

- 15.9** Matters related to large-scale residential communities of the subsidiary Shanghai Land Zhongxing Caolu Base Development Co., Ltd. (hereinafter referred to as "Caolu Company"):
Caolu Base is located in Caolu Town, Pudong, with Jinxiu East Road in the south, Dongjing Road in the north, Lingkong Road in the east, and Pudong Canal in the west. It covers an area of 51,000 square kilometers and is divided into the North Base and the South Base by Jinhai Road in the middle. The North Base has 7 residential plots, covering a construction area of 950,000 square meters, and the land is developed land. The South Base covers 13 residential plots with public facilities and a number of municipal, afforestation, and waterway projects, covering a construction area of 1.8 million square meters, and the land is undeveloped land, which involves a large number of relocations. The Caolu South Base Project is an overall project. According to the spirit of the municipal government, the overall cost needs to be considered and the liquidation made for the project. The government repurchase price will be adjusted according to the actual construction to ensure that the developer does not lose money on the overall project. As at the reporting date, the cost of the relocation of the South Base has not been determined as the relocation of the Caolu South Base has not been completed, and the overall cost of municipal public construction facilities has not been determined due to planning adjustments.

As at December 31, 2020, three relocation and resettlement housing projects (B07-02, B09B-17 and B13-04) in the Caolu South Base have been completed and gradually delivered. Caolu Company has carried forward the income of RMB 2.082371 billion according to the construction agreement price (RMB 15,859/square meter) of the Caolu South Base set forth in the Document (STJB [2010] No. 5); the provisional estimated cost was RMB 2.0753212 billion and taxes and surcharges were RMB 7.1159 million, corresponding to the carry-over area of 137,800 square meters.

- 15.10** According to the Report on the Implementation of House Purchase Work for Noise Control at Shanghai South Railway Station (HJW [2013] No. 173) issued by Shanghai Construction and Transportation Commission and the Request for Instructions on Issues Concerning the Arrangement of Funds for the Reconstruction Project along the South Railway Station of the Shanghai Real Estate Group (HCJ [2013] No. 68) issued by the Shanghai Municipal Finance Bureau, the Company will implement the replacement of residential houses along the boundary of the South Railway Station, and the acquired houses will be used as public rental houses; the Company will bear the housing purchase funds, policy subsidies, subsidies for housing price adjustments, house repairs, environmental improvement, noise reduction measures, and lease operations after the acquisition; the municipal finance will bear 50% of the funds, the government will subsidize 50% of the loan interest; the funds are used for special purpose from special accounts. The specific projects are implemented by the subordinate Shanghai Land Housing Security Co., Ltd. (hereinafter referred to as "Housing Security Company").

As at December 31, 2020, Housing Security Company received special funds of RMB 1,305,866,400 in total, and the accumulated expenditure for the reconstruction of the South Railway Station Project was RMB 1,702,915,700, which was carried forward to investment properties for accounting. In 2017, Housing Security Company carried forward 50% of the reconstruction expenses to deferred income according to the spirit of the above-mentioned documents. The carry-over amount was RMB 851,457,900, which was amortized simultaneously with investment properties. In 2019, the Housing Security Company returned RMB 400 million to the Finance Bureau, and the remaining special subsidies of RMB 54,408,500 was temporarily presented under special payables for accounting and would be processed after the special financial settlement.

- 15.11** In accordance with the Administrative Measures of Shanghai Municipality for the Use of Funds for the Pilot Program for Development of the Housing Rental Market Funded by the Central Government, newly built rental housing projects will be rewarded according to the total construction area of rental housing specified in the project planning approval at an average of RMB 200 per square meter. In 2020, Shanghai Land Rental Housing Construction and Development Co., Ltd., a subsidiary of Shanghai Land Housing Development Co., Ltd., and some of its subsidiaries received special subsidy funds of RMB 178,816,000 in total from district housing leasing companies. According to the spirit of the Shanghai Municipal Finance Bureau, the above subsidies for the leased housing projects in plots are carried forward in full to deferred income and amortized simultaneously with the investment properties after the projects are completed.
- 15.12** Shanghai Minlian Lingang United Development Co., Ltd. (hereinafter referred to as "Lingang United") and Shanghai Minlian Lingang Construction and Development Co., Ltd. (hereinafter referred to as "Lingang Construction") under the subsidiary Shanghai Land Minhong (Group) Co., Ltd. were commissioned by the Shanghai Lingang Industrial Zone Management Committee for land reserve and construction of municipal engineering projects. As at December 31, 2020, the balance of land reserve cost formed by Lingang United Company was RMB 475,142,400; RMB 480 million was recovered by the government to resolve hidden debts and still need to be recognized by the Shanghai Lingang Industrial Zone Management Committee. Lingang Construction has paid RMB 1,594,537,900 for the construction of supporting projects in the Lingang Area, and has received RMB 1,583,209,600 in total, of which RMB 758.5 million was recovered by the government to resolve hidden debts, which still needs to be written off and identified by the Shanghai Lingang Industrial Zone Management Committee.
- 15.13** In April 2007, the subsidiary Shanghai Huantong Construction and Development Co., Ltd. (hereinafter referred to as "Huantong Company") signed the Hotel Cooperation Agreement with Shanghai Shenshun Industrial Co., Ltd. and Shanghai Xiangyi Real Estate Co., Ltd. with respect to the cooperation in the hotel part of the Huantong Commercial Plaza Project, with the cooperation amount of RMB 585,620,200. The cooperation model is that Huantong Company is responsible for the construction of the hotel project, and transfers the hotel project to the other party after the transfer conditions of the construction in progress are met. The transfer price is the sum of the cooperation amount and the construction cost of the hotel project. At the same time, the loan interest expense of the construction fee shall be borne by the other party as a component of the construction cost of the hotel project.
- As at the end of 2020, Huantong Company received RMB 221,372,100 from Shanghai Shenshun Industrial Co., Ltd. Afterwards, Huantong Company has negotiated with the other party on the transfer of the hotel project for many times, but the parties have major disagreements on the assessment time and the transfer price. The parties cannot substantively implement the transfer. As the parties cannot reach an agreement soon, in accordance with the terms of the Hotel Cooperation Agreement, Huantong Company entrusted a law firm to file a lawsuit with the Shanghai Arbitration Commission in September 2015, requesting rescinding the Hotel Cooperation Agreement with Shenshun Company on the ground that Shenshun Company refused to accept the hotel project in accordance with the contract and the relevant provisions on the transfer of state-owned assets. After repeated hearings by the Shanghai Arbitration Commission, an arbitration award was made in December 2016, and the request of Huantong Company was not supported.

On December 22, 2020, Huantong Company and Shanghai Shenshun Industrial Co., Ltd. signed the Cooperation Supplementary Agreement II. The tentative transfer price is RMB 1,614,232,200. The first payment was received on February 1, 2021. As at the reporting date, the entire project was still suspended, and it was expected to be resumed in 2021.

15.14 Subsidiary Expo Shanghai (Group) Co., Ltd. obtained the real estate ownership certificate (HFDPZ [2013] No. 049094-049099) through leasing on June 28, 2013; the plot is the Expo axis with the area of ancestral land (hill) of 130,615 square meters and the area of tenure of 130,614.90 square meters. It obtained the real estate ownership certificate (HFDPZ [2015] No. 086864) through free allocation on November 6, 2015. HFDPZ (2015) No. 086864 real estate title certificate was obtained through free allocation on November 6, 2015; the plot is Baosteel's grand stage with the area of ancestral land (hill) of 18,039 square meters and the area of tenure of 18,039.40 square meters.

15.15 On August 30, 2016, Shanghai Zhongxing (Group) Co., Ltd. (hereinafter referred to as "Zhongxing Group") under the subsidiary China Enterprise Company Limited transferred 60 properties without ownership certificates, covering an area of 16,364.08 square meters, 36 properties whose ownership certificates could not be processed, with an area of 48,692.89 square meters, 31 unlicensed land use rights with an area of 173,318 square meters and 2 licensed land use rights (allocated land) with an area of 64,979 square meters, to the subsidiary Shanghai Land Asset Management Co., Ltd. (hereinafter referred to as "Asset Management") by free or paid transfer.

Among them, the materials for registering changes in 16 allocated land properties and 2 allocated land among 36 properties whose ownership certificates could not be processed and 2 licensed land use rights (allocated land) were submitted to the Shanghai Municipal State-owned Assets Supervision and Administration Commission (HGZWH [2016] No. 59) in November 2016. As at the reporting date, the Document (HGZWGG [2017] No. 70) has approved the changes in the subject of the allocated land use rights. Among them, the procedures for 2 allocated lands have been completed, and those for the remaining 16 allocated land properties are still in process; 20 assets cannot be transferred due to incomplete ownership certificates.

15.16 In 2004 and 2005, the subsidiary Shanghai Housing and Land (Group) Co., Ltd. restructured and sold its subsidiaries as a whole. The land and buildings that were not recorded in the restructuring assessment were recovered by Shanghai Housing and Land (Group) Co., Ltd., and the Company advanced the expenses for resettling the personnel of the restructured enterprise. In 2007, the Land Group used March 31, 2007 as the base date to assess and record unaccounted land and buildings. As at December 31, 2020, all the assets except for the following assets have been recorded.

| Nature of assets | Number | Reason for being not recorded |
|---------------------------------|--------|--|
| Properties with use right | 13 | According to the Notice on Changing the Owner of the Property with Sporadic Use Right, in 2020, the Company changed the owners of the 13 properties with use right to its subsidiary Shanghai Real Estate Management (Group) Co., Ltd. |
| Property with several landlords | 25 | Property and certificate cannot be transferred |
| Properties with use right | 4 | Disposed or pending relocation due to compensation |
| Taxi license | 30 | The use or disposal plan needs to be implemented by relevant departments |

12. Approval of financial statements

These financial statements were approved at the Company's enlarged meeting of the party committee on April 26, 2021.

Shanghai Land (Group) Co., Ltd.

April 26, 2020

SHANGHAI LAND (GROUP) CO., LTD.

**AUDITORS' REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2019

Shanghai Land (Group) Co., Ltd.

Auditors' Report and Financial Statements
(From January 1, 2019 to December 31, 2019)

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Auditors' Report

PCPAR [2020] No. ZA22529

To all shareholders of Shanghai Land (Group) Co., Ltd.,

I. Opinion

We have audited the financial statements of Shanghai Land (Group) Co., Ltd. (hereinafter referred to as "the Company"), including the consolidated balance sheet and the parent company's balance sheet as at December 31, 2019, the consolidated income statement and the parent company's income statement, the consolidated statement of cash flows and the parent company's statement of cash flows, and the consolidated statement of changes in shareholders' equity and the parent company's statement of changes in owner's equity for the year then ended and notes to the relevant financial statements.

In our opinion, the financial statements attached are prepared, in all material respects, in accordance with the Accounting Standards for Business Enterprises, and present fairly the consolidated financial positions and the Company's financial positions as at December 31, 2019 and the consolidated operating results and cash flows and the Company's operating results and cash flows for the year then ended.

II. Basis for Opinion

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

III. Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's management (hereinafter referred to as "the Management") is responsible for preparing the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises to achieve a fair presentation, and for designing, implementing and maintaining internal control that is necessary to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

In preparing the financial statements, the Management is responsible for assessing the Company's going-concern ability, disclosing the matters related to going concern (if applicable) and using the going-concern assumption unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

IV. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the audit standards will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are generally considered material if separate or aggregated misstatements are reasonably expected to possibly influence the economic decisions made by the users of financial statements on the basis of these financial statements.

During the process of an audit conducted in accordance with audit standards, we exercise professional judgment and maintain professional scepticism. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Understand the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- (3) Evaluate the appropriateness of accounting policies used by and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting. Meanwhile, according to the audit evidence acquired, the Management comes to conclusion on matters which may cause significant misgiving against the going-concern ability of the Company or whether the said situation exists material uncertainty or not. If we conclude that a material uncertainty exists, we are required to, in our auditors' report, draw attention of the users of statements to the related disclosures in the financial statements; if such disclosures are inadequate, we should modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future matters or situation may cause failure of the Company in going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and contents of the financial statements, and evaluate whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

BDO CHINA Shu Lun Pan
Certified Public Accountants LLP



Certified Public Accountant of China:
Han Pin



Certified Public Accountant of China:
Ding Hui



Shanghai, China

May 15, 2020

This auditors' report and the accompanying financial statements are English translations of the Chinese auditors' report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. In case the English version does not conform to the Chinese version, the Chinese version shall prevail.

