

**SHANGHAI CONSTRUCTION GROUP CO.,  
LTD.**

**AUDITOR'S REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

**ENGLISH TRANSLATION OF AUDITOR'S  
REPORT AND FINANCIAL STATEMENTS FOR  
THE YEAR ENDED DECEMBER 31, 2021**

**IF THERE IS ANY CONFLICT BETWEEN THE  
CHINESE VERSION AND ITS ENGLISH  
TRANSLATION, THE CHINESE VERSION  
WILL PREVAIL**

**Shanghai Construction Group Co., Ltd.**

**Auditor's Report and Financial Statements**  
(From January 1, 2021 to December 31, 2021)

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**Auditor's Report**  
(English Translation for Reference Only)

Xin Kuai Shi Bao Zi [2022] No. ZA11034

**To the Shareholders of Shanghai Construction Group Co., Ltd.:**

**Opinion**

We have audited the accompanying financial statements of Shanghai Construction Group Co., Ltd. ("SCG"), which comprise the consolidated and company's balance sheets as at December 31, 2021, the consolidated and company's income statements, the consolidated and company's statements of cash flows, and the consolidated and company's statements of changes in owners' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position as at December 31, 2021 and the consolidated and company's financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters in our audit:

<b>Key Audit Matters</b>	<b>How these matters were addressed in the audit</b>
<p><b>1. Recognition of revenue from engineering contracting contracts</b></p> <p>As stated in Note 3.27 and 3.33 to the financial statements, SCG recognizes revenue generated from project contracting services within a certain period in accordance with progress of contract fulfillment, which is mainly determined based on nature of the project and on proportion of the completed workload confirmed by output value statistics, as provided by the project management department, to the estimated total workload. The management estimates total revenue of the project when project begins, and continuously evaluates and revises the estimate in the course of conducting the project. The determination of the estimated total revenue and progress of contract fulfillment involve significant accounting estimates by management, so that recognition of revenue from engineering contracting contracts is determined as a key audit matter.</p>	<p>(1) Evaluating internal controls over budget preparation and revenue recognition in relation to engineering contracting services;</p> <p>(2) Obtaining contracts of engineering contracting services, on samples basis, to evaluate the estimated total revenue and to assess whether the estimates made by management is proper or not;</p> <p>(3) Agreeing relevant supporting documents based on which the estimated total workload and the completed workload were estimated, and evaluating the progress of contract fulfillment in relation to the engineering contracting services contracts selected on sample basis;</p> <p>(4) Observing progress of the projects though site visit to the projects of engineering contracting services selected on sample basis, interviewing relevant project management department to confirm the percentage of completion of these projects, and comparing the percentage of completion with the book records to investigate exceptional differences.</p>
<p><b>2. Impairment of accounts receivable and contract assets</b></p> <p>As stated in Note 3.10, 3.12 and 3.33 to the financial statements, SCG provides impairment on accounts receivable and contract assets based on expected credit loss. The management considers all the reasonable and supportive information available (including forward-looking information) to evaluate the expected credit loss, which involves significant accounting estimates and judgments of management. As such, impairment of accounts receivable and contract assets is determined as a key audit matter.</p>	<p>(1) Evaluating internal control over daily supervision of accounts receivable and contract assets as well as over relevant impairment provision;</p> <p>(2) Evaluating relevant considerations and evidence obtained in relation to management's estimate on expected credit losses of accounts receivable and contract assets;</p> <p>(3) For impairment of accounts receivable and contract assets based on expected credit losses determined on individual basis, evaluating basis and reasonableness of the management's estimate of expected collection of cash flows for selected samples;</p> <p>(4) For impairment of accounts receivable and contract assets based on expected credit losses based on portfolio basis, evaluating appropriateness of the model on expected credit loss used by management and reasonableness of impairment ratio management estimated considering both historical credit loss experience as well as forward-looking information.</p>

## **Other Information**

Management of SCG ("Management") is responsible for the other information. The other information comprises all of the information included in the 2021 annual report of SCG, other than the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

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

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

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

**BDO CHINA Shu Lun Pan  
Certified Public Accountants LLP**

**Certified Public Accountant of China:  
(Engagement Partner)**

**Certified Public Accountant of China:**

**Shanghai, China**

**April 15, 2022**

**Shanghai Construction Group Co., Ltd.**  
**Consolidated Balance Sheet**  
**As at December 31, 2021**  
**(Amounts are expressed in RMB unless otherwise stated)**  
**(English Translation for Reference Only)**

Assets	Note 5	Balance as at December 31, 2021	Balance as at December 31, 2020
<b>Current assets:</b>			
Monetary funds	5.1	84,152,697,648.17	78,466,377,542.86
Balances with clearing companies			
Loans to banks and other financial institutions			
Financial assets held for trading	5.2	2,263,816,877.90	2,634,031,074.66
Derivative financial assets			
Notes receivable	5.3	4,738,842,105.50	844,560,853.34
Accounts receivable	5.4	55,206,089,920.02	44,187,510,101.16
Receivables financing	5.5	544,084,651.46	5,208,463,581.36
Advances to suppliers	5.6	2,974,992,711.69	2,547,946,558.06
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserve receivable			
Other receivables	5.7	6,535,220,034.44	6,946,573,201.09
Financial assets purchased under resale agreements			
Inventories	5.8	69,747,686,012.27	71,171,702,665.48
Contract assets	5.9	43,785,782,750.15	38,907,929,592.58
Assets held for sale			
Non-current assets maturing within one year	5.10	1,517,872,626.75	1,412,712,280.97
Other current assets	5.11	4,143,006,304.01	3,528,719,842.13
<b>Total current assets</b>		<b>275,610,091,642.36</b>	<b>255,856,527,293.69</b>
<b>Non-current assets:</b>			
Disbursement of loans and advances			
Creditor's right investments	5.12	143,300,744.00	
Other creditors' right investments			
Long-term receivables	5.13	18,799,690,876.56	14,029,622,542.28
Long-term equity investments	5.14	5,912,374,810.22	5,668,773,930.52
Other equity instrument investments	5.15	592,277,031.69	682,259,037.41
Other non-current financial assets	5.16	4,538,853,316.57	3,095,849,556.52
Investment properties	5.17	4,943,230,544.93	5,908,503,416.62
Fixed assets	5.18	8,374,336,786.94	8,102,922,128.89
Construction in progress	5.19	1,276,365,631.04	718,450,768.50
Productive biological assets			
Oil and gas assets			
Right-of-use assets	5.20	2,624,071,285.91	
Intangible assets	5.21	2,762,560,006.08	3,041,990,174.45
Development expenses			
Goodwill	5.22	525,389,096.97	570,255,405.77
Long-term deferred expenses	5.23	513,462,007.73	523,843,058.86
Deferred income tax assets	5.24	1,201,071,800.39	1,088,658,109.69
Other non-current assets	5.25	25,948,816,180.34	22,069,078,127.89
<b>Total non-current assets</b>		<b>78,155,800,119.37</b>	<b>65,500,206,257.40</b>
<b>Total assets</b>		<b>353,765,891,761.73</b>	<b>321,356,733,551.09</b>

The accompanying notes to the financial statements form an integral part of the financial statements.

Person in Charge:

Accounting Principal:

Head of the Accounting Department:

**Shanghai Construction Group Co., Ltd.**  
**Consolidated Balance Sheet (Continued)**  
**As at December 31, 2021**  
**(Amounts are expressed in RMB unless otherwise stated)**  
**(English Translation for Reference Only)**

Liabilities and owners' equity	Note 5	Balance as at December 31, 2021	Balance as at December 31, 2020
<b>Current liabilities:</b>			
Short-term borrowings	5.26	8,603,591,272.23	9,686,608,793.49
Borrowings from central bank			
Loans from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	5.27	13,521,172,982.20	11,870,782,144.18
Accounts payable	5.28	143,840,277,508.03	124,425,316,865.01
Advances from customers	5.29	31,328,111.61	25,675,592.26
Contract liabilities	5.30	36,543,512,682.60	33,604,335,962.05
Funds from sales of financial assets under repurchase agreement			
Absorption of deposits and interbank deposit			
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Employee compensation payable	5.31	1,301,329,075.00	1,374,679,936.05
Taxes and surcharges payable	5.32	5,574,399,388.54	4,714,386,355.48
Other payables	5.33	16,341,304,000.02	15,544,005,646.92
Handling fee and commission payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities maturing within one year	5.34	14,531,448,756.17	18,039,510,454.41
Other current liabilities	5.35	1,213,335,226.84	862,982,063.20
<b>Total current liabilities</b>		<b>241,501,699,003.24</b>	<b>220,148,283,813.05</b>
<b>Non-current liabilities:</b>			
Reserves for insurance contracts			
Long-term borrowings	5.36	50,177,481,309.30	47,081,681,791.36
Bonds payable	5.37	5,802,550,468.24	6,385,005,454.97
Including: preferred stock			
Perpetual bonds			
Lease liabilities	5.38	2,002,273,057.15	
Long-term payables	5.39	1,698,245,308.82	2,455,682,031.23
Long-term employee compensation payable	5.40	274,171,812.00	289,444,116.00
Estimated liabilities	5.41	14,262,465.05	13,096,936.42
Deferred income	5.42	122,801,652.41	165,922,638.94
Deferred income tax liabilities	5.24	605,351,186.66	868,892,192.66
Other non-current liabilities	5.43		50,231,681.65
<b>Total non-current liabilities</b>		<b>60,697,137,259.63</b>	<b>57,309,956,843.23</b>
<b>Total liabilities</b>		<b>302,198,836,262.87</b>	<b>277,458,240,656.28</b>
<b>Owners' equity:</b>			
Share capital	5.44	8,904,397,728.00	8,904,397,728.00
Other equity instruments	5.45	10,500,000,000.00	8,690,000,000.00
Including: preferred stock			
Perpetual bonds	5.45	10,500,000,000.00	8,690,000,000.00
Capital reserves	5.46	2,882,236,040.95	2,208,850,005.41
Less: treasury stock	5.47	63,704,768.29	63,704,768.29
Other comprehensive income	5.48	-123,911,520.27	-159,514,148.62
Special reserves	5.49	8,637,748.43	6,761,132.95

Liabilities and owners' equity	Note 5	Balance as at December 31, 2021	Balance as at December 31, 2020
Surplus reserves	5.50	2,176,200,969.54	1,896,263,993.70
General risk reserves			
Undistributed profits	5.51	16,677,709,479.48	15,197,438,705.84
Total equity attributable to owners of the parent company		40,961,565,677.84	36,680,492,648.99
Minority equity		10,605,489,821.02	7,218,000,245.82
<b>Total owners' equity</b>		<b>51,567,055,498.86</b>	<b>43,898,492,894.81</b>
<b>Total liabilities and owners' equity</b>		<b>353,765,891,761.73</b>	<b>321,356,733,551.09</b>

The accompanying notes to the financial statements form an integral part of the financial statements.

Person in Charge:

Accounting Principal:

Head of the Accounting Department:

**Shanghai Construction Group Co., Ltd.**  
**Company's Balance Sheet**  
**As at December 31, 2021**  
**(Amounts are expressed in RMB unless otherwise stated)**  
**(English Translation for Reference Only)**

Assets	Note 14	Balance as at December 31, 2021	Balance as at December 31, 2020
<b>Current assets:</b>			
Monetary funds		16,238,272,165.00	15,681,038,163.67
Financial assets held for trading		1,075,251,559.58	1,552,872,583.04
Derivative financial assets			
Notes receivable	14.1	284,092,300.60	
Accounts receivable	14.2	6,596,469,999.37	4,172,828,318.53
Receivables financing	14.3	24,159,690.00	472,764,580.63
Advances to suppliers		681,606,720.32	393,371,205.55
Other receivables	14.4	11,043,419,027.90	7,743,640,763.04
Inventories		803,336,773.59	433,407,426.18
Contract assets		9,908,108,566.27	7,367,135,767.63
Assets held for sale			
<b>Non-current assets maturing within one year</b>			
Other current assets		6,173,062,778.14	6,136,546,749.42
<b>Total current assets</b>		<b>52,827,779,580.77</b>	<b>43,953,605,557.69</b>
<b>Non-current assets:</b>			
Creditor's right investments		50,000,000.00	50,000,000.00
Other creditors' right investments			
Long-term receivables			
Long-term equity investments	14.5	32,382,937,431.87	28,506,975,889.68
Other equity instrument investments		628,841,740.60	676,316,843.68
Other non-current financial assets		5,350,647,526.46	2,372,319,742.35
Investment properties		37,197,353.59	39,023,772.31
Fixed assets		842,743,621.69	935,936,385.34
Construction in progress		156,691,047.69	122,469,620.18
Productive biological assets			
Oil and gas assets			
Right-of-use assets		91,418,710.98	
Intangible assets		24,859,370.78	25,526,155.19
Development expenses			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets		5,184,502.20	
Other non-current assets		2,506,083,031.15	1,580,789,120.23
<b>Total non-current assets</b>		<b>42,076,604,337.01</b>	<b>34,309,357,528.96</b>
<b>Total assets</b>		<b>94,904,383,917.78</b>	<b>78,262,963,086.65</b>

The accompanying notes to the financial statements form an integral part of the financial statements.

Person in Charge:

Accounting Principal:

Head of the Accounting Department:

**Shanghai Construction Group Co., Ltd.**  
**Company's Balance Sheet (Continued)**  
**As at December 31, 2021**  
**(Amounts are expressed in RMB unless otherwise stated)**  
**(English Translation for Reference Only)**

Liabilities and owners' equity	Note 14	Balance as at December 31, 2021	Balance as at December 31, 2020
Current liabilities:			
Short-term borrowings		2,791,777,836.21	3,792,485,398.71
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable		800,000.00	6,122,535.07
Accounts payable		24,604,888,277.01	19,572,701,904.39
Advances from customers		1,742,976.19	1,742,976.19
Contract liabilities		6,424,112,745.09	5,764,732,055.93
Employee compensation payable		23,113,344.37	22,676,639.98
Taxes and surcharges payable		310,214,213.03	46,205,450.13
Other payables		15,117,202,756.70	12,539,740,754.86
Liabilities held for sale			
Non-current liabilities maturing within one year		261,041,372.35	113,510,977.93
Other current liabilities		2,203,851.04	5,913,793.30
<b>Total current liabilities</b>		<b>49,537,097,371.99</b>	<b>41,865,832,486.49</b>
Non-current liabilities:			
Long-term borrowings		12,092,710,000.00	5,700,000,000.00
Bonds payable		2,000,000,000.00	2,000,000,000.00
Including: preferred stock			
Perpetual bonds			
Lease liabilities		38,199,014.22	
Long-term payables			
Long-term employee compensation payable			
Estimated liabilities			
Deferred income		9,102,528.77	213,274,327.87
Deferred income tax liabilities			189,097,267.07
Other non-current liabilities			
<b>Total non-current liabilities</b>		<b>14,140,011,542.99</b>	<b>8,102,371,594.94</b>
<b>Total liabilities</b>		<b>63,677,108,914.98</b>	<b>49,968,204,081.43</b>
Owners' equity:			
Share capital		8,904,397,728.00	8,904,397,728.00
Other equity instruments		10,500,000,000.00	8,690,000,000.00
Including: preferred stock			
Perpetual bonds		10,500,000,000.00	8,690,000,000.00
Capital reserves		3,841,541,049.61	3,695,151,297.49
Less: treasury stock		63,704,768.29	63,704,768.29
Other comprehensive income		-81,029,491.35	-91,464,410.83
Special reserves			
Surplus reserves		2,164,720,208.97	1,884,783,233.13
Undistributed profits		5,961,350,275.86	5,275,595,925.72
<b>Total owners' equity</b>		<b>31,227,275,002.80</b>	<b>28,294,759,005.22</b>
<b>Total liabilities and owners' equity</b>		<b>94,904,383,917.78</b>	<b>78,262,963,086.65</b>

The accompanying notes to the financial statements form an integral part of the financial statements.

Person in Charge:

Accounting Principal:

Head of the Accounting Department:

**Shanghai Construction Group Co., Ltd.**  
**Consolidated Income Statement**  
**For the year ended December 31, 2021**  
**(Amounts are expressed in RMB unless otherwise stated)**  
**(English Translation for Reference Only)**

Item	Note 5	Year 2021	Year 2020
I. Total operating revenue		281,055,468,024.64	231,327,232,008.89
Including: operating revenue	5.52	281,055,468,024.64	231,327,232,008.89
Interest income			
Premiums earned			
Revenue from handling charges and commissions			
II. Total operating costs		275,960,182,821.70	226,414,091,643.34
Including: operating costs	5.52	254,556,984,024.00	208,950,708,151.71
Interest expenses			
Handling charge and commission expenses			
Surrenders			
Net amount of compensation payout			
Net amount withdrawn for insurance contract reserves			
Policy dividend payment			
Reinsurance costs			
Taxes and surcharges	5.53	1,132,375,032.62	810,149,857.89
Selling and distribution expenses	5.54	838,834,236.28	712,042,721.52
General and administrative expenses	5.55	7,049,776,634.34	5,947,554,185.11
Research and development expenses	5.56	9,892,811,527.29	8,114,047,327.65
Financial expenses	5.57	2,489,401,367.17	1,879,589,399.46
Including: interest expenses	5.57	3,068,270,513.68	2,311,100,848.54
Interest income	5.57	777,846,186.98	634,430,434.57
Plus: other income	5.58	162,706,977.51	158,608,691.57
Investment income ("-" for losses)	5.59	1,668,037,107.97	358,631,409.96
Including: income from investment in associates and joint ventures	5.59	50,510,074.73	34,957,712.07
Gains from derecognition of financial assets measured at amortized cost			
Gains from foreign exchange ("-" for losses)			
Gains from net exposure hedging ("-" for losses)			
Gains from changes in fair value ("-" for losses)	5.60	388,187,494.51	390,455,957.37
Losses from credit impairment ("-" for losses)	5.61	-1,527,536,791.12	-1,209,705,574.57
Losses from asset impairment ("-" for losses)	5.62	-1,070,186,330.41	-539,565,887.41
Gains from disposal of assets ("-" for losses)	5.63	81,924,052.03	20,891,691.31
III. Operating profits ("-" for losses)		4,798,417,713.43	4,092,456,653.78
Plus: non-operating revenue	5.64	568,312,128.67	377,913,812.66
Less: non-operating expenses	5.65	83,507,690.50	56,640,138.83
IV. Total profits ("-" for total losses)		5,283,222,151.60	4,413,730,327.61
Less: income tax expenses	5.66	1,235,127,433.72	1,191,420,721.67
V. Net profit ("-" for net loss)		4,048,094,717.88	3,222,309,605.94
(I) Classified by operating sustainability			
1. Net profit from continued operation ("-" for net loss)		4,048,094,717.88	3,222,309,605.94
2. Net profit from discontinued operation ("-" for net loss)			
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent company ("-" for net loss)		3,768,771,949.40	3,350,849,267.70

Item	Note 5	Year 2021	Year 2020
2. Minority interest income (“-” for net loss)		279,322,768.48	-128,539,661.76
VI. Other comprehensive income, net of tax		48,961,792.92	-96,603,907.00
Other comprehensive income, net of tax, attributable to owners of the parent company		35,515,627.27	-73,984,002.92
(I) Other comprehensive income that cannot be reclassified into profit or loss		-31,630,195.23	-67,207,987.97
1. Changes in remeasurement of the defined benefit plan		-6,635,693.75	-11,893,235.20
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments		-24,994,501.48	-55,314,752.77
4. Changes in the fair value of the Company's own credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss		67,145,822.50	-6,776,014.95
1. Other comprehensive income that can be transferred into profit or loss under equity method			
2. Changes in fair value of other creditor's right investments			
3. Amount of financial assets reclassified and included in other comprehensive income			
4. Provision for credit impairment of other creditor's right investments			
5. Cash flow hedging reserve			
6. Differences arising from translation of foreign-currency financial statements		67,145,822.50	-6,776,014.95
7. Others			
Other comprehensive income, net of tax, attributable to minority shareholders		13,446,165.65	-22,619,904.08
VII. Total comprehensive income		4,097,056,510.80	3,125,705,698.94
Total comprehensive income attributable to owners of the parent company		3,804,287,576.67	3,276,865,264.78
Total comprehensive income attributable to minority shareholders		292,768,934.13	-151,159,565.84
VIII. Earnings per share:			
(I) Basic earnings per share (RMB / Share)	5.67	0.36	0.34
(II) Diluted earnings per share (RMB / Share)	5.67	0.36	0.34

The accompanying notes to the financial statements form an integral part of the financial statements.

Person in Charge:

Accounting Principal:

Head of the Accounting Department:

**Shanghai Construction Group Co., Ltd.**  
**Company's Income Statement**  
**For the year ended December 31, 2021**  
**(Amounts are expressed in RMB unless otherwise stated)**  
**(English Translation for Reference Only)**

Item	Note 14	Year 2021	Year 2020
I. Operating revenue	14.6	54,016,790,808.65	44,155,928,977.35
Less: operating costs	14.6	51,337,511,907.23	42,507,782,917.83
Taxes and surcharges		60,243,595.15	63,626,996.66
Selling and distribution expenses			
General and administrative expenses		626,780,891.73	579,733,897.49
Research and development expenses		693,072,914.96	312,679,037.74
Financial expenses		580,247,227.12	208,243,080.66
Including: interest expenses		717,245,460.01	293,330,673.60
Interest income		165,535,105.76	115,099,420.26
Plus: other income		13,828,162.28	14,717,255.28
Investment income ("-" for losses)	14.7	2,362,721,690.25	3,372,721,400.57
Including: income from investment in associates and joint ventures	14.7	20,889,166.97	-17,097,214.51
Gains from derecognition of financial assets measured at amortized cost			
Gains from net exposure hedging ("-" for losses)			
Gains from changes in fair value ("-" for losses)		235,951,353.48	107,944,045.95
Losses from credit impairment ("-" for losses)		-298,096,193.79	-98,799,111.25
Losses from asset impairment ("-" for losses)		-135,955,570.41	-5,961,730.24
Gains from disposal of assets ("-" for losses)		841,060.17	171,757.21
II. Operating profits ("-" for losses)		2,898,224,774.44	3,874,656,664.49
Plus: non-operating revenue		57,943,182.51	29,956,620.78
Less: non-operating expenses		11,987,548.52	12,004,339.66
III. Total profits ("-" for total losses)		2,944,180,408.43	3,892,608,945.61
Less: income tax expenses		67,665,625.18	32,665,681.08
IV. Net profit ("-" for net loss)		2,876,514,783.25	3,859,943,264.53
(I) Net profit from continued operation ("-" for net loss)		2,876,514,783.25	3,859,943,264.53
(II) Net profit from discontinued operation ("-" for net loss)			
V. Other comprehensive income, net of tax		10,434,919.48	-49,597,065.98
(I) Other comprehensive income that cannot be reclassified into profit or loss		10,446,304.27	-49,534,839.70
1. Changes in remeasurement of the defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments		10,446,304.27	-49,534,839.70
4. Changes in the fair value of the Company's own credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss		-11,384.79	-62,226.28
1. Other comprehensive income that can be transferred into profit or loss under equity method			
2. Changes in fair value of other creditor's right investments			
3. Amount of financial assets reclassified and included in other comprehensive income			

Item	Note 14	Year 2021	Year 2020
4. Provision for credit impairment of other creditor's right investments			
5. Cash flow hedging reserve			
6. Differences arising from translation of foreign-currency financial statements		-11,384.79	-62,226.28
7. Others			
VI. Total comprehensive income		2,886,949,702.73	3,810,346,198.55
VII. Earnings per share:			
(I) Basic earnings per share (RMB / Share)		0.26	0.40
(II) Diluted earnings per share (RMB / Share)		0.26	0.40

The accompanying notes to the financial statements form an integral part of the financial statements.

Person in Charge:

Accounting Principal:

Head of the Accounting Department:

**Shanghai Construction Group Co., Ltd.**  
**Consolidated Statement of Cash Flows**  
**For the year ended December 31, 2021**  
**(Amounts are expressed in RMB unless otherwise stated)**  
**(English Translation for Reference Only)**

Item	Note 5	Year 2021	Year 2020
<b>I. Cash flows from operating activities</b>			
Cash received from sales of goods and rendering of services		276,394,233,939.89	223,255,757,042.76
Net increase in deposits from customers and deposits in banks and other financial institutions			
Net increase in borrowings from central bank			
Net increase in loans from other financial institutions			
Cash received from receiving insurance premiums of original insurance contracts			
Net cash received from reinsurance business			
Net increase in deposits and investments from policyholders			
Cash received from interest, handling charges and commissions			
Net increase in loans from banks and other financial institutions			
Net capital increase in repurchase business			
Net cash from receivings from vicariously traded securities			
Refunds of taxes and surcharges		37,322,695.71	87,841,028.44
Cash received from other operating activities	5.68	9,712,559,397.63	11,028,663,277.46
Sub-total of cash inflows from operating activities		286,144,116,033.23	234,372,261,348.66
Cash paid for purchase of goods and receipt of services		233,468,516,235.07	195,094,532,331.94
Net increase in loans and advances to customers			
Net increase in deposits in central bank, other banks and financial institutions			
Cash paid for original insurance contract claims			
Net increase in loans to banks and other financial institutions			
Cash paid for interest, handling charges and commissions			
Cash paid for policy dividends			
Cash paid to and on behalf of employees		15,703,743,448.95	12,909,948,146.85
Cash paid for taxes and surcharges		6,466,073,919.01	5,596,668,274.69
Cash paid for other operating activities	5.68	20,137,445,009.89	20,455,123,650.31
Sub-total of cash outflows from operating activities		275,775,778,612.92	234,056,272,403.79
<b>Net cash flows from operating activities</b>		<b>10,368,337,420.31</b>	<b>315,988,944.87</b>
<b>II. Cash flows from investing activities</b>			
Cash received from disinvestment		1,255,823,331.35	833,957,537.07
Cash from investment income		491,179,081.21	303,095,362.17
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		81,249,091.99	84,957,639.49
Net cash received from disposal of subsidiaries and other business units	5.69	1,349,155,967.92	
Cash received from other investing activities	5.68	5,063,710,412.06	2,006,045,574.57
Sub-total of cash inflows from investing activities		8,241,117,884.53	3,228,056,113.30
Cash paid to acquire and construct fixed assets,		3,579,048,045.51	2,511,584,519.26

Item	Note 5	Year 2021	Year 2020
intangible assets and other long-term assets			
Cash paid for investments		2,168,030,308.39	2,949,443,151.68
Net increase in pledge loans			
Net cash paid to acquire subsidiaries and other business units	5.69	150,316,264.46	175,752,258.95
Cash paid for other investing activities	5.68	4,155,710,568.82	5,767,322,117.51
Sub-total of cash outflows from investing activities		10,053,105,187.18	11,404,102,047.40
<b>Net cash flows from investing activities</b>		-1,811,987,302.65	-8,176,045,934.10
<b>III. Cash flows from financing activities</b>			
Cash from absorption of investments		4,123,024,000.00	4,377,261,036.05
Including: cash received by subsidiaries from investments by minority shareholders		4,123,024,000.00	4,377,261,036.05
Cash received from borrowings		36,867,304,044.13	44,647,512,245.57
Cash received from other financing activities	5.68	4,110.60	
Sub-total of cash inflows from financing activities		40,990,332,154.73	49,024,773,281.62
Cash paid for debts repayments		35,778,096,276.21	28,873,879,288.95
Cash paid for distribution of dividends and profits or payment of interest		6,672,890,703.30	5,368,042,646.62
Including: dividends and profits paid to minority shareholders by subsidiaries		430,930,032.37	15,480,284.03
Cash paid for other financing activities	5.68	1,489,743,313.74	501,986,600.91
Sub-total of cash outflows from financing activities		43,940,730,293.25	34,743,908,536.48
<b>Net cash flows from financing activities</b>		-2,950,398,138.52	14,280,864,745.14
<b>IV. Effect of fluctuation in exchange rate on cash and cash equivalents</b>		-27,579,476.28	-46,906,526.95
<b>V. Net increase in cash and cash equivalents</b>		5,578,372,502.86	6,373,901,228.96
Plus: beginning balance of cash and cash equivalents		71,517,105,212.99	65,143,203,984.03
<b>VI. Ending balance of cash and cash equivalents</b>	5.69	77,095,477,715.85	71,517,105,212.99

The accompanying notes to the financial statements form an integral part of the financial statements.

Person in Charge:

Accounting Principal:

Head of the Accounting Department:

**Shanghai Construction Group Co., Ltd.**  
**Company's Statement of Cash Flows**  
**For the year ended December 31, 2021**  
**(Amounts are expressed in RMB unless otherwise stated)**  
**(English Translation for Reference Only)**

Item	Note 14	Year 2021	Year 2020
<b>I. Cash flows from operating activities</b>			
Cash received from sales of goods and rendering of services		52,544,722,129.75	41,471,659,723.60
Refunds of taxes and surcharges			
Cash received from other operating activities		6,416,011,564.69	6,443,063,204.58
Sub-total of cash inflows from operating activities		58,960,733,694.44	47,914,722,928.18
Cash paid for purchase of goods and receipt of services		49,853,678,482.07	39,460,577,468.76
Cash paid to and on behalf of employees		978,133,909.63	833,099,301.41
Cash paid for taxes and surcharges		312,554,858.88	277,910,466.75
Cash paid for other operating activities		8,789,951,420.77	7,229,308,693.90
Sub-total of cash outflows from operating activities		59,934,318,671.35	47,800,895,930.82
<b>Net cash flows from operating activities</b>		-973,584,976.91	113,826,997.36
<b>II. Cash flows from investing activities</b>			
Cash received from disinvestment		895,593,102.77	258,034,644.41
Cash from investment income		2,248,741,041.79	3,367,708,615.08
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		4,406,244.45	1,793,010.28
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities		8,358,507,147.24	4,098,416,213.46
Sub-total of cash inflows from investing activities		11,507,247,536.25	7,725,952,483.23
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		178,988,990.07	469,463,625.23
Cash paid for investments		7,178,861,697.00	8,680,111,482.20
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities		7,931,724,205.00	5,177,215,529.82
Sub-total of cash outflows from investing activities		15,289,574,892.07	14,326,790,637.25
<b>Net cash flows from investing activities</b>		-3,782,327,355.82	-6,600,838,154.02
<b>III. Cash flows from financing activities</b>			
Cash from absorption of investments			
Cash received from borrowings		17,699,610,000.00	15,883,100,000.00
Cash received from other financing activities			
Sub-total of cash inflows from financing activities		17,699,610,000.00	15,883,100,000.00
Cash paid for debts repayments		9,605,000,000.00	6,299,024,357.00
Cash paid for distribution of dividends and profits or payment of interest		2,488,728,537.50	1,821,554,365.15
Cash paid for other financing activities		86,318,384.45	46,459,142.30
Sub-total of cash outflows from financing activities		12,180,046,921.95	8,167,037,864.45
<b>Net cash flows from financing activities</b>		5,519,563,078.05	7,716,062,135.55
<b>IV. Effect of fluctuation in exchange rate on cash and cash equivalents</b>			
		-15,563,480.17	4,218,114.83
<b>V. Net increase in cash and cash equivalents</b>			
		748,087,265.15	1,233,269,093.72
Plus: beginning balance of cash and cash equivalents		15,211,563,121.74	13,978,294,028.02
<b>VI. Ending balance of cash and cash equivalents</b>			
		15,959,650,386.89	15,211,563,121.74

The accompanying notes to the financial statements form an integral part of the financial statements.

Person in Charge:

Accounting Principal:

Head of the Accounting Department:

**Shanghai Construction Group Co., Ltd.**  
**Consolidated Statement of Changes in Owners' Equity**  
**For the year ended December 31, 2021**  
**(Amounts are expressed in RMB unless otherwise stated)**  
**(English Translation for Reference Only)**

Item	Year 2021													
	Equity attributable to owners of the parent company												Minority equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Sub-total		
	Preferred stock	Perpetual bonds	Others											
I. Balance as at December 31, 2020	8,904,397,728.00		8,690,000,000.00		2,208,850,005.41	63,704,768.29	-159,514,148.62	6,761,132.95	1,896,263,993.70		15,197,438,705.84	36,680,492,648.99	7,218,000,245.82	43,898,492,894.81
Plus: changes in accounting policies									-7,714,502.48		-167,084,263.87	-174,798,766.35	-12,726,680.14	-187,525,446.49
Correction of accounting errors in prior period														
Business combination under common control														
Others														
II. Balance as at January 1, 2021	8,904,397,728.00		8,690,000,000.00		2,208,850,005.41	63,704,768.29	-159,514,148.62	6,761,132.95	1,888,549,491.22		15,030,354,441.97	36,505,693,882.64	7,205,273,565.68	43,710,967,448.32
III. Increases/decreases in 2021 ("-" for decreases)			1,810,000,000.00		673,386,035.54		35,602,628.35	1,876,615.48	287,651,478.32		1,647,355,037.51	4,455,871,795.20	3,400,216,255.34	7,856,088,050.54
(I) Total comprehensive income							35,515,627.27				3,768,771,949.40	3,804,287,576.67	292,768,934.13	4,097,056,510.80
(II) Capital contributed or reduced by owners			1,810,000,000.00		673,386,035.54							2,483,386,035.54	3,754,685,946.95	6,238,071,982.49
1. Common stock contributed by owners													3,754,685,946.95	3,754,685,946.95
2. Capital contributed by the holders of other equity instruments			1,810,000,000.00									1,810,000,000.00		1,810,000,000.00
3. Amounts of share-based payments recognized in owners' equity														
4. Others					673,386,035.54								673,386,035.54	673,386,035.54
(III) Profit distribution									287,651,478.32		-2,121,329,910.81	-1,833,678,432.49	-647,238,625.74	-2,480,917,058.23
1. Withdrawal of surplus reserves									287,651,478.32		-287,651,478.32			

Item	Year 2021													
	Equity attributable to owners of the parent company												Minority equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Sub-total		
	Preferred stock	Perpetual bonds	Others											
2. Withdrawal of general risk reserves														
3. Profit distributed to owners (or shareholders)											-1,288,461,418.58	-1,288,461,418.58	-647,238,625.74	-1,935,700,044.32
4. Others											-545,217,013.91	-545,217,013.91		-545,217,013.91
(IV) Internal carry-forward of owners' equity														
1. Conversion of capital reserves into paid-in capital (or share capital)														
2. Conversion of surplus reserves into paid-in capital (or share capital)														
3. Surplus reserves offsetting losses														
4. Carry-forward of changes in the defined benefit plan for retained earnings														
5. Carry-forward of other comprehensive income for retained earnings														
6. Others														
(V) Special reserves														
1. Amount withdrawn in 2021									1,876,615.48				1,876,615.48	1,876,615.48
2. Amount used in 2021									4,039,535,455.90				4,039,535,455.90	4,039,535,455.90
(VI) Others														
IV. Balance as at December 31, 2021	8,904,397,728.00		10,500,000,000.00		2,882,236,040.95	63,704,768.29	-123,911,520.27	8,637,748.43	2,176,200,969.54		16,677,709,479.48	40,961,565,677.84	10,605,489,821.02	51,567,055,498.86

The accompanying notes to the financial statements form an integral part of the financial statements.

Person in Charge:

Accounting Principal:

Head of the Accounting Department:

**Shanghai Construction Group Co., Ltd.**  
**Consolidated Statement of Changes in Owners' Equity (Continued)**  
**For the year ended December 31, 2021**  
**(Amounts are expressed in RMB unless otherwise stated)**  
**(English Translation for Reference Only)**

Item	Year 2020													
	Equity attributable to owners of the parent company											Minority equity	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits			Sub-total
	Preferred stock	Perpetual bonds	Others											
I. Balance as at December 31, 2019	8,904,397,728.00		6,500,000,000.00		2,200,006,546.37	55,121,123.98	-85,530,145.70	2,384,562.98	1,513,091,171.63		14,074,908,867.70	33,054,137,607.00	3,118,906,998.63	36,173,044,605.63
Plus: changes in accounting policies									-2,821,504.38		-231,927,344.50	-234,748,848.88	-5,090,241.87	-239,839,090.75
Correction of accounting errors in prior period														
Business combination under common control														
Others														
II. Balance as at January 1, 2020	8,904,397,728.00		6,500,000,000.00		2,200,006,546.37	55,121,123.98	-85,530,145.70	2,384,562.98	1,510,269,667.25		13,842,981,523.20	32,819,388,758.12	3,113,816,756.76	35,933,205,514.88
III. Increases/decreases in 2020 ("-" for decreases)			2,190,000,000.00		8,843,459.04	8,583,644.31	-73,984,002.92	4,376,569.97	385,994,326.45		1,354,457,182.64	3,861,103,890.87	4,104,183,489.06	7,965,287,379.93
(I) Total comprehensive income							-73,984,002.92				3,350,849,267.70	3,276,865,264.78	-151,159,565.84	3,125,705,698.94
(II) Capital contributed or reduced by owners			2,190,000,000.00		8,843,459.04	8,583,644.31						2,190,259,814.73	4,521,599,234.05	6,711,859,048.78
1. Common stock contributed by owners													4,376,654,045.79	4,376,654,045.79
2. Capital contributed by the holders of other equity instruments			2,190,000,000.00									2,190,000,000.00		2,190,000,000.00
3. Amounts of share-based payments recognized in owners' equity														
4. Others					8,843,459.04	8,583,644.31						259,814.73	144,945,188.26	145,205,002.99
(III) Profit distribution									385,994,326.45		-1,996,392,085.06	-1,610,397,758.61	-266,256,179.15	-1,876,653,937.76
1. Withdrawal of surplus reserves									385,994,326.45		-385,994,326.45			

Item	Year 2020														
	Equity attributable to owners of the parent company													Minority equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Sub-total			
	Preferred stock	Perpetual bonds	Others												
2. Withdrawal of general risk reserves															
3. Profit distributed to owners (or shareholders)											-1,244,031,564.16	-1,244,031,564.16	-266,256,179.15	-1,510,287,743.31	
4. Others											-366,366,194.45	-366,366,194.45		-366,366,194.45	
(IV) Internal carry-forward of owners' equity															
1. Conversion of capital reserves into paid-in capital (or share capital)															
2. Conversion of surplus reserves into paid-in capital (or share capital)															
3. Surplus reserves offsetting losses															
4. Carry-forward of changes in the defined benefit plan for retained earnings															
5. Carry-forward of other comprehensive income for retained earnings															
6. Others															
(V) Special reserves								4,376,569.97				4,376,569.97		4,376,569.97	
1. Amount withdrawn in 2020								3,098,322,067.25				3,098,322,067.25		3,098,322,067.25	
2. Amount used in 2020								-3,093,945,497.28				-3,093,945,497.28		-3,093,945,497.28	
(VI) Others															
IV. Balance as at December 31, 2020	8,904,397,728.00		8,690,000,000.00		2,208,850,005.41	63,704,768.29	-159,514,148.62	6,761,132.95	1,896,263,993.70		15,197,438,705.84	36,680,492,648.99	7,218,000,245.82	43,898,492,894.81	

The accompanying notes to the financial statements form an integral part of the financial statements.

Person in Charge:

Accounting Principal:

Head of the Accounting Department:

**Shanghai Construction Group Co., Ltd.**  
**Company's Statement of Changes in Owners' Equity**  
**For the year ended December 31, 2021**  
**(Amounts are expressed in RMB unless otherwise stated)**  
**(English Translation for Reference Only)**

Item	Year 2021										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
		Preferred stock	Perpetual bonds	Others							
I. Balance as at December 31, 2020	8,904,397,728.00		8,690,000,000.00		3,695,151,297.49	63,704,768.29	-91,464,410.83		1,884,783,233.13	5,275,595,925.72	28,294,759,005.22
Plus: changes in accounting policies									-7,714,502.48	-69,430,522.30	-77,145,024.78
Correction of accounting errors in prior period											
Others											
II. Balance as at January 1, 2021	8,904,397,728.00		8,690,000,000.00		3,695,151,297.49	63,704,768.29	-91,464,410.83		1,877,068,730.65	5,206,165,403.42	28,217,613,980.44
III. Increases/decreases in 2021 ("-" for decreases)			1,810,000,000.00		146,389,752.12		10,434,919.48		287,651,478.32	755,184,872.44	3,009,661,022.36
(I) Total comprehensive income							10,434,919.48			2,876,514,783.25	2,886,949,702.73
(II) Capital contributed or reduced by owners			1,810,000,000.00		146,389,752.12						1,956,389,752.12
1. Common stock contributed by owners											
2. Capital contributed by the holders of other equity instruments			1,810,000,000.00								1,810,000,000.00
3. Amounts of share-based payments recognized in owners' equity											
4. Others					146,389,752.12						146,389,752.12
(III) Profit distribution									287,651,478.32	-2,121,329,910.81	-1,833,678,432.49
1. Withdrawal of surplus reserves									287,651,478.32	-287,651,478.32	
2. Profit distributed to owners (or shareholders)										-1,288,461,418.58	-1,288,461,418.58
3. Others										-545,217,013.91	-545,217,013.91
(IV) Internal carry-forward of											

Item	Year 2021										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
		Preferred stock	Perpetual bonds	Others							
owners' equity											
1. Conversion of capital reserves into paid-in capital (or share capital)											
2. Conversion of surplus reserves into paid-in capital (or share capital)											
3. Surplus reserves offsetting losses											
4. Carry-forward of changes in the defined benefit plan for retained earnings											
5. Carry-forward of other comprehensive income for retained earnings											
6. Others											
(V) Special reserves											
1. Amount withdrawn in 2021											
2. Amount used in 2021											
(VI) Others											
IV. Balance as at December 31, 2021	8,904,397,728.00		10,500,000,000.00		3,841,541,049.61	63,704,768.29	-81,029,491.35		2,164,720,208.97	5,961,350,275.86	31,227,275,002.80

The accompanying notes to the financial statements form an integral part of the financial statements.

Person in Charge:

Accounting Principal:

Head of the Accounting Department:

**Shanghai Construction Group Co., Ltd.**  
**Company's Statement of Changes in Owners' Equity (Continued)**  
**For the year ended December 31, 2021**  
**(Amounts are expressed in RMB unless otherwise stated)**  
**(English Translation for Reference Only)**

Item	Year 2020										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
		Preferred stock	Perpetual bonds	Others							
I. Balance as at December 31, 2019	8,904,397,728.00		6,500,000,000.00		3,695,151,297.49	55,121,123.98	-41,867,344.85		1,501,610,411.06	3,437,438,284.68	23,941,609,252.40
Plus: changes in accounting policies									-2,821,504.38	-25,393,538.43	-28,215,042.81
Correction of accounting errors in prior period											
Others											
II. Balance as at January 1, 2020	8,904,397,728.00		6,500,000,000.00		3,695,151,297.49	55,121,123.98	-41,867,344.85		1,498,788,906.68	3,412,044,746.25	23,913,394,209.59
III. Increases/decreases in 2020 ("-" for decreases)			2,190,000,000.00			8,583,644.31	-49,597,065.98		385,994,326.45	1,863,551,179.47	4,381,364,795.63
(I) Total comprehensive income							-49,597,065.98			3,859,943,264.53	3,810,346,198.55
(II) Capital contributed or reduced by owners			2,190,000,000.00			8,583,644.31					2,181,416,355.69
1. Common stock contributed by owners											
2. Capital contributed by the holders of other equity instruments			2,190,000,000.00								2,190,000,000.00
3. Amounts of share-based payments recognized in owners' equity											
4. Others						8,583,644.31					-8,583,644.31
(III) Profit distribution									385,994,326.45	-1,996,392,085.06	-1,610,397,758.61
1. Withdrawal of surplus reserves									385,994,326.45	-385,994,326.45	
2. Profit distributed to owners (or shareholders)										-1,244,031,564.16	-1,244,031,564.16
3. Others										-366,366,194.45	-366,366,194.45
(IV) Internal carry-forward of											

Item	Year 2020										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
		Preferred stock	Perpetual bonds	Others							
owners' equity											
1. Conversion of capital reserves into paid-in capital (or share capital)											
2. Conversion of surplus reserves into paid-in capital (or share capital)											
3. Surplus reserves offsetting losses											
4. Carry-forward of changes in the defined benefit plan for retained earnings											
5. Carry-forward of other comprehensive income for retained earnings											
6. Others											
(V) Special reserves											
1. Amount withdrawn in 2020											
2. Amount used in 2020											
(VI) Others											
IV. Balance as at December 31, 2020	8,904,397,728.00		8,690,000,000.00		3,695,151,297.49	63,704,768.29	-91,464,410.83		1,884,783,233.13	5,275,595,925.72	28,294,759,005.22

The accompanying notes to the financial statements form an integral part of the financial statements.

Person in Charge:

Accounting Principal:

Head of the Accounting Department:

**Shanghai Construction Group Co., Ltd.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**  
**(Monetary units are expressed in RMB unless otherwise stated)**  
(English Translation for Reference Only)

**1 Company profile**

**1.1 Company overview**

Shanghai Construction Group Co, Ltd. (hereinafter referred to as "SCG" or "the Company") is a joint stock limited company approved by the Shanghai Municipal People's Government in the Document [1998] No. 19, exclusively initiated by SHANGHAI CONSTRUCTION (GROUP) GENERAL CO. (renamed on December 31, 2021, formerly known as "Shanghai Construction (Group) Corporation", hereinafter referred to as "SCG General") and established through issuing A shares to the public by stock raising. The Company's parent company is SCG General and its actual controller is the State-owned Assets Supervision and Administration Commission of Shanghai Municipality. The unified social credit code of the Company's Business License for Enterprise Legal Persons is 91310000631189305E. The Company was listed on Shanghai Stock Exchange in June 1998 with total share capital of RMB 537 million, RMB 1 per share on establishment.

In October 2001, under the approval of the Document (ZJFXZ [2001] No. 73) of the China Securities Regulatory Commission, the Company allotted 3 shares for 10 shares based on total 537,000,000 shares on December 31, 1999. In 2002, the Company allotted 2 shares for 10 shares to all shareholders. After the above changes, the Company's total share capital was RMB 719.298 million.

On October 19, 2005, approved by the Official Reply to Issues concerning the Equity Division Reform of Shanghai Construction Group Co, Ltd. (HGZWC [2005] No. 641) of Shanghai Municipal State-owned Assets Supervision and Administration Commission and deliberated and approved by the relevant meetings of the board of shareholders on equity division reform held on October 31, 2005: SCG General, the Company's only non-tradable shareholder paid consideration shares to all tradable shareholders to make its non-tradable shares obtain the right of listing and circulating. SCG General paid 79.56 million consideration shares to tradable shareholders in total, namely every 10 tradable shares get 3.4 consideration shares.

Approved by *the Official Reply to the Approval of Purchase of Assets by Issuing Shares to Shanghai Construction (Group) Corporation by Shanghai Construction Group Co., Ltd.* (ZJXK [2010] No. 615) of China Securities Regulatory Commission, the Company privately issued 322,761,557 shares to controlling shareholder SCG General in June 2010 to purchase equities of 12 companies and 9 land and house assets owned by SCG General. As at December 31, 2010, the Company's share capital of actually issued equities was RMB 1,042,059,600.00, in which SCG General and public stock shareholders respectively hold 69.91% and 30.09% of total share capital of the Company.

In 2010, upon the deliberation and approval of the 25th meeting of the fourth session of the board of directors and the 2009 annual general meeting, the Company changed its name to Shanghai Construction Group Co, Ltd., and went through the formalities for industrial and commercial registration of changes on July 5, 2010.

Approved by the Official Reply to *the Approval of Purchase of Assets by Issuing Shares to Shanghai Construction (Group) Corporation by Shanghai Construction Group Co., Ltd.* (ZJXK [2011] No. 1163) of China Securities Regulatory Commission, the Company privately issued 114,301,930 shares to controlling shareholder SCG General on August 1, 2011 to purchase 100% equities of China SFECO Group and 100% equities of Shanghai Municipal Engineering Design Institute (Group) Co., Ltd. which are held by SCG General. As at December 31, 2011, the Company's share capital of actually issued equities was RMB 1,156,361,500.00, in which SCG General and public stock shareholders respectively hold 72.88% and 27.12% of total share capital of the Company.

In 2012, upon the approval at the Company's 2011 annual general meeting, the Company implemented the 2011 annual profit distribution on May 11, 2012, namely the increase of 5 shares for 10 shares and the increase of 5 shares for 10 shares of capital reserves. As at December 31, 2012, the Company's share capital of actually issued equities was RMB 2,312,723,000.00, in which SCG General and public stock shareholders respectively hold 72.88% and 27.12% of total share capital of the Company.

In 2013, upon the approval at the Company's 2012 annual general meeting, the Company implemented the 2012 annual profit distribution on July 17, 2013, namely cash dividends of RMB 2.10 for 10 shares and the increase of 2 shares for 10 shares of capital reserves. After the completion of profit distribution, the Company's total share capital increased from 2,312,722,974 shares to 2,775,267,568 shares.

In 2014, upon the approval at the Company's 2013 annual general meeting, the Company implemented the 2013 annual profit distribution on June 18, 2014, namely cash dividends of RMB 2.00 for 10 shares and the increase of 3 shares for 10 shares of capital reserves. After the completion of profit distribution, the Company's total share capital increased from 2,775,267,568 shares to 3,607,847,838 shares.

According to resolutions of the Company's 2014 the first extraordinary general meeting and the 9th session of the 6th board of directors and approved by *the Official Reply to the Approval of Issuing of Shares by Shanghai Construction Group Co., Ltd.* (ZJXK [2014] No. 971) of China Securities Regulatory Commission, the Company issued 963,855,421 RMB ordinary shares (A shares) to specific investors that comply with the relevant provisions of the China Securities Regulatory Commission in October 2014. After the completion of private placement, the Company's total share capital increased from 3,607,847,838 shares to 4,571,703,259 shares.

In 2015, upon the approval at the Company's 2014 annual general meeting, the Company implemented the 2014 annual profit distribution on May 12, 2015, namely cash dividends of RMB 2.00 for 10 shares and the increase of 3 shares for 10 shares of capital reserves. After the completion of profit distribution, the Company's total share capital increased from 4,571,703,259 shares to 5,943,214,237 shares.

In 2016, upon the approval at the Company's 2015 annual general meeting, the Company implemented the 2015 annual profit distribution on May 17, 2016, namely cash dividends of RMB 1.50 for 10 shares and the increase of 2 shares for 10 shares of capital reserves. After the completion of profit distribution, the Company's total share capital increased from 5,943,214,237 shares to 7,131,857,084 shares.

SHANGHAI CONSTRUCTION GROUP CO., LTD.  
NOTES TO THE FINANCIAL STATEMENTS  
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According to resolutions made at the 2015 general meeting, 29th session of the 6th Board of Directors and 3rd session of 7th Board of Directors, as well as the approval by *the Official Reply to the Approval of Issuing of Shares by Shanghai Construction Group Co., Ltd.* (ZJXX [2016] No. 3217) of China Securities Regulatory Commission, the Company was approved to issue no more than 368,735,376 shares as new shares on a non-public basis. The Company issued 350,830,083 RMB ordinary shares (A shares) to specific investors that comply with the relevant provisions of the CSRC in February 2017. After the completion of private placement, the Company's total share capital increased from 7,131,857,084 shares to 7,482,687,167.00 shares.

In 2017, upon the approval at the Company's 2016 annual general meeting, the Company implemented the 2016 annual profit distribution on May 18, 2017, namely cash dividends of RMB 1.30 for 10 shares and the increase of 1.9 shares for 10 shares of capital reserves. After the completion of profit distribution, the Company's total share capital increased from 7,482,687,167.00 shares to 8,904,397,728.00 shares.

