares	Amount
Shenzhen Investment Holdings Co., Ltd	State-owned legal person	55.78%	564,353,838.00	-14,241,998	0	564,353,838.00		
Shenzhen State-owned Equity Management Co., Ltd.	Domestic non-state-owned legal person	6.35%	64,288,426.00			64,288,426.00		
Yang Jianmin	Domestic natural person	0.91%	9,219,677.00	4,705,000		9,219,677.00		
Pan Jun	Domestic natural	0.51%	5,188,800.00	1,899,900		5,188,800.00		

	person							
Zhang Xiujuan	Domestic natural person	0.41%	4,101,200.00	503,900		4,101,200.00		
He Qiao	Domestic natural person	0.40%	4,005,286.00	2,278,300		4,005,286.00		
Wang Yulan	Domestic natural person	0.34%	3,403,891.00	1,074,200		3,403,891.00		
Cao Benming	Domestic natural person	0.33%	3,356,800.00	2,010,300		3,356,800.00		
Lin Weirong	Domestic natural person	0.26%	2,600,000.00	-516,400		2,600,000.00		
China International Capital Corporation Limited	State-owned legal person	0.21%	2,147,724.00			2,147,724.00		
Strategic investor or general legal person becoming a top-10 ordinary shareholder due to rights issue (if any) (see note 3)	None							
Related or acting-in-concert parties among the shareholders above	Among the top 10 shareholders of the Company, Shenzhen State-owned Equity Management Co., Ltd. is a wholly-owned subsidiary of Shenzhen Investment Holdings Co., Ltd. The Company does not know whether there exists associated relationship among the other shareholders, or whether they are persons acting in concert as prescribed in the Administrative Measures for the Acquisition of Listed Companies.							
Explain if any of the shareholders above was involved in entrusting/being entrusted with voting rights or waiving voting rights	None							
Special account for share repurchases (if any) among the top 10 shareholders (see note 10)	None							
Top 10 unrestricted shareholders								
Name of shareholder	Unrestricted shares held at the period-end	Shares by type						
		Type	Shares					
Shenzhen Investment Holdings Co., Ltd	564,353,838.00	RMB ordinary shares	564,353,838.00					
Shenzhen State-owned Equity Management Co., Ltd.	64,288,426.00	RMB ordinary shares	64,288,426.00					
Yang Jianmin	9,219,677.00	RMB ordinary shares	9,219,677.00					
Pan Jun	5,188,800.00	RMB ordinary shares	5,188,800.00					
Zhang Xiujuan	4,101,200.00	RMB ordinary shares	4,101,200.00					
He Qiao	3,852,600	RMB ordinary shares	3,852,600					
He Qiao	152,686	Domestically listed foreign shares	152,686					
Wang Yulan	3,403,891.00	RMB ordinary shares	3,403,891.00					
Cao Benming	3,356,800.00	RMB ordinary	3,356,800.00					

		shares	0
Lin Weirong	2,600,000.00	RMB ordinary shares	2,600,000.00
China International Capital Corporation Limited	2,147,724.00	RMB ordinary shares	2,147,724.00
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	Among the top 10 unrestricted public shareholders of the Company, Shenzhen State-owned Equity Management Co., Ltd. is a wholly-owned subsidiary of Shenzhen Investment Holdings Co., Ltd. The Company does not know whether there exists associated relationship among the other shareholders, or whether they are persons acting in concert as prescribed in the <i>Administrative Measures for the Acquisition of Listed Companies</i> .		
Top 10 ordinary shareholders involved in securities margin trading (if any) (see Note 4)	Among the top 10 shareholders of the Company, the third, fifth, sixth and eighth shareholders respectively held 5,368,800 shares, 4,101,200 shares, 3,666,300 shares, and 3,351,800 shares in their credit securities accounts.		

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

Yes No

No such cases in the Reporting Period.

2. Controlling Shareholder

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

Type of the controlling shareholder: legal person

Name of controlling shareholder	Legal representative/ person in charge	Date of establishment	Unified social credit code	Principal activity
Shenzhen Investment Holdings Co., Ltd.	He Jianfeng	13 October 2004	767566421	Investment in equities on behalf of the government and management of those investments; development and operation of government-allocated land; and investment in and provision of services for strategic emerging industries
Controlling shareholder's holdings in other listed companies at home or abroad in the Reporting Period	301,410,000 shares in SZPRD A (000011), representing a stake of 50.57%; 234,070,000 shares in STHC (000045), representing a stake of 46.21%; 8,210,000 shares in Shenzhen Universe A (000023), representing a stake of 5.91%; 962,720,000 shares in Ping An (601318), representing a stake of 5.27%; 3,223,110,000 shares in Guosen Securities (002736), representing a stake of 33.53%; 609,430,000 of A shares and 103,370,000 of H shares in Guotai Junan (601211), representing a stake of 8%; 195,030,000 shares in Telling Holding (000829), representing a stake of 19.03%; 1,058,720,000 shares in Shenzhen International (00152), representing a stake of 44.34%; 604,820,000 shares in BEAUTYSTAR (002243), representing a stake of 49.96%; 315,830,000 shares in Infinova (002528), representing a stake of 26.35%; 388,450,000 shares in EA (002183), representing a stake of 14.96%; 64,350,000 shares in SWPD (301038), representing a stake of 37.50%; 6,770,000 shares in Shenzhen Energy (000027), representing a stake of 0.14%; 9,520,000 shares in BOCOM (601328), representing a stake of 0.01%; 113,980,000 shares in Techand Ecology (300197), representing a stake of 4.04%; 77,270,000 shares in Vanke (02202), representing a stake of 0.66%; 696,160,000 shares in SEG (000058), representing a stake of 56.54%.			

Change of the controlling shareholder in the Reporting Period:

Applicable Not applicable

No such cases in the Reporting Period.

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

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

Type of the actual controller: legal person

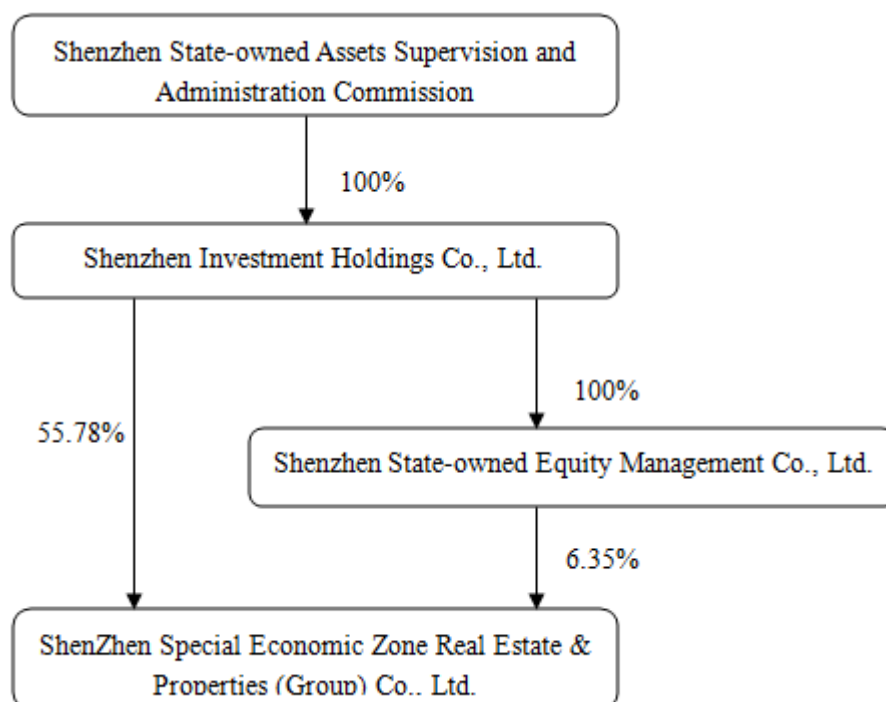
Name of actual controller	Legal representative/ person in charge	Date of establishment	Unified social credit code	Principal activity
Shenzhen State-owned Assets Supervision and Administration Commission	Wang Yongjian	31 July 2004	K3172806-7	Perform the responsibilities of investor on behalf of the state,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

Change of the actual controller during the Reporting Period:

Applicable Not applicable

No such cases in the Reporting Period.

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



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

Applicable Not applicable

4. Number of Accumulative Pledged Shares held by the Company's Controlling Shareholder or the Largest Shareholder as well as Its Acting-in-Concert Parties Accounts for 80% of all shares of the Company held by Them

Applicable Not applicable

5. Other 10% or Greater Corporate Shareholders

Applicable Not applicable

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

Applicable Not applicable

IV Specific Implementation of Share Repurchase during the Reporting Period

Progress on any share repurchase:

Applicable Not applicable

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

Applicable Not applicable

Part VIII Preference Shares

Applicable Not applicable

No preference shares in the Reporting Period.

Part IX Bonds

Applicable Not applicable

Part X Financial Statements

Type of the audit opinion	Unmodified unqualified opinion
Date of signing this report	17 March 2023
Name of the audit institution	Grant Thornton Accounting Firm (LLP)
Number of the audit report	GTCNSZ (2023) NO.441A000022
Name of the certified public accountants	Zhao Juanjuan, Jiang Xiaoming

Auditor's Report

GTCNSZ (2023) NO.441A000022

To the Shareholders of Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd:

Opinion

We have audited the financial statement of **Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd** (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statement present fairly, in all material respects, the consolidated financial position of the group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Basis for Opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most

significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial

statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

I. Recognition of revenue from sales of properties

The relevant information disclosure is detailed in Note III.24 and Note V.35.

1. Description of the matter

In 2022, the revenue from sales of properties is CNY 3.09 billion, which accounts for 48.76% of total revenue of the Group.

The Group recognizes the revenue of sales of properties when all of the following conditions have been met: ①sales contract is signed and filed with housing construction bureau;②properties were completed and passed acceptance inspection; ③for lump-sum settlement, payment has been received in full; for mortgage, the first installment payment has been received and approval procedures of bank mortgage have been completed;④the procedures of housing delivery have completed in accordance with the requirements of the sales contract.

Due to the importance of revenue from sales of properties, and any misstatements in revenue recognition will have a significant impact on the profit of the Group. Therefore, the recognition of revenue from sales of properties is identified as a key audit matter.

2. Audit response

Our audit procedures for the recognition of revenue from sales of properties include:

- ① Understanding, assessing and testing the design and implementation of key internal controls about the progress of contract performance and revenue recognition.
- ② Examining the main clauses in sales contracts to evaluate the appropriateness of the Group's revenue recognition policy associated with the relevant accounting standards;
- ③ Performing tests, on a sample basis, to examine contracts of sales of properties, trace to collection of revenue and check letter of admission (elements of revenue

recognition) in order to assess the compliance with the Group's revenue recognition policy.

④ Evaluating the revenue of sales of properties, on sample basis, before and after the balance sheet date by checking to sales contracts, revenue collection and the letter of admission, for the appropriateness of the period of revenue recognition

⑤ Calculating average house price and comparing it with the price from last year to analyze the reasonableness of revenue and gross profit.

⑥ Evaluating the appropriateness of accounting treatment, presentation and disclosure of the revenue recognition of sales of properties and other relevant information by the Group in the financial statements.

II. Provision of land appreciation tax

The relevant information disclosure is detailed in Note III、32、Note IV、tax and Note V、36.

1. Description of the matter

Land appreciation tax is one of the major tax of the group. The amount of land value-added tax during reporting period is CYN 68.99 million.

The sale of developed real estate is subject to land value-added tax at a progressive rate of 30% - 60% on the land appreciation. At the end of each financial reporting period, the management needs to estimate the accrued amount of land appreciation tax. When making estimation judgments, the main factors to be considered include the provisions and interpretations of relevant tax laws and regulations, and the estimated income from the sale of properties minus estimated deductible land costs, real estate development costs, interest expenses, development expenses, etc. When Shenzhen Real Estate Group settles and settles the land appreciation tax, the actual tax payable may be different from the amount estimated by Shenzhen Real Estate Group.

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

2. Audit response

For the provision and evaluation of land value-added tax, we mainly performed the following audit procedures:

- ① Evaluating the design and effectiveness of key internal controls related to the measurement of LAT;
- ② Involving our internal tax specialists in the PRC to assess the provision of LAT on 31 December 2022 on basis of our experience, knowledge, understanding of the practical operation of relevant tax laws by local tax authorities, to evaluate the Group's assumptions and judgments;
- ③ Evaluating the management's expected estimates of the estimated income from the sale of real estate and the amount of deductible items, and assess the Group's assumptions and judgments;
- ④ Recalculating the amount of provision of LAT and comparing it to management estimate.

III. Assessment of Inventory's net realizable value

The relevant information disclosure is detailed in Note III.12 and Note V.7.

1. Description of the matter

The Group's finished goods, work in progress and products to be developed (hereinafter referred to as "Inventory"), are measured at the lower of cost and net realizable value. The ending balance of inventory was 4.257 billion yuan, accounting for 74.82% of the ending balance of the Group's total assets.

Management determines the net realizable value of each inventory item at the balance sheet date. In determining the net realizable value of inventory, management is required to provide an up-to-date estimate of the construction costs to be incurred for each product to be developed and work in progress until completion, and to estimate the expected future net selling price (with reference to the recent transaction price of the real estate project in the vicinity) and the future selling costs as well as the related sales tax for each inventory.

Due to the importance of inventories to the assets of the Group and the inherent risks of estimating the construction costs and future net selling prices to be incurred when inventory items reach completion status, especially in view of the current economic environment, the assessment of the net realizable value of the group's inventory is identified as a key audit matter.

2. Audit response

For assessing the net realizable value of inventory, we mainly performed the following audit procedures:

- ① Understanding and evaluating the design and operational effectiveness of key internal controls related to real estate development cost budgeting, dynamic cost management, and estimates of net realizable value;
- ② Organizing filed trips to real estate development projects based on selected samples, and ask the development progress and dynamic cost budget of these projects
- ③ Evaluating the management's calculation method of expected future selling price, future selling cost and related sales taxes, such as by comparing the estimated selling price with market availability data and the project's sales budget plan;
- ④ Reconciling the actual costs of inventory in current real estate development projects with the latest project budget, and comparing the latest budgeted costs as of 31 December 2022 with those as of 31 December 2021, to evaluate the accuracy of management forecasts;
- ⑤ Recalculating the net realizable value of inventory and comparing it to management estimate.

Other Information

Management of Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd (the "Management") is responsible for the other information. The other information comprises the information included in the Annual Report of 2022, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, further events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance a statement that we have complied with the ethical requirements relating to our independence and communicate to those charged with governance relationships and other matters that may reasonably be believed to affect our independence, as well as the relevant precautions, if applicable.

From the matters we communicated with those charged with governance, we determined which matters were most material to the audit of the financial statements for the current period and thus constituted the key audit matters. We describe such matters in our audit reports, unless laws and regulations prohibit public disclosure of such matters or, in rare circumstances, we determine that we should not communicate a matter in our audit report if it is reasonably expected that the negative consequences of communicating such matter in our audit report would outweigh the benefits in the public interest.

Grant Thornton

Auditor's signature and stamp: Zhao Juanjuan

China ·Beijing

Auditor's signature and stamp: Jiang Xiaoming

17 March 2023

Balance Sheet

Prepared by: Shenzhen Special Economic Zone Real Estate and Properties (Group) Co., Ltd

Expressed in CNY

Item	Note	As at 31/12/2022		As at 31/12/2021	
		Consolidated	Company	Consolidated	Company
Current assets:					
Cash at bank and on hand	V、 1	197,663,949.74	92,377,124.60	564,358,824.63	304,130,181.74
Trading financial assets	V、 2	408,154,361.42	408,154,361.42	514,024,710.91	514,024,710.91
Bills receivable	V、 3	1,536,150.00	-	3,530,537.37	-
Accounts receivable	V、 4	63,580,422.16	11,706,678.21	61,048,785.11	9,708,285.93
Accounts receivable financing		-	-	-	-
Prepayments	V、 5	1,163,612.24	200,000.00	4,899,011.32	200,000.00
Other receivables including:	V、 6	42,105,050.33	1,711,880,332.45	30,614,008.08	1,587,300,891.76
interests receivables dividends		-	-	-	-
receivables Inventories		-	39,222,722.88	1,052,192.76	-
Contract assets	V、 7	4,257,109,614.31	4,854,703.53	4,034,933,562.62	42,348,499.39
Assets held for sale		-	-	-	-
Non-current assets due within one year	V、 8	-	-	78,940,232.10	12,821,791.52
Other current assets		-	-	-	-
Total current assets	V、 9	36,778,641.42	1,138,065.43	68,216,887.04	7,144,189.24
Non-current assets:		5,008,091,801.62	2,230,311,265.64	5,360,566,559.18	2,477,678,550.49
Debt investments		-	-	-	-
Other debt investments		-	-	-	-
Long-term receivables		-	-	-	-
Long-term equity investments		-	-	-	-
Investment in other equity instruments	V、 10	93,927.64	1,582,275,489.49	272,168.28	1,582,657,055.03
Other financial non-current assets	V、 11	13,839,235.57	13,839,235.57	36,322,704.33	13,831,938.92
Investment properties		-	-	-	-
Fixed assets	V、 12	566,873,915.07	455,917,024.15	588,865,777.16	476,622,089.39
Construction in progress	V、 13	21,425,475.05	14,046,375.35	23,920,424.55	15,722,627.74
Productive biological assets		-	-	-	-
Oil and gas assets		-	-	-	-
Right of use assets		-	-	-	-
Intangible assets	V、 14	232,496.72	-	365,351.97	-
Development costs	V、 15	-	-	-	-
Goodwill		-	-	-	-
Long-term deferred expenses		-	-	-	-
Deferred tax assets	V、 16	2,176,221.53	1,381,401.99	2,164,963.18	1,167,500.83
Other non-current assets	V、 17	77,036,728.98	29,502,067.58	170,020,101.78	134,299,017.38
Total non-current assets		-	-	-	-
Total assets		681,678,000.56	2,096,961,594.13	821,931,491.25	2,224,300,229.29
		5,689,769,802.18	4,327,272,859.77	6,182,498,050.43	4,701,978,779.78

Balance Sheet(continued)

Prepared by: Shenzhen Special Economic Zone Real Estate and Properties (Group) Co., Ltd

Expressed in CNY

Item	Note	As at 31/12/2022		As at 31/12/2021	
		Consolidated	Company	Consolidated	Company
Current liabilities:					
Short-term loans	V、18	51,138,077.62	-	50,440,116.24	-
Trading financial liabilities		-	-	-	-
Bills payable	V、19	-	-	247,376,403.56	-
Accounts payable	V、20	434,601,559.67	17,666,752.61	141,447,559.24	29,750,790.44
Advances from customers	V、21	5,465,343.96	-	6,411,427.04	-
Contract liabilities	V、22	43,533,467.29	184,985.71	199,965,490.08	159,752,627.50
Employee benefits payable	V、23	35,724,203.78	21,167,813.42	43,926,711.78	33,496,830.45
Taxes payable	V、24	190,951,185.99	178,147,095.75	600,540,872.48	588,031,923.05
Other payables	V、25	574,331,340.84	184,614,308.51	581,377,415.64	207,613,656.49
Including: interests payables		16,535,277.94	16,535,277.94	16,535,277.94	16,535,277.94
dividends payables		-	-	-	-
Liabilities held for sale	V、8	-	-	65,752,452.06	-
Non-current liabilities due within one year	V、26	6,188,794.43	-	83,023.44	-
Other current liabilities	V、27	3,882,817.68	9,249.29	8,196,849.13	7,987,260.50
Total current liabilities		1,345,816,791.26	401,790,205.29	1,945,518,320.69	1,026,633,088.43
Non-current liabilities:					
Long-term loans	V、28	54,261,000.00	-	-	-
Debentures payable		-	-	-	-
Leased liabilities	V、29	53,885.23	-	125,920.77	-
Long-term payables		-	-	-	-
Provisions		-	-	-	-
Deferred income		-	-	-	-
Deferred tax liabilities	V、17	3,096,348.02	3,096,348.02	9,524,639.56	5,027,520.65
Other non-current liabilities		-	-	-	-
Total non-current liabilities		57,411,233.25	3,096,348.02	9,650,560.33	5,027,520.65
Total liabilities		1,403,228,024.51	404,886,553.31	1,955,168,881.02	1,031,660,609.08
Shareholders' equity:					
Share capital	V、30	1,011,660,000.00	1,011,660,000.00	1,011,660,000.00	1,011,660,000.00
Capital reserve	V、31	978,244,910.11	964,711,931.13	978,244,910.11	964,711,931.13
Less: treasury shares		-	-	-	-
Other comprehensive income	V、32	25,926,720.85	1,379,426.68	36,088,963.95	1,373,954.19
Specific reserve		-	-	-	-
Surplus reserve	V、33	275,253,729.26	252,124,115.85	241,144,854.93	218,015,241.52
Retained earnings	V、34	1,713,155,187.48	1,692,510,832.80	1,671,121,562.98	1,474,557,043.86
Total equity attributable to shareholders of the		4,004,240,547.70	3,922,386,306.46	3,938,260,291.97	3,670,318,170.70
Non-controlling interests		282,301,229.97	-	289,068,877.44	-
Total shareholders' equity		4,286,541,777.67	3,922,386,306.46	4,227,329,169.41	3,670,318,170.70
Total liabilities and shareholders' equity		5,689,769,802.18	4,327,272,859.77	6,182,498,050.43	4,701,978,779.78

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Income Statement

For the year ended 31December 2022

Prepared by: Shenzhen Special Economic Zone Real Estate and Properties (Group) Co., Ltd

Expressed in CNY

Item	Note	Year ended 31/12/2022		Year ended 31/12/2021	
		Consolidated	Company	Consolidated	Company
i. Operating income	V、 35	634,384,561.42	207,149,569.13	1,320,790,648.45	774,065,610.33
Less: operating costs	V、 35	437,052,001.01	66,761,336.83	666,348,361.48	198,814,980.86
Taxes and surcharges	V、 36	81,783,491.54	34,857,919.27	254,360,315.85	239,589,346.99
Selling and distribution expenses	V、 37	19,217,595.11	1,693,651.82	42,737,748.22	25,703,001.79
General and administrative expenses	V、 38	55,758,749.08	31,384,870.71	98,307,831.60	62,162,730.22
Research and development expenses		-	-	-	-
Financial expenses	V、 39	-6,507,147.03	-57,765,779.16	-18,083,491.01	-35,842,822.63
Including: Interest expenses		-	-	9,920.46	-
Interest income		5,315,817.53	42,340,594.39	28,863,878.27	41,651,307.37
Add: Other income	V、 40	559,803.19	290,331.32	1,669,479.40	41,188.24
Investment income ("-" for losses)	V、 41	164,986,548.17	280,973,270.14	1,783,839.07	1,783,839.07
Including: Income from investment in associates and joint ventures ("-" for losses)		-178,240.64	-178,240.64	-105,321.37	-105,321.37
Gain from derecognition of financial assets measured at amortized cost ("-" for losses)		-	-	-	-
Net exposure hedging gains ("-" for losses)		-	-	-	-
Gains from changes in fair value ("-" for losses)	V、 42	8,970,031.50	8,970,031.50	11,828,130.44	11,828,130.44
Credit impairment losses ("-" for losses)	V、 43	-6,516,237.34	-402,823.92	-7,795,219.71	-153,318.35
Impairment losses ("-" for losses)	V、 44	-532,397.57	-	268,941.60	-
Gains from assets disposal ("-" for losses)	V、 45	-	-	-8,852.73	-
ii. Operating profit ("-" for losses)		214,547,619.66	420,048,378.70	284,866,200.38	297,138,212.50
Add: Non-operating income	V、 46	1,534,651.38	350,103.89	1,746,134.87	1,584,736.54
Less: Non-operating expenses	V、 47	478,942.74	308,559.95	208,129.74	32,989.65
iii. Profit before income tax ("-" for losses)		215,603,328.30	420,089,922.64	286,404,205.51	298,689,959.39
Less: Income tax expenses	V、 48	66,026,457.35	79,001,179.37	68,804,535.78	74,484,146.80
iv. Net profit for the year ("-" for net losses)		149,576,870.95	341,088,743.27	217,599,669.73	224,205,812.59
(1) Classification according to operation continuity					
Including: Net profit from continuing operations ("-" for net loss)		139,931,713.54	341,088,743.27	214,252,742.25	224,205,812.59
Net profit from discontinued operations ("-" for net loss)		9,645,157.41	-	3,346,927.48	-
(2) Classification according to attribute					
Including: Members of the parent entity ("-" for net loss)		153,718,805.57	341,088,743.27	220,836,309.93	224,205,812.59
Non-controlling interests ("-" for net loss)		-4,141,934.62	-	-3,236,640.20	-
v. Other comprehensive income, net of tax		-1,338,182.69	5,472.49	8,837,349.05	242,802.45
Other comprehensive income (net of tax) attributable to members of the parent entity		1,287,530.16	5,472.49	7,925,913.82	242,802.45
A. Items that will not be reclassified to profit or loss		-1,314,647.75	5,472.49	-891,117.14	242,802.45
a. Changes in fair value of other equity instrument investments		-1,314,647.75	5,472.49	-891,117.14	242,802.45
B. Items that may be reclassified to profit or loss		2,602,177.91	-	8,817,030.96	-
a. Translation differences arising from translation of foreign currency financial statements		2,602,177.91	-	8,817,030.96	-
Other comprehensive income (net of tax) attributable to non-controlling interests		-2,625,712.85	-	911,435.23	-
vi. Total comprehensive income for the year		148,238,688.26	341,094,215.76	226,437,018.78	224,448,615.04
Attributable to:					
members of the parent entity		155,006,335.73	341,094,215.76	228,762,223.75	224,448,615.04
Non-controlling interests		-6,767,647.47	-	-2,325,204.97	-
vii. Earnings per share					
(1) Basic earnings per share		0.1519	-	0.2183	-
(2) Diluted earnings per share		0.1519	-	0.2183	-