Shanghai Land (Group) Co., Ltd.
Consolidated Balance Sheet
As at December 31, 2019

(Amounts are expressed in RMB unless otherwise stated)

| Item | Line | Balance as at December 31, 2019 | Balance as at December 31, 2018 |
|--|------|------------------------------------|------------------------------------|
| Current assets: | 1 | -- | |
| Monetary funds | 2 | 37,655,565,526.14 | 47,801,783,349.72 |
| △Balances with clearing companies | 3 | | |
| △Loans to banks and other financial institutions | 4 | | |
| ☆Financial assets held for trading | 5 | 428,876,118.74 | |
| Financial assets measured at fair value through the current profit or loss | 6 | 583,544.14 | 40,587,086.40 |
| Derivative financial assets | 7 | | |
| Notes receivable | 8 | 220,490,156.08 | 549,651,758.03 |
| Accounts receivable | 9 | 1,751,552,838.31 | 1,592,348,178.68 |
| ☆Receivables financing | 10 | 349,522,984.45 | |
| Advances to suppliers | 11 | 4,001,296,931.54 | 2,461,013,761.11 |
| △Premiums receivable | 12 | | |
| △Reinsurance accounts receivable | 13 | | |
| △Reinsurance reserves receivable | 14 | | |
| Other receivables | 15 | 6,480,998,319.13 | 12,068,647,981.69 |
| △Financial assets purchased under resale agreements | 16 | | |
| Inventories | 17 | 114,282,128,557.37 | 107,659,774,374.77 |
| Including: raw materials | 18 | 394,174,121.00 | 373,922,808.93 |
| Stock commodities (finished goods) | 19 | 619,499,890.22 | 767,110,132.14 |
| ☆Contract assets | 20 | | |
| Assets held for sale | 21 | 24,228,757.70 | 38,043,358.34 |
| Non-current assets maturing within one year | 22 | | 84,000,000.00 |
| Other current assets | 23 | 11,742,135,963.82 | 10,425,525,120.25 |
| Total current assets | 24 | 176,937,379,697.42 | 182,721,374,968.99 |
| Non-current assets: | 25 | -- | |
| △Loans and advances to customers | 26 | 209,975,313.89 | 298,372,065.39 |
| ☆Creditor's right investment | 27 | | |
| Available-for-sale financial assets | 28 | 25,721,170,341.47 | 22,257,159,403.97 |
| ☆Other creditor's right investment | 29 | | |
| Held-to-maturity investments | 30 | 90,000,000.00 | |
| Long-term receivables | 31 | 1,496,298,517.43 | 1,496,962,256.40 |
| Long-term equity investments | 32 | 23,335,230,354.49 | 13,869,716,746.31 |
| ☆Investment in other equity instruments | 33 | | |
| ☆Other non-current financial assets | 34 | 19,671,863.76 | |
| Investment properties | 35 | 19,084,702,778.00 | 19,035,939,765.07 |
| Fixed assets | 36 | 9,564,471,745.19 | 8,563,133,495.94 |
| Construction in progress | 37 | 24,572,055,616.63 | 25,719,691,467.25 |
| Productive biological assets | 38 | | |
| Oil and gas assets | 39 | | |
| ☆Right-of-use assets | 40 | | |
| Intangible assets | 41 | 3,156,847,561.65 | 3,107,180,087.78 |
| Development expenses | 42 | 2,426,686.09 | 2,475,982.74 |
| Goodwill | 43 | 22,059,941.15 | 22,059,941.15 |

| Item | Line | Balance as at December 31, 2019 | Balance as at December 31, 2018 |
|--------------------------------------|-----------|------------------------------------|------------------------------------|
| Long-term deferred expenses | 44 | 326,764,977.59 | 305,150,736.11 |
| Deferred income tax assets | 45 | 4,112,734,113.62 | 4,212,313,649.47 |
| Other non-current assets | 46 | 13,402,514,885.12 | 10,169,491,694.01 |
| Including: special reserve materials | 47 | | |
| Total non-current assets | 48 | 125,116,924,696.08 | 109,059,647,291.59 |
| Total assets | 49 | 302,054,304,393.50 | 291,781,022,260.58 |

Remarks: items marked with * are for consolidated financial statements purpose only; items marked with △ are for financial companies purpose only; items marked with # are for foreign-invested companies purpose only; and items marked with ☆ are only used for enterprises adopting new standards for revenue/lease/financial instruments.

The accompanying notes to the financial statements are integral parts of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

Completed by:

Shanghai Land (Group) Co., Ltd.
Consolidated Balance Sheet (Continued)
As at December 31, 2019

(Amounts are expressed in RMB unless otherwise stated)

| Item | Line | Balance as at December 31, 2019 | Balance as at December 31, 2018 |
|---|------|------------------------------------|------------------------------------|
| Current liabilities: | 50 | -- | -- |
| Short-term borrowings: | 51 | 4,691,499,828.29 | 3,506,244,116.38 |
| △Borrowings from central bank | 52 | | |
| △Loans from banks and other financial institutions | 53 | | |
| ☆Financial liabilities held for trading | 54 | | |
| Financial liabilities measured at fair value through current profit or loss | 55 | | |
| Derivative financial liabilities | 56 | | |
| Notes payable | 57 | 493,721,030.52 | 730,147,252.90 |
| Accounts payable | 58 | 9,402,920,792.84 | 11,580,171,361.31 |
| Advances from customers | 59 | 18,213,050,964.26 | 19,001,243,087.71 |
| ☆Contract liabilities | 60 | | |
| △Financial assets sold under repurchase agreements | 61 | | |
| △Absorption of deposits and interbank deposit | 62 | | |
| △Receivings from vicariously traded securities | 63 | | |
| △Receivings from vicariously sold securities | 64 | | |
| Employee compensation payable | 65 | 652,203,307.77 | 643,967,981.84 |
| Including: wages payable | 66 | 334,498,313.39 | 308,605,626.87 |
| Welfare payable | 67 | 272,287,362.24 | 290,555,026.57 |
| #Including: employee bonus and welfare fund | 68 | 267,709,802.78 | 285,427,067.28 |
| Taxes and surcharges payable | 69 | 11,401,952,906.03 | 10,826,034,678.74 |
| Including: taxes payable | 70 | 11,291,302,671.34 | 10,828,085,964.21 |
| Other payables | 71 | 12,921,081,128.83 | 14,831,730,758.00 |
| △Handling charges and commissions payable | 72 | | |
| △Reinsurance accounts payable | 73 | | |
| Liabilities held for sale | 74 | | |
| Non-current liabilities maturing within one year | 75 | 10,333,572,470.43 | 13,615,344,133.42 |
| Other current liabilities | 76 | 4,549,226,908.25 | 4,377,258,539.28 |
| Total current liabilities | 77 | 72,659,229,337.22 | 79,112,141,909.58 |
| Non-current liabilities: | 78 | -- | -- |
| △Reserves for insurance contracts | 79 | | |
| Long-term borrowings | 80 | 36,754,376,659.31 | 35,367,369,152.01 |
| Bonds payable | 81 | 22,356,363,093.32 | 14,817,196,183.28 |
| Including: preferred stock | 82 | | |
| Perpetual bond | 83 | | |
| ☆Lease liabilities | 84 | | |
| Long-term payables | 85 | 45,097,682,851.71 | 44,921,197,708.25 |
| Long-term employee compensation payable | 86 | | |
| Estimated liabilities | 87 | 112,944,710.19 | 125,687,510.19 |
| Deferred income | 88 | 4,872,484,338.43 | 4,158,860,923.48 |
| Deferred income tax liabilities | 89 | 3,631,640,178.41 | 1,985,924,162.14 |
| Other non-current liabilities | 90 | 10,088,085,730.85 | 10,399,722,106.12 |
| Including: special reserve funds | 91 | | |
| Total non-current liabilities | 92 | 122,913,577,562.22 | 111,775,957,745.47 |
| Total liabilities | 93 | 195,572,806,899.44 | 190,888,099,655.05 |
| Owners' equity (or shareholders' equity): | 94 | -- | -- |
| Paid-in capital (or share capital) | 95 | 30,000,000,000.00 | 4,200,000,000.00 |

| Item | Line | Balance as at December 31, 2019 | Balance as at December 31, 2018 |
|---|------|------------------------------------|------------------------------------|
| Including: state-owned capital | 96 | 30,000,000,000.00 | 4,200,000,000.00 |
| State-owned legal person's capital | 97 | | |
| Collective capital | 98 | | |
| Private capital | 99 | | |
| Foreign capital | 100 | | |
| #Less: investment returned | 101 | | |
| Net paid-in capital (or share capital) | 102 | 30,000,000,000.00 | 4,200,000,000.00 |
| Other equity instruments | 103 | | |
| Including: preferred stock | 104 | | |
| Perpetual bond | 105 | | |
| Capital reserves | 106 | 19,379,715,017.38 | 46,126,625,222.48 |
| Less: treasury stock | 107 | | |
| Other comprehensive income | 108 | 7,868,119,290.53 | 5,796,421,239.19 |
| Including: foreign currency translation differences | 109 | | |
| Special reserves | 110 | 9,916,426.63 | 9,976,128.32 |
| Surplus reserves | 111 | 2,419,669,655.16 | 2,100,000,000.00 |
| Including: statutory reserve funds | 112 | 2,419,669,655.16 | 2,100,000,000.00 |
| Discretionary reserve funds | 113 | | |
| #Reserve funds | 114 | | |
| #Enterprise expansion funds | 115 | | |
| #Profit capitalized on return of investments | 116 | | |
| △General risk reserves | 117 | | |
| Undistributed profits | 118 | 30,905,726,897.05 | 25,450,121,421.51 |
| Total equity attributable to owners (or shareholders) of the parent company | 119 | 90,583,147,286.75 | 83,683,144,011.50 |
| *Minority equity | 120 | 15,898,350,207.31 | 17,209,778,594.03 |
| Total owner's equity (or shareholders' equity) | 121 | 106,481,497,494.06 | 100,892,922,605.53 |
| Total liabilities and owner's equity (or shareholders' equity) | 122 | 302,054,304,393.50 | 291,781,022,260.58 |

Remarks: items marked with * are for consolidated financial statements purpose only; items marked with △ are for financial companies purpose only; items marked with # are for foreign-invested companies purpose only; and items marked with ☆ are only used for enterprises adopting new standards for revenue/lease/financial instruments.

The accompanying notes to the financial statements are integral parts of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

Completed by:

Shanghai Land (Group) Co., Ltd.
Consolidated Income Statement
Year 2019

(Amounts are expressed in RMB unless otherwise stated)

| Item | Line | Year 2019 | Year 2018 |
|--|------|-------------------|-------------------|
| I. Total operating revenue | 1 | 31,296,229,674.37 | 48,114,480,323.14 |
| Including: operating revenue | 2 | 31,296,229,674.37 | 48,114,480,323.14 |
| △Interest income | 3 | | |
| △Premiums earned | 4 | | |
| △Revenue from handling charges and commissions | 5 | | |
| II. Total operating costs | 6 | 26,639,713,808.94 | 39,407,040,209.82 |
| Including: operating cost | 7 | 17,834,808,749.03 | 27,942,867,420.65 |
| △Interest expenses | 8 | | |
| △Handling charges and commissions expenses | 9 | | |
| △Surrender value | 10 | | |
| △Net amount of compensation payout | 11 | | |
| △Net amount withdrawn for insurance contract reserves | 12 | | |
| △Policy dividend payment | 13 | | |
| △Reinsurance costs | 14 | | |
| Taxes and surcharges | 15 | 3,990,079,453.56 | 6,616,430,623.72 |
| Selling and distribution expenses | 16 | 732,036,649.19 | 711,573,419.35 |
| General and administrative expenses | 17 | 2,010,786,484.99 | 1,951,094,027.22 |
| Research and development expenses | 18 | 213,620,133.76 | 179,307,226.53 |
| Financial expenses | 19 | 1,858,382,338.41 | 2,005,767,492.35 |
| Including: interest expenses | 20 | 2,654,634,228.57 | 2,649,118,997.59 |
| Interest income | 21 | 851,131,392.51 | 682,176,275.73 |
| Net loss from foreign exchange ("-" for net gain) | 22 | 8,101.46 | -2,859,986.94 |
| Others | 23 | | |
| Plus: other income | 24 | 178,855,540.47 | 246,599,512.68 |
| Investment income ("-" for losses) | 25 | 6,256,808,549.27 | 2,302,074,405.14 |
| Including: income from investment in associates and joint ventures | 26 | 273,701,229.60 | 385,589,212.93 |
| ☆Gains from derecognition of financial assets measured at amortized cost | 27 | | |
| △Foreign exchange gains ("-" for losses) | 28 | | |
| ☆Gains from net exposure hedging ("-" for losses) | 29 | | |
| Gains from changes in fair value ("-" for losses) | 30 | 68,661,788.96 | -18,863,786.32 |
| ☆Losses from credit impairment ("-" for losses) | 31 | 2,286,932.52 | |
| Losses from impairment of assets ("-" for losses) | 32 | -182,620,181.23 | -271,135,331.57 |
| Gains from disposal of assets ("-" for losses) | 33 | 19,187,986.05 | 38,206,048.67 |
| III. Operating profits ("-" for losses) | 34 | 10,999,696,481.47 | 11,004,320,961.92 |
| Plus: non-operating revenue | 35 | 203,245,754.66 | 285,477,292.88 |
| Including: government grants | 36 | 127,492,452.00 | 188,886,930.53 |
| Less: non-operating expenses | 37 | 150,122,093.05 | 125,068,672.02 |
| IV. Total profits ("-" for total losses) | 38 | 11,052,820,143.08 | 11,164,729,582.78 |
| Less: income tax expenses | 39 | 2,994,453,485.88 | 2,810,370,558.58 |
| V. Net profit ("-" for net loss) | 40 | 8,058,366,657.20 | 8,354,359,024.20 |
| (I) Classified by ownership | 41 | -- | -- |
| Net profit attributable to owners of the parent company | 42 | 6,472,658,103.02 | 6,676,495,918.20 |
| *Minority interest income | 43 | 1,585,708,554.18 | 1,677,863,106.00 |
| (II) Classified by operating sustainability | 44 | -- | -- |
| Net profit from continued operation | 45 | 8,058,366,657.20 | 8,354,359,024.20 |
| Net profit of discontinued operation | 46 | | |

| Item | Line | Year 2019 | Year 2018 |
|---|------|-------------------|-------------------|
| VI. Other comprehensive income, net of tax | 47 | 2,106,062,301.22 | -2,553,877,706.91 |
| Other comprehensive income, net of tax attributable to owners of the parent company | 48 | 2,003,714,061.21 | -2,427,469,802.37 |
| (I) Other comprehensive income that cannot be reclassified into profit or loss | 49 | 215,600.00 | |
| 1. Changes in re-measurement of the defined benefit plan | 50 | | |
| 2. Other comprehensive income that cannot be transferred to profit or loss under the equity method | 51 | 215,600.00 | |
| ☆3. Changes in fair value of other equity instruments investment | 52 | | |
| ☆4. Changes in the fair value of the company's own credit risk | 53 | | |
| 5. Others | 54 | | |
| (II) Other comprehensive income that will be reclassified into profit or loss | 55 | 2,003,498,461.21 | -2,427,469,802.37 |
| 1. Other comprehensive income that can be transferred to profit or loss under the equity method | 56 | 13,172.46 | -47,333,027.38 |
| ☆2. Changes in fair value of other creditor's right investment | 57 | | |
| 3. Profit or loss on changes in fair value of available-for-sale financial assets | 58 | 2,543,193,306.11 | -2,380,489,948.74 |
| ☆4. Amount of financial assets reclassified into other comprehensive income | 59 | | |
| 5. Profits or losses from reclassification of held-to-maturity investments as available-for-sale financial assets | 60 | | |
| ☆6. Provision for credit impairment of other creditor's right investment | 61 | | |
| 7. Reserves of cash flow hedges (effective portion of cash flow hedging profit or loss) | 62 | | |
| 8. Differences arising from translation of foreign-currency financial statements | 63 | 311,620.58 | 353,173.75 |
| 9. Others | 64 | -540,019,637.94 | |
| *Other comprehensive income, net of tax attributable to minority shareholders | 65 | 102,348,240.01 | -126,407,904.54 |
| VII. Total comprehensive income | 66 | 10,164,428,958.42 | 5,800,481,317.29 |
| Total comprehensive income attributable to owners of the parent company | 67 | 8,476,372,164.23 | 4,249,026,115.83 |
| *Total comprehensive income attributable to minority shareholders | 68 | 1,688,056,794.19 | 1,551,455,201.46 |
| VIII. Earnings per share: | 69 | -- | -- |
| Basic earnings per share | 70 | | |
| Diluted earnings per share | 71 | | |
| Supplementary Information 1: (filled by financial enterprises under the supervision of the Municipal State-Owned Assets Supervision and Administration Commission according to the audited data) | 72 | -- | -- |
| Operating revenue | 73 | | |
| Plus: △Interest income | 74 | | |
| △Premiums earned | 75 | | |
| △Net income from handling charges and commissions | 76 | | |

| Item | Line | Year 2019 | Year 2018 |
|--|------|-----------|-----------|
| Less: Δ Interest expenses | 77 | | |
| Plus: Δ Gains from changes in fair value ("-" for losses) | 78 | | |
| Δ Investment income ("-" for losses) | 79 | | |
| Including: income from investment in associates and joint ventures | 80 | | |
| Δ Foreign exchange gains ("-" for losses) | 81 | | |
| Δ Other business revenue | 82 | | |
| Supplementary Information 2: | 83 | -- | -- |
| Investment income related to primary business | 84 | | |
| Profit from primary business | 85 | | |

Remarks: items marked with * are for consolidated financial statements purpose only; items marked with Δ are for financial companies purpose only; and items marked with \star are only used for enterprises adopting new standards for revenue/financial instruments.