As at December 31, 2021, the Company's accumulative total issued capital was 8,904,397,728.00 shares and the Company's registered capital was RMB 8,904,397,728.00.

The Company and subsidiaries (hereinafter collectively referred to as "the Group") mainly engage in the general contracting of housing construction project, professional construction, design, decoration, general contracting of landscaping design and construction project, real estate development and operation, stone exploitation and concrete processing and manufacturing, management over municipal engineering construction projects, investment construction of urban infrastructure, trading of complete equipment and other commodities, Zara mining exploitation, project management and consulting and labor dispatching. Registered place: No. 33, Fushan Road, China (Shanghai) Pilot Free Trade Zone; headquarters: No. 666, East Daming Road, Shanghai.

The financial statements were approved by the Board of Directors of the Company for disclosure on April 15, 2022.

## 1.2 Scope of consolidated financial statements

As at December 31, 2021, the subsidiaries included into the Company's scope of consolidated financial statements are as follows:

<b>Name of Subsidiary and Structured Entity</b>
Shanghai Construction No. 1 (Group) Co., Ltd.
Shanghai Construction No.1 Investment & Development Co., Ltd.
SCG (Macao) Co., Ltd.
Shanghai Construction No.1 (Group) Co., Ltd. - Installation Specialized Company
Shanghai Construction No.1 (Group) Co., Ltd - Decoration Specialized Company
SCG Jiangsu Construction Co., Ltd.
Sichuan Shangjian Construction Co., Ltd.
Shanghai Yijian Dongshun Construction Engineering Co., Ltd.
Suzhou Shangjian Construction Co., Ltd.
Wuhu Shangjian Construction Co., Ltd.
Shanghai Construction No. 2 (Group) Co., Ltd.
Shanghai Yigao Decoration Engineering Co., Ltd.
Shanghai Xieli Building Service Company
SCG Jiangxi Construction Co., Ltd.
Hubei Shangjiangong Central China Construction Co., Ltd.
Jiangxi Shangjian Construction Co., Ltd.
Shanghai Construction No. 4 (Group) Co., Ltd.
Shanghai Construction No.4 (Group) Co., Ltd. - Engineering Equipment Company

<b>Name of Subsidiary and Structured Entity</b>
Shanghai Construction No.4 (Group) Co., Ltd. - Construction Engineering Company (Originally known as Shanghai Construction No.4 (Group) Co., Ltd.- Installation Engineering Company)
Shanghai Construction No.4 (Group) Co., Ltd.- Decoration Engineering Company
Shanghai Construction No.4 (Group) Co., Ltd.- Industrial Company
Shanghai Xindu Decoration Engineering Co., Ltd.
Shanghai Xinli Decoration Engineering Co., Ltd.
Guangdong Shenyue Construction Co., Ltd.
Shanghai Municipal Construction Co., Ltd.
Shanghai Xinsheng Urban Construction Engineering Co., Ltd.
Shanghai Shangqin Construction Development Co., Ltd.
Hainan Shenhai Construction Co., Ltd.
Shanghai Construction No. 5 (Group) Co., Ltd.
SCG (Liaoning) Construction Co., Ltd.
Shanghai Construction No. 5 (Group) Co., Ltd. - Installation Engineering Company
Shanghai Construction No.5 (Group) Co., Ltd. - Decoration Engineering Company
Shanghai Construction No. 5 (Group) Co., Ltd. - Jilin Construction Company
SCG Guangdong Construction Engineering Co., Ltd.
Bengbu Hujian Construction Engineering Co., Ltd.
Zhuhai Shenjian Construction Engineering Co., Ltd.
Guangxi Hujian Construction Engineering Co., Ltd.
SCG Shaanxi Construction Engineering Co., Ltd.
Shanghai Construction No. 7 (Group) Co., Ltd.
Shanghai Construction Group (Northwest) Co., Ltd.
Shanghai Yuxia Construction Engineering Co., Ltd.
SCG Tianjin Construction Co., Ltd.
Shanghai Construction No. 7 (Group) Co., Ltd.- Industrial Company
Shanghai Building Decoration Engineering Group Co., Ltd.
Shanghai Disheng Wood Manufacturing Co., Ltd.
Shanghai Weilun Construction Design Co., Ltd.
Shanghai Dilun New Materials Co., Ltd.
Shanghai Construction Design and Research General Institute Co., Ltd.
Shanghai Construction and Machinery Test Center Co., Ltd.
Shanghai Kaidi Engineering Consulting Co., Ltd.
Shanghai Evertrans Construction Management Co., Ltd.
Shanghai Jianhao Engineering Consultancy Co., Ltd.
SCG Qingdao Design and Research Institute Co., Ltd.
Shanghai Construction Real Estate Co., Ltd.
Shanghai Construction Jialong Real Estate Co., Ltd.
Shanghai Zhenxin Property Management Co., Ltd.
Nanjing Haiyue Property Management Co., Ltd.
Shanghai Construction Jinlong Real Estate Co., Ltd.
Shanghai Construction Dalong Real Estate Co., Ltd.
Shanghai Sanling Technology Entrepreneurship Co., Ltd.
Xuzhou Hujian Real Estate Co., Ltd.
Xuzhou Hujian Quanshan Real Estate Co., Ltd.
Shanghai Construction Huifu Property Development Co., Ltd.
Shanghai Construction Dongxu Real Estate Co., Ltd.
Shanghai Qingyue Real Estate Co., Ltd.
Shanghai Construction Jiulong Real Estate Co., Ltd.
Shanghai Construction Baolong Real Estate Co., Ltd.

<b>Name of Subsidiary and Structured Entity</b>
Shanghai Yuehe Investment Development Co., Ltd.
Shanghai Jiading Hi-Tech Park Construction Co., Ltd.
Shanghai Construction Hongkou Real Estate Co., Ltd.
Shanghai Construction Nanhui Real Estate Co., Ltd.
Shanghai Construction Yuejian Real Estate Co., Ltd.
Shanghai Construction Dongyue Real Estate Co., Ltd.
Shanghai Dahao Real Estate Co., Ltd.
Shanghai Construction Huirui Property Development Co., Ltd.
Shanghai Construction Chengmin Real Estate Co., Ltd.
Shanghai Jianhao Real Estate Co., Ltd.
Shanghai Elite Real Estate Co., Ltd.
Shanghai Haojiang Real Estate Co., Ltd.
Suzhou Hengye Real Estate Development Co., Ltd.
SCG Jiangxi Investment Development Co., Ltd.
Jiangxi Xianye Real Estate Co., Ltd.
SCG Jiangxi Jiulonghu No. 2 Municipal Construction Co., Ltd.
SCG Jiangxi Donghu No. 1 Construction Co., Ltd.
Shanghai Qingteng Real Estate Co., Ltd.
Shanghai Jianyi Investment Development Co., Ltd.
Shanghai Dongyi Real Estate Co., Ltd.
Nanjing Aohe Real Estate Development Co., Ltd.
Nanjing Aojian Property Co., Ltd.
Shanghai Construction Huicheng Property Development Co., Ltd.
Shanghai Qixian Property Co., Ltd.
Suzhou Hengyi Real Estate Development Company Limited
Nanjing Aoyi Real Estate Development Company Limited
Shanghai Elite Hotel Management Co., Ltd.
Jiangxi Jianhao Real Estate Co., Ltd.
Shanghai Jinteng Real Estate Co., Ltd.
Shanghai Construction Jinshan Construction Development Co., Ltd.
Nanjing Aoying Real Estate Development Company Limited
Shanghai Construction Shengxian Property Development Co., Ltd.
Shanghai Construction Jingxian Property Development Co., Ltd.
Tianjin Jinyue Real Estate Development Company Limited
Shanghai Jianyuan Real Estate Co., Ltd.
Shanghai Construction Huixin Property Development Co., Ltd.
Shanghai Yueheng Construction Development Co., Ltd.
Shanghai Yueming Construction Development Co., Ltd.
Hainan Chengxin Real Estate Co., Ltd.
Shanghai Construction Building Materials Technology Group Co., Ltd.
Huzhou Xinkaiyuan Crushed Stones Co., Ltd.
Shanghai Pudong Premixed Concrete Co., Ltd.
Shanghai Southeast Concrete Co., Ltd.
Shanghai Caisi Technology Co., Ltd. (originally known as "Shanghai Tongjiu Concrete Co., Ltd.")
Shanghai Caijiu Technology Co., Ltd. (originally known as "Shanghai Tongshun Concrete Co., Ltd.")
Shanghai Cai'erTechnology Co., Ltd. (originally known as "Shanghai Construction Jialuo Concrete Co., Ltd.")
Tianjin Shenyi Concrete Co., Ltd.
Shanghai Pulian Premixed Concrete Co., Ltd.

<b>Name of Subsidiary and Structured Entity</b>
Shanghai Fukang Construction Co., Ltd.
Shanghai Cailiu Technology Co., Ltd. (originally known as "Shanghai Puxin Premixed Concrete Co., Ltd.")
Shanghai Pusheng Concrete Co., Ltd.
Shanghai Jianan Concrete Co., Ltd.
Shanghai Jiangong Materials Transport Co., Ltd.
Shanghai Construction Jiajian Premixed Concrete Co., Ltd.
SCG Sichuan Concrete Co., Ltd.
Shanghai Caiwu Technology Co., Ltd. (originally known as "Shanghai Puyang Concrete Co., Ltd.")
Shanghai Construction Material Huangang Premixed Concrete Co., Ltd.
Shanghai Caisan Technology Co., Ltd. (originally known as "Shanghai Jiankang Concrete Co., Ltd.")
Shanghai Hongxiang Concrete Co., Ltd.
Kunshan Central Concrete Co., Ltd.
Kunshan Shenghua Concrete Co., Ltd.
Shanghai Jiangong Changzhou Jianya Building Components Co., Ltd.
Jiangxi Shenhong New Materials Co., Ltd.
Suzhou Industrial Park Yongsheng Concrete Co., Ltd.
Nanjing Xinshan Hengji Concrete Co., Ltd.
Shanghai Caiba Technology Co., Ltd. (originally known as "Shanghai Construction Liren Concrete Co., Ltd.")
Shanghai Construction Jianhua Concrete Product Co., Ltd.
Shanghai Construction Jiangxi Concrete Engineering Co., Ltd.
Huzhou Shangjian Concrete Co., Ltd.
Shanghai Construction Nanqiao Concrete Co., Ltd.
Shanghai Construction Yijian Materials Engineering Co., Ltd.
Shanghai Jiansong Premixed Concrete Co., Ltd.
Shanghai Sihe Property Management Co., Ltd.
Jiaxing Shangjian Shidong Concrete Co., Ltd.
Nanjing Qibagang Commercial Concrete Co., Ltd.
Nantong Shangjian Shinan Concrete Co., Ltd.
Shanghai Construction Ru'an Concrete Co., Ltd.
Jiaxing Shangjian Shixi Concrete Co., Ltd.
Shanghai Construction Longyu Building Materials Co., Ltd.
Nantong Shangjian Building Component Product Co., Ltd.
Suzhou Shangjian Concrete Co., Ltd.
Wuhu Shangjian Huaxing New Building Materials Co., Ltd.
Changxing Shangjian Changheng Concrete Co., Ltd.
Shanghai Caiyi Technology Co., Ltd. (originally known as "Shanghai Yafu Cement Product Co., Ltd.")
Taicang Shangjian Tonggao Concrete Co., Ltd.
Maanshan Shangjian Shenma Concrete Co., Ltd.
Huzhou Shangjian Huayu Concrete Co., Ltd.
Zhenjiang Shangjian Concrete Co., Ltd.
Jiangsu Shangjian Shunjie Prefabricated Components Co., Ltd.
Shangjian Guangya Engineering Materials Co., Ltd.
Yangzhou Shangjian Concrete Co., Ltd.
Suzhou Shangjian Hangxin Concrete Co., Ltd.
Wuxi Liangxing Concrete Co., Ltd.
Jiangxi Shangjian Shixi Concrete Engineering Co., Ltd.

SHANGHAI CONSTRUCTION GROUP CO., LTD.  
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<b>Name of Subsidiary and Structured Entity</b>
Zhoushan Shangjian Haozhou Concrete Co., Ltd.
Nantong Haimen Shangjian Concrete Co., Ltd. (originally known as "Haimen Shangjian Concrete Co., Ltd.)
Jiaxing Shangjian Hexing Concrete Co., Ltd.
Jiaxing Shangjian Hongcheng Concrete Co., Ltd.
Maanshan Shangjian Shuangcheng Commodity Concrete Co., Ltd.
Shanghai Qigou Concrete Components Co., Ltd.
Wuhu Shangjian Huaxing Hengli Concrete Co., Ltd. (Originally known as "Wuhu Shangjian Huaxing Lianqiang Concrete Co., Ltd.")
Yancheng Shangjian Wanyuan Concrete Co., Ltd.
Jiangsu Hengji Concrete Co., Ltd.
Changshu Shangjian Handong Construction Technology Co., Ltd.
Wuxi Lianyou Concrete Co., Ltd.
Shaoxing Shangjian Shunxing Concrete Co., Ltd.
Shanghai Caiqi Technology Co., Ltd. (originally known as "Shanghai Purong Concrete Co., Ltd.")
Jiangxi Shangjian Changdong Concrete Engineering Co., Ltd.
Nantong Tongzhou Husheng Concrete Co., Ltd.
Shangrao Shangjian Tongtai Concrete Co., Ltd.
Suzhou Aifuxi Commercial Concrete Co., Ltd.
Shanghai Yuegang Concrete Co., Ltd.
Ningbo Shangjian Global Building Materials Co., Ltd.
Ningbo Chengxi Shangjian Global Building Materials Co., Ltd.
Ningbo Chengnan Shangjian Global Building Materials Co., Ltd.
Shanghai Construction China Southern Airlines Premixed Concrete Co., Ltd.
Hangzhou Shangjian Jianfeng New Material Co., Ltd.
Hangzhou Shangjian Jianhong New Material Co., Ltd.
Hangzhou Shangjian Zhenhong New Material Co., Ltd.
Shangrao Shangjian Tongyuan Concrete Co., Ltd.
Zhenjiang Shangjian Shixi Building Materials Co., Ltd.
Hefei Shangjian Yongli Building Materials Co., Ltd.
Yangzhou Shangjian Kaiyuan Concrete Co., Ltd.
Maanshan Shangjian Xinye Concrete Co., Ltd.
Taizhou Shangjian New Building Materials Co., Ltd.
Shanghai Jiangong Building Components (Hainan) Co., Ltd.
Hefei Shangjian Guojun Building Materials Co., Ltd.
Shanghai Huadong Construction and Machinery Co., Ltd.
Shanghai Huaji Industry & Trade Industrial Co., Ltd.
Shanghai Zhouhai Construction Engineering Co., Ltd.
Shanghai Installation Engineering Group Co., Ltd.
Shanghai Shang'an Mechanical and Electrical Design Office Co., Ltd.
Shanghai Shang'an Machinery Construction Co., Ltd.
Shanghai JianAn Chemical Engineering Co., Ltd.
Shanghai Huayi Construction Co., Ltd.
Shanghai Shang'an Property Management Co., Ltd.
Guangdong Shen'an Construction Technology Co., Ltd.
Shanghai SINKO Air Conditioning Equipment Co., Ltd.
Shanghai SINKO Cooling Machinery Co., Ltd.
Shanghai SINKO Building Energy Efficiency Co., Ltd.
Shanghai SINKO Air Conditioning Equipment Installation Engineering Co., Ltd.
Shanghai Foundation Engineering Group Co., Ltd.

<b>Name of Subsidiary and Structured Entity</b>
Shanghai Shenbao Construction Engineering Co., Ltd.
Shanghai Jibao Construction Labor Co., Ltd.
Shenzhen Shenji Construction Engineering Co., Ltd. (originally named "Zhuhai Shenji Construction Engineering Co., Ltd.")
Shanghai Kangyi Marine Engineering Co., Ltd.
Tianjin Shenji Construction Engineering Co., Ltd.
Shanghai Foundation Engineering Group Equipment Manufacturing Co., Ltd.
Shanghai Mechanized Construction Group Co., Ltd.
Shanghai Hubei Building Decoration Engineering Co., Ltd.
Shanghai SMCC Architectural Design & Consulting Co., Ltd.
Shanghai Shuzhi Construction Engineering Co., Ltd.
SCG Underground Engineering Technology Co., Ltd.
SCG (Jiangsu) Steel Structure Co., Ltd.
Shanghai Gardens (Group) Co., Ltd.
Shanghai Landscape Architecture Design Research Institute Co., Ltd.
Shanghai Gardening Landscaping Construction Co., Ltd.
Cixi Shenlong Garden Engineering Co., Ltd.
Shanghai Landscape Industrial Development Co., Ltd.
Shanghai Landscape Architecture Construction Co., Ltd.
Shanghai Hongqiao Flower Market Operation and Management Co., Ltd.
Shanghai Huapu Development Co., Ltd.
Shanghai New Garden Industrial Co., Ltd.
Quanzhou Yuanqi Construction Management Co., Ltd.
Shanghai Linyi Landscape Construction Co., Ltd.
Shanghai Shangyuan Construction Labor Co., Ltd.
Shanghai Flowers Trading Center Co., Ltd.
Ganzhou Shenrong Landscape Engineering Co., Ltd.
Ganzhou Shenhai Landscape Planning & Design Co., Ltd.
Shanghai Zhuoyuan Water Ecological Environment Engineering Co., Ltd.
Shanghai Hongyi Construction Industry Development Co., Ltd.
Shanghai Shangyuan Machinery Equipment Technology Co., Ltd.
Shanghai Shangyuan Seedlings Co., Ltd.
Shanghai Qianyu Construction Engineering Co., Ltd.
Hefei Shenlu Garden Engineering Co., Ltd.
SCG Dalian Construction Engineering Co., Ltd.
SCG Changzhou Wujin Viaduct Construction Co., Ltd.
Shanghai Municipal Engineering Design Institute (Group) Co., Ltd.
Shanghai Municipal Engineering Design Institute Co., Ltd.
Shanghai Water Industry Design Engineering Co., Ltd.
Shanghai Municipal Engineering Cost Consulting Co., Ltd.
Shanghai Simei Printing Co., Ltd.
Shanghai Municipal Engineering Design Institute Group - Foshan Simei Design Institute Co., Ltd.
Shanghai Municipal Engineering Inspection & Testing Center Co., Ltd.
Shanghai Municipal & Traffic Design Institute Co., Ltd.
Datong Municipal Engineering Design Institute Co., Ltd.
Hohhot Municipal Engineering Design Institute Co., Ltd.
Shanghai Municipal Engineering Design Institute Group - Zhejiang Municipal Design Institute Co., Ltd.
Shanghai Simei Design and Drawing Review Consulting Co., Ltd.
Shanghai Municipal Engineering Design Institute Group - No. 7 Design Institute Co., Ltd.

<b>Name of Subsidiary and Structured Entity</b>
Shanghai Municipal Engineering Design Institute Group - No. 10 Municipal Design Institute Co., Ltd.
Shanghai Municipal Engineering Design Institute Group - No. 6 Design Institute Co., Ltd.
Shanghai Municipal Engineering Design Co., Ltd.
Shanghai Urban Transportation Design Institute Co., Ltd.
Shanghai Municipal Engineering Design Institute Group Guangdong Co., Ltd.
Shanghai Urban Space Architectural Design Co., Ltd.
Shanghai Municipal Engineering Design Institute Xinjiang Co., Ltd.
Shanghai Municipal Precast Technology Development Co., Ltd.
Qingdao Water Affairs Seawater Desalination Design and Research Institute Co., Ltd.
SCG (Zhejiang) Water Conservancy and Hydropower Construction Co., Ltd.
China SFECO Group
Shanghai Machinery Complete Equipment (Group) Co., Ltd.
Shanghai Mechanical and Electrical Equipment Tendering Co., Ltd.
Shanghai Pudong Equipment Tendering Co., Ltd.
Shanghai Pudong Machinery Complete Equipment Co., Ltd.
Shanghai Pucheng Mechanical and Electrical Equipment Tendering Co., Ltd.
Shanghai Engineering Equipment Supervision Co., Ltd.
Shanghai Complete Purification Technology Equipment Co., Ltd.
Shanghai Equipment Leasing Co., Ltd.
Shanghai Machinery Complete Equipment (Group) Co., Ltd.
Shanghai Complete Machinery Equipment Singapore Company
Yatong Environment Water Treatment Jiangyin Co., Ltd.
Shanghai SFECO International Business Service Co., Ltd.
Shanghai SFECO International Human Resources Co., Ltd.
Shanghai SFECO Private Exit-Entry Consulting Service Co., Ltd.
Shanghai Chengjia New Energy Co., Ltd.
Shanghai Complete Puxing Car Sales Service Co., Ltd.
Nantong Shencheng Automobile Sales Service Co., Ltd.
Shanghai Construction (Hong Kong) Limited
Zara Mining Share Company
Shanghai Chengyang New Energy Co., Ltd.
Shanghai Chengchang New Energy Technology Co., Ltd.
SCG America Group Inc.
SCG Plaza Inc.
SCG American Construction Inc.
SCG Assets Holdings Inc.
Investel One LLC
Investel Two LLC
SCG Mima Towers LLC
SCG Mima Holding LLC
Broadway Elite LLC
Investel Resorts Management LLC
Investel Garden Holdings LLC
Investel Garden Resorts LLC
SCG Investel Harbor Resorts LLC
SCG Kunshan Middle-ring Road Construction Co., Ltd.
SCG Jiangxi Jiulonghu Municipal Engineering Design Co., Ltd.
Zhuhai Shenhai Construction Engineering Co., Ltd.
SCG Taizhou Tianxu Line Construction Co., Ltd.
SCG Changzhou Wujin Jinwu Road Construction Co., Ltd.

<b>Name of Subsidiary and Structured Entity</b>
Shanghai International Tourism Resort Engineering Construction Co., Ltd.
SCG Nanchang Qianhu Construction Co., Ltd.
SCG Yibin Daxikou Construction Co., Ltd.
SCG Chengdu Construction Engineering Co., Ltd.
SCG Wenzhou Qidu Bridge Construction Co., Ltd.
SCG Wenzhou Oujiangkou Construction Co., Ltd.
Sihui Huijian Road Reconstruction Construction Development Co., Ltd.
Zhaoqing Huijian Railway Station Complex Construction Development Co., Ltd.
SCG Meishan Construction Engineering Co., Ltd.
Changzhou Jintian Maoshan Tourist Avenue Construction Co., Ltd.
Nanjing Qiaoyuan Construction Management Co., Ltd.
SCG Wenzhou Oujiangkou Traffic Engineering Construction Co., Ltd.
Zhuhai Jinwan District Jianjin Ecological City Construction Co., Ltd.
Huzhou Zhili Cultural and Sports Center Construction Development Co., Ltd.
Shanghai Heyu Intellectual Property Agency Co., Ltd.
Jining Fenghuangtai Construction Co., Ltd.
SCG Investment Co., Ltd.
SCG Taizhou Fengxiyu Construction Co., Ltd.
SCG Dujiangyan Construction Engineering Co., Ltd.
SCG Anji Construction Co., Ltd.
Shanghai Zhongcheng Financial Leasing Co., Ltd.
SCG Equity Investment Fund Management Co., Ltd.
SCG Jianheng Equity Investment Funds Partnership (Limited Partnership)
SCG Anying Investment Management Center (Limited Partnership)
SCG Hexi Enterprise Management Center (Limited Partnership)
SCG Taihe Enterprise Management Center (Limited Partnership)
SCG Zhongying Enterprise Management Center (Limited Partnership)
SCG Jianying Enterprise Management Center (Limited Partnership)
Ningbo Meishan Bonded Port Zone Minyao Investment Management Partnership (Limited Partnership)
Suzhou Jianying Purui Venture Capital Center (Limited Partnership)
Suzhou Jianying Ruituo Venture Capital Center (Limited Partnership)
Suzhou Jianying Ruixin Venture Capital Center (Limited Partnership)
Shanghai Xijiu Enterprise Management Partnership (Limited Partnership)
Shanghai Tonghang Enterprise Management Partnership (Limited Partnership)
Jiaying Jianyi Investment Co., Ltd.
Shanghai Jianfan Enterprise Management Partnership (Limited Partnership)
Shanghai Jianyi Enterprise Management Partnership (Limited Partnership)
Shanghai Beijiu Enterprise Management Partnership (Limited Partnership)
Shanghai Changying Enterprise Management Partnership (Limited Partnership)
Shanghai Yingdafeng Asset Operation Management Co., Ltd.
SCG Overseas Holdings Co., Ltd.
SCG Overseas (Hong Kong) Co., Ltd.
Richwell Construction Engineering Limited
Max China Engineering Limited
Yongda Investment Limited
Shanghai Construction Overseas Engineering Limited
SCG Overseas (Mongolia) Limited
Shanghai Construction Group (M) Sdn. Bhd.
SCG (Caribbean) Co., Ltd.
SCG (Canada) Co., Ltd.

<b>Name of Subsidiary and Structured Entity</b>
SCG E-commerce Co., Ltd.
Shanghai Xingyu Trade Co., Ltd.
Shanghai Xingyao Business Travel Service Co., Ltd.
Shanghai Xingfeng Information Consulting Services Co., Ltd.
Shanghai Xingyao Travel Agency Co., Ltd.
Shanghai Xingshun Culture Media Co., Ltd.
SCG Yiyun Technology Co., Ltd.
SCG (Cambodia) Co., Ltd.
Ruiyi Assets - Assets Management under SCG No.1 Specific Asset Management Plan
SCG Equipment Engineering Co., Ltd.
SCG Yibin Cuiping Construction Co., Ltd.
Shanghai Minchuan Sports Development Co., Ltd.
Rizhao Hujian Urban Development and Construction Co., Ltd.
Qingdao Rail Transit Park Hujian Investment Development Co., Ltd.
Hainan Hujian Construction Co., Ltd.
Tianjin Housing Construction Development Group Co., Ltd.
Tianjin Huaxia Construction Development Co., Ltd.
Tianjin Housing Group Jinbin Real Estate Co., Ltd.
Tianjin Huaxia Jindian Real Estate Co., Ltd.
Tianjin Housing Group Binhai Property Co., Ltd.
Qian'an Huaxia Real Estate Development Co., Ltd.
Tianjin Huaxia Shenglong Real Estate Co., Ltd.
Tianjin Wanrong Real Estate Development Co., Ltd.
Tianjin Meijiang Construction Development Co., Ltd.
Tianjin Huajia Real Estate Co., Ltd.
Tianjin Housing Group Jincheng Real Estate Co., Ltd.
Xi'an Hua'an Property Co., Ltd.
Tianjin Huaxing Property Development Co., Ltd.
Tianjin Huaqing Property Co., Ltd.
Tianjin Huafu Property Co., Ltd.
Tianjin Jincheng Huaxin Real Estate Co., Ltd.
Tianjin Housing Group (Xi'an) Architectural Industry Co., Ltd.
Tianjin Tianyi Real Estate Co., Ltd.
Tianjin Tianzhu Jiahe Real Estate Development Co., Ltd.
Tianjin Tianzhu Urban Construction Development Co., Ltd.
Tianjin Housing Group Construction Engineering General Contracting Co., Ltd.
Tianjin Zhuzong Electromechanical Equipment Installation Co., Ltd.
Tianjin Huahui Anxin Decoration Engineering Co., Ltd.
Tianjin Zhongwang Longteng Technology Development Co., Ltd.
Tianjin Housing Group Building Materials Technology Co., Ltd.
Tianjin Huaxia Property Management Development Co., Ltd.
Tianjin Housing Research Institute Co., Ltd.
Tianjin Housing Research Building Science Engineering Technology Co., Ltd.
Tianjin Building Science Energy Efficiency Environmental Test Co., Ltd.
Tianjin Inspection and Testing Center for Housing Quality and Safety Co., Ltd.
Tianjin Zhuyan Construction Research Design Co., Ltd.
Tianjin Xintianzheng Information Technology Co., Ltd.
Tianjin Tianzheng Information System Engineering Consulting Co., Ltd.
Tianjin Longcheng Investment Development Co., Ltd.
Tianjin Housing Group Real Estate Management Co., Ltd.
Tianjin Tianzhu Lingyu Real Estate Management Service Co., Ltd.

Name of Subsidiary and Structured Entity
Tianjin Tianzhu Lingyu Real Estate Management Co., Ltd.
Tianjin Huaxin Real Estate Management Co., Ltd.
Tianjin Tianzhu Bailing Health Industry Development Co., Ltd.
2020 Phase I Feichi-Jianling Bill - Fund Trust of Huadian Gaintime (Beijing) Investment Fund Management Co., Ltd.
Jingu • Kaiyuan • Hengye Bojin Tower Property Trust
Shanghai Construction Environmental Technology Co., Ltd. (originally named Shanghai Zhuoyu Environmental Engineering Co., Ltd.)
Shanghai Greenment Environmental Technologies Co., Ltd.
Shanghai Shenhuan Environmental Engineering Co., Ltd.
Shanghai Jianxie Vocational Skills Training Co., Ltd.
Shanghai Construction Smart Construction Co., Ltd.
Xiamen Shangjian Construction Group Co., Ltd.
SCG (Hainan) Investment Co., Ltd.
2021 Phase I Feichi-Jianling Bill - Fund Trust of Huadian Gaintime (Beijing) Investment Fund Management Co., Ltd.

See the Note "7 Equity in other entities" for details of subsidiaries of the Company.

See the Note "6 Changes in the scope of consolidation" for details of the changes in the scope of consolidation during the reporting period.

## 2 Preparation basis for financial statements

### 2.1 Preparation basis

The Company prepares financial statements in accordance with the *Accounting Standards for Business Enterprises - Basic Standards* and all the specific accounting standards, Application Guidance to the Accounting Standards for Business Enterprises, the interpretation of the Accounting Standards for Business Enterprises and other relevant provisions (hereinafter referred to as the "Accounting Standards for Business Enterprises"), as well as the relevant provisions of the *Rules for the Compilation and Submission of Information Disclosure by Companies Offering Securities to the Public No. 15 - General Requirements for Financial Reports* issued by the China Securities Regulatory Commission.

### 2.2 Going concern

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

The Company does not have any event or circumstance that may lead to any major doubt on the sustainable operating capability of the Company within the 12 months after the end of the reporting period.

## 3 Significant accounting policies and accounting estimates

The following disclosures have covered the specific accounting policies and accounting estimates formulated by the Company according to the characteristics of its actual production and operation.

### 3.1 Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements meet the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the consolidated and company's financial position of the Company as at December 31, 2021, and the consolidated and company's operating results and cash flows for the year then ended.

### 3.2 Accounting period

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

**3.3 Operating cycle**

The Company's operating cycle is 12 months.

**3.4 Functional currency**

The Company adopts RMB as its functional currency.

**3.5 Accounting treatment methods for business combinations under common control and not under common control**

Business combination under common control: Assets and liabilities obtained through business combination by the combining party (including the goodwill arising from the acquisition of the combinee by the ultimate controller) are measured at the book values of the combinee's assets and liabilities in the consolidated financial statements of the ultimate controller on the combination date. 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.

Business combination not under common control: The combination cost refers to the fair value of the assets paid, liabilities incurred or assumed and equity securities issued by the acquirer on the acquisition date for the purpose of acquiring the control over the acquiree. The Company recognizes the difference of the combination costs in excess of the fair value of the identifiable net assets acquired from the acquiree as goodwill. The Company includes the difference of the combination costs in short of the fair value of the identifiable net assets acquired from the acquiree in the current profit or loss. Various identifiable assets, identifiable liabilities and contingent liabilities which are obtained from the combinee in the course of business combination and eligible for recognition are measured at fair value on the acquisition date.

Expenses incurred directly relating to the business combination are included in the current profit or loss; transaction expenses incurred in issuing equity or debt securities for business combination are included in the initial recognition amount of those equity or debt securities.

**3.6 Preparation method of consolidated financial statements**

**3.6.1 Scope of consolidation**

The scope of consolidation for the consolidated financial statements of the Company is determined based on control, including the Company and all its subsidiaries. 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 the Company's return by using the power over the investee.

**3.6.2 Procedures for consolidation**

The Company prepares the consolidated financial statements according to the uniform accounting policies by taking the enterprise group as a whole accounting entity, to reflect the overall financial position, operating results and cash flows of the enterprise group. Impacts of the internal transaction between the Company and its subsidiary or among subsidiaries of the Company should be offset. If any internal transaction indicates that relevant assets have been impaired, the impairment loss should be recognized in full. If the accounting policy or accounting period of any subsidiary is different from that of the Company, the consolidated financial statements of the subsidiary, upon preparation, will be adjusted according to the accounting policy and accounting period of the Company.

The share of owners' equity, current net profit or loss and current comprehensive income of subsidiaries attributable to minority owners are respectively and separately presented under the owner's equity in the consolidated balance sheet, the net profit in the consolidated income statement, and the total comprehensive income in the consolidated income statement. If the current losses shared by a minority shareholder of a subsidiary exceed the balances arising from the shares enjoyed by the minority shareholder in the owners' equity of the subsidiary at the beginning of the period, minority equity will be offset accordingly.

(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 operating results and cash flows for the period from the beginning of the period for such business combination to the end of the reporting period will be included in the consolidated financial statements. Meanwhile, the beginning amounts in the consolidated financial statements and relevant items in the comparative financial statements will be adjusted accordingly, as if the reporting entity after the business combination has been existed since the time-point when the ultimate controller has the control.

If the control can be exercised over the investee under the common control as a result of additional investment and other reasons, equity investments held before obtaining the control over the combinee, relevant gains or losses and other comprehensive income recognized from the later of the date when the original equity is obtained or the date when the combining party and the combinee are under the same control to the combination date and other changes in net assets will respectively be used to offset the retained earnings at the beginning of period for the comprehensive financial statements or the current profit or loss.

During the reporting period, subsidiaries or business acquired from the business combination not under common control are included in the consolidated financial statements from the acquisition date based on the fair value of various identifiable assets, identifiable liabilities or contingent liabilities determined on the acquisition date.

If the control can be exercised over the investee not under common control as a result of additional investments and other reasons, the equity of the acquiree held before the acquisition date will be remeasured at the fair value of such equity on the acquisition date, and the difference between the fair value and book value of such equity will be included in the current investment income. Other comprehensive income that will be reclassified into profit or loss and other changes in owners' equity calculated by the equity method where the equity of the acquiree held before the acquisition date involves with are transferred into the investment income for the period where the acquisition date belongs.

(2) Disposal of subsidiaries

① General treatment methods

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 should be remeasured by the Company at the fair value thereof on the date of losing the control. The difference between the sum of the equity disposal consideration and the fair value of the remaining equity and the sum of the share calculated at the original shareholding ratio in net assets enjoyed in the original subsidiary and continuously calculated from the acquisition date or combination date and the goodwill will be included in the investment income for the period where the control is lost. Other comprehensive income that will be reclassified into profit or loss and other change in owners' equity calculated by the equity method, associated with the equity investments of original subsidiaries should be transferred into the investment income for the period where the control is lost.

② Disposal of subsidiaries by stages

If the control is lost due to disposal of the equities in subsidiaries through multiple transactions by stages, and the terms, conditions and economic impact of the transactions of disposing equity investment in the subsidiaries meet one or more of the following circumstances, it usually indicates that multiple transactions belong to a package deal:

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

Where the multiple transactions belong to a package deal, the accounting treatment should be made by taking them as the transaction where any subsidiary has been disposed and the corresponding control has been lost; before the loss of control, the difference between each disposal price and the share in net assets which should be enjoyed in such subsidiary on account of such investment disposal should be recognized as other comprehensive income in the consolidated financial statements, and at the loss of control, transferred into the profit or loss for the period where the control is lost.

Where multiple transactions do not belong to a package deal, before the loss of control, accounting treatment should be made via the partial disposal of equity investments in the subsidiary without losing control; at the loss of control, accounting treatment will be made by the general treatment method for the disposal of subsidiaries.

- (3) Purchase of minority interest of subsidiaries  
The share premium in the capital reserves under the consolidated balance sheet will be adjusted at the difference between the long-term equity investment acquired by the Company for the purchase of minority interest and the share calculated at the newly increased shareholding ratio in the net assets the subsidiary continuously calculates from the acquisition date or combination date. If the share premium is insufficient to offset, retained earnings will be adjusted.
- (4) Partial disposal of equity investments in subsidiaries without losing control  
The share premium of capital reserves in the consolidated balance sheet will be adjusted based on difference between the disposal price and the share which should be enjoyed for the disposal of long-term equity investments in the net assets the subsidiary continuously calculates from the acquisition date or the combination date; if the share premium is insufficient to offset, retained earnings will be adjusted.

### **3.7 Classification of joint venture arrangements and accounting treatment methods of joint operation**

Joint venture arrangements are classified into joint operation and joint venture.

Joint operation refers to the joint venture arrangement under which the joint venturer enjoys the assets relevant to such arrangement and assumes the liabilities relevant to the same.

The Company recognizes the following items related to its share of benefits in the joint operation:

- (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) Revenues from sale of output enjoyed by it from the joint operation;
- (4) Revenues 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.

The Company accounts for its investments in joint ventures using the equity method. Please see the Note " 5.14 Long-term equity investments" for details.

### **3.8 Recognition criteria of cash and cash equivalents**

The term "cash" refers to the cash on hand and the unrestricted deposit of the Company. The term "'cash equivalents" refers to short-term and highly liquid investments held by the Company that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### **3.9 Foreign currency transactions and translation of foreign currency statements**

#### **3.9.1 Foreign currency transaction**

Foreign currency transactions are translated into RMB for recording purpose at the spot exchange rate prevailing on the transaction date.

The balance of foreign currency items on the balance sheet date are measured at the spot exchange rate on the balance sheet date. The exchange difference arising therefrom is included in the current profit or loss, while other exchange difference arising from the special borrowings of foreign currency related to the acquired and constructed assets qualified to capitalization is dealt with according to the principle of borrowing capitalization.

### **3.9.2 Translation of foreign currency statements**

Assets and liabilities in the balance sheet are translated at the spot exchange rates on balance sheet date; owners' equity items, except for the item of "undistributed profits", are translated at the spot exchange rates on the dates when the transactions occur. The revenue or expense items in the income statement are translated at the exchange rate which is similar to the spot exchange rate prevailing on the transaction date and determined by the systematic and reasonable method. The Group translates the revenue and expense items in the income statement at the average of the exchange rate at the beginning of the year and the exchange rate at the end of the year. Differences arising from the translation of foreign currency financial statements by the above-mentioned method are presented as other comprehensive income under the owners' equity in the balance sheet.

When the Company disposes of an overseas business, the translation differences in foreign currency financial statement related to such overseas business should be transferred in the current profit or loss from the owner's equity.

## **3.10 Financial instruments**

When the Company becomes a party to a contract for financial instrument, a financial asset, financial liability or equity instrument should be recognized.

### **3.10.1 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 Group, financial assets are classified at the initial recognition as: financial assets measured at the amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through the current profit or loss.

The Group classifies the financial assets that meet the following conditions at the same time but have not been designated to be measured at fair value through the current profit or loss as the financial assets measured at amortized cost:

- The business model is adopted for the purpose of obtaining the contractual cash flow;
- The contractual cash flow is only used for interest payment based on the principal or unpaid principal.

The Group classifies the financial assets that meet the following conditions at the same time and have not been designated to be measured at fair value through the current profit or loss as the financial assets (debt instruments) measured at fair value through other comprehensive income:

- The business model is adopted for the purpose of obtaining the contractual cash flow and selling such financial assets;
- The contractual cash flow is only used for interest payment based on the principal or unpaid principal.

At the initial recognition, the Company may irrevocably designate non-trading equity instrument investments as financial assets (equity instruments) measured at fair value through other comprehensive income. The designation is made based on a single investment and the relevant investment is in line with the definition of the equity instrument from the issuer's perspective.

Except for the financial assets measured at amortized cost and the financial assets measured at fair value through other comprehensive income, the Group classifies other financial assets as financial assets measured at fair value through the current profit or loss. At the initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company may irrevocably designate the financial assets that should have been classified as the financial assets measured at amortized cost or those measured at fair value through other comprehensive income as the financial assets measured at fair value through the current profit or loss.

At the initial recognition, financial liabilities are classified as: financial liabilities measured at fair value through the current profit or loss and financial liabilities measured at the amortized cost.

At the initial recognition, financial liabilities meeting one of the following conditions may be designated as the financial liabilities measured at fair value through the current profit or loss:

- 1) This designation can eliminate or significantly reduce the accounting mismatch.
- 2) According to the enterprise risk management or investment strategies specified in formal written documents, the management and performance evaluation of financial liability portfolios or portfolios of financial assets and financial liabilities is carried out based on fair value, and the report to key officer in the enterprise has been made based on such management and performance evaluation.
- 3) The financial liabilities contain the embedded derivative which needs to be separated.

### **3.10.2 Recognition basis and measurement method of financial instruments**

- (1) Financial assets measured at amortized cost  
Financial assets measured at amortized cost include notes receivable and accounts receivable, other receivables, long-term receivables, and creditors' investment, etc., of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognized amount; exclude accounts receivable with significant financing component and accounts receivable with the financing component not exceeding one year and not considered by the Company, of which initial measurement is made at the contract transaction price.

During the holding period, the interest calculated by the effective interest method is 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 other comprehensive income

Financial assets (debt instruments) measured at fair value through other comprehensive income include receivables financing and other creditors' 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. Changes in fair value are included in other comprehensive income except for the interest calculated by the effective interest method, impairment losses or gains, and exchange gains or losses.

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

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

Financial assets (equity instruments) measured at fair value through other comprehensive income, including other equity instrument investments, are initially measured 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 the other comprehensive income. Dividends obtained are included in the current profit or loss.

At derecognition, the accumulated gains or losses previously included in other comprehensive income are 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.

### 3.10.3 Derecognition and transfer of financial assets

In case one of the following conditions is met, the Company will derecognize financial assets:

- The contractual right of collecting cash flows of financial assets is terminated;
- The financial assets have been transferred, and nearly all of the risks and rewards related to the ownership of the financial assets have been transferred to the transferee;
- The financial assets have been transferred, and the Company does not retain the control over the financial assets through it has neither transferred nor retained nearly all risks and rewards related to the ownership of the financial assets.

At the transfer of financial assets, where nearly all of the risks and rewards related to the ownership of the financial assets have been retained, such financial assets should not be derecognized.

In determining whether the transfer of a financial asset meets the above derecognition criteria 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 are included in the current profit or loss:

- (1) Book value of the transferred financial asset;
- (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 are the financial assets (debt instruments) measured at fair value through other comprehensive income).

Where the partial transfer of a financial asset meets the derecognition criteria, the entire book value of the financial asset transferred should be allocated between the derecognized part and the recognized part based on the relative fair value, and the difference between the following two amounts should be included in the current profit or loss:

- (1) Book value of the 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 are the financial assets (debt instruments) measured at fair value through other comprehensive income).

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

#### **3.10.4 Derecognition of financial liabilities**

Where the present obligations of financial liabilities have been discharged in whole or in part, the financial liabilities or any part thereof should 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 should be derecognized, and at the same time, the new financial liabilities should be recognized.

Where substantive changes are made to the contract terms of existing financial liabilities in whole or in part, the existing financial liabilities should be derecognized in whole or in part, and the financial liabilities of which terms have been modified should 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) should be included in current profit or loss.

Where the Company redeems part of its financial liabilities, it should, 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) should be included in the current profit or loss.

#### **3.10.5 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 should be determined at the price quoted in the active market. The fair value of a financial instrument, for which there is no active market, is determined by using valuation techniques. At the time of valuation, the Company should 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 should 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.

#### **3.10.6 Test method and accounting treatment for the impairment of financial assets**

The Group estimates the expected credit loss of financial assets measured at the amortized cost, financial assets (debt instruments) measured at fair value through other comprehensive income and financial guarantee contract individually or in portfolio.

By considering such reasonable and well-founded information as relevant matters in the past, current conditions and prediction of future economic conditions, the Group calculates the probability weighted amount, weighted by default risk, of the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received, to determine the expected credit loss.

If there is obvious increase in credit risk following the initial recognition of such financial instrument, the Company will measure the loss provision at the amount which is equivalent to the amount of the expected credit loss over the entire duration of such financial instrument; if there is no obvious increase in credit risk following the initial recognition of such financial instrument, the Company will measure the loss provision at the amount which is equivalent to the amount of the expected credit loss within 12 months in the future of such financial instrument. Amount increased or reversed of loss provision arising therefrom will be included in the current profit or loss as impairment loss or gain.

By comparing the default risk in financial instruments on the balance sheet date with the default risk in financial instruments on the initial recognition date, the Group determines the relative change in default risk in financial instruments during the estimated duration to assess whether the credit risk of financial instruments has greatly increased following the initial recognition of such financial instruments. Generally, once the period is overdue for over 90 days, the Company may consider that there is obvious increase in credit risk of such financial instrument, unless there is unambiguous evidence that there is no obvious increase in credit risk of such financial instrument following the initial recognition.

If the credit risk of the financial instrument is low on the balance sheet date, the Company will immediately consider that there is no obvious increase in credit risk of such financial instrument following the initial recognition.

If there is objective evidence that any financial asset has had credit impairment, the Company will make the provision for impairment for such financial asset individually.

For receivables and contract assets arising from the transactions specified in the Accounting Standards for Business Enterprises No. 14 - Revenue (2017), whether or not they contain significant financing components, the Group always makes the provision for credit loss at the amount equivalent to the expected credit loss over the whole duration. According to the business nature, the Group's credit portfolios are divided into: "Portfolio of building, contracting, design and construction", "portfolio of BT and PPP projects", "portfolio of finance lease" and "other portfolio".

For lease receivables, the Group always makes the provision for credit loss at the amount equivalent to the lifetime expected credit loss.

For the long-term receivables from finance lease, BT And PPP business, the Group adopts the general impairment method for financial assets, that is according to the situation whether the credit risk has significant increase after the initial recognition, the Group will measure the loss provision based on the expected credit loss within the future 12 months (first level) or based on the expected credit loss over the whole duration (second and third levels).

If the Group no longer reasonably expects that the contractual cash flow of the financial asset can be fully or partially recovered, the book balance of the financial asset will be directly written down.

### **3.11 Inventories**

#### **3.11.1 Classification and cost of inventories**

Inventories are classified into: goods in process, revolving materials, main materials, structural parts, mechanical parts, spare parts, stock trees and flowers, finished products, developed products and development costs, etc.

Inventories are initially measured at cost, and the inventory cost includes the purchase cost, processing cost and other expenses arising from making the inventory at their present location and condition.

#### **3.11.2 Measurement method for inventories dispatched**

Except for circulating materials, other inventories are measured by the weighted average method on reception and dispatch.

#### **3.11.3 Basis of determining the net realizable values of inventories in different categories**

On the balance sheet date, inventories should be measured at the cost or the net realizable value, whichever is lower. Where the inventory cost is higher than its realizable value, the provision for inventory depreciation should be made. During routine activities, net realizable values of inventories refer to the amounts of the estimated selling prices of inventories minus the estimated costs to completion, estimated selling expenses and relevant taxes and surcharges.

In the normal production and operation process, for merchandise inventories for direct sale, including finished goods, stock commodities and materials for sale, their net realizable values are recognized at the estimated selling prices minus the estimated selling expenses and the relevant taxes and surcharges; for material inventories required to be processed, their net realizable values are recognized at the estimated selling prices of finished goods minus estimated costs until completion, estimated selling expenses and relevant taxes and surcharges. For inventories held to under any sales contract or service contract, their net realizable values are calculated based on the contract price. If the quantity of inventories held by the Company is more than that ordered in sales contract, the net realizable value of the excess inventories will be calculated based on general selling price.

When the provision for inventory depreciation is made, where the previous factor rendering the write-down of the inventory value has been eliminated, for which the net realizable value of the inventory is higher than the book value of the same, the provision for inventory depreciation should be reversed from the amount of provision for inventory depreciation originally made, and the reversed amount should be included in the current profit or loss.

#### **3.11.4 Inventory system**

The perpetual inventory system is adopted.

#### **3.11.5 Amortization methods for low-cost consumables and packaging materials**

- (1) One-off write-off method is adopted for low-cost consumables;
- (2) One-off write-off method is adopted for packaging materials.

### 3.11.6 Development costs and developed products

(1) Contents of development costs and developed products  
Developed products and development costs include land use rights, construction and development costs, capitalized borrowing costs, and other direct and indirect development expenses. When the development product is carried forward to the main business costs, the actual total costs will be amortized and accounted for based on proportion of construction area between sold and unsold development products.

(2) Accounting methods of land for development use  
For the pure land development project, the expenditure separately constitutes land development cost;

For the overall real estate development project, if the objects bearing the expense of the project is clear, such expense will be generally amortized at the actual area and included in developed products (development costs).

(3) Accounting method for public facilities expenses  
Public facilities which cannot be transferred for compensation are allocated and included in developed products (development costs) based on recognition criteria of income percentage;

For public facilities which can be transferred for compensation, the costs incurred are collected by taking various supporting infrastructure projects as cost accounting objects.

## 3.12 Contract assets

### 3.12.1 Recognition method and criteria for contract assets

According to the relationship between the performance of obligations and the customer payment, the Group presents contract assets or contract liabilities in the balance sheet. The right of the Group to the charge of consideration via goods transfer or service rendering to the customer (and the right depends on other factors except for the time lapses) is presented as a contract asset. Contract assets and contract liabilities under the same contract should be presented at net amount. The unconditional (only depending on the time lapses) right to the charge of consideration from the customer, possessed by the Group, is presented separately as receivables.

### 3.12.2 Determination method and accounting treatment for the expected credit loss of contract assets

See the Note "3.10.6 Test method and accounting treatment for the impairment of financial assets" for the determination method and accounting treatment for the expected credit loss of contract assets.

## 3.13 Assets held for sale

Where the Company recovers the book value of any non-current asset or disposed asset portfolio mainly through selling (including the exchange of non-monetary assets with commercial essence) but not continuously using the same, such non-current asset or disposed asset portfolio shall be divided into assets held for sale.

The Company recognizes non-current assets or disposed asset portfolios meeting the following conditions at the same time as assets held for sale:

(1) According to the general practice for selling such kind of asset or disposed asset portfolio in the similar transaction, the asset or portfolio can be immediately sold in the prevailing circumstance;

- (2) The sale of the asset or portfolio is very likely to happen, which means that the Company has made a resolution for one selling plan and has acquired the decided purchase commitment, and it is estimated that the sale will be completed within one year. Where the sale is subject to the approval of relevant authorities or regulatory authorities of the Company according to relevant provisions, the approval has been obtained.

For any non-current asset (excluding financial assets, deferred income tax assets and the assets arising from employee compensation) or disposed asset portfolio classified assets as held for sale, where its book value is higher than the net amount of its fair value less the selling expense, the book value shall be written down to the net amount of the fair value less the selling expense, and the amount written down shall be recognized as the losses from asset impairment and included in the current profit or loss, while the provision for impairment of assets held for sale is made.

### **3.14 Long-term equity investments**

#### **3.14.1 Judgment criteria for common control and significant influence**

Common control refers to the control shared over an arrangement in accordance with the relevant stipulations, and the decision-making of related activities of the arrangement should not be made before the party sharing the control agrees the same. Where the Company exercises common control over the investee together with other parties to the joint venture, and enjoys the right on the investee's net assets, the investee should be a joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of the investee, but not the power to control or jointly control the formulation of such policies with other parties. Where the Company is able to exert significant influence on an investee, the investee should be the Company's associate.