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Cash Flow Statement

For the year ended 31 December 2022

Prepared by: Shenzhen Special Economic Zone Real Estate and Properties (Group) Co., Ltd

Expressed in CNY

Item	Note	Year ended 31/12/2022		Year ended 31/12/2021	
		Consolidated	Company	Consolidated	Company
I. Cash flows from operating activities					
Proceeds from sales of goods or rendering of services		511,011,815.61	49,012,283.37	1,427,249,424.24	800,728,093.14
Refund of taxes		132,838,815.39	76,682,094.30	-	-
Proceeds from other operating activities	V、49	24,599,301.34	45,702,753.43	378,597,082.00	55,262,411.37
Sub-total of cash inflows		668,449,932.34	171,397,131.10	1,805,846,506.24	855,990,504.51
Payment for goods and services		641,103,390.35	14,097,081.25	2,301,256,194.02	53,822,715.55
Payment to and for employees		89,495,463.28	41,433,458.97	191,511,263.39	55,225,745.09
Payments of various taxes		540,305,543.96	506,294,532.81	235,554,836.77	276,459,274.35
Payment for other operating activities	V、49	73,321,533.51	48,529,139.31	283,476,320.00	472,880,097.57
Sub-total of cash outflows		1,344,225,931.10	610,354,212.34	3,011,798,614.18	858,387,832.56
Net cash flows from operating activities		-675,775,998.76	-438,957,081.24	-1,205,952,107.94	-2,397,328.05
II. Cash flows from investing activities					
Proceeds from disposal of investments		-	-	-	-
Investment income received		10,527,896.61	10,042,199.78	1,889,160.44	1,889,160.44
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		2,907.50	2,907.50	162,961.51	1,253.56
Net proceeds from disposal of subsidiaries and other business units		157,395,480.90	196,676,700.00	-	-
Proceeds from other investing activities	V、49	114,840,380.99	114,840,380.99	797,803,419.53	797,803,419.53
Sub-total of cash inflows		282,766,666.00	321,562,188.27	799,855,541.48	799,693,833.53
Payment for acquisition of fixed assets, intangible assets and other long-term assets		713,537.29	458,195.93	1,845,495.54	1,283,857.85
Payment for acquisition of investments		-	-	-	-
Net payment for acquisition of subsidiaries and other business units		-	-	449,776,436.75	1,444,894,678.60
Payment for other investing activities	V、49	-	-	1,300,000,000.00	1,300,000,000.00
Sub-total of cash outflows		713,537.29	458,195.93	1,751,621,932.29	2,746,178,536.45
Net cash flows from investing activities		282,053,128.71	321,103,992.34	-951,766,390.81	-1,946,484,702.92
III. Cash flows from financing activities					
Proceeds from investors		-	-	-	-
Including: Proceeds from non-controlling shareholders of subsidiaries		-	-	-	-
Proceeds from borrowings		111,428,077.62	-	50,440,116.24	-
Proceeds from other financing activities	V、49	-	-	215,816,852.52	22,800,000.00
Sub-total of cash inflows		111,428,077.62	-	266,256,968.76	22,800,000.00
Repayments of borrowings		50,440,116.24	-	76,893,995.94	-
Payment for dividends, profit distributions or interest		89,685,993.21	89,026,080.00	88,014,420.00	88,014,420.00
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries		-	-	-	-
Payment for other financing activities		-	-	-	-
Sub-total of cash outflows		140,126,109.45	89,026,080.00	164,908,415.94	88,014,420.00
Net cash flows from financing activities		-28,698,031.83	-89,026,080.00	101,348,552.82	-65,214,420.00
IV. Effect of foreign exchange rate changes on cash and cash equivalents		492,336.21	-	-440,345.74	-
V. Net increase in cash and cash equivalents		-421,928,565.67	-206,879,168.90	-2,056,810,291.67	-2,014,096,450.97
Add: Cash and cash equivalents at the beginning of the year		612,293,635.15	297,680,168.50	2,669,103,926.82	2,311,776,619.47
VI. Cash and cash equivalent at the end of the year		190,365,069.48	90,800,999.60	612,293,635.15	297,680,168.50

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2022

Prepared by: Shenzhen Special Economic Zone Real Estate and Properties (Group) Co., Ltd

Expressed in CNY

Item	Year ended 31/12/2022								
	Attributable to shareholders' equity of the parent company						Non-controlling interests	Total	
	Share capital	Capital reserve	Less: treasury shares	Other comprehensive	Specific reserve	Surplus reserve			Retained earnings
I. Balance at the end of last year	1,011,660,000.00	978,244,910.11	-	36,088,963.95	-	241,144,854.93	1,671,121,562.98	289,068,877.44	4,227,329,169.41
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-	-	-	-
business combinations under common control	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of the year	1,011,660,000.00	978,244,910.11	-	36,088,963.95	-	241,144,854.93	1,671,121,562.98	289,068,877.44	4,227,329,169.41
III. Changes in equity during the year("-" for decrease)	-	-	-	-10,162,243.10	-	34,108,874.33	42,033,624.50	-6,767,647.47	59,212,608.26
(I) Total comprehensive income	-	-	-	1,287,530.16	-	-	153,718,805.57	-6,767,647.47	148,238,688.26
(II) Shareholders' contributions and decrease of capital	-	-	-	-	-	-	-	-	-
1. Contribution by ordinary shareholders	-	-	-	-	-	-	-	-	-
2. Equity settled share-based payments	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-
(III) Appropriation of profits	-	-	-	-	-	34,108,874.33	-123,134,954.33	-	-89,026,080.00
1. Appropriation for surplus reserves	-	-	-	-	-	34,108,874.33	-34,108,874.33	-	-
2. Distributions to shareholders	-	-	-	-	-	-	-89,026,080.00	-	-89,026,080.00
3. Others	-	-	-	-	-	-	-	-	-
(IV) Transfer within equity	-	-	-	-11,449,773.26	-	-	11,449,773.26	-	-
1. Share capital increased by capital reserves transfer	-	-	-	-	-	-	-	-	-
2. Share capital increased by surplus reserves transfer	-	-	-	-	-	-	-	-	-
3. Transfer of surplus reserve to offset losses	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-11,449,773.26	-	-	11,449,773.26	-	-
(V) Specific Reserve	-	-	-	-	-	-	-	-	-
1. Appropriation during the year	-	-	-	-	-	-	-	-	-
2. Utilisation during the year	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-
IV. Balance at the end of the year	1,011,660,000.00	978,244,910.11	-	25,926,720.85	-	275,253,729.26	1,713,155,187.48	282,301,229.97	4,286,541,777.67

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Prepared by: Shenzhen Special Economic Zone Real Estate and

Expressed in CNY

Item	Year ended 31/12/2021								Total
	Attributable to shareholders' equity of the parent company							Non-controlling interests	
	Share capital	Capital reserve	Less: treasury shares	Other comprehensive	Specific reserve	Surplus reserve	Retained earnings		
I. Balance at the end of last year	1,011,660,000.00	978,244,910.11	-	28,163,050.13	-	218,724,273.67	1,560,720,254.31	-140,425,233.06	3,657,087,255.16
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-	-	-	-
business combinations under common control	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of the year	1,011,660,000.00	978,244,910.11	-	28,163,050.13	-	218,724,273.67	1,560,720,254.31	-140,425,233.06	3,657,087,255.16
III. Changes in equity during the year("-"for decrease)	-	-	-	7,925,913.82	-	22,420,581.26	110,401,308.67	429,494,110.50	570,241,914.25
(I) Total comprehensive income	-	-	-	7,925,913.82	-	-	220,836,309.93	-2,325,204.97	226,437,018.78
(II) Shareholders' contributions and decrease of capital	-	-	-	-	-	-	-	-	-
1. Contribution by ordinary shareholders	-	-	-	-	-	-	-	-	-
2. Equity settled share-based payments	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-
(III) Appropriation of profits	-	-	-	-	-	22,420,581.26	-110,435,001.26	-	-88,014,420.00
1. Appropriation for surplus reserves	-	-	-	-	-	22,420,581.26	-22,420,581.26	-	-
2. Distributions to shareholders	-	-	-	-	-	-	-88,014,420.00	-	-88,014,420.00
3. Others	-	-	-	-	-	-	-	-	-
(IV) Transfer within equity	-	-	-	-	-	-	-	-	-
1. Share capital increased by capital reserves transfer	-	-	-	-	-	-	-	-	-
2. Share capital increased by surplus reserves transfer	-	-	-	-	-	-	-	-	-
3. Transfer of surplus reserve to offset losses	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-
(V) Specific Reserve	-	-	-	-	-	-	-	-	-
1. Appropriation during the year	-	-	-	-	-	-	-	-	-
2. Utilisation during the year	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	431,819,315.47	431,819,315.47
IV. Balance at the end of the year	1,011,660,000.00	978,244,910.11	-	36,088,963.95	-	241,144,854.93	1,671,121,562.98	289,068,877.44	4,227,329,169.41

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Statement of Changes in Shareholders' Equity

For the year ended 31 December 2022

Prepared by: Shenzhen Special Economic Zone Real Estate and Properties (Group) Co., Ltd

Expressed in CNY

Item	Year ended 31/12/2022							
	Share capital	Capital reserve	Less: treasury	Other comprehensive	Specific reserve	Surplus reserve	Retained earnings	Total
I.Balance at the end of last year	1,011,660,000.00	964,711,931.13	-	1,373,954.19	-	218,015,241.52	1,474,557,043.86	3,670,318,170.70
Add: Changes in accounting policies	-	-	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
II.Balance at the beginning of the year	1,011,660,000.00	964,711,931.13	-	1,373,954.19	-	218,015,241.52	1,474,557,043.86	3,670,318,170.70
III.Changes in equity during the year("- "for decrease)	-	-	-	5,472.49	-	34,108,874.33	217,953,788.94	252,068,135.76
(I)Total comprehensive income	-	-	-	5,472.49	-	-	341,088,743.27	341,094,215.76
(II)Shareholders' contributions and decrease of capital	-	-	-	-	-	-	-	-
1.Contribution by ordinary shareholders	-	-	-	-	-	-	-	-
2. Equity settled share-based payments	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-
(III) Appropriation of profits	-	-	-	-	-	34,108,874.33	-123,134,954.33	-89,026,080.00
1. Appropriation for surplus reserves	-	-	-	-	-	34,108,874.33	-34,108,874.33	-
2. Distributions to shareholders	-	-	-	-	-	-	-89,026,080.00	-89,026,080.00
3. Others	-	-	-	-	-	-	-	-
(IV) Transfer within equity	-	-	-	-	-	-	-	-
1.Share capital increased by capital reserves transfer	-	-	-	-	-	-	-	-
2.Share capital increased by surplus reserves transfer	-	-	-	-	-	-	-	-
3.Transfer of surplus reserve to offset losses	-	-	-	-	-	-	-	-
4.Others	-	-	-	-	-	-	-	-
(V)Specific Reserve	-	-	-	-	-	-	-	-
1. Appropriation during the year	-	-	-	-	-	-	-	-
2.Utilisation during the year	-	-	-	-	-	-	-	-
(VI)Others	-	-	-	-	-	-	-	-
IV.Balance at the end of the year	1,011,660,000.00	964,711,931.13	-	1,379,426.68	-	252,124,115.85	1,692,510,832.80	3,922,386,306.46

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Statement of Changes in Shareholders' Equity

For the year ended 31 December 2022

Prepared by: Shenzhen Special Economic Zone Real Estate a

Expressed in CNY

Item	Year ended 31/12/2021							Total
	Share capital	Capital reserve	Less: treasury	Other comprehensive	Specific reserve	Surplus reserve	Retained earnings	
I.Balance at the end of last year	1,011,660,000.00	964,711,931.13	-	1,131,151.74	-	195,594,660.26	1,360,786,232.53	3,533,883,975.66
Add: Changes in accounting policies	-	-	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
II.Balance at the beginning of the year	1,011,660,000.00	964,711,931.13	-	1,131,151.74	-	195,594,660.26	1,360,786,232.53	3,533,883,975.66
III.Changes in equity during the year("- "for decrease)	-	-	-	242,802.45	-	22,420,581.26	113,770,811.33	136,434,195.04
(I)Total comprehensive income	-	-	-	242,802.45	-	-	224,205,812.59	224,448,615.04
(II)Shareholders' contributions and decrease of capital	-	-	-	-	-	-	-	-
1.Contribution by ordinary shareholders	-	-	-	-	-	-	-	-
2. Equity settled share-based payments	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-
(III) Appropriation of profits	-	-	-	-	-	22,420,581.26	-110,435,001.26	-88,014,420.00
1. Appropriation for surplus reserves	-	-	-	-	-	22,420,581.26	-22,420,581.26	-
2. Distributions to shareholders	-	-	-	-	-	-	-88,014,420.00	-88,014,420.00
3. Others	-	-	-	-	-	-	-	-
(IV) Transfer within equity	-	-	-	-	-	-	-	-
1.Share capital increased by capital reserves transfer	-	-	-	-	-	-	-	-
2.Share capital increased by surplus reserves transfer	-	-	-	-	-	-	-	-
3.Transfer of surplus reserve to offset losses	-	-	-	-	-	-	-	-
4.Others	-	-	-	-	-	-	-	-
(V)Specific Reserve	-	-	-	-	-	-	-	-
1. Appropriation during the year	-	-	-	-	-	-	-	-
2.Utilisation during the year	-	-	-	-	-	-	-	-
(VI)Others	-	-	-	-	-	-	-	-
IV.Balance at the end of the year	1,011,660,000.00	964,711,931.13	-	1,373,954.19	-	218,015,241.52	1,474,557,043.86	3,670,318,170.70

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Notes to the Financial Statements

I. Company Information

1. Company's profile

Shenzhen Special Economic Zone Real Estate and Properties (Group) Co., Ltd. (the "Group" or "the Company") was established in July 1993, as approved by the Shenzhen Municipal Government with document SFBF (1993) 724. The Company issued A shares on 15 September 1993 and issued B shares on 10 January 1994. On 31 August 1994, the issued B shares were listed in the New York Exchange market as class A recommendation. The total share capital is 1,011,660,000 shares, including 891,660,000 of A shares, and 120,000,000 of B shares. The company business license registration number is 91440300192179585N, and the registered capital is CNY 1,011,660,000.00. The Company's headquarter is located at Floor 45-48, Shen Fang Plaza, Ren Min South Road, Luo Hu District, Shen Zhen, Guangdong province.

On 13 October 2004, according to the document No. (2004) 223 -Decision on establishing Shenzhen investment Holding Co., Ltd. issued by State-Owned Assets Supervision and Administration Commission of Shenzhen Municipal Government, the former major shareholder – Shenzhen Construction Investment Holding Company with two assets management companies merged, and the Shenzhen Investment Holding Co., Ltd formed, which causes the Company's equity to change. By the State-owned Assets Supervision and Administration Commission of the state council, and quasi-exempt obligations tender offer as approved by China Security Regulatory Committee with document No. (2005)116, this issue of consolidated has been authorized and the change in registration had been completed on 15 February 2006. At the end of the reporting period, Shenzhen Investment Holding Limited holds 564,353,838 shares of the Company (55.78% of the total share capital). The shares are all tradable unrestricted shares.

The Company has established the corporate governance structure of the general meeting of shareholders, the board of directors and the board of supervisors. At present, it has human resources, financing plan department, marketing department, engineering management department etc.

The Company and its subsidiaries (hereinafter referred to as "the Group") are principally engaged in real estate development and sales, property leasing and management, retail merchandising and trade, hotel, equipment installation and maintenance, construction, interior decoration, etc.

These financial statements and notes to the financial statements were approved by the Board of Directors of the Group at the 78th Board meeting dated on 17 March 2023.

2. Scope of consolidated financial statements

For details about the scope of consolidated statements, please refer to Note VII -Interests in other entities.

Refer to Note VI and VII for changes in consolidation scope in current period.

II. The Basis of Preparation of Financial Statements

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and corresponding application guidance, interpretations and other related provisions issued by the Ministry of Finance (collectively, "Accounting Standards for Business Enterprises"). In addition,

the Group also discloses relevant financial information in accordance with the China Securities Regulatory Commission's "Information Disclosure and Reporting Rules for Companies that Public Issued Securities" No. 15 - General Provisions on Financial Reporting (revised in 2014).

These financial statements are presented on going concern basis.

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

III. Significant accounting policies and accounting estimates

The company take its own operation and production characteristics into consideration to determine the revenue recognition policy. Please refer to Note III.24.

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

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely present the Group's and the Company's financial position as at 31 December 2022 and the Group's and the Company's operating results and cash flows for the year ended 31 December 2022.

2. Accounting period

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

3. Operating cycle

The Group's operating cycle is 12 months.

4. Functional currency

The Group and domestic subsidiaries (including Hong Kong) use Chinese Yuan (-CNY||) as ~~the~~ functional currency. Offshore subsidiaries, Great Wall Estate Co. LTD, determine American dollar as their functional currency according to the primary economic environment where they operate. The financial statements of the Group have been prepared in CNY.

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

(1) Business combinations involving enterprises under common control

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

Business combination involving enterprises under common control through step by step multiple transactions.

In individual financial statements, the share of the net assets of the consolidated party in the book value of the consolidated financial statements of the ultimate controlling party of the net assets of the consolidated party on the consolidation date, calculated by the shareholding ratio on the consolidation date, shall be taken as the initial investment cost of the investment; the difference between the initial investment cost and the sum of the book value of the investment held before the merger plus the book value of the newly consideration paid shall be adjusted for the capital reserve. If the capital reserve is insufficient to be written down, the retained earnings shall be adjusted.

In the consolidated financial statement, the assets and liabilities of the consolidated party shall be measured according to the book value of the consolidated financial statement of the ultimate controlling party on the merger date, except for the adjustment due to different accounting policies; the balance between the book value of the investment held before the merger and the book value of the newly consideration paid and the book value of the net assets obtained during the merger shall be adjusted for capital reserves. If the capital reserves are insufficient to be written down, the retained earnings shall be adjusted. For long-term equity investment held by the merging party prior to acquiring control of the merged party, the relevant profit and loss, other comprehensive income and other changes in owners' equity which have been recognized by the merging party from later of the date on which the original equity was acquired and the date on which the merging party and the merged party are ultimately under the control of the same party to the merging date, shall offset the beginning retained earnings or profits and losses of the current period.

(2) Business combinations involving enterprises not under common control

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

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

Business combination involving enterprises not under common control through step by step multiple transactions.

In individual financial statements, the sum of the book value of the equity investment held by the purchaser before the purchase date and the cost of the newly added investment on the purchase date is taken as the initial investment cost of the investment. If other comprehensive income of equity investment held before the purchase date is recognized by using the equity method, such other comprehensive income will not be treated on the purchase date, and the investment will be treated on the same basis as the direct disposal of relevant assets or liabilities by the invested entity. The owners' equity recognized as a result of changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution of the investee shall be transferred to the current profit and loss during the disposal period at the time of disposal of the investment. If the equity investment held before the purchase date is measured at fair value, the accumulated change in fair value originally

recorded in other comprehensive income is transferred to the profit and loss of the current period when it is calculated by the cost method.

In the consolidated financial statement, the consolidated cost is the sum of the consideration paid on the purchase date and the fair value on the purchase date of the equity held by the Purchaser prior to the purchase date. For the equity held by the Purchaser before the purchase date, it shall be re-measured according to the fair value of the equity on the purchase date, and the difference between the fair value and the book value shall be recorded into the current income; The equity held by the Purchaser before the purchase date involves other comprehensive income, and other changes in owners' equity turn into current income on the purchase date, except for other comprehensive income generated by changes in net liabilities or net assets of the remeasured income plan of the investee.

(3) Transaction costs for business combination

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

6. Consolidated financial statements

(1) Scope of consolidated financial statements

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

(2) Basis of preparation of consolidated financial statements

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

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

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

The portion of a subsidiary's equity that is not attributable to the parent is treated as non-controlling interests and presented separately in the consolidated balance sheet within shareholders' equity. The portion of net profit or loss of subsidiaries for the period attributable to non-controlling interests is presented separately in the consolidated income statement below the -net profit|| line item. When te

amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

(3) Acquisition equity from non-controlling shareholder in Subsidiaries

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

(4) Disposal of subsidiaries

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

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

7. Joint arrangement classification and accounting treatment for joint operation

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

(1) Joint operations

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

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

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

(2) Joint ventures

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

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

8. Cash and cash equivalents

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

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

(1) Foreign currency transactions

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

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

(2) Translation of foreign currency financial statements

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

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

Cash flow statement of foreign operation is translated to Renminbi at the spot exchange rates at the cash flow occurrence dates. Effect of foreign exchange rate changes on cash and cash equivalents is presented separately as -Effect of foreign exchange rate changes on cash and cash equivalents|| in the cash flow statement.

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

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

10. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or an equity instrument of another enterprise.

(1) Recognition and derecognition of financial instruments

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of a financial instrument.

If one of the following criteria is met, a financial asset is derecognised:

- ① the contractual rights to the cash flows from the financial asset expire; or
- ② The financial asset was transferred, and the transfer qualifies for derecognition in accordance with criteria set out below in -Transfer of Financial Assets| .

A financial liability (or part of it) is derecognized when its contractual obligation (or part of it) is discharged or cancelled or expires. If the Group (as a debtor) makes an agreement with the creditor to replace the current financial liability with assuming a new financial liability, and contractual provisions are different in substance, the current financial liability is derecognized and a new financial liability is recognized.

If the financial assets are traded regularly, the financial assets are recognized and derecognized at the transaction date.

(2) Classification and measurement of financial assets

The Group classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss at initial recognition on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

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

- The Group's business model of managing the financial assets is to collect contractual cash flows as the target;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After the initial recognition, the effective interest rate method is adopted to measure the amortized cost of such financial assets. Gains or losses arising from financial assets that are measured at amortized cost and are not part of any hedging relationship shall be recorded in the current profit or loss when the recognition is terminated, amortized according to the effective interest method or the impairment is recognized.

Financial assets measured at fair value through other comprehensive income

The Group classifies the financial assets that simultaneously meet the following conditions and are not specified as measured at fair value through profit or loss as financial assets measured at fair value through other comprehensive income:

- The Group's business model of managing the financial asset aims at both collecting the contract cash flow and selling the financial asset.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After the initial recognition, this type of financial assets are subsequently measured at fair value. The interest, impairment loss or gain and exchange loss or gain calculated using the effective interest rate method are included in the current profit or loss, while other gains or losses are included in other comprehensive income. When derecognized, the accumulated gains or losses previously recorded in other comprehensive income shall be transferred out from other comprehensive income and recorded in the current profit or loss.

Financial assets measured at fair value through profit or loss

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

After the initial recognition, this kind of financial asset is subsequently measured at its fair value, and the gains or losses (including interest and dividend income) generated are recorded into the current profit or loss, unless the financial asset is part of the hedging relationship.

However, for non-trading equity instrument investment, the Group irrevocably designates it as a financial asset measured at fair value through other comprehensive income at the time of initial recognition. The designation is made on a single investment basis and the relevant investments meet the definition of an equity instrument from issuer's perspective.

After the initial recognition, this kind of financial assets are subsequently measured at fair value. Satisfied dividend income is included in the profit or loss, other gains or losses and changes in fair value are included in other comprehensive income. When derecognized, the accumulated gains or losses previously recorded in other comprehensive income are transferred out and recorded in retained earnings.

The business model of managing financial assets refers to how the group manages financial assets to generate cash flows. The business model determines whether the cash flow from the financial assets under management of the Group is derived from the receipt of contractual cash flows, the sale of financial assets or a combination of both. The Group determines its business model for managing financial assets on the basis of objective facts and the specific business objectives for the management of financial assets determined by key management personnel.

The Group assesses the contractual cash flow characteristics of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on specified dates are solely payments of principal and interest on the principal amount outstanding. Principal refers to the fair value of financial assets at initial recognition. Interest includes consideration for the time value of money, the credit risk associated with the amount of principal outstanding over a given period, and other basic lending risks and costs, as well as a profit margin. In addition, the Group assesses contractual terms that may cause a change in the time distribution or amount of the contractual cash flows of financial

assets to determine whether they meet the requirements of the above contractual cash flow characteristics.

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

Financial assets are measured at fair value at the time of initial recognition. For financial assets measured at fair value through profit or loss, relevant transaction costs are directly recorded into current profit or loss; for other classes of financial assets, the relevant transaction costs are included in the initial recognition amount. For accounts receivable arising from the sale of products or provision of services, which do not contain or do not take into account the material financing component, the Group is entitled to collect the consideration amount as expected as the initial recognition amount.