The accompanying notes to the financial statements are integral parts of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

Completed by:

Shanghai Land (Group) Co., Ltd.
Consolidated Statement of Cash Flow
Year 2019

(Amounts are expressed in RMB unless otherwise stated)

| Item | Line | Year 2019 | Year 2018 |
|--|------|-------------------|-------------------|
| I. Cash flows from operating activities: | 1 | -- | -- |
| Cash received from sales of goods and rendering of services | 2 | 32,021,788,969.10 | 31,926,698,575.48 |
| △Net increase in customer deposits and deposits from other banks and financial institutions | 3 | | |
| △Net increase in borrowings from central bank | 4 | | |
| △Net increase in loans from other financial institutions | 5 | | |
| △Premiums received from original insurance contracts | 6 | | |
| △Net cash received from reinsurance business | 7 | | |
| △Net increase in deposits and investments from policyholders | 8 | | |
| △Net increase received from disposal of financial assets measured at fair value through current profit or loss | 9 | | |
| △Cash received from interest, handling charges and commissions | 10 | | |
| △Net increase in loans from banks and other financial institutions | 11 | | |
| △Net capital increase in repurchase business | 12 | | |
| △Net cash from receivings from vicariously traded securities | 13 | | |
| Refund of taxes and surcharges | 14 | 14,770,004.32 | 45,697,833.70 |
| Cash received from other operating activities | 15 | 4,329,699,868.37 | 6,617,498,247.26 |
| Sub-total of cash inflows from operating activities | 16 | 36,366,258,841.79 | 38,589,894,656.44 |
| Cash paid for goods purchased and services received | 17 | 31,396,914,356.59 | 21,135,743,980.49 |
| △Net increase in loans and advances to customers | 18 | | |
| △Net increase in deposits in the central bank, other banks and financial institutions | 19 | | |
| △Cash paid for original insurance contract claims | 20 | | |
| △Net increase in loans to banks and other financial institutions | 21 | | |
| △Cash paid for interests, handling charges and commissions | 22 | | |
| △Cash paid for policy dividends | 23 | | |
| Cash paid to and on behalf of employees | 24 | 2,779,100,404.16 | 2,665,487,309.26 |
| Cash paid for taxes and surcharges | 25 | 7,277,633,083.13 | 5,578,867,342.21 |
| Cash paid for other operating activities | 26 | 2,744,998,913.85 | 6,602,354,402.72 |
| Sub-total of cash outflows from operating activities | 27 | 44,198,646,757.73 | 35,982,453,034.68 |
| Net cash flows from operating activities | 28 | -7,832,387,915.94 | 2,607,441,621.76 |
| II. Cash flows from investing activities: | 29 | -- | -- |
| Cash received from disposal of investments | 30 | 8,878,426,531.00 | 8,826,608,809.69 |
| Cash received from returns on investments | 31 | 1,790,450,282.37 | 1,896,774,297.66 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 32 | 144,841,556.20 | 97,516,279.41 |
| Net cash received from disposal of subsidiaries and | 33 | 183,811,058.66 | 14,818,323.00 |

| Item | Line | Year 2019 | Year 2018 |
|---|------|--------------------|-------------------|
| other business units | | | |
| Cash received from other investing activities | 34 | 1,557,874,696.45 | 2,148,265,097.04 |
| Sub-total of cash inflows from investing activities | 35 | 12,555,404,124.68 | 12,983,982,806.80 |
| Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets | 36 | 2,624,287,375.83 | 4,185,273,051.65 |
| Cash paid for investments | 37 | 14,992,065,659.24 | 12,935,076,503.70 |
| △Net increase in pledge loans | 38 | | |
| Net cash paid to acquire subsidiaries and other business units | 39 | | |
| Cash paid for other investing activities | 40 | 2,252,521,357.03 | 1,385,068,050.65 |
| Sub-total of cash outflows from investing activities | 41 | 19,868,874,392.10 | 18,505,417,606.00 |
| Net cash flows from investing activities | 42 | -7,313,470,267.42 | -5,521,434,799.20 |
| III. Cash flows from financing activities: | 43 | -- | -- |
| Cash from absorption of investments | 44 | 2,391,328,014.73 | 3,136,716,258.44 |
| Including: cash received by subsidiaries from investment by minority shareholders | 45 | 1,291,328,014.73 | 3,136,716,258.44 |
| Cash received from borrowings | 46 | 28,802,270,948.33 | 30,250,148,567.26 |
| △Cash received from bonds issue | 47 | | |
| Cash received from other financing activities | 48 | 288,523,542.62 | 599,566,449.03 |
| Sub-total of cash inflows from financing activities | 49 | 31,482,122,505.68 | 33,986,431,274.73 |
| Cash paid for debt repayments | 50 | 20,593,054,638.58 | 22,996,705,294.18 |
| Cash paid for distribution of dividends and profits or payment of interest | 51 | 5,328,837,769.26 | 4,692,097,920.81 |
| Including: dividends and profits paid to minority shareholders by subsidiaries | 52 | 634,939,115.98 | 305,965,160.36 |
| Cash paid for other financing activities | 53 | 900,732,696.21 | 353,542,036.56 |
| Sub-total of cash outflows from financing activities | 54 | 26,822,625,104.05 | 28,042,345,251.55 |
| Net cash flows from financing activities | 55 | 4,659,497,401.63 | 5,944,086,023.18 |
| IV. Effect of fluctuation in exchange rate on cash and cash equivalents | 56 | 2,023,306.59 | 921,978.97 |
| V. Net increase in cash and cash equivalents | 57 | -10,484,337,475.14 | 3,031,014,824.71 |
| Plus: beginning balance of cash and cash equivalents | 58 | 46,494,183,618.82 | 43,463,168,794.11 |
| VI. Ending balance of cash and cash equivalents | 59 | 36,009,846,143.68 | 46,494,183,618.82 |

Remarks: Items marked with △ are for financial enterprises only.

The accompanying notes to the financial statements are integral parts of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

Completed by:

Shanghai Land (Group) Co., Ltd.
Consolidated Statement of Changes in Owner's Equity
Year 2019
(Amounts are expressed in RMB unless otherwise stated)

| (Amounts are expressed in RMB unless otherwise stated) | | | | | | | | | | | | | | | | |
|---|------|---|--------------------------|---|------------------|----------------------|----------------------------|-------------------|------------------|------------------------|-----------------------|-------------------|-------------------|-------------------|----------------------|----|
| | | Year 2019 | | | | | | | | | | | | | | |
| Item | Line | Equity attributable to owners of the parent company | | | | | | | | | | | Sub-total | *Minority equity | Total owners' equity | |
| | | Paid-in capital (or share capital) | Other equity instruments | | Capital reserves | Less: treasury stock | Other comprehensive income | Special reserves | Surplus reserves | △General risk reserves | Undistributed profits | Others | | | | |
| Column | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| I. Balance as at December 31, 2018 | 1 | 4,200,000,000.00 | | | | 46,126,625,222.48 | | 5,796,421,239.19 | 9,976,128.32 | 2,100,000,000.00 | | 25,450,121,421.51 | 83,683,144,011.50 | 17,209,778,594.03 | 100,892,922,605.53 | |
| Plus: changes in accounting policies | 2 | | | | | | | | | | | | | | | |
| Correction of accounting errors in prior period | 3 | | | | | | | | | | | | | | | |
| Others | 4 | | | | | | | 67,983,990.13 | | | | -60,709,673.32 | 7,274,316.81 | 2,793,462.23 | 10,067,779.04 | |
| II. Balance as at January 1, 2019 | 5 | 4,200,000,000.00 | | | | 46,126,625,222.48 | | 5,864,405,229.32 | 9,976,128.32 | 2,100,000,000.00 | | 25,389,411,748.19 | 83,690,418,328.31 | 17,212,572,056.26 | 100,902,990,384.57 | |
| III. Increases/decreases in 2019 ("+" for increases) | 6 | 25,800,000,000.00 | | | | -26,746,910,205.10 | | 2,003,714,061.21 | -59,701.69 | 319,669,655.16 | | 5,516,315,148.86 | 6,892,728,958.44 | -1,314,221,848.95 | 5,578,507,109.49 | |
| (I) Total comprehensive income | 7 | | | | | | | 2,003,714,061.21 | | | | 5,516,315,148.86 | | | | |
| (II) Capital contributed or reduced by owners | 8 | | | | | | | -2,003,714,061.21 | | | | 6,472,658,103.02 | 8,476,372,164.23 | 1,688,056,794.19 | 10,164,428,958.42 | |
| 1. Common stock contributed by owners | 9 | | | | | | | | | | | | -946,910,205.10 | -2,424,374,032.59 | -3,371,284,237.69 | |
| 2. Capital contributed by the holders of other equity instruments | 10 | | | | | | | 1,182,006,466.17 | | | | | 1,182,006,466.17 | -2,366,611,013.62 | -1,184,604,547.45 | |
| 3. Amounts of share-based payments recognized in owner's equity | 11 | | | | | | | | | | | | | | | |
| 4. Others | 12 | | | | | | | | | | | | | | | |
| (III) Withdrawal and use of special reserves | 13 | | | | | | | -2,128,916,671.27 | | | | | -2,128,916,671.27 | -57,763,018.97 | -2,186,679,690.24 | |
| 1. Withdrawal of special reserves | 14 | | | | | | | | | | | | | | | |
| 2. Use of special reserves | 15 | | | | | | | | | | | | | | | |
| (IV) Profit distribution | 16 | | | | | | | | | | | | | | | |
| 1. Withdrawal of surplus reserves | 17 | | | | | | | | -59,701.69 | 319,669,655.16 | | -956,342,954.16 | -636,733,000.69 | -577,904,610.55 | -1,214,637,611.24 | |
| Including: statutory reserve funds | 18 | | | | | | | | | 319,669,655.16 | | -319,669,655.16 | | | | |
| Discretionary reserve funds | 19 | | | | | | | | | 319,669,655.16 | | -319,669,655.16 | | | | |
| **Reserve funds | 20 | | | | | | | | | | | | | | | |

| Item | Line | Year 2019 | | | | | | | | | | | | | | |
|---|------|---|--------------------------|---|---|-------------------|----------------------------|----------------------------------|---------------------|---------------------|-------------------------------|--------------------------|--------|-------------------|-------------------|-------------------------|
| | | Equity attributable to owners of the parent company | | | | | | | | | | | | | | |
| | | Paid-in capital (or share capital) | Other equity instruments | | | Capital reserves | Less: treasury stock | Other comprehensive income | Special reserves | Surplus reserves | △ General risk reserves | Undistributed profits | Others | Sub-total | *Minority equity | Total owners' equity |
| 1 | 2 | 3 | 4 | 5 | 6 | | | | | | | | | | | |
| Column | -- | | | | | | | | | | | | | | | |
| #Enterprise expansion funds | 21 | | | | | | | | | | | | | | | |
| #Profit capitalized on return of investments | 22 | | | | | | | | | | | | | | | |
| 2. Withdrawal of general risk reserves | 23 | | | | | | | | | | | | | | | |
| 3. Profit distributed to owners (or shareholders) | 24 | | | | | | | | | | | | | | | |
| 4. Others | 25 | | | | | | | | | | | | | | | |
| (V) Internal carry-forward of owners' equity | 26 | 25,800,000.00 | | | | -25,800,000.00 | | | | | | | | | | |
| 1. Conversion of capital reserves into paid-in capital (or share capital) | 27 | 25,800,000.00 | | | | -25,800,000.00 | | | | | | | | | | |
| 2. Conversion of surplus reserves into paid-in capital (or share capital) | 28 | | | | | | | | | | | | | | | |
| 3. Losses offset by surplus reserves | 29 | | | | | | | | | | | | | | | |
| 4. Carry-forward of changes in the defined benefit plan for retained earnings | 30 | | | | | | | | | | | | | | | |
| △5. Carry-forward of other comprehensive income for retained earnings | 31 | | | | | | | | | | | | | | | |
| 6. Others | 32 | | | | | | | | | | | | | | | |
| IV. Balance as at December 31, 2019 | 33 | 30,000,000.00 | | | | 19,379,715.017.38 | | 7,868,119,290.53 | 9,916,426.63 | 2,419,669,655.16 | | 30,905,726,897.03 | | 90,583,147,286.75 | 15,898,350,207.31 | 106,481,497,494.06 |

Remark: Items with △ are dedicated to financial enterprises; items with # are dedicated to foreign-invested enterprises; items with ☆ are dedicated to enterprises implementing the new standards for financial instruments.