#### **3.14.2 Determination of initial investment cost**

- (1) Long-term equity investments acquired through business combination  
The initial investment cost of the long-term equity investments in subsidiaries generating from the business combination under common control is determined at the share of book value of the combinee's owners' equity on the consolidated financial statements of the ultimate controller. The difference between the initial investment cost of long-term equity investments and the book value of consideration paid is used to adjust the share premium in capital reserves; and if the share premium in capital reserve is insufficient to be offset, retained earnings will be adjusted. If the Control can be exercised over the investee under common control as a result of additional investment and other reasons, the difference between the initial investment cost of long-term equity investments and the sum of the book value of long-term equity investments before the combination and the book value of consideration paid for further obtaining shares on the combination date, recognized in the above-mentioned principle, will be used to adjust the share premium. If the share premium is insufficient to be offset, retained earnings will be offset accordingly.

The initial investment cost of long-term equity investments in subsidiaries generating from the business combination not under common control is recognized at the combination cost determined on the acquisition date. If the control can be exercised over the investee not under the common control as a result of additional investment and other reasons, the sum of the book value of the equity investment previously held and the newly increased investment costs will be recognized as the initial investment cost.

- (2) Long-term equity investments acquired by means other than business combination  
For the long-term equity investment acquired from cash payment, the initial investment cost is the actually paid purchasing cost.

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

### 3.14.3 Subsequent measurement and recognition of profits or losses

- (1) Long-term equity investment accounted for under the cost method  
Long-term equity investments of the Company in its subsidiaries are accounted for by the cost method, unless these investments conform to the conditions for assets held for sale. Except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Company recognizes the current investment income based on the cash dividends or profits enjoyed by the Company and declared to be distributed by the investee.
- (2) Long-term equity investment accounted for under the equity method  
Long-term equity investments of the Company in associates and joint ventures are accounted for by the equity method. If the initial investment cost is in excess of the share of fair value of the net identifiable assets in the investee when the investment is made, the difference will not be adjusted to the initial cost of long-term equity investment; if the initial investment cost is in short of the share of the fair value of the net identifiable assets in the investee when the investment is made, the difference will be included in the current profit or loss, and will be adjusted to the initial cost of long-term equity investment.

The Company should, based on its attributable share of the net profit or loss and other comprehensive income realized by the investee, respectively recognize the investment income and other comprehensive income, and simultaneously adjust the book value of the long-term equity investment. The Company should, in the light of the profits or cash dividends that the investee declares to distribute, reduce the book value of the long-term equity investment correspondingly. As to other changes in owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution (hereinafter referred to as "Other Changes in Owners' Equity"), the Company should adjust the book value of the long-term equity investment and include such change in the owners' equity.

The Company should, based on the fair value of net identifiable assets of the investee when the investment is made, recognize its attributable share of the net profits or losses, other comprehensive income and other changes in owners' equity of the investee after the adjustment made to the net profit and other comprehensive income of the investee according to the accounting policies and accounting period adopted by the Company.

The Company calculates its share of unrealized profit or loss from the internal transactions with its associates or joint ventures at its share ratio, and recognizes the investment income after offsetting the relevant profit or loss; however, the business formed by asset investment or sale is excluded. Unrealized losses from internal transactions between the Company and any investee should be recognized in full if they belong to the losses from asset impairment.

The Company's net loss incurred by joint ventures or associates, except for the obligation to assume additional losses, is written down to zero to the extent of the book value of the long-term equity investment and other long-term interests that substantially constitute the net investment in the joint ventures or associates. Where the joint ventures or associates realize net profits later, the Company shall restore the income shared after making up for unrecognized losses undertaken by such income.

(3) Disposal of long-term equity investments

For the disposal of long-term equity investments, the difference between the book value and the actual purchase price is included in the current profit or loss.

For long-term equity investments with partial disposal accounting by the equity method, where the remaining equity is still accounted for by the equity method, other comprehensive income recognized originally upon the accounting by the equity method should be carried forward at the corresponding proportion on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in owners' equity should be carried forward to the current profit or loss in proportion.

Where the Company loses the common control over or significant influence on the investee on account of the disposal of equity investment and any other reason, when the accounting by the equity method is terminated, other comprehensive income recognized upon the accounting by the equity method from the original equity investment should be subject to the accounting treatment which is made on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in owners' equity should be transferred to the current profit or loss in full when the accounting by the equity method is terminated.

Where the Company loses the control over the investee due to disposal of partial equity investments or other reasons, when it prepares individual financial statements, if the remaining equity can exercise joint control or significant influence on the investee, such investments should be changed to be accounted for under the equity method and the remaining equity should be deemed to have be adjusted on acquisition, namely when the equity method is adopted for accounting; other comprehensive income recognized prior to the acquisition of control of the investee is carried forward in proportion to the corresponding percentage using the same basis as the direct disposal of the related assets or liabilities by the investee, and other changes in owners' equity recognized as a result of the adoption of the equity method of accounting are carried forward proportionately to the current profit or loss; if the remaining equity cannot exercise joint control or significant influence over the investee, it is recognized as a financial asset, and the difference between its fair value and its book value at the date of loss of control is recognized in the current profit or loss, and all other comprehensive income and other changes in owners' equity recognized prior to the acquisition of control of the investee are carried forward.

Where the disposal of subsidiaries' equity investments till the loss of control by stages through multiple transactions belongs to a package deal, the accounting treatment shall be made by taking each transaction as the transaction where the subsidiaries' equity investments are disposed and the corresponding control is lost; before the loss of control, the difference between the disposal price and the book value of the long-term equity investment corresponding to the equity disposed shall be firstly recognized as other comprehensive income in the individual financial statements, and at the loss of control, all transferred to the profit or loss for the period when the control is lost. Where the above transactions do not belong to a package deal, each transaction shall be subject to separate accounting treatment.

### 3.15 Investment properties

The investment properties refer to the properties held for earning rentals or/and capital appreciation, including leased land use right, land use right held for transfer upon appreciation, and leased building (including self-built buildings or buildings developed for renting or buildings under construction or development for future renting).

Subsequent expenses related to investment properties, if the economic benefits associated with such assets are likely to flow in the Company and its cost can be measured reliably, should be recorded in the cost of investment properties; otherwise, they should be included in the current profit or loss when occur.

The Company measures its existing investment property by using the cost model. For investment property measured by using the cost model, the buildings for lease shall be depreciated by using policies the same as used for fixed assets of the Company, and the land use rights for lease shall be amortized by using the same policies as applicable to intangible assets. The estimated useful life, net residual value rate and annual depreciation (amortization) rate of the investment properties are as follows:

Category of investment properties	Estimated useful life	Estimated net residual value rate (%)	Annual depreciation (amortization) rate (%)
Buildings and constructions	30 - 40 years	5	2.4 - 3.2
Land use right	30 - 40 years	0	2.5 - 3.3

When an investment property is changed for self-use, upon change, the investment property will be converted as the fixed asset or intangible asset. When the self-use property is changed to earn rentals or for capital appreciation, upon change, the corresponding fixed asset or intangible asset will be converted as the investment property. When there is a conversion, the book value before the conversion shall be regarded as the book value after the conversion.

When the investment property has been disposed or permanently withdrawn from use, and no economic benefit is likely to come from the disposal of the investment property, the investment property will be derecognized. When the investment property is sold, transferred, scrapped or damaged, the Company will recognize such disposal revenue, deducting the book value and related taxes and surcharges of the investment property, in the current profit or loss.

If any indication of impairment exists, the recoverable amount of the investment property will be estimated. If the recoverable amount is lower than the book value of the investment property, the corresponding impairment loss will be recognized. The loss from impairment of the investment property should not be reversed once recognized.

### **3.16 Fixed assets**

#### **3.16.1 Recognition and initial measurement of fixed assets**

Fixed assets refer to the tangible assets held for the purpose of producing commodities, providing services, renting or business management with useful lives exceeding one accounting year. Fixed assets are recognized when they simultaneously meet the following conditions:

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

Fixed assets shall be initially measured at cost with the consideration of the expected discard expenses.

The subsequent expenditures relating to fixed assets shall be included in the costs of fixed assets when the relevant economic interests are much likely to flow in the Company and their costs may be measured reliably; as for the part replaced, the book value shall be derecognized; all other subsequent expenditures shall be included in the current profit or loss when incurred.

#### **3.16.2 Depreciation method**

Depreciation of fixed assets is provided on a category basis using the straight-line method or units-of-production method. The depreciation rate is determined according to the category, estimated useful life and estimated net residual value rate of fixed assets. For the fixed assets with provision for impairment made, the amount of depreciation will be determined according to the book value after deduction of the provision for impairment and the remaining useful life in the future. Where the fixed assets have the components with different useful lives or bring economic benefits for the enterprise in different ways, then the Company should choose different depreciation rates or methods to separately make the provision for depreciation.

The depreciation methods, depreciation years, residual value rates and annual depreciation rates of fixed assets are presented by categories as follows:

Category	Depreciation method	Depreciation life (year)	Residual value rate (%)	Annual depreciation rate (%)
Buildings and constructions	Straight-line method	5 - 40	5	2.4 - 19.0
Machinery equipment	Straight-line method	3 - 10	5	9.5 - 31.7
Transportation equipment	Straight-line method	4 - 8	5	11.9 - 23.8
Production equipment	Straight-line method	3 - 10	5	9.5 - 31.7
Office equipment and other equipment	Straight-line method	2 - 8	5	11.9 - 47.5
Instruments and laboratory equipment	Straight-line method	3 - 10	5	9.5 - 31.7

Special equipment is mainly shield machine, of which the estimated net residual value rate is 5%, and the provision for depreciation is made by the units-of-production method and included in relevant contract performance cost.

Temporary facilities are evenly amortized at expected project construction period.

The estimated use life, estimated net residual value and depreciation method of fixed assets are reviewed at the end of each year with proper adjustments made.

### 3.16.3 Disposal of fixed assets

When the fixed assets are disposed, or they are expected not to bring any economic interest via use or disposal, such fixed assets will be derecognized. The difference of the revenue from disposal of fixed assets such as sales, transfer, retirement or damage deducting their book value and related taxes should be included into the current profit or loss.

### 3.17 Construction in progress

According to the costs actually incurred, the Company measures its construction in progress. The actual costs include building costs, installation costs, borrowing costs eligible for capitalization and other necessary expenditures incurred before the construction in progress achieves the working condition for its intended use. When the construction in progress reaches the working condition for intended use, it will be transferred to fixed assets, and the provision for depreciation of the construction in progress will be made in the next month.

### 3.18 Borrowing costs

#### 3.18.1 Recognition criteria of capitalization of borrowing costs

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

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

### **3.18.2 Capitalization period for borrowing costs**

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

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

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

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

### **3.18.3 Period of capitalization suspension**

If the acquisition, construction or production activities of assets eligible for capitalization are abnormally interrupted and such condition lasts for more than three months, the capitalization of borrowing costs should be suspended; if the interruption is necessary procedures for the acquired, constructed or produced assets eligible for capitalization to reach the working conditions for their intended use or sale, the borrowing costs continue to be capitalized. Borrowing costs incurred during the interruption are recognized as the current profit or loss and continue to be capitalized until the acquisition, construction or production of the assets restarts.

### **3.18.4 Measurement of capitalization rate and capitalized amounts of borrowing costs**

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

As for general borrowings used for acquiring and constructing or producing assets eligible for capitalization, the amount of general borrowings to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements exceeding special borrowings by the capitalization rate of used general borrowings. The capitalization rate is determined based on the weighted and average effective interest rate for general borrowings.

During the capitalization period, exchange differences of principal and interest on foreign currency special borrowings shall be capitalized and included in the cost of assets eligible for capitalization. Exchange differences arising from the principal and interest on foreign currency borrowings other than foreign currency special borrowings are recognized in the current profit or loss.

### 3.19 Intangible assets

#### 3.19.1 Measurement of intangible assets

The Group's intangible assets include land use rights (excluding the lands developed by real estate enterprises), overseas land ownership, right to use the underground parking lot, right to use stadium, right to exploit mineral resources, engineering construction license issued by Hong Kong Government, operating rental vehicle license, supermarket brand franchise, computer software, right to public house use, PPP franchise, outsourcing business qualifications, customer relations, unsettled orders and others.

- (1) The Company initially measures intangible assets at cost on acquisition; The costs of externally purchased intangible assets include purchase prices, relevant taxes and surcharges and other directly attributable expenditures incurred to prepare the assets for their intended uses. If payments for the purchase of intangible assets are extended beyond the normal credit terms with financing nature, the costs of intangible assets are determined on the basis of present values of the purchase prices.

For intangible assets obtained through debt restructuring and used by debtors for offsetting debts, its book value is determined by the fair value of the abandoned creditor's right and the taxes directly attributable to the assets reaching intended use. The difference between the fair value and book value of the abandoned creditor's right is included in the current profit or loss.

If the non-monetary asset trade is of commercial nature and the fair value of the asset traded in or out can be measured reliably, the initial measurement will be made at the fair value. If the fair value of the asset traded in and out can be measured reliably, the initial investment cost of the traded-in intangible asset will be determined at fair value of the asset traded out and at relevant tax and surcharge payable, unless any unambiguous evidence indicates that the fair value of the traded-in asset is more reliable. If the non-monetary assets traded are of no commercial nature or the fair value of the assets traded in and out cannot be reliably measured, for the intangible assets traded in, the book value of the assets traded out and relevant taxes payable shall be used as the initial investment costs of the intangible assets traded in.

For intangible assets acquired from business combination under common control, their entry values are recognized at the book values of the combinee; for intangible assets acquired from business combination not under common control, their entry values are recognized at their fair values.

Costs of intangible assets developed internally and independently include: the costs of materials and labor services used in the course of developing the intangible assets, the registration fee, the amortization of other patents and franchise used in the course of development, the interest expense that satisfies the capitalization condition, and other direct expenses for making the intangible assets reach the working condition for the intended use.

The entry values of intangible assets invested by the state-owned shareholders during the restructuring of corporate system are adjusted on the basis of the assessed / reassessed value recognized by the state-owned asset management department. The intangible assets invested by other state-owned shareholders are measured at the value approved by the authorized state-owned asset management unit.

If the prices for purchased lands and buildings cannot be allocated reasonably between the land use right and buildings, they will all recognized as the fixed assets or investment properties.

(2) Subsequent measurements

The useful lives of the intangible assets are analyzed and determined on their acquisition.

For intangible assets with definite useful lives, the Company makes the amortization thereof within the period during which they can bring economic benefits to the Company; if such period cannot be forecast, those intangible assets will be taken as intangible assets with indefinite useful lives and not be amortized.

**3.19.2 Estimated useful lives of intangible assets with definite useful lives**

The Group's intangible assets include land use rights, right to use the underground parking lot, right to use stadium, right to exploit mineral resources, operating rental vehicle license, supermarket brand franchise, computer software, PPP franchise, outsourcing business qualifications, customer relations, unsettled orders and others are outsourcing business qualifications.

The right to exploit mineral resources is amortized according to the proportion of actual exploitation quantity in the total exploitable quantity under the exploitation right.

The useful lives and amortization methods of intangible assets with definite useful lives should be reviewed at the end of each year. Upon review, the useful lives and amortization methods of the intangible assets at the end of the current period are not different from those estimated before.

**3.19.3 Determination basis and procedure for review of useful life for intangible assets with indefinite useful life**

Intangible assets	Determination basis of intangible assets with indefinite useful lives	Procedures for reviewing the useful life
Overseas land ownership	According to the local law, there is no restriction on owner's land ownership period.	It is required to confirm whether any change in the provisions of relevant laws on land ownership period exists, at the end of each period.
Construction license granted by the Hong Kong Government	The license has not set up the useful life	It is required to confirm whether any change in the useful life of the construction license exists, at the end of each period.

### **3.20 Long-term asset impairment**

The Company will conduct the impairment test if the evidence shows that the long-term assets, such as the long-term equity investment, investment properties measured with the cost model, fixed assets, construction in progress, right-of-use asset and intangible assets with definite useful lives, are impaired on the balance sheet date. Where the result of the impairment test shows that the recoverable amount of the asset is lower than book value, the provision for impairment should be made and included in impairment loss. The recoverable amount of the asset is the higher of the net amount of its fair value less disposal expenses or the present value of its estimated future cash flows. Provision for asset impairment is made on individual asset basis. If it is difficult to estimate the recoverable amount of the individual asset, the Company shall estimate the recoverable amount of the asset group that the individual asset belongs to. Asset group is the smallest asset group that can independently generate cash inflows.

Goodwill from business combination, intangible assets with indefinite useful lives and intangible assets that have not reached the usable condition should be subject to the impairment test at least once at the end of each year, no matter whether they have any impairment indication.

The Company has conducted an impairment test of goodwill. The book value of goodwill arising from business combination is amortized to related asset groups by the reasonable method as of the purchase date; if it is difficult do so, such value will be amortized to the relevant portfolio of asset groups. The related asset group or combination of asset groups shall be the asset group or combination of asset groups that can benefit from the synergy effect of business combination. The book value of goodwill is amortized to relevant asset group or portfolio of asset groups based on the proportion of the fair value of such asset group or portfolio of asset groups in the total fair value of relevant asset groups or portfolios of asset groups. Where the fair value cannot be reliably measured, it should be amortized according to proportion of the book value of each asset group or combination of asset group in the total book value of relevant asset groups or combinations of asset groups.

When making an impairment test on the relevant asset groups or combination of asset groups containing goodwill, if any indication shows that the asset groups or combinations of asset groups related to the goodwill may be impaired, the Company shall first conduct an impairment test on the asset groups or combinations of asset groups not containing goodwill, calculate the recoverable amount and compare it with the relevant book value to recognize the corresponding impairment loss. Then the Company shall conduct an impairment test on the asset groups or combinations of asset groups containing goodwill, and compare their book values and recoverable amounts: if the recoverable amount is lower than book value, the amount of impairment losses should be firstly used to deduct book value of goodwill allocated to the asset groups or combinations of asset groups, and then deduct the book value of other assets according to the proportion of the book value of other assets other than the goodwill in the asset groups or combinations of asset groups.

The above losses from asset impairment shall not be reversed in subsequent accounting periods once recognized.

### **3.21 Long-term deferred expenses**

Long-term deferred expenses refer to the expenses which have been already incurred but will be borne in the current period and in the future with an amortization period of over 1 year.

#### **3.21.1 Amortization method**

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

**3.21.2 Amortization years**

Expenses on improvement of fixed assets acquired under operating lease: the shorter between the residual lease term and the remaining useful life of improved leased assets is the amortization period;

Other long-term deferred expenses: Being amortized within 3 to 5 years according to the benefit period.

**3.22 Contract liabilities**

The Group presents contractual assets or contractual liabilities in the balance sheet based on the relationship between its performance of fulfillment obligations and customer payments. The obligation of transferring goods or providing services to customers for the consideration received or receivable from customers shall be presented as contract liabilities. Contract assets and contract liabilities under the same contract should be presented at net amount.

**3.23 Employee compensation**

**3.23.1 Accounting treatment of short-term compensation**

During the accounting period when employees serve the Company, the actual short-term compensation is recognized as liabilities and included in the current profit or loss or costs associated with assets.

During the accounting period when employees serve the Company, the corresponding amount of employee compensation is calculated and determined according to the provision basis and provision proportion as stipulated in the provisions on the social insurance premiums and housing funds paid for employees by the Company, as well as trade union funds and employee education funds.

The employee welfare occurring in the Company shall be included in the current profit or loss or the related asset costs according to the actual amount when actually occurring. Among them, non-monetary benefits are measured at the fair value.

**3.23.2 Accounting treatment of post-employment benefits**

(1) Defined contribution plans

The Company pays the basic endowment insurance premiums and unemployment insurance for employees according to the relevant provisions of the local governments. During the accounting period when employees serve the Company, the paid amount which is calculated based on the payment base and proportion as stipulated in the provisions of the local place is recognized as liabilities and included in the current profit or loss or related asset costs. In addition, the Company also participates in the enterprise annuity plans/supplementary pension funds approved by the relevant state authorities. The Company makes payments to the annuity plans or local social insurance institutions in a certain proportion to the total employee wage, with corresponding expenses included in the current profit or loss or related asset costs.

(2) Defined benefit plans

According to the formula determined based on expected cumulative unit method, the Company will set the period that the welfare obligations deriving from the defined benefit plan, which will be included in the current profit or loss or related asset costs.

A net liability or net asset in connection with the defined benefit plan is recognized at the present value of the obligation under the defined benefit plan less the deficit or surplus arising out of the fair value of the assets under the defined benefit plan. For a surplus of defined benefit plan, the Company shall measure net assets of such defined benefit plan by the lower one between the surplus of defined benefit plan and the upper limit of assets thereof.

All obligations of defined benefit plan include the obligation of payment during the 12 months after the end of the annual reporting period of expected receipt of services from employees, and are discounted according to the market yields of state bond with the same currency or high quality corporate bond prevailing on the balance sheet date and during the obligation period of defined benefit plan.

The service costs of the defined benefit plan and net interest on the net liabilities or net assets under the defined benefit plan are included in the current profit or loss or related asset costs; changes in the re-measurement of net liabilities or net assets under the defined benefit plans should be included in other comprehensive income and should not be reversed to the profit or loss in subsequent accounting periods. When the original defined benefit plan terminates, the portion originally included in other comprehensive income will all be transferred to the undistributed profits within the scope of equity.

For the settlement of the defined benefit plan, the balance between the present value and the settlement price in regard to the defined benefit plan confirmed on the settlement date is recognized and settled as gains or losses.

### **3.23.3 Accounting treatment of dismissal benefits**

Where the Company provides dismissal welfare to employees, employee compensation incurred from dismissal benefits are recognized as liabilities and recorded into the current profit or loss at the earlier date of: when the Company is unable to unilaterally withdraw the dismissal benefits provided in the plan on the cancellation of labor relationship or the layoff proposal; when the Company recognizes the cost related to restructuring concerning payment of dismissal benefits.

### **3.23.4 Accounting treatment of other long-term employee benefits**

The Group offers the long-term compensated absence welfare to eligible staff with labor relation, including existing inner retired staff, absent disabled staff, etc. The accounting treatment of other long-term employee benefits is the same with that of Note 3.23.2 Defined benefit plan; however, the cost of services arising thereof, net amount of interest for net liabilities or net assets of other long-term employee benefits, and changes arising from the remeasurement of net liabilities or net assets of other long-term employee benefits should be included into the current profit or loss or related assets cost.

## **3.24 Estimated liabilities**

The Company recognizes estimated liabilities when such obligations related to contingencies including litigation, debt guarantee, onerous contracts and restructuring matters satisfy all the following conditions:

- (1) The obligation is a present obligation of the Company;
- (2) The performance of the obligation is likely to result in outflow of economic benefits from the Company; and

- (3) The amount of the obligation can be measured reliably.

Estimated liabilities are initially measured at the best estimate of expenses required for the performance of relevant present obligations.

When determining the best estimates, the Company comprehensively considers the risks, uncertainties, time value of money and other factors relating to contingencies. If the time value of money is significant, the best estimates shall be determined after discount of relevant future cash outflows.

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

On the balance sheet date, the Company will reexamine the book value of the estimated liabilities. If there is conclusive evidence that the best estimate cannot be reflected truthfully, the Company will make corresponding adjustments to the book value according to the current best estimate.

### **3.25 Share-based payment**

The Company's share-based payments are transactions in which the Company grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employees [or other parties]. The Company's share-based payment is divided into the equity-settled share-based payment and the cash-settled share-based payment.

#### **3.25.1 Equity-settled share-based payment and equity instruments**

The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees. As for share-based payment transaction that can be exercised immediately after the grant, it should be included in the relevant costs or expenses at the fair value of the equity instrument on the date of grant. The capital reserves should be increased accordingly. As for the share-based payment transaction whose right may not be exercised after the grant until the waiting period comes to an end or until the specified performance conditions are met, then the services obtained in the current period shall be included in the relevant costs or expenses based on the best estimate of the equity instruments with exercisable rights on each balance sheet date within the waiting period and according to the fair value on the grant date.

In case any clause on the equity-settled share-based payment has been modified, services acquired should be recognized as if such clause has not been modified. In addition, the increase in services acquired should be recognized in case of any increase to the fair value of equity instruments granted or any change favorable to employees on the date of increasing such fair value.

During the waiting period, if any equity instrument granted is canceled, the Company will accelerate the right exercise relevant to the equity instrument canceled, immediately include the amount which should be recognized during the remaining waiting period in the current profit or loss, and recognize capital reserves at the same time. However, if any new equity instrument is granted and on the date of granting such new equity instrument, it is affirmed that such new equity instrument can replace the canceled one, the treatment for such new equity instrument will be made in the way for modifying terms and conditions of the original equity instrument.

### **3.25.2 Cash-settled share-based payment and equity instruments**

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the Company. As for the share-based payment transaction that can be exercised immediately after the grant, the fair value of the liability undertaken by the Company shall, on the grant date, be included in the relevant cost or expense and the capital reserves shall be increased accordingly. As for the share-based payment transaction whose right may not be exercised after the grant until the waiting period comes to an end or until the specified performance conditions are met, on each balance sheet date within the waiting period, the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses at the fair value of the liability undertaken by the Company, and the corresponding liabilities shall be recognized. On each balance sheet date and settlement date prior to the settlement of relevant liabilities, the fair value of liability should be remeasured through the current profit or loss.

### **3.26 Preferred stocks, perpetual bonds and other financial instruments**

The Company classifies the financial instruments or their components as financial assets, financial liabilities or equity instruments at the time of the initial recognition, in accordance with contractual terms of financial instruments issued and economic substance reflected and not only legal form.

The Company classifies the financial instruments or their components as financial liabilities at the time of the initial recognition when the perpetual bonds/preferred stocks and other financial instruments issued by it meet the following conditions:

- (1) Having the contractual obligation that the Company cannot unconditionally avoid the fulfilling with the delivery of cash or other financial assets;
- (2) Including the contract obligation of settlement via delivering the own equity instruments with variable amount;
- (3) Including the derivative instrument settled with the own equity (such as the convertibility), and the settlement of such derivative instrument does not be conducted by exchanging the cash or other financial assets of fixed assets with the own equity instrument with fixed number;
- (4) Including the contract term where the contract obligation can be formed indirectly;
- (5) If the perpetual bonds are in the same order of liquidation as the common bonds and other bonds issued by the issuer upon liquidation of the issuer.

The Company classifies the whole financial instruments or their components as financial liabilities at the time of the initial recognition when the perpetual bonds/preferred stocks and other financial instruments issued by it do not meet one of the above conditions:

### **3.27 Revenue**

#### **3.27.1 Accounting policies for revenue recognition and measurement**

The Group will recognize the revenue when the obligations in the contract are performed, that is, when the customer obtains control of the related goods or services. Obtaining control of related goods or services refers to being able to dominate the use of the goods or the services and obtain almost all economic benefits from them.

Where the contract contains two or more performance obligations, the Group will allocate the transaction price to each individual performance obligation based on the relative proportion of the individual selling price of the goods or services promised by each individual performance obligation on the contract commencement date. Meanwhile, the Group measures the revenue according to the transaction price allocated to each individual performance obligation.

The transaction price is the amount of consideration that the Group expects to receive for the transfer of goods or services to customers, excluding amounts collected on behalf of third parties and amounts that are expected to be returned to customers. The Group determines the transaction price in accordance with the terms of the contract and in combination with its past practice, and meanwhile take into account the impact of variable consideration, the existence of significant financing elements in the contract, non-cash consideration and consideration payable to the customer. The Group determines the transaction price that includes variable consideration at an amount that does not exceed the accumulatively recognized revenue that is highly unlikely to have a major reversal when the relevant uncertainty is eliminated. Where there is a significant financing element in a contract, the Group determines the transaction price based on the assumed amount of cash to be paid when the customer obtains control of the goods or services, and amortizes the difference between the transaction price and the contract consideration over the contract period at the effective interest method. If the Group meets one of the following conditions, it shall perform the performance obligation within a certain period of time; otherwise, it shall perform the performance obligation at a certain period:

- The customer obtains and consumes the economic benefits brought by the performance of the Group while the Group is performing the obligation.
- The customer is able to control the goods under construction in the Group's performance process; or
- The goods produced by the Group during the performance of the contract have irreplaceable uses, and the Group has the right to receive payments for the portion of the performance that has been completed to date.

For performance obligations performed within a certain period of time, the Group recognizes revenue pursuant to the progress of performance in such period, unless the performance progress cannot be reasonably determined. The Group uses either the output or input method to determine the performance progress, by taking into account the nature of the goods or services. When the performance progress cannot be reasonably determined, if the cost incurred to the Group is expected to be compensated, revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined.

For performance obligations performed at a certain time-point, the Group recognizes revenue when the customer obtains control over the relevant goods or services. The Group will consider the following signs when judging whether the customer has acquired control over the goods or services, including:

- The customer has the current payment obligation for such goods or service, i.e. the Group enjoys the current right to collect the payment for such goods or services.
- The Group has transferred the legal ownership of such goods to the customer, i.e. the customer possesses the legal ownership of such goods.

- The Group has transferred goods to the customer in kind, i.e. the customer has possessed such goods in kind.
- The substantial risks and rewards of the ownership of such goods have been transferred by the Group to the customer, i.e. the customer has acquired the substantial risks and rewards of the ownership of such goods.
- The customer has accepted such goods or services.

### **3.27.2 Specific principle of revenue recognition**

**The specific accounting policies related to the Group's principal activity of obtaining revenue are described below:**

#### **(1) Revenue from engineering contracting contract**

Engineering contracting contracts between the Group and its customers usually include performance obligations for housing construction and infrastructure construction. Since customers can control the goods under construction during the performance of the Group, the Group regards them as performance obligations to be performed within a certain period, and revenue is recognized over a period of time according to the performance progress, except for those whose performance progress cannot be reasonably determined. The Group determines the performance progress according to the percentage of the completed contract work and estimated total contract work. When the performance progress cannot be reasonably determined, if the cost incurred to the Group is expected to be compensated, revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined. Contract costs that cannot be recovered shall be immediately recognized as contract costs when they are incurred instead of contract revenues.

#### **(2) Revenue from survey or design services**

As the Design and survey services provided by the Group during the contract performance process have irreplaceable uses, and the Group has the right to receive payments for the portion of the performance that has been completed to date, the Group regards them as performance obligations to be performed within a certain period, and revenue is recognized according to the performance progress, except for those whose performance progress cannot be reasonably determined. When the performance progress cannot be reasonably determined, if the cost incurred to the Group is expected to be compensated, revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined.

#### **(3) Revenue from real estate sales**

For real estate sales that satisfy the condition of fulfilling performance obligations within a certain period of time in accordance with the terms of the sales contract, local laws and regulatory requirements, the Group recognizes the revenue in accordance with the performance progress within that period; for other real estate sales, the sales revenue is recognized when the real estate is completed and accepted, a legally binding sales contract is signed and the delivery conditions agreed in the sales contract are met, and the customer obtains control of the relevant goods or services.

**(4) Revenue from sale of goods**

When the Group sells goods and the customer obtains control of the related goods, the Group determines the discount amount based on the expected value method based on historical experience, and recognizes revenue based on the net amount of the contract consideration less the expected discount amount.

**(5) Revenue from BT and PPP business**

During the project construction period, the Group recognizes relevant revenue and cost for the construction services provided in accordance with the accounting policies of the above engineering contracting contract.

If the contract provides that the Group can receive a definite amount of monetary funds or other financial assets unconditionally within a certain period after the completion of construction, the contract assets are recognized when the revenue is recognized. When the Group obtains the right to unconditionally receive consideration, the contract assets are transferred to financial assets for accounting purposes. If the contract provides that the Group has the right to receive fees from the recipients of the services for a certain business period after the completion of the construction and the charging amount is uncertain, and the right does not constitute an right to unconditionally receive a definite amount of monetary funds or other financial assets, it is recognized as an intangible asset and amortized on a straight-line basis over the concession period after the completion of the relevant infrastructure project.

During the operating period, corresponding revenues are recognized when services are provided; routine maintenance or repair costs incurred are recognized as the current expenses.

PPP project contracts (applicable from January 1, 2021) refers to the contracts entered into by and between the social capital investors and the government in accordance with the law on the cooperation of PPP projects, which meets the conditions of "dual characteristics" and "dual control" simultaneously. Among others, "dual characteristics" means that the social capital investors use PPP project assets to provide public products and services on behalf of the government during the operation period agreed in the contract and obtain the compensation for the public products and services provided by them. "Dual control" means that the type, object and price of the public products and services that social capital investors must use PPP project assets to provide are subject to government control or regulation. When the PPP project contract is terminated, the government can control the significant remaining equity of the PPP project assets through ownership, income rights or other forms.

Construction, operation, and transfer activities are generally included under the PPP contracts. During the construction phase, the Group recognizes contract assets in accordance with the *Accounting Standards for Business Enterprises No. 14 - Revenue*, which determines whether the Group is the primary responsible person or an agent. During the operation phase, the Group accounts for the contract assets accordingly under the following circumstances. (1) If the contract provides that the conditions that the Group has the right to receive a determinable amount of monetary funds (or other financial assets) during the operation of the project, the Group recognizes the amount of consideration or the amount of construction revenue recognized for the relevant PPP project asset as a contract asset until it has the right to receive such consideration (which only depends on the factor of passage of time); when the Group recognizes the amount of consideration or the amount of construction revenue recognized for the relevant PPP project asset until it has the right to receive such consideration (which only depends on the factor of passage of time), the amount of consideration or the amount of construction revenue recognized for the relevant PPP project asset is recognized as receivables and accounted for in accordance with the provisions of the accounting policy for financial instruments. The Group recognizes the difference between the amount of consideration or the amount of construction revenue recognized for the relevant PPP project assets and the right to receive a determinable amount of cash (or other financial assets) as intangible assets when the PPP project assets reach their intended useable state. (2) Where the contract provides that the Group has the right to collect fees from the recipients of public goods and services, but the charge amount is uncertain, the right does not constitute an unconditional right to receive cash. The Group recognizes the amount of consideration or the amount of construction revenue recognized for the relevant PPP project assets as intangible assets when the PPP project assets reach their intended useable state and accounts for them in accordance with the provisions of the Group's accounting policy on intangible assets. During the operating period, corresponding revenues are recognized when services are provided; routine maintenance or repair costs incurred are recognized as the current expenses. The contract stipulates that, in order to maintain the certain service capacity of infrastructure or to maintain the certain usability status prior to handing over to the contract awarding party of the infrastructure, the portion of the expenditure expected to be incurred for which the Group has a present obligation is recognized as estimated liabilities.

### 3.28 Contract costs

The contract costs are divided into contract performance costs and contract acquisition costs.

The Group's cost on contract performance does not belong to scope of standards for inventories, fixed assets or intangible assets, and is recognized as an asset when it meets the following conditions:

- The costs are directly related to a current or expected contract obtained.
- The costs increase the resources of the Group to fulfill its performance obligations in the future.
- The cost is expected to be recovered.

If the incremental cost incurred by the Group for obtaining the contract is expected to be recovered, the contract acquisition cost is recognized as an asset.

Assets related to contract cost are amortized on the basis for the recognition of revenue from goods or services relevant to such assets; however, if the amortization period of contract acquisition cost is less than one year, the Group will include such cost in the current profit or loss when it occurs.

If the book value of the assets related to contract costs is higher than both of the following two differences, the Group will make impairment provision for the exceeding part and recognize it as loss from asset impairment:

1. The remaining consideration expected to be obtained due to the transfer of goods or services related to the asset;
2. Estimate the costs that will occur in order to transfer the relevant goods or services.

If the factors causing the impairment in the previous period change, resulting that the above-mentioned difference is higher than the book value of such assets, the Group will reverse the provision for impairment which has been made originally, and include it in the current profit or loss. However, the book value of assets reversed should not exceed the book value of such assets on the reversal date as if no provision for impairment has been made.

### **3.29 Government grants**

#### **3.29.1 Type**

Government grants are monetary assets and non-monetary assets freely obtained by the Group from the government. Government grants are classified into assets-related government grants and income-related government grants.

Asset-related government grants refer to government grants obtained by the Group for acquisition, construction or otherwise form long-term assets. Income-related government grants refer to government grants excluding the asset-related government grants.

If the document on government grants stipulates that the grants from the government should be used for purchase and construction of fixed assets, intangible assets and subsidies of other long-term assets, the Group should recognize the assets-related subsidies according to the document; if the document has no clear stipulation, the Group should recognize the grants based on the actual situation. In addition to the government subsidies related to assets, other subsidies from the government should be recognized as the government subsidies related to income.

#### **3.29.2 Accounting treatment**

Asset-related government subsidies shall be used to offset the book value of relevant assets or recognized as deferred income. Where such grants are recognized as the deferred income, they will be included in the current profit or loss by reasonable and systematic methods within useful lives of related assets (Where such grants are related to the routine activities of the Group, they will be included in other income; where such grants are not related to the routine activities of the Group, they will be included in non-operating revenue);

Income-related government grants used to compensate for relevant costs or losses which will occur in the following period in the Group shall be recognized as the deferred income, and, during the period when relevant costs or losses are recognized, be included in the current profit or loss (where income-related government grants are relevant to routine activities of the Group, such grants shall be included in the other income; where income-related government grants are irrelevant to routine activities of the Group, such grants shall be included in the non-operating revenue) or used to offset relevant costs or losses; income-related government grants used to compensate for relevant costs or losses incurred in the Group shall be included in the current profit or loss (where income-related government grants are relevant to routine activities of the Group, such grants shall be included in the other income; where income-related government grants are irrelevant to routine activities of the Group, such grants shall be included in the non-operating revenue) or used to offset relevant costs or losses.

The discounted interest of policy-based preferential loan obtained by the Group is divided into two situations and subject to accounting treatment separately:

- (1) When the finance department appropriates the discounted interest to the loan bank, then the loan bank provides the loans at the policy-based preferential interest rate to the Group, the Group will take the book value at the loan amount actually received, and relevant borrowing costs are calculated based on the principal of the loan and the policy-based preferential interest rate.
- (2) Where the funds with discounted interest are directly appropriated to the Group, the corresponding discounted interest will be used to write down relevant borrowing costs.

### **3.30 Deferred income tax assets/ deferred income tax liabilities**

Income tax includes the current income tax and deferred income tax. Except for the income tax from the business combination or transactions or matters directly recognized in the owners' equity (including other comprehensive income), and the Company will record the current income tax and deferred income tax into the current profit or loss.

The deferred income tax assets and deferred income tax liabilities are calculated and recognized based on the differences (temporary differences) between the tax bases of assets and liabilities and the book values of the same.

Deferred income tax assets are recognized at deductible temporary differences to the extent that it shall not exceed the taxable income probably obtained in future period and used to deduct the deductible temporary differences. For deductible losses and tax credits that can be carried forward to subsequent periods, deferred tax assets arising therefrom are recognized to the extent that future taxable income will be probable to be available against deductible losses and tax credits.

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

Special circumstances in which deferred income tax assets or deferred income tax liabilities shall not be recognized include:

- Initial recognition of goodwill;
- For deductible temporary differences related to initial recognition of assets or liabilities incurred in the transaction that is not a business combination and that affects neither accounting profit nor taxable income (or deductible loss)

Taxable temporary differences related to investments in subsidiaries, associates and joint ventures are recognized as deferred income tax liabilities; unless the Company is able to control the time for reversing such temporary differences and such temporary differences are unlikely to be reversed in the foreseeable future. For the deductible temporary differences related to investments in subsidiaries, associates and joint ventures, the deferred income tax assets are recognized when the temporary differences may be reversed in the foreseeable future and they are likely to be obtained to offset the taxable income of deductible temporary differences in the future.

On the balance sheet date, deferred tax assets and liabilities should be measured at the applicable tax rate during the period of expected recovery of relevant assets or settlement of relevant liabilities according to the tax law.

On the balance sheet date, the Company reviews the book value of deferred income tax assets. If it is unlikely to obtain sufficient taxable income taxes to offset against the benefit of deferred income tax assets, the book value of deferred income tax assets shall be written down. When it is likely to earn sufficient taxable income, the write-down amount shall be reversed.

If the Company has the legal right to settle in net amounts and intends to settle in net amount or to obtain assets and discharge liabilities simultaneously, the current income tax assets and current income tax liabilities of the Company shall be presented based on the net amount after offset.

On the balance sheet date, when the following conditions are met, the deferred income tax assets and deferred income tax liabilities not presented by net amount after offset.

- The taxpayer has the legal right to settle the current income tax assets and current income tax liabilities on a net basis;
- Deferred income tax assets and deferred income tax liabilities are related to the income tax which are imposed on the same taxpayer by the same tax collection authority or on different taxpayers, but, in each important future period in connection with the reversal of deferred income tax assets and liabilities, the involved taxpayer intends to settle the current income tax assets and liabilities on a net amount basis, or obtain assets at the time of discharging liabilities.

### 3.31 Leases

#### **Accounting policies applicable as of January 1, 2021**

Lease refers to a contract in which a lessor assigns the right to use an asset to a lessee within a certain period in order to obtain the consideration. On the contract commencement date, the Company evaluates whether the contract is a lease or includes a lease. If a party to a contract transfers the right to control the use of one or more identified assets within a certain period in exchange for consideration, the contract shall be a lease or include a lease.

If the contract contains multiple individual leases, the Company will split the contract and make accounting treatment over each individual lease. If the contract contains both leased and non-leased parts, the lessee and lessor will split the leased and non-leased parts.

As for rent concessions such as rent reductions and deferred payments agreed upon for existing lease contracts that are directly triggered by the COVID-19 epidemic and also meet the following conditions, the Company does not assess whether a lease change has occurred or reassess the lease classification using the simplified method for all lease options:

- the lease consideration after the concession is reduced or substantially unchanged from that before the concession, where the lease consideration is either undiscounted or discounted at the discount rate before the concession.

- the concession is only for the lease payment payable before June 30, 2022, and the increase of the lease payment payable after June 30, 2022 does not affect the satisfaction of this condition, and the decrease of the lease payment payable after June 30, 2022 does not satisfy this condition; and
- other terms and conditions of the leases were determined to have not changed materially after considering qualitative and quantitative factors together.

### 3.31.1 The Company as the lessee

#### (1) Right-of-use assets

On the commencement date of the lease term, the Company recognizes leases other than short-term lease and low-value asset lease as the right-of-use assets. Right-of-use assets are initially measured at cost. Such cost includes:

- Initially measured amount of lease liabilities;
- Lease payment amount on or before the commencement date of the lease term, or the balance of such amount less the amount relevant to the enjoyed lease incentive, if any;
- Initially direct expense incurred in the Company;
- The estimated costs incurred by the Company for demolishing and removing leased assets, restoring the site where the leased assets are located, or restoring the leased assets to the state agreed in the lease terms, but excluding the costs incurred for the production of inventories.

The Company adopts the straight-line method to make the provision for the depreciation of the right-of-use assets. Where the Company can reasonably confirm that the ownership of the leased assets can be obtained at the expiration of the lease term, the provision for depreciation of right-of-use assets should be made over the remaining useful life for the leased assets; otherwise, such provision should be made over the lease term or the remaining useful life for the leased assets, whichever is shorter.

The Company confirms whether the right-of-use assets have been impaired according to the principles specified in Note “3.20 Impairment of long-term assets”/ and makes accounting treatment for the impairment losses recognized.

#### (2) Lease liabilities

On the commencement date of the lease term, the Company recognizes leases other than short-term lease and low-value asset lease as the lease liabilities. The lease liabilities are initially measured at the present value of unpaid lease payment. The lease payment includes:

- Fixed payment (including the actual fixed payment), or the balance of such payment less the amount relevant to lease incentive, if any;
- Variable lease payment depending on certain index or ratio;
- Payment expected to be paid based on the residual value of the guarantee provided by the Company;
- The executive price for buying the option, provided that the Company is reasonably certain that it will exercise the option;

- Payment needs to be paid for executing the lease termination option, provided that it is reflected that the Company will exercise the lease termination option during the lease term;

The Company takes the interest rate implicit in lease as the discount rate, or takes the interest rate for incremental borrowings of the Company as the discount rate if the interest rate implicit in lease cannot be determined reasonably.

The Company calculates the interest expenses for lease liabilities over all periods within the lease term based on the fixed and periodic interest rate, and includes the same in the current profit or loss or the asset-related cost.

The variable lease payments not included in the measurement of lease liabilities shall be included in the current profit or loss or the costs of related assets when they actually occur.

After the commencement date of the lease term, in case of the following situations, the Company will remeasure the lease liabilities and adjust the corresponding right-of-use assets. If the book value of right-of-use assets has been reduced to zero, but the lease liabilities still need to be reduced, the Company will include the difference in the current profit or loss:

- When the assessment results of the purchase option, renewal option or termination option change or the actual exercise conditions of the aforesaid options are inconsistent with the original assessment results, the Company re-measures the lease liabilities according to the present value calculated by the changed lease payment amount and the revised discount rate;
- If the actual fixed payment, the amount expected to be payable of the residual value of the guarantee or the index or ratio used to determine the lease payment changes, the Company will remeasure the lease liabilities at the present value calculated based on the lease payment after the change at the original discount rate. However, if the change in lease payment is caused by the change in the floating rate, the present value will be calculated at the revised discount rate.

(3) Short-term lease and lease of low-value assets

The Company chooses not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, and the relevant lease payments are included in the current profit or loss or the cost of related assets by straight-line method over each period within the lease term. Short-term leases refer to leases that do not exceed 12 months on the commencement date of the lease term and do not include any purchase option. Low-value asset lease refers to the lease where the price is low when the individual leased asset is the brand new asset. For the lease asset subleased by the Company subleases or expected to be subleased, the original lease is not a lease of low-value assets.

(4) Lease changes

Where any lease has changed and meet the following conditions at the same time, the Company should take such lease as an individual lease for accounting treatment:

- where the lease change expands the scope of the lease by adding the right to use one or more leased assets;

- where the increase of the consideration is equivalent to the adjusted individual price of the expanded part of the lease scope according to the contract.

Where the lease change is not accounted for as a separate lease, on the effective date of the lease change, the Company will re-distribute the consideration of the contract after the change, re-determine the lease term, and re-measure lease liabilities according to the present value calculated by the changed lease payments and the revised discount rate.

If the lease scope or term is reduced due to the lease change, the Company will reduce the book value of right-of-use assets accordingly and include relevant gains or losses from the partial or whole termination of the lease in the current profit or loss. If other lease change causes the remeasurement of lease liabilities, the Company will adjust the book value of right-of-use assets accordingly.

(5) Rent concessions related to the novel coronavirus pneumonia (COVID-19) epidemic

For the adoption of simplified methods of rent concession related to the COVID-19 epidemic, the Company will not evaluate whether the lease change has occurred, it will continue to calculate the interest expense of the lease liabilities according to the same discount rate as before the concession and include it in the current profit or loss, and continue to accrue the depreciation for the right-to-use assets according to the same method as before the concession. In the event of rent reduction or exemption, the Company will treat the reduced rent as variable lease payments. When the original rent payment obligation is relieved by reaching a concession agreement, the undiscounted amount or the discounted amount at the discount rate before the concession is used to offset the cost or expenses of related assets, and the lease liabilities will be adjusted accordingly; if the rent payment is delayed, the Company will offset the lease liabilities recognized in the previous period at the time of actual payment.

For short-term lease and low-value asset lease, the Company continues to include the rent in the original contract in the costs or expenses of related assets according to the method consistent with that before concession. In case of any rent reduction or exemption, the Company will treat the reduced rent as variable lease payments to offset the costs or expenses of related assets during the reduction or exemption period; In case of any deferred payment of rent, the Company will recognize the payable rent as payables during the original payment period, and offset the payables recognized in the previous period at the time of actual payment.

**3.31.2 The Company as the lessor**

On the lease commencement date, the Company divides leases into the finance lease and operating lease. The finance lease refers to the lease where all risks and rewards related to the ownership of leased assets have been transferred, no matter whether the ownership has been finally transferred. The operating lease refers to other leases than the finance lease. The Company, as the sublessor, classifies subleases based on the right-of-use assets generating from the original leases.

(1) Accounting treatment of operating leases

The lease receipt from operating lease is recognized as the rent revenue by the straight-line method during each period within the lease term. The Company capitalizes the incurred initial direct expense relevant to the operating lease, and amortizes the same on the same basis for rent revenue recognition during the lease term to include the same in the current profit or loss. Variable lease payment not included in the lease receipt is included in the current profit or loss when it is actually incurred. In case of any change in operating lease, the Company will make accounting treatment for the operating lease changed by taking it as a new lease from the change commencement date, the amount receivable of the new lease will be recognized at the lease payment to be received or receivable which is relevant to the lease before the change.

(2) Accounting treatment of finance lease

On the lease commencement date, the Company recognizes finance lease receivables finance leases, and derecognizes assets under the finance lease. At the initial measurement of finance lease receivables, the Company takes the net lease investment as the entry value of the finance lease receivables. The net lease investment refers to the sum of the unguaranteed residual value and the present value calculated via discount based on the lease receipt which has not been received on the commencement date of lease term at the interest rate implicit in lease.

The Company determines via calculation the interest income over all periods within the lease term based on the fixed and periodic interest rate. The de-recognition and impairment of finance lease receivables shall be accounted for in accordance with "3.10 Financial instruments" herein.

Variable lease payments not included in the net lease investment are recognized in the current profit or loss when they are actually incurred.

When a change in a finance lease occurs and both of the following conditions are met, the Company will account for the change as a separate lease:

- where the change expands the scope of the lease by adding the right to use one or more leased assets;
- where the increase of the consideration is equivalent to the adjusted individual price of the expanded part of the lease scope according to the contract.

If the change of finance lease is not accounted for as a separate lease, the Company will deal with the changed lease under the following circumstances:

- If the change takes effect on the commencement of the lease, the lease will be classified as an operating lease, and the Company will treat it as a new lease from the effective date of the lease change, and take the net lease investment before the effective date of the lease change as the book value of the leased assets;
- If the change comes into effect on the commencement date of the lease, the lease will be classified as a finance lease, and the Company will carry out accounting treatment according to the policy in Note 3.10 Financial Instruments on modifying or renegotiating the contract.

- (3) Rent concessions related to the novel coronavirus pneumonia (COVID-19) epidemic
- For the operating leases that adopt the simplified method of rent concession related to the COVID-19 epidemic, the Company continues to recognize the rent in the original contract as lease income according to the method consistent with that before concession; in case of any rent reduction or exemption, the Company will treat the reduced rent as variable lease payments to offset rental income during the reduction or exemption period; in case of any deferred collection of rent, the Company will recognize the rent that shall be collected during the original collection period as receivables to offset the receivables recognized in the previous period at the time of actual collection.
  - For the finance leases that adopt the simplified method of rent concession related to the COVID-19 epidemic, the Company continues to calculate interest according to the same discount rate consistent with that before concession and recognize it as rental income. In the event of rent reduction or exemption, the Company will treat the reduced rent as variable lease payments, and when a concession agreement is reached, etc. to waive the right to receive the original rent, the undiscounted amount or the amount at the discount rate before the concession will be used to offset the originally recognized rental income. The part insufficient to be offset will be included in investment income, and the finance lease payment receivable will be adjusted accordingly; if the collection of rent is delayed, the Company will offset the finance lease payment receivable recognized in the previous period when it is actually received.