(3) Classification and measurement of financial liabilities

At the time of initial recognition, the financial liabilities of the Group are classified as: financial liabilities measured at fair value through current profit or loss, and financial liabilities measured at amortized cost. For financial liabilities that are not classified as measured at fair value through profit or loss, relevant transaction costs are included in their initial recognized amounts.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include trading financial liabilities and financial liabilities designated at the time of initial recognition as measured at fair value through profit or loss. For such financial liabilities, the subsequent measurement shall be made according to the fair value, and the gains or losses caused by changes in the fair value as well as the dividends and interest expenses related to such financial liabilities shall be recorded into current profit or loss.

Financial liabilities measured at amortized cost

For other financial liabilities, the effective interest rate method shall be adopted, and the subsequent measurement shall be made at the amortized cost, and the gains or losses arising from derecognition or amortization shall be recorded into current profit or loss.

The distinction between financial liabilities and equity instruments

Financial liabilities refer to liabilities that meet one of the following conditions:

- ① A contractual obligation to deliver cash or other financial assets to other parties.
- ② a contractual obligation to exchange financial assets or financial liabilities with another party under potentially adverse conditions.
- ③ Non-derivative instrument contracts that will be settled with or available to the firm's own equity instruments in the future, under which the firm will deliver a variable number of its own equity instruments.
- ④ a derivative contract in which the firm's own equity instruments are to be settled or used in the future, except for a derivative contract in which a fixed number of its own equity instruments are to be exchanged for a fixed amount of cash or other financial assets.

An equity instrument is a contract that certifies ownership of the remaining interest in an enterprise's assets after all liabilities have been deducted.

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

If a financial instrument is to be settled with or available to the Group's own equity instrument, consideration needs to be given to whether the Group's own equity instrument used to settle the instrument is to be used as a substitute for cash or other financial assets or to give the holder of the instrument the remaining interest in the Issuer's assets after deduction of all liabilities. If the former, the instrument is a financial liability of the group; If it is the latter, the instrument is an equity instrument of the Group.

(4) Fair value of financial instruments

For the determination of fair value of financial assets and financial liabilities, see Note III. 11.

(5) Impairment of financial assets

On the basis of expected credit losses, the Group conducts impairment accounting treatment for the following items and confirms the loss provision:

- Financial assets measured at amortized cost;
- Receivables and creditor's rights investments measured at fair value and accounted for in other comprehensive income;
- Contract assets as defined in the Accounting Standards for Business Enterprises No. 14 - Revenue;
- Lease receivables;
- Financial guarantee contract (measured at fair value and its changes included in the current profit and loss, except the financial asset transfer does not meet the conditions for termination of recognition or continues to involve the transferred financial asset).

Measurement of expected credit losses

The term "expected credit loss" refers to the weighted average of the credit loss of a financial instrument weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable under the contract and all cash flows expected to be collected by the Group discounted at the original effective interest rate, that is, the present value of all cash shortages.

The Group calculates the probabilistic weighted amount of the present value of the difference between the cash flows receivable under the Contract and the cash flows expected to be received and recognizes the expected credit loss, taking into account reasonable and evidential information concerning past events, current conditions and Itemions of future economic conditions, and weighting the risk of default.

The Group measures the expected credit losses of financial instruments at different stages. If the credit risk of the financial instrument has not increased significantly since the initial recognition, the Group shall measure the loss provision in accordance with the expected credit loss in the next 12 months in

the first stage; If the credit risk of a financial instrument has increased significantly since the initial recognition but no credit impairment has occurred, it is in the second stage, and the Group measures the loss provision according to the expected credit loss of the entire life period of the instrument; If credit impairment has occurred to a financial instrument since its initial recognition, it is in the third stage, and the Group shall measure the loss provision according to the expected credit loss of the entire life period of the instrument.

For financial instruments with low credit risk at the balance sheet date, the Group assumes that the credit risk has not increased significantly since the initial recognition, and measures the loss provision in accordance with the expected credit loss for the next 12 months.

The term "expected credit loss over the entire expected life of a financial instrument" refers to the expected credit loss resulting from all possible events of default during the entire expected life of a financial instrument. The expected credit loss within the next 12 months refers to the expected credit loss caused by the default event of the financial instrument that may occur within 12 months after the date of the balance sheet (or the expected duration of the financial instrument if the expected duration of the financial instrument is less than 12 months) and is part of the expected credit loss over the entire maturity period.

When measuring expected credit losses, the Group shall take into account the longest contract period (including the option to renew the contract) for which the enterprise is exposed to credit risk.

The Group calculates interest income on the basis of the book balance before impairment provisions and the effective interest rate for financial instruments in stage I and stage II and with lower credit risk. For financial instruments in the third stage, the interest income is calculated on the basis of the amortized cost of the book balance less the impairment provision and the effective interest rate.

For notes receivable, accounts receivable and contract assets, regardless of whether there is a material financing component, the Group always measures its loss provision in accordance with the amount equivalent to the expected credit loss within the whole duration period.

When a single financial asset cannot assess the information of expected credit loss at a reasonable cost, the Group divides the notes receivable and accounts receivable into portfolios according to the credit risk characteristics, calculates the expected credit loss on the basis of the portfolios, and determines the portfolios based on the following:

A. Notes receivable

- Notes receivable portfolio 1: banker acceptance notes
- Notes receivable portfolio 2: commercial acceptance notes

B. Receivables

- Accounts receivable portfolio 1: related parties receivable
- Accounts Receivable Portfolio 2: Receivable from property sales
- Accounts receivable portfolio 3: receivable from other customers

C. Contract assets

- Contract Portfolio 1: Product Sales
- Contract Portfolio 2: Works Construction

For the notes receivable and contract assets divided into portfolios, the Group calculates the expected credit loss through default risk exposure and the expected credit loss rate over the entire duration by referring to the historical credit loss experience, combining the current situation and the forecast of the future economic situation.

For the receivables divided into portfolios, the Group refers to the historical credit loss experience and combines the current situation with the forecast of the future economic situation to compile a comparison table between the age of receivables/overdue days and the expected credit loss rate of the entire duration period to calculate the expected credit loss.

Other receivables

The Group divides other receivables into several portfolios according to the credit risk characteristics, and calculates the expected credit loss on the basis of the portfolio. The basis for determining the portfolio is as follows:

- Other Receivables Portfolio 1: Receivables from government agencies
- Other Receivables Portfolio 2: Other receivables from employee's petty cash
- Other receivables portfolio 3: Other receivables from the collecting and paying on behalf
- Other receivables portfolio 4: Other receivables from other customers
- Other receivables portfolio 5: Receivables from related parties

For other receivables divided into portfolios, the Group calculates the expected credit loss by default risk exposure and the expected credit loss rate over the next 12 months or the entire duration.

Debt investment and Other debt investment

For debt investment and other debt investment, the Group calculates the expected credit loss based on the default risk exposure and the expected credit loss rate within the next 12 months or the entire duration according to the nature of the investment and the various types of counterparties and risk exposures.

An assessment of a significant increase in credit risk

By comparing the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date, the Group determines the relative change of default risk within the expected duration of financial instruments, so as to evaluate whether the credit risk of financial instruments has significantly increased since the initial recognition.

In determining whether credit risk has increased significantly since the initial recognition, the Group considers reasonable and informed information, including forward-looking information that can be obtained without unnecessary additional cost or effort. Information considered by the Group includes:

- The debtor fails to pay the principal and interest as due under the contract;

- A material deterioration, if any, of the external or internal credit rating of the financial instrument that has occurred or is expected;
- A serious deterioration of the debtor's business results occurred or is expected;
- A change in the existing or anticipated technological, market, economic or legal environment which will have a material adverse effect on the debtor's ability to repay the Group.

According to the nature of financial instruments, the Group evaluates whether credit risk increases significantly on the basis of individual financial instruments or a combination of financial instruments. When assessing on the basis of a portfolio of financial instruments, the Group may classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk rating.

If overdue for more than 30 days, the Group determines that the credit risk of the financial instrument has increased significantly.

The Group believes that the financial assets are in default under the following circumstances:

- The Borrower is unlikely to pay its arrears to the Group in full and this assessment does not take into account any recourse actions taken by the Group, such as liquidating the collateral (if held); or
- Financial assets are more than 90 days overdue.

A financial asset whose credit has been impaired

On the balance sheet date, the Group evaluates whether credit impairment has occurred in financial assets measured at amortized cost and debt investments measured at fair value and whose changes are included in other comprehensive income. When one or more events which have an adverse effect on the expected future cash flow of a financial asset occur, the financial asset becomes a financial asset with credit impairment. Evidence of credit impairment of financial assets includes the following observable information:

- Major financial difficulties occur to the issuer or the debtor;
- A breach of contract by the debtor, such as a default or late payment of interest or principal;
- The Group, for economic or contractual considerations relating to the debtor's financial difficulties, gives concessions that the debtor would not have made under any other circumstances;
- The debtor is likely to go bankrupt or undergo other financial restructuring;
- The financial difficulties of the issuer or debtor result in the disappearance of an active market for the financial asset.

Presentation of expected credit loss provisions

In order to reflect the change of the credit risk of financial instruments since the initial recognition, the Group re-measures the expected credit loss on each balance sheet date, and the increase or rollover amount of the loss provision thus formed shall be recorded into the current profit and loss as an impairment loss or profit. For a financial asset measured at amortized cost, the loss provision shall offset the carrying value of the financial asset as stated in the balance sheet; For the debt investment measured at fair value and its changes included in other comprehensive income, the Group recognizes

its loss provision in other comprehensive income and does not deduct the book value of the financial asset.

Written-off

If the Group no longer reasonably expects that the contractual cash flow of a financial asset can be recovered in whole or in part, the carrying balance of the financial asset shall be directly written down. Such writedowns constitute termination recognition of the relevant financial assets. This usually occurs when the Group determines that the debtor does not have assets or sources of income that generate sufficient cash flow to repay the amount to be written down. However, in accordance with the Group's procedures for recovering amounts due, the financial assets that have been written down may still be affected by the execution activities.

If a financial asset that has been written down is recovered later, it shall be carried back as an impairment loss and recorded in the profit and loss of the current period.

(6) Transfer of financial asset

Transfer of financial assets is the transfer or delivery of financial assets to another party (the transferee) other than the issuer of financial assets.

A financial asset is derecognised if the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee. A financial asset is not derecognised if the Group retains substantially all the risks and rewards of ownership of the financial asset to the transferee.

The Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, and the accounting treatment is shown as following: if the Group has forgone control over the financial asset, the financial assets is derecognized, and new assets and liabilities are recognized. If the Group retains control over the financial asset, the financial asset is recognised to the extent of its continuing involvement in the transferred financial asset, and an associated liability is recognised.

(7) Offset of financial assets and financial liabilities

Where the Group has the legal right to set off the recognized financial asset and financial liability, and is currently able to enforce such legal right, and the Group plans to settle the financial asset on a net basis or simultaneously realize the financial asset and pay off the financial liability, the financial asset and financial liability shall be shown in the balance sheet with the offset amount. In addition, financial assets and financial liabilities shall be separately presented in the balance sheet and shall not be set off against each other.

11. Fair value measurement

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

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

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

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

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

Fair value level for assets and liabilities measured or disclosed at fair value in the financial statements are determined according to the significant lowest level input to the entire measurement: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date; Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly; Level 3 inputs are unobservable inputs for the assets or liabilities.

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

12. Inventories

(1) Classification

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

(2) Measurement method of cost of inventories

The group's inventories are measured at actual cost when acquired. The actual cost of developing a product includes land transfer fee, infrastructure expenditure, construction and installation project expenditure, borrowing expenses incurred before the completion of the development project and other related expenses in the development process. When a product is developed and shipped, the actual cost is determined by specific identification method.

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

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

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

Any excess of the cost over the net realisable value of of inventories is recognised as a provision for obsolete inventories, and is recognised in profit or loss. The Group usually recognises provision for

decline in value of inventories by a single inventory item. If the factors caused the value of inventory previously written-down have disappeared, the provision for decline in value of inventories previously made is reversed.

(4) Inventory count system

The Group maintains a perpetual inventory system

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

Low-value consumables are amortized at the point of use.

13. Long-term equity investments

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

(1) Determination of initial investment cost

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

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

(2) Subsequent measurement and recognition of profit or loss

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

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

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

Under the equity method, the Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than

those arising from the investee's net profit or loss, other comprehensive income or profit distribution (referred to as -other changes in owners' equity||), is recognised directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly. In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition.

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

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

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

Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

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

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

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

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

(4) Method of impairment testing and impairment provision

For investments in subsidiaries, associates and joint ventures, refer to Note III. 20 for the Group's method of asset impairment.

14. Assets held for sale and discontinued operations Long-term equity investments

(1) Classification and measurement of non-current assets or disposal groups held for sale

The Group classifies a non-current asset or disposal group as held for sale when the carrying amount of the non-current asset or disposal group will be recovered through a sale transaction (including an exchange transaction of non-monetary assets with commercial substance) rather than through continuing use.

Above mentioned non-current assets do not include investment properties subsequently measured with the fair value model, biological assets measured at fair value less costs to sell, assets arising from employee benefits, financial assets, deferred tax assets and contractual rights under insurance contracts.

The disposal group is a group of assets to be disposed of, by sale or otherwise, together as a whole in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. In certain circumstances, disposal groups include goodwill acquired in a business combination.

A non-current asset or disposal group is classified as held for sale when all the following criteria are met: According to the customary practices of selling such asset or disposal group in similar transactions, the non-current asset or disposal group is available for immediate sale in its present condition; The sale is highly probable to occur, that is, the Group has made a resolution on a sale plan and entered into a legally binding purchase agreement with other parties. The sale is expected to be completed within one year. The Group that is committed to a sale plan involving loss of control of a subsidiary classifies all the investment in that subsidiary as held for sale in its separate financial statements, and classifies all the assets and liabilities of that subsidiary as held for sale in its consolidated financial statements, when the classification criteria for held for sale are met, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets or disposal groups held for sale are initially and subsequently measured at the lower of carrying amount and fair value less costs to sell. Any excess of the carrying amount over the fair

value less costs to sell is recognised as an impairment loss in profit or loss. The impairment loss recognised for a disposal group firstly reduces the carrying amount of goodwill allocated to the disposal group, and then reduces the carrying amount of other non-current assets pro rata on the basis of the carrying amount of each non-current asset in the disposal group.

The Group recognises a gain for any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative impairment loss that has been recognised after classified as held for sale. The reduced carrying amount of goodwill is not recovered.

The Group does not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. If an investment or a part of investment in an associate or a joint venture is classified as held for sale, equity method is not used for the part classified as held for sale, while equity method is used for the rest part (the part not classified as held for sale) continually. When the Group does not have material impact on an associate or a joint venture due to the sale transaction, it stops using equity method.

The Group measures a non-current asset that ceases to be classified as held for sale at the lower of:

- ① its carrying amount before the asset or disposal group was classified as held for sale, adjusted for any depreciation, amortisation or impairment that would have been recognised had the asset or disposal group not been classified as held for sale.
- ② its recoverable amount.

(2) Discontinued operations

The Group classifies a component as a discontinued operation either upon disposal of the operation or when the operation meets the criteria to be classified as held for sale if it is separately identifiable and satisfies one of the following conditions:

- ① It represents a separate major line of business or a separate geographical area of operations;
- ② It is part of a single co-ordinated plan to dispose of a separate major line of business or a separate geographical area of operations;
- ③ It is a subsidiary acquired exclusively with a view to resale.

(3) Presentation

The Group presents a non-current asset classified as held for sale and the assets of a disposal group classified as held for sale as -Assets held for sale|| in balance sheet. The liabilities of a disposal group classified as held for sale is presented as -Liabilities held for sale|| in balance sheet.

The Group presents profit or loss from discontinued operations separately from profit or loss from continuing operations in income statement. Impairment loss and reversal amount and any disposal gain or loss of a non-current asset or disposal group classified as held for sale that does not meet the definition of a discontinued operation is included in profit or loss from continuing operations. Any gain or loss from continuing operation of discontinued operations, including impairment loss and reversal amount, and disposal gain or loss is included in profit or loss from discontinued operations.

A disposal group which is planned to cease operation rather than for sale, and meets the criteria of a part of discontinued operation, the Group presents it as discontinued operation from the date of cessation.

Where an operation is classified as discontinued in the current period, profit or loss from continuing operations and profit or loss from discontinued operations are separately presented in the income statement for the current period. If the Group ceases to classify a discontinued operation as held for sale, the information previously presented in discontinued operations is reclassified and included in income from continuing operations for all periods presented.

15. Investment property

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

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

For the impairment of the investment properties accounted for using the cost model, refer to Note III.20.

The balance of the disposal income from the sale, transfer, scrapping or damage of the investment real estate after deducting its book value and relevant taxes and fees shall be recorded into the current profit and loss.

16. Fixed assets

(1) Recognition of fixed assets

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

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

Fixed asset are initially measured at cost.

Subsequent expenses related to fixed assets shall be recorded into cost of fixed assets when its related economic benefits are likely to flow to the Group and its cost can be reliably measured; the cost of daily repairs to fixed assets that do not meet the conditions for subsequent expenditures for capitalization of fixed assets, at the time of occurrence, shall be recorded into the profit or loss of the current period or the cost of the related assets. For the part that is replaced, its carrying amount is derecognized

(2) Depreciation of fixed assets

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

Class	Estimated useful life (years)	Residual value rate %	Depreciation rate %
Plant and buildings	30	5	3.17
Motor vehicles	6	5	15.83
Electronic equipment and others	5	5	19.00

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

(3) For the impairment of the fixed assets, please refer to Note III.20.

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

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

(5) Disposal of fixed asset

When a fixed asset is disposed of, or when it is expected that no economic benefit will be generated through the use or disposal, the fixed asset shall be derecognised. Proceeds from the disposal of fixed assets sold, transferred, scrapped or damaged, net of their carrying amount and associated taxes, shall be recorded in the profit or loss for the current period.

17. Construction in progress

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

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

For the impairment of construction in progress, please refer to Note III.20.

18. Borrowing costs

(1) Capitalisation criteria

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

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

(2) Capitalisation period

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

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

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

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

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

19. Intangible assets

Intangible assets include software, etc.

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

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

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

For the impairment of intangible assets, please refer to Note III.20.

20. Impairment of assets

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

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

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

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

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

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

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

21. Long-term deferred expenses

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

22. Employee benefits

(1) Scope of employee benefits

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

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

(2) Short-term employee benefits

In the current period, the Group has accrued for the actual wages, bonuses, medical insurance for employees based on standard rate, work injury insurance and maternity insurance and other social insurance and housing fund incurred and these are recognised as liabilities and corresponding costs in the profit or loss.

(3) Post-employment benefits

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

Defined contribution plans

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

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

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

Defined benefit plans

For a defined benefit plan, an actuarial valuation is performed by an independent actuary at the annual balance sheet date to determine the cost of providing benefits using the expected accrued benefit unit method. The employee compensation cost caused by the benefit plan of the Group includes the following components:

- ① Service cost, including current service cost, past service cost and settlement profit or loss. Including, the current service cost refers to the increase in the present value of the defined benefit plan obligation caused by the current provision of services by employees; The past service cost refers to the increase or decrease in the present value of the defined benefit plan obligations related to the employee services of the previous period as a result of the modification of the defined benefit plan.
- ② Set the net interest on the net liabilities or net assets of the benefit plan, including the interest income on the plan assets, the interest expense on the defined benefit plan obligations and the interest on the impact of the asset cap.
- ③ The changes caused by the remeasurement of the net liabilities or net assets of the benefit plan.

Unless other accounting standards require or allow the cost of employee benefits to be included in the cost of assets, the Group will include items ① and ② above in the current profit and loss; Item ③ is included in other comprehensive income and will not be turned back to profit and loss in subsequent accounting periods. When the originally defined benefit plan is terminated, the part originally included in other comprehensive income within the scope of equity is carried forward to undistributed profit.

(4) Termination benefits

The Group provides for termination benefits to the employees and shall recognise an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss for the current period, at the earlier of the following dates: When the Group cannot unilaterally withdraw the offer of the termination benefits because of an employment termination plan or a redundancy proposal; or when the Group recognises the costs or expenses relating to a restructuring that involves the payment of the termination benefits.

For employees who implement the internal retirement plan, the economic compensation before the official retirement date belongs to dismiss welfare. During the normal retirement date when the employees stop providing services, the salary and social insurance premium to be paid by the employees who retire within the Group shall be included in the profit and loss of the current period in a lump sum. Economic compensation after the official retirement date (such as the normal pension) shall be treated as after-service benefits.

(5) Other long-term employee benefits

Other long-term employee benefits provided by the Group to the employees satisfied the conditions for classifying as a defined contribution plan; those benefits shall be accounted for in accordance with the above requirements relating to defined contribution plan. When the benefits satisfied a defined benefit plan, it shall be accounted for in accordance with the above requirements relating to defined benefit plan, but the movement of net liabilities or assets in re-measurement of defined defined benefit plan shall be recorded in profit or loss for the current period or cost of relevant assets.

23. Provisions

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

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

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

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

24. Revenue

(1) General principles

The Group has fulfilled its contractual obligation to recognize revenue when the customer acquires control of the relevant goods or services.

If the contract contains two or more performance obligations, the Group shall, on the commencement date of the contract, allocate the transaction price to each single performance obligation according to the relative proportion of the individual selling price of the commodity or service committed by each single performance obligation, and measure the income according to the transaction price allocated to each single performance obligation.

If one of the following conditions is satisfied, the Group shall perform its obligations within a certain period of time; otherwise, it belongs to the performance obligation at a certain point:

- ① The Client obtains and consumes the economic benefits brought by the Group's performance at the same time of the Group's performance.
- ② The customer can control the goods under construction during the performance of the Group.
- ③ The commodities produced by the Group during the performance of the Contract have irreplaceable purposes, and the Group has the right to collect payment for the accumulated part of the performance completed so far during the whole period of the Contract.

For the performance obligations performed within a certain period of time, the Group shall recognize the income in accordance with the performance progress within that period. If the performance progress cannot be reasonably determined and the Group is expected to be compensated for the costs already incurred, the revenue shall be recognized according to the amount of the costs already incurred until the performance progress can be reasonably determined.

For performance obligations performed at a certain point, the Group recognizes revenue at the point when the customer acquires control of the relevant goods or services. In determining whether a customer has acquired control of goods or services, the Group will take into account the following indications:

- ① The Group has a current right to receive payment for the goods or services, that is, the Customer has a current obligation to pay for the goods.
- ② The Group has transferred the legal ownership of the commodity to the customer, that is, the customer has the legal ownership of the commodity.
- ③ The Group has transferred the goods in kind to the customer, that is, the customer has physical possession of the goods.

The Group has transferred the main risks and rewards on the ownership of the commodity to the customer, that is, the customer has acquired the main risks and rewards on the ownership of the commodity.

- ⑤ The customer has accepted the goods or services.
- ⑥ Other indications that the customer has acquired control of the product.

The Group's right to receive consideration for goods or services transferred to a customer (and this right depends on other factors other than the passage of time) is a contract asset which is subject to

impairment on the basis of expected credit losses (see Note III, 10 (5)). The Group's right, unconditional (depending only on the passage of time) to collect consideration from customers is shown as a receivable. The Group's obligation to transfer goods or services to customers for which it has received or receivable consideration is a contractual liability.

The contract assets and contract liabilities under the same contract shall be presented on a net basis. If the net amount is the debit balance, it shall be presented under the item of "Contract Assets" or "Other Non-current Assets" according to its liquidity; If the net amount is a credit balance, it shall be shown under the item "Contract Liabilities" or "Other Non-current Liabilities" according to its liquidity.

(2) Specific methods

The specific methods of the Group's revenue recognition are as follows:

① The method for recognizing revenue from property sales

(1) the sale contract has been signed and filed with housing construction bureau; (2) the property development is completed and pass the acceptance; (3) For Lump-sum payment, revenue is recognized by the group when the consideration is fully received. For instalment payment, revenue is recognized when the first installment has been received and the bank mortgage approval procedures have been completed. (4) completed the procedures for entering the partnership in accordance with the requirements stipulated in sale contract.

② The method for recognizing revenue from property services provided

According to property service contract, agreed service period, area served and unit price, revenue is recognized evenly within agreed service period.

③ The method for recognizing revenue from construction activities

As the customer can control the goods under construction during the performance of the Group, the group shall recognize the income in accordance with the performance progress within a certain period of time (except for performance progress cannot be reasonably determined). The group shall determine the performance progress based on cost incurred. If the performance progress cannot be reasonably determined and the Group is expected to be compensated for the costs already incurred, the revenue shall be recognized according to the amount of the costs already incurred until the performance progress can be reasonably determined. If the contract costs cannot be recovered, the cost should be recognized immediately in current period when incurred. When the estimated total cost of the contract is likely to exceed the total revenue of the contract, the cost of the main business and the estimated liabilities shall be recognized in accordance with the unexecuted loss contract. The loss shall be recognized as current cost and put into provisions.

④ The method for recognizing revenue from other income

Revenue from other income include income from hotel operations, etc. Rooms revenue from hotel operations shall be recognized in accordance with the performance progress within agreed period, as the client obtains and consumes the economic benefits brought by the Group's performance and the group's performance obligations has performed at a certain period of time. For other income, the group recognizes revenue at the point when the customer acquires control of the relevant goods or services, which indicate the group has a right to receive payment for services or goods provided in accordance with the relevant contract.