The accompanying notes to the financial statements are integral parts of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

Completed by:

Shanghai Land (Group) Co., Ltd.
Consolidated Statement of Changes in Owners' Equity (Continued)
Year 2019

(Amounts are expressed in RMB unless otherwise stated)

| Item | Line | Equity attributable to owners of this parent company | | | | | | | | | | | | | | Total owners' equity |
|--|------|--|----|--------------------------|----|-------------------|----------------------------|----------------------------------|---------------------|---------------------|-------------------------------|--------------------------|--------|-------------------|-------------------|----------------------|
| | | Year 2018 | | | | | | | | | | | | | | |
| | | Equity attributable to owners of this parent company | | | | | | | | | | | | | | |
| | | Paid-in capital (or share capital) | | Other equity instruments | | Capital reserves | Less: treasury stock | Other comprehensive income | Special reserves | Surplus reserves | △ General risk reserves | Undistributed profits | Others | Sub-total | *Minority equity | |
| Column | | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | |
| I. Balance as at December 31, 2017 | 1 | 14,200,000,000.00 | | | | 36,970,058,132.06 | | 8,223,891,041.56 | 8,601,884,261.78 | 6,998,234.04 | | 19,737,020,984.68 | | 70,926,570,276.60 | 15,484,811,526.71 | |
| Plus: changes in accounting policies | 2 | | | | | | | | | | | | | | | |
| Correction of accounting errors in prior period | 3 | | | | | | | | | | | | | | | |
| Others | 4 | | | | | | | | | | | | | | | |
| II. Balance as at January 1, 2018 | 5 | 54,200,000,000.00 | | | | 36,970,058,132.06 | | 8,223,891,041.56 | 8,601,884,261.78 | 6,998,234.04 | | 19,737,020,984.68 | | 70,926,570,276.60 | 15,484,811,526.71 | |
| III | | | | | | | | | | | | | | | | |
| Increases/decreases in 2018 ("+" for increases) | 6 | | | | | | | | | | | | | | | |
| (I) Total comprehensive income | 7 | | | | | 9,156,567,090.42 | | -2,427,469,802.37 | 1,374,244.06 | 313,001,765.96 | | 5,713,100,436.83 | | 12,756,573,734.90 | 1,724,967,067.32 | |
| (II) Capital contributed or reduced by owners | 8 | | | | | | | -2,427,469,802.37 | | | | 6,676,495,918.20 | | 4,249,026,115.83 | 1,551,455,201.46 | |
| 1. Common stock contributed by owners | 9 | | | | | 9,156,567,090.42 | | | | | | | | 9,156,567,090.42 | 881,627,015.54 | |
| 2. Capital contributed by the holders of other equity instruments | 10 | | | | | 8,649,500,000.00 | | | | | | | | 8,649,500,000.00 | 814,661,406.10 | |
| 3. Amounts of share-based payments recognized in owner's equity | 11 | | | | | | | | | | | | | | | |
| 4. Others | 12 | | | | | 507,067,090.42 | | | | | | | | 507,067,090.42 | 66,965,609.44 | |
| (III) Withdrawal and use of special reserves | 13 | | | | | | | | | | | | | | | |
| 1. Withdrawal of special reserves | 14 | | | | | | | | | | | | | | | |
| 2. Use of special reserves | 15 | | | | | | | | | | | | | | | |
| (IV) Profit distribution | 16 | | | | | | | | | | | | | | | |
| 1. Withdrawal of surplus reserves | 17 | | | | | | | | 1,374,244.06 | 313,001,765.96 | | -963,395,481.37 | | -649,019,471.35 | -708,115,149.68 | |
| Including: statutory reserve funds | 18 | | | | | | | | | 313,001,765.96 | | -313,001,765.96 | | | | |
| Discretionary reserve | 19 | | | | | | | | | 313,001,765.96 | | -313,001,765.96 | | | | |

| Item | Line | Year 2018 | | | | | | | | | | | Equity attributable to owners of the parent company | | | | Sub-total | *Minority equity | Total owners' equity |
|---|------|------------------------------------|--------------------------|--|--|------------------|----------------------|----------------------------|------------------|------------------------------|-------------------------|-----------------------|---|--|-------------------|-------------------|--------------------|------------------|----------------------|
| | | Paid-in capital (or share capital) | Other equity instruments | | | Capital reserves | Less: treasury stock | Other comprehensive income | Special reserves | Surplus reserves | Δ General risk reserves | Undistributed profits | Others | | | | | | |
| funds | | | | | | | | | | | | | | | | | | | |
| #Reserve funds | 20 | | | | | | | | | | | | | | | | | | |
| #Enterprise expansion funds | 21 | | | | | | | | | | | | | | | | | | |
| #Profit capitalized on return of investments | 22 | | | | | | | | | | | | | | | | | | |
| 2. Withdrawal of general risk reserves | 23 | | | | | | | | | | | | | | | | | | |
| 3. Profit distributed to owners (or shareholders) | 24 | | | | | | | | | | | | | | | | | | |
| 4. Others | 25 | | | | | | | | | 1,374,244.06 | | | -633,203,113.00 | | -633,203,113.00 | -708,115,149.68 | -1,341,318,262.68 | | |
| (V) Internal carry-forward of owners' equity | 26 | | | | | | | | | | | | -17,190,602.41 | | -17,190,602.41 | -15,816,358.35 | -15,816,358.35 | | |
| 1. Conversion of capital reserves into paid-in capital (or share capital) | 27 | | | | | | | | | | | | | | | | | | |
| 2. Conversion of surplus reserves into paid-in capital (or share capital) | 28 | | | | | | | | | | | | | | | | | | |
| 3. Losses offset by surplus reserves | 29 | | | | | | | | | | | | | | | | | | |
| 4. Carry-forward of changes in the defined benefit plan for retained earnings | 30 | | | | | | | | | | | | | | | | | | |
| ☆5. Carry-forward of other comprehensive income for retained earnings | 31 | | | | | | | | | | | | | | | | | | |
| 6. Others | 32 | | | | | | | | | | | | | | | | | | |
| IV. Balance as at December 31, 2018 | 334 | 200,000,000.00 | | | | | 46,126,625,222.48 | | 5,796,421,239.19 | 9,976,128,322,100,000,000.00 | | 25,450,121,421.51 | | | 83,683,144,011.50 | 17,209,778,594.03 | 100,892,922,605.53 | | |

Remark: Items with Δ are dedicated to financial enterprises; items with # are dedicated to foreign-invested enterprises; items with ☆ are dedicated to enterprises implementing the new standards for financial instruments.

The accompanying notes to the financial statements are integral parts of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

Completed by:

Shanghai Land (Group) Co., Ltd.

Balance Sheet

As at December 31, 2019

(Amounts are expressed in RMB unless otherwise stated)

| Item | Line | Balance as at December 31, 2019 | Balance as at January 1, 2019 |
|--|------|------------------------------------|----------------------------------|
| Current assets: | 1 | -- | -- |
| Monetary funds | 2 | 6,152,514,098.81 | 11,183,208,386.26 |
| △Balances with clearing companies | 3 | | |
| △Loans to banks and other financial institutions | 4 | | |
| ☆Financial assets held for trading | 5 | | |
| Financial assets measured at fair value through the current profit or loss | 6 | | |
| Derivative financial assets | 7 | | |
| Notes receivable | 8 | | |
| Accounts receivable | 9 | 3,895,002.60 | |
| ☆Receivables financing | 10 | | |
| Advances to suppliers | 11 | 258,065,424.97 | 132,096,977.14 |
| △Premiums receivable | 12 | | |
| △Reinsurance accounts receivable | 13 | | |
| △Reinsurance reserves receivable | 14 | | |
| Other receivables | 15 | 7,472,783,196.51 | 7,687,096,718.41 |
| △Financial assets purchased under resale agreements | 16 | | |
| Inventories | 17 | 7,914,637,003.01 | 5,947,070,410.71 |
| Including: raw materials | 18 | | |
| Stock commodities (finished goods) | 19 | 95,517,830.91 | 103,249,710.08 |
| ☆Contract assets | 20 | | |
| Assets held for sale | 21 | | |
| Non-current assets maturing within one year | 22 | 898,000,000.00 | |
| Other current assets | 23 | 33,714,095,808.67 | 24,817,568,961.52 |
| Total current assets | 24 | 56,413,990,534.57 | 49,767,041,454.04 |
| Non-current assets: | 25 | -- | -- |
| △Loans and advances to customers | 26 | | |
| ☆Creditor's right investment | 27 | | |
| Available-for-sale financial assets | 28 | 22,837,920,932.37 | 19,827,786,419.45 |
| ☆Other creditor's right investment | 29 | | |
| Held-to-maturity investments | 30 | 90,000,000.00 | |
| Long-term receivables | 31 | | |
| Long-term equity investments | 32 | 50,116,535,128.75 | 48,735,014,764.49 |
| ☆Investment in other equity instruments | 33 | | |
| ☆Other non-current financial assets | 34 | | |
| Investment properties | 35 | 2,832,565,648.02 | 1,262,182,237.61 |
| Fixed assets | 36 | 2,518,362,624.38 | 19,818,945.42 |
| Construction in progress | 37 | 276,387,704.70 | 1,301,862,454.21 |
| Productive biological assets | 38 | | |
| Oil and gas assets | 39 | | |
| ☆Right-of-use assets | 40 | | |
| Intangible assets | 41 | 26,926,856.85 | 8,752,946.59 |
| Development expenses | 42 | | |
| Goodwill | 43 | | |
| Long-term deferred expenses | 44 | 66,840,028.96 | 4,300,264.16 |
| Deferred income tax assets | 45 | 1,370,876,516.98 | 1,079,713,286.78 |

| Item | Line | Balance as at December 31, 2019 | Balance as at January 1, 2019 |
|--------------------------------------|------|------------------------------------|----------------------------------|
| Other non-current assets | 46 | 9,518,550,488.24 | 5,388,359,523.88 |
| Including: special reserve materials | 47 | | |
| Total non-current assets | 48 | 89,654,965,929.25 | 77,627,790,842.59 |
| Total assets | 49 | 146,068,956,463.82 | 127,394,832,296.63 |

Remarks: items marked with * are for consolidated financial statements purpose only; items marked with △ are for financial companies purpose only; items marked with # are for foreign-invested companies purpose only; and items marked with ☆ are only used for enterprises adopting new standards for revenue/lease/financial instruments.

The accompanying notes to the financial statements are integral parts of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

Completed by:

Shanghai Land (Group) Co., Ltd.

Balance Sheet (Continued)

As at December 31, 2019

(Amounts are expressed in RMB unless otherwise stated)

| Item | Line | Balance as at December 31, 2019 | Balance as at January 1, 2019 |
|--|------|------------------------------------|----------------------------------|
| Current liabilities: | 50 | -- | -- |
| Short-term borrowings | 51 | 2,480,000,000.00 | 870,000,000.00 |
| △ Borrowings from central bank | 52 | | |
| △ Loans from banks and other financial institutions | 53 | | |
| ☆ Financial liabilities held for trading | 54 | | |
| Financial liabilities measured at fair value through current profit or loss | 55 | | |
| Derivative financial liabilities | 56 | | |
| Notes payable | 57 | | |
| Accounts payable | 58 | 949,978,568.09 | 806,627,139.04 |
| Advances from customers | 59 | 709,151,596.27 | 304,324,855.77 |
| ☆ Contract liabilities | 60 | | |
| △ Financial assets sold under repurchase agreements | 61 | | |
| △ Absorption of deposits and interbank deposit | 62 | | |
| △ Receivings from vicariously traded securities | 63 | | |
| △ Receivings from vicariously sold securities | 64 | | |
| Employee compensation payable | 65 | 14,171,557.89 | 9,961,152.09 |
| Including: wages payable | 66 | 11,000,000.00 | 9,000,000.00 |
| Welfare payable | 67 | | |
| #Including: employee bonus and welfare fund | 68 | | |
| Taxes and surcharges payable | 69 | 5,470,831,856.59 | 4,892,552,856.00 |
| Including: taxes payable | 70 | 5,471,318,758.53 | 4,890,973,242.39 |
| Other payables | 71 | 2,255,224,705.56 | 1,774,338,965.93 |
| △ Handling charges and commissions payable | 72 | | |
| △ Reinsurance accounts payable | 73 | | |
| Liabilities held for sale | 74 | | |
| Non-current liabilities maturing within one year | 75 | 7,674,200,000.00 | 3,896,000,000.00 |
| Other current liabilities | 76 | 5,854,450,000.00 | 5,675,450,000.00 |
| Total current liabilities | 77 | 25,408,008,284.40 | 18,229,254,968.83 |
| Non-current liabilities: | 78 | -- | -- |
| △ Reserves for insurance contracts | 79 | | |
| Long-term borrowings | 80 | 9,951,800,000.00 | 12,281,500,000.00 |
| Bonds payable | 81 | 12,718,000,000.00 | 10,620,000,000.00 |
| Including: preferred stock | 82 | | |
| Perpetual bonds | 83 | | |
| ☆ Lease liabilities | 84 | | |
| Long-term payables | 85 | 3,742,201,450.07 | 14,182,320.00 |
| Long-term employee compensation payable | 86 | | |
| Estimated liabilities | 87 | 48,267,393.75 | 48,267,393.75 |
| Deferred income | 88 | 2,774,087,882.50 | 280,000,000.00 |
| Deferred income tax liabilities | 89 | 2,462,004,682.45 | 1,460,947,238.34 |
| Other non-current liabilities | 90 | 7,250,000,000.00 | 6,856,000,000.00 |
| Including: special reserve funds | 91 | | |
| Total non-current liabilities | 92 | 38,946,361,408.77 | 31,560,896,952.09 |
| Total liabilities | 93 | 64,354,369,693.17 | 49,790,151,920.92 |
| Owners' equity (or shareholders' equity): | 94 | -- | -- |
| Paid-in capital (or share capital) | 95 | 30,000,000,000.00 | 4,200,000,000.00 |
| Including: state-owned capital | 96 | 30,000,000,000.00 | 4,200,000,000.00 |
| State-owned legal person's capital | 97 | | |

| Item | Line | Balance as at December 31, 2019 | Balance as at January 1, 2019 |
|---|------|------------------------------------|----------------------------------|
| Collective capital | 98 | | |
| Private capital | 99 | | |
| Foreign capital | 100 | | |
| #Less: investment returned | 101 | | |
| Net paid-in capital (or share capital) | 102 | 30,000,000,000.00 | 4,200,000,000.00 |
| Other equity instruments | 103 | | |
| Including: preferred stock | 104 | | |
| Perpetual bonds | 105 | | |
| Capital reserves | 106 | 21,621,843,195.29 | 47,891,531,317.01 |
| Less: treasury stock | 107 | | |
| Other comprehensive income | 108 | 6,475,255,574.22 | 4,226,988,237.24 |
| Including: foreign currency translation differences | 109 | | |
| Special reserves | 110 | | |
| Surplus reserves | 111 | 2,419,669,655.16 | 2,100,000,000.00 |
| Including: statutory reserve funds | 112 | 2,419,669,655.16 | 2,100,000,000.00 |
| Discretionary reserve funds | 113 | | |
| #Reserve funds | 114 | | |
| #Enterprise expansion funds | 115 | | |
| #Profit capitalized on return of investments | 116 | | |
| △General risk reserves | 117 | | |
| Undistributed profits | 118 | 21,197,818,345.98 | 19,186,160,821.46 |
| Total equity attributable to owners (or shareholders) of the parent company | 119 | | |
| *Minority equity | 120 | | |
| Total owner's equity (or shareholders' equity) | 121 | 81,714,586,770.65 | 77,604,680,375.71 |
| Total liabilities and owner's equity (or shareholders' equity) | 122 | 146,068,956,463.82 | 127,394,832,296.63 |

Remarks: items marked with * are for consolidated financial statements purpose only; items marked with △ are for financial companies purpose only; items marked with # are for foreign-invested companies purpose only; and items marked with ☆ are only used for enterprises adopting new standards for revenue/lease/financial instruments.