### 3.31.3 Sale-and-leaseback deals

The Company determines via assessment whether the assets transfer under leaseback belongs to sales according to the principle specified in "Note 3.27 Revenue".

(1) As the lessee

If the asset transfer in the sale-leaseback transaction belongs to sales, the Company as the lessee measures the right-of-use asset formed by the sale-leaseback according to the part related to the use-right obtained from the leaseback in the original book value of assets, and only recognizes the relevant gains and losses only for the rights transferred to the lessor; if the asset transfer in the sale-leaseback transaction doesn't belong to sales, as the lessee, the Company continues to confirm the transferred assets, and at the same time confirms a financial liability equivalent to the transfer income. Please refer to Note 3.10 Financial instruments for the accounting treatment for financial liabilities.

(2) As the lessor

If the asset transfer in the sale-leaseback transaction belongs to sales, the Company as the lessee treats the purchase of assets and accounts for the lease of assets according to the aforementioned policy of "2. The Company as the lessor"; if the asset transfer in the sale-and-leaseback transaction does not belong to the sale, the Company, as the lessor, will not confirm the transferred assets but recognizes a financial asset equivalent to the transfer income. Please refer to Note "3.10 Financial instruments" for the accounting treatment for financial assets.

**Accounting policies applied before January 1, 2021**

The Company divides leases into the finance lease and the operating lease. The finance lease refers to the lease where all risks and rewards related to the ownership of assets have been transferred. The operating lease refers to other leases than the finance lease.

If the rent relief, deferred rent payment and other rent reductions directly caused by COVID-19 or agreed regarding the existing lease contract meet the following conditions at the same time, the Company will adopt a simplified method to measure all leases without the assessment on whether any lease has changed and the re-assessment for lease classification:

- The reduced lease consideration is less than or basically equal to the original lease consideration, in which the lease consideration is not discounted or is discounted at the discount rate applied before the rent reduction;
- The reduction is only for the lease payment that is payable before June 30, 2021, and both the increase and the decrease in the lease payment that is payable after June 30, 2021 do not affect the satisfaction of such condition; and
- Other lease terms and conditions are determined to be unchanged after a comprehensive consideration of the qualitative and quantitative factors.

**1. Accounting treatment of operating lease**

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

When assets lessor bears the lease-related expenses which shall be borne by the Company, the Company should deduct such expenses from the total rents and amortize the rents after deduction over the lease term and include them in the period charges.

- (2) The lease fees received for the assets acquired under lease shall be recognized as current expenses over the lease terms (including rent-free periods) on a straight-line basis. Initial direct cost related to any lease transaction paid by the Company is included in the period charges; if it has a large amount, it will be capitalized, and included in the current income by stages within the whole lease term on same basis for recognition of lease-related revenue.

When the Company has borne the costs related to the lease which shall be borne by the lessee, the Company should deduct the part of expenses from the total rents and amortize the rents after deduction over the lease term.

**2. Accounting treatment of finance leases**

- (1) Assets acquired under finance leases: at the inception of the leases, the Company recognizes the book-entry value of leased assets at the lower of their fair values or their present values of the minimum lease payments, and shall recognize the book-entry value of long-term payables at the amounts of the minimum lease payments, and shall recognize the differences between the above two book-entry values as unrecognized financing charges. The Company amortizes the unrecognized finance charges by the effective interest method during the lease term, and includes the amortized amount in the financial expenses. The initial direct expenses on the Company are included in the value of leased asset.
- (2) Assets rented out under finance lease: on the lease commencement date, the Company recognizes the difference between the sum of finance lease payment receivable and unguaranteed residual value and the present value of the assets as unrealized financing income and as financing income in each period of future lease. The Company's initial direct expenses related to lease are included in the initial measurement of finance lease payment receivable, and the income recognized in lease term is decreased accordingly.

**3.32 Segment reporting**

The Company determines operating segments based on internal organization structure, management requirements and internal reporting system, determines reporting segments based on operating segments, and disclose the information of the segments.

Operating segment refers to the component part of the Company that meet the following requirements: (1) it can generate income and expenses in daily activities; (2) the management of the Company can regularly evaluate its operating results to determine its allocation of resources and to evaluate its performance; (3) The Company is able to obtain its accounting information regarding financial position, operating results and cash flows, etc. If two or more operating segments have similar economic characteristics, and have met certain conditions, they will be merged into one operating segment.

**3.33 Other significant accounting policies and estimates**

**3.33.1 Exploration and development expenses**

Exploration and development expenses are collected by the independently identifiable area with profit incurred from a single prospecting area. The exploration expenses are capitalized or temporarily capitalized when the following conditions are met: the right of mining the area with profit is present and relevant cost can be recovered through successful development and commercial exploitation or sale of the area; or the development of such area is not in the stage when it can be defined whether there is mineable reserves and key work associated with mining is still in progress

The Group reviews expenses incurred to each area with profit to continue to determine the appropriateness of such expenditure. Expenses accumulated for the discarded area shall all be written off in the period when the Group decides to abandon such area. When there is evidence or environment indicating that book value of the asset may exceed its recoverable amount, it is necessary to assess whether there is impairment on the book value of the exploration and development expenses.

When the production begins, cumulative expenses in relevant area should be amortized over the serviceable life of the area based on the consumption rate of economic recoverable reserves.

Exploration and development assets acquired from the business combination are recognized at the fair value on the acquisition date, and separately presented as construction in progress or intangible assets according to the assets properties.

### **3.33.2 Defined benefit plan**

For defined post-employment benefit plan and other long-term benefit plans, actuarial valuation is made on each balance sheet date, and the cost for benefit providing is determined by using the unit approach of estimated cumulative benefit.

For the liabilities and expenses arising from defined post-employment benefit plan and other long-term benefit plans, the Group hires independent actuary to conduct the actuarial assessment:

- (1) The supplementary post-employment benefits provided for eligible staff without labor relation, including retired veterans and retirees as well as family dependents of the deceased employees.
- (2) The off-the-job continuing remuneration provided to eligible staff with labor relation, including existing inner retired staff, absent disabled staff, etc.
- (3) In the actuarial assessment, the Group determines the discount rate with reference to the yield of national debt for the same period, and determines the normal retirement age in accordance with Chinese mandatory age for retirement, and recognizes the death rate base on two years after the age stated in the China Life Insurance Mortality Table (2000-2003) -- CL5/CL6 up 2 China Personal Insurance Experience Life Table (2010-2013).

### **3.33.3 Principal accounting estimates and key assumptions**

The Group carries out on-going evaluation on the principal accounting estimates and key assumptions adopted based on historical experience and other factors, including rational expectations of future events.

The following principal accounting estimates and key assumptions may have significant risk causing significant adjustment to the book value of assets and liabilities in next accounting year:

- (1) Engineering contracting contract  
The revenue and expenses of construction and service contracts recognized by performance progress are subject to related judgment by the Group. If it is expected that there will be loss on the construction and service contracts, such loss should be recognized as the current expenses. The Group estimate the cost to be incurred according to the budget of the construction and service contracts; and due to the characteristics of the engineering construction contract business, the contract signing date and the project completion date often belong to different accounting periods. In the contract process, the Group continues re-examine and revise the costs and expenses in the contract budget, and reviewed the progress of the contract. If there may be a change in contract income, contract cost or the completion schedule, revision will be made. The revision may result in an increase or decrease in the estimated revenue or cost, which will be reflected in the income statement during the revision period.

(2) Real estate development costs  
Upon recognition of the development costs, the Group needs to make significant estimates and judgments according to the estimated cost and development progress of the development projects. When the final costs of real estate development project are inconsistent with the estimated costs, the difference will affect corresponding developed products, development costs and costs of primary business.

(3) Deferred income tax assets and deferred income tax liabilities  
Deferred income tax assets and deferred income tax liabilities are measured at the appropriate tax rate prevailing on the recovery of deferred income tax assets or settlement of deferred income tax liabilities. Deferred income tax assets are recognized to the extent that future taxable income will be probable to be available against the deductible temporary differences, deductible losses and tax credits.

The Group recognizes the deferred income tax assets according to the laws on tax collection that have already been issued or substantially enacted, and the best estimate of the earnings to be obtained by the Group in future period of expected reversal of deferred income tax assets. However, for the estimate on the future earnings or future taxable income, the Group needs to make a lot of judgments and estimates and consider tax planning strategies at the same time. Different judgments and estimates may lead to different recognized amount of deferred income tax assets. The Group re-assesses the estimates on earnings and other assessment made on each balance sheet date.

(4) Taxes involved in real estate development  
Many types of taxes shall be paid in the process of engaging real estate development business. There are many uncertainties in the ultimate tax treatment of many transactions and events in the normal operating activities. The Group needs to make significant estimate upon provision for land value-added tax and income tax, etc. If the finally recognized result and the initially recorded amount of these tax matters are different, such difference will impact the amount of taxes accrued for the said final recognition period.

(5) Impairment of financial instruments and contract assets  
The Group adopts the expected credit loss model to assess the impairment of financial instruments and contract assets. The application of the expected credit loss model requires significant judgments and estimates. It must consider all reasonable and evidence-based information, including forward-looking information. In making such judgments and estimates, the Group infers expected changes in debtors' credit risk based on historical repayment data combined with economic policies, macroeconomic indicators, industry risks and other factors. Different estimates may affect the provision for impairment, and the amount of impairment that has been provided may be not equal to the actual amount of future impairment losses.

#### **3.33.4 Judgment on the financial guarantee's impact on sales**

Under normal business environment, the Group signs a house sale contract with the house purchaser. If a house purchaser needs to obtain mortgage loans from banks to pay the house payment, the Group will reach a tripartite agreement of guarantees for mortgage loans with the purchaser and relevant bank. Under the agreement, the house purchaser needs to pay at least 20% -30% of the total house payment as a down payment, and the Group will provide phased joint liability guaranty for the mortgage loan issued by the bank to the house purchase, and the term of such guaranty is generally 6 months to 2 years. The liability for such phased joint liability guaranty shall be relieved after the purchaser completes formalities for the house ownership certificate and the house mortgage registration.

Under the tripartite agreement of guarantees for mortgage loans, the Group only provides guaranty to the bank for the purchaser's outstanding part of mortgage loans within the guaranty term, and the bank will only recourse to the Group in the case of the purchaser's breach of contract due to no repayment for the mortgage loans.

According to the Group's historical experience in sales of similar developed products, the Group believes that, in the period of such joint liability guaranty, there is low risk of the Group undertaking the guaranty liability due to the purchaser's failure of repayment for the loans and the Group may recourse to the purchaser the advance payment for undertaking the phased joint liability guaranty; and in case of no repayment by the purchaser, the Group may take the priority of disposing relevant house according to relevant house sale contract to avoid loss. Therefore, the Group considers that the financial guaranty has no effect on the recognition of revenue from sales of developed products.

### **3.34 Changes in significant accounting policies and accounting estimates**

#### **3.34.1 Changes in significant accounting policies**

(1) *Implementation of the Accounting Standards for Business Enterprises No. 21 – Leases* (Revised in 2018)

The Ministry of Finance revised *the Accounting Standards for Business Enterprises No. 21 – Leases* (the "New Lease Standards") in 2018. The Company has implemented the new lease standards as from January 1, 2021. According to the revised standards, the Company chose not to re-evaluate whether it was a lease or included a lease on the first implementation date for the contract that already existed before the first implementation date.

- The Company acted as the lessee:  
The Company chooses to adjust the retained earnings and the amount of other relevant items in the financial statements at the beginning of the year, in which the new lease standard was firstly implemented, based on the cumulatively impacted amount after the first implementation of the new lease standard, without adjusting the information of comparable period.

For the operating leases that existed prior to the first implementation date, the Company measures the lease liability as per the current value discounted at the incremental borrowing rate on the first implementation date based on the remaining lease payments on the first execution date, and chooses the following methods to measure the right-of-use assets as per each lease:

- For the amount equal to the lease liability, necessary adjustments will be made based on the prepaid rent. The Company chose one or more simplified method(s) to deal with each operating lease existing before the initial implementation day, while adopting the above-mentioned methods:
  - 1) Taking leases completed within 12 months after the initial implementation day as short-term leases;
  - 2) Adopting the same discount rate for leases with the similar characteristics at the measurement of lease liabilities;
  - 3) Excluding the initial direct expense at the measurement of right-of-use assets;
  - 4) If there is an option to renew the lease or an option to terminate the lease, the lease term shall be determined according to the actual exercise of the option before the first execution date and other latest conditions;
  - 5) As an alternative to the impairment test of the right-of-use asset/ whether the contract including the lease is an onerous contract before the first implementation date will be evaluated according to Note 3.24 Estimated liabilities; and the right-of-use assets will be adjusted according to the amount of the loss allowance included in the balance sheet before the first implementation date;
  - 6) The lease change that occurred before the first implementation date will not be retrospectively adjusted, and accounting treatments will be made in accordance with the new lease standards based on the final arrangement for the lease change.

At the measurement of lease liabilities, the Company discounted the lease payment at the interest rate prevailing on January 1, 2021 (4.05% - 7.07%) for incremental borrowings of the lessee.

Minimum unpaid lease payment for the significant operating lease disclosed in the consolidated financial statements as at December 31, 2020	2,300,403,613.71
Present value discounted at the interest rate prevailing on January 1, 2021 for incremental borrowings of the Company	1,981,949,441.82
Lease liabilities under the New Standards for Lease as at January 1, 2021	1,981,949,441.82

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Minimum unpaid lease payment for the significant operating lease disclosed in the consolidated financial statements as at December 31, 2020	2,300,403,613.71
Difference between the present value discounted and the lease liabilities	0.00

For the finance leases that existed prior to the first execution date, the Company measured the right-of-use assets and lease liabilities separately on the basis of the original book value of the assets acquired under finance lease and finance lease payments payable on the first execution date.

- The Company acted as the lessor:  
 The Company re-assessed the sublease that was divided into the operating lease before the initial implementation day and still existed on such day based on the remaining contract term and the contract clauses of the original lease and the sublease on the initial implementation day, and reclassified the same according to the new lease standards. If the sublease was reclassified as the finance lease, the Company will make the accounting treatment for such sublease by taking it as a new finance lease.

Other than subleases, the Company did not need to adjust leases where it acted as a lessor according to the New Standards for Lease. From the initial implementation day, the Company makes accounting treatment according to the New Standards for Lease.

- Impacts of the Company's implementation of the New Standards for Lease on financial statements mainly are:

Content of and reason for changes in accounting policies	Affected items	Amount of impact on the balance as at January 1, 2021	
		Consolidated	Parent company
As a lessee, the Company adjusts the operating lease existing before the first execution date	Advances to suppliers	-79,856,067.40	
	Other current assets	-83,564.18	
	Right-of-use assets	2,071,106,903.74	73,673,384.09
	Long-term deferred expenses	-11,568,830.34	
	Accounts payable	-14,642,799.09	
	Other payables	-3,219,821.43	
	Lease liabilities	1,540,555,460.04	46,704,541.43
	Non-current liabilities maturing within one year	456,905,602.30	26,968,842.66

(2) Implementation of the *Interpretation No. 14 to the Accounting Standards for Business Enterprises*

On February 2, 2021, the Ministry of Finance issued the *Interpretation No. 14 to the Accounting Standards for Business Enterprises* (CS [2021] No. 1, hereinafter referred to as the "Interpretation No. 14"), effective from the date of promulgation. Relevant operations newly added from January 1, 2021 to the effective date shall be adjusted according to the Interpretation No. 14.

① Contracts for public-private partnership (PPP) project

The Interpretation No. 14 applies to PPP project contracts that meet both the "dual characteristics" and "dual controls" described in the interpretation, and should be retroactively adjusted for PPP project contracts implemented before December 31, 2020 but not completed by the implementation date. If the retroactive adjustment is not practicable, the cumulative effect will be applied from the beginning of the earliest period for which the retroactive adjustment can be made, and the cumulative effect will be adjusted to the retained earnings at the beginning of the year of the implementation date and other relevant items in the financial statements, without adjusting the information for the comparable period. Main impacts of the provisions implementation of the Company are as follows:

Contents of and reasons for changes in accounting policies	Affected items	Amount of impact on the balance as at January 1, 2021	
		Consolidated	Parent company
As the social capital party, the adjustments to the <i>Interpretation No.14 of Accounting Standards for Business Enterprises</i> for relevant PPP project contracts implemented before December 31, 2020 by the Company but not have been completed by the implementation date: (1) When the social capital party provides construction services (including construction, renovation and expansion, the same below) or contracts to other	Long-term receivables	-139,641,005.69	
	Deferred income tax assets	34,910,251.43	
	Undistributed profits	-92,004,074.12	
	Minority equity	-12,726,680.14	

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Contents of and reasons for changes in accounting policies	Affected items	Amount of impact on the balance as at January 1, 2021	
		Consolidated	Parent company
<p>parties, it shall determine whether its identity is the main responsible person or agent according to <i>the Accounting Standards for Business Enterprises No. 14 - Revenue</i>, and make accounting treatment to recognize contract assets; (2) As for the borrowing costs incurred during the assets construction of PPP projects, the social capital party shall capitalize the part recognized as intangible assets when the relevant borrowing costs meet the capitalization conditions. Other borrowing costs other than those mentioned above shall be expensed by the social capital party; (3) During the operation of the project, if the social capital party meets the conditions of having the right to receive cash (or other financial assets) with a definite amount, it shall be recognized as</p>			

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Contents of and reasons for changes in accounting policies	Affected items	Amount of impact on the balance as at January 1, 2021	
		Consolidated	Parent company
receivables when the social capital party has the right to receive the consideration (this right only depends on the factors of time lapse).			

② Reform of benchmark interest rate

The Interpretation No. 14 provides simplified accounting for situations where the reform of benchmark interest rate results in a change in the basis for determining cash flows related to financial instrument contracts and lease contracts.

According to the Interpretation, the business occurred before December 31, 2020 and relevant to the reform of benchmark interest rate should be subject to the retroactive adjustment, unless the retroactive adjustment is not practicable, without adjustment to the data in the comparative financial statements for the prior period. On the implementation day of the Interpretation, the difference between the original and new book values of financial assets or financial liabilities should be included in the retained earnings or other comprehensive income at the beginning of reporting period in the year where the Interpretation is implemented. The implementation of the Provisions does not have the significant impact on the Company's financial position and operating results.

(3) Implementation of the *Circular on Adjusting the Application Range of the Provision on the Accounting Treatment of Relevant Rent Reduction due to the Outbreak of COVID-19*

On June 19, 2020, the Ministry of Finance issued the *Provisions on Accounting Treatment of Rent Concessions Related to Epidemic in Covid-19* (CK [2020] No.10). According to the provisions, for rent concessions such as rent reductions and deferred rent payments that directly triggered by Covid-19, the Company can choose simplified method for accounting.

On May 26, 2021, the Ministry of Finance issued the *Circular on adjusting the Application Scope of the Provisions on Accounting Treatment of Rent Concessions Related to Epidemic in Covid-19* (CK [2021 No.9]), which takes effect from May 26, 2021 and changes the scope of application of *Provisions on Accounting Treatment of Rent Concessions Related to Epidemic in Covid-19* is adjusted, from "the concessions are only for lease payments payable before June 30, 2021" to "the concessions are only for lease payments payable before June 30, 2022", with other applicable conditions unchanged.

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As the lessee, for the relevant rent concessions occurred during the period from January 1, 2020 to June 30, 2022, the Company has selected to adopt the simplified accounting for all eligible lease contracts prior to the scope of application adjustment and for all the qualified similar lease contracts after the adjustment to the scope of application. The relevant rent concessions were included in the profit for the current year, which has no significant impact on the financial statements of the Group and the Company for the year ended December 31, 2021.

- (4) Implementation of the presentation relevant to collective fund management specified in *the Interpretations on the Accounting Standards for Business Enterprises No. 15*

The Ministry of Finance issued the *Interpretation No.15 of Accounting Standards for Business Enterprises* (CK [2021] No. 35) (hereinafter referred to as "Interpretation No.15") on December 30, 2021. The content of "presentations relevant to the collective fund management" therein should be implemented as of date of promulgation, and the data in the financial statements for the comparable period should be adjusted accordingly.

The Interpretation No. 15 specifies how balances involved in the centralized management of funds of parent company and member units through internal clearing houses and finance companies should be presented and disclosed in the balance sheet. The implementation of the Provisions does not have the significant impact on the Company's financial position and operating results.

- (5) The effect of the implementation of the new standards for revenue, financial instruments and leases and the *Interpretation No.14 of Accounting Standards for Business Enterprises* by associates or joint ventures from January 1, 2021 According to the implementation schedule and connection provisions of the new standards for revenue, financial instruments and leases (hereinafter referred to as "new standards"), from January 1, 2021, all enterprises that implement accounting standards for business enterprises (except for the implementation of relevant new standards suspended according to relevant regulations) shall implement new standards. The associates or joint ventures of the Group only adjusted the opening amounts of the financial statements for the year ended December 31, 2021 due to the implementation of the new standards from January 1, 2021. The Group adjusted the opening amounts of the financial statements for the year ended December 31, 2021 accordingly at the time of accounting using the equity method.

Contents of and reasons for changes in accounting policies	Affected items	Amount of impact on the balance as at January 1, 2021	
		Consolidated	Parent company
Implementation of the new standards for revenue, financial instruments and leases and the <i>Interpretation No.14 of Accounting Standards for Business Enterprises</i> by associates or joint ventures from January 1, 2021	Long-term equity investments	-82,794,692.23	-77,145,024.78
	Undistributed profits	-75,080,189.75	-69,430,522.30
	Surplus reserves	-7,714,502.48	-7,714,502.48

### 3.34.2 Changes in significant accounting estimates

There is no change in the accounting estimates required to be disclosed during the reporting period of the Group.

### 3.34.3 First implementation of new lease standards and impact on relevant items of the financial statements at the beginning of the current year

#### Consolidated Balance Sheet

Item	Balance as at December 31, 2020	Balance as at January 1, 2021	Adjusted amount		Total
			Reclassification	Remeasurement	
Advances to suppliers	2,547,946,558.06	2,468,090,490.66	-79,856,067.40		-79,856,067.40
Other current assets	3,528,719,842.13	3,528,636,277.95	-83,564.18		-83,564.18
Right-of-use assets		2,071,106,903.74	89,157,461.92	1,981,949,441.82	2,071,106,903.74
Long-term deferred expenses	523,843,058.86	512,274,228.52	-11,568,830.34		-11,568,830.34
Accounts payable	124,425,316,865.01	124,410,674,065.92	-14,642,799.09		-14,642,799.09
Other payables	15,544,005,646.92	15,540,785,825.49	-3,219,821.43		-3,219,821.43
Non-current liabilities maturing within one year	18,039,510,454.41	18,496,416,056.71	15,511,620.52	441,393,981.78	456,905,602.30
Lease liabilities		1,540,555,460.04		1,540,555,460.04	1,540,555,460.04

#### Company's Balance Sheet

Item	Balance as at December 31, 2020	Balance as at January 1, 2021	Adjusted amount		Total
			Reclassification	Remeasurement	
Right-of-use assets		73,673,384.09		73,673,384.09	73,673,384.09
Non-current liabilities maturing within one year	113,510,977.93	140,479,820.59		26,968,842.66	26,968,842.66
Lease liabilities		46,704,541.43		46,704,541.43	46,704,541.43

## 4 Taxation

### 4.1 Major tax types and tax rates

Tax type	Basis of tax assessment	Tax rate
Value added tax (VAT)	Levied based on the difference between the output tax (calculated based on the revenue from sales of goods and rendering of services according to tax law) and the deductible input tax for the period	3%, 9%, 13%
Urban maintenance and construction tax	Levied based on the VAT actually paid	1%, 5%, 7%
Education surtax	Levied based on the VAT actually paid	5%
Enterprise income tax	Levied based on the amount of taxable income	15%, 20%, 25%
Land value increment tax	Calculated and paid on the basis of value-added tax and specified tax rate obtained from real estate transfer	Accumulative system for ratio exceeding at level 30%-60%
Mineral resource tax	Levied on the basis of taxable sales	RMB 2 / ton

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Tax type	Basis of tax assessment	Tax rate
	volume of mineral products	

Enterprise income tax rate in regard to the Company and its second-level subsidiaries:

Taxpayer	Enterprise income tax rate in 2021
The Company	25.00%
Shanghai Construction No.1 (Group) Co., Ltd. (No.1 Construction Group)	15.00%
Shanghai Construction No.2 (Group) Co., Ltd. (No.2 Construction Group)	15.00%
Shanghai Construction No.4 (Group) Co., Ltd. (No.4 Construction Group)	15.00%
Shanghai Construction No.5 (Group) Co., Ltd. (No.5 Construction Group)	15.00%
Shanghai Construction No.7 (Group) Co., Ltd. (No.7 Construction Group)	15.00%
Shanghai Building Decoration Engineering Group Co., Ltd. (Decoration Group)	15.00%
SCG Design & Research Institute Co., Ltd. (SCG Design Institution)	15.00%
Shanghai Construction Building Materials Technology Group Co., Ltd. (Building Materials Technology)	15.00%
Shanghai Installation Engineering Group Co., Ltd. (Installation Group)	15.00%
Shanghai Mechanized Construction Group Co., Ltd. (Mechanized Construction Group)	15.00%
Shanghai Foundation Engineering Group Co., Ltd. (Foundation Group)	15.00%
Shanghai Municipal Engineering Design Institute (Group) Co., Ltd. (Municipal Engineering Design Institute)	15.00%
Shanghai SINKO Air Conditioning Equipment Co., Ltd. (SINKO Air Conditioning Company)	15.00%
SCG Changzhou Wujin Viaduct Construction Co., Ltd. (SCG Wujin Viaduct)	25.00%
SCG Dalian Construction Co., Ltd. (SCG Dalian)	20.00%
SCG Kunshan Middle-ring Road Construction Co., Ltd. (SCG Kunshan Middle-ring Road Company)	25.00%
Shanghai Gardens (Group) Co., Ltd. (Gardens Group)	15.00%
SCG Jiangxi Jiulong Lake Municipal Construction Co., Ltd. (SCG Jiangxi Jiulonghu Company)	25.00%
SCG Taizhou Tianxu Line Construction Co., Ltd. (SCG Taizhou Tianxu Line Company)	25.00%
SCG Nanchang Qianhu Construction Co., Ltd. (SCG Nanchang Qianhu Company)	25.00%
SCG Changzhou Wujin Jinwu Road Construction Co., Ltd. (SCG Wujin Jinwu Road Company)	25.00%
Shanghai International Tourist Resort Construction Co., Ltd. (Tourist Resort Construction Company)	25.00%
Zhuhai Shenhai Construction Engineering Co., Ltd. (Zhuhai Shenhai Company)	20.00%
Shanghai Huadong Construction Machinery Co., Ltd. (Huadong Construction)	25.00%
Shanghai Construction Real Estate Co., Ltd. (Shanghai Construction Real Estate)	25.00%
China Shanghai (Group) Corporation for Foreign Economic & Technological Cooperation (Shanghai SFECO)	25.00%
SCG Yibin Daxikou Construction Co., Ltd. (SCG Yibin Construction)	25.00%
SCG Chengdu Construction Co., Ltd. (SCG Chengdu)	25.00%
SCG Wenzhou Qidu Bridge Construction Co., Ltd. (SCG Qidu Bridge)	25.00%

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Taxpayer	Enterprise income tax rate in 2021
SCG Wenzhou Oujiangkou Construction Co., Ltd. (SCG Wenzhou Oujiangkou)	25.00%
SCG Investment Co., Ltd. (SCG Investment)	25.00%
SCG E-commerce Co., Ltd. (SCG E-commerce Company)	15.00%
Sihui Huijian Road Reconstruction Construction and Development Co., Ltd. (Sihui Huijian Company)	25.00%
Zhaoqing Huijian Railway Station Complex Construction and Development Co., Ltd. (Huijian Railway Station Company)	25.00%
SCG Meishan Construction Co., Ltd. (SCG Meishan)	25.00%
Changzhou Jintan Mount Maoshan Tourism Avenue Construction Co., Ltd. (Mount Maoshan Tourism Avenue Company)	25.00%
SCG Wenzhou Oujiangkou Traffic Engineering Construction Co., Ltd. (Oujiangkou Traffic Company)	25.00%
Zhuhai Jinwan District Jianjin Ecological City Construction Co., Ltd. (Zhuhai Jinwan Company)	25.00%
Huzhou Zhili Cultural and Sports Center Construction Development Co., Ltd. (Huzhou Zhili Company)	25.00%
Shanghai Heyu Intellectual Property Agency Co., Ltd. (Heyu Company)	20.00%
Jining Fenghuangtai Construction Co., Ltd. (Jining Fenghuangtai Company)	25.00%
SCG Equipment Engineering Co., Ltd. (SCG Equipment Company)	25.00%
Shanghai Construction (Zhejiang) Water Conservancy and Hydropower Construction Co., Ltd. (Zhejiang Water Conservancy and Hydropower Company)	25.00%
Nanjing Qiaoyuan Construction Management Co., Ltd. (Nanjing Qiaoyuan Company)	25.00%
Shanghai Minchuan Sports Development Co., Ltd. (Minchuan Sports Company)	25.00%
SCG Yiyun Technology Co., Ltd. (SCG Yiyun Technology Company)	25.00%
Qingdao Rail Transit Park Hujian Investment Development Co., Ltd. (Qingdao Rail Transit Company)	25.00%
Hainan Hujian Construction Co., Ltd. (Hainan Hujian Company)	25.00%
Tianjin Housing Construction Development Group Co., Ltd. (Tianjin Housing Group)	25.00%
SCG Yibin Cuiping Construction Co., Ltd. (SCG Yibin Cuiping Company)	25.00%
Rizhao Hujian Urban Development and Construction Co., Ltd. (Rizhao Hujian Company)	25.00%
SCG Environmental Technology Co., Ltd. (SCG Environmental Technology Company)	15.00%
Shanghai Jianxie Vocational Skills Training Co., Ltd. (Jianxie Vocational Skills Training Company)	20.00%
SCG Smart Construction Co., Ltd. (SCG Smart Construction Company)	25.00%
Xiamen Shangjian Construction Group Co., Ltd. (Xiamen Shangjian Company)	25.00%
SCG (Hainan) Investment Co., Ltd. (SCG Hainan Investment Company)	25.00%

The Group's overseas second-level subsidiaries including SCG Overseas Holdings Co., Ltd., SCG (Caribbean) Co., Ltd., SCG (Canada) Co., Ltd., SCG (America) Construction Co., Ltd. and SCG (Cambodia) Co., Ltd. adopt the local rate of income tax.

#### 4.2 Tax preference

In 2019, the No. 1 Construction Group acquired the High-tech Enterprise Certificate (No.GR201931004532) jointly issued by the Shanghai Committee of Science and Technology, Shanghai Municipal Finance Bureau, Shanghai Municipal Office, SAT and Shanghai Municipal Bureau of Local Taxation. The certificate is valid for 3 years. In accordance with Article 28 of *the Law of the People's Republic of China on Enterprise Income*, it started to pay for enterprise income tax at 15% as of January 1, 2019.

On November 18, 2021, the No.2 Construction Group acquired the High-tech Enterprise Certificate (No. GR202131002659) jointly issued by the Shanghai Committee of Science and Technology, Shanghai Municipal Finance Bureau, Shanghai Municipal Office, SAT and Shanghai Municipal Bureau of Local Taxation. The certificate is valid for 3 years. In accordance with Article 28 of *the Law of the People's Republic of China on Enterprise Income*, it started to pay for enterprise income tax at 15% as of Friday, January 1, 2021.

In 2021, the No. 4 Construction Group acquired the High-tech Enterprise Certificate (No. GR201831003553) jointly issued by the Shanghai Committee of Science and Technology, Shanghai Municipal Finance Bureau, Shanghai Municipal Office, SAT and Shanghai Municipal Bureau of Local Taxation. The certificate is valid for 3 years. In accordance with Article 28 of *the Law of the People's Republic of China on Enterprise Income*, it started to pay for enterprise income tax at 15% as of Friday, January 1, 2021.

In 2019, the No.5 Construction Group acquired the High-tech Enterprise Certificate (No.GR201931001866) jointly issued by Shanghai Committee of Science and Technology, Shanghai Municipal Finance Bureau, Shanghai Municipal Office, SAT and Shanghai Municipal Bureau of Local Taxation. The certificate is valid for 3 years. In accordance with Article 28 of *the Law of the People's Republic of China on Enterprise Income*, it started to pay for enterprise income tax at 15% as of January 1, 2019.

In 2021, the No.7 Construction Group acquired the High-tech Enterprise Certificate (No.GR202131000646) jointly issued by Shanghai Committee of Science and Technology, Shanghai Municipal Finance Bureau, Shanghai Municipal Office, SAT and Shanghai Municipal Bureau of Local Taxation. The certificate is valid for 3 years. In accordance with Article 28 of *the Law of the People's Republic of China on Enterprise Income*, it started to pay for enterprise income tax at 15% within 3 years as of January 1, 2021.

In 2021, the Decoration Group acquired the High-tech Enterprise Certificate (No. GR202131000488) jointly issued by the Shanghai Committee of Science and Technology, Shanghai Municipal Finance Bureau, Shanghai Municipal Office, SAT and Shanghai Municipal Bureau of Local Taxation.

The certificate is valid for 3 years. In accordance with Article 28 of *the Law of the People's Republic of China on Enterprise Income*, it started to pay for enterprise income tax at 15% within 3 years as of January 1, 2021.

In 2020, the SCG Design Institute acquired the High-tech Enterprise Certificate (No.GR202031003344) jointly issued by the Shanghai Committee of Science and Technology, Shanghai Municipal Finance Bureau, Shanghai Municipal Office, SAT and Shanghai Municipal Bureau of Local Taxation. The certificate is valid for 3 years. In accordance with Article 28 of *the Law of the People's Republic of China on Enterprise Income*, it started to pay for enterprise income tax at 15% as of January 1, 2020.

In 2019, the Building Materials Technology acquired the High-tech Enterprise Certificate (No.GR201931001493) jointly issued by the Shanghai Committee of Science and Technology, Shanghai Municipal Finance Bureau, Shanghai Municipal Office, SAT and Shanghai Municipal Bureau of Local Taxation. The certificate is valid for 3 years. In accordance with Article 28 of *the Law of the People's Republic of China on Enterprise Income*, it started to pay for enterprise income tax at 15% within 3 years as of January 1, 2019.

According to *the Official Reply to the Record Filing of the Third Batch of High-tech Enterprises in Shanghai in 2019* (GKHZ [2020] No.45) issued by the National High-tech Enterprise Certification Management Leading Group Office, Installation Group was accredited as the high-tech enterprise with the certificate No.GR201931004718 and issued on December 6, 2019. In accordance with Article 28 of *the Law of the People's Republic of China on Enterprise Income*, it started to pay for enterprise income tax at 15% within 3 years as of December 6, 2019.

In 2021, the Mechanized Construction Group acquired the High-tech Enterprise Certificate (No. GR202131004510) jointly issued by Shanghai Committee of Science and Technology, Shanghai Municipal Finance Bureau, Shanghai Municipal Office, SAT, Shanghai Municipal Bureau of Local Taxation. The certificate is valid for 3 years. In accordance with Article 28 of *the Law of the People's Republic of China on Enterprise Income*, the applicable enterprise income tax for Mechanized Construction Group was 15% in 2021.

In 2021, the Foundation Group acquired the High-tech Enterprise Certificate (No.GR202131003519) jointly issued by Shanghai Committee of Science and Technology, Shanghai Municipal Finance Bureau, Shanghai Municipal Office, SAT and Shanghai Municipal Bureau of Local Taxation. The certificate is valid for 3 years. In accordance with Article 28 of *the Law of the People's Republic of China on Enterprise Income*, the Group started to pay for enterprise income tax at 15% within 3 years as of January 1, 2021.

In 2020, the Municipal Engineering Design Institute acquired the High-tech Enterprise Certificate (No.GR202031001133) jointly issued by Shanghai Committee of Science and Technology, Shanghai Municipal Finance Bureau, Shanghai Municipal Office, SAT and Shanghai Municipal Bureau of Local Taxation. The certificate is valid for 3 years. In accordance with Article 28 of *the Law of the People's Republic of China on Enterprise Income*, it started to pay for enterprise income tax at 15% within 3 years as of January 1, 2020.

In 2020, SINKO Air Conditioning Company acquired the High-tech Enterprise Certificate (No.GR202031000485) jointly issued by Shanghai Committee of Science and Technology, Shanghai Municipal Finance Bureau, Shanghai Municipal Office, SAT and Shanghai Municipal Bureau of Local Taxation. The certificate is valid for 3 years. In accordance with Article 28 of *the Law of the People's Republic of China on Enterprise Income*, it started to pay for enterprise income tax at 15% within 3 years as of January 1, 2020.

In 2020, the Garden Group acquired the High-tech Enterprise Certificate (No. GR202031000137) jointly issued by Shanghai Committee of Science and Technology, Shanghai Municipal Finance Bureau, State Taxation Administration and Shanghai Municipal Tax Service, State Taxation Administration. The certificate is valid for 3 years. In accordance with Article 28 of *the Law of the People's Republic of China on Enterprise Income*, it started to pay for enterprise income tax at 15% as of January 1, 2020.

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In 2020, SCG E-commerce Company acquired the High-tech Enterprise Certificate (No. GR202031004585) jointly issued by Shanghai Committee of Science and Technology, Shanghai Municipal Finance Bureau, State Taxation Administration and Shanghai Municipal Tax Service, State Taxation Administration. The certificate is valid for 3 years. In accordance with Article 28 of *the Law of the People's Republic of China on Enterprise Income*, it started to pay for enterprise income tax at 15% as of January 1, 2020.

In 2019, SCG Environmental Technology Company acquired the High-tech Enterprise Certificate (No. GR201931004329) jointly issued by Shanghai Committee of Science and Technology, Shanghai Municipal Finance Bureau and Shanghai Municipal Tax Service, State Taxation Administration. The certificate is valid for 3 years. In accordance with Article 28 of *the Law of the People's Republic of China on Enterprise Income*, it started to pay for enterprise income tax at 15% as of January 1, 2019.

According to the *Announcement of the State Taxation Administration on Issues concerning the Implementation of the Policy on Inclusive Income Tax Reliefs for Small Low-profit Enterprises* ([2019] No.2), stating that, from January 1, 2019 to December 31, 2021, for small low-profit enterprises, the portion of less than RMB 1.00 million, and the portion of more than RMB 1.00 million but less than RMB 3.00 million, of the annual taxable income, shall be included in the actual taxable income at 25% and 50% respectively, based on which the enterprise income tax payable will be calculated at the reduced tax rate of 20%. According to the provisions of the document (Announcement of the State Taxation Administration [2021] No.8), for the portion of the annual taxable income of an SLPE not exceeding RMB1 million, the taxable amount of it shall be reduced to 12.5% for EIT at a tax rate of 20%; the specific tax collection and administration issues involved in the entitlement to the above policy by SLPEs shall be governed by the relevant provisions of *the Announcement of the State Taxation Administration on Issues concerning the Implementation of the Policy on Inclusive Income Tax Reliefs for Small Low-profit Enterprises* ([2019] No.2). The implementation period is from January 1, 2021 to December 31, 2022. The total assets, number of employees, and annual taxable income indicators of Heyu Company, SCG Dalian, Jianxie Vocational Skills Training Company and Zhuhai Shenhai Company in 2021 were in line with the identification of small and low-profit enterprises, and the above preferential tax policies would be implemented.

5 Notes to items of the financial statements

5.1 Monetary funds

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Cash on hand	11,810,176.86	9,086,652.66
Bank deposits	82,920,849,014.86	77,253,917,532.04
Including: deposit with finance company		
Other monetary funds	1,220,038,456.45	1,203,373,358.16
Total	84,152,697,648.17	78,466,377,542.86
Including: total amount of deposit abroad	1,883,757,426.65	2,295,537,124.82

The monetary funds restricted for use due to mortgage, pledge or freezing are as follows:

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Pledge payment for borrowings	71,315,554.22	406,537,995.04
Security for bank guarantees and bills	929,617,291.68	829,541,459.38
Performance bond	98,548,791.66	89,103,945.89
Freeze for asset protection (remark)	647,953,865.69	348,330,600.44
Business qualification deposit	2,049.70	2,043.48
Monetary capital of real estate project	5,061,188.01	32,295,246.50

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Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Account under the supervision by the owner	290,533,032.92	152,290,178.91
Principal and interest of the held-to-maturity fixed-term deposits planned to be held	4,961,451,299.57	5,056,692,189.83
Others	52,736,858.87	34,478,670.40
<b>Total</b>	<b>7,057,219,932.32</b>	<b>6,949,272,329.87</b>

Freeze for asset protection refers to the bank deposits of the Group frozen due to litigation issues. The details are as follows:

Name of level-2 subsidiary	Balance as at December 31, 2021
The Company	45,568,051.50
No.1 Construction Group	25,715,400.00
No. 2 Construction Group	34,538,892.60
No.4 Construction Group	1,656,593.30
No.5 Construction Group	301,498,987.23
No.7 Construction Group	77,922,709.82
Decoration Group	15,045,526.24
SCG Real Estate	1,024,000.00
Installation Group	73,647,165.74
Mechanized Construction Group	38,965,916.16
Tianzhu Group	32,370,623.10
<b>Total</b>	<b>647,953,865.69</b>

## 5.2 Financial assets held for trading

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Financial assets measured at fair value through the current profit or loss	2,263,816,877.90	2,634,031,074.66
Including: debt instruments investments		
Equity instrument investments	2,248,858,440.23	2,634,031,074.66
Derivative financial assets		
Others	14,958,437.67	
Financial assets designated to be measured at fair value through the current profit or loss		
Including: debt instruments investments		
Others		
<b>Total</b>	<b>2,263,816,877.90</b>	<b>2,634,031,074.66</b>

### Equity instrument investment

Name of the investee	Nature of equity	Number of shares as at December 31, 2021	Fair value as at December 31, 2021
Shanghai Pudong Development Bank	Circulating shares of a listed company	8,913,521.00	76,032,334.13
Bank of Communications	Circulating shares of a listed company	6,082,626.00	28,040,905.86
Orient Securities	Circulating shares of a listed company	72,947,867.00	1,075,251,559.58
Power Construction	Circulating shares of a listed company	51,480,051.00	416,096,313.20

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Name of the investee	Nature of equity	Number of shares as at December 31, 2021	Fair value as at December 31, 2021
Corporation of China (Remark 1)			
Zhangjiajie Tourism Group Co., Ltd. (Remark 2)	Circulating shares of a listed company	11,930,164.00	67,966,594.57
SDIC Capital (Remark 3)	Circulating shares of a listed company	39,973,351.00	499,396,529.87
Taiji Group Co., Ltd. (Remark 4)	Circulating shares of a listed company	729,473.00	15,373,195.07
Nanjing Kangni Mechanical and Electrical Co., Ltd. (Remark 5)	Circulating shares of a listed company	7,249,126.00	38,787,909.65
Pujiang International Group Limited (Remark 6)	Circulating shares of a listed company	10,429,000.00	31,845,922.93
ST Foundation	Circulating shares of a listed company	14,829.00	67,175.37
<b>Total</b>			<b>2,248,858,440.23</b>

Remark 1: obtained through the investment in Qianjin No. 139 Special Customer Asset Management Plan of Nuode Fund.

Remark 2: obtained through the investment in Qianjin No. 152 Special Customer Asset Management Plan of Nuode Fund.

Remark 3: obtained through the investment in Qianjin No. 169 Special Customer Asset Management Plan of Nuode Fund.

Remark 4: obtained through the investment in Shanggong No.2 Asset Management Plan of Caitong Fund.

Remark 5: obtained through the investment in Qianjin No. 180 Special Customer Asset Management Plan of Nuode Fund.

Remark 6: obtained through the Zhonghai Construction QDII single fund trust.

### 5.3 Notes receivable

#### 5.3.1 Presentation of notes receivable by category

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Bank acceptance bills	334,961,834.30	20,024,017.00
Commercial acceptance bills	4,807,136,791.47	867,933,511.94
Less: provision for impairment	403,256,520.27	43,396,675.60
<b>Total</b>	<b>4,738,842,105.50</b>	<b>844,560,853.34</b>

#### 5.3.2 Pledged notes receivable of the Company as at December 31, 2021

Item	Pledged amount as at December 31, 2019
Commercial acceptance bills	120,115,119.04

**5.3.3 Notes receivable endorsed or discounted by the Company as at December 31, 2021 but not expired on the balance sheet date**

Item	Amount derecognized as at the end of the period	Amount not derecognized as at the end of the period
Bank acceptance bills		272,445,173.68
Commercial acceptance bills		1,771,833,903.47
<b>Total</b>		<b>2,044,279,077.15</b>

**5.3.4 Notes transferred to accounts receivable as at December 31, 2021 due to the drawer's failure of performing the contract**

Item	Amount transferred in to account receivable as at December 31, 2021
Commercial acceptance bills	1,622,138,701.54

**5.4 Accounts receivable**

**5.4.1 Disclosure of accounts receivable by aging**

Aging	Balance as at December 31, 2021	Balance as at December 31, 2020
Within 1 year	43,346,407,034.41	33,235,536,668.87
1 - 2 years	9,576,778,101.69	8,474,246,797.56
2 -3 years	3,011,719,173.14	2,519,052,680.90
3-4 years	1,543,035,611.78	2,179,468,579.21
4 - 5 years	1,657,707,639.41	1,207,295,235.66
Over 5 years	2,249,861,644.44	1,430,001,707.75
Sub-total	61,385,509,204.87	49,045,601,669.95
Less: provision for bad debts	6,179,419,284.85	4,858,091,568.79
<b>Total</b>	<b>55,206,089,920.02</b>	<b>44,187,510,101.16</b>

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**5.4.2 Disclosure under the methods of provision for bad debts of accounts receivable by category**

Category	Balance as at December 31, 2021					Balance as at December 31, 2020				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	5,933,722,061.99	9.67	2,077,617,568.53	35.01	3,856,104,493.46	2,129,585,776.63	4.33	1,316,981,410.50	61.84	812,604,366.13
Provision for bad debts accrued on portfolio basis	55,451,787,142.88	90.33	4,101,801,716.32	7.40	51,349,985,426.56	46,916,015,893.32	95.67	3,541,110,158.29	7.55	43,374,905,735.03
Including:										
Building, contracting, design and construction	52,746,047,330.04	85.92	3,986,935,426.66	7.56	48,759,111,903.38	43,300,536,408.30	88.29	3,374,053,530.17	7.79	39,926,482,878.13
BT project and PPP project	2,044,086,314.16	3.33	68,318,902.16	3.34	1,975,767,412.00	2,549,777,854.73	5.20	87,324,242.43	3.42	2,462,453,612.30
Finance lease						7,702,695.19	0.02	319,291.44	4.15	7,383,403.75
Others	661,653,498.68	1.08	46,547,387.50	7.04	615,106,111.18	1,057,998,935.10	2.16	79,413,094.25	7.51	978,585,840.85
<b>Total</b>	<b>61,385,509,204.87</b>	<b>100.00</b>	<b>6,179,419,284.85</b>		<b>55,206,089,920.02</b>	<b>49,045,601,669.95</b>	<b>100.00</b>	<b>4,858,091,568.79</b>		<b>44,187,510,101.16</b>

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Provision for bad debts accrued on an individual basis:

Name	Balance as at December 31, 2021			Reason for provision
	Book balance	Provision for bad debts	Proportion of provision (%)	
Shanghai Urban Development Group Longcheng Properties Co., Ltd.	336,591,374.28	22,181,371.57	6.59	Expected risk of recovery
Shanghai Jiacheng Enterprise Development Co., Ltd.	402,345,909.38	26,514,595.42	6.59	Expected risk of recovery
Dongying Lufang Metal Materials Co., Ltd.	243,728,495.38	182,796,371.54	75.00	Expected risk of recovery
Central District Office of Tianjin Economic and Technological Development Zone	322,779,887.00	322,779,887.00	100.00	Expected risk of recovery
Yisheng Daji Investment Development Co., Ltd.	442,529,860.00	217,999,309.00	49.26	Expected risk of recovery
Total of other items	4,185,746,535.95	1,305,346,034.00	31.19	Expected risk of recovery
<b>Total</b>	<b>5,933,722,061.99</b>	<b>2,077,617,568.53</b>		

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**5.4.3 Provision, reversal or recovery of provision for bad debts in 2021**

Category	Balance as at December 31, 2020	Changes in 2021					Balance as at December 31, 2021	
		Provision	Increase from business combinations	Foreign currency translation differences	Disposal of subsidiaries	Recovery or reversal		Write-off or charge-off
Provision for bad debts of accounts receivable	4,858,091,568.79	1,383,294,295.49	3,172,573.49	-6,521.23	309,587.08	36,666,923.64	28,156,120.97	6,179,419,284.85

**Recovery or reversal with significant amount of provision for bad debts in 2021:**

Entity name	Amount reversed or recovered	Basis and reasonableness for recognizing the original provision for bad debts	Reason for reversal or recovery	Method for recovery
Shanghai Xukuan Enterprise Development Co., Ltd., Shanghai Jiacheng Enterprise Development Co., Ltd.	13,869,028.79	Estimated credit losses at the prosecution stage	Litigation judgment	Bank deposits
Shanghai Urban Development Group Longcheng Properties Co., Ltd.	12,719,815.18	Estimated credit losses at the prosecution stage	Litigation judgment	Bank deposits
Changzhou Rail Transit Development Co., Ltd.	5,445,551.07	Expected to be fully irrecoverable	Recovery and settlement	Bank deposits
<b>Total</b>	<b>32,034,395.04</b>			

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**5.4.4 Accounts receivable actually charged off in 2021**

Item	Amount charged off
Accounts receivable actually charged off	28,156,120.97

Charge-off of significant accounts receivable:

Company name	Nature of accounts receivable	Charge-off amount	Reason for charge-off	Charge-off procedures performed	Whether it is due to the related transaction
Wuhan Yida Construction Service Co., Ltd.	Goods payment	27,919,401.89	Debt-to-equity swap	Board of Directors	No
Chongqing Jushuo Decoration Design Engineering Co., Ltd.	Rent	236,719.08	Termination by court enforcement	Board of Directors	No
Total		28,156,120.97			

**5.4.5 Top 5 of accounts receivable as at December 31, 2021, presented by debtor**

Name of entity	Balance as at December 31, 2021		
	Accounts receivable	Proportion in total of accounts receivable (%)	Provision for bad debts
China Construction Eighth Engineering Division. Corp. Ltd.	1,287,251,998.91	2.10	83,927,799.54
Meishan Municipal Transportation Bureau	966,161,900.44	1.57	14,492,428.51
Shanghai Highway Investment Construction Development Co., Ltd.	552,777,003.60	0.90	32,664,757.89
Suzhou Qianning Real Estate Co., Ltd.	449,817,693.55	0.73	45,036,303.76
Yisheng Daji Investment Development Co., Ltd.	442,529,860.00	0.72	217,999,309.00
Total	3,698,538,456.50	6.02	394,120,598.70

**5.5 Receivables financing**

**5.5.1 Breakdowns of receivables financing**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Notes receivable	544,084,651.46	5,463,939,660.48
Accounts receivable		5,435,529.10
Less: changes in fair value		260,911,608.22
Total	544,084,651.46	5,208,463,581.36

**5.5.2 Notes receivable of the Company as at December 31, 2021 that have been endorsed or discounted but not matured on the balance sheet date**

Item	Amount derecognized as at the end of the period	Amount not derecognized as at the end of the period
Bank acceptance bills	1,676,254,691.04	

**5.6 Advances to suppliers**

**5.6.1 Presentation of advances to suppliers by aging**

Aging	Balance as at December 31, 2021		Balance as at December 31, 2020	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	2,319,550,009.65	77.97	2,148,953,837.18	84.34
1 - 2 years	466,425,067.16	15.68	149,343,111.53	5.86
2 -3 years	76,837,212.24	2.58	202,058,246.66	7.93
Over 3 years	112,180,422.64	3.77	47,591,362.69	1.87
Total	2,974,992,711.69	100.00	2,547,946,558.06	100.00

The significant advances to suppliers with an aging over one year were RMB468,596,392.96, mainly including RMB140,026,093.96 paid to HERRENKNECHT for a purchase and RMB88,613,474.45 paid to Tianjin Hongqiao Land and Housing Expropriation Co., Ltd. for demolition and relocation compensation, and the rest were paid for engineering and goods purchases that had not yet reached the settlement period.