25. Contract costs

Contract costs include incremental costs incurred to obtain the contract and contract performance costs.

Incremental costs incurred to obtain a contract are costs (such as sales commissions, etc.) that the Group would not have incurred without the contract. If the cost is expected to be recovered, the Group will recognize it as an asset as the contract acquisition cost. Other expenses incurred by the Group for the acquisition of contracts, other than the incremental costs expected to be recovered, are recorded into the profit and loss of the current period when incurred.

If the cost incurred for the performance of the contract does not fall within the scope of accounting standards for inventories and other enterprises and meets the following conditions at the same time, the Group will recognize it as an asset as the contract performance cost:

- ① The costs are directly related to a current or prospective contract and include direct labor, direct materials, overhead (or similar), costs that are expressly borne by the customer and other costs incurred solely in connection with the contract;
- ② This cost increases the Group's future resources for fulfilling its performance obligations;
- ③ The cost is expected to be recovered.

Assets with contract acquisition cost recognition and assets with contract performance cost recognition (hereinafter referred to as "assets related to contract cost") shall be amortized on the same basis as income recognition of goods or services related to such assets and shall be recorded into current profit and loss. If the amortization period does not exceed one year, it will be recorded in the current profit and loss at the time of occurrence.

When the book value of the assets related to the contract cost is higher than the difference between the following two items, the Group shall make provision for impairment of the excess part and recognize it as impairment loss of the assets:

- ① the remaining consideration that the Group is expected to obtain as a result of the transfer of the goods or services related to the asset;
- ② Estimate the costs to be incurred for the transfer of the relevant goods or services.

The contract performance cost recognized as an asset shall be shown in the "Inventory" item with an amortization period of no more than one year or one normal operating cycle at the time of initial recognition, while the amortization period exceeding one year or one normal operating cycle at the time of initial recognition shall be shown in the item of "Other Non-current Assets".

The contract acquisition cost recognized as an asset shall be shown in the item of "Other Current Assets" with an amortization period of less than one year or one normal operating cycle at the time of initial recognition, and shall be shown in the item of "Other Non-current Assets" with an amortization period of more than one year or one normal operating cycle at the time of initial recognition.

26. Government grants

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

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

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets.

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

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

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

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

27. Deferred tax assets and Deferred tax liabilities

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

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

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

- (1) initial recognition of goodwill, or assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss);

(2) taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, and the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

(1) a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss);

(2) deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred tax asset is recognized when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future; and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

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

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

28. Leases

(1) Identification of leases

On the commencement date of the contract, the Group, as lessee or lessor, assesses whether the customer under the contract is entitled to receive almost all the economic benefits arising from the use of the identified assets during the use period and to direct the use of the identified assets during the use period. The Group considers the contract to be a lease or an inclusive lease if one of the parties to the contract relinquishes control over the use of one or more identified assets for a certain period of time in exchange for consideration.

(2) The Group acts as the lessee

On the commencement date of the lease, the Group recognizes the right-of-use assets and lease liabilities for all leases, except for simplified short-term leases and leases of low value assets.

For the accounting policy of the Right-of-use assets, see Note III.29.

Lease liabilities are initially measured at the present value of the outstanding lease payments at the commencement date of the lease at the embedded interest rate on the lease. The rental payment amount includes: fixed payment amount and substantial fixed payment amount. If there is lease incentive amount, the relevant amount of lease incentive amount will be deducted. Variable lease payments depending on an index or ratio; The exercise price of the Option provided that the Lessee is reasonably certain that the Option will be exercised; The amount to be paid to exercise the option to terminate the lease if the lease term reflects that the lessee will exercise the option to terminate the

lease; And the amount expected to be payable based on the residual value of the security provided by the Lessee. The interest expense of the lease liability in each period of the lease term shall be calculated in accordance with the fixed periodic interest rate and recorded into the profit and loss of the current period. The variable lease payment not included in the measurement of lease liabilities shall be recorded into the current profit and loss when actually incurred.

Short term lease

Short-term tenancy is a tenancy for a period of not more than 12 months at the commencement date of the tenancy, except for tenancies that include a purchase option.

The Group will record the lease payment amount of short-term lease into the cost of relevant assets or current profit and loss in each period of the lease term according to the straight-line method [or other systemically reasonable method].

For short-term lease, the Group chooses to adopt the above simplified treatment method for the items that meet the short-term lease conditions in the following asset types according to the categories of leased assets.

Low value asset leasing

Leasing of low-value assets refers to the leasing of a single leased asset whose value is less than CNY 40,000.00 when it is a brand-new asset.

The Group will include the lease payment of the low-value asset lease into the cost of the relevant asset or current profit and loss in each period of the lease term according to the straight-line method.

For low-value asset leases, the Group chooses to adopt the above simplified treatment method according to the specific situation of each lease.

Change of Lease

If the lease is changed and the following conditions are met at the same time, the group accounts for the change as a separate lease: 1 the change extends the scope of the lease by adding the right to use one or more leased assets; 2 the increased consideration is equivalent to the amount of the individual price of the extended portion of the lease, adjusted in accordance with the circumstances of the contract.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the company redistributes the consideration of the contract after the change and redetermines the lease term, the lease liability is recalculated at the present value of the changed lease payment and the revised discount rate.

If the lease scope is reduced or the lease period is shortened as a result of the lease change, the company shall adjust the book value of the right-to-use assets accordingly, and record the relevant gains or losses related to the partial or complete termination of the lease in the current profit and loss.

If other lease changes result in lease liabilities being re-measured, the company shall adjust the book value of the right-to-use assets accordingly.

(3) The Group acts as the lessor

When the Group acts as the lessor, the leases that substantially transfer all the risks and rewards related to the ownership of the assets are recognized as financial leases, and other leases other than financial leases are recognized as operating leases.

Finance lease

In the case of financial leasing, the Group takes the net lease investment as the book value of the receivable finance lease funds at the beginning of the lease period, and the net lease investment is the sum of the unguaranteed residual value and the present value of the unreceived lease income at the beginning of the lease period discounted at the embodied interest rate. The Group, as the lessor, calculates and recognizes interest income for each period of the lease term at a fixed periodic rate. The variable lease payment obtained by the Group as the lessor and not included in the measurement of the net lease investment shall be recorded into the current profit and loss when actually incurred.

The termination recognition and impairment of financial lease receivable shall be accounted for in accordance with the provisions of the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments and the Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets.

Operating lease

For the rent in the operating lease, the Group shall recognize the profits and losses of the current period in accordance with the straight-line method during each period of the lease term. The initial direct expenses incurred in connection with the operating lease shall be capitalized, allocated on the same basis as the recognition of rental income during the lease term and recorded into the current profit and loss in installments. The variable lease payments obtained in connection with the operating lease and not included in the lease receipts shall be recorded into the current profit and loss when actually incurred.

Change of Lease

If there is a change in the operating lease, the group shall, as of the effective date of the change, treat it as a new lease, the amount received in advance or in respect of the lease receivable relating to the lease prior to the change shall be deemed to be the amount received for the new lease.

If the financial lease is changed and the following conditions are met at the same time, the group accounts for the change as a separate lease: 1 the change extends the scope of the lease by adding the right to use one or more leased assets; 2 the increased consideration is equivalent to the amount of the individual price of the extended portion of the lease, adjusted in accordance with the circumstances of the contract.

Where a change in a financial lease is not accounted for as a separate lease, the group shall treat the changed lease as follows: 1 if the change becomes effective on the lease commencement date, if the lease will be classified as an operating lease, the group will treat it as a new lease from the effective date of the lease change, the book value of the leased asset shall be the net investment in the lease prior to the effective date of the lease change. 2 if the change takes effect on the effective date of the lease, the lease will be classified as a financial lease, the accounting treatment of the group is in accordance with the provisions of the "Accounting Standards for enterprises No. 22-recognition and measurement of financial instruments" concerning modification or renegotiation of contracts.

29. Right-of-use assets

(1) Conditions for the confirmation of the right-of-use assets

The Group's right-of-use assets refer to the Group's right to use the leased assets during the lease term as the lessee.

On the beginning date of the lease period, the right-of-use assets shall be initially measured at cost. The cost includes: the initial measurement amount of the lease liability; For the amount of lease payment paid on or before the commencement date of the lease term, if there is a lease incentive, the relevant amount of lease incentive already enjoyed will be deducted; Initial direct expenses incurred by the Group as the lessee; The costs which the Group, as the Lessee, expects to incur in dismantling and removing the Leased Assets, restoring the premises on which the Leased Assets are located or restoring the Leased Assets to the state agreed in the Lease Terms. The Group, as the lessee, shall confirm and measure the costs of demolition and restoration in accordance with the Accounting Standards for Business Enterprises No. 13 - Contingencies. Subsequent adjustments are made for any remeasurement of lease liabilities.

(2) Depreciation method of the right-of-use assets

The Group uses the straight line method of depreciation. Where the Group, as the lessee, can reasonably determine that it obtains the ownership of the leased assets upon expiration of the lease term, depreciation shall be accrued over the remaining service life of the leased assets. Where it is impossible to reasonably determine that the ownership of the leased asset can be acquired at the expiration of the lease term, depreciation shall be accrued in the shorter period between the lease term and the remaining useful life of the leased asset.

(3) See Note III.20 for the impairment test method of the right-of-use assets and the provision for impairment.

30. Maintenance Fund

When the Group collects the maintenance fund from the owners according to a certain proportion of the sales amount of commercial houses, it shall be included in other payables for accounting; When the collected maintenance funds are handed over to the land and housing administrative departments in accordance with the regulations, the maintenance funds collected on behalf of them shall be reduced.

31. Quality Deposit

The Group shall keep the quality deposit in proportion to the payment period stipulated in the contract of civil engineering and installation engineering, and deduct it from the civil engineering and installation Item payment, which shall be classified as other payables. The maintenance expenses incurred due to quality during the warranty period shall be directly charged under this item and liquidated after the warranty period.

32. Accounting judgments and estimates

The Group conducts an ongoing evaluation of the significant accounting estimates and key assumptions used in the light of historical experience and other factors, including reasonable expectations of future events. Important accounting estimates and key assumptions that are likely to result in the risk of a material adjustment in the carrying value of assets and liabilities during the next fiscal year are set out below:

Classification of financial assets

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

The Group determines the business model for the management of financial assets at the level of its financial portfolio, taking into account factors such as the way in which the performance of financial assets is evaluated and reported to key managers, the risks affecting the performance of financial assets and their management methods, and the way in which managers of related businesses are remunerated.

When evaluating whether the contractual cash flow of financial assets is consistent with the basic lending arrangement, the Group has the following main judgments: whether the time distribution or amount of the principal in the duration period may change due to reasons such as prepayment; Does interest include only the time value of money, credit risk, other fundamental borrowing risks, and consideration for costs and profits? For example, does the prepayment amount only reflect the outstanding principal and interest based on the outstanding principal and reasonable compensation for early termination of the contract.

Measurement of expected credit losses in accounts receivable

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

Deferred tax assets

Deferred tax assets should be recognized for all unutilized tax losses to the extent that there is likely to be sufficient taxable profit to offset the loss. This requires management to use a great deal of judgment to estimate when and how much future taxable profits will occur, in combination with tax planning strategies, to determine the amount of deferred tax assets that should be recognized.

The provision of land appreciation tax

The Group is subject to land appreciation tax (LAT). The accrual of LAT is subject to management's estimation which is made based on its understanding of the requirements of relevant tax laws and regulations. However, the actual LAT is levied by tax authorities according to the interpretation of the tax rules. The group is not stepping on formulating the final tax plan with relevant tax authorities, hence the final tax outcome could be different from the amount that was initially recorded, and these differences will have an impact on tax provision in current period.

Determination of fair value of unlisted equity investments

The fair value of an unlisted equity investment is the estimated future cash flows discounted at the current discount rate for items with similar terms and risk characteristics. This valuation requires the Group to estimate expected future cash flows and the discount rate and is therefore subject to

uncertainty. In limited circumstances, if the information used to determine the fair value is insufficient, or if the possible estimates of the fair value are spread over a wide range and the cost represents the best estimate of the fair value within that range, the cost may represent the appropriate estimate of the fair value within that range.

33. Changes in significant accounting policies and accounting estimates

(1) Significant changes in accounting policies

① Interpretation of Accounting Standards for Business Enterprises No. 15

The Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No. 15 (Finance and Accounting [2021] No. 35) (hereinafter referred to as "Interpretation No. 15") in December 2021.

According to Interpretation No. 15, if an enterprise sells its fixed assets to the outside world (hereinafter referred to as trial operation sales) before the fixed assets reach the scheduled usable state or the products or by-products produced in the course of research and development, in accordance with the provisions of accounting standards for Enterprises No. 14-income and Accounting Standards for enterprises No. 1-inventory, the revenue and costs related to the trial sales shall be accounted for separately, after accounting for the current profit and loss, the net amount of the revenue related to the trial run sales after offsetting the relevant costs shall not be offset against the cost of fixed assets or R & D expenses. The relevant products or by-products of the trial operation output shall be recognized as inventory if they comply with the provisions of the accounting standards for enterprises No. 1-inventory before they are sold abroad, the relevant assets shall be recognized as those that meet the requirements for the recognition of the relevant assets in other relevant enterprise accounting standards.

② Interpretation of Accounting Standards for Business Enterprises No. 16

The Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No. 16 (Finance and Accounting [2022] No. 31) (hereinafter referred to as "Interpretation No. 16") in November 2022.

According to Interpretation No. 16, for financial instruments such as perpetual debt classified as equity instruments, an enterprise shall recognize the income tax effects related to dividends when recognizing dividends payable. The income tax effect of the dividend shall be included in the profit and loss of the current period for the distribution of profits derived from previous transactions or events that generate profits and losses; The income tax effect of a dividend derived from a transaction or event previously recognized in an owner's equity shall be included in the owner's equity item.

The Group's financial instruments classified as equity instruments recognized dividends payable in the current year, involving income tax effects in accordance with the above-mentioned Interpretation No. 16 accounting treatment, retroactive adjustment of income tax effects in respect of financial instruments that occurred prior to 1 January 2022 and that had not been terminated on 1 January 2022.

Interpretation No. 16 stipulates that if an enterprise modifies the terms and conditions in the agreement on share payment settled in cash to make it pay in shares settled in equity, on the date of revision, an enterprise shall, in accordance with the fair value of the equity instrument granted on the date of its award, account for the acquired services as part of the capital reserve, at the same time, shares that are recognized for cash settlement are terminated for payment of liabilities recognized at the date of

modification, and the difference between the two is included in the current profit and loss. If the waiting period is extended or shortened due to the modification, the enterprise shall carry out the above-mentioned accounting treatment according to the modified waiting period (without considering the relevant accounting treatment provisions of the adverse modification).

The cash-settled share payments in the current year of the Group shall be changed to equity-settled share payments, and shall be handled in accordance with the above-mentioned Interpretation no. 16, for transactions of this type that occurred prior to 1 January 2022, retained earnings and other related financial statement items as at 1 January 2022 are not adjusted for information for comparable periods.

The adoption of Interpretation no. 16 has not had a significant impact on the company's financial position and operating results.

(2) Changes in significant accounting estimates

During reporting period, there is no changes in significant accounting estimate.

IV. Taxation

1. Main types of taxes and corresponding tax rates

Tax Type	Tax Basis	Tax Rate%
VAT	Taxable income	9/6/5/3
Land appreciation tax	It shall be levied on the basis of the added value of the real estate transferred	Four progressive rates of excess rate: 30,40,50, 60
Property tax	70% of the original value of properties	1.2
City maintenance and construction tax	Turnover tax payable	7
Education surcharge	Turnover tax payable	3
Local education surcharge	Turnover tax payable	2
Corporate income tax	Taxable profits	25/ 16.5

Explanation for the VAT rate of different business activities:

With regards to revenue from property development, property management and construction activities, from May 1st, 2016, the group's taxable items and tax rates are shown in the following table, which in accordance with the relevant regulations of 《Notice on Comprehensively Promoting the Trial of Replacing Business Tax with Value-Added Tax》 (No. 36 of CaiKuai [2016]):

Taxable income	Means to calculate Tax	Tax Rate%
Revenue from property sales	Simplified Tax Method	5
Revenue from construction	Simplified Tax Method	9/ 3
Rental income	Simplified Tax Method	5
Revenue from property management	General Tax Method	6

Explanation of corporate income tax rates for different taxpayers:

The corporate income tax rate for companies registered in mainland China is 25%, while the corporate profits tax rate for companies registered in Hong Kong is 16.5%.

2. Tax preferential treatments and approval documents

Subsidiaries of the Group, Shenzhen Huazhan Construction Supervision Co., Ltd. and Shantou Special Economic Zone Xiangshan Real Estate Development Co., Ltd. are applicable to the preferential tax rate of 20% for small and low-profit enterprises.

V. Notes to the consolidated financial statements

1. Cash at bank and Cash Equivalent

Item	2022.12.31	2021.12.31
Cash in hand	4,549.61	12,082.00
Deposits with banks	163,083,275.13	316,834,778.45
Other monetary funds	34,576,125.00	247,511,964.18
Total	197,663,949.74	564,358,824.63
Including: Total overseas deposits	5,840,173.03	5,970,125.18

At the end of year 2022, there were CNY 7,298,880.26 of restricted funds in the bank deposits, of which CNY 48,315.48 were the funds frozen by the lawsuit and CNY 5,674,439.78 were the funds for the construction of public facilities in and around the city of Longgang district.

At the end of year 2022, the balance of other monetary funds of CNY 34,576,125.00 is seven-day notice deposit, including principal of CNY 33,000,000.00 and interest of CNY 1,576,125.00.

2. Trading financial assets

Item	2022.12.31	2021.12.31
Financial Fund	408,154,361.42	514,024,710.91

3. Notes receivable

Types of notes	2022.12.31			2021.12.31		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Banker acceptance notes	--	--	--	--	--	--
Commercial acceptance notes	1,617,000.00	80,850.00	1,536,150.00	6,394,766.22	2,864,228.85	3,530,537.37
Total	1,617,000.00	80,850.00	1,536,150.00	6,394,766.22	2,864,228.85	3,530,537.37

Note:

(1) There is no notes receivable pledged by the Group at the end of the period

(2) Outstanding endorsed or discounted notes that have not matured at the end of the year

Types	Derecognized Amount at the end of the period	Amount that is not derecognized at the end of the period
Banker acceptance notes	--	--
Commercial acceptance notes	--	1,617,000.00
Total	--	1,617,000.00

(3) Notes receivable transferred to accounts receivable by the Group due to the drawer's non-performance at the end of the period

Types	Amount transferred to accounts receivable at the end of the period
Commercial acceptance notes	11,789,376.23

(4) Classified by bad debt provision method

Types	Book balance		Bad debt provision		Book balance
	Amount	Percentage (%)	Amount	Expected credit loss rate (%)	
Bad debt provisions made on an individual basis	--	--	--	--	--
Bad debt provisions made on a combination basis	1,617,000.00	100.00	80,850.00	5.00	1,536,150.00
Including:					
Banker acceptance notes	1,617,000.00	100.00	80,850.00	5.00	1,536,150.00
Commercial acceptance notes	--	--	--	--	--
Total	1,617,000.00	100.00	80,850.00	5.00	1,536,150.00

Continued:

Types	Book balance		Bad debt provision		Book balance
	Amount	Percentage (%)	Amount	Expected credit loss rate (%)	
Bad debt provisions made on an individual basis	4,626,346.44	72.35	2,775,807.86	60.00	1,850,538.58
Bad debt provisions made on a combination basis	1,768,419.78	27.65	88,420.99	5.00	1,679,998.79
Including:					
Banker acceptance notes	--	--	--	--	--
Commercial acceptance notes	1,768,419.78	27.65	88,420.99	5.00	1,679,998.79
合计	6,394,766.22	100.00	2,864,228.85	44.79	3,530,537.37

Note:

Bad debt provision made on an individual basis:

Item	2022.12.31			Reason
	Book balance	Bad debt provision	Expected credit loss rate (%)	
Shenzhen Hongteng Investment Management Co., Ltd.	--	--	--	

Continued:

Item	Book balance	2021.12.31		Reason
		Bad debt provision	Expected credit loss rate (%)	
Shenzhen Hongteng Investment Management Co., Ltd.	4,626,346.44	2,775,807.86	60.00	Low recoverability is expected

Bad debt provision made on a combination basis:

Combined withdrawal item: commercial acceptance notes

Item	2022.12.31			2021.12.31		
	Notes receivable	Bad debt provision	Expected credit loss rate (%)	Notes receivable	Bad debt provision	Expected credit loss rate (%)
Within one year	1,617,000.00	80,850.00	5.00	1,768,419.78	88,420.99	5.00

(5) Additions, recoveries or reversals of provision for the current period

	Bad debt provision
2021.12.31	2,864,228.85
Additions	--
Recoveries or reversals	2,783,378.85
Written-off	--
2022.12.31	80,850.00

4. Accounts receivable

(1) Disclosure by Aging

Aging	2022.12.31	2021.12.31
Within 1 year	64,697,535.13	67,970,511.50
1 to 2 year	8,701,822.68	290,567.01
2 to 3 years	290,567.01	--
More than 3 years	23,918,937.08	23,975,620.75
Subtotal	97,608,861.90	92,236,699.26
Less: Bad Debt Provision	34,028,439.74	31,187,914.15
Total	63,580,422.16	61,048,785.11

(2) Classified by bad debt provision method

Types	2022.12.31				
	Book balance		Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Expected credit loss rate (%)	
Bad debt provisions made on an individual basis	36,722,640.73	37.62	32,006,890.24	87.16	4,715,750.49
Bad debt provisions made on a combination basis	60,886,221.17	62.38	2,021,549.50	3.32	58,864,671.67
Including:	--	--	--	--	--
Receivable from property sales					
Receivable from other corporate customers	60,886,221.17	62.38	2,021,549.50	3.32	58,864,671.67
Total	97,608,861.90	100.00	34,028,439.74	34.86	63,580,422.16

Continued:

Types	2021.12.31				
	Book balance		Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Expected credit loss rate (%)	
Bad debt provisions made on an individual basis	32,550,436.93	35.29	29,212,403.37	89.75	3,338,033.56
Bad debt provisions made on a combination basis	59,686,262.33	64.71	1,975,510.78	3.31	57,710,751.55
Including:	--	--	--	--	--
Receivable from property sales	1,064,220.18	1.15	53,211.01	5.00	1,011,009.17
Receivable from other corporate customers	58,622,042.15	63.56	1,922,299.77	3.28	56,699,742.38
Total	92,236,699.26	100.00	31,187,914.15	33.81	61,048,785.11

Bad debt provision made on an individual basis:

Item	2022.12.31			
	Book balance	Bad debt provision	Expected credit loss rate (%)	Reason
Agent for import and export business payment	11,574,556.00	11,574,556.00	100.00	Could be uncollectible
Long-term receivable of property sale	10,020,587.91	10,020,587.91	100.00	Could be uncollectible
Shenzhen Hongteng Investment Management Co., Ltd.	11,789,376.23	7,073,625.74	60.00	recoverability is relatively small
Receivable from revoked subsidiaries	2,328,158.40	2,328,158.40	100.00	Could be uncollectible
Receivable from other customers	1,009,962.19	1,009,962.19	100.00	Could be uncollectible
Total	36,722,640.73	32,006,890.24	87.16	

Continued:

Item	Book balance	2021.12.31		Reason
		Bad debt provision	Expected credit loss rate (%)	
Agent for import and export business payment	11,574,556.00	11,574,556.00	100.00	Could be uncollectible
Long-term receivable of property sale	9,649,415.20	9,649,415.20	100.00	Could be uncollectible
Shenzhen Hongteng Investment Management Co., Ltd.	8,345,083.91	5,007,050.35	60.00	Low recyclability
Receivable from revoked subsidiaries	2,328,158.40	2,328,158.40	100.00	Could be uncollectible
Other customer payments	653,223.42	653,223.42	100.00	Could be uncollectible
Total	32,550,436.93	29,212,403.37	89.75	

Bad debt provision made on a combination basis:

Combined withdrawal item: property sales receivable

	2022.12.31			2021.12.31		
	Accounts receivable	Bad debt provision	Expected credit loss rate (%)	Accounts receivable	Bad debt provision	Expected credit loss rate (%)
Within 1 year	--	--	--	1,064,220.18	53,211.01	5.00

Combined withdrawal item: other customers receivables

	2022.12.31			2021.12.31		
	Accounts receivable	Bad debt provision	Expected credit loss rate (%)	Accounts receivable	Bad debt provision	Expected credit loss rate (%)
Within 1 year	60,886,221.17	2,021,549.50	3.32	58,622,042.15	1,922,299.77	3.28

(3) Additions, recoveries or reversals of provision for the current period

	Bad debt provision
2021.12.31	31,187,914.15
Additions	3,434,265.84
Recoveries or reversals	--
Written-off	--
Adjustment to asset held for sale	593,740.25
2022.12.31	34,028,439.74

(4) The top five units with the ending balance of accounts receivable collected by the debtor

Name of the entity	Accounts receivable The ending balance	% of the total closing balance of accounts receivable	Bad debt provision The ending balance
Wuhan Yutian Xingye Land Co., LTD	18,325,336.29	18.77	549,760.09

Name of the entity	Accounts receivable The ending balance	% of the total closing balance of accounts receivable	Bad debt provision The ending balance
Wuhan 249 Poly Real Estate Development Co., Ltd.	13,125,855.00	13.45	393,775.65
Shenzhen Hongteng Investment Management Co., Ltd.	11,789,376.23	12.08	7,073,625.74
Wuhan Linhong Real Estate Co., Ltd.	8,106,562.33	8.31	243,196.87
Shenzhen Huatang Famous Wine City Investment Co., Ltd.	2,963,112.00	3.04	148,155.60
Total	54,310,241.85	55.65	8,408,513.95

At the end of the period, due to the factoring of accounts receivable, the factoring amount is CNY 51,138,077.62. At the same time, the book value of accounts receivable is CNY 51,138,077.62 was not derecognized. For pledge of accounts receivable, please refer to Note V.51.