The accompanying notes to the financial statements are integral parts of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

Completed by:

Shanghai Land (Group) Co., Ltd.

Income Statement

Year 2019

(Amounts are expressed in RMB unless otherwise stated)

| Item | Line | Year 2019 | Year 2018 |
|--|------|------------------|-------------------|
| I. Total operating revenue | 1 | 4,597,492,116.21 | 10,670,013,931.79 |
| Including: operating revenue | 2 | 4,597,492,116.21 | 10,670,013,931.79 |
| △Interest income | 3 | | |
| △Premiums earned | 4 | | |
| △Revenue from handling charges and commissions | 5 | | |
| II. Total operating costs | 6 | 4,575,732,152.91 | 7,850,850,496.77 |
| Including: operating cost | 7 | 1,402,286,800.99 | 3,483,087,590.85 |
| △Interest expenses | 8 | | |
| △Handling charges and commissions expenses | 9 | | |
| △Surrender value | 10 | | |
| △Net amount of compensation payout | 11 | | |
| △Net amount withdrawn for insurance contract reserves | 12 | | |
| △Policy dividend payment | 13 | | |
| △Reinsurance costs | 14 | | |
| Taxes and surcharges | 15 | 1,335,796,401.43 | 2,991,451,895.42 |
| Selling and distribution expenses | 16 | 163,121,782.20 | 22,951,552.63 |
| General and administrative expenses | 17 | 158,179,596.70 | 159,446,955.01 |
| Research and development expenses | 18 | | |
| Financial expenses | 19 | 1,516,347,571.59 | 1,193,912,502.86 |
| Including: interest expenses | 20 | 2,130,888,981.76 | 1,818,146,466.63 |
| Interest income | 21 | 655,023,093.24 | 652,920,469.96 |
| Net loss from foreign exchange ("-" for net gain) | 22 | | |
| Others | 23 | | |
| Plus: other income | 24 | 29,111,310.21 | |
| Investment income ("-" for losses) | 25 | 3,896,805,393.80 | 2,566,495,869.74 |
| Including: income from investment in associates and joint ventures | 26 | 257,207,322.34 | 32,745,757.54 |
| ☆Gains from derecognition of financial assets measured at amortized cost | 27 | | |
| △Foreign exchange gains ("-" for losses) | 28 | | |
| ☆Gains from net exposure hedging ("-" for losses) | 29 | | |
| Gains from changes in fair value ("-" for losses) | 30 | | |
| ☆Losses from credit impairment ("-" for losses) | 31 | | |
| Losses from impairment of assets ("-" for losses) | 32 | 87,608,025.55 | -235,477,544.82 |
| Gains from disposal of assets ("-" for losses) | 33 | 676,913.42 | 18,107,031.50 |
| III. Operating profits ("-" for losses) | 34 | 4,035,961,606.28 | 5,168,288,791.44 |
| Plus: non-operating revenue | 35 | 1,517,743.58 | 20.00 |
| Including: government grants | 36 | | |
| Less: non-operating expenses | 37 | 13,675,000.00 | 1,584,368.62 |
| IV. Total profits ("-" for total losses) | 38 | 4,023,804,349.86 | 5,166,704,442.82 |
| Less: income tax expenses | 39 | 827,107,798.29 | 798,426,525.10 |
| V. Net profit ("-" for net loss) | 40 | 3,196,696,551.57 | 4,368,277,917.72 |
| (I) Classified by ownership | 41 | | |
| Net profit attributable to owners of the parent company | 42 | -- | -- |
| *Minority interest income | 43 | | |
| (II) Classified by operating sustainability | 44 | | |
| Net profit from continued operation | 45 | 3,196,696,551.57 | 4,368,277,917.72 |
| Net profit of discontinued operation | 46 | | |
| VI. Other comprehensive income, net of tax | 47 | 2,248,267,336.98 | -1,985,042,101.46 |
| Other comprehensive income, net of tax attributable to | 48 | | |

| Item | Line | Year 2019 | Year 2018 |
|---|------|------------------|-------------------|
| owners of the parent company | | | |
| (I) Other comprehensive income that cannot be reclassified into profit or loss | | | |
| 1. Changes in re-measurement of the defined benefit plan | 49 | | |
| 2. Other comprehensive income that cannot be transferred to profit or loss under the equity method | 50 | | |
| ☆3. Changes in fair value of other equity instruments investment | 51 | | |
| ☆4. Changes in the fair value of the company's own credit risk | 52 | | |
| 5. Others | 53 | | |
| (II) Other comprehensive income that will be reclassified into profit or loss | 54 | | |
| 1. Other comprehensive income that can be transferred to profit or loss under the equity method | 55 | 2,248,267,336.98 | -1,985,042,101.46 |
| ☆2. Changes in fair value of other creditor's right investment | 56 | 13,172.46 | -95,594.42 |
| 3. Profit or loss on changes in fair value of available-for-sale financial assets | 57 | | |
| ☆4. Amount of financial assets reclassified into other comprehensive income | 58 | 2,248,254,164.52 | -1,984,946,507.04 |
| 5. Profits or losses from reclassification of held-to-maturity investments as available-for-sale financial assets | 59 | | |
| ☆6. Provision for credit impairment of other creditor's right investment | 60 | | |
| 7. Reserves of cash flow hedges (effective portion of cash flow hedging profit or loss) | 61 | | |
| 8. Differences arising from translation of foreign-currency financial statements | 62 | | |
| 9. Others | 63 | | |
| *Other comprehensive income, net of tax attributable to minority shareholders | 64 | | |
| VII. Total comprehensive income | 65 | | |
| Total comprehensive income attributable to owners of the parent company | 66 | 5,444,963,888.55 | 2,383,235,816.26 |
| *Total comprehensive income attributable to minority shareholders | 67 | | |
| VIII. Earnings per share: | 68 | | |
| Basic earnings per share | 69 | -- | -- |
| Diluted earnings per share | 70 | | |
| Supplementary Information 1: (filled by financial enterprises under the supervision of the Municipal State-Owned Assets Supervision and Administration Commission according to the audited data) | 71 | | |
| Operating revenue | 72 | | |
| Plus: △Interest income | 73 | -- | -- |
| △Premiums earned | 74 | | |
| △Net income from handling charges and commissions | 75 | | |
| Less: △Interest expenses | 76 | | |
| Plus: △Gains from changes in fair value ("-" for losses) | 77 | | |
| △Investment income ("-" for losses) | 78 | | |
| Including: income from investment in associates and | 79 | | |
| | 80 | | |

| Item | Line | Year 2019 | Year 2018 |
|---|------|-----------|-----------|
| joint ventures | | | |
| △ Foreign exchange gains ("- " for losses) | 81 | | |
| △ Other business revenue | 82 | | |
| Supplementary Information 2: | 83 | -- | -- |
| Investment income related to primary business | 84 | | |
| Profit from primary business | 85 | | |

Remarks: items marked with * are for consolidated financial statements purpose only; items marked with △ are for financial companies purpose only; and items marked with ☆ are only used for enterprises adopting new standards for revenue/financial instruments.

The accompanying notes to the financial statements are integral parts of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

Completed by:

Shanghai Land (Group) Co., Ltd.
Statement of Cash Flows
Year 2019

(Amounts are expressed in RMB unless otherwise stated)

| Item | Line | Year 2019 | Year 2018 |
|--|------|-------------------|-------------------|
| I. Cash flows from operating activities: | 1 | -- | -- |
| Cash received from sales of goods and rendering of services | 2 | 5,169,482,912.62 | 1,142,361,528.65 |
| △Net increase in customer deposits and deposits from other banks and financial institutions | 3 | | |
| △Net increase in borrowings from central bank | 4 | | |
| △Net increase in loans from other financial institutions | 5 | | |
| △Premiums received from original insurance contracts | 6 | | |
| △Net cash received from reinsurance business | 7 | | |
| △Net increase in deposits and investments from policyholders | 8 | | |
| △Net increase received from disposal of financial assets measured at fair value through current profit or loss | 9 | | |
| △Cash received from interest, handling charges and commissions | 10 | | |
| △Net increase in loans from banks and other financial institutions | 11 | | |
| △Net capital increase in repurchase business | 12 | | |
| △Net cash from receivings from vicariously traded securities | 13 | | |
| Refund of taxes and surcharges | 14 | | |
| Cash received from other operating activities | 15 | 1,089,804,539.89 | 274,228,837.90 |
| Sub-total of cash inflows from operating activities | 16 | 6,259,287,452.51 | 1,416,590,366.55 |
| Cash paid for goods purchased and services received | 17 | 715,248,809.09 | 1,210,309,959.89 |
| △Net increase in loans and advances to customers | 18 | | |
| △Net increase in deposits in the central bank, other banks and financial institutions | 19 | | |
| △Cash paid for original insurance contract claims | 20 | | |
| △Net increase in loans to banks and other financial institutions | 21 | | |
| △Cash paid for interests, handling charges and commissions | 22 | | |
| △Cash paid for policy dividends | 23 | | |
| Cash paid to and on behalf of employees | 24 | 61,700,928.79 | 67,170,996.94 |
| Cash paid for taxes and surcharges | 25 | 2,002,716,828.46 | 1,125,902,958.29 |
| Cash paid for other operating activities | 26 | 237,376,445.18 | 462,530,716.06 |
| Sub-total of cash outflows from operating activities | 27 | 3,017,043,011.52 | 2,865,914,631.18 |
| Net cash flows from operating activities | 28 | 3,242,244,440.99 | -1,449,324,264.63 |
| II. Cash flows from investing activities: | 29 | -- | -- |
| Cash received from disposal of investments | 30 | 3,981,010,894.44 | 3,171,169,755.70 |
| Cash received from returns on investments | 31 | 3,163,752,672.12 | 3,036,135,115.74 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 32 | 1,187,281,005.83 | 5,938,710,841.01 |
| Net cash received from disposal of subsidiaries and other business units | 33 | 211,760,270.26 | |
| Cash received from other investing activities | 34 | 7,753,612,337.24 | 15,935,704,228.05 |
| Sub-total of cash inflows from investing activities | 35 | 16,297,417,179.89 | 28,081,719,940.50 |

| Item | Line | Year 2019 | Year 2018 |
|---|------|--------------------|-------------------|
| Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets | 36 | 173,717,099.44 | 1,658,263,340.82 |
| Cash paid for investments | 37 | 1,940,500,000.00 | 3,553,111,449.68 |
| △Net increase in pledge loans | 38 | | |
| Net cash paid to acquire subsidiaries and other business units | 39 | 6,157,510,000.00 | 1,010,000,000.00 |
| Cash paid for other investing activities | 40 | 19,027,329,513.71 | 26,037,222,811.28 |
| Sub-total of cash outflows from investing activities | 41 | 27,299,056,613.15 | 32,258,597,601.78 |
| Net cash flows from investing activities | 42 | -11,001,639,433.26 | -4,176,877,661.28 |
| III. Cash flows from financing activities: | 43 | -- | -- |
| Cash from absorption of investments | 44 | 1,100,000,000.00 | |
| Including: cash received by subsidiaries from investment by minority shareholders | 45 | | |
| Cash received from borrowings | 46 | 10,435,000,000.00 | 17,800,000,000.00 |
| △Cash received from bonds issue | 47 | | |
| Cash received from other financing activities | 48 | 2,777,310,000.00 | 2,421,450,000.00 |
| Sub-total of cash inflows from financing activities | 49 | 14,312,310,000.00 | 20,221,450,000.00 |
| Cash paid for debt repayments | 50 | 7,282,500,000.00 | 9,685,000,000.00 |
| Cash paid for distribution of dividends and profits or payment of interest | 51 | 2,769,518,256.79 | 2,126,823,048.00 |
| Including: dividends and profits paid to minority shareholders by subsidiaries | 52 | | |
| Cash paid for other financing activities | 53 | 1,531,591,038.39 | 1,590,000,000.00 |
| Sub-total of cash outflows from financing activities | 54 | 11,583,609,295.18 | 13,401,823,048.00 |
| Net cash flows from financing activities | 55 | 2,728,700,704.82 | 6,819,626,952.00 |
| IV. Effect of fluctuation in exchange rate on cash and cash equivalents | 56 | | |
| V. Net increase in cash and cash equivalents | 57 | -5,030,694,287.45 | 1,193,425,026.09 |
| Plus: beginning balance of cash and cash equivalents | 58 | 11,183,208,386.26 | 9,989,783,360.17 |
| VI. Ending balance of cash and cash equivalents | 59 | 6,152,514,098.81 | 11,183,208,386.26 |

Remarks: Items marked with △ are for financial enterprises only.