**5.6.2 Top 5 of advances to suppliers as at December 31, 2021, presented by advance receiver**

Advance receiver	Balance as at December 31, 2021	Proportion in the total ending balance of advances to suppliers (%)
HERRENKNECHT AG	464,136,200.13	15.60
Shanghai Changliu Industrial Co., Ltd.	151,778,200.00	5.10
Hunan Valin Xiangtan Iron and Steel Co., Ltd.	107,183,261.38	3.60
China Railway Construction Heavy Industry Corporation Limited	100,640,000.00	3.38
Tianjin Hongqiao Land and Housing Expropriation Co., Ltd.	88,613,474.45	2.98
Total	912,351,135.96	30.67

**5.7 Other receivables**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Interest receivable		
Dividends receivable	33,234,029.20	7,379,185.36
Other receivables	6,501,986,005.24	6,939,194,015.73
<b>Total</b>	<b>6,535,220,034.44</b>	<b>6,946,573,201.09</b>

**5.7.1 Dividends receivable**

(1) Breakdown of dividends receivable

Project (or investee)	Balance as at December 31, 2021	Balance as at December 31, 2020
Shanghai Real Estate Landscape Development Co., Ltd.	3,234,029.20	3,234,029.20
Tianjin Housing Group Real Estate Investment Co., Ltd.		4,145,156.16
Shanghai Metro Shield Equipment Engineering Co., Ltd.	30,000,000.00	
Sub-total	33,234,029.20	7,379,185.36
Less: provision for bad debts		
<b>Total</b>	<b>33,234,029.20</b>	<b>7,379,185.36</b>

**5.7.2 Other receivables**

(1) Disclosure by aging

Aging	Balance as at December 31, 2021	Balance as at December 31, 2020
Within 1 year	3,618,552,746.46	805,918,151.29
1 - 2 years	782,678,760.54	3,473,325,328.40
2 - 3 years	1,030,297,752.74	2,066,850,442.86
3-4 years	727,820,074.10	483,018,488.24
4 - 5 years	363,668,381.35	176,968,199.17
Over 5 years	494,970,825.27	466,926,052.79
Sub-total	7,017,988,540.46	7,473,006,662.75
Less: provision for bad debts	516,002,535.22	533,812,647.02
<b>Total</b>	<b>6,501,986,005.24</b>	<b>6,939,194,015.73</b>

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(2) Disclosure under the methods of provision for bad debts by category

Category	Balance as at December 31, 2021					Balance as at December 31, 2020				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	241,980,602.36	3.45	180,282,900.61	74.50	61,697,701.75	251,260,720.53	3.36	172,944,931.96	68.83	78,315,788.57
Provision for bad debts accrued on portfolio basis	6,776,007,938.10	96.55	335,719,634.61	4.95	6,440,288,303.49	7,221,745,942.22	96.64	360,867,715.06	5.00	6,860,878,227.16
Including:										
Aging portfolio	5,836,600,995.04	83.17	332,839,480.60	5.70	5,503,761,514.44	6,646,098,288.12	88.93	359,241,054.37	5.41	6,286,857,233.75
Security deposit portfolio	939,406,943.06	13.38	2,880,154.01	0.31	936,526,789.05	575,647,654.10	7.71	1,626,660.69	0.28	574,020,993.41
Total	7,017,988,540.46	100.00	516,002,535.22		6,501,986,005.24	7,473,006,662.75	100.00	533,812,647.02		6,939,194,015.73

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Provision for bad debts accrued on an individual basis:

Name	Balance as at December 31, 2021			Reason for provision
	Book balance	Provision for bad debts	Proportion of provision (%)	
Weihai Jingu Real Estate Development Co., Ltd.	10,516,552.89	10,516,552.89	100.00	Expected to be unrecoverable in whole
Xi'an Hua'an Poultry Industry Group Co., Ltd.	15,584,796.00	15,584,796.00	100.00	All expected to be unrecoverable
Tianjin Hehe Property Management Co., Ltd.	17,683,528.50	17,683,528.50	100.00	All expected to be unrecoverable
Shanghai Qingpu District Building Materials Industry Management Office	14,501,800.00	10,795,250.00	74.44	Expected to be unrecoverable in part
Suzhou Xindu Real Estate Co., Ltd.	16,208,958.25	16,208,958.25	100.00	All expected to be unrecoverable
Total of other items	167,484,966.72	109,493,814.97	65.38	Some expected to be unrecoverable
<b>Total</b>	<b>241,980,602.36</b>	<b>180,282,900.61</b>		

(3) Provision for bad debts

Provision for bad debts	Phase I	Stage 2	Stage 3	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at December 31, 2018	378,352,811.57	39,485,297.11	115,974,538.34	533,812,647.02
In 2021, balance as at December 31, 2020	378,352,811.57	39,485,297.11	115,974,538.34	533,812,647.02
- Transfer to Phase 2	-29,980,962.19	29,980,962.19		
- Transfer to Phase 3				
-- Reversal to Stage 2				
-- Reversal to Stage 1				
Provision in 2021	-12,279,299.94	2,479,997.18	-725,310.38	-10,524,613.14

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Provision for bad debts	Phase I	Stage 2	Stage 3	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Reversal in 2021		-5,979,854.83		-5,979,854.83
Write-off in 2019				
Charge-off in 2021			-932,729.00	-932,729.00
Other changes	-372,914.83			-372,914.83
Balance as at December 31, 2021	335,719,634.61	65,966,401.65	114,316,498.96	516,002,535.22

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(4) Provision, reversal or recovery of provision for bad debts in 2021

Category	Balance as at December 31, 2021	Changes in 2021					Balance as at December 31, 2021
		Provision	Increase from business combinations	Disposal of subsidiaries	Recovery or reversal	Write-off or charge-off	
Provision for bad debts of other receivables	533,812,647.02	-10,524,613.14	38,854.17	411,769.00	5,979,854.83	932,729.00	516,002,535.22

Significant reversal or recovery of provision for bad debts in 2021:

Entity name	Amount reversed or recovered	Basis and reasonableness for recognizing the original provision for bad debts	Reason for reversal or recovery	Method for recovery
Lujiang County Accounting Center	2,668,210.00	Expected to be unrecoverable due to long aging	Amount repaid	Bank deposits
Zhan Xiaolin	1,650,000.00	Expected to be unrecoverable due to long aging	Amount repaid	Bank deposits
Hefei Binhu New District Construction Investment Co., Ltd.	395,800.00	Expected to be unrecoverable due to long aging	Amount repaid	Bank deposits
Zhan Jinsong	300,000.00	Expected to be unrecoverable due to long aging	Amount repaid	Bank deposits
Hangzhou Water Industry Group Co., Ltd.	200,000.00	Expected to be unrecoverable due to long aging	Amount repaid	Bank deposits
Total	5,214,010.00			

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(5) Other receivables actually charged off in 2021

Item	Amount charged off
Other receivables actually charged off	932,729.00

Charge-off of significant amount of other receivables:

Entity name	Nature of other receivables	Amount charged off	Reason for charge-off	Charge-off procedures performed	Whether it is due to the related transaction
Beijing Shenwu Environment & Energy Technology Co., Ltd.	Bid bond	742,719.00	Unrecoverable	Board of Directors	No

(6) Classification of other receivables by the nature of payment

Nature	Book balance as at December 31, 2021	Book balance as at December 31, 2020
Current accounts with related parties	254,501,652.26	367,825,965.71
Current accounts with third parties	3,578,585,203.32	3,536,945,952.75
Temporary borrowings	30,979,899.76	183,446,482.04
Security and guarantee deposits	1,727,484,712.40	2,228,292,680.94
Advanced payment	181,428,564.16	222,771,215.87
Petty cash	38,503,110.89	45,120,955.01
Suspense payment	231,477,144.87	69,534,361.95
Amount to be settled	255,652,621.65	255,587,711.00
Others	719,375,631.15	563,481,337.48
Total	7,017,988,540.46	7,473,006,662.75

(7) Top 5 of other receivables as at December 31, 2021, presented by debtor

Entity name	Nature of payment	Balance as at December 31, 2021	Aging	Proportion in the total balance of other receivables as at December 31, 2021 (%)	Provision for bad debts Balance as at December 31, 2021
Tianjin Housing Group Real Estate Investment Co., Ltd.	Current accounts	1,956,689,607.53	Within 2 year	27.88	97,836,341.21
Shanghai Youdeng Industrial Co., Ltd.	Current accounts	264,910,000.00	2--4 years	3.77	13,245,500.00
Residential Construction and Development Center of Shanghai	Amount to be settled	255,555,071.00	3 - 4 years	3.64	12,777,753.55
Shenzhen Lianxin Investment Management Co., Ltd.	Current accounts	196,659,927.63	1-5 years	2.80	9,832,996.38
Greenland Real Estate Group Co., Ltd.	Current accounts	161,925,000.00	2--4 years	2.31	8,096,250.00
Total		2,835,739,606.16		40.40	141,788,841.14

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5.8 Inventories

5.8.1 Classification of inventories

Item	Balance as at December 31, 2021			Balance as at December 31, 2020		
	Book balance	Provision for depreciation of inventories/ provision for impairment of contract performance cost	Book value	Book balance	Provision for depreciation of inventories/ provision for impairment of contract performance cost	Book value
Finished goods	2,841,718,121.89	12,398,077.44	2,829,320,044.45	3,200,614,381.91	15,471,616.04	3,185,142,765.87
Revolving materials	369,607,696.57		369,607,696.57	539,994,272.86		539,994,272.86
Goods in process	459,167,198.92		459,167,198.92	224,986,066.02		224,986,066.02
Development costs	49,312,963,041.40	1,064,157,515.47	48,248,805,525.93	57,020,707,032.68	557,243,573.87	56,463,463,458.81
Development products	15,619,862,009.55	315,724,396.74	15,304,137,612.81	9,057,526,977.58	234,561,362.90	8,822,965,614.68
Main materials	1,809,331,854.27	1,516,924.16	1,807,814,930.11	1,338,387,421.33	2,469,756.57	1,335,917,664.76
Structural parts	330,973,580.11		330,973,580.11	234,111,563.33		234,111,563.33
Machinery parts	131,142,319.99		131,142,319.99	65,280,556.12		65,280,556.12
Spare parts	133,138,107.98		133,138,107.98	166,344,685.83		166,344,685.83
Stock trees and flowers	133,165,366.20		133,165,366.20	133,496,017.20		133,496,017.20
Contract performance cost	413,629.20		413,629.20			
<b>Total</b>	<b>71,141,482,926.08</b>	<b>1,393,796,913.81</b>	<b>69,747,686,012.27</b>	<b>71,981,448,974.86</b>	<b>809,746,309.38</b>	<b>71,171,702,665.48</b>

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Among which, the conditions of the property business are as follows:

Item	Balance as at December 31, 2021			Balance as at December 31, 2020		
	Book balance	Provision for depreciation	Book value	Book balance	Provision for depreciation	Book value
Development costs	49,312,963,041.40	1,064,157,515.47	48,248,805,525.93	57,020,707,032.68	557,243,573.87	56,463,463,458.81
Development products	15,619,862,009.55	315,724,396.74	15,304,137,612.81	9,057,526,977.58	234,561,362.90	8,822,965,614.68
Total	64,932,825,050.95	1,379,881,912.21	63,552,943,138.74	66,078,234,010.26	791,804,936.77	65,286,429,073.49

(1) Development cost

Project name	Commencement date	Estimated time of completion	Estimated total investments	Balance as at December 31, 2021	Balance as at December 31, 2020
Nanjing Plot No. G68	June 2017	August 2022	RMB 11.47071 billion	3,811,780,431.03	9,084,254,865.71
Suzhou Plot No.2016-WG-26	August 2017	December 2024	RMB 9.27882 billion	3,376,411,758.81	3,393,594,276.40
Plot No. 05-02 of Xuanqiao project	August 2018	June 2021	RMB 6.35 billion		5,415,746,080.66
Nanjing Plot No. G45	July 2018	June 2022	RMB 4.2 billion	2,074,784,083.49	3,309,167,755.09
Plot No. 04-05 and 04-06 of the commercial residential building project at Fengjing Town of Jinshan District	April 2018	April 2021	RMB 2.46431 billion	2,263,398,351.06	2,029,272,533.81
BROADWAY ELITE	May 2015	January 2021	RMB 1.81821 billion		1,923,138,763.05
Plot No.25-01 of the east side of Xinfeng Road, Huaxin Town, Qingpu District	November 2019	December 2021	RMB 2.3 billion	2,016,598,597.38	1,852,690,290.20

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Project name	Commencement date	Estimated time of completion	Estimated total investments	Balance as at December 31, 2021	Balance as at December 31, 2020
Tianjin Haiyuemingdi	December 2019	June 2023	RMB 2.468 billion	1,888,975,009.28	1,659,442,628.61
Pujiang Mansion	December 2010	December 2017	RMB 5.64319 billion	471,758,810.78	552,008,782.06
Nanchang Plot No. DAK2017002 project	March 2018	December 2022	RMB 1.4 billion	1,171,320,102.86	1,019,387,487.32
Nanchang Wanli Haiyuemingdi	January 2017	December 2020	RMB 1.38 billion		544,668,830.79
Indemnificatory housing at Plot No.14-11A-02A	July 2018	June 2021	RMB 1.00529 billion		741,054,818.62
Indemnificatory housing at Plot No.12-23A-04A	July 2018	June 2021	RMB 0.62329 billion		501,714,051.14
Urban Village in Huinan Town	June 2016	December 2025	RMB 5 billion	3,081,207,137.53	2,624,827,026.36
Plot No.1 and No.7 at Xinchang City in Shanghai Breach	September 2015	September 2025	RMB 34 billion	16,787,027,983.38	11,035,165,525.77
Plot E09B0-1 in Kangqiao Industrial Park	June 2020	January 2023	RMB 1.11401 billion	941,776,872.59	582,991,146.51
Plot 22A-05 in International Medical Park	June 2021	January 2024	RMB 589.4 million	338,156,954.97	246,574,199.35
01-01 Project in Chenjia Town	December 2020	December 2022	RMB 1.28667 billion	554,052,780.62	264,647,607.12
Heyuan Phase II Land Consolidation Project	October 2017	November 2023	RMB 2.252775 billion	1,595,163,156.79	1,491,470,584.80
Capped-price	Not yet	Unsettled	RMB 6.04 billion	3,340,921,200.34	3,321,553,613.48

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Project name	Commencement date	Estimated time of completion	Estimated total investments	Balance as at December 31, 2021	Balance as at December 31, 2020
housing project on Miyun Road	developed				
Plot D for commerce in Huaihe Garden	Not yet developed	Unsettled	Unsettled	72,124,230.25	72,089,193.75
Zizhuyuan Phase-II	July 2014	February 2021	RMB 1.73645 billion		907,737,107.26
Cuiguyuan Project at Plot No.41 of Eco-city	April 2017	July 2022	RMB 2.942 billion	2,358,050,113.07	2,145,873,844.56
Boshiyuan Project at Plot No.32 of Eco-city	March 2017	July 2022	RMB 943 million	768,562,244.29	705,733,205.20
Residential project in Jizhou District	November 2019	June 2023	RMB 1.9 billion	1,294,861,862.70	1,171,652,768.11
Spice Factory No. 1	March 2020	March 2022	RMB 994.7102 million	617,313,760.83	373,120,035.44
Yuguan Avenue	Not yet developed	Unsettled	RMB 375.5113 million	56,505,284.15	51,130,011.51
Settlement-type commodity housing project in Lot 27010-202031-2, Laocheng Town, Chengmai County, Hainan Province	August 2021	February 2024	RMB1,682.76 million	337,496,357.18	
Xinchang Town and other projects	Not yet developed	Unsettled	RMB636.84 million	94,715,958.02	
Total				49,312,963,041.40	57,020,707,032.68

In the balance of the development cost as at December 31, 2021, the capitalization amount of borrowing costs amounted to RMB 3,387,459,967.37.

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(2) Development products					
Project name	Completion date	Balance as at December 31, 2018	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
SCG MIMA ONE	July 2018	968,624,171.17	88,572,520.21	74,385,304.65	982,811,386.73
Suzhou Plot No. B-42 for business office	March 2017	559,103,747.30	2,333,317.87	14,968,930.89	546,468,134.28
Yiwan LiTing at Plot No. A3 in Zhujiajiao	December 2015	143,581,159.69	937,399.78	84,064,671.43	60,453,888.04
Indemnificatory housing project at Plot No.04-02 of Xuanqiao Project	December 2016	370,767.86		370,767.86	
Plot No. B1B2 in Zhujiajiao	November 2017	59,787,011.91	609,425.19	43,779,324.25	16,617,112.85
Zhaoxiang (Xijiaojinlu)	August 2018	96,095,866.60	16,562.97	37,818,359.22	58,294,070.35
Nanjing Aohe Plot No. B-3 (Haiyuemingdu)	October 2018	95,230,410.50		6,173,836.52	89,056,573.98
Xuzhou Hanyuan International City	December 2013	33,100,468.14			33,100,468.14
Pujiang Yi City (128-2) Shangyuan	October 2013	41,959,430.11	3,037,808.35	10,659,217.69	34,338,020.77
Nanjing Plot No. G52, Xihe Mansion	October 2018	13,521,818.12		7,402,574.27	6,119,243.85
Haiyunmingting	December 2015	16,699,531.60		3,673,203.21	13,026,328.39
Haishangjuyuan	December 2005	19,985,894.24			19,985,894.24
Pujiang Yi City (128-3) Jingyu	May 2014	16,538,699.32		5,454,471.74	11,084,227.58
Haishangyiyuan	January 2007	12,571,345.39		1,259,599.59	11,311,745.80

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Project name	Completion date	Balance as at December 31, 2018	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
Huihao Plaza (No. 51, Wuzhong Road)	June 2015	12,590,616.04	347,371.17		12,937,987.21
Datang International Apartment - Datang Phase III	November 2007	5,653,055.16	210,121.84	5,730,458.86	132,718.14
Xuzhou Hanyuan International Chinatown	December 2011	8,516,820.59			8,516,820.59
Haishangle yuan	August 2010	6,089,592.74			6,089,592.74
Plot in Singapore Airlines base	October 2014	7,129,192.67	2,648.99		7,131,841.66
Nanjing Plot No. G52, Yonghe Mansion	July 2017	142,655.61	285,311.20		427,966.81
Haishangjiayuan	December 2010	1,962,298.79			1,962,298.79
Plot No.6 at Xinchang City in Shanghai Breach	August 2006	1,927,472.55		513,274.01	1,414,198.54
Huifu Home-garden	July 2013	37,455,602.08	11,002,088.63	7,461,378.32	40,996,312.39
Jialonghuayuan	April 2007	159,280.19			159,280.19
Stall of Longzhaoyuan (property)	January 2003	63,280.17			63,280.17
Suzhou Plot No.2016-WG-26	October 2020	3,977,901,098.79		348,921,496.00	3,628,979,602.79
Xuzhou Tunli South	June 2020	463,628,567.75		238,841,400.66	224,787,167.09
Nanchang Wanli Haiyuemingdi	April 2020		554,595,173.82	353,068,346.38	201,526,827.44

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Project name	Completion date	Balance as at December 31, 2018	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
No.1 Rongchangyuan in Shuangqing Xinjiayuan	November 2019	473,192,146.22		22,358,818.21	450,833,328.01
Yunjiang Xinyuan Project	June 2016	395,281,618.34		49,760,655.12	345,520,963.22
Zizhuyuan Project Phase-1	May 2020	267,559,232.08		233,009,157.65	34,550,074.43
Rongleyuan and Rongyeyuan	August 2018 and July 2019	211,504,337.74		21,723,668.09	189,780,669.65
Huacheng Tingyuan	May 2017	188,062,752.22	30,414,736.00	121,069,126.38	97,408,361.84
Heyuan West District Phase-I	May 2018	179,487,516.84		62,270,294.78	117,217,222.06
Muhuali	October 2011	80,678,714.84	9,700,505.63	43,643,988.48	46,735,231.99
No.8, Chuanshui Garden and Lianshui Garden	October 2008, April 2014	76,703,404.93		7,911,261.81	68,792,143.12
Shuangqing Rongyueyuan Project	June 2019	69,134,739.48		4,390,640.73	64,744,098.75
Gulou Commercial Street Project	August 2003	46,753,753.73			46,753,753.73
Rongcuiyuan	December 2017	46,105,599.44			46,105,599.44
Wanhuali Phase-II	June 2014	44,491,259.53		236,542.86	44,254,716.67
Rongjuyuan	October 2014	38,437,771.66			38,437,771.66
No.5 Ronghuanyuan in Shuangqing Xinjiayuan	September 2019	38,058,345.18		3,584,604.14	34,473,741.04
Minchangyuan	April 2010	33,691,146.91			33,691,146.91

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Project					
Haiyue Qiuyuan Project	September 2013	24,552,195.00		9,944,595.00	14,607,600.00
Rongkangyuan	December 2015	23,845,408.56			23,845,408.56
Minshengyuan	November 2010	23,623,145.37			23,623,145.37
Plot C for commerce in Huaixiangyuan	August 2013	22,538,800.79		3,344,348.43	19,194,452.36
Minxingyuan	November 2010	20,314,621.63		17,532,638.91	2,781,982.72
Shuangqing Rongyayuan Project	June 2015	18,285,995.09	6,882,731.43		25,168,726.52
Fuya Garden Project	November 2010	17,826,774.18	1,098,700.00	13,085,184.42	5,840,289.76
Plot B for commerce in Huaishengyuan	December 2013	17,358,874.00			17,358,874.00
Lianshuiyuan	October 2006	14,327,622.26		5,295,349.14	9,032,273.12
Wanhuali Phase-I	September 2009	13,357,723.20		723,836.69	12,633,886.51
Ronghua Tower 3-103	December 2008	10,212,032.56			10,212,032.56
Fangshuiyuan	November 2002	10,165,229.83		3,547,941.83	6,617,288.00
Plot A in Huaixingyuan	May 2013	9,968,400.00			9,968,400.00
Yihe Jiayuan Project	October 2009	7,860,926.57		6,121,640.86	1,739,285.71
Plot D in Huaiheyuan	March 2012	6,177,000.00			6,177,000.00
Quanshuiyuan	October 2006	2,213,400.00		684,295.12	1,529,104.88
Ronghua Tower 3-101	December 2008	1,784,703.09			1,784,703.09

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Project name	Completion date	Balance as at December 31, 2018	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
International Apartment	December 2008	808,340.00	53,260.00		861,600.00
Huacheng Xinyuan	January 2016	17,577,067.46			17,577,067.46
Zizhuyuan Phase-II	February 2021		995,281,783.28	811,021,204.48	184,260,578.80
BROADWAY ELITE	January 2021		2,105,976,881.94	661,290,464.69	1,444,686,417.25
Plot No. 05-02 of Xuanqiao project	August 2020		6,278,136,413.30	4,964,119,612.86	1,314,016,800.44
Nanjing Plot No. G68	September 2021		6,137,571,205.67	3,039,647,309.34	3,097,923,896.33
Nanjing Plot No. G45	November 2021		1,864,087,506.03	753,153,981.71	1,110,933,524.32
Indemnificatory housing at Plot No.12-23A-04A	May 2021		735,749,595.67	531,288,198.23	204,461,397.44
Indemnificatory housing at Plot No.14-11A-02A	June 2021		1,177,095,057.46	806,245,861.34	370,849,196.12
Other sporadic houses		5,196,523.77		111,257.61	5,085,266.16
<b>Total</b>		<b>9,057,526,977.58</b>	<b>20,003,998,126.43</b>	<b>13,441,663,094.46</b>	<b>15,619,862,009.55</b>

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**5.8.2 Provision for inventory depreciation and provision for impairment of contract performance cost**

Item	Balance as at December 31, 2020	Increase in 2021		Decrease in 2021		Balance as at December 31, 2021
		Provision	Transfer from development costs	Reversal or write-off	Transfer to development products	
Finished goods	15,471,616.04			3,073,538.60		12,398,077.44
Development costs	557,243,573.87	514,497,350.56			7,583,408.96	1,064,157,515.47
Development products	234,561,362.90	102,281,125.09	7,583,408.96	28,701,500.21		315,724,396.74
Main materials	2,469,756.57	-912,818.41		40,014.00		1,516,924.16
<b>Total</b>	<b>809,746,309.38</b>	<b>615,865,657.24</b>	<b>7,583,408.96</b>	<b>31,815,052.81</b>	<b>7,583,408.96</b>	<b>1,393,796,913.81</b>

**5.9 Contract assets**

**5.9.1 Breakdown of contract assets**

Item	Balance as at December 31, 2021			Balance as at December 31, 2020		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Outstanding payments for construction completed	44,166,389,432.89	580,631,895.09	43,585,757,537.80	39,072,052,120.03	274,984,739.01	38,797,067,381.02
Delivered but not settled	200,825,719.92	800,507.57	200,025,212.35	111,307,441.33	445,229.77	110,862,211.56
<b>Total</b>	<b>44,367,215,152.81</b>	<b>581,432,402.66</b>	<b>43,785,782,750.15</b>	<b>39,183,359,561.36</b>	<b>275,429,968.78</b>	<b>38,907,929,592.58</b>

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**5.9.2 Disclosure by category of contract assets based on the provision method for impairment**

Category	Balance as at December 31, 2021					Balance as at December 31, 2020				
	Book balance		Provision for impairment		Book value	Book balance		Provision for impairment		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for impairment accrued on an individual basis	2,329,983,946.18	5.25	413,403,073.11	17.74	1,916,580,873.07	1,082,457,765.48	2.76	123,141,487.56	11.38	959,316,277.92
Provision for impairment accrued on a portfolio basis	42,037,231,206.63	94.75	168,029,329.55	0.40	41,869,201,877.08	38,100,901,795.88	97.24	152,288,481.22	0.40	37,948,613,314.66
Including:										
Building, contracting, design and construction	41,848,654,743.96	94.32	167,275,023.69	0.40	41,681,379,720.27	37,972,707,663.97	96.91	151,775,704.69	0.40	37,820,931,959.28
Others	188,576,462.67	0.43	754,305.86	0.40	187,822,156.81	128,194,131.91	0.33	512,776.53	0.40	127,681,355.38
Total	44,367,215,152.81	100.00	581,432,402.66		43,785,782,750.15	39,183,359,561.36	100.00	275,429,968.78		38,907,929,592.58

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Provision for impairment accrued on an individual basis:

Name	Balance as at December 31, 2021			
	Book balance	Provision for impairment	Proportion of provision (%)	Reason for provision
Construction Project of Dayou Times Square Project in Handan City, Hebei Province	132,669,908.71	26,533,981.74	20.00	Expected to be fully irrecoverable
City of Runze Center	161,480,747.74	8,074,037.39	5.00	Expected to be fully irrecoverable
Tianjin Jinban Media Humanities Science and Technology Park Group Headquarters Core Area (Phase I)	121,395,736.28	12,139,573.63	10.00	Expected to be fully irrecoverable
Shengzhan Huihao City (North District)	128,112,424.38	19,216,863.66	15.00	Expected to be fully irrecoverable
Hefei Baoneng City shoppingmall, T7 hotel project	230,122,084.26	34,518,312.64	15.00	Expected to be fully irrecoverable
Building 10-12 and Basement, No. 8, Xiexin Tianjiao	147,260,936.75	22,089,140.51	15.00	Expected to be fully irrecoverable
Total of other items	1,408,942,108.06	290,831,163.54	20.64	Expected to be fully irrecoverable
<b>Total</b>	<b>2,329,983,946.18</b>	<b>413,403,073.11</b>		

**5.9.3 Provision for impairment of contract assets in 2021**

Item	Balance as at December 31, 2020	Provision in 2021	Increase from business combinations	Reversal in 2021	Write-off/Charge-off in 2021	Balance as at December 31, 2021
Provision for impairment of contract assets (including the provision for impairment of long-term contract assets)	603,811,510.26	423,209,637.21	179,246.70			1,027,200,394.17

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**5.10 Non-current assets maturing within one year**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Long-term receivables maturing within one year (Remark)	1,517,872,626.75	1,338,473,851.19
Creditor's right investment maturing within one year		74,238,429.78
Other creditor's right investments maturing within one year		
<b>Total</b>	<b>1,517,872,626.75</b>	<b>1,412,712,280.97</b>

Remark: See the Note 5.13 for details.

**5.11 Other current assets**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
VAT payable	939,109,955.04	971,044,026.83
Input tax to be deducted	1,045,465,450.34	982,541,191.34
Input VAT to be certified	393,549,417.18	155,802,881.38
Withholding tax	1,693,210,362.86	1,403,352,317.54
Contract acquisition cost	71,671,118.59	15,979,425.04
<b>Total</b>	<b>4,143,006,304.01</b>	<b>3,528,719,842.13</b>

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**Information on assets related to contract acquisition costs**

Category	Balance as at December 31, 2020	Increase in 2021	Amortization in 2021	Disposal of subsidiaries in 2021	Provision for impairment		Balance as at December 31, 2021	Amortization method
					Provision in 2021	Reversal in 2019		
Commission expenses incurred to obtain contract	15,979,425.04	157,673,064.10	101,168,734.16	812,636.39			71,671,118.59	Amortized when relevant revenue is recognized

**5.12 Creditor's right investments**

**Breakdown of creditor's right investments**

Item	Balance as at December 31, 2021			Balance as at December 31, 2020		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Creditor's right investment in Changshu Hujian Environmental Water Co., Ltd. Creditor's right investment	143,300,744.00		143,300,744.00			

**5.13 Long-term receivables**

**5.13.1 Long-term receivables**

Item	Balance as at December 31, 2021			Balance as at December 31, 2020			Interval for discount rate
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value	
Finance lease (Remark 1)	2,089,759,216.29	249,504,343.03	1,840,254,873.26	1,932,586,225.13	170,177,860.52	1,762,408,364.61	
Including: unrealized financing	234,637,943.59		234,637,943.59	231,465,823.10		231,465,823.10	

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Item	Balance as at December 31, 2021			Balance as at December 31, 2020			Interval for discount rate
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value	
income							
BT project and PPP project	17,050,786,777.02	125,256,186.82	16,925,530,590.20	12,340,124,044.43	107,974,953.67	12,232,149,090.76	
Zhoudong Sewage Disposal Plant of Zhouzhuang Town (Remark 2)	33,905,413.10		33,905,413.10	35,065,086.91		35,065,086.91	
Total	19,174,451,406.41	374,760,529.85	18,799,690,876.56	14,307,775,356.47	278,152,814.19	14,029,622,542.28	

Remark 1: It is the finance lease payment receivable of Shanghai Zhongcheng Financial Leasing Co., Ltd., a subsidiary of the Group's investment company. As at December 31, 2021, the rent receivable from finance lease is RMB 2,368,043,277.47, the output tax to be incurred is RMB 52,123,789.59, the unrealized financing income is RMB 234,637,943.59, the receivable interest on finance lease is RMB 8,477,672.00, the provision for bad debts is RMB 249,504,343.03, and the net amount of long-term receivables as at December 31, 2021 is RMB 1,840,254,873.26.

Remark 2: On August 17, 2009, Zhoudong (Zhouzhuang Town, Jiangyin, Jiangsu) Sewage Treatment Plant Franchise Agreement (hereinafter referred to as the "Agreement") was entered into by and between Aton Environmentt, the subsidiary of the Group's subsidiary China SFECO Group and the People's Government of Zhouzhuang Town, Jiangyin City, Jiangsu (hereinafter referred to as the "Zhouzhuang Government"). Under the agreement, Zhouzhuang Government shall grant the Company the sewage treatment concession to Zhoudong Sewage Treatment Plant for 30 years. Besides, Zhouzhuang Government promised to compensate the Company for the difference between the service charge received by the Company and a certain specific amount. Thus, the Company recognizes the payment for project and other construction cost incurred as the financial assets and includes the same into the long-term receivables. As at December 31, 2021, the long-term receivables recognized by Aton Environment is RMB 35,065,086.91 (as at December 31, 2020: RMB 36,170,591.02), of which the long-term receivables maturing within one year amounts to RMB 1,159,673.81 (as at December 31, 2020: RMB 1,105,504.11). In 2021, the Company recognized interest income of RMB1,772,358.961 (in 2020: RMB1,823,998.33) based on the effective interest rate, which is recorded as financial expenses.

**5.13.2 Provision for bad debts of finance lease payments**

Provision for bad debts	Phase I	Stage 2	Stage 3	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at December 31, 2018	15,941,376.55	1,229,094.24	153,007,389.73	170,177,860.52
In 2020, balance as at December 31, 2019				
- Transfer to Phase 2	-47,013.67	47,013.67		
- Transfer to Phase 3	-210,800.87	-1,229,094.24	1,439,895.11	
- Reversal from Phase 2				
-- Reversal to Stage 1				
Provision in 2021	1,205,004.23	37,420.90	78,084,057.38	79,326,482.51
Reversal in 2021				
Write-off in 2021				
Charge-off in 2021				
Other changes				
Balance as at December 31, 2021	16,888,566.24	84,434.57	232,531,342.22	249,504,343.03

**5.13.3 Breakdown of BT and PPP projects**

Project name	Long-term receivables	Including: Long-term receivables maturing within one year	Provision for bad debts	Including: Provision for bad debts of long-term receivables maturing within one year
Taizhou Tianxu Line construction project	18,178,256.95	18,178,256.95	162,484.18	162,484.18
Changzhou Wujin Jinwu Road project	37,122,835.54	37,122,835.54	148,491.34	148,491.34
Nanchang Qianhu	449,271,617.74		7,192,838.60	

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Project name	Long-term receivables	Including: Long-term receivables maturing within one year	Provision for bad debts	Including: Provision for bad debts of long-term receivables maturing within one year
project				
Cuiping project	867,503,396.73	483,230,678.00	22,737,264.03	12,665,476.07
Daxikou project	60,553,078.92		242,212.32	
Changzhou Wujin Viaduct Project	1,119,881,273.57	45,043,700.17	4,479,525.09	180,174.80
Minchuan project	10,372,568.70		41,490.28	
Fengqi Lake Project	576,805,231.60	176,148,872.40	2,307,220.93	704,595.49
Maoshan project	1,692,823,741.38	191,275,467.26	6,771,294.97	765,101.87
Wenzhou Oujiangkou project	561,202,831.11	76,503,538.89	2,244,811.32	306,014.16
Qidu Bridge project	1,398,310,629.17	190,140,702.77	5,593,242.52	760,562.81
Anji project	1,840,952,416.37		7,363,809.66	
G228 project	400,000,000.00		1,600,000.00	
Zhili Cultural and Sports Center Project	672,046,588.28	55,084,498.77	2,688,186.35	220,338.00
Jining Phoenix Station Project	314,885,240.21	3,324,629.62	1,814,906.39	19,159.24
Rizhao project	31,174,243.93		124,696.98	
Qingdao Rail Transit Town Project	552,435,197.44		2,209,740.80	
Avenue projects under joint construction by four Committees	303,615,381.87	82,360,000.00	3,628,204.41	984,206.00
ZhaoQing Railway Station project	888,623,639.11	104,967,343.14	3,554,494.56	419,869.37
Chengdu Wuhou project	70,952,713.61	70,952,713.61	283,810.85	283,810.85
Dujiangyan project	1,677,367,897.60		35,392,462.64	
Meishan	4,860,057,248.61		19,440,229.00	

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Project name	Long-term receivables	Including: Long-term receivables maturing within one year	Provision for bad debts	Including: Provision for bad debts of long-term receivables maturing within one year
project				
Jiulong Lake public work construction project	126,365,810.80		12,636,581.08	
Lakebed project of Jiulong Lake in Nanchang	39,082,929.40		156,331.72	
Housing built project as compensation in Nanchang Qingshan Lake	7,722,884.15		30,891.54	
BT Project in Hubin West Road of Nanchang	2,665,514.78		10,662.06	
Housing built project as compensation in Nanchang Qingshan Lake (Phase II)	5,146,846.57		20,587.38	
Sub-total	18,585,120,014.14	1,534,333,237.12	142,876,471.00	17,620,284.18
Less: Long-term receivables maturing within one year	1,534,333,237.12		17,620,284.18	
Total	17,050,786,777.02		125,256,186.82	

**5.13.4 Provision of BT and PPP projects**

Provision for bad debts	Phase I	Stage 2	Stage 3	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at January 1, 2021	51,152,354.90	73,145,755.07		124,298,109.97
In 2021, balance as at January 1, 2021				
-Transfer to	-3,638,279.71	3,638,279.71		

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Provision for bad debts	Phase I	Stage 2	Stage 3	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
phase II				
- Transfer to Phase 3				
-- Reversal to Stage 2				
-- Reversal to Stage 1				
Provision in 2021	19,133,327.32	5,840.96		19,139,168.28
Reversal in 2021				
Write-off in 2021				
Charge-off in 2021				
Other changes	-560,807.25			-560,807.25
Balance as at December 31, 2021	66,086,595.26	76,789,875.74		142,876,471.00

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**5.14 Long-term equity investments**

Investee	Balance as at December 31, 2020	Increases/decreases in 2021							Balance as at December 31, 2021	Provision for bad debts as at December 31, 2021
		Additional investment	Decrease in investments	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Other changes in equity	Cash dividends or profits declared to be distributed	Provision for impairment		
<b>1. Joint ventures</b>										
Suzhou Jianjia Building Component Product Co., Ltd.	30,099,093.81			9,782,601.67						39,881,695.48
Wuxi Jian'an Building Component Product Co., Ltd.	20,444,990.67			1,099,516.98						21,544,507.65
Xingyi Construction Company	15,526.80		-15,526.80							
Sino-Singapore Tianjin Eco-City Environment & Green Construction Testing Center Co., Ltd.	18,906,692.67			1,177,258.70			-1,214,835.95			18,869,115.42
Sub-total	69,466,303.95		-15,526.80	12,059,377.35			-1,214,835.95			80,295,318.55
<b>2. Associates</b>										
Hangzhou Fuyang Qinwang Construction Development Co., Ltd. (Remark 1)	306,821,049.08	21,000,000.00		-4,572,315.72					-40,475,766.30	282,772,967.06
Ningbo Tower Construction	423,965,992.26	40,000,000.00		-1,257,745.10						462,708,247.16

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Investee	Balance as at December 31, 2020	Increases/decreases in 2021							Balance as at December 31, 2021	Provision for bad debts as at December 31, 2021
		Additional investment	Decrease in investments	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Other changes in equity	Cash dividends or profits declared to be distributed	Provision for impairment		
Development Co., Ltd.										
Shanghai MBT&SCG High-Tech Construction Chemical Co., Ltd.	21,223,126.35			2,564,742.35						23,787,868.70
Beijing Diaoyutai Decoration Engineering Co., Ltd.	12,896,283.07			-1,921,036.20						10,975,246.87
Hangzhou Hujian Urban Development and Construction Co., Ltd. (Remark 1)	1,069,738,352.19			22,206,525.13					-36,669,258.48	1,055,275,618.84
Zhejiang Shangjia Construction Co., Ltd.	18,160,867.58			3,868,996.51						22,029,864.09
Shanghai Ask Construction and Decoration Engineering Inc.	317,166.23			85,915.67						403,081.90
Shanghai East Bund Construction Real Estate Development Co., Ltd.	222,094,567.97			357,268.89						222,451,836.86

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		Additional investment	Decrease in investments	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Other changes in equity	Cash dividends or profits declared to be distributed	Provision for impairment			Others
Shanghai Metro Shield Equipment Engineering Co., Ltd. (Remark 1)	150,743,679.14			6,059,667.77			-30,000,000.00		-5,649,667.45	121,153,679.46	
Wuxi Jinghongyuan Supply Chain Management Co., Ltd.	677,361.80			-530,648.48						146,713.32	
Shanghai Real Estate Landscape Development Co., Ltd.	16,218,403.12		-16,218,403.12								
Shanghai Shendi Landscape Investment Construction Co., Ltd.	70,106,020.66			2,768,947.51						72,874,968.17	
Shanghai Qinqing Flower Market Operation and Management Co., Ltd.	901,041.26			-533,756.80						367,284.46	
Ganzhou Ecological Environment Co., Ltd.	7,134,239.22			6,589,211.19						13,723,450.41	
Shanghai Lianhe Pawn Liability Co.,	10,139,671.14			196,548.36			-270,000.00			10,066,219.50	

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		Additional investment	Decrease in investments	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Other changes in equity	Cash dividends or profits declared to be distributed	Provision for impairment		
Ltd.										
Fulton SCG Development LLC (Remark 2)	564,651,229.58			1,208,127.32					-27,940,236.89	537,919,120.01
Three Fulton Square LLC (Remark 3)	533,886,121.95			22,050.54					-12,208,228.96	521,699,943.53
Fulton SCG Development Phase II LLC (Remark 4)	89,113,572.31	116,105,400.00		-2,405,651.83					-3,352,671.08	199,460,649.40
Shanghai SEISYS Co., Ltd.	240,916,546.98			4,775,288.39			-6,000,000.00			239,691,835.37
Suzhou Dongjianyihe Venture Capital Center (Limited Partnership)	67,693,276.05			-2,393,100.89						65,300,175.16
SCG Angong Equity Investment Fund Partnership Enterprise (Limited Partnership)	663,953,461.29			1,374,139.69						665,327,600.98
SCG Anhao Equity Investment Fund Management Co., Ltd.	8,305,476.28			2,910,892.30						11,216,368.58

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Investee	Balance as at December 31, 2020	Increases/decreases in 2021							Balance as at December 31, 2021	Provision for bad debts as at December 31, 2021	
		Additional investment	Decrease in investments	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Other changes in equity	Cash dividends or profits declared to be distributed	Provision for impairment			Others
Shanghai Hedi Investment Center (Limited Partnership)	150,120,311.87			-275,268.68						149,845,043.19	
Shanghai Lingang New Area Jingang Xijiu Real Estate Co., Ltd.	940,188,327.41			-1,774,710.66						938,413,616.75	
Shanghai Linnan Jingxian Public Rental Housing Operation Co., Ltd.		160,000,000.00		-40,010.00						159,959,990.00	
Changxing Shanghai Electric Robotics Equity Investment Partnership (Limited Partnership)		36,000,000.00		-102,346.44						35,897,653.56	
Tianjin Binhai New Area Linbi Real Estate Development Co., Ltd.	9,341,481.78			-731,033.44						8,610,448.34	
Tianjin Jinxi Huacheng Real											

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Investee	Balance as at December 31, 2020	Increases/decreases in 2021							Balance as at December 31, 2021	Provision for bad debts as at December 31, 2021
		Additional investment	Decrease in investments	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Other changes in equity	Cash dividends or profits declared to be distributed	Provision for impairment		
Estate Co., Ltd. (Remark 5)										
Tianjin Huagui Real Estate Development Co., Ltd. (Remark 5)										
Sub-total	5,599,307,626.57	373,105,400.00	-16,218,403.12	38,450,697.38			-36,270,000.00		-126,295,829.16	5,832,079,491.67
Total	5,668,773,930.52	373,105,400.00	-16,233,929.92	50,510,074.73			-37,484,835.95		-126,295,829.16	5,912,374,810.22

Remark 1: The item "Others" refers to changes in equity resulting from the adjustments to the opening balances of the 2021 financial statements due to the investees' implementation of the new income standards, the new financial instrument standards and the Interpretation No.14 to the Accounting Standards for Business Enterprises from January 1, 2021.

Remark 2: SCG Plaza Inc., an overseas subsidiary, has a 50.00% equity participation in Fulton SCG LLC, which is accounted for by the equity method. In this year's "others" increase or decrease, RMB -25,948,808.39 is the unrealized profit from internal transactions, while the item "others" under the "increase or decrease in 2019" refers to the translation difference of foreign currency statements.

Remark 3: SCG Plaza Inc, an overseas subsidiary of the Group, invested in Three Fulton Square LLC with a shareholding ratio of 49.99%; based on the accounting under the equity method; the item "others" under the "increase or decrease in 2019" refers to the translation difference of foreign currency statements.

Remark 4: SCG Plaza Inc., an overseas subsidiary, has a 49.99% equity participation in Fulton SCG Development Phase II LLC, which is accounted for by the equity method. The item "others" under the "increase or decrease in 2019" refers to the translation difference of foreign currency statements.

Remark 5: Tianjin Jinxi Huacheng Real Estate Co., Ltd. and Tianjin Huagui Real Estate Development Co., Ltd. are the joint ventures of Tianzhu Group, a subsidiary of the Group that was merged under the same control. The Group's long-term equity investment in the companies has experienced excessive losses.

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**5.15 Other equity instrument investments**

**5.15.1 Breakdown of other equity instrument investments**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Non-trading equity instruments	592,277,031.69	682,259,037.41

**5.15.2 Breakdown of investment in non-trading equity instruments**

Item	Dividend revenue recognized in 2021	Cumulative gain	Cumulative loss	Amount of other comprehensive income transferred to retained earnings	Reason for being designated as the item measured at fair value through other comprehensive income	Reason for transferring the other comprehensive income to retained earnings
Silver City (Shanghai) Green Environmental-protection Equity Investment Limited Company		5,218,002.78			Equity instruments held not for trading	
Shanghai Pudong BOC Fullerton Community Bank Co., Ltd.		6,526,962.05			Equity instruments held not for trading	
Shanghai Tower Construction Development Co., Ltd.			130,758,756.32		Equity instruments held not for trading	
CDB Jingcheng (Beijing) Investment Funds Co., Ltd.		26,280,110.42			Equity instruments held not for trading	
SDIC Willy Maqiao (Shanghai) Renewable Resources Co., Ltd.					Equity instruments held not for trading	
Shenzhen Construction Real Estate Development Co., Ltd.			801,361.21		Equity instruments held not for trading	
Tianjin Jinjing Glass			56,000.00		Equity instruments held	

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Item	Dividend revenue recognized in 2021	Cumulative gain	Cumulative loss	Amount of other comprehensive income transferred to retained earnings	Reason for being designated as the item measured at fair value through other comprehensive income	Reason for transferring the other comprehensive income to retained earnings
Bulb Holding Co., Ltd.					not for trading	
Shanghai Urban Water Resources Development and Utilization State Engineering Center Co., Ltd.			347,813.41		Equity instruments held not for trading	
Shanghai Baisui Building Materials Industry Co., Ltd.		22,753.08			Equity instruments held not for trading	
Chizhou Water Environment Investment Construction Co., Ltd.		4,643,988.60			Equity instruments held not for trading	
Shouchuang Eco-environment (Fuzhou) Co., Ltd.		12,284.67			Equity instruments held not for trading	
Shenzhen Shenshui Guangming Water Environment Co., Ltd.		135,310.60			Equity instruments held not for trading	
Putian Zhongjian Mulan Construction Development Co., Ltd.		66,703.74			Equity instruments held not for trading	
BE (Hangzhou) Environment Engineering Co., Ltd.		247,213.41			Equity instruments held not for trading	
Wuhu Three Gorges Phase I Water Environment Comprehensive		1,376,495.51			Equity instruments held not for trading	

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Item	Dividend revenue recognized in 2021	Cumulative gain	Cumulative loss	Amount of other comprehensive income transferred to retained earnings	Reason for being designated as the item measured at fair value through other comprehensive income	Reason for transferring the other comprehensive income to retained earnings
Treatment Co., Ltd.						
Wuhu Three Gorges Phase II Water Environment Comprehensive Treatment Co., Ltd.		271,211.70			Equity instruments held not for trading	
Zhoushan Sangde Water Co., Ltd.			42,184.27		Equity instruments held not for trading	
Chongqing Banan District Three Gorges Water Environment Comprehensive Treatment Co., Ltd.		1,467,046.76			Equity instruments held not for trading	
Dangtu County Three Gorges Phase I Water Environment Comprehensive Treatment Co., Ltd.		106,353.04			Equity instruments held not for trading	
Wuhu City Fanchang District Three Gorges Water Environment Comprehensive Treatment Co., Ltd.		228,424.97			Equity instruments held not for trading	
Ma'anshan City Three Gorges Phase I Water Environment Comprehensive Treatment Co., Ltd.		172,654.49			Equity instruments held not for trading	

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Item	Dividend revenue recognized in 2021	Cumulative gain	Cumulative loss	Amount of other comprehensive income transferred to retained earnings	Reason for being designated as the item measured at fair value through other comprehensive income	Reason for transferring the other comprehensive income to retained earnings
Ningbo Chengjian Zhizao Technologies Co., Ltd.			7,275,138.25		Equity instruments held not for trading	
Zhongzhao United Information Co., Ltd.		703,650.83			Equity instruments held not for trading	
Shanghai Lingang Holding Co., Ltd.	3,000,000.00		109,400,000.00		Equity instruments held not for trading	
Tianjin Residence Group Heat Power Engineering Co., Ltd.			1,260,000.00		Equity instruments held not for trading	
Tianjin Huaxiang Ancient Construction Engineering Co., Ltd.			240,000.00		Equity instruments held not for trading	
Tianjin Zhuyi Construction Engineering General Contract Co., Ltd.			1,350,045.89		Equity instruments held not for trading	
Tianjin Housing and Urban-Rural Development Thermal Engineering Co., Ltd.			400,000.00		Equity instruments held not for trading	
Tianjin Jinre Residential Heating Co., Ltd.			150,000.00		Equity instruments held not for trading	
Tianjin Jinre Zhujian Heating Supply Co., Ltd.					Equity instruments held not for trading	
Tianjin Hualian Commercial Building Co., Ltd.					Equity instruments held not for trading	

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Item	Dividend revenue recognized in 2021	Cumulative gain	Cumulative loss	Amount of other comprehensive income transferred to retained earnings	Reason for being designated as the item measured at fair value through other comprehensive income	Reason for transferring the other comprehensive income to retained earnings
Tianjin Housing Industrialization Investment Co., Ltd.			5,000,000.00		Equity instruments held not for trading	
Guanghuan Investment (Meizhou) Urban Environmental Management Co., Ltd.					Equity instruments held not for trading	
Wuhan Yida Construction Service Co., Ltd.					Equity instruments held not for trading	
Xuzhou Communications Holding Group Chengyi Bridge Industrialization Co., Ltd.						Sales in 2021
Tianjin Tianhong Jiye Road and Bridge Construction Engineering Co., Ltd.				-170,590.35		Sales in 2021

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**5.16 Other non-current financial assets**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Financial assets measured at fair value through the current profit or loss	4,538,853,316.57	3,095,849,556.52
Including: equity instrument investments	229,458,408.32	83,292,689.25
Others	4,309,394,908.25	3,012,556,867.27
Financial assets designated to be measured at fair value through the current profit or loss		
Including: debt instruments investments		
Others		
Total	4,538,853,316.57	3,095,849,556.52

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Equity instruments:		
Changshu Hujian Environmental Water Co., Ltd.	220,581,482.01	57,127,286.29
Shanghai Lingang Dongfang Junhe Equity Investment Management Co., Ltd.	8,876,926.31	26,165,402.96
Sub-total	229,458,408.32	83,292,689.25
Others		
Trust Guarantee fund of CCB Trust	50,000,000.00	50,000,000.00
Trust Guarantee Fund for SITI- Shanghai Construction Perpetual Group Capital Trust Plan	50,000,000.00	31,900,000.00
LTC Guarantee Fund		20,000,000.00
Shanghai Chengchuang Urban Renewal Equity Investment Fund Partnership (Limited Partnership)	101,390,631.96	94,777,597.70
Shanghai Lingang Dongfang Junhe Science and Technology Innovation Industry Equity Investment Fund Partnership (limited partnership)	484,326,820.16	741,268,582.03
Shanghai Guohe Phase II Modern Service Industry Equity Investment Fund Partnership (limited partnership)	192,178,848.18	161,046,295.65
Shanghai Guofang FOF Phase I Venture Capital Partnership (Limited Partnership)	336,354,285.66	295,061,037.84
Shanghai Guohe Fanyule Growth Equity Investment Fund Partnership (limited partnership)	16,559,187.53	16,756,694.60
Shanghai Shenchuang Equity Investment Management Center (limited partnership)	7,829,737.66	7,048,672.14
Shanghai Hongke Investment Management Partnership (limited partnership)	100,240,656.99	101,094,193.15
Shanghai Shenchuang Equity Investment Fund Partnership (limited partnership)	507,438,375.36	588,066,240.27
Wuxi Chengding Smart City Venture Equity Partnership (Limited Partnership)	116,371,363.84	58,178,731.09
Ningbo Puhong Investment Management Partnership (limited partnership)	212,800,924.38	217,184,011.50
Shanghai Lingang Xinyefang Business Equity	20,171,763.61	20,527,531.98

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Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Investment Fund Partnership (limited partnership)		
Shanghai Shenchuang Xindongli Equity Investment Management Center (Limited Partnership)	4,819,727.27	5,731,704.41
Shanghai Shenchuang Xindongli Equity Investment Fund Partnership (Limited Partnership)	255,758,277.60	282,561,497.47
Shenzhen Linghui Jishi Equity Investment Fund Partnership (Limited Partnership)	279,936,816.43	86,814,321.99
Hainan Shenya East Bund Investment Co., Ltd.	231,660,908.14	234,539,755.45
Western Trust - Trust Industry Guarantee Fund	49,977,500.00	
Shanghai Luxiangyuan Construction and Development Co., Ltd.	1,102,825,823.76	
Qingdao Huakong Growth Equity Investment Partnership (Limited Partnership)	90,499,091.48	
Huzhou Electric Power Construction Engineering Equity Investment Partnership (Limited Partnership)	1,001,933.25	
Shanghai Shenchuang Industry City Private Equity Fund Partnership (Limited Partnership)	96,600,182.64	
Shanghai Shenchuang Industry City Investment Management Center (Limited Partnership)	652,052.35	
Sub-total	4,309,394,908.25	3,012,556,867.27
Total	4,538,853,316.57	3,095,849,556.52

## 5.17 Investment properties

### 5.17.1 Investment properties measured at cost

Item	Buildings and constructions	Land use right	Total
1. Original book value			
(1) Balance as at December 31, 2020	6,811,484,836.76	33,823,289.00	6,845,308,125.76
(2) Increase in 2021	6,931,489.82		6,931,489.82
- Outsourcing	2,259,530.50		2,259,530.50
- Transferred from inventories / fixed assets / construction in progress	17,507,848.68		17,507,848.68
- Foreign currency translation differences	-12,835,889.36		-12,835,889.36
(3) Decrease in 2021	920,640,319.67		920,640,319.67
- Disposal	5,285,442.61		5,285,442.61
- Transfer to inventories/ fixed assets/ intangible assets/ construction in progress	153,312.20		153,312.20
— Disposal of subsidiaries	915,201,564.86		915,201,564.86
(4) Balance as at December 31, 2021	5,897,776,006.91	33,823,289.00	5,931,599,295.91

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Item	Buildings and constructions	Land use right	Total
2. Accumulative depreciation and accumulative amortization			
(1) Balance as at December 31, 2020	861,206,285.54	12,021,360.08	873,227,645.62
(2) Increase in 2021	217,266,205.75	838,535.64	218,104,741.39
- Provision or amortization	210,289,541.15	838,535.64	211,128,076.79
- Transfer from fixed assets/ intangible assets	7,719,613.76		7,719,613.76
- Foreign currency translation differences	-742,949.16		-742,949.16
(3) Decrease in 2021	166,540,699.55		166,540,699.55
- Disposal	900,399.08		900,399.08
- Transfer to inventories/ fixed assets/ intangible assets/ construction in progress	145,646.59		145,646.59
— Disposal of subsidiaries	165,494,653.88		165,494,653.88
(4) Balance as at December 31, 2021	911,931,791.74	12,859,895.72	924,791,687.46
3. Provision for impairment			
(1) Balance as at December 31, 2020	63,577,063.52		63,577,063.52
(2) Increase in 2020			
(3) Decrease in 2021			
(4) Balance as at December 31, 2021	63,577,063.52		63,577,063.52
4. Book value			
(1) Book value as at December 31, 2021	4,922,267,151.65	20,963,393.28	4,943,230,544.93
(2) Book value as at December 31, 2020	5,886,701,487.70	21,801,928.92	5,908,503,416.62

**5.17.2 Investment properties with pending certificates of title**

Item	Book value	Reasons for pending certificate of title
No.2 Building of Meian Plaza	411,077,853.65	It is still in process.