5. Prepayments

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

Aging	2022.12.31		2021.12.31	
	Amount	%	Amount	%
Within 1 year	626,155.65	53.81	4,698,254.37	95.90
1 to 2 years	336,699.64	28.94	206.95	0.00
2 to 3 years	206.95	0.02	--	--
More than 3 years	200,550.00	17.24	200,550.00	4.10
Total	1,163,612.24	100.00	4,899,011.32	100.00

(2) The top five units of the ending balance of prepayments

The sum of the top five prepayments collected by prepaid objects at the end of the period is CNY 1,091,841.23, which accounts for 93.83 % of the total ending balance of prepayments.

6. Other receivables

Item	2022.12.31	2021.12.31
Interest receivable	--	--
Dividends receivable	--	1,052,192.76
Other receivables	42,105,050.33	29,561,815.32
Total	42,105,050.33	30,614,008.08

(1) Dividends receivable

Items	2022.12.31	2021.12.31
Yunnan Kunpeng Air Service Co., LTD	--	1,052,192.76
Less: Bad Debt Provision	--	--
Total	--	1,052,192.76

(2) Other receivable

① Disclosure by aging

Aging	2022.12.31	2021.12.31
Within 1 year	48,019,676.18	29,436,729.02
1 to 2 years	1,185,433.74	905,350.96
2 to 3 years	18,023.00	106,096.34
More than 3 years	188,112,549.84	188,306,797.86
Subtotal	237,335,682.76	218,754,974.18
Less: Bad Debt Provision	195,230,632.43	189,193,158.86
Total	42,105,050.33	29,561,815.32

② Disclosure by nature

Item	2022.12.31			2021.12.31		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Other receivables from employee's petty cash	147,810.19	--	147,810.19	580,911.83	--	580,911.83
Other receivables from the collecting and paying on behalf	689,317.63	--	689,317.63	627,681.27	--	627,681.27
Other receivables from other customers	80,028,366.45	38,760,443.94	41,267,922.51	48,840,482.91	20,487,260.69	28,353,222.22
Other receivables from related parties	156,470,188.49	156,470,188.49	-	168,705,898.17	168,705,898.17	--
Total	237,335,682.76	195,230,632.43	42,105,050.33	218,754,974.18	189,193,158.86	29,561,815.32

③ Bad Debt Provision

At the end of the period, bad debt provision at the first stage:

Types	Book balance	Expected credit loss rate over the entire duration (%)	Bad debt provision	Book value	Reason
Bad debt provisions made on an individual basis	--	--	--	--	
Bad debt provisions made on a combination basis					

Types	Book balance	Expected credit loss rate over the entire duration (%)	Bad debt provision	Book value	Reason
Other receivables from employee's petty cash	147,810.19	--	--	147,810.19	
Other receivables from the collecting and paying on behalf	384,124.22	--	--	384,124.22	
Other receivables from other customers	43,097,874.84	3.54	1,524,758.92	41,573,115.92	
Total	43,629,809.25	3.50	1,524,758.92	42,105,050.33	

At the end of the period, the Company does not have interest receivable, dividends receivable and other receivables at the second stage

At the end of the period, bad debt provisions at the third stage:

Types	Book balance	Expected credit loss rate over the entire duration (%)	Bad debt provision	Book value	Reason
Bad debt provisions made on an individual basis					
Other receivable from other revoked subsidiary	19,579,543.90	100.00	19,579,543.90	--	Could be uncollectible
Other receivable from other surviving subsidiary					Could be uncollectible
Including : Other receivables from related parties	155,601,920.01	100.00	155,601,920.01	--	Could be uncollectible
Other receivables from unrelated parties	18,524,409.60	100.00	18,524,409.60	--	Could be uncollectible
Total	193,705,873.51	100.00	193,705,873.51	--	Could be uncollectible

As at December 31, 2021, bad debt provision at the first stage:

Types	Book balance	Expected credit loss rate over the next 12 months (%)	Bad debt provision	Book value	Reason
Bad debt provisions is drawn on a individual basis	--	--	--	--	
Bad debt provisions is drawn on a combination basis	31,053,532.26	4.80	1,491,716.94	29,561,815.32	
Other receivables from employee's petty cash	580,911.83	--	--	580,911.83	
Other receivables from the collecting and paying on behalf	627,681.27	--	--	627,681.27	
Other receivables from other customers	29,844,939.16	5.00	1,491,716.94	28,353,222.22	
Total	31,053,532.26	4.80	1,491,716.94	29,561,815.32	

As of December 31, 2021, the Company does not have interest receivable, dividends receivable and other receivables at the second stage.

As of December 31, 2021, bad debt provisions at the third stage:

Types	Book balance	Expected credit loss rate over the next 12 months (%)	Bad debt provision	Book value	Reason
Bad debt provisions shall be made on an individual basis	187,701,441.92	100.00	187,701,441.92	--	
Other receivable from other revoked subsidiary	3,838,281.67	100.00	3,838,281.67	--	Could be uncollectible
Other receivable from other surviving subsidiary	183,863,160.25	100.00	183,863,160.25	--	Could be uncollectible
Including :Other receivables from related parties	168,705,898.17	100.00	168,705,898.17	--	Could be uncollectible
Total	187,701,441.92	100.00	187,701,441.92	--	

④ Bad debt provisions in the current period

Bad debt provision	The first stage	The second stage	The third stage	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire duration (no credit impairment occurred)	Expected credit loss over the entire duration (credit impairment has occurred)	
Balance as at December 31, 2021	1,491,716.94	--	187,701,441.92	189,193,158.86
The balance as at December 31, 2021 is in the current period	--	--	--	--
-- Turn to the second stage	--	--	--	--
-- Transfer to the third stage	--	--	--	--
-- Go back to the second stage	--	--	--	--
-- Go back to the first stage	--	--	--	--
Current period	233,494.96	--	5,631,855.39	5,865,350.35
Return the current	--	--	--	--
The current reseller,	--	--	--	--
This verification	--	--	--	--
Other changes	200,452.98	--	-372,576.20	-172,123.22
Balance as of December 31, 2022	1,524,758.92	--	193,705,873.51	195,230,632.43

⑤ The top five units of ending balance of other receivables

Name of the entity	Nature of other receivables	Ending balance of other receivables	Aging	Proportion of total ending balance of other receivables (%)	Ending balance of bad debt provision
Canada Great Wall (Vancouver) Co., Ltd	Other receivables from related parties	89,035,748.07	More than 5 years	37.52	89,035,748.07
Paklid Limited	Other receivables from related parties	18,870,785.54	More than 5 years	7.95	18,870,785.54
Australia Bekaton property Limited	Other receivables from related parties	12,559,290.58	More than 5 years	5.29	12,559,290.58
Guangdong province Huizhou Luofu Hill Mineral Water Co.,Ltd	Other receivables from related parties	10,465,168.81	More than 5 years	4.41	10,465,168.81
Xi'an Fresh Peak Property Trading Co., Ltd	Other receivables from related parties	8,419,205.19	More than 5 years	3.55	8,419,205.19
Total	--	139,350,198.19	--	58.72	139,350,198.19

7. Inventories

(1) Inventory classification

Item	Book balance	2022.12.31		Book balance	2021.12.31	
		Provision for price decline/provision for impairment of contract performance cost	The book value		Provision for price decline/provision for impairment of contract performance cost	The book value
Real estate development:						
Development cost	3,413,963,261.85	--	3,413,963,261.85	3,037,991,969.96	--	3,037,991,969.96
Product development	842,847,684.33	--	842,847,684.33	994,212,857.29	--	994,212,857.29
Subtotals	4,256,810,946.18	--	4,256,810,946.18	4,032,204,827.25	--	4,032,204,827.25
Non-real estate development items:						
Raw materials	8,458.34	--	8,458.34	8,458.34	--	8,458.34
Inventory goods	329,101.70	38,891.91	290,209.79	334,040.04	38,891.91	295,148.13
Constructions	--	--	--	2,425,128.90	--	2,425,128.90
Subtotals	337,560.04	38,891.91	298,668.13	2,767,627.28	38,891.91	2,728,735.37
Total	4,257,148,506.22	38,891.91	4,257,109,614.31	4,034,972,454.53	38,891.91	4,034,933,562.62

(2) Provision for inventories

Item	2022.01.01	Increase in current		The reduced		2022.12.31
		provision	Others	To turn back or resell	Others	
Non-real estate development items:						
Raw materials	--	--	--	--	--	--
Inventory goods	38,891.91	532,397.57	--	--	532,397.57	38,891.91
Total	38,891.91	532,397.57	--	--	532,397.57	38,891.91

Provision for Decline in Inventory (continued)

Item	Specific basis for determining net realizable/residual consideration and costs to be incurred	Current roll-back or roll-off Reasons for inventory depreciation provision
Development cost	The amount of estimated selling price minus the estimated costs to be incurred at completion, estimated selling expenses, and related taxes	--
Product development	The amount of estimated selling price minus estimated selling expenses and related taxes	--
Raw materials	The amount of estimated selling price minus the estimated costs to be incurred at completion, estimated selling expenses, and related taxes	--
Inventory goods	The amount of estimated selling price minus estimated selling expenses and related taxes	--
Construction	The amount of estimated selling price minus the estimated costs to be incurred at completion, estimated selling expenses, and related taxes	--

(3) The ending balance of inventory contains the explanation of the capitalized amount of borrowing expenses:

As at 31st December 2022, the Group's inventory balance contains capitalized borrowing costs at CNY 33,933,525.93.

(4) Development cost

Project name	Starting time	Estimated completion time	Expected total investment	2022.12.31	2021.12.31	Ending provision
ShanTou Fresh Peak Building	--	--	--	28,291,908.11	28,291,908.11	--
Shenfang Lin Xin Garden	In 2021	In 2023	300,000.00	2,290,805,229.96	2,015,750,061.85	--
Shenfang GuangmingLi	In 2022	In 2024	152,060.00	1,094,866,123.78	993,950,000.00	--
Total			452,060.00	3,413,963,261.85	3,037,991,969.96	--

(5) Product development

The item name	Time for completion	2022.01.01	Increase in current	The reduced	2022.12.31	End of the fall
Jinye Island Multi-tier villa	1997	39,494,762.60	51,629.67	--	39,546,392.27	--
Jinye Island villa No.10	2010	5,696,007.25	--	--	5,696,007.25	--
Jinye Island villa No.11	2008	2,333,281.42	--	--	2,333,281.42	--
YueJing dongfang Project	2014	7,305,619.37	--	829,214.61	6,476,404.76	--
HuangPu XinCun	--	140,000.00	--	--	140,000.00	--
Shenfang Shanglin Garden	2014	--	--	--	--	--
Beijing Fresh Peak Buliding	--	304,557.05	--	--	304,557.05	--
TianYue Bay No.1	2017	270,542,054.67	2,240.00	44,890,771.84	225,653,522.83	--
Shengfang CuiLin Building	2018	58,669,056.16	--	13,051,618.37	45,617,437.79	--
Chuanqi Donghu	2019	41,834,057.24	--	37,544,138.07	4,289,919.17	--
TianYue Bay No.2	2021	567,893,461.53	--	55,103,299.74	512,790,161.79	--
Total		994,212,857.29	53,869.67	151,419,042.63	842,847,684.33	--

8. Assets and liabilities held for sale

Item	2022.12.31			2021.12.31		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
1) Non-current assets held for sale	--	--	--	--	--	--
(2) Assets included in disposal groups held for sale	--	--	--	--	--	--
Including:						
Shenzhen Property Management Co., Ltd.	--	--	--	78,940,232.10	--	78,940,232.10
Total	--	--	--	78,940,232.10	--	78,940,232.10

Item	2022.12.31	2021.12.31
Liabilities held for sale:	--	--
Liabilities included in disposal groups held for sale	--	--
Including:		
Shenzhen Property Management Co., Ltd.	--	65,752,452.06
Total	--	65,752,452.06

In order to optimize and adjust the industrial structure, on 30 December, 2021, the Company and its

subsidiary Shenzhen Shenfang Investment Co., Ltd. and Shenzhen Guomao Property Management Co., Ltd. signed the Equity Acquisition Agreement to transfer a total of 100% of the equity of Shenzhen Property Management Co., Ltd. to Shenzhen Guomao Property Management Co., Ltd., with a transfer price of CNY 196.6767 million. The transfer of equity was completed in February 2022.

9. Other current assets

Item	2022.12.31	2021.12.31
Income tax overpaid or prepaid	1,692,386.28	3,205,104.33
VAT prepaid	1,620,352.66	7,643,969.22
Contract acquisition cost	1,212,848.49	--
Input tax to be deducted	29,247,467.16	53,061,826.30
Land appreciation tax	1,813,337.72	2,481,541.71
Business Tax	250,719.98	259,308.30
Other	941,529.13	1,565,137.18
Total	36,778,641.42	68,216,887.04

10. Long-term equity investments

Investee	2020.12.31	Increase in capital	Decrease in capital	Investment income recognised under equity method	Movements during the year					2022.12.31	Balance of provision for impairment as at 2022.12.31
					ther comprehensive incom	Other equity movements	Declared distribution of cash dividends or profits	Provision for impairment	Other		
① Joint ventures											
Guangdong province Huizhou Luofu Hill Mineral Water Co., Ltd	9,969,206.09	--	--	--	--	--	--	--	--	9,969,206.09	9,969,206.09
Fengkai Xinhua Hotel	9,455,465.38	--	--	--	--	--	--	--	--	9,455,465.38	9,455,465.38
Subtotal	19,424,671.47	--	--	--	--	--	--	--	--	19,424,671.47	19,424,671.47
② Associates											
Shenzhen Ronghua JiDian Co., ltd	1,349,122.92	--	--	-178,240.64	--	--	--	--	--	1,170,882.28	1,076,954.64
Shenzhen Runhua Automobile trading Co., Ltd	1,445,425.56	--	--	--	--	--	--	--	--	1,445,425.56	1,445,425.56
Dongyi Real Estate Co., Ltd	30,376,084.89	--	--	--	--	--	--	--	--	30,376,084.89	30,376,084.89
Subtotal	33,170,633.37	--	--	-178,240.64	--	--	--	--	--	32,992,392.73	32,898,465.09
③ Other equity investment											
Paklid Limited	201,100.00	--	--	--	--	--	--	--	--	201,100.00	201,100.00
Australia Bekaton Property Limited	906,630.00	--	--	--	--	--	--	--	--	906,630.00	906,630.00
Shenzhen Shenfeng Department Store Co. Ltd.	10,000,000.00	--	--	--	--	--	--	--	--	10,000,000.00	10,000,000.00

Investee	2020.12.31	Increase in capital	Decrease in capital	Movements during the year						2022.12.31	Balance of provision for impairment as at 2022.12.31
				Investment income recognised under equity method	ther comprehensive incom	Other equity movements	Declared distribution of cash dividends or profits	Provision for impairment	Other		
Shantou Fresh Peak Building	58,547,652.25	--	--	--	--	--	--	--	--	58,547,652.25	58,547,652.25
Guangdong Province kaiFeng Lian Feng Cement Manufacturing Co., Ltd	56,228,381.64	--	--	--	--	--	--	--	--	56,228,381.64	56,228,381.64
Jiangmen XinJiang real estate compnay	9,037,070.89	--	--	--	--	--	--	--	--	9,037,070.89	9,037,070.89
Xian Xinfeng property trading ltd.	32,840,729.61	--	--	--	--	--	--	--	--	32,840,729.61	32,840,729.61
Subtotal	167,761,564.39	--	--	--	--	--	--	--	--	167,761,564.39	167,761,564.39
Total	220,356,869.23	--	--	-178,240.64	--	--	--	--	--	220,178,628.59	220,084,700.95

Note: Other equity investment items are the equity of the Company's subsidiaries which are not included in the scope of the merger. Some of these subsidiaries were winded up, but the Group hasn't write off its long-term equity investment. Some of these subsidiaries have ceased operating for many years and no longer exist, the group could not implement effective management control over them. Refer to Note VII for more details.

11. Investment in other equity instruments

Item	2022.12.31	2021.12.31
Shantou SME Financing Guarantee Co., Ltd.	13,839,235.57	13,831,938.92
Yunnan Kun Peng Aviation Service Limited Corporation	--	22,490,765.41
Total	13,839,235.57	36,322,704.33

Note: Since the Group plans to hold the above equity investment for a long term for strategic purposes, the Group designates them as financial assets measured at fair value and the change in it is included in other comprehensive income.

Item	Dividend income recognized during the current period	The cumulative gains	The cumulative loss	The amount of other comprehensive income transferred into retained earnings	To reason
Shantou SME Financing Guarantee Co., Ltd.	813,960.00	5,550,600.00	--	--	--
Yunnan Kun Peng Aviation Service Limited Corporation	--	11,449,773.26	--	11,449,773.26	Disposal of the investment

12 Investment Properties

(1) Investment properties measured using the cost model

Item	Buildings	Land use rights	Total
I .Cost			
1.2021.12.31	1,042,912,022.39	98,272,942.19	1,141,184,964.58
2.Additions during the year	1,832,873.00	9,077,110.86	10,909,983.86
(1) Transfers from inventories	1,832,873.00	--	1,832,873.00
(2) Other transfers(exchange rate movement)	--	9,077,110.86	9,077,110.86
3. Decrease during the year	--	--	--
4.2022.12.31	1,044,744,895.39	107,350,053.05	1,152,094,948.44
II .Accumulated depreciation or amortization			
1.2021.12.31	457,533,453.68	--	457,533,453.68
2.Charge for the year	25,451,837.52	--	25,451,837.52
(1) Depreciated or amortised	25,451,837.52	--	25,451,837.52
3. Reductions during the year	--	--	--
4.2022.12.31	482,985,291.20	--	482,985,291.20
III.Provision for impairment			
1.2021.12.31	14,128,544.62	80,657,189.12	94,785,733.74
2.Charge for the year	--	7,450,008.43	7,450,008.43

Item	Buildings	Land use rights	Total
(1) Other additions (exchange rate movement)	--	7,450,008.43	7,450,008.43
3. Reductions on disposals	--	--	--
4.2022.12.31	14,128,544.62	88,107,197.55	102,235,742.17
IV.Carrying amounts			
1. As at 2022.12.31	547,631,059.57	19,242,855.50	566,873,915.07
2. As at 2021.12.31	571,250,024.09	17,615,753.07	588,865,777.16

Note: The reduction in the original value of land use rights and impairment provisions is caused by exchange rate movement at the time of translation of foreign currency statements.

13. Fixed assets

Item	2022.12.31	2021.12.31
Fixed assets	21,425,475.05	23,920,424.55
Disposal of fixed assets	--	--
Total	21,425,475.05	23,920,424.55

① Fixed assets

Item	Plant & buildings	Machinery & equipment	Electronic device and others	Total
I.Cost				
1.2021.12.31	100,117,808.10	8,307,455.41	7,273,579.83	115,698,843.34
2.Additions during the year	304,266.00	--	225,891.54	530,157.54
(1) Purchases	304,266.00	--	225,891.54	530,157.54
3. Decrease during the year	--	--	95,472.67	95,472.67
(1) Disposals or written-offs	--	--	95,472.67	95,472.67
4.2022.12.31	100,422,074.10	8,307,455.41	7,403,998.70	116,133,528.21
II.Accumulated depreciation:				
1.2021.12.31	79,191,129.84	6,864,681.16	5,722,607.79	91,778,418.79
2.Charge for the year	2,458,308.93	246,603.31	313,773.37	3,018,685.61
(1)Provision	2,458,308.93	246,603.31	313,773.37	3,018,685.61
3.Reductions for the year	--	--	89,051.24	89,051.24
(1)Disposal or written-offs	--	--	89,051.24	89,051.24
4.2022.12.31	81,649,438.77	7,111,284.47	5,947,329.92	94,708,053.16
III.Provision for impairment	--	--	--	--
IV.Carrying amount				
1. As at 2022.12.31	18,772,635.33	1,196,170.94	1,456,668.78	21,425,475.05
2. As at 2021.12.31	20,926,678.26	1,442,774.25	1,550,972.04	23,920,424.55

14. Right-of-use assets

project	Houses and Buildings
I. Original book value:	
2021.12.31	431,779.61
2. Additions during the year	--
3. Decrease during the year	--
4. 2022.12.31	431,779.61
II. Accumulative depreciation	
1.2021.12.31	66,427.64
2. Additions during the year	132,855.25
(1) Provision	132,855.25
3. Decrease during the year	--
4. 2022.12.31	199,282.89
III. Impairment Provisions	--
IV. Carrying amount	
1. As at 2022.12.31	232,496.72
2. As at 2021.12.31	365,351.97

15. Intangible assets

(1) Intangible assets

Item	Software
I. Cost	
1. 2021.12.31	2,192,000.00
2. Additions during the year	--
3. Decrease during the year	--
4. 2022.12.31	2,192,000.00
II. Accumulative amortization	
1. 2021.12.31	2,192,000.00
2. Additions during the year	--
3. Decrease during the year	--
4. 2022.12.31	2,192,000.00
III. Provision for impairment	--
IV. Carrying amount	
1. As at 2022.12.31	--
2. As at 2021.12.31	--

16. Long-term deferred expenses

Item	2021.12.31	Additions during the year	Decreases during the year		2022.12.31
			Amortisation for the year	Others decreases	
Renovation costs	1,703,967.55	548,981.45	533,891.01	--	1,719,057.99
Others	460,995.63	179,091.09	182,923.18	--	457,163.54
Total	2,164,963.18	728,072.54	716,814.19	--	2,176,221.53

17. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets and deferred tax liabilities that are not offset

Item	2022.12.31		2021.12.31	
	Deductible/Taxable Temporary Differences	Deferred tax assets/liabilities	Deductible/Taxable Temporary Differences	Deferred tax assets/liabilities
Deferred tax assets:				
Provision for impairment	12,026,682.71	3,006,670.68	11,676,505.43	2,919,126.36
Pre-tax recoverable operating losses	69,038,992.71	17,259,748.18	60,853,662.72	15,213,415.68
Provision for land appreciation tax	117,245,335.26	29,311,333.82	537,081,594.36	134,270,398.59
Unrealised profits of intra-group transactions	86,124,778.41	21,531,194.60	48,439,321.68	12,109,830.42
Accrued Contractual cost	23,711,126.84	5,927,781.70	22,029,322.92	5,507,330.73
Subtotal	308,146,915.93	77,036,728.98	680,080,407.11	170,020,101.78
Deferred tax liabilities:				
Unmatured interest	1,576,125.00	394,031.25	7,411,964.20	1,852,991.05
Changes in the fair value of other equity investments	1,839,235.57	459,808.89	18,858,463.59	4,714,615.90
Changes in the fair value of trading financial assets	8,970,031.50	2,242,507.88	11,828,130.44	2,957,032.61
Subtotal	12,385,392.07	3,096,348.02	38,098,558.23	9,524,639.56

(2) Details of unrecognized deferred tax assets

Item	2022.12.31	2021.12.31
Deductible losses	54,027,120.82	10,875,646.42
Bad debt provision	197,543,730.87	211,607,688.34
Impairment provision for long-term equity investments	220,084,700.95	220,084,700.95
Impairment provision for Investment property	102,235,742.17	94,785,733.74
Total	573,891,294.81	537,353,769.45

Note: Due to the uncertainty of future taxable income, the Group did not recognize deferred tax assets for the temporary deductible differences and deductible losses.

(3) Expiration of deductible tax losses for unrecognised deferred tax assets

Year	2022.12.31	2021.12.31	Note
2022	—	5,753,184.38	
2023	4,085,485.24	4,085,485.24	
2024	688,456.49	688,456.49	
2025	1,629.25	1,629.25	
2026	346,891.06	346,891.06	
2027	48,904,658.78	—	
Totao	54,027,120.82	10,875,646.42	

18. Short-term loans

(1) Classification of short-term loans

Item	2022.12.31	2021.12.31
Pledge loans	51,138,077.62	50,440,116.24

Note: The ending balance of loan is related to factoring loan applied by the group for accounts receivable.

19. Notes payable

Item	2022.12.31	2021.12.31
Commercial acceptance notes	--	247,376,403.56
Banker acceptance notes	--	--
Total	--	247,376,403.56

Note: The notes payable due but unpaid at the year end is CNY 222,341,886.44. It has been adjusted to account payable.