The accompanying notes to the financial statements are integral parts of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

Completed by:

Shanghai Land (Group) Co., Ltd.
Statement of Changes in Owner's Equity
Year 2019

(Amounts are expressed in RMB unless otherwise stated)

| Item | Line | Equity attributable to owners of the parent company | | | | | | | | | | | | | | *Minority equity | Total owners' equity | |
|---|------|---|--------------------------|-----------------|--------|------------------|-------------------------|----------------------------|------------------|------------------|-------------------------|-----------------------|--------|-------------------|----|-------------------|----------------------|-------------------|
| | | Year 2019 | | | | | | | | | | | | | | | | |
| | | Paid-in capital (or share capital) | Other equity instruments | | | Capital reserves | Less: Treasury stock | Other comprehensive income | Special reserves | Surplus reserves | Δ General risk reserves | Undistributed profits | Others | Sub-total | | | | |
| Column | 1 | 2 | Preferred stock | Perpetual bonds | Others | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| I. Balance as at December 31, 2018 | 1 | 4,200,000,000.00 | | | | | | 47,891,531,317.01 | | 4,226,988,237.24 | | 2,100,000,000.00 | | 19,186,160,821.46 | | 77,604,680,375.71 | | 77,604,680,375.71 |
| Plus: changes in accounting policies | 2 | | | | | | | | | | | | | | | | | |
| Correction of accounting errors in prior period | 3 | | | | | | | | | | | | | | | | | |
| Others | 4 | | | | | | | | | | | | | | | | | |
| II. Balance as at January 1, 2019 | 5 | 4,200,000,000.00 | | | | | | 47,891,531,317.01 | | 4,226,988,237.24 | | 2,100,000,000.00 | | 19,186,160,821.46 | | 77,604,680,375.71 | | 77,604,680,375.71 |
| III. | | | | | | | | | | | | | | | | | | |
| Increases/decreases in 2019 ("+" for increases) | 6 | 25,800,000,000.00 | | | | | | -26,269,688,121.72 | | 2,248,267,336.98 | | 319,669,655.16 | | 2,011,657,524.52 | | 4,109,906,394.94 | | 4,109,906,394.94 |
| (I) Total comprehensive income | 7 | | | | | | | | | 2,248,267,336.98 | | | | 3,196,696,551.57 | | 5,444,963,888.55 | | 5,444,963,888.55 |
| (II) Capital contributed or reduced by owners | 8 | | | | | | | | | | | | | | | | | |
| 1. Common stock contributed by owners | 9 | | | | | | | -469,688,121.72 | | | | | | -229,019,956.89 | | -698,708,078.61 | | -698,708,078.61 |
| 2. Capital contributed by the holders of other equity instruments | 10 | | | | | | | | | | | | | | | | | |
| 3. Amounts of share-based payments recognized in owner's equity | 11 | | | | | | | | | | | | | | | | | |
| 4. Others | 12 | | | | | | | -1,651,772,339.21 | | | | | | -229,019,956.89 | | -1,880,792,296.10 | | -1,880,792,296.10 |
| (III) Withdrawal and use of special reserves | 13 | | | | | | | | | | | | | | | | | |
| 1. Withdrawal of special reserves | 14 | | | | | | | | | | | | | | | | | |
| 2. Use of special reserves | 15 | | | | | | | | | | | | | | | | | |
| (IV) Profit distribution | 16 | | | | | | | | | | | | | | | | | |
| 1. Withdrawal of surplus reserves including statutory reserve funds | 17 | | | | | | | | | | | 319,669,655.16 | | -956,019,070.16 | | -636,349,415.00 | | -636,349,415.00 |
| | 18 | | | | | | | | | | | 319,669,655.16 | | -319,669,655.16 | | | | |

| Item | Line | Equity attributable to owners of the parent company | | | | | | | | | | | | | *Minority equity | Total owners' equity |
|---|------|---|--------------------------|---|------------------|----------------------|----------------------------|------------------|------------------|------------------------|-----------------------|---------------|-----------|-------------------|-------------------|----------------------|
| | | Year 2019 | | | | | | | | | | | | | | |
| | | Paid-in capital (or share capital) | Other equity instruments | | Capital reserves | Less: Treasury stock | Other comprehensive income | Special reserves | Surplus reserves | △General risk reserves | Undistributed profits | Others | Sub-total | | | |
| Column | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | |
| Discretionary reserve funds | 19 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| #Reserve funds | 20 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| #Enterprise expansion funds | 21 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| #Profit capitalized on return of investments | 22 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 2. Withdrawal of general risk reserves | 23 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 3. Profit distributed to owners (or shareholders) | 24 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4. Others | 25 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| (V) Internal carry-forward of owners' equity | 26 | 25,800,000.00 | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 1. Conversion of capital reserves into paid-in capital (or share capital) | 27 | 25,800,000.00 | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 2. Conversion of surplus reserves into paid-in capital (or share capital) | 28 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 3. Losses offset by surplus reserves | 29 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 4. Carry-forward of changes in the defined benefit plan for retained earnings | 30 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| ☆5. Carry-forward of other comprehensive income for retained earnings | 31 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 6. Others | 32 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| IV. Balance as at December 31, 2019 | 33 | 30,000,000.00 | - | - | - | 21,621,843.19 | 29 | 6,475,255.57 | 22 | 2,419,669.55 | 16 | 21,197,818.34 | 58 | 81,714,586,770.65 | 81,714,586,770.65 | |

Remark: Items with △ are dedicated to financial enterprises; items with # are dedicated to foreign-invested enterprises; items with ☆ are dedicated to enterprises implementing the new standards for financial instruments.

The accompanying notes to the financial statements are integral parts of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

Completed by:

Shanghai Land (Group) Co., Ltd.
Statement of Changes in Owners' Equity (Continued)
Year 2019

(Amounts are expressed in RMB unless otherwise stated)

| Item | Line | Equity attributable to owners of the parent company | | | | | | | | | | | | | *Minority equity | Total owners' equity |
|---|------|---|--------------------------|----|------------------|-------------------------|-------------------------------|-------------------|------------------|-------------------------|-----------------------|-------------------|-----------|-------------------|------------------|----------------------|
| | | Paid-in capital (or share capital) | Other equity instruments | | Capital reserves | Less: treasury stock | Other comprehensive income | Special reserves | Surplus reserves | Δ General risk reserves | Undistributed profits | Others | Sub-total | | | |
| | | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| Column | | | | | | | | | | | | | | | | |
| I. Balance as at December 31, 2017 | 1 | 4,200,000,000.00 | | | | 39,224,471,383.03 | | 6,212,030,338.70 | | 1,786,998,234.04 | | 15,764,087,782.70 | | 67,187,587,738.47 | | 67,187,587,738.47 |
| Plus: changes in accounting policies | 2 | | | | | | | | | | | | | | | |
| Correction of accounting errors in prior period | 3 | | | | | | | | | | | | | | | |
| Others | 4 | | | | | | | | | | | | | | | |
| II. Balance as at January 1, 2018 | 5 | 4,200,000,000.00 | | | | 39,224,471,383.03 | | 6,212,030,338.70 | | 1,786,998,234.04 | | 15,764,087,782.70 | | 67,187,587,738.47 | | 67,187,587,738.47 |
| III. Increases/decreases in 2018 ("+" for increases) | 6 | | | | | 8,667,059,933.98 | | -1,985,042,101.46 | | 313,001,765.96 | | 3,422,073,038.76 | | 10,417,092,637.24 | | 10,417,092,637.24 |
| (I) Total comprehensive income | 7 | | | | | | | -1,985,042,101.46 | | | | 4,368,277,917.72 | | 2,383,235,816.26 | | 2,383,235,816.26 |
| (II) Capital contributed or reduced by owners | 8 | | | | | 8,667,059,933.98 | | | | | | | | 8,667,059,933.98 | | 8,667,059,933.98 |
| 1. Common stock contributed by owners | 9 | | | | | 8,667,056,176.84 | | | | | | | | 8,667,056,176.84 | | 8,667,056,176.84 |
| 2. Capital contributed by the holders of other equity instruments | 10 | | | | | | | | | | | | | | | |
| 3. Amounts of share-based payments recognized in owner's equity | 11 | | | | | | | | | | | | | | | |
| 4. Others | 12 | | | | | 3,757.14 | | | | | | | | 3,757.14 | | 3,757.14 |
| (III) Withdrawal and use of special reserves | 13 | | | | | | | | | | | | | | | |
| 1. Withdrawal of special reserves | 14 | | | | | | | | | | | | | | | |
| 2. Use of special reserves | 15 | | | | | | | | | | | | | | | |
| (IV) Profit distribution | 16 | | | | | | | | | 313,001,765.96 | | -946,204,878.96 | | -633,203,113.00 | | -633,203,113.00 |
| 1. Withdrawal of surplus reserves including statutory reserve funds | 17 | | | | | | | | | 313,001,765.96 | | -313,001,765.96 | | | | |
| | 18 | | | | | | | | | 313,001,765.96 | | -313,001,765.96 | | | | |

| Item | Line | Year 2018 | | | | | | | | | | | | | | |
|---|------|---|--------------------------|--------------|-------------------------|-------------------|----------------------------------|---------------------|---------------------|-------------------------------|--------------------------|-----------------|-------------------|---------------------|----------------------|-------------------|
| | | Equity attributable to owners of the parent company | | | | | | | | | | | | | | |
| | | Paid-in capital (or share capital) | Other equity instruments | | Less: treasury stock | | Other comprehensive income | Special reserves | Surplus reserves | Δ General risk reserves | Undistributed profits | Others | Sub-total | *Minority equity | Total owners' equity | |
| Column | 16 | Preferred stock 17 | Perpetual bonds 18 | Others 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | |
| Discretionary reserve funds | 19 | | | | | | | | | | | | | | | |
| #Reserve funds | 20 | | | | | | | | | | | | | | | |
| #Enterprise expansion funds | 21 | | | | | | | | | | | | | | | |
| #Profit capitalized on return of investments | 22 | | | | | | | | | | | | | | | |
| 2. Withdrawal of general risk reserves | 23 | | | | | | | | | | | | | | | |
| 3. Profit distributed to owners (or shareholders) | 24 | | | | | | | | | | | | | | | |
| 4. Others | 25 | | | | | | | | | | | | | | | |
| (V) Internal carry-forward of owners' equity | 26 | | | | | | | | | | | | | | | |
| 1. Conversion of capital reserves into paid-in capital (or share capital) | 27 | | | | | | | | | | | | | | | |
| 2. Conversion of surplus reserves into paid-in capital (or share capital) | 28 | | | | | | | | | | | | | | | |
| 3. Losses offset by surplus reserves | 29 | | | | | | | | | | | | | | | |
| 4. Carry-forward of changes in the defined benefit plan for retained earnings | 30 | | | | | | | | | | | | | | | |
| ★5. Carry-forward of other comprehensive income for retained earnings | 31 | | | | | | | | | | | | | | | |
| 6. Others | 32 | | | | | | | | | | | | | | | |
| IV. Balance as at December 31, 2018 | 33 | 4,200,000,000.00 | | | | 47,891,531,317.01 | | 4,226,988,237.24 | 2,100,000,000.00 | | 19,186,160,821.46 | -633,203,113.00 | 77,604,680,375.71 | | | 77,604,680,375.71 |

Remark: Items with △ are dedicated to financial enterprises; items with # are dedicated to foreign-invested enterprises; items with ★ are dedicated to enterprises implementing the new standards for financial instruments.

The accompanying notes to the financial statements are integral parts of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

Completed by:

Shanghai Land (Group) Co., Ltd.
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Amounts are expressed in RMB unless otherwise stated)

1 Company profile

1.1 History, domicile, organization form and headquarters address of the Company

Shanghai Land (Group) Co., Ltd. (hereinafter referred to as "the Company"), is a limited company established on November 15, 2002 through joint investment by Shanghai State-owned Assets Supervision and Administration Commission, Shanghai State-owned Assets Operation Co., Ltd. and Shanghai Dasheng Assets Co., Ltd.. In 2009, in accordance with the spirit of the special meeting minutes (2009-49) of the municipal government's *Adjustment to the Management System for Shanghai Municipal Land Reserve*, the Company was changed to a wholly state-owned company funded by the Shanghai State-owned Assets Supervision and Administration Commission.

The Company's unified social credit code is 91310000744914438T, and its registered address is located at Building 18, No. 500 Pudong South Road, China (Shanghai) Pilot Free Trade Zone and its office address is located at No. 928 Xueye Road. The Company's legal representative is Feng Jingming, and its registered capital is RMB 30 billion.

1.2 Business nature and main business activities of the Company

The business scope of the Company is the pre-development of land reserves, construction and management of beach reclamation, investment in construction of municipal infrastructure, regional development, renovation of old areas, investment in construction of indemnificatory housing, real estate development or operation, industrial investment and property management. (For those involving administrative licensing, they are operated with licenses)

1.3 Name of the parent company

The parent company of the Company is Shanghai State-owned Assets Supervision and Administration Commission.

1.4 Approver of the financial report and time of approval of the financial report

The Company's financial report was approved for disclosure by the Party Committee Enlargement Meeting of the Company on May 15, 2020.

1.5 Business period

The Company has unlimited business period.

2 Preparation basis for financial statements

The financial statements of the Company are prepared on a going concern basis.

Based on actually occurred transactions and events, the Company recognizes and measures its accounts in accordance with *the Accounting Standards for Business Enterprises - Basic Standards* issued by the Ministry of Finance as well as the subsequently issued specific accounting standards, *Accounting Standards for Business Enterprises - Application Guidelines*, and the *Accounting Standards for Business Enterprises - Interpretations* and other relevant provisions (collectively known as "Accounting Standards for Business Enterprises"), and prepares its financial statements on this basis.

3 Statement on compliance with the Accounting Standards for Business Enterprises
The financial statements meet requirements of the Accounting Standards for Business Enterprises and relevant financial and accounting systems, and truly and completely reflect the Company's financial position on December 31, 2019 and operating results, cash flows and other related information for the year then ended.

4 Significant accounting policies and accounting estimates

4.1 Accounting period

The Company's accounting period is divided into annual and interim accounting period. The accounting year adopts the calendar year from January 1 to December 31 each year. Interim period refers to a reporting period shorter than a full accounting year.