**5.18 Fixed assets**

**5.18.1 Fixed assets and disposal of fixed assets**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Fixed assets	8,374,336,786.94	8,102,922,128.89
Disposal of fixed assets		
Total	8,374,336,786.94	8,102,922,128.89

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5.18.2 Breakdown of fixed assets

Item	Buildings and constructions	Machinery equipment	Transportation equipment	Production equipment	Office equipment and other equipment	Temporary facility	Special equipment	Instruments and laboratory equipment	Total
1. Original book value									
(1) Balance as at December 31, 2020	8,037,750,764.30	3,172,177,609.76	410,807,947.77	647,094,054.78	1,102,586,896.94	4,460,548,079.67	410,801,786.54	197,075,629.60	18,438,842,769.36
(2) Increase in 2020	195,285,179.74	246,557,704.35	39,676,857.22	390,381,939.24	102,687,239.43	1,405,735,125.74	8,182,476.69	41,383,397.71	2,429,889,920.12
- Purchase	12,120,974.11	73,050,510.62	30,631,783.19	114,986,589.89	83,688,497.60	1,405,794,072.74	4,656,272.36	19,717,349.80	1,744,646,050.31
- Transfer from construction in progress	207,796,690.15	191,881,160.58	8,324,421.55	52,478,320.61	24,069,470.98		3,526,204.33	21,819,671.84	509,895,940.04
- Transfer from inventories				222,443,064.81					222,443,064.81
- Transfer from investment property	153,312.20								153,312.20
- Increase due to business combination		60,577.80	715,479.27	191,080.96	282,387.32				1,249,525.35
-Reclassification	-718,803.40	-54,438.05	1,314,344.52	450,111.12	-1,099,752.98	160,862.14		-52,323.35	
- Foreign currency translation differences	-24,066,993.32	-18,380,106.60	-1,309,171.31	-167,228.15	-4,253,363.49	-219,809.14		-101,300.58	-48,497,972.59
(3) Decrease in 2021	70,827,690.14	193,243,311.20	27,566,373.14	25,804,524.05	48,097,235.71	369,578,508.50		10,957,981.17	746,075,623.91
- Disposal or scrapping	42,756,415.75	170,982,307.08	27,566,373.14	25,804,524.05	47,245,215.27	369,578,508.50		10,957,981.17	694,891,324.96
- Transfer to investment properties	28,071,274.39								28,071,274.39
- Transfer to construction in progress		22,261,004.12							22,261,004.12
— Disposal of subsidiaries					852,020.44				852,020.44
(4) Balance as at December 31, 2021	8,162,208,253.90	3,225,492,002.91	422,918,431.85	1,011,671,469.97	1,157,176,900.66	5,496,704,696.91	418,984,263.23	227,501,046.14	20,122,657,065.57
2. Accumulated depreciation									
(1) Balance as at December 31, 2020	2,527,688,706.80	1,880,812,863.57	287,507,333.32	363,939,559.37	772,866,462.68	3,995,422,782.29	368,755,640.37	138,460,506.75	10,335,453,855.15
(2) Increase in 2020	322,322,155.58	218,213,688.98	34,107,650.44	69,538,171.61	100,086,174.61	1,269,548,009.39	4,923,660.88	26,653,086.86	2,045,392,598.35
- Provision	328,477,744.00	227,216,559.80	32,407,612.43	69,658,806.57	104,315,664.98	1,269,667,020.47	4,923,660.88	26,716,839.28	2,063,383,908.41
- Transfer from investment property	145,646.59								145,646.59
- Increase due to business combination		58,270.73	596,199.73	187,034.56	114,287.23				955,792.25
-Reclassification	-233,078.54	-4,651.42	2,091,471.35	-235,535.53	-1,722,896.03	98,050.45		6,639.72	
- Foreign currency	-6,068,156.47	-9,056,490.13	-987,633.07	-72,133.99	-2,620,881.57	-217,061.53		-70,392.14	-19,092,748.90

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Item	Buildings and constructions	Machinery equipment	Transportation equipment	Production equipment	Office equipment and other equipment	Temporary facility	Special equipment	Instruments and laboratory equipment	Total
translation differences									
(3) Decrease in 2021	26,162,273.93	147,602,765.55	21,687,510.05	18,949,668.81	39,883,582.99	368,514,959.19		10,192,199.67	632,992,960.19
- Disposal or scrapping	18,442,660.17	147,602,765.55	21,687,510.05	18,949,668.81	39,072,659.02	368,514,959.19		10,192,199.67	624,462,422.46
- Transfer to investment properties	7,719,613.76								7,719,613.76
— Disposal of subsidiaries					810,923.97				810,923.97
(4) Balance as at December 31, 2021	2,823,848,588.45	1,951,423,787.00	299,927,473.71	414,528,062.17	833,069,054.30	4,896,455,832.49	373,679,301.25	154,921,393.94	11,747,853,493.31
3. Provision for impairment									
(1) Balance as at December 31, 2020	428,759.51				38,025.81				466,785.32
(2) Increase in 2020									
(3) Decrease in 2021									
(4) Balance as at December 31, 2021	428,759.51				38,025.81				466,785.32
4. Book value									
(1) Book value as at December 31, 2021	5,337,930,905.94	1,274,068,215.91	122,990,958.14	597,143,407.80	324,069,820.55	600,248,864.42	45,304,961.98	72,579,652.20	8,374,336,786.94
(2) Book value as at December 31, 2020	5,509,633,297.99	1,291,364,746.19	123,300,614.45	283,154,495.41	329,682,408.45	465,125,297.38	42,046,146.17	58,615,122.85	8,102,922,128.89

**5.18.3 Fixed assets with pending certificates of title**

Item	Book value	Reason for pending certificates of title
Jiangong Village Project of Nanshan, Shenzhen	12,166,021.78	It is still in process.
House for debts offset	22,629,900.24	It is still in process.
Zhuhai Hengqin Jinmao Real Estate No.518, Sanxiang Road, Sijing Town, Songjiang District, Shanghai	30,881,623.90	It is still in process.
1/F, Greenland Senna Mansion, No.300 Xinjinci Road, Jinyuan District, Taiyuan	11,118,733.35	It is still in process.
	1,903,985.46	It is still in process.

**5.19 Construction in progress**

**5.19.1 Construction in progress and project materials**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Construction in progress	1,276,365,631.04	718,450,768.50
Project materials		
Total	1,276,365,631.04	718,450,768.50

**5.19.2 Breakdown of construction in progress**

Item	Balance as at December 31, 2021			Balance as at December 31, 2020		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Construction in progress	1,276,365,631.04		1,276,365,631.04	718,450,768.50		718,450,768.50

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**5.19.3 Changes in important projects of construction in progress in 2021**

Item	Budget amount	Balance as at December 31, 2020	Increase in 2021	Transfer to fixed assets in 2021	Other decreases in 2021	Balance as at December 31, 2021	Proportion of accumulated project investments in budget amount (%)	Progress of construction	Accumulated capitalized amount of interest	Including: capitalized amount of interest in 2020	Capitalization rate of interest in 2020 (%)	Source of funds
Renovation of Chongming Campus of Shanghai Construction Engineering Management College	201,795,327.05	120,821,142.62	33,042,864.38			153,864,007.00	76.25	76.25%				Self-financed
Office renovation of No.4 Construction Group	30,000,000.00	16,237,150.50	13,745,501.81	1,973,735.00	346,274.42	27,662,642.89	92.21	92.21%				Self-financed
Caojing Base of Installation Group	89,060,000.00	41,360,642.86	28,091,723.92			69,452,366.78	77.98	77.98%				Self-financed
Mechanized Construction Group, Nanxiang Base	28,651,414.71	11,555,609.59				11,555,609.59	40.33	40.33%				Self-financed
Herrenknecht air-cushioned mud-water balance shield for the east line of the Northern Cross Channel	360,156,988.00	137,375,568.00	163,455,631.14			300,831,199.14	83.53	83.53%				Self-financed
13.6m air-cushioned slurry balanced shield machine for the airport	257,560,000.00	25,160,000.00	75,480,000.00			100,640,000.00	39.07	39.07%				Self-financed

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Item	Budget amount	Balance as at December 31, 2020	Increase in 2021	Transfer to fixed assets in 2021	Other decreases in 2021	Balance as at December 31, 2021	Proportion of accumulated project investments in budget amount (%)	Progress of construction	Accumulated capitalized amount of interest	Including: capitalized amount of interest in 2020	Capitalization rate of interest in 2020 (%)	Source of funds
connection line												
3000m mud and water treatment plant for airport liaison line	27,948,200.04		18,424,000.00			18,424,000.00	65.92	65.92%				Self-financed
Eritrea mining project	318,741,365.00		138,732,083.49			138,732,083.49	44.54	44.54%				Self-financed
INVESTEL RESORT MGT	3,687,190,000.00	198,823,544.93	98,777,704.84		5,796,726.88	291,804,522.89	6.42	6.42%	11,777,811.29	3,620,425.49	6.00	Borrowings and self-financed
Restaurant of Hyatt Hotel	193,957,872.42	31,013,763.06	41,447,796.48		1,196,378.83	71,265,180.71	40.89	40.89%	1,017,070.09	1,017,070.09	3.42	Borrowings and self-financed

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**5.20 Right-of-use assets**

Item	Buildings and constructions	Machinery equipment	Transportation equipment	Production equipment	Office equipment and other equipment	Temporary facility	Special equipment	Land use right	Total
1. Original book value									
(1) Balance as at January 1, 2021	1,190,080,911.64	162,555,813.79	4,754,272.77	426,752,763.34				286,963,142.20	2,071,106,903.74
(2) Increase in 2020	695,359,984.66	146,783,634.65	1,638,498.27	40,163,015.54	185,258.06	1,102,275.15	25,919.34	295,383,415.53	1,180,642,001.20
- Newly-added leases	688,401,995.65	146,789,547.45	1,638,498.27	40,163,015.54	185,258.06	1,102,275.15	25,919.34	295,383,415.53	1,173,689,924.99
- Revaluation adjustment	7,018,165.91								7,018,165.91
- Foreign currency translation differences	-60,176.90	-5,912.80							-66,089.70
(3) Decrease in 2021	9,913,537.74	15,464,020.83		12,751,385.86					38,128,944.43
- Disposal	9,913,537.74	15,464,020.83		12,751,385.86					38,128,944.43
(4) Balance as at December 31, 2021	1,875,527,358.56	293,875,427.61	6,392,771.04	454,164,393.02	185,258.06	1,102,275.15	25,919.34	582,346,557.73	3,213,619,960.51
2. Accumulated depreciation									
(1) Balance as at January 1, 2021									
(2) Increase in 2021	326,101,478.14	126,469,800.75	1,445,704.37	111,989,718.81	41,631.95	400,827.36	3,239.91	51,313,446.46	617,765,847.75
- Provision	326,135,465.69	126,475,713.55	1,445,704.37	111,989,718.81	41,631.95	400,827.36	3,239.91	51,313,446.46	617,805,748.10
- Foreign currency translation differences	-33,987.55	-5,912.80							-39,900.35

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Item	Buildings and constructions	Machinery equipment	Transportation equipment	Production equipment	Office equipment and other equipment	Temporary facility	Special equipment	Land use right	Total
(3) Decrease in 2021	9,675,231.60	15,464,020.83		3,077,920.72					28,217,173.15
- Transfer to fixed assets									
- Disposal	9,675,231.60	15,464,020.83		3,077,920.72					28,217,173.15
(4) Balance as at December 31, 2021	316,426,246.54	111,005,779.92	1,445,704.37	108,911,798.09	41,631.95	400,827.36	3,239.91	51,313,446.46	589,548,674.60
3. Provision for impairment									
(1) Balance as at January 1, 2021									
(2) Increase in 2021									
(3) Decrease in 2021									
(4) Balance as at December 31, 2021									
4. Book value									
(1) Book value as at December 31, 2021	1,559,101,112.02	182,869,647.69	4,947,066.67	345,252,594.93	143,626.11	701,447.79	22,679.43	531,033,111.27	2,624,071,285.91
(2) Book value as at January 1, 2018	1,190,080,911.64	162,555,813.79	4,754,272.77	426,752,763.34				286,963,142.20	2,071,106,903.74

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5.21 Intangible assets

5.21.1 Breakdown of intangible assets

Item	Land use right	Right to use of boxes in stadium	Mineral resource exploration rights	Right to use of underground parking	Patent right and special permission	Engineering construction license issued by Hong Kong Government	Computer software	Right to use government-funded house	Operating lease vehicle license	Franchise rights of supermarket brands	Overseas land ownership	Open order	Client relationship	PPP Franchise	Outsourcing business qualifications	Others	Total
1. Original book value																	
(1) Balance as at December 31, 2020	1,610,055,080.81	6,500,000.00	1,236,375,471.44	597,500.00	38,713,302.07	25,248,000.00	117,003,186.30	241,365,747.00	12,493,800.00	141,509.43	669,410,946.51	17,060,000.00	78,650,000.00	288,074,091.34		544,270.00	4,342,232,904.90
(2) Increase in 2020	-1,172,579.45		-23,708,610.36		34,530.90	-720,000.00	9,196,066.56				-12,956,547.06		75,682,421.83	132,903,053.10	320,764.00		179,579,099.52
- Purchase					34,530.90		7,941,479.92							132,903,053.10	320,764.00		141,199,827.92
- Transfer-in during operation period													75,682,421.83				75,682,421.83
- Increase due to business combination							82,007.19										82,007.19
- Reclassification	-1,172,579.45						1,172,579.45										
- Foreign currency translation differences			-23,708,610.36			-720,000.00					-12,956,547.06						-37,385,157.42
(3) Decrease in 2021	2,889,487.20						368,005.40		856,060.00		202,505,065.70						206,618,618.30
- Disposal or scrapping	2,889,486.20						228,005.40		856,060.00								3,973,551.60
— Disposal of subsidiaries							140,000.00										140,000.00
- Transfer to development products											202,505,065.70						202,505,065.70
- Other decreases	1.00																1.00
(4) Balance as at December 31, 2021	1,605,993,014.16	6,500,000.00	1,212,666,861.08	597,500.00	38,747,832.97	24,528,000.00	125,831,247.46	241,365,747.00	11,637,740.00	141,509.43	453,949,333.75	17,060,000.00	78,650,000.00	363,756,513.17	132,903,053.10	865,034.00	4,315,193,386.12
2. Accumulated amortization																	
(1) Balance as at December 31, 2020	272,733,351.05	3,100,000.02	598,863,958.59	139,702.88	23,694,769.36		87,149,895.03	18,828,163.38	1,790,482.77	9,759.27		1,312,307.70	2,125,675.68	14,948,925.93		125,287.84	1,024,822,279.50
(2) Increase in 2020	36,029,271.49	150,000.04	157,008,464.11	9,999.84	1,916,269.15		11,295,125.60	5,323,752.92	596,725.54	58,555.60		7,873,846.20	12,754,054.08	19,204,939.44	5,466,666.67	69,227.04	257,756,897.72
- Provision	36,029,271.49	150,000.04	165,610,862.39	9,999.84	1,916,269.15		11,272,295.96	5,323,752.92	596,725.54	58,555.60		7,873,846.20	12,754,054.08	19,204,939.44	5,466,666.67	69,227.04	266,336,466.36
- Increase due to business combination							22,829.64										22,829.64
- Foreign currency translation differences			-8,602,398.28														-8,602,398.28
(3) Decrease in	505,535.42						280,505.46		173,394.18								959,435.06

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Item	Land use right	Right to use of boxes in stadium	Mineral resource exploration rights	Right to use of underground parking	Patent right and special permission	Engineering construction license issued by Hong Kong Government	Computer software	Right to use government-funded house	Operating lease vehicle license	Franchise rights of supermarket brands	Overseas land ownership	Open order	Client relationship	PPP Franchise	Outsourcing business qualifications	Others	Total	
2021																		
- Disposal or scrapping	505,535.42						228,005.40		173,394.18									906,935.00
— Disposal of subsidiaries							52,500.06											52,500.06
(4) Balance as at December 31, 2021	308,257,087.12	3,250,000.06	755,872,422.70	149,702.72	25,611,038.51		98,164,515.17	24,151,916.30	2,213,814.13	68,314.87		9,186,153.90	14,879,729.76	34,153,865.37	5,466,666.67	194,514.88	1,281,619,742.16	
3. Provision for impairment																		
(1) Balance as at December 31, 2020			187,788,243.18			3,955,520.00		83,676,687.77										275,420,450.95
(2) Increase in 2020			-4,294,013.07			-112,800.00												-4,406,813.07
- Foreign currency translation differences			-4,294,013.07			-112,800.00												-4,406,813.07
(3) Decrease in 2021																		
(4) Balance as at December 31, 2021			183,494,230.11			3,842,720.00		83,676,687.77										271,013,637.88
4. Book value																		
(1) Book value as at December 31, 2021	1,297,735,927.04	3,249,999.94	273,300,208.27	447,797.28	13,136,794.46	20,685,280.00	27,666,732.29	133,537,142.93	9,423,925.87	73,194.56	453,949,333.75	7,873,846.10	63,770,270.24	329,602,647.80	127,436,386.43	670,519.12	2,762,560,006.08	
(2) Book value as at December 31, 2020	1,337,321,729.76	3,399,999.98	449,723,269.67	457,797.12	15,018,532.71	21,292,480.00	29,853,291.27	138,860,895.85	10,703,317.23	131,750.16	669,410,946.51	15,747,692.30	76,524,324.32	273,125,165.41		418,982.16	3,041,990,174.45	

**5.21.2 The Group has no land use right with a pending certificate of title.**

**5.22 Goodwill**

**5.22.1 Changes in goodwill**

Name of the investee or matters forming goodwill	Balance as at December 31, 2018	Increase in 2021		Decrease in 2021		Balance as at December 31, 2021
		Amount formed through business combination	Foreign currency translation differences	Disposal	Other decreases	
Original book value						
Goodwill arising from the acquisition of Zara	172,494,590.88		-3,944,304.58			168,550,286.30

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Name of the investee or matters forming goodwill	Balance as at December 31, 2018	Increase in 2021		Decrease in 2021		Balance as at December 31, 2021
		Amount formed through business combination	Foreign currency translation differences	Disposal	Other decreases	
Mining						
Goodwill arising from the acquisition of Shanghai Shengtang Property Co., Ltd.	89,656,668.00			89,656,668.00		
Goodwill arising from the acquisition of Shanghai Dahao Property Co., Ltd.	39,674,807.00					39,674,807.00
Goodwill arising from the acquisition of Shanghai JianAn Chemical Engineering Co., Ltd.	4,787,441.29					4,787,441.29
Goodwill arising from the acquisition of Shanghai SINKO Cooling Machinery Co., Ltd.	2,225,201.61					2,225,201.61
Goodwill arising from the acquisition of Shanghai Huayi Construction Co., Ltd.	4,736,653.92					4,736,653.92
Goodwill arising from the acquisition of Shanghai Urban Transportation Design Institute Co., Ltd.	854,541.32					854,541.32
Goodwill arising from the acquisition of Shanghai Construction	33,186,974.18					33,186,974.18

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Name of the investee or matters forming goodwill	Balance as at December 31, 2018	Increase in 2021		Decrease in 2021		Balance as at December 31, 2021
		Amount formed through business combination	Foreign currency translation differences	Disposal	Other decreases	
(Jiangsu) Steel Structure Co., Ltd.						
Goodwill arising from the acquisition of Shanghai Zhengji Construction Design Co., Ltd.	1,239,963.57					1,239,963.57
Goodwill arising from the acquisition of SCG (Zhejiang) Water Conservancy and Hydropower Construction Co., Ltd.	100,524,405.10					100,524,405.10
Goodwill arising from the acquisition of Shanghai Greenment Environmental Technologies Co., Ltd.	157,972,503.81					157,972,503.81
Goodwill arising from the acquisition of Tianjin Housing Construction Development Group Co., Ltd.	299,178,127.18					299,178,127.18
Sub-total	906,531,877.86		-3,944,304.58	89,656,668.00		812,930,905.28
Provision for impairment						
Goodwill arising from the acquisition of Zara Mining (Remark 1)	172,494,590.88		-3,944,304.58			168,550,286.30
Goodwill arising from the acquisition of Shanghai Shengtang	75,524,997.79	376,397.37		75,901,395.16		

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Name of the investee or matters forming goodwill	Balance as at December 31, 2018	Increase in 2021		Decrease in 2021		Balance as at December 31, 2021
		Amount formed through business combination	Foreign currency translation differences	Disposal	Other decreases	
Property Co., Ltd.(Remark 2)						
Goodwill arising from the acquisition of Shanghai Dahao Property Co., Ltd.(Remark 3)	24,578,602.53	577,000.46				25,155,602.99
Goodwill arising from the acquisition of Shanghai SINKO Cooling Machinery Co., Ltd.	2,225,201.61					2,225,201.61
Goodwill arising from the acquisition of Shanghai Construction (Jiangsu) Steel Structure Co., Ltd.	33,186,974.18					33,186,974.18
Goodwill arising from the acquisition of SCG (Zhejiang) Water Conservancy and Hydropower Construction Co., Ltd.	28,266,105.10					28,266,105.10
Goodwill arising from the acquisition of Tianjin Housing Construction Development Group Co., Ltd. (Remark 4)		30,157,638.13				30,157,638.13
Sub-total	336,276,472.09	31,111,035.96	-3,944,304.58	75,901,395.16		287,541,808.31
Book value	570,255,405.77	-31,111,035.96		13,755,272.84		525,389,096.97

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Remark 1: As a result of the Company's subsidiary Shanghai SFECO's purchase of 60% of the shares of Eritrea's Zahra Mining Company, impairment provision has been fully accrued on December 31, 2017. In 2019, only the difference in foreign currency statement translation was adjusted.

Remark 2: In respect of the goodwill arising from the acquisition of Shanghai Shengtang Real Estate Co., Ltd., when Shanghai Shengtang Real Estate Co., Ltd. sold the property assets to the outside in the previous year, the relevant goodwill was gradually transferred out with the sales of the property assets, and the relevant goodwill was fully carried forward upon the disposal of Shanghai Shengtang Real Estate Co., Ltd. in 2021

Remark 3: The goodwill arising from the acquisition of Shanghai Dahao Real Estate Co., Ltd. has been gradually transferred out with the sale of property assets due to the sale of property assets by Shanghai Dahao Real Estate Co., Ltd. and the rental of property assets. In the impairment test, the Company accounts for the goodwill based on the allocated proportion of construction area of the saleable property.

Remark 4: The goodwill arising from the acquisition of Tianjin Residential Construction Development Group Co., Ltd. was formed by the Company's acquisition of 51% equity interest in Tianjin Residential Construction Development Group Co., Ltd. in October 2020. As Tianjin Residential Construction Development Group Co., Ltd. sold property assets and leased property assets externally, the relevant goodwill was gradually transferred out with the sale of property assets. In the impairment test, the Company accounts for the goodwill based on the allocated proportion of construction area of the saleable property.

**5.22.2 Relevant information of asset group or combination of asset groups related to the goodwill**

Name of the investee or matters forming goodwill	Amount of goodwill	Information about the asset group or combination of asset groups in which goodwill is located
Goodwill arising from the acquisition of Shanghai Dahao Property Co., Ltd.(Remark)	14,519,204.01	The goodwill arising from the acquisition of Shanghai Construction Dahao Property Co., Ltd. was formed through acquisition of its 80% equity by Shanghai Construction Estate Co., Ltd., a wholly-owned subsidiary of the Company, in way of equity acquisition and capital increase in 2008. The asset group is consistent with the asset group determined at the acquisition date and the impairment test of goodwill in previous years.
Goodwill arising from the acquisition of Shanghai JianAn Chemical Engineering Co., Ltd.	4,787,441.29	The goodwill arising from the acquisition of Shanghai JianAn Chemical Engineering Co., Ltd. was formed through the mergers and acquisitions of its 100% equity by Shanghai Installation Engineering Group Co., Ltd., a wholly-owned subsidiary of the Company, in 2011. The asset group is consistent with the asset group determined at the acquisition date and the impairment test of goodwill in previous years.
Goodwill arising	4,736,653.92	The goodwill arising from the acquisition

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Name of the investee or matters forming goodwill	Amount of goodwill	Information about the asset group or combination of asset groups in which goodwill is located
from the acquisition of Shanghai Huayi Construction Co., Ltd.		of Shanghai Huayi Construction Co., Ltd. was formed through the mergers and acquisitions of its 60% equity by Installation Group, a wholly-owned subsidiary of the Company, in March 2012. The asset group is consistent with the asset group determined at the acquisition date and the impairment test of goodwill in previous years.
Goodwill arising from the acquisition of Shanghai Urban Transportation Design Institute Co., Ltd.	854,541.32	The goodwill arising from the acquisition of Shanghai Urban Transportation Design Institute Co., Ltd. was formed through the mergers and acquisitions of its 70% equity by Municipal Engineering Design Institute, a wholly-owned subsidiary of the Company, in 2014. The asset group is consistent with the asset group determined at the acquisition date and the impairment test of goodwill in previous years.
Goodwill arising from the acquisition of Shanghai Zhengji Construction Design Co., Ltd.	1,239,963.57	The goodwill arising from the acquisition of Shanghai Zhengji Construction Design Co., Ltd. was formed through the mergers and acquisitions of its 100% equity by Municipal Engineering Design Institute, a wholly-owned subsidiary of the Company, in June 2016. The asset group is consistent with the asset group determined at the acquisition date and the impairment test of goodwill in previous years.
Goodwill arising from the acquisition of SCG (Zhejiang) Water Conservancy and Hydropower Construction Co., Ltd.	72,258,300.00	The goodwill arising from the acquisition of SCG (Zhejiang) Water Conservancy and Hydropower Construction Co., Ltd. was formed through the mergers and acquisitions of its 100% equity by Shanghai Municipal Construction Co., Ltd., a wholly-owned subsidiary of the Company, in April 2018. The asset group is consistent with the asset group determined at the acquisition date and the impairment test of goodwill in previous years.
Goodwill arising from the acquisition of Shanghai Greenman Environmental Technologies Co., Ltd.	157,972,503.81	The goodwill arising from the acquisition of Shanghai Greenman Environmental Technology Co., Ltd. was formed by the acquisition of 100% equity interest in Shanghai Greenman Environmental Technology Co., Ltd. by Garden Group, a wholly-owned subsidiary of the Company, in October 2020. The asset group is the same as the asset group determined during the goodwill impairment test on the

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Name of the investee or matters forming goodwill	Amount of goodwill	Information about the asset group or combination of asset groups in which goodwill is located
		acquisition date and prior years.
Goodwill arising from the acquisition of Tianjin Housing Construction Development Group Co., Ltd. and its subsidiaries	269,020,489.05	The goodwill arising from the acquisition was formed by the Company's acquisition of 51% equity interest in Tianjin Housing Construction Development Group Co., Ltd. in October 2020, which is consistent with the asset group determined during the goodwill impairment test on the date of purchase and prior years.
Total	525,389,096.97	

Remark: The goodwill arising from the acquisition of Shanghai Dahao Property Co., Ltd. have been gradually transferred out along with the sales of property assets. In this goodwill impairment test, the area of salable property buildings shall be calculated in proportion.

### 5.22.3 Procedures and key parameters of impairment test of goodwill, and recognition method of impairment loss of goodwill

(1) Test methods

The Company employs valuation experts to conduct impairment tests on asset groups or asset group combinations that include or do not include goodwill, calculates the recoverable amount, compares with the book value of the relevant asset group or asset group combination, and confirms that goodwill is not impaired when the recoverable amount of the relevant asset group or asset group combination is higher than its book value. The recoverable amounts are the higher between the net amount of their fair values less the disposal expenses and the present values of estimated future cash flows of the asset groups.

(2) Key assumptions

- ① The recoverable amount of all assets in relevant asset group is assessed based on the actual stock on the base date of assessment, and the current market price of the relevant assets is based on the effective price on the base date of assessment;
- ② It is assumed that the external economic environment will not undergo major unpredictable changes after the base date of the assessment, and that there will be no major changes in credit interest rate, exchange rate, tax benchmark and tax rate, and policy-based collection fees.
- ③ It is assumed that the assessed object is traded on the open market, both the buyer and the seller have the necessary market information in the market and will not raise or lower the real value of the assessed object for any benefit;
- ④ It is assumed that the business of the unit where the asset group belongs is legal, that there will be no unforeseen factors that will prevent it from continuing to operate, and that the current use of the assets assessed will remain the same and continue to be used in situ;

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- ⑤ It is assumed that the relevant basic data and financial data provided by the unit where the asset group is located and the principal are true, accurate and complete;
- ⑥ Unless specifically stated, the impact of the equity of the unit where the asset group is located or the mortgage and guarantee matters that the related assets may undertake on the evaluation conclusion is not considered, nor is the impact of changes in the national macroeconomic policy and the impact of natural forces and other force majeure on the asset price considered.
- ⑦ It is assumed that the income, cost and expenses of the asset group will occur evenly in the year and stable income will be received, and the income of each period after the forecast period will remain the same on the basis of the last period of the forecast period.

(3) Key parameters

Name of the investee or matters forming goodwill	Income growth rate (%)	Pre-tax discount rate (%)	Forecast period
Goodwill arising from the acquisition of Shanghai JianAn Chemical Engineering Co., Ltd.	19.92	12.4	5 years
Goodwill arising from the acquisition of Shanghai Huayi Construction Co., Ltd.	2.8	14.4	5 years
Goodwill arising from the acquisition of Shanghai Urban Transportation Design Institute Co., Ltd.	5.3	11.59	5 years
Goodwill arising from the acquisition of Shanghai Urban Space Architectural Design Co., Ltd.	5	10.8	3 years
Goodwill arising from the acquisition of SCG (Zhejiang) Water Conservancy and Hydropower Construction Co., Ltd.	2.58	16.87	5 years
Goodwill arising from the acquisition of Shanghai Greenment Environmental Technologies Co., Ltd.	6.78	12.7	5 years
Goodwill arising from the acquisition of Tianjin Housing Construction Development Group Co., Ltd. and its subsidiaries - Tianjin Housing Research Institute Co., Ltd.	3	10.8	5 years
Goodwill arising from the	14.91	13.2	5 years

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Name of the investee or matters forming goodwill	Income growth rate (%)	Pre-tax discount rate (%)	Forecast period
acquisition of Tianjin Housing Construction Development Group Co., Ltd. and its subsidiaries - Tianjin Housing Research Building Science Engineering Technology Co., Ltd.			
Goodwill arising from the acquisition of Tianjin Housing Construction Development Group Co., Ltd. and its subsidiaries - Tianjin Building Science Energy Efficiency Environmental Test Co., Ltd.	1.4	10.9	5 years
Goodwill arising from the acquisition of Tianjin Housing Construction Development Group Co., Ltd. and its subsidiaries - Tianjin Inspection and Testing Center for Housing Quality and Safety Co., Ltd.	4.2	11.46	5 years
Goodwill arising from the acquisition of Tianjin Housing Construction Development Group Co., Ltd. and its subsidiaries - Tianjin Zhuyan Construction Research Design Co., Ltd.	1	13.1	5 years
Goodwill arising from the acquisition of Tianjin Housing Construction Development Group Co., Ltd. and its subsidiaries - Tianjin Xintianzheng Information Technology Co., Ltd.	9.48	11.53	5 years
Goodwill arising from the acquisition of Tianjin Housing Construction Development Group Co., Ltd. and its subsidiaries - Tianjin Tianzheng Information System Engineering Consulting Co., Ltd.	7.89	11.5	5 years
Goodwill arising from the	-13.26	13.7	5 years

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Name of the investee or matters forming goodwill	Income growth rate (%)	Pre-tax discount rate (%)	Forecast period
acquisition of Tianjin Housing Construction Development Group Co., Ltd. and its subsidiaries - Tianjin Huajie Parking Management Service Co., Ltd.			

Remark 1: For the goodwill arising from the acquisition of Shanghai Dahao Property Co., Ltd., after considering that the main assets involved in the asset group are the unsold real estate developed by their own, the Company, after analysis, assessed the recoverable amount on the impairment test date by using the fair value minus the disposal cost.

Remark 2: The goodwill arising from the acquisition of Tianjin Housing Construction Development Group Co., Ltd. and its subsidiaries covers 41 subsidiaries. The income method was used to test goodwill impairment of 8 subsidiaries, and the fair value minus disposal expenses was used to assess the recoverable amount on the date of impairment test for the remaining 33 subsidiaries after analysis.

#### 5.22.4 Impact of goodwill impairment testing

Name of the investee or matters forming goodwill	Impaired amount of goodwill
Goodwill arising from the acquisition of Shanghai Shengtang Property Co., Ltd.	0.00
Goodwill arising from the acquisition of Shanghai Dahao Property Co., Ltd.	0.00
Goodwill arising from the acquisition of Shanghai JianAn Chemical Engineering Co., Ltd.	0.00
Goodwill arising from the acquisition of Shanghai Huayi Construction Co., Ltd.	0.00
Goodwill arising from the acquisition of Shanghai Urban Transportation Design Institute Co., Ltd.	0.00
Goodwill arising from the acquisition of Shanghai Zhengji Construction Design Co., Ltd.	0.00
Goodwill arising from the acquisition of SCG (Zhejiang) Water Conservancy and Hydropower Construction Co., Ltd.	0.00
Goodwill arising from the acquisition of Shanghai Greenment Environmental Technologies Co., Ltd.	0.00
Goodwill arising from the acquisition of Tianjin Housing Construction Development Group Co., Ltd. and its subsidiaries	0.00
<b>Total</b>	<b>0.00</b>

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**5.23 Long-term deferred expenses**

Item	Balance as at December 31, 2020	Increase in 2021	Amortization in 2021	Other decreases	Balance as at December 31, 2021
Improvement of fixed assets acquired under the operating lease	452,808,343.39	108,859,785.40	103,831,058.78		457,837,070.01
Rent and site facilities	9,749,456.65			9,749,456.65	
Others	61,285,258.82	7,367,686.78	10,642,380.38	2,385,627.50	55,624,937.72
<b>Total</b>	<b>523,843,058.86</b>	<b>116,227,472.18</b>	<b>114,473,439.16</b>	<b>12,135,084.15</b>	<b>513,462,007.73</b>

**5.24 Deferred income tax assets and deferred income tax liabilities**

**5.24.1 Deferred income tax assets before offset**

Item	Balance as at December 31, 2021		Balance as at December 31, 2020	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for impairment of assets and provision for credit impairment	6,033,850,475.96	1,142,493,050.02	4,486,846,213.10	928,221,173.23
Depreciation of fixed assets	9,646,857.49	2,411,714.37	9,313,726.82	2,328,431.70
Amortization of intangible assets	38,911.64	8,116.29	104,335.56	21,120.42
Dismissal and post-employment benefits payable to employees	194,538,427.16	32,664,277.82	209,091,200.00	38,108,722.00
Accrued expenses	287,253,088.69	48,926,107.26	270,873,003.66	46,519,998.39
Estimated liabilities			176,020.64	44,005.16
Offset of unrealized profits from internal transactions	797,802,322.98	198,032,778.19	772,323,145.00	207,887,290.64
Deductible losses	155,772,314.52	27,588,233.65	126,545,551.67	21,102,357.15
Deferred income	6,183,142.77	1,545,785.69	6,183,142.77	1,545,785.69
Change in fair value of the financial instruments measured at fair value through the current profit or loss	163,563.87	24,534.58		
Changes in fair value of the financial instruments measured at fair value through	209,602,132.70	52,320,397.04	178,679,610.89	44,669,902.71

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Item	Balance as at December 31, 2021		Balance as at December 31, 2020	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
other comprehensive income				
Temporary differences arising from leasing standards	28,654,363.76	5,963,081.65		
<b>Total</b>	<b>7,723,505,601.54</b>	<b>1,511,978,076.56</b>	<b>6,060,135,950.11</b>	<b>1,290,448,787.09</b>

**5.24.2 Deferred income tax liabilities before offset**

Item	Balance as at December 31, 2021		Balance as at December 31, 2020	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Increase in assets appraisal	164,393,507.22	38,496,908.12	222,346,991.97	54,001,962.41
Business combination not under common control	2,020,552,023.04	504,381,594.02	2,390,841,609.29	611,203,606.12
Change in fair value of the financial instruments measured at fair value through the current profit or loss	1,358,422,593.86	339,599,882.83	1,536,031,144.65	384,007,786.13
Contract acquisition cost			4,339,622.52	1,084,905.63
PPP project revenue	54,613,104.31	13,653,276.07		
Temporary differences arising from leasing standards	734,580.88	207,311.62		
Others	52,417,079.39	19,918,490.17	53,643,709.92	20,384,609.77
<b>Total</b>	<b>3,651,132,888.70</b>	<b>916,257,462.83</b>	<b>4,207,203,078.35</b>	<b>1,070,682,870.06</b>

**5.24.3 Deferred income tax assets or liabilities presented by net amount after offset**

Item	As at December 31, 2020		As at December 31, 2019	
	Amount of offset between deferred income tax assets and deferred income tax liabilities	Deferred income tax after offset Balance of assets and liabilities	Amount of offset between deferred income tax assets and deferred income tax liabilities	Deferred income tax after offset Balance of assets and liabilities
Deferred income tax assets	310,906,276.17	1,201,071,800.39	201,790,677.40	1,088,658,109.69
Deferred income tax liabilities	310,906,276.17	605,351,186.66	201,790,677.40	868,892,192.66

**5.24.4 Breakdown of unrecognized deferred income tax assets**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Deductible temporary differences	2,518,446,186.46	1,151,939,186.10
Deductible losses	7,792,833,264.11	6,029,946,731.75
Total	10,311,279,450.57	7,181,885,917.85

**5.24.5 Deductible losses on the unrecognized deferred tax assets will become due in the following years**

Year	Balance as at December 31, 2021	Balance as at December 31, 2020
2021		453,391,509.41
2022	381,182,325.53	539,619,391.84
2023	1,131,663,559.32	1,296,315,509.43
2024	1,559,199,497.17	1,741,796,586.05
2025	2,314,989,942.07	1,998,823,735.02
2026	2,405,797,940.02	
Total	7,792,833,264.11	6,029,946,731.75

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**5.25 Other non-current assets**

Item	Balance as at December 31, 2021			Balance as at December 31, 2020		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Contract acquisition cost				30,996,493.15		30,996,493.15
Contract assets	25,376,299,041.11	445,767,991.51	24,930,531,049.60	22,038,779,624.21	328,381,541.48	21,710,398,082.73
Prepayment for land purchase	682,950,000.00		682,950,000.00			
Payment in advance for share acquisition	230,869,171.35		230,869,171.35	236,286,008.67		236,286,008.67
Prepayment of equipment	821,174.60		821,174.60	1,635,483.44		1,635,483.44
Project reserves	85,105,088.10		85,105,088.10	69,592,148.24		69,592,148.24
Others	18,539,696.69		18,539,696.69	20,169,911.66		20,169,911.66
<b>Total</b>	<b>26,394,584,171.85</b>	<b>445,767,991.51</b>	<b>25,948,816,180.34</b>	<b>22,397,459,669.37</b>	<b>328,381,541.48</b>	<b>22,069,078,127.89</b>

**Information on assets related to contract costs**

Category	Balance as at December 31, 2020	Increase in 2021	Amortization in 2021	Disposal of subsidiaries	Transfer to other current assets	Provision for impairment		Balance as at December 31, 2021	Amortization method
						Provision in 2021	Reversal in 2019		
Commission expenses incurred to obtain contract	30,996,493.15	1,386,630.80	-24,772,535.63	-662,355.39	-6,948,232.93				Amortized when relevant revenue is recognized

**5.26 Short-term borrowings**

**Classification of short-term borrowings**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Pledged borrowings	191,247,542.58	505,075,622.74
Mortgaged borrowings	10,000,000.00	10,000,000.00
Guaranteed borrowings	1,282,259,586.39	2,351,520,262.55
Credit borrowings	2,742,780,339.64	2,699,090,493.60
Discount of acceptance bill	416,978,440.81	370,871,414.47
Entrusted borrowings form related parties	1,752,326,041.67	1,867,091,111.11
Entrusted borrowings form non-related parties		594,645,975.00
Discount of domestic L/C	1,228,178,094.04	619,888,255.84
Mortgaged and guaranteed borrowings	935,808,485.89	549,498,331.22
Pledged, mortgaged and guaranteed borrowings	44,012,741.21	118,927,326.96
Total	8,603,591,272.23	9,686,608,793.49

**5.27 Notes payable**

Category	Balance as at December 31, 2021	Balance as at December 31, 2020
Bank acceptance bill	9,414,532,450.07	7,849,863,807.86
Commercial acceptance bill	3,493,598,167.28	3,228,240,469.20
Irrevocable domestic L/C	613,042,364.85	792,677,867.12
Total	13,521,172,982.20	11,870,782,144.18

**5.28 Accounts payable**

**5.28.1 Presentation of accounts payable**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Accounts payable to third parties	143,039,681,545.02	123,653,508,722.25
Amounts due to related parties	800,595,963.01	771,808,142.76
Total	143,840,277,508.03	124,425,316,865.01

**5.28.2 Significant accounts payable with aging over one year**

Item	Balance as at December 31, 2021	Reason for no payment or carry-forward
Tianjin Municipal Bureau of Planning and Natural Resources	441,800,579.00	Settlement period has not been matured
Xiqing District Land and Resources Sub-bureau of Tianjin Land Resources and Housing Administration	135,070,000.00	Settlement period has not been matured
Shanghai Greenland Construction (Group) Co., Ltd.	129,408,318.86	Settlement period has not been matured
MCC5 Group Shanghai Corporation Limited	50,518,237.22	Settlement period has not been matured
Shanghai Meite Curtain Wall Co., Ltd.	34,116,000.00	Settlement period has not been matured
Shanghai Dongfu Construction Labor Services	33,405,793.19	Settlement period has not been matured

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Item	Balance as at December 31, 2021	Reason for no payment or carry-forward
Co., Ltd.		
Hangzhou Traffic Engineering Group Co., Ltd.	31,440,641.47	Settlement period has not been matured
Shanghai Jingteng Construction Engineering (Group) Co., Ltd.	30,800,000.00	Settlement period has not been matured
Qinghai Geological Foundation Engineering Construction Corporation	29,738,147.08	Settlement period has not been matured
Shanghai Zhuhai Construction Co., Ltd.	28,776,086.00	Settlement period has not been matured
Nantong Changping Construction Installation Engineering Labor Service Co., Ltd.	28,089,852.00	Settlement period has not been matured
Wuhan Teling Energy-saving Doors and Windows Co., Ltd.	26,807,318.34	Settlement period has not been matured
Hunan Changsha Nannanfang New Material Technology Co., Ltd.	26,526,553.71	Settlement period has not been matured
Zhejiang Dingye Foundation Engineering Co., Ltd.	26,087,133.04	Settlement period has not been matured
Zhejiang Runyu Construction Co., Ltd.	24,470,616.50	Settlement period has not been matured
Shanghai Jianfu Construction Engineering Co., Ltd.	22,037,032.49	Settlement period has not been matured
Shanghai Jinshu Construction Engineering Co., Ltd.	21,547,259.42	Settlement period has not been matured
Shanghai Jiaoyun Rihong International Logistics Co., Ltd.	21,456,138.81	Settlement period has not been matured
Anhui Wuwei County Kaicheng Construction Labor Service Co., Ltd.	20,944,372.85	Settlement period has not been matured
Shanghai Shengxin Construction Engineering Co., Ltd.	20,908,822.60	Settlement period has not been matured
Ningbo Daocheng Construction Labor Service Co., Ltd.	20,758,143.38	Settlement period has not been matured
Yunjin Construction Engineering Co., Ltd.	20,270,000.00	Settlement period has not been matured
Shanghai Urban Construction Material Co., Ltd.	20,093,765.24	Settlement period has not been matured
Total	1,245,070,811.20	

**5.29 Advances from customers**

**5.29.1 Presentation of advances from customers**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Advance on engineering / goods	657,145.36	21,000.00
Advance on property sales	70,027.49	4,002,152.81
Others	30,600,938.76	21,652,439.45
<b>Total</b>	<b>31,328,111.61</b>	<b>25,675,592.26</b>

**5.29.2 Significant advances from customers with aging over one year**

Item	Balance as at December 31, 2021	Reason for no payment or carry-forward
Yu Xinhua	1,782,500.00	Unsettled
Tianjin Cheng'an Housing Demolition Co., Ltd.	1,376,146.80	Unsettled
<b>Total</b>	<b>3,158,646.80</b>	

**5.30 Contract liabilities**

**Contract liabilities**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Amount settled for uncompleted work	23,584,452,953.28	21,783,965,050.83
Advance on engineering / goods	2,719,087,056.95	2,649,163,251.56
Advance on property sales	10,213,507,549.70	9,167,572,533.23
Others	26,465,122.67	3,635,126.43
<b>Total</b>	<b>36,543,512,682.60</b>	<b>33,604,335,962.05</b>

**5.31 Employee compensation payable**

**5.31.1 Presentation of employee compensation payable**

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
Short-term compensation	1,309,006,153.19	14,213,056,041.61	14,273,474,915.54	1,248,587,279.26
Post-employment benefits - defined contribution plans	65,673,782.86	1,374,148,866.37	1,387,260,853.49	52,561,795.74
Dismissal benefits		17,088,182.54	16,908,182.54	180,000.00
Other benefits maturing within one year		4,672,848.28	4,672,848.28	
<b>Total</b>	<b>1,374,679,936.05</b>	<b>15,608,965,938.80</b>	<b>15,682,316,799.85</b>	<b>1,301,329,075.00</b>