20. Accounts payable

Item	2022.12.31	2021.12.31
Construction	432,902,243.31	139,000,203.58
Other	1,699,316.36	2,447,355.66
Total	434,601,559.67	141,447,559.24

21. Advances from customers

Item	2022.12.31	2021.12.31
Payment for goods-import and export	4,218,370.69	4,218,370.69
Others	1,246,973.27	2,193,056.35
Total	5,465,343.96	6,411,427.04

22. Contractual liabilities

Item	2022.12.31	2021.12.31
Advance collection of house sales	43,431,327.09	199,909,796.88
Room charges in advance	102,140.20	55,693.20
Total	43,533,467.29	199,965,490.08

23. Employee benefits payable

Item	2021.12.31	Accrued during the year	Decreased during the year	2022.12.31
Short-term employee benefits	43,791,988.37	71,499,532.64	79,619,168.64	35,672,352.37
Post-employment benefits - defined contribution plans	134,723.41	9,793,422.64	9,876,294.64	51,851.41
Total	43,926,711.78	81,292,955.28	89,495,463.28	35,724,203.78

(1) Short-term employee benefits

Item	2021.12.31	Accrued during the year	Decreased during the year	2022.12.31
Salaries, bonus, allowances	43,636,961.65	56,562,279.75	64,987,862.63	35,211,378.77
Staff welfare	35,800.00	3,847,923.24	3,662,981.24	220,742.00
Social insurances	--	3,912,890.25	3,912,890.25	--
Including: 1. Medical insurance	--	3,682,819.92	3,682,819.92	--
2. Work-related injury insurance	--	50,853.63	50,853.63	--
3. Maternity insurance	--	179,216.70	179,216.70	--
Housing Fund	31,040.32	5,791,378.33	5,822,418.65	--
Labor union fees, staff and workers' education fee	88,186.40	1,385,061.07	1,233,015.87	240,231.60
Total	43,791,988.37	71,499,532.64	79,619,168.64	35,672,352.37

(2) Defined contribution plans

Item	2021.12.31	Accrued during the year	Decreased during the year	2022.12.31
Post-employment benefits	134,723.41	9,793,422.64	9,876,294.64	51,851.41
Including: 1. Basic pension insurance	72,000.00	6,322,580.45	6,394,580.45	--
2. Unemployment insurance	--	70,260.71	70,260.71	--
3. Annuity	62,723.41	3,400,581.48	3,411,453.48	51,851.41
Total	134,723.41	9,793,422.64	9,876,294.64	51,851.41

24. Taxes payable

Item	2022.12.31	2021.12.31
Corporate income tax	61,927,050.99	55,260,539.21
Land appreciation tax	121,891,472.74	541,127,363.69

Item	2022.12.31	2021.12.31
Value-added tax	3,843,704.80	2,364,703.76
Individual income tax	1,611,643.13	741,740.25
City maintenance and construction tax	734,949.61	243,387.84
Property tax	287,141.98	262,015.56
Education surcharge	316,008.58	105,021.26
Local Education surcharge	197,568.44	56,806.29
Other	141,645.72	379,294.62
Total	190,951,185.99	600,540,872.48

25. Other payables

Item	2022.12.31	2021.12.31
Interest payables	16,535,277.94	16,535,277.94
Dividend payables	--	--
Other payables	557,796,062.90	564,842,137.70
Total	574,331,340.84	581,377,415.64

(1) Interest payable

Item	2022.12.31	2021.12.31
Non-financial institution borrowing interest (interest payable to parent company)	16,535,277.94	16,535,277.94

Significant overdue interest outstanding:

Debtor	Overdue amount	Overdue reason
Shenzhen Investment Holdings Co., Ltd.	16,535,277.94	Defer payment

(2) Other payable

Item	2022.12.31	2021.12.31
Non-related party transactions	166,065,259.07	161,537,615.36
Accrued land appreciation tax	--	36,447,111.94
Related party transactions	232,502,015.42	215,460,862.07
Deposits	28,723,844.16	48,106,373.19
Others	130,504,944.25	103,290,175.14
Total	557,796,062.90	564,842,137.70

(3) significant other payables aging over 1 year

Item	Amount	Aging	Reason
Guangzhou Bopi Enterprise Management Consulting Co., LTD	202,424,649.66	Within 1 year, 1-2 years	Unexpired settlement
Huizhou Guirong Investment Information Consulting Co., LTD	99,553,857.53	Within 1 year, 1-2 years	Unexpired settlement
Total	301,978,507.19		

26. Non-current liabilities due within one year

Item	2022.12.31	2021.12.31
A long-term loan that due within one year	6,105,770.99	--
Lease liabilities due within one year	83,023.44	83,023.44
Total	6,188,794.43	83,023.44

27. Other current liabilities

Item	2022.12.31	2021.12.31
Output tax to be transferred	2,265,817.68	8,196,849.13
Notes receivable that have been endorsed but cannot be terminated for recognition	1,617,000.00	--
Total	3,882,817.68	8,196,849.13

28. Long-term loans

Item	2022.12.31	Range of interest rate	2021.12.31	Range of interest rate
Mortgage loan	60,366,770.99	4.15%-4.20%	--	
Subtotal	60,366,770.99		--	
Less: long-term loans due within one year	6,105,770.99		--	
Total	54,261,000.00		--	

29. Lease liabilities

Item	2022.12.31	2022.01.01
Buildings	136,908.67	208,944.21
Subtotal	136,908.67	208,944.21
Less: lease liabilities due within one year	83,023.44	83,023.44
Total	53,885.23	125,920.77

30. Capital stock (unit: 10,000 shares)

Item	2021.12.31	Increase or decrease of current period (+, -)					Subtotal	2022.12.31
		New shares	Stock dividand	Conversion from reserve to shares	Others			
The total number of shares	101,166.00	--	--	--	--	--	101,166.00	

31. Capital reserve

Item	2020.12.31	Additions during the year	Reductions during the year	2021.12.31
Share premium	557,433,036.93	--	--	557,433,036.93
Other capital reserves	420,811,873.18	--	--	420,811,873.18
Total	978,244,910.11	--	--	978,244,910.11

32 Other comprehensive income

Other comprehensive income attributable to the parent company in the balance sheet.

Item	2021.12.31 (1)	Current amount			2022.12.31 (4) = (1) + (2) - (3)
		The current income tax before the amount (2)	Minus: early entry into other comprehensive income into the current period of profit and loss (3)		
Other comprehensive income that cannot be reclassified into profits and losses	14,143,847.69	-1,314,647.75	11,449,773.26		1,379,426.68
1. Changes in the fair value of other equity instrument investments	14,143,847.69	-1,314,647.75	11,449,773.26		1,379,426.68
Other comprehensive income which is reclassified into profit and loss	21,945,116.26	2,602,177.91	--		24,547,294.17
1. Difference in translation of foreign currency financial statements	21,945,116.26	2,602,177.91	--		24,547,294.17
Total other comprehensive income	36,088,963.95	1,287,530.16	11,449,773.26		25,926,720.85

Other comprehensive income attributable to the parent company in the income statement.

Item	2021.12.31 (1)	Current amount			After-tax attributable to parent company (5) = (1) - (2) - (3) - (4)
		Minus: early entry into other comprehensive income into the current period of profit and loss (2)	Minus: income tax expense (3)	After tax, it belongs to minority shareholders (4)	
Other comprehensive income that cannot be reclassified into profits and losses	-1,752,863.67	--	-438,215.92	--	-1,314,647.75
1. Changes in the fair value of other equity instrument investments	-1,752,863.67	--	-438,215.92	--	-1,314,647.75
Other comprehensive income which is reclassified into profit and loss	-29,418.67	--	-5,883.73	-2,625,712.85	2,602,177.91
1. Difference in translation of foreign currency financial statements	-29,418.67	--	-5,883.73	-2,625,712.85	2,602,177.91
Total other comprehensive income	-1,782,282.35	--	-444,099.65	-2,625,712.85	1,287,530.16

Note: The net after-tax amount of other comprehensive income during reporting period is CNY -1,338,182.69, including CNY 1,287,530.16 attributable to the shareholders of the parent company and CNY 2,625,712.85 attributable to minority shareholders.

33. Surplus reserve

Item	Opening balance	Additions during the year	Reductions during the year	Ending balance
Statutory surplus reserve	241,144,854.93	34,108,874.33	--	275,253,729.26
Total	241,144,854.93	34,108,874.33	--	275,253,729.26

34. Retained earnings

Item	Year ended 2022.12.31	Year ended 2021.12.31	Appropriation or distribution percentage
Retained earnings as at 31/12/2021(before adjustment)	1,671,121,562.98	1,560,720,254.31	--
Total adjustments for opening retained earnings (-+ for increase; -- for decrease)	--	--	--
Retained earnings as at 01/01/2021 (after adjustment)	1,671,121,562.98	1,560,720,254.31	--
Add: Net profits for the year attributable to shareholders of the Group	153,718,805.57	220,836,309.93	--
Less: Appropriation for statutory surplus reserve	34,108,874.33	22,420,581.26	10%
Appropriation for ordinary share dividend	89,026,080.00	88,014,420.00	--
Other	-11,449,773.26	--	--
Retained earnings as at 2022.12.31	1,713,155,187.48	1,671,121,562.98	--

Note: the other CNY 11,449,773.26 of undistributed profits in this period is due to the investment of other equity instruments, which includes the disposal profits as retained earnings.

35. Operating revenue and operating costs

(1) Operating revenue and operating costs

Item	Current amount		Amount of previous period	
	Income	Cost	Income	Cost
Main business	628,832,520.51	434,304,905.37	1,305,013,711.33	644,196,683.45
Other business	5,552,040.91	2,747,095.64	15,776,937.12	22,151,678.03
Total	634,384,561.42	437,052,001.01	1,320,790,648.45	666,348,361.48

(2) Operating revenue and operating costs are divided by industry (or product type)

Main Industry name	Current amount		Amount of previous period	
	income	The cost of	income	The cost of
Real estate	309,331,841.57	144,720,332.63	876,161,088.60	280,828,284.77
Construction	241,209,525.79	236,074,624.77	200,259,571.16	194,607,475.30
Property Management	36,660,871.83	22,415,236.68	162,526,580.18	145,898,235.49
Lease	53,870,265.26	46,657,985.12	81,791,161.56	38,780,101.44
subtotal	641,072,504.45	449,868,179.20	1,320,738,401.50	660,114,097.00
Less: Internal offset	12,239,983.94	15,563,273.83	15,724,690.17	15,917,413.55
Total	628,832,520.51	434,304,905.37	1,305,013,711.33	644,196,683.45

(3) The revenue and cost of main business shall be divided by region (if not applicable, it shall be deleted)

Main business area	Current amount		Amount of previous period	
	Main business revenue	Main business cost	Main business revenue	Main business cost
Domestic:	640,594,852.83	449,868,179.20	1,320,105,876.64	660,114,097.00
Guangdong Province	640,594,852.83	449,868,179.20	1,308,786,001.07	652,104,794.06
Other	--	--	11,319,875.57	8,009,302.94
Overseas:	477,651.62	--	632,524.86	--
America	477,651.62	--	632,524.86	--
Subtotal	641,072,504.45	449,868,179.20	1,320,738,401.50	660,114,097.00
Less: Internal offset	12,239,983.94	15,563,273.83	15,724,690.17	15,917,413.55
Total	628,832,520.51	434,304,905.37	1,305,013,711.33	644,196,683.45

(4) Business revenue decomposition information

Item	Current amount					Total
	Real estate	Construction	Property Management	Leases	Other	
Main business revenue	309,331,841.57	236,949,097.45	36,436,288.21	46,115,293.28	--	628,832,520.51
Including: Confirm at a certain point	309,331,841.57	--	--	--	--	309,331,841.57
Confirm at a certain time	--	236,949,097.45	36,436,288.21	46,115,293.28	--	319,500,678.94
Other business income	--	--	--	--	5,552,040.91	5,552,040.91
Total	309,331,841.57	236,949,097.45	36,436,288.21	46,115,293.28	5,552,040.91	634,384,561.42

36. Taxes and surcharges

Item	Current amount	Amount of previous period
Land appreciation tax	68,994,085.35	234,706,353.29
Property tax	7,527,796.10	9,928,730.40
Urban maintenance and construction tax	1,984,035.04	4,235,765.07
education surcharge	845,915.69	1,910,215.37
Local education surcharge	563,479.01	1,081,322.37
Embankment protection fees	1,868,180.35	2,497,929.35
Total	81,783,491.54	254,360,315.85

Note: the tax and additional payment standards are detailed in Note IV. Tax.

37. Selling expense

Item	Current amount	Amount of previous period
Sales agency fee and commission	9,153,738.82	26,587,685.99
Employee benefits	3,840,229.00	9,474,880.74

Item	Current amount	Amount of previous period
Entertainment expenses	1,381,173.87	3,261,755.78
Advertising expenses	4,350,998.80	2,932,966.45
Other	491,454.62	480,459.26
Total	19,217,595.11	42,737,748.22

38. Administrative expenses

Item	Current amount	Amount of previous period
Employee benefits	39,755,710.03	79,343,163.63
Agency fee	2,752,109.58	4,027,178.08
Entertainment expenses	2,425,452.83	2,857,097.54
Depreciation expense	2,785,592.23	2,567,845.33
Office expenses	1,849,010.18	2,364,940.64
Maintenance expenses	336,048.95	985,033.96
Office expenses	520,782.12	496,794.63
Other Amortization	481,562.84	421,749.41
water and electricity	359,004.64	273,581.21
Other	4,493,475.68	4,970,447.17
Total	55,758,749.08	98,307,831.60

39. Financial expenses

Item	Current amount	Amount of previous period
The interest payments	21,696,059.62	12,247,386.77
Minus: Capitalization of interest	21,696,059.62	12,237,466.31
Interest income	5,315,817.53	28,863,878.27
Exchange gains and losses	-1,384,499.52	9,320,742.60
Minus: Capitalization of exchange gains and losses	--	--
Commission charges and others	193,170.02	1,449,724.20
Total	-6,507,147.03	-18,083,491.01

40. Other income

Subsidies (other sources of revenue)	Current amount	Amount of previous period	With respect to assets / Related to revenue
VAT deduction	67,836.22	1,483,095.28	Related to revenue
Subsidies for job-for-training	86,775.00	165,000.00	Related to revenue
Additional deductions for input tax	--	11,384.12	Related to revenue
Renovation of back streets and alleys around farmers' markets (public health fund)	--	10,000.00	Related to revenue
Subsidies for keeping people in their jobs	162,265.76	--	Related to revenue
Refund of procedure fee of personal income tax	225,814.59	--	Related to revenue
Subsidies for assisting enterprises in obtaining employment	10,000.00	--	Related to revenue
Other	7,111.62	--	Related to revenue
Total	559,803.19	1,669,479.40	

41. Investment Income

Item	Current amount	Amount of previous period
Long-term equity investment income calculated by the equity method	-178,240.64	-105,321.37
Dividend income from investments in other equity instruments	813,960.00	692,580.00
Yield on maturity of structured deposits	159,619.01	1,196,580.44
Investment income from disposal of subsidiaries	161,581,081.50	--
Investment income from debt restructuring	2,610,128.30	--
Total	164,986,548.17	1,783,839.07

42. Income from changes in fair value

The source of the fair value change income	Current amount	Amount of previous period
Trading financial assets	8,970,031.50	11,828,130.44

43. Credit impairment loss (loss marked with "-")

Item	Current amount	Amount of previous period
Accounts receivable bad debt loss	-3,434,265.84	-4,433,371.85
Other losses on receivable bad debts	-5,865,350.35	-2,362,779.29
Bad debt losses on notes receivable	2,783,378.85	-999,068.57
Total	-6,516,237.34	-7,795,219.71

44. Impairment loss of assets (loss is marked with "-")

Item	Current amount	Amount of previous period
Losses from falling inventory prices	-532,397.57	268,941.60

45. Income from asset disposal

Item	Current amount	Amount of previous period
Gain on disposal of fixed assets (loss is marked with "-")	--	-8,852.73

46. Non-operating income

Item	Current amount	Amount of previous period	Amount booked into current non-recurring profits and losses
Compensation	1,156,843.63	--	1,156,843.63
Penalty income	370,000.00	1,506,996.67	370,000.00
Other	--	210,438.20	--
Income from sale of waste	7,807.75	28,700.00	7,807.75
Total	1,534,651.38	1,746,134.87	1,534,651.38

47. Non-operating expenses

Item	Current amount	Amount of previous period	Amount booked into current non-recurring profits and losses
Public welfare donation expenditure	306,474.53	31,464.96	306,474.53
Loss of non-current assets damaged and scrapped	38,481.92	16,439.20	38,481.92
Penalty	50.00	85,686.90	50.00
Other	133,936.29	74,538.68	133,936.29
Total	478,942.74	208,129.74	478,942.74

48. Income tax expenses

(1) Income tax expense details

Item	Current amount	Amount of previous period
Current income tax calculated according to the tax law and relevant provisions	-20,528,623.91	125,965,276.65
Deferred tax expense	86,555,081.26	-57,160,740.87
Total	66,026,457.35	68,804,535.78

(2) The relationship between income tax expense and total profit is listed as follows :(inapplicable items can be deleted, and "other" amounts should not be too large)

Item	Current amount	Amount of previous period
Profit total	215,603,328.30	286,404,205.51
Income tax expense at statutory (or applicable) rate (gross profit *25%)	53,900,832.08	71,601,051.38
Impact of different tax rates applied to certain subsidiaries	148,585.06	-810,905.02
Adjustment of income tax for the current period of the previous period	-6,828,454.83	-378,391.66
The profits and losses of joint ventures and associated enterprises calculated by equity method	44,560.16	26,330.35
Tax-free income (marked with "-")	-232,317.56	-173,145.00
Non-deductible costs, expenses and losses	621,871.15	563,064.63
Take advantage of the tax impact of unrecognized deductible losses and deductible temporary differences in previous years (fill in with "-")	-598,646.13	-2,131,851.54
Tax effects of deductible losses and deductible temporary differences are not recognized	18,970,027.42	108,382.64
Income tax expense	66,026,457.35	68,804,535.78

49. Notes for items in the statement of cash flows

(1) Receipt of other cash related to operating activities

Item	Current amount	Amount of previous period
Interest Income	5,315,817.53	39,813,057.28
Receivables and others	19,283,483.81	338,784,024.72
Total	24,599,301.34	378,597,082.00

(2) Other cash payments related to operating activities

Item	Current amount	Amount of previous period
Charges	192,970.02	1,449,724.20
Out-of-pockets expenses	28,511,217.46	50,267,187.02
Payables and others	44,617,346.03	231,759,408.78
Total	73,321,533.51	283,476,320.00

(3) Receipt of other cash related to investment activities

Item	Current amount	Amount of previous period
Financing products and etc.	114,840,380.99	797,803,419.53

(4) Other cash payments related to investment activities

Item	Current amount	Amount of previous period
Financing products and etc.	--	1,300,000,000.00

(5) Receipt of other cash in connection with financing activities

Item	Current amount	Amount of previous period
Borrowings from subsidiary shareholders	--	193,016,852.52
fund from Linxijun employees	--	22,800,000.00
Total	--	215,816,852.52

50. Supplementary information to the statement of cash flows

(1) Supplementary information of the cash flow statement

Additional information	Current amount	Amount of previous period
1. Adjust net profit to cash flow from operating activities		
Net profit	149,576,870.95	217,599,669.73
Plus: impairment loss on assets	532,397.57	-268,941.60
Credit impairment loss	6,516,237.34	7,795,219.71
Depreciation of Fixed Assets, Depreciation of Usability Assets, Depreciation of Investment Real Estate, Depreciation of Oil and Gas Assets, Depreciation of Productive Biological Assets (Items not applicable can be deleted)	28,470,523.13	29,162,034.64
Amortization of intangible assets	132,855.25	--
Amortization of long-term prepaid expenses	--	--
Loss on disposal of fixed assets, intangible assets and other long-term assets (marked with "-" for gains)	716,814.19	240,227.24
Loss on the scrapping of fixed assets (marked with "-" for income)	--	13,451.61
Loss from changes in fair value (marked with "-" for earnings)	38,481.92	16,439.20
Financial expenses (revenue marked with "-")	-8,970,031.50	-11,828,130.44
Loss on investment (marked with "-" for income)	492,336.21	450,266.20

Additional information	Current amount	Amount of previous period
Deferred tax assets decreased (marked with "-" for increase)	-164,986,548.17	-1,783,839.07
Deferred tax liability increased (marked with "-" for decrease)	92,983,372.80	-57,380,478.73
Decrease in stock (marked with "-" for increase)	-6,428,291.54	85,543.83
Decrease of operating receivable items (marked with "-" for increase)	-222,176,051.69	-1,600,400,189.74
Increase in operational payable items (marked with "-" for decrease)	-15,439,705.92	79,815,735.11
other	-537,235,259.30	130,530,884.37
Net cash flow from operating activities	--	--
2. Major investment and financing activities that do not involve cash receipts and expenditures:	-675,775,998.76	-1,205,952,107.94
Debt to capital		
A convertible corporate bond maturing within one year	--	--
Leasing of fixed assets through financing	--	--
3. Net changes in cash and cash equivalents:	--	--
Ending balance of cash		
Minus: Opening balance of cash	190,365,069.48	612,293,635.15
Plus: ending balance of cash equivalents	612,293,635.15	2,669,103,926.82
Minus: Beginning balance of cash equivalents	--	--
Net increase in cash and cash equivalents	--	--
	-421,928,565.67	-2,056,810,291.67

(2) Net cash received from disposal of subsidiaries and other business units in the current period

Item	Current amount
Cash or cash equivalents received from disposal of subsidiaries in the current period	214,862,911.00
Including: Shenzhen City Property Management Ltd.	196,676,700.00
Minus: Cash and cash equivalents held by the subsidiary on the date of loss of control	57,467,430.10
Including: Shenzhen City Property Management Ltd.	57,467,430.10
Plus: Disposal of cash or cash equivalents received by the subsidiary in the current period during the previous period	--
The net amount of cash received by the disposal subsidiary	157,395,480.90

(3) Composition of cash and cash equivalents

Item	Ending balance	Opening balance
1. Cash	190,365,069.48	612,293,635.15
Including: cash on hand	4,549.61	12,082.00
Bank deposits available for payment at any time	157,360,519.87	372,181,553.15
Other monetary fund readily available for payment	33,000,000.00	240,100,000.00
2. Cash equivalents	--	--
Including: bond investments maturing within three months	--	--

Item	Ending balance	Opening balance
3. Closing cash and cash equivalents balance	190,365,069.48	612,293,635.15
Where: the parent company or a subsidiary of the group uses restricted cash and cash equivalents	--	--

51. Assets whose ownership or use rights are restricted

Item	Ending book value	Reason for limitation
Cash at bank and Cash Equivalent	5,674,439.78	funds for the construction of public facilities in and around the city of Longgang District
Cash at bank and Cash Equivalent	48,315.48	Frozen by litigation
Accounts receivables	51,138,077.62	Pledge of short-term loans
Inventories	965,000,000.00	Land Mortgage for project development loan
Total	1,021,860,832.88	

52. Foreign currency monetary items

(1) Foreign currency monetary items

Item	Ending Foreign Currency Balance	Exchange rate	Balance converted into CNY at the end
Monetary fund			
Including: US dollar	14,982.22	6.9646	104,345.17
Hong Kong dollars	6,387,228.27	0.8933	5,705,711.01
Accounts receivable			-
Including: US dollar	8,000.00	6.9646	55,716.80
Hong Kong dollars	4,905,150.10	0.8933	4,381,770.58
Prepayments			-
Including: Hong Kong dollars	253.12	0.8933	226.11
Accounts payable			-
Including: Hong Kong dollars	2,000.00	0.8933	1,786.60
Other payables			-
Including: US dollar	11,781.17	6.9646	82,051.14

53. Government subsidies

The government subsidies accounted into the current profits and losses by the total amount method

Subsidy Item	species	Amount booked into profit and loss in the previous period	Amount booked into profit and loss for the current period	Reporting items included in profit and loss	Relating to assets/earnings
Tax subsidy	Fiscal allotment	1,494,479.40	67,836.22	Other Income	Related to earnings
Employment subsidies	Fiscal allotment	165,000.00	86,775.00	Other Income	Related to earnings
Total		1,659,479.40	154,611.22		

VI. Changes to the scope of consolidation

1. Disposal of subsidiaries

(1) Reduction of subsidiaries from single disposal to loss of control

Name of subsidiary	Equity Disposal Price	Percentage of equity disposal	Equity Disposal Method	The point at which control is lost	The basis for determining the point of loss of control	The difference between the disposal price and the share of the subsidiary's net assets at the consolidated financial statement level corresponding to the disposal investment	The goodwill associated with the subsidiary in the Consolidated Financial Statements
Shenzhen Property Management Co., Ltd	196,676,700.00	100.00	Assignment by agreement	February 11, 2022	The completion of industrial and commercial change registration	161,581,081.49	--

Continued (1):

Name of subsidiary	The percentage of shares remaining at the date of loss of control	The book value of the remaining equity at the date of loss of control	The fair value of the remaining equity at the date of loss of control	Gains/losses arising from the re-measurement at fair value	The method and main assumptions for determining the fair value of the remaining equity on the date of loss of control	The amount of other comprehensive gains related to the equity investment of the Atomic Company transferred to the investment gains and losses
Shenzhen Property Management Co., Ltd	--	--	--	--	--	--

2. Other

In 2022, the group cancelled a total of 3 subsidiaries and subsidiaries that had been revoked and had no business, namely Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Property and Estate Co., Ltd., QiLu Co., Ltd., and QiYi Development Co., Ltd..