4.2 Functional currency

The Company adopts RMB as its functional currency.

4.3 Accounting basis and valuation principle

Accounting of the Company shall be made on accrual basis and follow the historical cost convention unless otherwise stated.

4.4 Business combination

Business combinations of the Company are classified into business combination under common control and business combination not under common control.

4.4.1 Business combination under common control

For assets and liabilities obtained through business combination by the Company, they are measured at the book value of the combinee's assets and liabilities in the financial statements of the final controller on the combination date. If the accounting policies adopted by the combinee are different from those of the Company, the Company will make relevant adjustment on the combination date in accordance with the Company's accounting policies, recognize the assets and liabilities as the adjusted book value on this basis.

The stock premium in capital reserves is adjusted according to the difference between the book value of net assets acquired through combination and the book value of consideration paid for the combination (or total par value of shares issued). If the stock premium in capital reserves is insufficient to cover the difference, the remaining amount will be charged against retained earnings.

The relevant expenses directly arising from the business combination of the Company, including expenses for audit, evaluation and legal services on business combination, shall be included in the current profit or loss when they occur.

The handling charges, commissions and other expenses arising from the business combination for the issue of equity securities are used to deduct the premium revenue of the equity securities; if the premium revenue is less, the remaining will be used to offset the retained earnings.

The Company shall prepare the consolidated balance sheet, consolidated income statement and consolidated statement of cash flows at the combination date, and the consolidated income statement shall include the revenue, expenses and profit of the parties to the combination from the beginning of the period in which the combination happens to the combination date. The consolidated statement of cash flows shall include the cash flows of all parties to the combination from the beginning of the period in which the combination happens to the combination date.

4.4.2 Business combination not under common control

The Company, on the acquisition date, measures the assets surrendered and liabilities incurred or assumed by the Company for a business combination at their fair values. The difference between the fair value and the relevant book value will be included in the current profit or loss.

The Company distributes the combination cost on the acquisition date and confirms the fair values of identifiable assets, liabilities or contingent liabilities acquired from the acquiree.

The Company recognizes the difference of the combination cost in excess of the fair value of the net identifiable assets acquired from the acquiree as goodwill, and recognizes the difference of the combination cost in short of the fair value of the net identifiable assets acquired from the acquiree in the current profit or loss after review.

For other assets (not limited to the assets originally recognized by the acquiree) other than intangible assets acquired by the acquiree, where their economic benefits possibly flow into the Company and their fair value can be reliably measured, such assets should be separately recognized and measured at fair value; intangible assets of which fair values can be reliably measured, they should be separately recognized and measured at fair value; for other liabilities other than contingent liabilities acquired by the acquiree, where the performance of the relevant obligations probably results in outflows of economic benefits and their fair value can be reliably measured, such liabilities should be separately recognized and measured at fair value; for contingent liabilities acquired by the acquiree, where their fair value can be reliably measured, such liabilities should be separately recognized and measured at fair value.

For the acquiree's deductible temporary differences acquired by the Company through the business combination, if they fail to meet the recognition criteria for deferred income tax assets on the acquisition date, they will not be recognized. If, within 12 months after the acquisition date, new or further information obtained indicates that the relevant circumstances exist on the acquisition date, and it is expected that the economic benefits arising from the deductible temporary differences of the acquiree on the acquisition date can be realized, such deductible temporary differences will be recognized as the related deferred income tax assets; meanwhile, the goodwill will be deducted; if the goodwill is insufficient to offset, the difference will be recognized as the current profit or loss; except for the case mentioned above, such deductible temporary differences will be recognized as the deferred income tax assets associated with the business combination and included in the current profit or loss.

For business combination not under common control, the intermediary service charges, including audit, legal service, evaluation and consultancy fees and other relevant administrative expenses incurred by the acquirer for business combination, shall be charged to the current profit or loss when they are incurred. Transaction expenses incurred by the acquirer for issuance of equity or debt securities as consideration for business combination shall be included in the initial recognition amount of those equity securities or debt securities.

When the Company prepares the consolidated balance sheet on the acquisition date, the acquiree's identifiable assets, liabilities and contingent liabilities acquired from business combination shall be presented at the fair value.

4.4.3 Determination method of the acquisition date or disposal date

For the increase or decrease of subsidiaries due to purchase and sales not under common control, the basic principle to determine the acquisition date or disposal date is to judge the timing of control transfer. Specifically:

Recognition method of the acquisition date

It can be judged that the control has been transferred when all of the following conditions are met:

- 1) Enterprise purchase contract or agreement has been approved by a general meeting and other internal authority for examination and approval;
- 2) In accordance with the provisions, acquisition matters shall be approved by the relevant national competent departments;
- 3) The necessary property rights transfer formalities have been handled;
- 4) The acquirer has paid most (generally over 50%) of the purchase price and has the ability to repay the remaining payment in a planned way;
- 5) The acquirer actually has taken control of the acquiree's financial and operating policies and enjoys the corresponding benefits and bears the corresponding risks.

Determination method of the disposal date: Generally speaking, loss of control after the end of the transaction shall be the selling time.

4.4.4 Determination method of the fair value on the combination date

The fair value of the assets or liabilities for which there is an active market shall be determined by using quoted prices in the active market; the fair value of the assets or liabilities for which there is no active market shall be determined by using some reasonable valuation techniques, including the prices adopted by the parties, who are familiar with the condition, in the latest market transaction upon their own free will, the current fair value obtained by referring to other financial assets or liabilities of the same essential nature, and the discount cash flow method and options pricing model.

4.5 Joint venture arrangements

Joint venture arrangements are classified into joint operation and joint venture. Joint operation means that the Company is the joint venture under the joint venture arrangement and enjoys the relevant assets and assumes the relevant liabilities.

The Company shall recognize the following items related to its share of benefits in the joint operation and conduct accounting treatment in accordance with relevant accounting standards for business enterprises:

- (1) Assets it solely holds and its share of jointly-held assets based on its percentage;
- (2) Liabilities it solely assumes and its share of jointly-assumed liabilities based on its percentage;
- (3) Revenue from sale of output enjoyed by it from the joint operation;
- (4) Revenue from sale of output from the joint operation based on its percentage; and
- (5) Separate costs and costs for the joint operation based on its percentage.

4.6 Preparation method of consolidated financial statements

4.6.1 Scope of consolidation

The consolidation scope of consolidated financial statements of the Company is determined on the basis of control, and all its subsidiaries (including the independent subject that is under control of the Company) are included in the consolidated financial statements.

Control means the Company has the power over the investee and enjoys the variable return through participating in activities related to the investee, and has the ability to affect the Company's return by using the power over the investee. Related activities mean the activities generating significant impact on the return of the investee; according to the specific circumstances, the activities usually consist of the sales and purchase of goods or services, management of financial assets, assets purchase and disposal, research and development activities and financing activities. The Company judges whether to control the investee based on consideration of all the relevant facts and circumstances. Once the changes in relevant facts and circumstances lead to changes in the relevant factors involved in the control, re-evaluation shall be made.

4.6.2 Procedures for consolidation

The Company prepares the consolidated financial statements based on its own financial statements and those of its subsidiaries, and other relevant information. Upon preparation of consolidated financial statements, the Company shall deem the whole group as a whole accounting entity, and reflects the overall financial position, operating results and cash flows of the group in accordance with relevant requirements for recognition, measurement and presentation as stated in the Accounting Standards for Business Enterprises as well as uniform accounting policies.

The accounting policies and accounting period adopted by subsidiaries included in the consolidation scope of the consolidated financial statements shall be the same as those of the Company; if inconsistent, necessary adjustments shall be made according to the Company's accounting policies and accounting period in the preparation of the consolidated financial statements. For subsidiaries acquired from business combination not under common control, adjustments will be made to their financial statements based on the fair value of the identifiable net assets on the acquisition date. For subsidiaries acquired through business combination under common control, adjustments will be made to their financial statements based on the book value of their assets and liabilities (including the goodwill formed from the ultimate controller's acquisition of the subsidiaries) in the financial statements of the ultimate controller.

The share of owners' equity, current net profits or losses, and current comprehensive income of subsidiaries attributable to minority owners shall be respectively and separately listed in the owner's equity of the consolidated balance sheet, the net profit and the total comprehensive income item of the consolidated income statement. Where the current loss shared by minority shareholders of subsidiaries exceeds the balances formed by the shares enjoyed by minority shareholders in the owners' equity of the subsidiaries at the beginning of the period, minority equity should be written down.

(1) Increase of subsidiaries or business

During the reporting period, if the Company acquired subsidiaries or business from the business combination under common control, the beginning balance in the consolidated statement of financial position shall be adjusted; the income, expenses and profits of the newly acquired subsidiaries or business from the beginning to the end of the reporting period shall be included into the consolidated income statement; the cash flows of the newly acquired subsidiaries or business from the beginning to the end of the reporting period shall be included in the consolidated statement of cash flow. Relevant items in the comparative financial statements of the subsidiaries shall be adjusted accordingly, as if the reporting entity after the business combination exists at the time when the ultimate controller has the control.

Where control can be exercised on the investee under the common control for additional investment or other reasons, it deems that all parties involved in combination make adjustment based on the current status when the ultimate controller starts its control. Equity investments held before the control over the combinee is obtained, the related gains and losses, other comprehensive income as well as other changes in net assets recognized from the later of the date when the original equity is obtained or the date when the acquirer and the acquiree are under the same control, to the combination date will respectively write down the retained earnings or current profit or loss in the comparative statements.

During the reporting period, if the Group acquired subsidiaries or business from the business combination not under common control, the beginning balance in the consolidated balance sheet will not be adjusted. The income, expenses and profits of the newly acquired subsidiaries or business from the acquisition date to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries or business from the acquisition date to the end of the reporting period shall be included in the consolidated statement of cash flows.

If there is control over the investee not under the common control due to additional investments or other reasons, for the equity of the acquiree held before the acquisition date, the Company will re-measure the equity on the acquisition date at its fair value and include the difference between the fair value and book value in current investment income. In the event that the equity of the acquiree held prior to the acquisition date involves other comprehensive income under the equity method and other changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution, other comprehensive income and other changes in the owner's equity associated therewith are transferred to investment income of the period to which the acquisition date belongs, excluding other comprehensive income arising from changes in net liabilities or net assets due to the investee's re-measurement of defined benefits plan.

(2) Disposal of subsidiaries or business

① General treatment methods

During the reporting period, where the Company disposes a subsidiary or business, the revenues, expenses and profits of the subsidiary or business from the beginning period to the disposal date shall be included in the consolidated cash flow statement; cash flows of the subsidiary or the business from the beginning period to the disposal date shall be included in the consolidated cash flow statement.

When the Company loses the control over the investee due to disposal of partial equity investment or other reasons, the remaining equity investment after the disposal shall be remeasured by the Company at its fair value on the date of loss of the control. The sum of the consideration of equity disposal and the fair value of the remaining equity, less the sum of the share of net assets of the subsidiary attributable to the Company calculated continuously since the acquisition date or the combination date according to the original shareholding ratio and the goodwill, shall be included in the investment income for the current period when the control is lost. Other comprehensive income related to the equity investment of original subsidiaries or other changes in owners' equity than net gains and losses, other comprehensive income and profit distribution will be transferred to investment income for the current period upon the loss of control power, except for other comprehensive income arising from changes in net liabilities or assets due to the investee's re-measurement of defined benefits plan.

② Disposal of subsidiaries by stages

Where the Company disposes the equity investments in subsidiary through multiple transactions and by stages until it loses the control, if the effect of the disposal on the terms and conditions of all transactions of equity investments in subsidiary and economic effect meet one or more of the following circumstances, it usually indicates that the multiple transactions should be accounted for as a package deal:

- i. The transactions are concluded at the same time or under the consideration of mutual effect;
- ii. The transactions as a whole can reach a complete business result;
- iii. The occurrence of a transaction depends on that of at least one other transactions; and/or
- iv. A single transaction is uneconomical but it is economical when considered together with other transactions.

If the aforementioned multiple transactions for the disposal of equity investment in subsidiaries that leads to the loss of control are under a package of transactions, the Company treats all such transactions as one transaction through which the Company disposes of its equity in the subsidiary and loses its control over such subsidiary; nonetheless, the difference between the proceeds from each transaction before the Company loses its control over the subsidiary and the corresponding share in the net assets of the subsidiary of the disposed-of investment shall be recognized as other comprehensive income in the consolidated financial statements, and shall be included into the loss and profit in the then current period when the Company loses its control over the subsidiary.

If the disposal of equity investment in subsidiaries and other transactions until the control loses are not package transactions, before the control loses, related policies governing the partial disposal of equity investments in subsidiaries without losing control will apply; when the control loses, general accounting method for the disposal of subsidiaries will govern.

(3) Purchase of minority equity of subsidiaries

The difference between the long-term equity investments acquired by the Company through purchase of minority interest and the subsidiary's net asset attributable to the Company calculated in accordance with the increased shareholding ratio from the acquisition date (or combination date), is charged against stock premium within capital reserves in the consolidated balance sheet; when stock premium in capital reserves is insufficient to offset, the retained earnings are adjusted.

(4) Partial disposal of long-term equity investments in subsidiaries without losing control

The equity premium of capital reserves in the consolidated balance sheet will be adjusted according to the difference between the disposal price obtained for partial disposal of long-term equity investments in subsidiaries in the case of not lose control and the share of net assets of subsidiaries calculated from the acquisition date or the combination date corresponding to the disposal of long-term equity investments; if the equity premium of capital reserves is insufficient, the retained earnings will be adjusted.

4.7 Recognition criteria of cash and cash equivalents

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

4.8 Foreign currency transactions and translation of foreign currency statements

4.8.1 Foreign currency transactions

As for foreign currency transactions of the Company, amount of these transactions is translated into RMB at the spot exchange rate on the day when these transactions occur.

At the end of the period, foreign currency monetary items are translated at the spot exchange rate on the balance sheet date. The exchange difference arising from different exchange rates (the spot exchange rate on the balance sheet date and that upon the initial recognition or the preceding balance sheet date) shall be included in the current profit or loss; foreign currency non-monetary items measured at historical cost shall still be converted at the spot exchange rates on the date when the transactions occur; foreign currency non-monetary items measured at fair value shall be converted at the spot exchange rates on the date when the fair value is determined. The exchange difference between the amount in functional currency and that in original functional currency shall be included in the current profit or loss.