**5.31.2 Presentation of short-term compensation**

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
(1) Salaries, bonuses, allowances and subsides	1,210,926,106.42	10,997,279,361.54	11,059,787,536.77	1,148,417,931.19
(2) Employee welfare		274,364,212.07	274,364,212.07	
(3) Social	36,420,597.56	841,050,900.57	848,303,502.94	29,167,995.19

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Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
insurance premiums				
Including: medical insurance premium	32,858,468.68	776,548,146.52	782,201,826.32	27,204,788.88
Work-related injury insurance premiums	1,676,927.45	45,865,465.55	46,240,414.17	1,301,978.83
Maternity insurance premium	1,885,201.43	18,637,288.50	19,861,262.45	661,227.48
(4) Housing provident funds	22,415,710.19	798,175,883.24	794,462,395.42	26,129,198.01
(5) Labor union expenditures and employee education funds	32,739,661.04	271,761,589.84	269,720,937.33	34,780,313.55
(6) Short-term compensated absences				
(7) Short-term profit sharing plan				
(8) Other short-term compensation	6,504,077.98	1,030,424,094.35	1,026,836,331.01	10,091,841.32
<b>Total</b>	<b>1,309,006,153.19</b>	<b>14,213,056,041.61</b>	<b>14,273,474,915.54</b>	<b>1,248,587,279.26</b>

**5.31.3 Presentation of defined contribution plans**

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
Basic endowment insurance premiums	62,416,606.88	1,229,912,390.20	1,242,770,183.90	49,558,813.18
Unemployment insurance premiums	2,864,872.46	38,594,007.24	38,982,787.96	2,476,091.74
Enterprise annuity payment	392,303.52	105,642,468.93	105,507,881.63	526,890.82
<b>Total</b>	<b>65,673,782.86</b>	<b>1,374,148,866.37</b>	<b>1,387,260,853.49</b>	<b>52,561,795.74</b>

**5.32 Taxes and surcharges payable**

Tax item	Balance as at December 31, 2021	Balance as at December 31, 2020
VAT	750,046,746.51	739,589,514.04
Business tax	38,682,258.38	63,735,994.50
Enterprise income tax	1,689,942,654.18	1,147,531,090.26
Individual income tax	215,475,945.72	183,585,571.33
Urban maintenance and construction tax	77,674,075.73	68,866,870.86
House property tax	18,252,827.67	23,156,086.48
Land value increment tax	2,610,985,850.58	2,318,843,265.81
Education surtax	66,146,450.05	52,527,376.89
Resource tax	28,551,576.50	37,531,232.98
Deed tax	16,101,970.92	13,737,169.26

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Tax item	Balance as at December 31, 2021	Balance as at December 31, 2020
Land use tax	2,817,202.79	2,954,091.16
Environmental protection tax	2,200,745.40	1,726,610.83
Mineral resources compensation	3,821,584.62	3,821,584.62
Others	53,699,499.49	56,779,896.46
Total	5,574,399,388.54	4,714,386,355.48

**5.33 Other payables**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Interest payable	52,518.48	
Dividends payable	29,323,838.80	11,403,775.36
Other payables	16,311,927,642.74	15,532,601,871.56
Total	16,341,304,000.02	15,544,005,646.92

**5.33.1 Interest payable**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Lease interest payable	52,518.48	

**5.33.2 Dividends payable**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Ordinary share dividends		
Dividends payable to minority shareholders of subsidiaries	29,323,838.80	11,403,775.36
Interest on preferred stock / perpetual bonds divided into equity instruments		
Total	29,323,838.80	11,403,775.36

**5.33.3 Other payables**

(1) Presentation of other payables by nature

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Current accounts with related parties	981,517,406.87	1,035,038,811.56
Current accounts with third parties	2,956,289,272.10	4,239,806,250.92
Reserve payment for house	738,658,189.61	450,644,431.98
Performance bond	5,651,273,051.78	3,762,657,269.81
Deposit and security deposit	2,750,304,557.85	4,090,694,299.80
Risk fund for project contracting	158,824,146.99	125,809,184.69
Accrued expenses	272,317,123.98	240,882,957.92
Property maintenance funds	20,568,498.89	25,428,418.50
Demolition and relocation compensation	3,760,610.00	2,573,112.90
Employee security fund	88,886,271.54	65,378,585.69
Others	2,689,528,513.13	1,493,688,547.79
Total	16,311,927,642.74	15,532,601,871.56

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(2) Other significant payables with aging over one year

Item	Balance as at December 31, 2021	Reason for no payment or carry-forward
Hangzhou Greentown Cabinet Co., Ltd.	1,068,906,626.91	Settlement period has not been matured
Tianjin Basic Housing Construction Investment Co., Ltd.	303,807,409.37	Settlement period has not been matured
Hangzhou Hujian Urban Development and Construction Co., Ltd.	234,262,047.00	Settlement period has not been matured
Tianjin Housing Group Taiping Security Service Co., Ltd.	162,622,998.60	Settlement period has not been matured
Tianjin Hongqiao District Real Estate Administration	149,711,821.68	Settlement period has not been matured
Tianjin Hongqiao District Construction Management Committee	100,000,000.00	Settlement period has not been matured
Tianjin Hongfang Demolition Co., Ltd.	75,949,945.96	Settlement period has not been matured
SCG International (Caribbean) Co., Ltd.	73,981,585.84	Settlement period has not been matured
Tianjin Jianyu Real Estate Development Group Co., Ltd.	69,662,503.00	Settlement period has not been matured
Tianjin Dingzigu South and North Street Housing Demolition Project Headquarters	60,000,000.00	Settlement period has not been matured
Shanghai Dongqing Construction Labor Co., Ltd.	45,524,708.59	Settlement period has not been matured
Shanghai Greenland Construction (Group) Co., Ltd.	37,447,959.93	Settlement period has not been matured
Shanghai Municipal Land Reserve Center	33,858,616.80	Settlement period has not been matured
Shanghai Sino-stone Yunsheng Residential Industrial Development Co., Ltd.	30,185,338.85	Settlement period has not been matured

5.34 Non-current liabilities maturing within one year

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Long-term borrowings maturing within one year	12,114,649,759.88	16,153,624,956.73
Bonds payable maturing within one year	1,365,346,271.31	1,010,191,051.25
Long-term payables maturing within one year	424,963,922.01	875,694,446.43
Lease liabilities maturing within one year	626,488,802.97	
Total	14,531,448,756.17	18,039,510,454.41

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Long-term borrowings maturing within one year

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Pledged borrowings	1,820,841,434.28	529,504,440.32
Mortgaged borrowings	1,282,978,057.12	2,246,749,365.19
Guaranteed borrowings	7,839,655,756.95	3,658,157,458.27
Credit borrowings	136,717,657.91	133,737,490.84
Entrusted borrowings form related parties	1,932,638.90	401,596,527.78
Entrusted borrowings form non-related parties		3,750,928,652.49
Mortgaged and guaranteed borrowings	923,261,446.36	544,566,187.92
Pledged and guaranteed borrowings	104,955,652.44	653,042,335.63
Debt equity investments received	4,307,115.92	4,235,342,498.29
<b>Total</b>	<b>12,114,649,759.88</b>	<b>16,153,624,956.73</b>

**5.35 Other current liabilities**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Output tax to be carried forward	1,213,335,226.84	862,982,063.20

**5.36 Long-term borrowings**

Classification of long-term borrowings:

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Pledged borrowings	2,365,929,057.22	2,856,019,035.10
Mortgaged borrowings	3,010,473,804.44	6,275,517,373.92
Guaranteed borrowings	36,004,341,784.64	30,298,651,431.29
Credit borrowings	3,561,437,766.00	1,646,782,958.00
Entrusted borrowings form related parties	1,480,000,000.00	880,000,000.00
Mortgaged and guaranteed borrowings	377,000,000.00	1,127,685,993.05
Pledged and guaranteed borrowings	1,937,023,897.00	1,489,950,000.00
Debt equity investments received	1,441,275,000.00	2,507,075,000.00
<b>Total</b>	<b>50,177,481,309.30</b>	<b>47,081,681,791.36</b>

**5.37 Bonds payable**

**5.37.1 Breakdown of bonds payable**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Medium-term note at first stage in 2020 of Shanghai Construction Group Co., Ltd.	2,000,000,000.00	2,000,000,000.00
Medium-term note at first stage in 2017 of Tianjin Housing Construction Development Group Co., Ltd.		500,000,000.00
USD bond overseas	3,802,550,468.24	3,885,005,454.97
<b>Total</b>	<b>5,802,550,468.24</b>	<b>6,385,005,454.97</b>

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**5.37.2 Increase/decrease of bonds payable (excluding preferred stocks, perpetual bonds and other financial instruments divided into the financial liabilities)**

Bond name	Par value	Issue date	Term of bond	Amount issued	Balance as at December 31, 2020	Issued in 2021	Interest calculated at par value	Amortization of premiums or discounts	Repayment in 2021	Amount maturing within one year	Balance as at December 31, 2021
Medium-term note at first stage in 2020 of Shanghai Construction Group Co., Ltd.	2,000,000,000.00	August 7, 2020	5 years	2,000,000,000.00	2,000,000,000.00		79,000,000.00			35,000,000.00	2,000,000,000.00
Medium-term note at first stage in 2017 of Tianjin Housing Construction Development Group Co., Ltd.	500,000,000.00	June 8, 2017	5 years		500,000,000.00		37,500,000.01			520,856,164.39	
Creditor's right financing plan of Tianjin Housing Construction Development Group Co., Ltd.	930,000,000.00	September 25, 2019	3 years		930,000,000.00		74,180,730.59		130,000,000.00	801,227,397.26	
USD bond overseas	USD 600,000,000	June 16, 202	5 years	USD 600,000,000	USD 596,007,889.75		USD 7,303,278.69	USD 531,291.37	USD 6,750,000	USD 553,278.69	USD 597,092,459.80

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**5.38 Lease liabilities**

Item	Balance as at December 31, 2021
Lease payment	3,040,189,914.27
Unrecognized financing expense	-411,428,054.15
Less: lease liabilities maturing within one year	626,488,802.97
<b>Total</b>	<b>2,002,273,057.15</b>

**5.39 Long-term payables**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Long-term payables	1,663,046,089.85	1,580,770,888.18
Special payables	35,199,218.97	874,911,143.05
<b>Total</b>	<b>1,698,245,308.82</b>	<b>2,455,682,031.23</b>

**5.39.1 Long-term payables**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Performance bond payable	177,637,718.82	200,835,038.56
Finance lease payment	55,508,450.78	322,657,199.42
Reserve for replacement of fixed assets		5,996,720.27
Factoring financing	400,000,000.00	35,500,000.00
Maintenance funds	11,277,359.73	3,745,928.03
Payable for installment payment for equipment purchase	15,676,359.69	6,089,801.07
Kaiyuan - Shanghai Jiangong Real Estate Platinum Building Asset-backed Special Plan	998,000,000.00	1,001,000,000.00
Others	4,946,200.83	4,946,200.83
<b>Total</b>	<b>1,663,046,089.85</b>	<b>1,580,770,888.18</b>

**5.39.2 Special payables**

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
Experimental manufacturing costs for scientific research	10,728,379.08	18,856,596.69	20,295,894.32	9,289,081.45
Compensation for demolition	861,267,763.97		835,357,626.45	25,910,137.52
Special appropriation for employment promotion	2,915,000.00		2,915,000.00	
<b>Total</b>	<b>874,911,143.05</b>	<b>18,856,596.69</b>	<b>858,568,520.77</b>	<b>35,199,218.97</b>

**5.40 Long-term employee compensation payable**

**5.40.1 Breakdown of long-term employee compensation payable**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
I. Post-employment benefits - net liabilities of defined benefit plans	245,678,212.00	255,385,032.00
II. Dismissal benefits		
III. Other long-term benefits	28,493,600.00	34,059,084.00
Total	274,171,812.00	289,444,116.00

**5.40.2 Changes in defined benefit plan**

(1) Present value of defined benefit plan

Item	Year 2021	Year 2020
1. Balance at the end of the last year	255,385,032.00	255,541,511.00
2. Defined benefit cost included in the current profit or loss	7,914,125.00	7,921,387.00
(1) Current service cost		
(2) Previous service cost		
(3) Settlement gains ("-" for losses)		
(4) Net amount of interest	7,914,125.00	7,921,387.00
3. Defined benefit cost included in other comprehensive income	4,676,228.00	15,126,611.00
(1) Actuarial gains ("-" for losses)	4,676,228.00	15,126,611.00
4. Other changes	-22,297,173.00	-23,204,477.00
(1) Consideration paid at settlement		
(2) Benefits paid	-22,297,173.00	-23,204,477.00
5. Balance at the end of the period	245,678,212.00	255,385,032.00

(2) Net liabilities (net assets) of defined benefit plan

Item	Year 2021	Year 2020
1. Balance at the end of the last year	255,385,032.00	255,541,511.00
2. Defined benefit cost included in the current profit or loss	7,914,125.00	7,921,387.00
3. Defined benefit cost included in other comprehensive income	4,676,228.00	15,126,611.00
4. Other changes	-22,297,173.00	-23,204,477.00
5. Balance at the end of the period	245,678,212.00	255,385,032.00

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- (3) Significant actuarial assumption and relevant sensitivity analysis for present value of defined benefit plan obligation  
 Significant actuarial assumptions for present value of defined benefit obligation are as follows:

Significant assumptions in the actuarial estimate	As at December 31, 2021	As at December 31, 2020
Discount rate - post-employment benefits	2.75%	3.25%
Discount rate - other long-term employee benefits	2.50%	3.00%
Annual growth rate of supplementary medical benefits	8.00%	8.00%
Annual growth rate of supplementary pension benefits for former personnel without labor relation	0.00%/4.50%/8.00%	0.00%/4.50%/8.00%
Annual growth rate of supplementary funeral benefits for former personnel without labor relation	0.00%/4.50%	0.00%/4.50%
Annual growth rate of social insurance and housing accumulation fund contributions for former employees with labor relations	10.00%	10.00%
Annual growth rate of living expenses and other subsidies for former employees with labor relations	4.50%	4.50%
Annual growth rate of supplementary funeral benefits for former employees with labor relations	4.50%	4.50%
Mortality rate	China Life Insurance Mortality Table (2010-2013) - CL5/CL6 up 2 years	China Life Insurance Mortality Table (2010-2013) - CL5/CL6 up 2 years

If one assumption changes and others stay the same, the sensitivity analysis on significant actuarial assumption for present value of defined benefit obligation is as follows:

Significant assumptions in the actuarial estimate	Change region of assumptions	Change region of present value of defined benefit plan obligation	
		Increase in assumption	Decrease in assumption
Discount rate	±0.25%	-5,742,227.00	5,999,256.00

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**5.41 Estimated liabilities**

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021	Forming reason
Provision for compensation to customers	4,593,416.66		3,102,946.66	1,490,470.00	Provision for compensation to customers means the amount withdrawn in advance by the Group's subsidiary SCG Real Estate according to the historical management and the estimates that will be used for subsequent maintenance of houses sold.
Matters involving lawsuit	8,503,519.76	5,853,273.38	1,584,798.09	12,771,995.05	
<b>Total</b>	<b>13,096,936.42</b>	<b>5,853,273.38</b>	<b>4,687,744.75</b>	<b>14,262,465.05</b>	

**5.42 Deferred income**

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021	Forming reason
Government grants	84,667,335.26	20,623,949.43	29,887,938.40	75,403,346.29	Receipt of various funds related to government grants
Compensation for demolition (including the compensation for commercial demolition)	81,255,303.68		33,856,997.56	47,398,306.12	Receipt of the compensation for purchase and construction assets, personnel placement and various expenses incurred due to the demolition and relocation.
<b>Total</b>	<b>165,922,638.94</b>	<b>20,623,949.43</b>	<b>63,744,935.96</b>	<b>122,801,652.41</b>	

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Items involving government grants:

Liability	Balance as at December 31, 2020	New grants in 2021	Amount included in the current profit or loss in 2021	Other changes	Balance as at December 31, 2021	Assets/ income-related
Compensation for demolition	77,866,162.49		33,573,915.51		44,292,246.98	Assets-related
Construction of headquarters building of municipal institute	36,611,320.98		2,816,255.44		33,795,065.54	Assets-related
Sporadic projects	48,056,014.28	20,623,949.43	27,071,682.96		41,608,280.75	Income-related
<b>Total</b>	<b>162,533,497.75</b>	<b>20,623,949.43</b>	<b>63,461,853.91</b>		<b>119,695,593.27</b>	

**5.43 Other non-current liabilities**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Payment for equity payable		50,231,681.65

**5.44 Share capital**

Item	Balance as at December 31, 2020	Changes in 2021 ("+" for increase and "-" for decrease)					Balance as at December 31, 2021
		New shares issued	Share donation	Provident funds transferred to shares	Others	Sub-total	
Total shares	8,904,397,728.00						8,904,397,728.00

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5.45 Other equity instruments

5.45.1 Basic information on preferred stocks, perpetual bonds and other financial instruments outstanding at the end of the period

Financial Instruments issued	Issuing time	Accounting classification	Dividend yield or interest rate	Issue price	Quantity	Amount	Due date or renewal	Conversion condition	Conversion status
2018 Renewable corporate bonds (Phase II) publicly issued by Shanghai Construction Group Co., Ltd.	October 10, 2018	Perpetual bonds	5.45%	100.00	15,000,000	1,500,000,000.00	5+N		
Agreement on Renewable Creditor's Right Investment of Perpetual Collective Fund Trust Plan of SITI Shanghai Construction Co., Ltd. (Phase I)	August 14, 2020	Perpetual bonds	5.30%	100.00	18,400,000	1,840,000,000.00	5+N		
Agreement on Renewable Creditor's Right Investment of Perpetual Collective Fund Trust Plan of SITI Shanghai Construction Co., Ltd. (Phase II)	September 27, 2020	Perpetual bonds	5.30%	100.00	13,500,000	1,350,000,000.00	5+N		

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Financial Instruments issued	Issuing time	Accounting classification	Dividend yield or interest rate	Issue price	Quantity	Amount	Due date or renewal	Conversion condition	Conversion status
Agreement on Renewable Creditor's Right Investment of Perpetual Collective Fund Trust Plan of SITI Shanghai Construction Co., Ltd. (Phase III)	January 12, 2021	Perpetual bonds	5.25%	100.00	18,100,000	1,810,000,000.00	5+N		
Medium-term note at first stage in 2021 of Shanghai Construction Group Co., Ltd.	August 16, 2021	Perpetual bonds	3.50%	100.00	20,000,000	2,000,000,000.00	3+N		
Medium-term note at second stage in 2021 of Shanghai Construction Group Co., Ltd.	November 17, 2021	Perpetual bonds	3.49%	100.00	20,000,000	2,000,000,000.00	3+N		
<b>Total</b>				<b>600.00</b>	<b>105,000,000.00</b>	<b>10,500,000,000.00</b>			

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**5.45.2 Information on changes in such financial instruments as preferred stocks and perpetual bonds, outstanding at the end of the period**

Financial Instruments issued	As at December 31, 2020		Increase in 2021		Decrease in 2021		As at December 31, 2021	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
2018 Renewable corporate bonds (Phase I) publicly issued by Shanghai Construction Group Co., Ltd.	20,000,000	2,000,000,000.00			20,000,000	2,000,000,000.00		
2018 Renewable corporate bonds (Phase II) publicly issued by Shanghai Construction Group Co., Ltd.	15,000,000	1,500,000,000.00					15,000,000	1,500,000,000.00
Perpetual Collective Fund Trust Plan of SITI Shanghai Construction Co., Ltd.	31,900,000	3,190,000,000.00	18,100,000	1,810,000,000.00			50,000,000	5,000,000,000.00
LTC - Xiangrui Shencheng Perpetual Bond Collective Fund Trust	20,000,000	2,000,000,000.00			20,000,000	2,000,000,000.00		

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Financial Instruments issued	As at December 31, 2020		Increase in 2021		Decrease in 2021		As at December 31, 2021	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
Plan								
Medium-term note at first stage in 2021 of Shanghai Construction Group Co., Ltd.			20,000,000	2,000,000,000.00			20,000,000	2,000,000,000.00
Medium-term note at second stage in 2021 of Shanghai Construction Group Co., Ltd.			20,000,000	2,000,000,000.00			20,000,000	2,000,000,000.00
<b>Total</b>	<b>86,900,000</b>	<b>8,690,000,000.00</b>	<b>58,100,000</b>	<b>5,810,000,000.00</b>	<b>40,000,000</b>	<b>4,000,000,000.00</b>	<b>105,000,000</b>	<b>10,500,000,000.00</b>

Other descriptions:

- (1) 2018 Renewable corporate bonds publicly issued by Shanghai Construction Group Co., Ltd.

On October 24, 2016, the Company received a document (ZJXX [2016] No.2388) from the China Securities Regulatory Commission, which allows its public issuance of no more than RMB 5 billion of corporate bonds to qualified investors. The Company had made such issuance in twice this year. According to the terms of issuance, the bonds are divided into two types, with the basic term of Type I being 3 years and one cycle of every 3 interest-bearing years. At the end of each cycle, the issuer has the right to exercise the option of renewal to extend the term of this type of bonds by 1 cycle (i.e. 3 years), or choose to pay the bonds of this type in full at the end of the cycle. The basic term of Type II is 5 years, with one cycle of every 5 interest-bearing years. At the end of each cycle, the issuer has the right to exercise the option of renewal to extend the term of this type of bonds by 1 cycle (i.e. 5 years), or to choose to pay the full amount of this type of bonds at the end of the cycle. The creditor's rights are subject to cross-type call-back option, and the proportion of call-back is not limited. The final issue size of each type will be finally determined after the issuer and the lead underwriter reach a consensus to decide whether to exercise the cross-type call-back option according to the on-line inquiry results, but the total final issue size of each variety shall not exceed RMB 4 billion (inclusive).

On October 10, 2018, the Company issued the 2018 renewable corporate bonds (Phase II) which bears interest from October 10, 2018, becomes redeemable in or after 2023 and amounts to RMB 1,500,000,000.00 in total. The issuer shall have the right to redeem the bonds (the "redemption right") at face value plus interest payable (including all deferred interest and its fruits) on each interest payment date of or after the fifth cycle of the bonds in case of changes in tax policies or accounting standards. Unless there is a compulsory interest payment event that can be determined by the Company itself to control whether it occurs, the Company may, at its own option, defer the current interest, and all interest and fruits deferred according to the terms to the next interest payment date for payment, and is not limited by any number of deferred interest payments. The Company will account for the amount actually received from the issuance as other equity instruments. The coupon rate of the bond remained unchanged at 5.45% per annum in the first three interest-bearing years. From the sixth interest-bearing year, if the Company does not exercise the right of redemption, the annual interest rate will be reset every 3 years at the current benchmark interest rate plus the initial interest spread plus 300 basis points.

- (2) Perpetual Collective Fund Trust Plan of SITI Shanghai Construction Co., Ltd.  
Perpetual Collective Fund Trust Plan Phase I of SITI Shanghai Construction Co., Ltd.:

On August 14, 2020, the Company issued the perpetual collective fund trust plan with the total issue amount of RMB 5,000,000,000.00, and such plan will be redeemed by the Company in 2025 or the later period. According to the terms of the issuance, the initial investment term of the perpetual collective fund plan is 5 years. After the initial investment term of each investment fund expires, a continuous investment period will be extended for such investment fund each year. At least 90 days before the expiration of the investment term for the first investment fund, the issuer has the right to exercise the renewal option to renew each investment fund term for 1 year, or to choose to return the principal balance of each investment fund and all fund costs which should be paid but have not been paid for the principal of each investment fund; the trust plan actually transferred the investment fund of RMB 1,840,000,000.00 to the Company on Friday, August 14, 2020.

On each interest date after the 5th term of such trust plan, in case of any change in tax policies or accounting standards, the issuer will have the right to redeem such bonds at the sum of the par value and interest (including all deferred interest and fruits) payable ("Right of Redemption"). Unless there is any compulsory interest payment for which the Company may make decision by itself and control the occurrence, on each interest date of such bond, the Company may choose by itself to defer the current interest and all interest and fruits which have been deferred according to relevant clauses to the next interest date for payment, without limit to the time for deferring interest payment. The Company recognizes the amount actually received for bond issue as other equity instrument for accounting.

The nominal interest rate of such trust plan remains unchanged in the first five interest-bearing years, i.e. the annual interest rate of 5.3%. From the 6th interest-bearing year, if the Company does not exercise the Right of Redemption, the annual interest rate should rise 300 base points based on the annual rate of return on fixed investment applicable during the initial investment term.

Perpetual Collective Fund Trust Plan Phase II of SITI Shanghai Construction Co., Ltd.:

On August 14, 2020, the Company issued the perpetual collective fund trust plan with the total issue amount of RMB 5,000,000,000.00, and such plan will be redeemed by the Company in 2025 or the later period. According to the terms of the issuance, the initial investment term of the perpetual collective fund plan is 5 years. After the initial investment term of each investment fund expires, a continuous investment period will be extended for such investment fund each year. At least 90 days before the expiration of the investment term for the first investment fund, the issuer has the right to exercise the renewal option to renew each investment fund term for 1 year, or to choose to return the principal balance of each investment fund and all fund costs which should be paid but have not been paid for the principal of each investment fund; the trust plan actually transferred the investment fund of RMB 1,350,000,000.00 to the Company on September 27, 2020.

On each interest date after the 5th term of such trust plan, in case of any change in tax policies or accounting standards, the issuer will have the right to redeem such bonds at the sum of the par value and interest (including all deferred interest and fruits) payable ("Right of Redemption"). Unless there is any compulsory interest payment for which the Company may make decision by itself and control the occurrence, on each interest date of such bond, the Company may choose by itself to defer the current interest and all interest and fruits which have been deferred according to relevant clauses to the next interest date for payment, without limit to the time for deferring interest payment. The Company recognizes the amount actually received for bond issue as other equity instrument for accounting.

The nominal interest rate of such trust plan remains unchanged in the first five interest-bearing years, i.e. the annual interest rate of 5.3%. From the 6th interest-bearing year, if the Company does not exercise the Right of Redemption, the annual interest rate should rise 300 base points based on the annual rate of return on fixed investment applicable during the initial investment term.

Perpetual Collective Fund Trust Plan Phase III of SITI Shanghai Construction Co., Ltd.:

On August 14, 2020, the Company issued the perpetual collective fund trust plan with the total issue amount of RMB 5,000,000,000.00, and such plan will be redeemed by the Company in 2025 or the later period. According to the terms of the issuance, the initial investment term of the perpetual collective fund plan is 5 years. After the initial investment term of each investment fund expires, a continuous investment period will be extended for such investment fund each year. At least 90 days before the expiration of the investment term for the first investment fund, the issuer has the right to exercise the renewal option to renew each investment fund term for 1 year, or to choose to return the principal balance of each investment fund and all fund costs which should be paid but have not been paid for the principal of each investment fund; the trust plan actually transferred the investment fund of RMB 1,810,000,000.00 to the Company on Tuesday, January 12, 2021.

On each interest date after the 5th term of such trust plan, in case of any change in tax policies or accounting standards, the issuer will have the right to redeem such bonds at the sum of the par value and interest (including all deferred interest and fruits) payable ("Right of Redemption"). Unless there is any compulsory interest payment for which the Company may make decision by itself and control the occurrence, on each interest date of such bond, the Company may choose by itself to defer the current interest and all interest and fruits which have been deferred according to relevant clauses to the next interest date for payment, without limit to the time for deferring interest payment. The Company recognizes the amount actually received for bond issue as other equity instrument for accounting.

The nominal interest rate of such trust plan remains unchanged in the first five interest-bearing years, i.e. the annual interest rate of 5.25%. From the 6th interest-bearing year, if the Company does not exercise the Right of Redemption, the annual interest rate should rise 300 base points based on the annual rate of return on fixed investment applicable during the initial investment term.

(3) Medium-term notes Phase I in 2021 of Shanghai Construction Group Co., Ltd.

On August 12, 2021, the Company issued the medium-term notes Phase I in 2021, which bears interest from August 16, 2021, becomes redeemable in or after 2024 and amounts to RMB 2,000,000,000.00. The issuer shall have the right to redeem the bonds (the "redemption right") at face value plus interest payable (including all deferred interest and its fruits) on each interest payment date of or after the third cycle of the bonds in case of changes in tax policies or accounting standards. Unless there is a compulsory interest payment event that can be determined by the Company itself to control whether it occurs, the Company may, at its own option, defer the current interest, and all interest and fruits deferred according to the terms to the next interest payment date for payment, and is not limited by any number of deferred interest payments. The Company will account for the amount actually received from the issuance as other equity instruments. The coupon rate of the bond remained unchanged at 3.50% per annum in the first three interest-bearing years. From the fourth interest-bearing year, if the Company does not exercise the right of redemption, the annual interest rate will be reset every 3 years at the current benchmark interest rate plus the initial interest spread plus 300 basis points.

(4) Medium-term notes Phase II in 2021 of Shanghai Construction Group Co., Ltd.

On November 16, 2021, the Company issued the medium-term notes Phase II in 2021, which bears interest from November 17, 2021, becomes redeemable in or after 2024 and amounts to RMB 2,000,000,000.00. The issuer shall have the right to redeem the bonds (the "redemption right") at face value plus interest payable (including all deferred interest and its fruits) on each interest payment date of or after the fifth cycle of the bonds in case of changes in tax policies or accounting standards. Unless there is a compulsory interest payment event that can be determined by the Company itself to control whether it occurs, the Company may, at its own option, defer the current interest, and all interest and fruits deferred according to the terms to the next interest payment date for payment, and is not limited by any number of deferred interest payments. The Company will account for the amount actually received from the issuance as other equity instruments. The coupon rate of the bond remained unchanged at 4.78% per annum in the first three interest-bearing years. From the fourth interest-bearing year, if the Company does not exercise the right of redemption, the annual interest rate will be reset every 3 years at the current benchmark interest rate plus the initial interest spread plus 300 basis points.

**5.46 Capital reserves**

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
Capital (share capital) premium				
(1) Capital invested by the investor	2,296,486,401.78			2,296,486,401.78
(2) Impact of the business	-447,512,643.65			-447,512,643.65

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Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
combination under common control				
(3) Changes in enjoyed equity caused by the additional capital contribution made by the minority shareholders of the subsidiary	1,086,655.67			1,086,655.67
(4) Difference between the minority interest purchased and the net asset shares acquired	-258,431,213.59	26,510,846.40		-231,920,367.19
Other capital reserves				
(1) Transferred from the capital reserves under the original system	341,194,292.95			341,194,292.95
(2) Balance of relocation compensation granted by the government for the relocation for the public interest	276,026,512.25	646,875,189.14		922,901,701.39
<b>Total</b>	<b>2,208,850,005.41</b>	<b>673,386,035.54</b>		<b>2,882,236,040.95</b>

**5.47 Treasury stock**

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
Treasury stock	63,704,768.29			63,704,768.29

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5.48 Other comprehensive income

Item	Balance as at December 31, 2020	Year 2021						Balance as at December 31, 2021
		Amount before income tax in 2021	Less: amount previously included in the other comprehensive income and currently transferred to the profit or loss	Less: amount previously included in the other comprehensive income and currently transferred to the retained earnings	Less: income tax expenses	Amount after tax attributable to the parent company	Amount after tax attributable to minority shareholders	
1. Other comprehensive income that cannot be reclassified into profit or loss	-165,162,278.66	-36,281,149.81		-170,590.35	-5,691,028.58	-31,543,194.15	1,123,663.27	-196,705,472.81
Including: changes in re-measurement of the defined benefit plan	-38,277,159.11	-4,676,228.00			1,959,465.75	-6,635,693.75		-44,912,852.86
Other comprehensive income that cannot be transferred to profit or loss under the equity method								
Changes in fair value of other equity instrument investments	-126,885,119.55	-31,604,921.81		-170,590.35	-7,650,494.33	-24,907,500.40	1,123,663.27	-151,792,619.95
Changes in the fair value of the								

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Item	Balance as at December 31, 2020	Year 2021						Balance as at December 31, 2021
		Amount before income tax in 2021	Less: amount previously included in the other comprehensive income and currently transferred to the profit or loss	Less: amount previously included in the other comprehensive income and currently transferred to the retained earnings	Less: income tax expenses	Amount after tax attributable to the parent company	Amount after tax attributable to minority shareholders	
Company's own credit risk								
2. Other comprehensive income that will be reclassified into profit or loss	5,648,130.04	79,551,914.15				67,145,822.50	12,406,091.65	72,793,952.54
Including: other comprehensive income that can be transferred to profit or loss under the equity method	1,572,612.94							1,572,612.94
Changes in fair value of other creditor's right investments								
Amount of financial assets reclassified into other comprehensive income								
Provision for credit								

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Item	Balance as at December 31, 2020	Year 2021						Balance as at December 31, 2021
		Amount before income tax in 2021	Less: amount previously included in the other comprehensive income and currently transferred to the profit or loss	Less: amount previously included in the other comprehensive income and currently transferred to the retained earnings	Less: income tax expenses	Amount after tax attributable to the parent company	Amount after tax attributable to minority shareholders	
impairment of other creditor's right investments								
Cash flow hedging reserve								
Translation differences of foreign currency financial statements	4,075,517.10	79,551,914.15				67,145,822.50	12,406,091.65	71,221,339.60
Total of other comprehensive income	-159,514,148.62	43,270,764.34		-170,590.35	-5,691,028.58	35,602,628.35	13,529,754.92	-123,911,520.27

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**5.49 Special reserves**

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
Work safety expenses	6,761,132.95	4,039,535,455.90	4,037,658,840.42	8,637,748.43

**5.50 Surplus reserves**

Item	Balance as at December 31, 2020	Balance as at January 1, 2021	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
Statutory surplus reserves (Remark)	1,896,263,993.70	1,888,549,491.22	287,651,478.32		2,176,200,969.54

Remark: Associates or joint ventures implemented the new standards for revenue, financial instruments and lease and the *Interpretation No.14 of Accounting Standards for Business Enterprises* from January 1, 2021, by which the affected balance of surplus reserves at the beginning of the current year amounted to RMB -7,714,502.48.

**5.51 Undistributed profits**

Item	Year 2021	Year 2020
Undistributed profits at the end of the previous year before adjustment	15,197,438,705.84	14,074,908,867.70
Total adjustment to undistributed profits at the beginning of the year ("+" for increase and "-" for decrease)	-167,084,263.87	-231,927,344.50
Undistributed profits at the beginning of the year after adjustment	15,030,354,441.97	13,842,981,523.20
Plus: net profit attributable to owners of the parent company in the current period	3,768,771,949.40	3,350,849,267.70
Less: withdrawal of statutory surplus reserves	287,651,478.32	385,994,326.45
Withdrawal of discretionary surplus reserves		
Withdrawal of general risk reserves		
Common stock dividends payable	1,288,461,418.58	1,244,031,564.16
Common stock dividends transferred to share capital		
Interest paid for perpetual bonds	545,217,013.91	366,366,194.45
Plus: Carry-forward of other comprehensive income for retained earnings	-87,001.08	
Undistributed profits at the end of the period	16,677,709,479.48	15,197,438,705.84

Details about the adjustment to the undistributed profits at the beginning of the year:

1. Due to changes in accounting policies adopted by the Group, the affected undistributed profits at the beginning of the current year amounted to RMB -92,004,074.12.

2. Associates or joint ventures implemented the new standards for revenue, financial instruments and lease and the *Interpretation No.14 of Accounting Standards for Business Enterprises* from January 1, 2021, by which the affected undistributed profit at the beginning of the current year amounted to RMB -75,080,189.75.

**5.52 Operating revenue and operating costs**

**5.52.1 Information on operating revenue and operating costs**

Item	Year 2021		Year 2020	
	Revenue	Cost	Revenue	Cost
Primary business	279,275,848,925.28	253,084,558,931.37	230,303,872,141.59	208,128,988,782.80
Other business	1,779,619,099.36	1,472,425,092.63	1,023,359,867.30	821,719,368.91
<b>Total</b>	<b>281,055,468,024.64</b>	<b>254,556,984,024.00</b>	<b>231,327,232,008.89</b>	<b>208,950,708,151.71</b>

Breakdown of operating revenue:

Item	Year 2021	Year 2020
Revenue from customer contracts	280,501,684,385.51	230,738,945,883.34
Lease revenue	553,783,639.13	588,286,125.55
<b>Total</b>	<b>281,055,468,024.64</b>	<b>231,327,232,008.89</b>

**5.52.2 Revenue from contracts**

Contract classification	Year 2020
Classified by commodity or business type	
Building, contracting ,design and construction	244,221,993,483.54
Building industry	16,721,776,141.42
Real estate development industry	13,852,707,547.41
Complete equipment and other merchandise trade	1,455,087,042.61
Investment and construction of urban infrastructure	1,294,695,972.90
Project management and consultancy, labor dispatch and other services	2,365,394,692.24
Gold selling business	590,029,505.39
<b>Total</b>	<b>280,501,684,385.51</b>
Classification by business area:	
Chinese mainland	274,341,471,725.21
Other countries and regions	6,160,212,660.30
<b>Total</b>	<b>280,501,684,385.51</b>
Classification by the time for merchandise transfer	
Recognized at certain time-point	34,404,812,772.04
Recognized in certain period	246,096,871,613.47
<b>Total</b>	<b>280,501,684,385.51</b>

**5.52.3 Operating revenue from top5 customers of the Company**

Customer name	Total operating revenue	Proportion in the Company's total operating revenue (%)
Shanghai Airport (Group) Co., Ltd.	3,079,975,229.67	1.10
Shanghai Jiushi North Bund Construction Development Co., Ltd.	1,699,055,261.37	0.60
Shanghai Lujiazui (Group) Co., Ltd.	1,631,462,522.63	0.58
Shenzhen housing project management station	1,465,505,874.09	0.52
Shanghai Golden Bridge (Group) Co., Ltd.	1,413,730,371.56	0.50
<b>Total</b>	<b>9,289,729,259.32</b>	<b>3.30</b>

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**5.53 Taxes and surcharges**

Item	Year 2021	Year 2020
Urban maintenance and construction tax	258,493,462.51	185,859,867.79
Educational surtax	208,392,487.22	165,748,525.26
Resource tax	33,433,071.75	53,070,447.59
Land value increment tax	275,780,134.01	61,521,927.72
Land use tax	12,972,805.22	11,521,525.37
Stamp duty	161,848,501.58	127,264,479.94
House property tax	121,711,383.19	115,044,565.77
Overseas offshore tax	23,508,525.36	19,749,932.72
Environmental protection tax	13,505,355.88	12,179,656.41
Others	22,729,305.90	58,188,929.32
<b>Total</b>	<b>1,132,375,032.62</b>	<b>810,149,857.89</b>

**5.54 Selling and distribution expenses**

Item	Year 2021	Year 2020
Employee compensation and benefits	299,354,980.65	252,805,129.24
Commission agency fee	307,754,567.13	238,169,140.51
Advertising and promotion expenses	83,296,027.22	89,339,921.09
Business transportation costs	7,387,644.30	8,480,241.10
Office expenses	41,419,487.60	50,140,920.38
Transportation expenses	294,958.43	366,027.55
Fees for using fixed assets	11,039,212.50	14,254,729.09
Entertainment expenses	4,051,017.16	4,815,876.54
Expenses on meeting affairs	404,596.96	931,072.70
Others	83,831,744.33	52,739,663.32
<b>Total</b>	<b>838,834,236.28</b>	<b>712,042,721.52</b>

**5.55 General and administrative expenses**

Item	Year 2021	Year 2020
Employee compensation and benefits	5,213,912,407.24	4,313,580,596.65
Fees for using fixed assets	472,419,850.71	393,509,354.12
Office expenses	419,988,604.46	379,159,974.93
Entertainment expenses	75,050,572.79	66,633,124.48
Business transportation costs	74,293,403.62	61,282,718.26
Amortization of intangible assets	72,467,853.28	41,115,096.29
Vehicle use expenses	10,201,594.64	24,000,994.33
Insurance premiums	34,018,771.31	31,487,091.59
Amortization of long-term deferred expenses	32,426,420.92	17,427,557.88
Low-value consumption goods	11,829,107.95	11,981,598.58
Repair charge	23,453,080.97	98,758,121.53
Expenses on meeting affairs	4,395,461.51	4,585,949.44
Expenses for labor service cooperation	4,093,072.54	1,862,935.54
Others	601,226,432.40	502,169,071.49
<b>Total</b>	<b>7,049,776,634.34</b>	<b>5,947,554,185.11</b>

**5.56 Research and development expenses**

Item	Year 2021	Year 2020
Direct expenses on materials	4,426,177,710.63	3,580,655,731.87
Personal expenses	1,570,623,870.00	1,580,347,999.10
Depreciation expenses	50,793,734.74	27,111,495.70
Rental expenses	64,330,716.44	138,002,587.15

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Item	Year 2021	Year 2020
Maintenance and renovation expenses	150,361,144.73	52,694,430.53
Amortization of intangible assets	3,759,161.20	2,824,047.41
Expenses on reagent and testing	733,228,029.95	656,659,601.60
Outsourcing research and development expenses	130,645,872.47	297,347,770.03
Other expenses	2,762,891,287.13	1,778,403,664.26
<b>Total</b>	<b>9,892,811,527.29</b>	<b>8,114,047,327.65</b>

**5.57 Financial expenses**

Item	Year 2021	Year 2020
Interest expenses	3,068,270,513.68	2,311,100,848.54
Including: lease liability interest expenses	101,275,941.98	
Less: interest income	777,846,186.98	634,430,434.57
Profit or loss on foreign exchange	33,470,632.09	19,159,552.08
Effect of welfare actuary	8,858,703.00	9,061,908.00
Others	156,647,705.38	174,697,525.41
<b>Total</b>	<b>2,489,401,367.17</b>	<b>1,879,589,399.46</b>

**5.58 Other income**

Item	Year 2021	Year 2020
Government grants	142,629,190.04	141,947,708.99
Additional deduction of input tax	7,636,304.75	4,765,432.96
Handling charges for withdrawal of individual income tax	12,436,873.95	11,612,991.46
VAT directly exempted	4,608.77	
Others		282,558.16
<b>Total</b>	<b>162,706,977.51</b>	<b>158,608,691.57</b>

Government grants included in other income

Item	Year 2021	Year 2020	Asset/income-related
Experimental manufacturing costs for scientific research	43,761,217.16	36,047,120.76	Income-related
Compensation for demolition	8,664,608.82	2,190,859.77	Income-related
Others	90,203,364.06	103,709,728.46	Income-related
<b>Total</b>	<b>142,629,190.04</b>	<b>141,947,708.99</b>	

**5.59 Investment income**

Item	Year 2021	Year 2020
Long-term equity investment income calculated under the equity method	50,510,074.73	34,957,712.07
Investment income from disposal of long-term equity investments	1,001,603,854.36	552,000.38
Investment income from financial assets held for trading during the holding period	52,191,323.24	41,236,888.47
Investment income from disposal of financial assets held for trading	130,217,318.79	51,995,275.29
Interest revenue from creditor's right investments during the holding period	2,183,165.96	928,477.18

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Item	Year 2021	Year 2020
Dividend revenue from other equity instrument investments during the holding period	3,000,000.00	2,400,000.00
Investment income from other non-current financial assets during the holding period	428,502,922.02	220,870,975.85
Others	-171,551.13	5,690,080.72
Total	1,668,037,107.97	358,631,409.96

**5.60 Gains from changes in fair value**

Item	Year 2021	Year 2020
Sources of gains from changes in fair value		
Financial assets held for trading	406,726,186.00	30,527,842.54
Including: Income from changes in fair value of derivative financial instruments		-1,582,191.78
Other non-current financial assets	-18,538,691.49	359,928,114.83
Total	388,187,494.51	390,455,957.37

**5.61 Losses from credit impairment**

Item	Year 2021	Year 2020
Losses from bad debts of notes receivable	359,859,844.67	-8,571,803.92
Losses on bad debts of accounts receivable	1,346,627,371.85	947,516,562.58
Losses from impairment of receivables financing	-260,911,608.22	30,143,705.29
Losses from bad debts of other receivables	-16,504,467.97	112,085,828.96
Losses from bad debts of long-term receivables	98,465,650.79	128,531,281.66
Total	1,527,536,791.12	1,209,705,574.57

**5.62 Losses from asset impairment**

Item	Year 2021	Year 2020
Loss from inventory depreciation and losses from impairment of contract performance cost	615,865,657.24	242,572,992.09
Losses from impairment of contract assets	423,209,637.21	295,964,218.02
Losses from impairment of goodwill	31,111,035.96	1,028,677.30
Total	1,070,186,330.41	539,565,887.41

**5.63 Income from disposal of assets**

Item	Year 2021	Year 2020	Amount included in non-recurring profit or loss in the current period
Gains from disposal of fixed assets	78,516,363.90	20,443,628.52	78,516,363.90
Gains from disposal of intangible assets	3,694,481.34	448,062.79	3,694,481.34
Gains from disposal right-of-use assets	-286,793.21		-286,793.21
Others			
Total	81,924,052.03	20,891,691.31	81,924,052.03

**5.64 Non-operating revenue**

Item	Year 2021	Year 2020	Amount included in non-recurring profit or loss in the current period
Government grants	416,239,366.60	346,185,274.91	416,239,366.60
Gains from inventory profit	7.76	100.07	7.76
Revenue from liquidated damages and fines	19,969,116.51	12,668,785.59	19,969,116.51
Payment not required to be paid	4,530,580.93	109,487.42	4,530,580.93
Revenue from compensation for demolition	71,141,718.36	11,453,763.05	71,141,718.36
Income from the fair value of net identifiable assets an enterprise may enjoy in the investee less the investment cost for which the enterprise may acquire any subsidiary, associate or joint venture	235,830.69	75,786.17	235,830.69
Others	56,195,507.82	7,420,615.45	56,195,507.82
Total	568,312,128.67	377,913,812.66	568,312,128.67

**Government grants included in the non-operating revenue**

Item	Year 2021	Year 2020	Asset/income-related
Income-related local government subsidies	413,423,111.16	343,369,019.47	Income-related
Asset-related local government subsidies	2,816,255.44	2,816,255.44	Asset-related
Total	416,239,366.60	346,185,274.91	

**5.65 Non-operating expenses**

Item	Year 2021	Year 2020	Amount included in non-recurring profit or loss in the current period
Donation made	12,483,482.00	15,297,071.30	12,483,482.00
Expenses on fines and overdue fines	20,553,950.61	4,758,913.36	20,553,950.61
Compensation expenses	14,275,017.93	12,669,438.21	14,275,017.93
Losses from the damage and scrapping of non-current assets	21,715,735.08	14,205,122.65	21,715,735.08
Others	14,479,504.88	9,709,593.31	14,479,504.88
Total	83,507,690.50	56,640,138.83	83,507,690.50

**5.66 Income tax expenses**

**5.66.1 Breakdowns of income tax expenses**

Item	Year 2021	Year 2020
Current income tax expenses	1,563,002,617.57	1,411,748,494.69
Deferred income tax expenses	-327,875,183.85	-220,327,773.02
Total	1,235,127,433.72	1,191,420,721.67

**5.66.2 Adjustment process of accounting profit and income tax expenses**

Item	Year 2021
Total profits	5,283,222,151.60
Income tax expenses calculated at statutory [or applicable] tax rate	1,320,805,537.90
Effect of the application of various tax rates by subsidiaries	-344,914,629.53
Effect of adjustments to the income tax for the prior years	-128,020,806.07
Effect of non-taxable income	-99,870,039.50
Effect of non-deductible costs, expenses and losses (Remark)	-114,137,643.96
Impact of changes in tax rate on the balance of deferred income tax at the beginning of the period	64,407,510.79
Effect of deductible losses from using the deferred income tax assets unrecognized in previous periods	-185,905,114.21
Effect of deductible temporary differences or losses from deferred income tax assets unrecognized in the current period	900,857,785.55
Additional deduction	-173,104,699.66
Partnership's income tax expenses assumed by the shareholder	-4,990,467.59
Income tax expenses	1,235,127,433.72

Remark: According to the Company's temporary announcement No. 2020-018, the Ministry of Finance and the State Taxation Administration of the People's Republic of China issued the Announcement on Issues Concerning Enterprise Income Tax Policies for Perpetual Bonds (Announcement of the Ministry of Finance and the State Taxation Administration [2019] No.64, hereinafter referred to as the "Announcement No.64"), which stipulates that "An enterprise, which issues perpetual bonds meeting the stipulated conditions, may be subject to the enterprise income tax policies as per bond interests. That is to say, the expenditures of interests of perpetual bonds paid by an issuer are allowed to be deducted before enterprise income tax; and, the tax shall be lawfully paid for the income from interests of perpetual bonds obtained by an investor." The Announcement shall be implemented as of January 1, 2019. Non-deductible costs, expenses and losses affected in 2021 amounted to RMB -136,304,253.48.