VII. Interest in other entities

VII. Interests in subsidiaries

(1) Composition of the Group

Name	Principal place of business	Registration place	Business nature	Shareholding%		Acquisition method
				Direct	Indirect	
Shenzhen City SPG Long Gang Development Ltd.	Shenzhen	Shenzhen	Real estate development	95.00	5.00	Acquiring through establishment or investment

Name	Principal place of business	Registration place	Business nature	Shareholding%		Acquisition method
				Direct	Indirect	
American Great Wall Co., Ltd	U.S.	U.S.	Real estate development	70.00	--	Acquiring through establishment or investment
Shenzhen Petrel Hotel Co., Ltd.	Shenzhen	Shenzhen	Hotel Services	68.10	31.90	Acquiring through establishment or investment
Shenzhen Zhen Tung Engineering Ltd.	Shenzhen	Shenzhen	Installation and maintenance	73.00	27.00	Acquiring through establishment or investment
Shenzhen City We Gen Construction Management Ltd.	Shenzhen	Shenzhen	Supervision	75.00	25.00	Acquiring through establishment or investment
Shenzhen Lain Hua Industry and Trading Co., Ltd.	Shenzhen	Shenzhen	Mechanical & Electrical device installation	95.00	5.00	Acquiring through establishment or investment
Fresh Peak Enterprises Ltd.	Hong Kong	Hong Kong	Investment and management	100.00	--	Acquiring through establishment or investment
Fresh Peak Holdings Ltd.	Hong Kong	Hong Kong	Investment and management	100.00	--	Acquiring through establishment or investment
Shenzhen City Shenfang Free Trade Trading Ltd.	Shenzhen	Shenzhen	Commercial trade	95.00	5.00	Acquiring through establishment or investment
Shenzhen City Shenfang Investment Ltd.	Shenzhen	Shenzhen	Investment	90.00	10.00	Acquiring through establishment or investment
Beijing fresh peak property development management limited company	Beijing	Beijing	Real estate operation	75.00	25.00	Acquiring through establishment or investment
Guangdong Jianbang Group (Huiyang) Industrial Co., Ltd.	Huizhou	Huizhou	Real estate operation	51.00		Acquiring through business acquisition
Shenzhen Shenfang Chuanqi Real Estate Development Co., Ltd.	Shenzhen	Shenzhen	Real estate operation	100.00		Acquired through establishment or investment

Note:

① In consolidation scope, there are five subsidiaries in “revoked but not cancelled” condition: Beijing

SPG Property Management Limited, Guangzhou Huangpu Xicun real estate limited company, Fresh Peak Real Estate Dev. Construction (Wuhan) Co. Ltd. and Beijing Shenfang Property Management Co.,

Ltd. They are presented on the basis of discontinued operations; these four subsidiaries have made full provision for impairment of debt for the companies outside the consolidation scope.

① The cancelled, revoked and closed subsidiaries of the Company that are not included in the scope of consolidation are as follows:

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

Note:

1. Shenzhen Shenfang Department Store Co. Ltd called a shareholder meeting on 29 October 2007, decided to terminate the business and establish a liquidation team to conduct the liquidation. The liquidation team issued a liquidation report on 7 December, 2007.

2 Paklid Limited, Bekaton Property Limited and Canada Great Wall (Vancouver) were established by the group abroad in the early years. On 13 December 2000, the group held a board meeting and decided to liquidate these three companies. Bekaton Property Limited and Canada Great Wall (Vancouver) have been winded up.

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

4 Shenxi Limited was a holding subsidiary of Shenzhen Tefa Real Estate Consolidated Services Co., Ltd. which is a deregistered subsidiary of the group. By the Group's announcement, -The notice on the merger of Shenzhen Zhen Tung Engineering Ltd and Shenxi Limited|| (Shenfeng [1997] No.19), a businesses form Shenxi Limited were undertaken by Shenzhen Zhen Tung Engineering Ltd and Shenxi Limited and were revoked on 8 February 2002.

The group could no longer effectively control these invested companies which have not been included in the consolidation scope were either been cancelled or ceased operation many years ago, and were no longer exist. According to -Accounting Standard for Business Enterprises No. 33-Consolidated Financial Statements|| , the group already accrued full amount of impairment for the book value of the investment in above companies which are not included in the consolidated scope.

(2) Material non-wholly owned subsidiaries

Name	Proportion of ownership interest held by non-controlling interests %	Profit or loss allocated to non-controlling interests during the year	Dividend declared to non-controlling shareholders during the year	Balance of non-controlling interests as at 2021.12.31
American Great Wall Co., Ltd	30.00	-129,591.94	--	-22,288,410.51
Xinfeng Investment Co., Ltd.	45.00	513.70	--	-116,179,873.90
BARENIE CO.,Ltd	20.00	-2,405.08	--	-3,892,114.44
Guangdong Jianbang Group (Huiyang) Industrial Co., Ltd.	49.00	-4,010,451.30	--	424,661,628.82

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

Name	Ending balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
American Great Wall Co., Ltd	157,276.13	19,242,855.50	19,400,131.63	109,489,015.64	--	109,489,015.64
Fresh Peak investment Ltd	220,030,110.80	--	220,030,110.80	254,831,542.93	--	254,831,542.93
BARENIE CO.,Ltd	1,046.02	--	1,046.02	32,920,988.91	--	32,920,988.91
Guangdong Jianbang Group (Huiyang) Industrial Co., Ltd.	1,468,798,461.17	5,502,260.78	1,474,300,721.95	1,489,943,392.55	53,885.23	1,489,997,277.78

Continued(1):

Name	Ending balance of the previous year					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
American Great Wall Co., Ltd	585,669.06	17,615,753.07	18,201,422.13	99,105,956.86	--	99,105,956.86
Fresh Peak investment Ltd	4,748.07	36,016.90	40,764.97	258,219,487.07	--	258,219,487.07
BARENIE CO.,Ltd	957.41	--	957.41	32,908,874.92	--	32,908,874.92
Guangdong Jianbang Group (Huiyang) Industrial Co., Ltd.	1,190,571,804.12	3,795,473.63	1,194,367,277.75	1,201,698,603.08	125,920.77	1,201,824,523.85

Continued(2):

Name	Current amount				Amount of previous period			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
American Great Wall Co., Ltd	477,651.62	-431,973.10	-431,973.10	-485,720.61	632,524.86	-284,455.30	-284,455.30	352,837.90
Fresh Peak investment Ltd	--	1,141.56	1,141.56	--	-	-3,056.24	-3,056.24	-20.98
Baiwei Real Estate Co., Ltd.	--	-12,025.38	-12,025.38	--	-	-13,464.76	-13,464.76	-28.15
Guangdong Jianbang Group (Huiyang) Industrial Co., Ltd.	--	-8,184,594.48	-8,184,594.48	-158,541,081.30	-	-6,368,214.03	-6,368,214.03	-748,387,911.00

2. Interests in joint ventures or associates

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

Item	As at/Year ended 2022.12.31	As at/Year ended 2021.12.31
Joint ventures:		
Aggregate carrying amount of investments	--	--
Aggregate amount of share of	--	--
Net profit	--	--
Other comprehensive income	--	--
Total comprehensive income	--	--
Associates :		
Aggregate carrying amount of investments	93,927.67	272,168.28

Item	As at/Year ended 2022.12.31	As at/Year ended 2021.12.31
Aggregate amount of share of		
Net profit	-178,240.64	-105,321.37
Other comprehensive income	--	--
Total comprehensive income	--	--

(2) Excess loss from joint ventures or associates

Investee	Accumulated unrecognized loss in prior periods	Unrecognized loss (or share of net profit)for the year	Accumulated unrecognized loss as at 2021.12.31
Shenzhen Fresh Peak property consultant Co., Ltd	2,217,955.89	--	2,217,955.89

Note:

Shenzhen Fresh Peak property consultant Co., Ltd was established on 15 March 1993 with registered capital of CNY 3,000,000. The group subscribed CNY 600,000 (20% in total capital). As at 31 December 2021, the actual investment is CNY 600,000 the Company has recognized long-term equity invent lose for CNY 600,000.

VIII. Risk Management of Financial Instruments

The Group's main financial instruments include the monetary funds, notes receivable, other receivables, trading financial assets, other current assets, accounts receivable, other equity instrument investments, accounts payable, other payables, short-term borrowing, long-term payables. Details of the various financial instruments are disclosed in the relevant notes. The risks associated with these financial instruments and the risk management policies adopted by the Group to mitigate these risks are described below. The management of the Group manages and monitors these exposures to ensure that these risks are contained within the limits specified.

1. Risk management objectives and policies

The Group's goal in risk management is to strike an appropriate balance between risks and benefits, and strive to reduce the adverse impact of financial risks on the Group's financial performance. Based on this risk management objective, the Group has developed a risk management policy to identify and analyze the risks faced by the Group, set an appropriate acceptable risk level and design the corresponding internal control procedures to monitor the risk level of the Group. The Group regularly reviews these risk management policies and the relevant internal control systems to adapt to market conditions or changes in the Group's business activities. The Group's internal audit department also regularly or randomly checks whether the implementation of the internal control system complies with the risk management policy.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, market risk (including exchange rate risk, interest rate risk and commodity price risk).

The Board of Directors is responsible for planning and establishing the Group's risk management structure, formulating the Group's risk management policies and relevant guidelines and overseeing the implementation of risk management measures. The Group has developed risk management policies to identify and analyze the risks faced by the Group. These risk management policies clearly stipulate specific risks, covering market risk, credit risk, liquidity risk management and many other aspects. The

Group regularly evaluates changes in the market environment and the Group's business activities to determine whether to update its risk management policies and systems.

The Group diversifies the risks of financial instruments through appropriate diversification of its portfolio of investments and businesses, and reduces the risk of concentration in a single industry, a specific region or a specific counterparty through the development of appropriate risk management policies.

(1) Credit risk

Credit risk refers to the risk of financial loss to the Group resulting from the failure of the counterparty to fulfill its contractual obligations.

The Group manages credit risks according to portfolio classification. Credit risks mainly arise from bank deposits, notes receivable, accounts receivable, other receivables.

The Group's bank deposits are mainly held in state-owned banks and other large and medium-sized listed banks (or mainly in financial institutions with good reputations and high credit ratings), and the Group does not expect that the bank deposits will pose a significant credit risk.

For notes receivable, accounts receivable, other receivables and long-term receivables, the Group sets policies to control credit risk exposure. The Group evaluates customers' credit qualifications and sets credit periods based on their financial status, credit history and other factors such as current market conditions. The Group will regularly monitor the credit records of customers. For customers with poor credit records, the Group will use written methods to urge payment, shorten the credit period or cancel the credit period to ensure that the overall credit risk of the Group is within a controllable range.

The debtors of the Group's accounts receivable are customers distributed in different industries and regions. The Group continuously conducts credit assessments on the financial position of accounts receivable and, where appropriate, takes out credit guarantee insurance.

The maximum credit risk exposure of the Group is the carrying amount of each financial asset on the balance sheet. The Group does not provide any other security which may expose the Group to a credit risk.

Of the Group's accounts receivable, the accounts receivable of the top five customers account for 55.65% of the Group's total accounts receivable (in 2021: 56.87%); Among other receivables of the Group, other receivables from the top five companies in arrears amount to 58.72% (2021: 63.70%) of the total amount of other receivables of the Group.

(2) Liquidity risk

Liquidity risk refers to the risk that the Group will encounter a shortage of funds when fulfilling its obligations to settle by delivering cash or other financial assets.

In managing liquidity risks, the Group maintains and monitors cash and cash equivalents deemed sufficient by the management to meet the operational needs of the Group and to reduce the impact of cash flow fluctuations. The Group's management monitors the use of bank borrowings and ensures compliance with borrowing agreements. It also secured a commitment from major financial institutions to provide adequate standby funds to meet short - and long-term funding needs.

The Group finances its working capital through funds generated from its operations and bank and other borrowings. As at 31 December 2022, the Group's unutilized bank loan amount is CNY 439.71 million (31 December 2021: CNY 0 million).

At the end of the period, the maturity analysis of the financial assets, financial liabilities and off-balance sheet guarantee items held by the Group according to the undiscounted remaining contract cash flow is as follows (unit: CNY 10,000) :

Item	Within one year	Ending balance		Total
		One to Five years	More than five years	
Financial liabilities:				
Short-term loans	5,113.81			5,113.81
Notes payable	42,478.79			42,478.79
Accounts payable	56,761.54			56,761.54
Interest payables	618.88			618.88
Other payables	5,426.10			5,426.10
Liabilities held for sale	5.39			5.39
Guarantees for client	40,158.39			40,158.39
Total financial liabilities and contingent liabilities	150,562.90			150,562.90

At the beginning of the period, the maturity analysis of the financial assets, financial liabilities and off-balance sheet guarantee items held by the Group according to the undiscounted remaining contract cash flow is as follows (unit: CNY 10,000) :

Item	Within one year	Ending balance of the previous year		Total
		One to Five years	More than five years	
Financial liabilities:				
Short-term loans	5,044.01	--	--	5,044.01
Accounts payable	24,737.64	--	--	24,737.64
Interest payables	14,144.76	--	--	14,144.76
Other payables	1,653.53	--	--	1,653.53
Long-term payables	56,484.21	--	--	56,484.21
Guarantees for client	5,791.56	783.69	--	6,575.25
Liabilities held for sale	39,237.82	--	--	39,237.82
Total financial liabilities and contingent liabilities	147,093.53	783.69	--	147,877.22

The amount of financial liabilities disclosed in the above table is undiscounted contractual cash flows and may be different from the carrying amount on the balance sheet.

The maximum amount of a guarantee contract that has been signed does not represent the amount to be paid.

(3) Market risks

The market risk of financial instruments refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to market price changes, including interest rate risk, exchange rate risk and other price risks.

Interest rate risk

Interest rate risk refers to the risk that the fair value of a financial instrument or future cash flow will fluctuate due to changes in market interest rates. Interest rate risk can arise from recognized interest-bearing financial instruments and from unrecognized financial instruments (such as certain loan commitments).

The interest rate risk of the Group mainly arises from long-term bank borrowings. Floating interest rate financial liabilities expose the Group to cash flow interest rate risk, while fixed interest rate financial liabilities expose the Group to fair value interest rate risk. The Group determines the relative proportion of fixed and floating rate contracts based on prevailing market conditions and maintains an appropriate mix of fixed and floating rate instruments through regular review and monitoring.

During the reporting period, the Group operates by its own working capital. As at 31 December 2022, the Group has no financial liabilities with fixed or floating interest rate, such as bank loan. Therefore, the Group believes that the interest rate risk is insignificant

Currency risk

The term "exchange rate risk" refers to the risk that the fair value of a financial instrument or future cash flow will fluctuate due to changes in foreign exchange rates. Exchange rate risk can arise from financial instruments denominated in a foreign currency other than the standard currency.

Exchange rate risk is mainly the Group's financial position and cash flows are affected by foreign exchange rate fluctuations. In addition to the subsidiary established in Hong Kong holding assets in Hong Kong dollar as the settlement currency, only a small amount of Hong Kong market investment business, the group's foreign currency assets and liabilities accounted for the overall assets and liabilities of the proportion is not significant. Therefore, the Group believes that the exchange rate risk is not significant.

2. Capital management

The objective of the Group's capital management policy is to ensure that the Group can continue as a going concern, thereby providing a return to shareholders and benefiting other stakeholders, while maintaining an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust its capital structure, the Group may adjust its financing method, adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and other equity instruments or sell assets to reduce its debt.

The Group monitors the capital structure on the basis of the debt-to-asset ratio (i.e., total liabilities divided by total assets). As at 31 December 2022, the Group's liability to asset ratio was 24.66% (31 December 2021: 31.62%).

IX. Fair value

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

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

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

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

(1) Items and amounts measured at fair value

At the end of the period, the assets and liabilities measured at fair value are listed as follows according to the above three levels :

Item	The first level of fair value measurement	The second level of fair value measurement	The third level of fair value measurement	Total
I.Recurring fair value measurement				
(1) Trading financial assets	408,154,361.42	--	--	408,154,361.42
(2) Investment in other equity instruments	--	--	13,839,235.57	13,839,235.57
Total assets measured at fair value on a recurring basis	408,154,361.42	-	13,839,235.57	421,993,596.99

(2) Quantification information of important unobservable input values used in the third level of fair value measurement

Within the capacity	Ending fair value	Valuation techniques	The input value cannot be observed	Range (weighted mean)
Equity instrument investment: :				
Non-listed equity investments:	13,839,235.57	Net asset method	Book value of net assets with discount of liquidity	N/A

(3) Items and amounts that are not measured at fair value but disclose their fair value

The financial assets and financial liabilities of the Group measured at amortized cost mainly include monetary funds, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables, etc.

Except for the following financial assets and financial liabilities, the carrying value of other financial assets and financial liabilities which are not measured at fair value varies very little from fair value.

X. Related parties and related party transactions

1. Information about the parent of the Group

Name	Registration place	Business nature	Registered capital (CNY0,000)	Shareholding percentage %	Percentage of voting rights %
Shenzhen Investment Holdings Co., Ltd.	Shenzhen, Guangdong province	Investment, real estate development, guarantee	2,800,900.00	55.78	55.78

The ultimate controlling party of the Group is State-owned Assets Supervision and Management Commission of Shenzhen Municipal People's Government.

In the reporting period, the changes in the registered capital of the parent company are as follows:

Opening balance	Accrued during the year	Decreased during the year	Ending balance
2,800,900.00	--	--	2,800,900.00

2. Information about the subsidiaries of the Group

For information about the subsidiaries of the Group, refer to Note VII.1

3. Information about the joint ventures and associates of the Group

For information about the joint ventures and associates of the Group, refer to Note VII.2

4. Information on other related parties

Name	Related party relationship
Shenzhen Jian'an Group Co., Ltd.	Both controlled by the parent company
Shenzhen Dongfang New world store Co., Ltd.	Participating stock companies
Shenxi Limited	Not included in Consolidated Financial Statements' Subsidiary that had been terminated its licenses by law but not cancellation
Shenzhen Zhentong New Electromechanical Industry Development Co., Ltd.	Not included in Consolidated Financial Statements' Subsidiary (Long-term without operation)
Shenzhen Nanyang Hotel Co., Ltd.	Not included in Consolidated Financial Statements' Subsidiary that had been terminated its licenses by law but not cancellation
Shenzhen Real Estate Electromechanical Management Company	Not included in Consolidated Financial Statements' Subsidiary that had been terminated its licenses by law but not cancellation
Shenzhen Longgang Henggang Huagang Industrial Co., Ltd.	Not included in Consolidated Financial Statements' Subsidiary that had been terminated its licenses by law but not cancellation
Guangzhou Bobi Enterprise Management Consulting Co., Ltd.	Shareholder of Guangdong Jianbang Group (Huiyang) Industrial Co., Ltd.
Directors, Supervisors, CFO and Board secretary	Key management personnel
Shenzhen Property Management Co., Ltd.	Both controlled by the parent company
Guoren Property Insurance Co., Ltd.	Both controlled by the parent company
Shenzhen Water Planning & Design Institute Co., Ltd.	Both controlled by the parent company
Shenzhen General Institute of Architectural Design and Research Co., Ltd.	Both controlled by the parent company

5. Transactions with related parties

(1) Purchases/sales

① Purchase of goods/receiving of services

Related party	Nature of transaction	Current amount	Amount of previous period
Shenzhen Water Planning & Design Institute Co., Ltd.	Foundation pit support design of Shenfang Guangmingli project	554,056.60	--
Shenzhen General Institute of Architectural Design and Research Co., Ltd.	Construction engineering design of Shenfang Guangmingli project	5,329,811.33	--
Guoren Property Insurance Co., Ltd.	Insurance services	283,018.87	--
Shenzhen Property Management Co., Ltd.	Property service	11,530,169.32	--
Shenzhen Shenfang Property Cleaning Co., Ltd.	Cleaning service	459,622.70	--
Shenzhen Property Management Co., Ltd. Shantou branch	Property service	2,668,895.66	--
Shenzhen RongHua JiDian Co., Ltd	Elevator maintenance	--	1,329,886.76

② Sales of goods/rendering of services

Related party	Nature of transaction	Current amount	Amount of previous period
Shenzhen Jian'an Group Co., Ltd.	Decoration services	--	7,614,678.90
Shenzhen RongHua JiDian Co., Ltd	Property Services	--	68,772.00
Guoren Property Insurance Co., Ltd.	Leasing services	812,102.75	--
Shenzhen Property Management Co., Ltd.	Leasing services	4,290,671.33	--
Shenzhen Shenfang Property Cleaning Co., Ltd.	Leasing services	37,142.83	--

(2) Lease

① The Group acts as the lessor

Name of the lessee	Types of leased assets	Rental income recognized in the current period	Rental income recognized in the previous period
Shenzhen Property Management Co., Ltd.	Buildings	4,290,671.33	--
Shenzhen Shenfang Property Cleaning Co., Ltd.	Buildings	37,142.83	--
Guoren Property Insurance Co., Ltd.	Buildings	812,102.75	--

(3) Funding from related party

Related party	Amount of funding	Inception date	Maturity date	Note
Funds received				
Shenzhen Investment Shareholding Co. Ltd	16,535,277.94	9 November 2006	22 December 2016	The principal of the loan was repaid on 22 December 2016, and the remaining amount is interest payable.
Guangzhou Bopi Enterprise Management Consulting Co., Ltd.	170,979,386.21	20 May 2020	20 May 2023	The amount of interest to be charged is CNY 32,285,879.29

Note: at the end of the reporting period, the balance of interest on loan to Shenzhen Investment Holding Co., Ltd. is CNY 16,535,277.94, and the amount of principal and interest payable to Guangzhou Bopi Enterprise Management Consulting Co., Ltd. is CNY 203,265,265.50.

(4) Assets Transfer and debt restructuring

Related party	Nature of transaction	Current amount	Amount of previous period
Shenzhen Guomao Real Estate Management Co., Ltd.	Transfer the property company	196,676,700.00	--

(5) Remuneration of key management personnel

The Group has 10 key management personnel in 2021, and 13 key management personnel in 2020. Information about remuneration is as follows:

Item	Current amount (In ten thousand)	Amount of previous period (In ten thousand)
Remuneration of key management personnel	812.36	844.64

(6) In order to encourage the core employees of the group to share the operating results of the market-oriented projects with the company, share the operating risks, stimulate the endogenous motivation of improving efficiency and increasing benefits, enhance the efficiency of asset management, and realize the preservation and appreciation of the value of state-owned assets, the company has formulated the "Management Measures for Investment From the Staff of Shenfang Group Linxi Jun Project". According to the above-mentioned management measures, the related party transactions will form a joint investment with some directors, supervisors and senior executives of the company. As of 31 December 2022, the company's directors, supervisors and senior executives had invested a total of CNY 8.95 million.

6. Receivables from and payables to related parties

(1) Receivables from related parties

Item	Related party	Ending balance		Ending balance of previous year	
		Book value	Provision for bad and doubtful debts	Book value	Provision for bad and doubtful debts
Accounts receivable	Shenzhen Fresh Peak property consultant Co., Ltd	1,201,345.82	1,201,345.82	1,118,383.88	1,118,383.88
Other receivables	Guangdong Province Huizhou Luofu Hill Mineral Water Co., Ltd	10,465,168.81	10,465,168.81	10,465,168.81	10,465,168.81
Other receivables	Shenzhen Runhua Automobile Trading Co., Ltd	3,072,764.42	3,072,764.42	3,072,764.42	3,072,764.42
Other receivables	Canada GreatWall (Vancouver) Co., Ltd	89,035,748.07	89,035,748.07	89,035,748.07	89,035,748.07
Other receivables	Australia Bekaton Property Limited	12,559,290.58	12,559,290.58	12,559,290.58	12,559,290.58
Other receivables	Bekaton Property Limited	18,689,545.58	18,870,785.54	18,689,545.58	18,870,785.54
Other receivables	Shenzhen Shenfang Department Store Co. Ltd.	237,648.82	237,648.82	237,648.82	237,648.82
Other receivables	Shenzhen RongHua JiDian Co., Ltd	475,223.46	475,223.46	475,223.46	475,223.46
Other receivables	Xi'an Fresh Peak property management& Trading Co., Ltd	8,419,205.19	8,419,205.19	8,419,205.19	8,419,205.19
Other receivables	Shenzhen Shenxi Architectural Decoration Company	7,660,529.37	7,660,529.37	7,660,529.37	7,660,529.37
Other receivables	Shenzhen Jian'an Group Co., Ltd.	3,168,721.00	3,168,721.00	3,168,721.00	3,168,721.00

(2) Payables to related parties

Item	Related party	Ending balance	Ending balance of previous year
Interest payables	Shenzhen Investment Shareholding Co. Ltd	16,535,277.94	16,535,277.94
Accounts payable	Shenzhen Jian'an Group Co., Ltd.	10,654,310.21	25,576,607.95
Accounts payable	Shenzhen Property Management Co., Ltd.	11,053,366.80	--
Other payables	Shenzhen Dongfang New world store Co., Ltd	902,974.64	902,974.64
Other payables	Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd.	1,867,348.00	1,867,348.00
Other payables	Shenzhen Real Estate Electromechanical Management Company	14,981,420.99	14,981,420.99
Other payables	Shenzhen Zhentong New Electromechanical Industry Development Co., Ltd.	8,310,832.50	8,827,940.07
Other payables	Shenzhen Shenfang Department Store Co. Ltd.	639,360.38	639,360.38
Other payables	Shenzhen Longgang Henggang Huagang Industrial Co., Ltd.	165,481.09	165,481.09
Interest payables	Shenzhen Investment Shareholding Co. Ltd	203,345,881.60	193,016,852.52

XI. Commitments and contingencies

1. Significant commitments

(1) Capital commitments

Capital commitments entered into but not recognized in the financial statements	Ending balance	Ending balance of previous year
Material sales or purchases contracts	328,654,477.52	475,137,087.80

As at 31 December 2022, there is no other commitment to be disclosed.