4.8.2 Translation of foreign currency financial statements

At the end of the period, when the Company measures the foreign currency statements of its overseas subsidiaries, the assets and liabilities in the balance sheet are translated at the spot exchange rates on the balance sheet date; owners' equity items, except for the item of "undistributed profits", are translated at the spot exchange rates on the date when the business occurs.

Revenue and expenses presented in the income statement shall be translated at the spot exchange rate on the date when relevant transactions occur.

Items in the statement of cash flows are translated at the spot exchange rate on the date when these cash flows occur. The cash amount affected due to the fluctuation in exchange rate shall, as an adjustment item, be separately presented as "effect of fluctuation in exchange rate on cash and cash equivalents" in the statement of cash flows.

Differences arising from such translation of financial statements are separately presented as "other comprehensive income" under the shareholders' equity in the balance sheet.

4.9 Financial instruments

Except for China Enterprise Company Limited, Shanghai Dingbao Real Estate Co., Ltd. and Shanghai Yaohua Pilkington Glass Group Co., Ltd., the Company and its subsidiaries adopt the following financial instruments standards.

Financial instruments of the Company include financial assets, financial liabilities and equity instruments.

4.9.1 Classification of financial instruments

The management classifies financial assets and financial liabilities into four categories by purposes: financial assets or financial liabilities measured at fair value through the current profit or loss, held-to-maturity investments, receivables, available-for-sale financial assets; and other financial liabilities, etc.

4.9.2 Recognition basis and measurement method of financial instruments

At initial recognition, the Company's financial assets or financial liabilities are measured at fair value.

(1) Financial assets (financial liabilities) measured at fair value through the current profit or loss

The financial assets or financial liabilities can be designated as those measured at fair value through the current profit or loss at the initial recognition only when one of the following conditions is met:

- 1) Such designation can eliminate or obviously reduce the inconsistencies in recognition and measurement of relevant profit or loss caused by different measurement bases of the financial asset or financial liability.
- 2) The official written documents on risk management or investment strategies of the enterprise concerned have recorded that the combination of said financial assets, the combination of said financial liabilities, or the combination of said financial assets and financial liabilities will be managed and evaluated on the basis of their fair values and be reported to the key officer.
- 3) The financial assets or financial liabilities contain embedded derivative needed to be separated.

Initially recognized at the fair value upon acquisition (deducting cash dividends that have been declared but not distributed or bond interest that has matured but not been drawn) and the related transaction costs are included in the current profit or loss.

The interest or cash dividend received is recognized as investment income during the holding period. The change in fair value is included in the current profit or loss at the end of the period.

Difference between the fair value and initial book-entry value is recognized as investment income at disposal; meanwhile, the profit or loss from the change in fair value is adjusted.

(2) Held-to-maturity investments

Held-to-maturity investments refer to non-derivative financial assets with fixed date of maturity, fixed or determinable amount of recoverable amount and where the Company has clear intention and is able to hold until the maturity. Such financial assets shall be subsequently measured at amortized cost by using the effective interest method. Its derecognition, gains or losses on impairment or amortization are included in the current profit or loss.

Held-to-maturity investments are initially recognized at the sum of the fair value (deducting bond interest that has matured but not been drawn) and relevant transaction costs. During the holding period, interest income is recognized based on the amortized cost and effective interest rate and included in the investment income. Effective rates are determined upon acquisition and remain unchanged within the expected duration or applicable shorter period. Difference between the purchase price and the book value of the investment is recognized as investment income at disposal.

(3) Receivables

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

Others shall be subsequently measured at amortized cost by using the effective interest method.

At recovery or disposal, the difference between the purchase price obtained and the book value of the receivables is included in the current profit or loss.

(4) Available-for-sale financial assets

Amount of available-for-sale financial assets is initially recognized at the sum of the fair value (deducting cash dividends declared but not yet paid or bond interest that has matured but not been drawn) and related transaction expenses at acquisition.

The interest or cash dividend obtained during the holding period is recognized as investment income. At the end of the period, available-for-sale financial assets are measured at fair value, and the change in fair value is recognized in other comprehensive income. However, for an equity instrument investment that has no quoted price in an active market and whose fair value cannot be reliably measured, and for derivative financial asset linked to the said equity instrument investment and settled by delivery of the same equity instrument, they are measured at cost.

Difference between the proceeds and the book value of the financial assets is included in investment profit or loss at disposal; meanwhile, amount of disposal corresponding to the accumulated change in fair value which was originally and directly included in other comprehensive income is transferred out and included in the current investment profit or loss.

(5) Other financial liabilities

Other financial liabilities are initially recognized at the sum of fair value and transaction expenses. The subsequent measurement is made based on the amortized cost.

4.9.3 Recognition basis and measurement methods of the transfer of financial assets

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

In determining whether the transfer of a financial asset meets the above derecognition condition of financial assets, the principle of substance over form will be adopted. The Company divides the transfer of financial assets into overall transfer and partial transfer. Where the entire transfer of financial assets meets the de-recognition conditions, the difference of the following two amounts shall be included in the current profit or loss:

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

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

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

Where the financial assets transfer does not meet the derecognition conditions, the financial asset will be recognized and the consideration received is recognized as a financial liability.

4.9.4 Derecognition criteria of financial liabilities

Where the present obligations of financial liabilities have been discharged in whole or in part, the financial liability is derecognized or any part thereof shall be derecognized; if the Company signs an agreement with creditors to replace the existing financial liabilities by undertaking new financial liabilities, and the new financial liabilities are substantially different from the existing ones in terms of contract terms, the existing financial liabilities shall be derecognized, and at the same time, the new financial liability shall be recognized.

Where substantive changes are made to the contract terms of existing financial liabilities in whole or in part, the existing financial liabilities shall be derecognized in whole or in part, and the financial liabilities of which terms have been modified shall be recognized as the new financial liabilities.

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

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

4.9.5 Method of determining the fair value of financial assets and financial liabilities

For financial assets and financial liabilities measured at fair value by the Company, their fair values are determined with direct reference to the quoted prices in the active market.

4.9.6 Provision for impairment of financial assets (excluding accounts receivable)

Except for the financial assets measured at fair value through the current profit or loss, the Company should check the book value of financial assets on the balance sheet date. If there is objective evidence that any financial asset has been impaired, the provision for impairment will be made.

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

If the fair value of available-for-sale financial assets has significantly declined at the end of the period, or it is expected that the trend of decrease in value is non-temporary after considering of various relevant factors, the impairment shall be recognized, and accumulated losses from decreases in fair value originally and directly included in other comprehensive income shall be all transferred out and recognized as impairment loss.

For available-for-sale debt instruments whose impairment losses have been recognized, if their fair values rise in the subsequent accounting period and such rise is objectively related to the matters occurring after the recognition of such impairment losses, the previously recognized impairment losses may be reversed and included in the current profit or loss.

Impairment losses from the investment in available-for-sale equity instruments should not be reversed through the profit or loss.

- (2) Provision for impairment of held-to-maturity investments:
Measurement of impairment loss on held-to-maturity investments is treated in accordance with the measurement method of impairment loss on receivables.

Where there is no reasonable expectation that the Company is able to recover the financial assets, it shall directly write off the impairment provision and write down the book value of financial assets. The Company will write off the financial assets in part or in whole based on the actual situation.

4.9.7 Accounting method for entrusted loans

The loans made by enterprises to entrusted financial institutions shall be accounted at the actual amount of the loans entrusted. The interest receivable at the end of the year shall be calculated at the stipulated interest rate in the entrusted loans contract. If the accrued interest fails to be recovered upon maturity, the Company will cease to accrue interest and offset the interest accrued.

At the end of the year, provision for impairment of entrusted loans shall be made for the difference between the recoverable amount of entrusted loans and the loan principal.

4.10 Financial instruments

As from January 1, 2019, the subsidiaries China Enterprise Company Limited, Shanghai Dingbao Real Estate Co., Ltd. and Shanghai Yaohua Pilkington Glass Group Co., Ltd. adopt the following new financial instruments standards.

4.10.1 Classification of financial instruments

According to the business model of financial assets and contractual cash flow characteristics of the same, which are subject to the management of the Company, financial assets are classified at the initial recognition as: financial assets measured at the amortized cost, financial assets (debt instruments) measured at fair value through the other comprehensive income and financial assets measured at fair value through the current profit or loss.

Financial assets of which business model is adopted for the purpose of gathering the contractual cash flow that is only used for paying the principal and the interest accrued based on the amount of unpaid principal shall be classified as the financial assets measured at the amortized cost; financial assets of which business model is adopted for the purpose of both gathering the contractual cash flow and selling such financial assets, moreover, the contractual cash flow is only used for paying the principal and the interest accrued based on the amount of unpaid principal, shall be classified as the financial assets (debt instruments) measured at fair value through the other comprehensive income; besides, other financial assets shall be classified as the financial assets measured at fair value through the current profit or loss.

For non-trading equity instrument investments, the Company determines whether to designate it as a financial asset (equity instrument) measured at fair value through other comprehensive income at the time of initial recognition. At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatches, financial assets can be designated as financial assets measured at fair value through the current profit or loss.

4.10.2 Recognition basis and measurement method of financial instruments

(1) Financial assets measured at amortized cost

Financial assets measured at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, debt investment, etc., are initially measured at fair value. Related transaction costs are included in the amount recognized initially; the accounts receivable not containing major financing components and the accounts receivable with financing components not exceeding one year that the Company does not consider shall be initially measured at the contract transaction price.

During the holding period, the interest calculated with the effective interest method should be included in the current profit or loss.

At recovery or disposal, the difference between the purchase price obtained and the book value of such financial assets is included in the current profit or loss.

(2) Financial assets (debt instruments) measured at fair value through the other comprehensive income

Financial assets (debt instruments) measured at fair value through the other comprehensive income include receivables financing, other creditor's right investment, of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognized amount. The interest, impairment losses or gains and exchange gains or losses calculated by the effective interest method will be included in the current profit or loss, and other gains or losses will be included in the other comprehensive income.

At derecognition, the accumulated gains or losses previously included in other comprehensive income will be transferred from the other comprehensive income to the current profit or loss.

(3) Financial assets (equity instruments) measured at fair value through the other comprehensive income

Financial assets (equity instruments) measured at fair value through the other comprehensive income include other creditor's right investment, of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognized amount. The subsequent measurement of such financial assets is made at fair value, and the changes in fair value are included in other comprehensive income. The dividends obtained are included in the current profit or loss.

At derecognition, the accumulated gains or losses previously included in other comprehensive income will be transferred from the other comprehensive income to the retained earnings.

(4) Financial assets measured at fair value through the current profit or loss

Financial assets measured at fair value through the current profit or loss include trading financial assets, derivative financial assets and other non-current financial assets, of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The subsequent measurement of such financial assets is made at fair value, and changes in fair value are included in the current profit or loss.

(5) **Financial liabilities measured at fair value through the current profit or loss**

Financial liabilities measured at fair value through the current profit or loss include trading financial liabilities and derivative financial liabilities, of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The subsequent measurement of such financial liabilities is made at fair value, and changes in fair value are included in the current profit or loss.

At derecognition, the difference between the book value and the consideration paid of such financial liabilities is included in the current profit or loss.

(6) **Financial liabilities measured at amortized cost**

Financial liabilities measured at the amortized cost include short-term borrowings, notes payable and accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, of which initial measurement is made at fair value, and related transaction costs are included in the initially recognized amount.

During the holding period, the interest calculated by the effective interest method is included in the current profit or loss.

At derecognition, the difference between the consideration paid and the book value of such financial liabilities is included in the current profit or loss.

4.10.3 Recognition basis and measurement method for the transfer of financial assets

When a financial assets transfer occurs, the financial assets will be derecognized when substantially all the risks and rewards on the ownership of the financial assets have been transferred to the transferee; and they will not be derecognized if substantially all the risks and rewards on the ownership of the financial assets have been retained.

In determining whether the transfer of a financial asset meets the above derecognition condition of financial assets, the principle of substance over form will be adopted.

The Company divides the transfer of financial assets into overall transfer and partial transfer. Where the entire transfer of financial assets meets the derecognition conditions, the difference of the following two amounts shall be included in the current profit or loss:

- (1) The book value of the financial asset transferred;
- (2) The sum of consideration received from the transfer, and the accumulated change amount of fair value originally included in owners' equity (where the financial assets transferred is the financial assets (debt instruments) measured at fair value through the other comprehensive income or the available-for-sale financial assets).

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

- (1) The book value of derecognized part;

- (2) The sum of the consideration for the derecognized part and the amount corresponding to the derecognition part in the accumulated change amount of fair value originally and directly included in owners' equity (where the financial assets transferred is the financial assets (debt instruments) measured at fair value through the other comprehensive income or the available-for-sale financial assets).

Where the financial assets transfer does not meet the derecognition conditions, the financial asset will be recognized and the consideration received is recognized as a financial liability.

4.10.4 Derecognition criteria of financial liabilities

Where the present obligations of financial liabilities have been discharged in whole or in part, the financial liability is derecognized or any part thereof shall be derecognized; if the Company signs an agreement with creditors to replace the existing financial liabilities by undertaking new financial liabilities, and the new financial liabilities are substantially different from the existing ones in terms of contract terms, the existing financial liabilities shall be derecognized, and at the same time, the new financial liability shall be recognized.

Where substantive changes are made to the contract terms of existing financial liabilities in whole or in part, the existing financial liabilities shall be derecognized in whole or in part, and the financial liabilities of which terms have been modified shall be recognized as the new financial liabilities.

Where financial liabilities are derecognized is whole or in part, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets surrendered and the new financial liabilities assumed) shall be included in the current profit or loss.

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

4.10.5 Method of determining the fair value of financial assets and financial liabilities

Where there is an active market for any financial instrument, the fair value of such financial instrument shall be determined at the price quoted in the active market. Where there is no active market, the fair value of the same shall be determined by using valuation techniques. At the time of valuation, the Company shall adopt the valuation technique that is applicable to the current circumstance and is supported by sufficient available data and other information to select the input values consistent with the assets or liabilities characteristics that are taken into account by market participants in transactions of relevant assets and liabilities, and shall give priority in use of observable input values. And the unobservable input values may be used only when the observable input values are unable or impractical to be obtained.