2. Contingencies

(1) Contingent liabilities arising from pending arbitration and pending litigation and related financial impact

Plaintiff	Defendant	Case	Appellate court	Amount of the object of action	Progress of cases
Xi'an Fresh Peak Holding limited company	Xi'an Commercial and Trade Commission Xi'an Commerce and Tourism Co., Ltd.	Investment compensation disputes	Shaanxi Higher People's Court	CNY 36.62 million and interest	Pending

Xi'an Fresh Peak Holding limited company (hereinafter referred to as -Fresh Peak Company|) is a Sino-foreign joint venture set up in Xi'an. Among them, Fresh Peak Enterprise Co., Ltd made 67% of the shares in cash. Xi'an Trade Building, a company directly under the Xi'an Commercial and Trade Commission (hereinafter referred to as "Xi'an C&T Commission"), invested 16% of the shares in land use rights. Hong Kong Dadiwang Industrial Investment Company holds 17% of the shares. The core business was property development. And the project was Xi'an Trade Building. The project was started on 28 November 1995. But the project had been stopped in 1996 because of the two parties' differences on the operating policy of the project. In 1997, the Xi'an government withdrew the Xi'an Fresh Peak investment project compulsively and assigned the project to Xi'an Business Tourism Co., Ltd (hereinafter referred to as -Business Tourism Company|). But two parties had insulted a lawsuit on compensation. The ShanXi Province High Peoples Court made a judgement -(2000) SJ-CZ No.25|. The judgement was as follows: 1. Business Tourism Company had to pay for the compensation CNY 36,620 thousand to Xi'an Fresh Peak Company after the judgment entering into force. If the Business Tourism Company failed to pay in time, it had to pay double debt interests to Xi'an Fresh Peak Company. 2. Xi'an Joint Commission on Commerce had jointly and severally obligation of the interests of the compensation.

By auctioning assets of Business Tourism Company, the amount of CNY 15,201,000.00 had been called back. The company has obtained new property clues, submitted an application for resumption of execution, this case is still pending until 31 December 2022.

As at 31 December 2022, the book value of the long-term equity investment of Xi'an Fresh Peak Company is CNY 32,840,729.61. The book balance of assets was CNY 8,419,205.19. Both have been taken full provision for impairment loss

Plaintiff	Defendant	Case	Appellate court	Amount of the object of action	Progress of cases
Huizhou Mingxiang Economic Information Consulting Co., Ltd., Huizhou Huiyang Hongfa Industry and Trade Co., Ltd., Huizhou Jinlongsheng Industrial Co., Ltd.	Guangdong Jianbang Group (Huiyang) Industrial Co., Ltd.	Bill payment claim dispute litigation	Huiyang District People's Court	The principal amount is CNY 177,151,400 with interest of CNY 2,848,200	Unsentenced

Guangdong Jianbang Group (Huiyang) Industrial Co., Ltd. (hereinafter referred to as "Jianbang Company") is a subsidiary of the Group holding 51% of the shares. Because Jianbang Company was unable to honor the commercial acceptance bill due in January 2022, with a total amount of CNY 177,151,400.00, the plaintiff company filed a lawsuit against the Huiyang District People's Court for the dispute of bill payment claim. At present, the court has not yet ruled. Shenfang Group and Jianbang are negotiating a package solution with the plaintiff. Contingent liabilities arising from guarantee provided to other entities and related financial effects.

(2) Contingent liabilities arising from guarantee provided to other entities and related financial effects

As at 31 December 2022, the Group provides commercial housing purchaser with guarantees at CNY 401,583,900.00 for the following loans:

Item	Duration	Amount (In ten thousand)	Note
ShangLin Building	Until the Premises Permit mortgage registration is finished and in bank custody	107.49	
Shengfang CuiLin Building	Until the Premises Permit mortgage registration is finished and in bank custody	2,174.37	
ChuanQi DongHu Building (Former DongHuDiJing Building)	Until the Premises Permit mortgage registration is finished and in bank custody	1,820.33	
TianYue Bay	Until the Premises Permit mortgage registration is finished and in bank custody	36,056.20	
Total		40,158.39	

(3) Other contingencies (Not including contingent liabilities that are highly unlikely to result in an outflow of economic benefits from the business)

For information about contingency of joint venture or joint venture investment, refer to Note VII 2. (2).

As at 31 December 2022, there is no other contingency to be disclosed.

XII. Post balance sheet date events

1. Profit appropriations plans after the balance sheet date

The company intends to pay a cash dividend of CNY 0.61 (including tax), totaling CNY 60,699,600.00, to all shareholders on 61,711,260.00 shares as at 31 December 2022.

XIII. Other significant items

1. Termination of operation

Item	Current amount	Amount of previous period
Income from Termination of Operations (A)	24,974,689.94	163,141,074.63
Less: termination expenses (B)	11,143,092.65	160,034,977.84
Gross profit from terminated operations (C)	12,867,988.21	4,470,327.62
Minus: Income tax expense for termination of operations (D)	3,222,830.80	1,123,400.14
Net profit from operating activities (E=C-D)	9,645,157.41	3,346,927.48
Impairment loss on assets/(reverse) (F)	--	--
Gross disposal proceeds (G)	--	--
Disposal of related income tax expense (H)	--	--
Net profit on disposal (I= g-h)	--	--
Net profit from terminated operations (J=E+F+I)	9,645,157.41	3,346,927.48
Including: profit from terminated operations attributable to shareholders of the parent company	9,645,157.41	3,346,927.48
Termination profit attributable to minority shareholders	--	--
Net cash flow from operating activities	-7,047,804.38	-3,487,467.47
Net cash flow from investment activities	-5,980.00	-528,491.28
Net cash flow from financing activities	--	--

Note: The above items are the financial data of Shenzhen Property Management Co., Ltd. in January 2022.

XIV. Notes for main items in the parent company's financial statements

1. Accounts Receivable

(1) Disclosed by aging

Aging	Ending balance	Ending balance of previous year
Within one year	12,426,543.02	9,893,622.09
One to two years	--	--
Two to three years	--	--
More than three years	9,653,566.27	9,710,249.94
Subtotal	22,080,109.29	19,603,872.03
Less: bad debt provision	10,373,431.08	9,895,586.10
Total	11,706,678.21	9,708,285.93

(2) Disclosed by categories

Item	Ending balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision proportion	
Bad debt provisions made on an individual basis	10,020,587.91	45.38	10,020,587.91	100.00	--
Bad debt provisions made on a combination basis	12,059,521.38	54.62	352,843.17	2.93	11,706,678.21
Including:					
Receivables from related parties within consolidated scope	5,002,657.79	22.66	--	--	5,002,657.79
Receivables from other customers	7,056,863.59	31.96	352,843.17	5.00	6,704,020.42
Total	22,080,109.29	100.00	10,373,431.08	46.98	11,706,678.21

Continued:

Item	Ending balance of previous year				
	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision proportion	
Bad debt provisions made on an individual basis	9,649,415.20	49.22	9,649,415.20	100.00	--
Bad debt provisions made on a combination basis	9,954,456.83	50.78	246,170.90	2.47	9,708,285.93
Including:	--	--	--	--	--
Receivables from related parties within consolidated scope	5,031,038.74	25.67	--	--	5,031,038.74
Receivables from other customers	4,923,418.09	25.11	246,170.90	5.00	4,677,247.19
Total	19,603,872.03	100.00	9,895,586.10	50.48	9,708,285.93

Bad debt provision made on an individual basis:

Item	Ending balance				Reason
	Book balance	Bad debt provision	Expected credit loss rate (%)		
long-term accounts receivable from property sales	10,020,587.91	10,020,587.91	100.00		Uncollected is expected

Continued:

Item	Ending balance of previous year				Reason
	Book balance	Bad debt provision	Expected credit loss rate (%)		
long-term accounts receivable from property sales	9,649,415.20	9,649,415.20	100.00		Uncollected is expected

Bad debt provision made on a combination basis:

Combined withdrawal item: related parties in consolidation scope

Aging	Ending balance			Ending balance of previous year		
	Accounts receivable	Bad debt provision	Expected credit loss rate (%)	Accounts receivable	Bad debt provision	Expected credit loss rate (%)
Within 1 year	5,002,657.79	--	--	5,031,038.74	--	--

Combined withdrawal item: receivables from other customers

Aging	Ending balance			Ending balance of previous year		
	Accounts receivable	Bad debt provision	Expected credit loss rate (%)	Accounts receivable	Bad debt provision	Expected credit loss rate (%)
Within 1 year	7,056,863.59	352,843.17	5.00	4,923,418.09	246,170.90	5.00

(3) Additions, recoveries or reversals of provision for the current period

	Bad debt provision
Opening balance	9,895,586.10
Additions	477,844.98
Recoveries or reversals	--
Written-off	--
Other	--
Ending balance	10,373,431.08

(4) The top five units with the ending balance of accounts receivable collected by the debtor

Name of the entity	Accounts receivable The ending balance	% of the total closing balance of accounts receivable	Bad debt provision The ending balance
Shenzhen Petrel Hotel Co., Ltd.	5,002,657.79	22.66	--
Daxing Automotive parts Co., Ltd.	2,029,665.76	9.19	2,029,665.76
Shenzhen Xinfeng Real Estate Consulting Co., Ltd.	1,201,345.82	5.44	1,201,345.82
Weidong Wang	1,200,000.00	5.43	1,200,000.00
Guodong Wang	900,761.86	4.08	900,761.86
Total	10,334,431.23	46.80	5,331,773.44

2. Other receivables

Item	Ending balance	Ending balance of previous year
Interest receivable		--
Dividends receivable	39,222,722.88	--
Other receivables	1,672,657,609.57	1,587,300,891.76
Total	1,711,880,332.45	1,587,300,891.76

(1) Dividends receivable

Name of the invested entity	Ending balance	Ending balance of previous year
Shenzhen City SPG Long Gang Development Ltd.	39,222,722.88	--
Subtotal	39,222,722.88	--
Less: bad debt provision	--	--
Total	39,222,722.88	--

At the end of the period, the Group has no significant dividends receivable with an account age of more than 1 year.

(2) Other receivables

Disclosure by aging

Aging	Ending balance	Ending balance of previous year
Within 1 year	347,340,209.70	568,919,874.78
1 to 2 years	475,880,860.11	209,903,464.26
2 to 3 years	105,934,643.85	78,698,092.26
More than 3 years	1,544,673,561.96	1,522,297,306.33
Subtotal	2,473,829,275.62	2,379,818,737.63
Less: bad debt provision	801,171,666.05	792,517,845.87
Total	1,672,657,609.57	1,587,300,891.76

Disclosure by nature

Item	Ending balance			Ending balance of previous year		
	Book balance	Bad debt provision	Book Value	Book balance	Bad debt provision	Book Value
Other receivables from the collecting and paying on behalf	61,133.60	--	61,133.60	203,659.15	--	203,659.15
Other receivables from other customers	7,106,322.88	3,506,320.84	3,600,002.04	4,801,159.55	4,056,565.36	744,594.19
Other receivables from related parties	137,686,536.98	137,686,536.98	--	137,211,313.52	137,211,313.52	--
Other receivables in consolidation scope	2,328,975,282.16	659,978,808.23	1,668,996,473.93	2,237,602,605.41	651,249,966.99	1,586,352,638.42
Total	2,473,829,275.62	801,171,666.05	1,672,657,609.57	2,379,818,737.63	792,517,845.87	1,587,300,891.76

Bad Debt Provision

At the end of the period, bad debt provision at the first stage:

Types	Book balance	Expected credit loss rate over the next 12 months (%)	Bad debt provision	Book value	Reason
Bad debt provisions made on an individual basis	--	--	--	--	--

Types	Book balance	Expected credit loss rate over the next 12 months (%)	Bad debt provision	Book value	Reason
Bad debt provisions made on a combination basis	3,839,962.00	4.66	178,826.36	333,641.16	
Other receivables from the collecting and paying on behalf	39,400.00	--	--	39,400.00	
Other receivables from other customers	21,733.60	--	--	21,733.60	
Other receivables from related parties	3,778,828.40	4.73	178,826.36	3,600,002.04	
Total	3,839,962.00	4.66	178,826.36	3,661,135.64	

At the end of the period, bad debt provision at the second stage:

Types	Book balance	Expected credit loss rate over the next 12 months (%)	Bad debt provision	Book value	Reason
Bad debt provisions made on an individual basis	--	--	--	--	Could be uncollectible
Bad debt provisions made on a combination basis	2,328,975,282.16	28.34%	659,978,808.23	1,668,996,473.93	Could be uncollectible
Other receivables in consolidation scope	2,328,975,282.16	28.34%	659,978,808.23	1,668,996,473.93	Could be uncollectible
Total	2,328,975,282.16	28.34%	659,978,808.23	1,668,996,473.93	Could be uncollectible

At the end of the period, bad debt provisions at the third stage:

Types	Book balance	Expected credit loss rate over the next 12 months (%)	Bad debt provision	Book value	Reason
Bad debt provisions made on an individual basis	--	--	--	--	
Bad debt provisions made on a combination basis	141,014,031.46	100.00	141,014,031.46	--	
Other receivables from other customers	137,686,536.98	100.00	137,686,536.98	--	Could be uncollectible
Other receivables from related parties	3,327,494.48	100.00	3,327,494.48	--	Could be uncollectible
Total	141,014,031.46	100.00	141,014,031.46	--	Could be uncollectible

At the end of previous period, bad debt provision at the first stage:

Types	Book balance	Expected credit loss rate over the next 12 months (%)	Bad debt provision	Book value	Reason
Bad debt provisions made on an individual basis	--	--	--	--	
Bad debt provisions made on a combination basis	987,442.51	3.97	39,189.17	948,253.34	
Other receivables from government	--	--	--	--	
Other receivables from the collecting and paying on behalf	203,659.15	--	--	203,659.15	
Other receivables from other customers	783,783.36	5.00	39,189.17	744,594.19	
Total	987,442.51	3.97	39,189.17	948,253.34	

At the end of previous period, bad debt provisions at the second stage:

Types	Book balance	Expected credit loss rate over the next 12 months (%)	Bad debt provision	Book value	Reason
Bad debt provisions made on an individual basis	--	--	--	--	
Bad debt provisions made on a combination basis	2,237,602,605.41	29.10	651,249,966.99	1,586,352,638.42	Could be uncollectible
Other receivables in consolidation scope	2,237,602,605.41	29.10	651,249,966.99	1,586,352,638.42	Could be uncollectible
Total	2,237,602,605.41	29.10	651,249,966.99	1,586,352,638.42	

At the end of previous period, bad debt provisions at the third stage:

Types	Book balance	Expected credit loss rate over entire duration (%)	Bad debt provision	Book value	Reason
Bad debt provisions made on an individual basis	--	--	--	--	
Bad debt provisions made on a combination basis	141,228,689.71	100.00	141,228,689.71	--	
receivables from other customers	4,017,376.19	100.00	4,017,376.19	--	Could be uncollectible
receivables from related parties	137,211,313.52	100.00	137,211,313.52	--	Could be uncollectible
Total	141,228,689.71	100.00	141,228,689.71	--	

Bad debt provisions in the current period

Bad debt provision	The first stage Expected credit losses over the next 12 months	The second stage Expected credit losses over the entire duration (no credit impairment occurred)	The third stage Expected credit loss over the entire duration (credit impairment has occurred)	Total
Balance as at December 31, 2021	39,189.17	651,249,966.99	141,228,689.71	792,517,845.87
The opening balance in the current period	--	--	--	--
Shift to the second stage	--	--	--	--
Shift to the third stage	--	--	--	--
Turn back to the second stage	--	--	--	--
Turn back to the first stage	--	--	--	--
Current period	139,637.19			139,637.19
Current roll-back	--	--	214,658.25	214,658.25
Current Resale	--	--	--	--
This verification	--	--	--	--
Other changes	--	-8,728,841.24	--	-8,728,841.24
Balance as of December 31, 2021	178,826.36	659,978,808.23	141,014,031.46	801,171,666.05

Note: Other changes were mainly due to the exchange rate movements.

The top five units of ending balance of other receivables

Name of the entity	Nature of other receivables	Ending balance of other receivables	Aging	Proportion of total ending balance of other receivables (%)	Ending balance of bad debt provision
Huafeng Real Estate Development Co., Ltd	Receivables from subsidiary	756,160,642.87	1 to 3 years, more than 3 years	30.57	--
Guangdong Jianbang Group (Huiyang) Industrial Co., Ltd.	Receivables from subsidiary	766,912,600.18	Within 2 years	31.00	--
Xinfeng enterprise Limited.	Receivables from subsidiary	523,734,882.60	Within 2 years, more than 5 years	21.17	508,377,320.74
American Great Wall Co., Ltd.	Receivables from subsidiary	103,231,257.70	More than 5 years	4.17	103,231,257.70
Xinfeng Real Estate Co., Ltd.	Receivables from subsidiary	90,213,483.43	Within 3 years	3.65	--
Total		2,240,252,866.78		90.56	611,608,578.44

3. Long-term equity investment

Item	Ending balance			Ending balance of previous year		
	Book balance	Impairment loss	The book value	Book balance	Impairment loss	The book value
Invest in subsidiaries	1,716,020,833.00	133,839,271.15	1,582,181,561.85	1,735,224,157.90	152,839,271.15	1,582,384,886.75
Investment in joint ventures	9,455,465.38	9,455,465.38	--	9,455,465.38	9,455,465.38	--
Invest in associated enterprises	2,616,307.84	2,522,380.20	93,927.64	2,794,548.48	2,522,380.20	272,168.28
Total	1,728,092,606.22	145,817,116.73	1,582,275,489.49	1,747,474,171.76	164,817,116.73	1,582,657,055.03

(1) Invest in subsidiaries

Investee unit	Opening balance	Increase in current	The reduced	Ending balance	Provision for impairment in the current period	Impairment loss The ending balance
Shenzhen Property Management Co., Ltd.	--				--	--
Shenzhen Petrel Hotel Co., Ltd.	20,605,047.50			20,605,047.50	--	--
Shenzhen City Shenfang Investment Ltd.	9,000,000.00			9,000,000.00	--	--
Xinfeng enterprise Limited.	556,500.00			556,500.00	--	--
Xinfeng Real Estate Co., Ltd.	22,717,697.73			22,717,697.73	--	--
Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Property and Estate Co., Ltd.	19,000,000.00		19,000,000.00	--	--	--
Shenzhen Zhentong New Electromechanical Industry Development Co., Ltd.	11,332,321.45			11,332,321.45	--	--
American Great Wall Co., Ltd.	1,435,802.00			1,435,802.00	--	--
Shenzhen Shenfang Free Trade Co., Ltd.	4,750,000.00			4,750,000.00	--	--
Shenzhen Huazhan Construction Supervision Co., Ltd.	6,000,000.00			6,000,000.00	--	--
QiLu Co., Ltd.	212,280.00		212,280.00	--	--	--
Beijing Shenfang Property Management Co., Ltd.	500,000.00			500,000.00	--	500,000.00
Shenzhen Lianhua Enterprise Co., Ltd.	13,458,217.05			13,458,217.05	--	--
Shenzhen Longgang Industrial Co., Ltd.	30,850,000.00			30,850,000.00	--	--

Investee unit	Opening balance	Increase in current	The reduced	Ending balance	Provision for impairment in the current period	Impairment loss The ending balance
Beijing fresh peak property development management limited company	64,183,888.90			64,183,888.90	--	64,183,888.90
Shantou City Huafeng Real Estate Devepment Co., Ltd	16,467,021.02			16,467,021.02	--	--
Bekaton Property Limited	201,100.00			201,100.00	--	201,100.00
Australia Bekaton Property Limited	906,630.00			906,630.00	--	906,630.00
Shenzhen Shenfang Department Store Co., Ltd.	9,500,000.00			9,500,000.00	--	9,500,000.00
ShanTou Fresh Peak Building	58,547,652.25			58,547,652.25	--	58,547,652.25
Guangdong Jianbang Group (Huiyang) Industrial Co., Ltd.	450,000,000.00			450,000,000.00	--	--
Shenzhen Shenfang Chuanqi Real Estate Development Co., Ltd.	995,000,000.00			995,000,000.00	--	--
Wellam Co., Ltd.		8,955.10		8,955.10	--	--
Total	1,735,224,157.90	8,955.10	19,212,280.00	1,716,020,833.00	--	133,839,271.15

(2) Investment in joint ventures and joint ventures

Investee unit	Opening balance	Change of increase or decrease in current period							Ending balance	Ending balance of impairment provision
		Additional /new investment	Reduce investment	Under the equity method To confirm the Investment profit and loss	Other comprehensive Income adjustment	Changes in other interests	Declare payment of cash dividends or profits	Provision for impairment To prepare		
① joint ventures										
Fengkai Xinhua Hotel	9,455,465.38	--	--	--	--	--	--	--	9,455,465.38	9,455,465.38
subtotal	9,455,465.38	--	--	--	--	--	--	--	9,455,465.38	9,455,465.38
② Joint venture										
Shenzhen Ronghua	1,349,122.95	--	--	-178,240.64	--	--	--	--	1,170,882.31	1,076,954.64

Investee unit	Opening balance	Additional /new investment	Reduce investment	Change of increase or decrease in current period						Ending balance	Ending balance of impairment provision
				Under the equity method To confirm the Investment profit and loss	Other comprehensive Income adjustment	Changes in other interests	Declare payment of cash dividends or profits	Provision for impairment To prepare	other		
JiDian Co., ltd											
Shenzhen Runhua Automobile trading Co., Ltd	1,445,425.56	--	--	--	--	--	--	--	--	1,445,425.56	1,445,425.56
subtotal	2,794,548.51	--	--	-178,240.64	--	--	--	--	--	2,616,307.87	2,522,380.20
Total	12,250,013.89	--	--	-178,240.64	--	--	--	--	--	12,071,773.25	11,977,845.58

4. Operating Income and Operating Costs

Item	Current amount		Amount of previous period	
	Income	Cost	Income	Cost
Main business	207,117,745.27	66,761,336.83	774,049,479.78	198,814,980.86
Other business	31,823.86	--	16,130.55	--
Total	207,149,569.13	66,761,336.83	774,065,610.33	198,814,980.86

(1) Operating revenue and operating costs are divided by industry

Industry type	Current amount		Amount of previous period	
	income	The cost of	income	The cost of
Real estate	161,658,149.52	27,249,452.24	706,622,743.82	166,178,270.82
Lease	45,459,595.75	39,511,884.59	67,426,735.96	32,636,710.04
Total	207,117,745.27	66,761,336.83	774,049,479.78	198,814,980.86

(2) The revenue and cost of main business shall be divided by region

Main business area	Current amount		Amount of previous period	
	Main business revenue	Main business cost	Main business revenue	Main business cost
Guangdong Province	207,117,745.27	66,761,336.83	774,049,479.78	198,814,980.86

5. Investment Income

Item	Current amount	Amount of previous period
Long-term equity investment income calculated by the equity method	-178,240.64	-105,321.37
Dividend income from investments in other equity instruments	813,960.00	692,580.00
Investment gains from structured deposit	159,619.01	1,196,580.44
Investment gains from debt restructuring	89,607.85	--
Investment gains from disposal of long-term equity investment	203,360,562.19	--
Long-term equity investment income accounted by cost method	76,727,761.73	--
Total	280,973,270.14	1,783,839.07

XV. Supplementary Information

1. Statement of non-recurring gains and losses for the current period

Item	Current amount	instructions
Gains and losses on disposal of illiquid assets	161,542,599.57	Investment gains recognized for disposal of subsidiary equity in 2022

Item	Current amount	instructions
Government subsidies included in current profits and losses (except government subsidies that are closely related to the normal business of the Group and are continuously enjoyed in accordance with national policies and certain standard quota or quantitative amount)	559,803.19	Government subsidies
Profit or loss on entrusted investments or assets management	9,129,650.51	Changes in fair value and investment income arising from investments in monetary funds
Profit and loss from debt restructuring	2,610,128.31	Profits from debt restructuring
Other non-operating income and expenses other than those mentioned above	1,094,190.56	
Total non-recurring gains and losses	174,936,372.14	
Minus: income tax impact of non-recurring gains and losses	41,451,680.41	
Net non-recurring gains and losses	133,484,691.73	
Minus: impact of non-recurring net gains and losses attributable to minority shareholders (after tax)	926,291.27	
Non-recurring gains and losses attributable to common shareholders of the Group	132,558,400.46	

2. Return on equity and earnings per share

Profit in reporting period	Weighted Average Net Assets Yield %	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net income attributable to the common shareholders of the Group	3.88%	0.1519	0.1519
Net profit attributable to common shareholders of a company after deducting non-recurring gains and losses	0.53%	0.0209	0.0209