**5.67 Earnings per share**

**5.67.1 Basic earnings per share**

The basic earnings per share is calculated by dividing the consolidated net profit attributable to the common stockholder of the parent company by the weighted average of the Company's outstanding common stock:

Item	Year 2021	Year 2020
Consolidated net profit attributable to the common stockholder of the parent company (deducting the dividend or interest of other equity instruments)	3,226,147,504.95	3,020,086,795.48
Weighted average of the Company's outstanding common stock	8,885,939,744.00	8,886,562,573.33
Basic earnings per share	0.36	0.34
Including: basic earnings per share from continued operation	0.36	0.34
Basic earnings per share from discontinued operation		

### 5.67.2 Diluted earnings per share

The diluted earnings per share is calculated by dividing the consolidated net profit attributable to the common stockholder of the parent company (diluted) by the weighted average of the Company's outstanding common stock (diluted):

Item	Year 2021	Year 2020
Consolidated net profit attributable to the common stockholder of the parent company (diluted)	3,226,147,504.95	3,020,086,795.48
Weighted average of the Company's outstanding common stock (diluted)	8,885,939,744.00	8,886,562,573.33
Diluted earnings per share	0.36	0.34
Including: diluted earnings per share from continued operation	0.36	0.34
Diluted earnings per share from discontinued operation		

## 5.68 Items in the statement of cash flows

### 5.68.1 Cash received from other operating activities

Item	Year 2021	Year 2020
Current accounts with all parties received	2,859,455,069.96	3,332,868,741.43
Received from the principal of construction fund of BT and PPP projects of the owner	1,984,369,891.13	1,709,677,967.92
Received from security deposit	4,114,101,019.91	4,429,192,552.50
Received from advance payment	95,053,523.15	189,396,424.50
Received from government grants	558,360,529.47	489,927,935.26
Others	101,219,364.01	877,599,655.85
Total	9,712,559,397.63	11,028,663,277.46

### 5.68.2 Cash paid for other operating activities

Item	Year 2021	Year 2020
Paid for current accounts with all parties	3,371,450,850.48	5,110,698,087.78
Paid for funds of BT and PPP projects	3,833,410,289.05	5,161,140,712.73
Paid for operating expenses	9,140,373,021.30	7,086,088,864.65
Paid for deposits and margins	2,602,127,110.92	1,641,821,253.11
Paid for advance payment	159,844,278.61	238,467,185.40
Paid for donation outlay	12,483,482.00	14,553,825.21
Others	1,017,755,977.53	1,202,353,721.43
Total	20,137,445,009.89	20,455,123,650.31

### 5.68.3 Cash received from other investing activities

Item	Year 2021	Year 2020
Received from interest income	1,024,894,538.45	662,563,398.14
Received from compensations for demolition and relocation	162,580,000.00	11,083,996.26
Cash received from the acquisition of subsidiaries	27,770,723.61	1,332,398,180.17
Payment collected from time deposits held to maturity	3,848,465,150.00	
Total	5,063,710,412.06	2,006,045,574.57

**5.68.4 Cash paid for other investing activities**

Item	Year 2021	Year 2020
Paid for removal expenses	124,520,407.39	18,859,119.86
Paid for resettlement expenses	283,082.05	
Principal of time deposits to be held to maturity	4,030,832,369.78	5,004,575,697.65
Paid for other temporary borrowings		743,887,300.00
Paid for amortization expenses on disposing of equity investments in prior period	74,709.60	
<b>Total</b>	<b>4,155,710,568.82</b>	<b>5,767,322,117.51</b>

**5.68.5 Cash received from other financing activities**

Item	Year 2021	Year 2020
ABN account balance	4,110.60	

**5.68.6 Cash paid for other financing activities**

Item	Year 2021	Year 2020
Paid for relevant expenses on bonds issue	56,943,246.74	89,821,090.53
Paid for dividend commission charges	755,094.49	704,516.10
Paid for cost on the acquisition of minority shareholders	341,827,192.08	
Paid for purchase of treasury stock		8,583,644.31
Paid for capital reduction payment of minority shareholders of subsidiaries		606,990.26
Paid for relevant payments for financing, creditor's right transfer and factoring	322,482,914.12	402,270,359.71
Paid for lease liabilities	767,734,866.31	
<b>Total</b>	<b>1,489,743,313.74</b>	<b>501,986,600.91</b>

**5.69 Supplementary information on the statement of cash flows**

**5.69.1 Supplementary information on the statement of cash flows**

Supplementary information	Year 2021	Year 2020
1. Net profit adjusted to cash flows from operating activities		
Net profit	4,048,094,717.88	3,222,309,605.94
Plus: losses from credit impairment	1,527,536,791.12	1,209,705,574.57
Provision for asset impairment	1,070,186,330.41	539,565,887.41
Depreciation of fixed assets	2,274,511,985.20	2,226,762,317.64
Depletion of oil and gas assets		
Depreciation of right-of-use assets	617,805,748.10	
Amortization of intangible assets	266,336,466.36	121,674,633.69
Amortization of long-term deferred expenses	114,473,439.16	96,285,503.38
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-81,924,052.03	-20,891,691.31
Losses from scrapping of fixed assets ("-" for gains)	21,715,735.08	14,205,122.65
Losses from changes in fair value ("-"	-388,187,494.51	-390,455,957.37

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Supplementary information	Year 2021	Year 2020
for gains)		
Financial expenses ("-" for gains)	2,295,170,860.99	1,628,238,085.11
Investment losses ("-" for gains)	-1,668,037,107.97	-358,631,409.96
Decreases in deferred income tax assets ("-" for increases)	-69,640,641.90	-161,249,851.74
Increases in deferred income tax liabilities ("-" for decreases)	-258,234,541.95	-59,077,921.28
Decreases in inventories ("-" for increases)	2,029,686,419.01	-14,173,427,738.70
Decreases in operating receivables ("-" for increases)	-26,207,647,764.02	-14,434,009,482.99
Increases in operating payables ("-" for decreases)	24,776,490,529.38	20,854,986,267.83
Others		
Net cash flows from operating activities	10,368,337,420.31	315,988,944.87
2. Significant investing and financing activities not involving cash receipts and payments		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents		
Ending balance of cash	77,095,477,715.85	71,517,105,212.99
Less: beginning balance of cash	71,517,105,212.99	65,143,203,984.03
Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	5,578,372,502.86	6,373,901,228.96

**5.69.2 Net cash paid for the acquisition of subsidiaries in 2021**

	Amount
Cash or cash equivalents incurred and paid for business combination in 2021	150,829,046.10
Including: Shanghai Hongyi Construction Industry Development Co., Ltd.	25,237,384.99
Shanghai Qianyu Construction Engineering Co., Ltd.	55,600,000.00
Jiangxi Shangjian Construction Co., Ltd.	36,000,000.00
Xiamen Shangjian Construction Group Co., Ltd.	28,000,000.00
Nantong Yushan Construction Engineering Co., Ltd.	5,000,000.00
Shanghai Hucheng Electromechanical Engineering Co., Ltd.	991,661.11
Less: cash and cash equivalents held by subsidiaries on the acquisition date	54,459,505.25
Including: Shanghai Hongyi Construction Industry Development Co., Ltd.	52,997,426.10
Shanghai Qianyu Construction Engineering Co., Ltd.	452,553.56
Jiangxi Shangjian Construction Co., Ltd.	7,181.98
Xiamen Shangjian Construction Group Co., Ltd.	
Nantong Yushan Construction Engineering Co., Ltd.	

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	Amount
Shanghai Hucheng Electromechanical Engineering Co., Ltd.	1,002,343.61
Plus: Cash or cash equivalents incurred and paid for business combination in previous periods	26,176,000.00
Including: Shanghai Greenment Environmental Technologies Co., Ltd.	26,176,000.00
Net cash paid to acquire subsidiaries	122,545,540.85

**5.69.3 Net cash received from disposal of subsidiaries in 2021**

	Amount
Cash or cash equivalents received in 2021 from disposal of subsidiaries in 2021	1,421,620,758.79
Including: Shanghai Shengtang Property Co., Ltd.	1,421,620,758.79
Less: cash and cash equivalents held by subsidiaries on date of losing control	72,464,790.87
Including: Shanghai Shengtang Property Co., Ltd.	72,464,790.87
Plus: cash or cash equivalents received in 2021 from disposal of subsidiaries in prior periods	
Net cash received from disposal of subsidiaries	1,349,155,967.92

**5.69.4 Composition of cash and cash equivalents**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
I. Cash	77,095,477,715.85	71,517,105,212.99
Including: cash on hand	11,810,176.86	9,086,652.66
Unrestricted bank deposit	76,932,847,456.26	71,392,353,500.00
Other unrestricted monetary funds	150,820,082.73	115,665,060.33
Unrestricted deposits in central bank		
Deposits in banks and other financial institutions		
Loans to banks and other financial institutions		
II. Cash equivalents		
Including: bond investments maturing within three months		
III. Ending balance of cash and cash equivalents	77,095,477,715.85	71,517,105,212.99
Including: cash and cash equivalents restricted for use by the parent company or subsidiaries in the group		

**5.70 Assets with restrictions on the ownership or use right**

Item	Book value as at December 31, 2021	Reason for restriction
Monetary funds	7,057,219,932.32	See the Note 5.1 for details
Accounts receivable	102,930,275.65	See the Note 11.1 for details
Notes receivable	537,093,559.85	See the Note 5.3 and 11.1 for details
Inventories	7,057,982,779.51	See the Note 11.1 for details
Non-current assets maturing within one year	379,890,505.35	See the Note 11.1 for details
Fixed assets	1,322,685,193.11	See the Note 11.1 for details
Investment properties	196,459,087.52	See the Note 11.1 for details

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Item	Book value as at December 31, 2021	Reason for restriction
Intangible assets	321,133,763.48	See the Note 11.1 for details
Long-term receivables	5,079,832,105.53	See the Note 11.1 for details
Other non-current assets	1,614,456,843.29	See the Note 11.1 for details
Total	23,669,684,045.61	

5.71 Monetary items in foreign currency

5.71.1 Monetary items in foreign currency

Item	Balance in foreign currency as at December 31, 2021	Exchange rate	Balance in RMB converted as at December 31, 2021
Monetary funds			1,900,912,603.31
Including: USD	226,194,351.28	6.3757	1,442,147,325.46
MOP	289,272,212.01	0.7936	229,566,427.45
TTD	150,129,225.56	0.9658	144,994,806.05
HKD	38,528,575.12	0.8176	31,500,963.02
CAD	5,102,060.00	5.0046	25,533,769.48
ERN	15,277,621.16	0.4248	6,489,933.47
SGD	1,292,996.39	4.7179	6,100,227.67
KZT	401,465,393.93	0.0146	5,861,394.75
EUR	554,786.64	7.2197	4,005,393.10
IDR	3,926,083,773.00	0.0004	1,570,433.51
NPR	13,189,571.37	0.0535	705,642.07
KES	9,901,647.85	0.0563	557,462.77
MNT	225,336,632.84	0.0022	495,740.59
VUV	4,968,811.00	0.0564	280,240.94
MVR	624,719.11	0.4141	258,696.18
GBP	23,237.28	8.6064	199,989.33
WST	66,455.67	2.4583	163,367.97
XOF	15,429,290.00	0.0101	155,835.83
GNF	186,052,023.00	0.0007	130,236.42
JPY	2,040,014.79	0.0554	113,016.82
TOP	15,263.40	2.8205	43,050.42
ZWD	1,284,731.14	0.0176	22,611.27
VND	24,604,392.00	0.0003	7,381.32
FCFA	453,586.06	0.0108	4,898.73
ZMK	7,566.05	0.3829	2,897.04
KMF	56,290.00	0.0147	827.46
MRU	195.60	0.1748	34.19
Accounts receivable			549,143,456.20
Including: MOP	328,950,982.46	0.7936	261,055,499.68
CAD	11,810,341.00	5.0046	59,106,032.57
HKD	66,274,196.00	0.8176	54,185,782.65
TTD	55,546,874.54	0.9658	53,647,171.43
EUR	3,197,707.20	7.2197	23,086,486.67
USD	15,370,153.27	6.3757	97,995,486.20
KES	1,190,000.00	0.0563	66,997.00
Long-term borrowings			1,651,007,190.41
Including: USD	258,953,086.00	6.3757	1,651,007,190.41

**5.72 Leases**

**5.72.1 Acting as the lessee**

Item	Year 2021
Interest expenses on lease liabilities	101,275,941.98
Expense on short-term lease under simplified treatment and included in the assets-related cost or the current profit or loss	227,668,733.07
Expense on the lease of low-value assets under simplified treatment and included in the assets-related cost or the current profit or loss (except for the expense on short-term lease of low-value assets)	6,355,967.09
Variable lease payment included in the assets-related cost or the current profit or loss but not included in the lease liabilities for measurement	558,606.48
Including: leaseback part	
Revenue from the sublease of right-of-use assets	188,815.08
Total cash outflows relevant to lease	825,379,006.83
Leaseback-related profit or loss	
Cash inflows of leaseback	
Cash outflows of leaseback	

**5.72.2 Acting as the lessor**

(1) Operating lease

	Year 2021
Revenue from operating lease	416,433,058.16
Including: Revenue relevant to variable lease payment not included in lease receipts	

Undiscounted lease receipts that will be collected after the balance sheet date:

Remaining lease term	Undiscounted lease receipts
Within 1 year	247,659,385.79
1 - 2 years	190,516,497.58
2 - 3 years	114,351,505.09
3 - 4 years	83,161,340.10
4 - 5 years	65,712,050.05
Over 5 years	226,267,885.17
Total	927,668,663.78

(2) Finance lease

	Year 2021
Sales profit or loss	137,350,580.97
Financing income of net lease investment	137,350,580.97
Revenue relevant to variable lease payment not included in net lease investment	

Lease receipts that will be collected after the balance sheet date:

Remaining lease term	Lease receipts
Within 1 year	979,022,593.10
1 - 2 years	660,186,424.30
2 - 3 years	285,364,772.20
3 - 4 years	53,373,662.46
4 - 5 years	531,600.00

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Remaining lease term	Lease receipts
Over 5 years	575,900.00
Sub-total of undiscounted lease receipts	1,979,054,952.06
Plus: Unguaranteed residual value	
Less: Unrealized financing income	
Net lease investment	1,979,054,952.06

**5.72.3 Effect of implementing the *Provisions on Accounting Treatment of Rent Concessions Related to the COVID-19 Epidemic* and the *Circular on Adjusting the Scope of Application of the Provisions on Accounting Treatment of Rent Concessions Related to the COVID-19 Epidemic***

The Company chooses the simplified method to make the accounting treatment for such qualified rent concessions as rent relief and deferred rent payment which are directly caused by the COVID-19 epidemic, according to the *Provisions on Accounting Treatment of Rent Concessions Related to the COVID-19 Epidemic*.

The Company, as the lessee and lessor, had no rent concession in 2021; which has no effect on its financial statements for the current and prior period.

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**6 Changes in the scope of consolidation**

**6.1 Business combination not under common control**

**6.1.1 Business combination under common control in 2021**

Acquiree	Time-point for equity acquisition	Cost on equity acquisition	Equity acquisition ratio (%)	Method of equity acquisition	Acquisition date	Determination basis of acquisition date	Revenue of the acquiree from the acquisition date to the end of the period	Net profit of the acquiree from the acquisition date to the end of the period
Shanghai Hongyi Construction Industry Development Co., Ltd.	April 30, 2021	25,237,384.99	100.00	Equity purchase	April 30, 2021	Acquisition of the control over the company	75,860,757.09	623,723.78

**6.1.2 Combination cost and goodwill**

	Shanghai Hongyi Construction Industry Development Co., Ltd.
Combination cost	
- Cash	25,237,384.99
- Fair value of non-cash assets	
- Fair value of liabilities issued or assumed	
- Fair value of issued equity securities	
- Fair value of contingent consideration	
- Fair value on the acquisition date of the equity held before the acquisition date	
- Others	
Total combination cost	25,237,384.99
Less: shares of fair value of the identifiable net assets acquired	25,473,215.68
Difference amount of shares of fair value of the identifiable net assets acquired subtracting the goodwill/combination cost	-235,830.69

**6.1.3 Identifiable assets and liabilities of the acquiree on the acquisition date**

	Shanghai Hongyi Construction Industry Development Co., Ltd.	
	Fair value on the acquisition date	Book value on the acquisition date
Assets:	135,644,619.76	135,644,619.76
Monetary funds	53,397,426.10	53,397,426.10
Receivables	36,233,625.04	36,233,625.04
Contract assets	44,632,426.38	44,632,426.38
Inventories		
Other current assets	135,563.00	135,563.00
Fixed assets	293,733.10	293,733.10
Intangible assets	59,177.55	59,177.55
Deferred income tax assets	892,668.59	892,668.59
Liabilities:	110,171,404.08	110,171,404.08
Borrowings		
Payables	92,675,216.59	92,675,216.59
Contract liabilities	17,496,187.49	17,496,187.49
Deferred income tax liabilities		
Net assets	25,473,215.68	25,473,215.68
Less: Minority equity		
Net assets gained	25,473,215.68	25,473,215.68

**6.2 Business combination under common control**

In 2021, there was no business combination under common control.

**6.3 Counter purchase**

In 2021, there was no counter purchase.

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6.4 Disposal of subsidiaries

6.4.1 Loss of control due to single disposal of investment in subsidiaries

Subsidiary	Equity disposal price	Proportion of equity disposed	Method of equity disposal	Time of the loss of control	Basis for determining the loss of control	Difference of the subsidiary's net asset shares in the consolidated financial statements corresponding to the disposal price and disposed investment	Proportion of the residual equity on the date of losing control	Book value of the residual equity on the date of losing control	Fair value of the residual equity on the date of losing control	Gains or losses from the re-measurement of residual equity at fair value	Determination method and main assumptions for the fair value of the residual equity on the day of losing control	Amount of the other comprehensive income relating to the equity investment of the original subsidiary transferred to the profit or loss on investments
Shanghai Shengtang Property Co., Ltd.	1,421,620,758.79	100.00	Sales	November 5, 2021	The equity transfer payment has been fully paid according to relevant agreement.	996,696,018.97						

**6.5 Changes in scope of consolidation due to other reasons**

In 2021, the Company newly established 26 subsidiaries, acquired 5 subsidiaries in other way and cancelled 17 subsidiaries.

**7 Equity in other entities**

**7.1 Equity in subsidiaries**

**7.1.1 Structure of the enterprise group**

Subsidiary	Main business place	Registered place	Business nature	Shareholding ratio (%)		Way of acquisition
				Direct	Indirect	
Shanghai Construction No. 1 (Group) Co., Ltd.	Shanghai	Shanghai	Building construction	100		Business combination under common control
Shanghai Construction No. 2 (Group) Co., Ltd.	Shanghai	Shanghai	Building construction	100		Business combination under common control
Shanghai Construction No. 4 (Group) Co., Ltd.	Shanghai	Shanghai	Building construction	100		Business combination under common control
Shanghai Construction No. 5 (Group) Co., Ltd.	Shanghai	Shanghai	Building construction	100		Business combination under common control
Shanghai Construction No. 7 (Group) Co., Ltd.	Shanghai	Shanghai	Building construction	100		Business combination under common control
Shanghai Building Decoration Engineering Group Co., Ltd.	Shanghai	Shanghai	Building construction	100		Business combination under common control
SCG Design & Research Institute Co., Ltd.	Shanghai	Shanghai	Building design	100		Business combination under common control
Shanghai Installation Engineering Group Co., Ltd.	Shanghai	Shanghai	Building construction	100		Business combination under common control
Shanghai Mechanized Construction Group Co.,	Shanghai	Shanghai	Building construction	100		Business combination under common control

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Subsidiary	Main business place	Registered place	Business nature	Shareholding ratio (%)		Way of acquisition
				Direct	Indirect	
Ltd.						control
Shanghai Foundation Engineering Group Co., Ltd.	Shanghai	Shanghai	Building construction	100		Business combination under common control
Shanghai Construction Building Materials Technology Group Co., Ltd.	Shanghai	Shanghai	Building industry	100		Business combination under common control
Shanghai Huadong Construction and Machinery Co., Ltd.	Shanghai	Shanghai	Production and sales of building construction machinery	100		Business combination under common control
Shanghai Construction Real Estate Co., Ltd.	Shanghai	Shanghai	Real estate development	100		Business combination under common control
Shanghai Gardens (Group) Co., Ltd.	Shanghai	Shanghai	Building construction	100		Business combination under common control
Shanghai Municipal Engineering Design Institute (Group) Co., Ltd.	Shanghai	Shanghai	Building design	100		Business combination under common control
China Shanghai (Group) Corporation for Foreign Economic & Technological Cooperation	Shanghai	Shanghai	Domestic and overseas project contracting, import and export agency business	100		Business combination under common control
SCG Changzhou Wujin Viaduct Construction Co., Ltd.	Changzhou, Jiangsu	Changzhou, Jiangsu	Investment and construction of urban infrastructure	100		Establishment
SCG Dalian Construction Engineering Co., Ltd.	Dalian, Liaoning	Dalian, Liaoning	Investment and construction of urban	100		Establishment

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Subsidiary	Main business place	Registered place	Business nature	Shareholding ratio (%)		Way of acquisition
				Direct	Indirect	
			infrastructure			
SCG Kunshan Middle-ring Road Construction Co., Ltd.	Kunshan, Jiangsu	Kunshan, Jiangsu	Investment and construction of urban infrastructure	100		Establishment
SCG America Group Inc.	Delaware, USA	Delaware, USA	Building construction	100		Establishment
Zhuhai Shenhai Construction Engineering Co., Ltd.	Zhuhai, Guangdong	Zhuhai, Guangdong	Building construction	100		Establishment
SCG Jiangxi Jiulonghu Municipal Engineering Design Co., Ltd.	Nanchang, Jiangxi	Nanchang, Jiangxi	Investment and construction of urban infrastructure	100		Establishment
SCG Taizhou Tianxu Line Construction Co., Ltd.	Taizhou, Jiangsu	Taizhou, Jiangsu	Investment and construction of urban infrastructure	100		Establishment
SCG Nanchang Qianhu Construction Co., Ltd.	Nanchang, Jiangxi	Nanchang, Jiangxi	Investment and construction of urban infrastructure	100		Establishment
SCG Changzhou Wujin Jinwu Road Construction Co., Ltd.	Changzhou, Jiangsu	Changzhou, Jiangsu	Investment and construction of urban infrastructure	100		Establishment
Shanghai International Tourism Resort Engineering Construction Co., Ltd.	Shanghai	Shanghai	Building construction	100		Business combination under common control
SCG (Canada) Co., Ltd.	Alberta, Canada	Alberta, Canada	Building construction	100		Establishment
SCG Overseas Holdings Co., Ltd.	Hong Kong, China	Hong Kong, China	Investment management	100		Establishment
Shanghai SINKO Air Conditioning Equipment Co., Ltd.	Shanghai	Shanghai	Production and sales of air conditioning equipment	50		Business combination not under common control
SCG Yibin Daxikou	Yibin, Sichuan	Yibin, Sichuan	Investment and	100		Establishment

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Subsidiary	Main business place	Registered place	Business nature	Shareholding ratio (%)		Way of acquisition
				Direct	Indirect	
Construction Co., Ltd.			construction of urban infrastructure			
SCG Chengdu Construction Engineering Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Investment and construction of urban infrastructure	100		Establishment
SCG Investment Co., Ltd.	Shanghai	Shanghai	Investment management	100		Establishment
SCG (Caribbean) Co., Ltd.	Port of Spain, Trinidad and Tobago	Port of Spain, Trinidad and Tobago	Building construction	100		Establishment
SCG E-commerce Co., Ltd.	Shanghai	Shanghai	E-commerce	100		Establishment
SCG (Cambodia) Co., Ltd.	Toul Kork, Cambodia	Toul Kork, Cambodia	Building construction	100		Establishment
SCG Wenzhou Oujiangkou Construction Co., Ltd.	Wenzhou, Zhejiang	Wenzhou, Zhejiang	Investment and construction of urban infrastructure	100		Business combination not under common control
SCG Wenzhou Qidu Bridge Construction Co., Ltd.	Wenzhou, Zhejiang	Wenzhou, Zhejiang	Investment and construction of urban infrastructure	100		Establishment
Sihui Huijian Road Reconstruction Construction and Development Co., Ltd.	Zhaoqing, Guangdong	Zhaoqing, Guangdong	Investment and construction of urban infrastructure	90		Establishment
Zhaoqing Huijian Railway Station Complex Construction and Development Co., Ltd.	Zhaoqing, Guangdong	Zhaoqing, Guangdong	Investment and construction of urban infrastructure	95		Establishment
SCG Meishan Construction Engineering Co., Ltd.	Meishan, Sichuan	Meishan, Sichuan	Investment and construction of urban infrastructure	100		Establishment

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Subsidiary	Main business place	Registered place	Business nature	Shareholding ratio (%)		Way of acquisition
				Direct	Indirect	
Changzhou Jintan Maoshan Traveling Road Construction Co., Ltd.	Changzhou, Jiangsu	Changzhou, Jiangsu	Investment and construction of urban infrastructure	70		Establishment
SCG Wenzhou Oujiangkou Traffic Engineering Construction Co., Ltd.	Wenzhou, Zhejiang	Wenzhou, Zhejiang	Investment and construction of urban infrastructure	95		Establishment
Zhuhai Jinwan District Jianjin Ecological City Construction Co., Ltd.	Zhuhai, Guangdong	Zhuhai, Guangdong	Investment and construction of urban infrastructure	69.98		Establishment
Huzhou Zhili Cultural and Sports Center Construction Development Co., Ltd.	Huzhou, Zhejiang	Huzhou, Zhejiang	Investment and construction of urban infrastructure	90		Establishment
Nanjing Qiaoyuan Construction Management Co., Ltd.	Nanjing, Jiangsu	Nanjing, Jiangsu	Investment and construction of urban infrastructure	100		Establishment
Shanghai Heyu Intellectual Property Agency Co., Ltd.	Shanghai	Shanghai	Business service	100		Establishment
Jining Fenghuangtai Construction Co., Ltd.	Jining, Shandong	Jining, Shandong	Investment and construction of urban infrastructure	90		Establishment
SCG Equipment Engineering Co., Ltd.	Shanghai	Shanghai	Building construction	100		Business combination under common control
SCG Yiyun Technology Co., Ltd.	Shanghai	Shanghai	Information service	100		Establishment
SCG Yibin Cuiping Construction Co., Ltd.	Yibin, Sichuan	Yibin, Sichuan	Investment and construction of urban infrastructure	100		Business combination not under common control
Shanghai Minchuan	Shanghai	Shanghai	Investment and	80		Establishment

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Subsidiary	Main business place	Registered place	Business nature	Shareholding ratio (%)		Way of acquisition
				Direct	Indirect	
Sports Development Co., Ltd.			construction of urban infrastructure			
SCG (Zhejiang) Water Conservancy and Hydropower Construction Co., Ltd.	Shaoxing, Zhejiang	Shaoxing, Zhejiang	Building construction	100		Business combination not under common control
Rizhao Hujian Urban Development and Construction Co., Ltd.	Rizhao, Shandong	Rizhao, Shandong	Investment and construction of urban infrastructure	90		Establishment
Hainan Hujian Construction Co., Ltd.	Haikou, Hainan	Haikou, Hainan	Building construction	100		Establishment
Qingdao Rail Transit Park Hujian Investment Development Co., Ltd.	Qingdao, Shandong	Qingdao, Shandong	Investment and construction of urban infrastructure	90		Establishment
Tianjin Housing Construction Development Group Co., Ltd.	Tianjin	Tianjin	Real estate development	51		Business combination not under common control
Shanghai Construction Environmental Technology Co., Ltd.	Shanghai	Shanghai	Building construction and technology service	100		Establishment
Shanghai Jianxie Vocational Skills Training Co., Ltd.	Shanghai	Shanghai	Vocational skills training	100		Establishment
Shanghai Construction Smart Construction Co., Ltd.	Shanghai	Shanghai	Building construction	100		Establishment
Xiamen Shangjian Construction Group Co., Ltd.	Xiamen, Fujian	Xiamen, Fujian	Building construction	100		Other acquisition

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Subsidiary	Main business place	Registered place	Business nature	Shareholding ratio (%)		Way of acquisition
				Direct	Indirect	
SCG (Hainan) Investment Co., Ltd.	Haikou, Hainan	Haikou, Hainan	Building construction and investment	100		Establishment

**7.1.2 Significant non-wholly-owned subsidiaries**

Name of subsidiary	Shareholding ratio of minority shareholders	Profit or loss attributable to minority shareholders in 2021	Dividends declared to be distributed to minority shareholders in 2021	Balance of minority interest as at December 31, 2021
Nanjing Aojian Property Co., Ltd.	49.00%	5,147,850.20	347,900,000.00	263,588,945.70
Shanghai Jianfan Enterprise Management Partnership (Limited Partnership)	79.98%	186,777,428.72	186,779,492.23	3,999,502,033.20
Shanghai Jianyi Enterprise Management Partnership (Limited Partnership)	79.98%	85,609,475.34	86,101,742.16	3,997,507,733.18

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**7.1.3 Main financial information of major non-wholly-owned subsidiaries**

Name of subsidiary	Balance as at December 31, 2021						Balance as at December 31, 2020					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Nanjing Aojian Property Co., Ltd.	780,606,968.29	3,877.15	780,610,845.44	242,674,221.59		242,674,221.59	3,535,825,378.87	4,308.72	3,535,829,687.59	298,398,880.47		298,398,880.47
Shanghai Jianfan Enterprise Management Partnership (Limited Partnership)	477,556.61	5,000,000,000.00	5,000,477,556.61	152.06		152.06	480,105.54	5,000,000,000.00	5,000,480,105.54	152.06		152.06
Shanghai Jianyi Enterprise Management Partnership (Limited Partnership)	486,874.48	4,997,750,000.00	4,998,236,874.48	221.14		221.14						

Name of subsidiary	Year 2021				Year 2020			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Nanjing Aojian Property Co., Ltd.	13,376,111.41	10,505,816.73	10,505,816.73	347,742,264.01	34,827,385.79	48,834,508.54	48,834,508.54	-65,658,943.15
Shanghai Jianfan Enterprise Management Partnership (Limited Partnership)		234,269,947.75	234,269,947.75	-9,272.90		-620,046.52	-620,046.52	-628,857.50
Shanghai Jianyi Enterprise Management Partnership (Limited Partnership)		107,013,831.04	107,013,831.04	-626,082.90				

**7.1.4 Major limitation to the use of enterprise group assets and the liquidation of enterprise group debts**

**7.1.5 Financial or other support provided to structured entities included in the scope of the consolidated financial statements**

Name of structured entity	Control basis	Financial support provided
SCG Anying Investment Management Center (Limited Partnership)	The Group as a general partner has subscribed inferior LP shares	None
SCG Jianheng Equity Investment Funds Partnership (Limited Partnership)	The Group is the only partner	None
SCG Taihe Enterprise Management Center (Limited Partnership)	The Group as a general partner has subscribed inferior LP shares and provided a commitment to repurchase for priority-level partners.	Providing a commitment to repurchase for priority-level partners
SCG Zhongying Enterprise Management Center (Limited Partnership)	The Group as a general partner has subscribed inferior LP shares	None
SCG Hexi Enterprise Management Center (Limited Partnership)	The Group as a general partner has subscribed inferior LP shares and provided a commitment to repurchase for priority-level partners.	Providing a commitment to repurchase for priority-level partners
Ruiyi Assets - Assets Management under SCG No. 1 Specific Asset Management Plan	The Group has subordinated tranche	Undertaking the responsibility of making up the difference
SCG Jianying Enterprise Management Center (Limited Partnership)	The Group as a general partner has not engaged in the running yet.	N/A
Ningbo Meishan Bonded Port Zone Minyao Investment Management Partnership (Limited Partnership)	The Group as a general partner is responsible for the partnership affair implementation and the partnership control.	None
Suzhou Jianying Purui Venture Capital Center (Limited Partnership)	The Group as a general partner is responsible for the partnership affair implementation and the partnership control.	None
Suzhou Jianying Ruituo Venture Capital Center (Limited Partnership)	The Group as a general partner is responsible for the partnership affair implementation and the partnership control.	None
Suzhou Jianying Ruixin Venture Capital Center (Limited Partnership)	The Group as a general partner is responsible for the partnership affair implementation and the partnership control.	None
Shanghai Xijiu Enterprise Management Partnership (Limited Partnership)	The Group as a general partner is responsible for the partnership affair implementation and the partnership control.	None

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Name of structured entity	Control basis	Financial support provided
Shanghai Tonghang Enterprise Management Partnership (Limited Partnership)	The Group as a general partner is responsible for the partnership affair implementation and the partnership control.	None
Shanghai Jianfan Enterprise Management Partnership (Limited Partnership)	The Group as a general partner is responsible for the partnership affair implementation and the partnership control.	None
Shanghai Jianyi Enterprise Management Partnership (Limited Partnership)	The Group as a general partner is responsible for the partnership affair implementation and the partnership control.	None
Shanghai Beijiu Enterprise Management Partnership (Limited Partnership)	The Group as a general partner is responsible for the partnership affair implementation and the partnership control.	None
Shanghai Changying Enterprise Management Partnership (Limited Partnership)	The Group as a general partner is responsible for the partnership affair implementation and the partnership control.	None
2020 Phase I Feichi-Jianling Bill - Fund Trust of Huadian Gaintime (Beijing) Investment Fund Management Co., Ltd.	The Group has subordinated tranche	None
2021 Phase I Feichi-Jianling Bill - Fund Trust of Huadian Gaintime (Beijing) Investment Fund Management Co., Ltd.	The Group has subordinated tranche	None
Jingu - Kaiyuan - Hengye Bojin Building Property Right Trust	The Group is a credit enhancement entity.	Undertaking the responsibility of making up the difference

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7.2 Transactions with changes in the share of owners' equity in subsidiaries but still with control over the subsidiaries

7.2.1 Effect of transactions on minority interests and equity attributable to owners of the parent company

	Shanghai Zhongcheng Financial Leasing Co., Ltd.	Ningbo Chengxi Shangjian Global Building Materials Co., Ltd.	Ningbo Chengnan Shangjian Global Building Materials Co., Ltd.	Ningbo Shangjian Global Building Materials Co., Ltd.	Shanghai Complete Puxing Car Sales Service Co., Ltd.	Shanghai Chengchang New Energy Technology Co., Ltd.
Cost of purchase/consideration of disposal						
- Cash	341,599,000.00	7,493.01	780.03	16,173.34	954.87	202,790.83
- Fair value of non-cash assets						
Total cost of purchase/consideration of disposal	341,599,000.00	7,493.01	780.03	16,173.34	954.87	202,790.83
Less: share of net assets of subsidiaries calculated by the ratio of equity acquired/disposed	369,428,545.82	-268,447.01	-689,898.99	-492,461.09	160,746.11	199,553.64
Difference	-27,829,545.82	275,940.02	690,679.02	508,634.43	-159,791.24	3,237.19
Including: adjustment to capital reserves	-27,829,545.82	275,940.02	690,679.02	508,634.43	-159,791.24	3,237.19
Adjustment to surplus reserves						
Adjustment to undistributed profits						

7.3 Equity in joint venture arrangements or associates

7.3.1 Major joint ventures or associates

Name of joint ventures or associates	Principal place of business	Registration place	Nature of business	Shareholding ratio (%)		Accounting treatment method for investments in joint ventures or associates
				Direct	Indirect	
Joint ventures:						
Suzhou Jianjia Building Component Product Co., Ltd.	Suzhou	Suzhou	Production of building component	50.00		Accounting under the equity method
Wuxi Jian'an Company Building Product Co., Ltd.	Wuxi	Wuxi	Production of building component	50.00		Accounting under the equity method
Associates:						
Hangzhou Hujian Urban Development and Construction Co., Ltd.	Hangzhou	Hangzhou	Investment and construction of urban infrastructure	99.00		Accounting under the equity method
Shanghai Lingang New Area Jingang Xijiu Real Estate Co., Ltd.	Shanghai	Shanghai	Real estate development	49.00		Accounting under the equity method
SCG Angong Equity Investment Fund Partnership Enterprise (Limited Partnership) (Remark)	Shanghai	Shanghai	Equity investment	59.40		Accounting under the equity method
Fulton SCG Development LLC	USA	USA	Real estate development	50.00		Accounting under the equity method
Three Fulton Square LLC	USA	USA	Real estate development	49.99		Accounting under the equity method

Remark: The Group had not control over SCG Angong Equity Investment Fund Partnership Enterprise (Limited Partnership), and did not include such company in the scope of consolidation.

**7.3.2 Principal financial information of major joint ventures**

	Balance as at December 31, 2021/Year 2021		Balance as at December 31, 2020/Year 2020	
	Suzhou Jianjia Building Component Product Co., Ltd.	Wuxi Jian'an Company Building Product Co., Ltd.	Suzhou Jianjia Building Component Product Co., Ltd.	Wuxi Jian'an Company Building Product Co., Ltd.
Current assets	210,223,816.99	66,657,387.03	167,677,420.17	79,455,183.44
Including: cash and cash equivalents	16,167,294.30	1,684,691.38	16,972,218.22	6,050,316.62
Non-current assets	9,846,928.67	17,352,664.32	10,823,062.85	18,547,608.99
Total assets	220,070,745.66	84,010,051.35	178,500,483.02	98,002,792.43
Current liabilities	140,307,354.70	40,921,036.05	118,302,295.40	57,112,811.09
Non-current liabilities				
Total liabilities	140,307,354.70	40,921,036.05	118,302,295.40	57,112,811.09
Minority equity				
Equity attributable to the shareholders of parent company	79,763,390.96	43,089,015.30	60,198,187.62	40,889,981.34
Net assets calculated based on shareholding ratio	39,881,695.48	21,544,507.65	30,099,093.81	20,444,990.67
Adjustments				
- Goodwill				
- Unrealized profits of internal transactions				
- Others				
Book value of the equity investment in joint ventures	39,881,695.48	21,544,507.65	30,099,093.81	20,444,990.67
Fair value of the equity investment of joint ventures with public offer				
Operating revenue	111,981,866.70	33,386,398.19	79,731,768.81	20,749,561.97
Financial expenses	3,114,417.78	557,732.90	3,459,496.53	1,017,175.79
Income tax	6,971,594.86	173,491.87	7,637,644.04	88,866.45

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	Balance as at December 31, 2021/Year 2021		Balance as at December 31, 2020/Year 2020	
	Suzhou Jianjia Building Component Product Co., Ltd.	Wuxi Jian'an Company Building Product Co., Ltd.	Suzhou Jianjia Building Component Product Co., Ltd.	Wuxi Jian'an Company Building Product Co., Ltd.
expenses				
Net profit	19,565,203.34	2,199,033.96	27,150,393.58	-3,770,152.00
Net profit from discontinued operation				
Other comprehensive income				
Total comprehensive income	19,565,203.34	2,199,033.96	27,150,393.58	-3,770,152.00
Dividends received from joint ventures in this period				

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7.3.3 Key financial information of major associates

	Balance as at December 31, 2021/Year 2021				
	Hangzhou Hujian Urban Development and Construction Co., Ltd.	Shanghai Lingang New Area Jingang Xijiu Real Estate Co., Ltd.	SCG Angong Equity Investment Fund Partnership Enterprise (Limited Partnership)	Fulton SCG Development LLC	Three Fulton Square LLC
Current assets	474,225,529.54	2,481,910,827.09	1,133,922,786.48	2,314,968,752.03	1,382,158,952.50
Non-current assets	3,359,021,843.20	1,623,389.97		298,923,572.89	12,122,879.23
Total assets	3,833,247,372.74	2,483,534,217.06	1,133,922,786.48	2,613,892,324.92	1,394,281,831.73
Current liabilities	29,552,404.20	568,404,386.96	13,885,640.44	209,798,242.65	9,722.94
Non-current liabilities	2,737,760,000.00			1,276,358,225.47	350,663,500.00
Total liabilities	2,767,312,404.20	568,404,386.96	13,885,640.44	1,486,156,468.12	350,673,222.94
Minority equity					
Equity attributable to the shareholders of parent company	1,065,934,968.54	1,915,129,830.10	1,120,037,146.04	1,127,735,856.80	1,043,608,608.79
Net assets calculated based on shareholding ratio	1,055,275,618.84	938,413,616.75	665,327,600.98	563,867,928.40	521,699,943.53
Adjustments					
- Goodwill					
- Unrealized profits of internal transactions				-25,948,808.39	
- Others					
Book value of the equity investment in associates	1,055,275,618.84	938,413,616.75	665,327,600.98	537,919,120.01	521,699,943.53
Fair value of the equity investment in associates with public offer					
Operating revenue	147,904,113.77			347,175,576.16	96,754.50
Net profit	22,430,833.46	-3,621,858.49	2,313,046.89	2,397,501.62	44,109.99
Net profit from discontinued operation					
Other comprehensive income				-26,362,815.82	-24,421,342.25
Total comprehensive income	22,430,833.46	-3,621,858.49	2,313,046.89	-23,965,314.20	-24,377,232.26
Dividends received from associates in 2021					

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	Balance as at December 31, 2020/Year 2020				
	Hangzhou Hujian Urban Development and Construction Co., Ltd.	Shanghai Lingang New Area Jingang Xijiu Real Estate Co., Ltd.	SCG Angong Equity Investment Fund Partnership Enterprise (Limited Partnership)	Fulton SCG Development LLC	Three Fulton Square LLC
Current assets	546,208,400.20	2,408,460,219.04	1,122,645,145.42	11,633,108.56	344,245,323.26
Non-current assets	2,162,757,837.15	416,103.80		2,212,804,289.59	1,122,344,977.27
Total assets	2,708,966,237.35	2,408,876,322.84	1,122,645,145.42	2,224,437,398.15	1,466,590,300.53
Current liabilities	2,122,447.25	490,124,634.25	4,921,046.27	155,733,800.27	50,232,171.02
Non-current liabilities	1,626,300,000.00			916,791,014.40	348,372,288.45
Total liabilities	1,628,422,447.25	490,124,634.25	4,921,046.27	1,072,524,814.67	398,604,459.47
Minority equity					
Equity attributable to the shareholders of parent company	1,080,543,790.10	1,918,751,688.59	1,117,724,099.15	1,151,912,583.48	1,067,985,841.06
Net assets calculated based on shareholding ratio	1,069,738,352.19	940,188,327.41	663,953,461.29	575,841,100.48	533,886,121.95
Adjustments				-11,189,870.90	
- Goodwill					
- Unrealized profits of internal transactions				-11,189,870.90	
- Others					
Book value of the equity investment in associates	1,069,738,352.19	940,188,327.41	663,953,461.29	564,651,229.58	533,886,121.95
Fair value of the equity investment in associates with public offer					
Operating revenue				790,174,917.10	162,014.40
Net profit	-8,922,717.03	-1,248,311.41	7,514,669.51	18,509,068.82	-11,572,198.84
Net profit from discontinued operation					
Other comprehensive income				-79,054,408.75	-74,254,841.04
Total comprehensive income	-8,922,717.03	-1,248,311.41	7,514,669.51	-60,545,339.93	-85,827,039.88
Dividends received from associates in 2021					

**7.3.4 Summary of financial information on insignificant joint ventures or associates**

	Balance as at December 31, 2021/Year 2021	Balance as at December 31, 2020/Year 2020
Joint venture:		
Total book value of investments	18,869,115.42	18,922,219.47
Total amounts of the following items calculated at shareholding ratio		
-Net profit	1,177,258.70	951,057.98
-Other comprehensive income		
-Total comprehensive income	1,177,258.70	951,057.98
Associates:		
Total book value of investments	2,113,443,591.56	1,826,890,134.15
Total amounts of the following items calculated at shareholding ratio		
-Net profit	15,414,565.36	23,830,069.44
-Other comprehensive income		
-Total comprehensive income	15,414,565.36	23,830,069.44

**7.4 Equities of the structuring subjects not included in the scope of consolidated financial statements**

**7.4.1 Basic information on the structuring entities not included in the scope of consolidated financial statements**

As at December 31, 2021, the structured entities associated with the Group but not included in the scope of consolidated financial statements of the Company mainly engaged in industrial funds, and the fund investment direction was urban renewal.

**7.4.2 Book value and maximum loss exposure of equity-related assets and liabilities**

Item	Item presented in financial statements	Book value as at December 31, 2021	Maximum loss exposure
Industrial fund	Long-term equity investments	916,370,472.89	916,370,472.89

**7.4.3 Method for determining the maximum loss exposure**

For the above-mentioned industrial fund management model, the limited partnership system is adopted. The investment company of the Group's subsidiary is a limited partner and bears the loss within the limit of the capital contribution. The Group accounts for the above-mentioned industrial fund by the equity method, and the maximum loss exposure is the book value of the industrial fund on the reporting date.

**8 Risks related to financial instruments**

During its business operation, the Company faces various financial risks: credit risks, liquidity risks and market risks (including exchange rate risk, interest rate risk and other price risks). The financial risks and the risk management policies taken by the Company to mitigate these risks are set out as below:

The board of directors is responsible for planning and establishing the Group's risk management framework, specifying the Group's risk management policies and relevant guidelines, and supervising the implementation of risk management measures. The Group has formulated risk management policies to identify and analyze the risks faced by the Group. These risk management policies specify specific risks and cover many aspects such as market risk, credit risk and liquidity risk management. The Group regularly evaluates changes in the market environment and the Group's business activities to decide whether to update the risk management policies and systems. The Group's risk management is carried out by the Risk Management Committee in accordance with the policies approved by the board of directors. The Risk Management Committee identifies, evaluates and avoids relevant risks through close cooperation with other business departments of the Group. The Group's internal audit department regularly reviews the risk management controls and procedures, and reports the audit results to the Group's Audit Committee.

The Group diversifies its exposure to financial instruments through an appropriately diversified portfolio of investments and businesses, and reduces the risk of concentration in a single industry, a specific region or a specific counterparty by formulating corresponding risk management policies.

### **8.1 Credit risk**

Credit risk refers to the risk of financial loss to the Company caused by the counterparty's failure to perform its contractual obligations.

The Group manages the credit risks by the classification of portfolios. The credit risks arise mainly from monetary funds, accounts receivable, other receivables, notes receivable, receivables financing and long-term receivables, etc.

The monetary funds of the Group are deposited in the state-owned banks and other large- and medium- scale listed banks, and the Group believes that there is no major credit risk or any significant loss incurred due to the counterparties' default.

In addition, as for the accounts receivable, other receivables, notes receivable, receivables financing and long-term receivables, the Group set the relevant policies to control credit risk exposure. The Group, based on the customers' financial positions, the possibility of obtaining guarantees from the third party, credit records and other factors such as the current market conditions, evaluates the credit qualifications of customers. The Group would monitor the customers' credit records periodically; as for the customers with bad credit records, the Group would adopt the methods including requesting a payment in writing or shortening or cancelling credit term so as to keep the Group's overall credit risks within controllable scope.

### **8.2 Market risk**

Market risk associated with financial instruments refers to the risk that fair value or future cash flows of financial instruments fluctuate due to variations in market prices, and it includes exchange rate risk, interest rate risk and other price risks.

#### **8.2.1 Interest rate risk**

Interest rate risks refer to the risks of fluctuation in the fair value or future cash flows of financial instruments due to changes in market interest rate. The interest rate risks faced by the Company mainly arise from the long-term interest-bearing debts such as the long-term bank loans. Floating-rate financial liabilities expose the Group to cash flow interest rate risk while fixed-rate financial liabilities expose the Group to fair value interest rate risk. The Group determines the relative proportion of contracts with fixed interest rate and contracts with floating interest rate according to the current market environment.

The finance department in the headquarters of the Group continues monitoring and controlling the interest rate level of the Group. The increases in interest rate will increase the costs of the new interest-bearing debts and the interest expenses of interest-bearing debts failing to be paid up by the Group and subject to the interest calculation at floating interest rate, and will, significantly and adversely, affect the Group's financial results; the management will make an adjustment according to the latest market conditions. These adjustments may refer to the arrangements of exchanging interest rates to reduce the interest rate risks. As at December 31, 2021, there was no exchange of interest rates arranged by the Group.

As at December 31, 2021, if the interest rate of borrowings calculated at the floating interest rate increased or decreased by 100 base points when other variables remained unchanged, the Company's net profit decreased or increased by RMB 591,270,966.87 (As at December 31, 2020: RMB 508,259,827.07). The management believes that range of 100 base points has reasonably reflected the scope of potential changes in the interest rate in the next year.

### **8.2.2 Exchange rate risk**

Exchange rate risk refers to the risk that fair value or future cash flows of financial instruments fluctuates due to variations in foreign exchange rate.

The primary business of the Group is operated within the territory of China, which is settled in RMB. However, there are still foreign exchange risks in the foreign currency assets and liabilities recognized and future foreign currency transactions of the Group. All operating units of the Group take their own responsibilities of controlling the scales of the foreign currency transactions and the foreign currency assets and liabilities, to minimize the foreign exchange risks they face; since the proportion of their foreign currency transactions, assets and liabilities in the Group's transactions, assets and liabilities was low, the Group did not sign any significant forward foreign exchange contract or currency swap contract in light of cost-effectiveness in year 2021 and 2020.

As at December 31, 2021, the foreign currency financial assets and liabilities held by the Group were converted to RMB. See the Note 5.71 monetary items in foreign currency for details.

As at December 31, 2021, if the exchange rate for RMB-USD appreciates or depreciates by 5% when other variables remained unchanged, the net profit of the Company increased or decreased by RMB 39,952,443.45 (As at December 31, 2020: RMB 32,818,689.15). The management believes that the rate of 5% has reasonably reflected the scope of potential changes in the interest rate for RMB-USD in the next year.

### **8.2.3 Other price risks**

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of the changes in market prices other than exchange rate risk and interest rate risk.

As for the equity investments held by the Company in other listed companies, the management believes that the market price risks, to which these investing activities are exposed, are acceptable.

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The equity investments held by the Company in the listed companies are listed as below:

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Financial assets held for trading	2,248,858,440.23	2,634,031,074.66
Financial assets measured at fair value through the current profit or loss		
Other non-current financial assets		
Other equity instrument investments		
<b>Total</b>	<b>2,248,858,440.23</b>	<b>2,634,031,074.66</b>

As at December 31, 2021, if the value of equity instruments increased or decreased by 20% when other variables remained unchanged, the net profit of the Company increased or decreased by RMB 449,771,688.05 (As at December 31, 2020: Net profit: RMB 526,806,214.93). The management believes that rate of 20% has reasonably reflected the scope of potential changes in the equity instruments in the next year.

### 8.3 Liquidity risk

The liquidity risk refers to the risk of capital shortage of an enterprise taking place in the course of cash payment or settlement via other financial assets. The policy of the Company is to ensure that there is sufficient cash for the payment of the matured debts.

The Company's management believes that the Company has sufficient cash and cash equivalents and keeps an eye on them, maintains and defends its credit, keeps a good cooperative relation with banks so as to meet the Company's operating demands and ensure that it has adequate capitals to repay debts under all circumstances that can be predicted reasonably.

## 9 Disclosure of fair value

Inputs used in the fair value measurement are divided into three levels:

Level 1 input values are unadjusted quoted prices in the active market of identical assets or liabilities accessible on the measurement date.

Level 2 inputs refer to inputs that are directly or indirectly observable for the asset or liability other than Level 1 inputs.

Level 3 inputs are unobservable inputs for the relevant asset or liability.

The level of the measurement result of fair value shall subject to the lowest level which the input that is great significance to the entire measurement of fair value belongs to.

### 9.1 Fair value of assets and liabilities measured at fair value as at December 31, 2021

Item	Fair value as at December 31, 2021			Total
	Measurement of fair value at level 1	Measurement of fair value at level 2	Measurement of fair value at level 3	
<b>I. Measurement at fair value on a going concern</b>				
◆Financial assets held for	1,179,391,974.94	1,084,424,902.96		2,263,816,877.90

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Item	Fair value as at December 31, 2021			Total
	Measurement of fair value at level 1	Measurement of fair value at level 2	Measurement of fair value at level 3	
trading				
1. Financial assets measured at fair value through the current profit or loss	1,179,391,974.94	1,084,424,902.96		2,263,816,877.90
(1) Investment in debt instrument				
(2) Investment in equity instrument	1,179,391,974.94	1,069,466,465.29		2,248,858,440.23
(3) Derivative financial assets				
(4) Others		14,958,437.67		14,958,437.67
2. Financial assets designated to be measured at fair value through the current profit or loss				
(1) Investment in debt instruments				
(2) Others				
◆Receivables financing		544,084,651.46		544,084,651.46
◆Other creditors' right investments				
◆Other equity instrument investments		161,143,125.70	431,133,905.99	592,277,031.69
◆ Other non-current financial assets		3,994,150,827.06	544,702,489.51	4,538,853,316.57
1. Financial assets measured at fair value through the current profit or loss		3,994,150,827.06	544,702,489.51	4,538,853,316.57
(1) Investment in debt instrument				
(2) Investment in equity instrument		229,458,408.32		229,458,408.32
(3) Derivative financial assets				
(4) Others		3,764,692,418.74	544,702,489.51	4,309,394,908.25

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Item	Fair value as at December 31, 2021			Total
	Measurement of fair value at level 1	Measurement of fair value at level 2	Measurement of fair value at level 3	
2. Financial assets designated to be measured at fair value through the current profit or loss				
(1) Investment in debt instruments				
(2) Others				
<b>Total assets with continuous measurement at fair value</b>	1,179,391,974.94	5,783,803,507.18	975,836,395.50	7,939,031,877.62
◆Financial liabilities held for trading				
1. Financial liabilities held for trading				
(1) Issued bonds held for trading				
(2) Derivative financial liabilities				
(3) Others				
2. Financial liabilities designated to be measured at fair value through the current profit or loss				
<b>Total liabilities with continuous measurement at fair value</b>				
<b>II. Non-continuous measurement of fair value</b>				
◆Assets held for sale				
<b>Total assets with non-continuous measurement at fair value</b>				
◆Liabilities held for sale				

Item	Fair value as at December 31, 2021			Total
	Measurement of fair value at level 1	Measurement of fair value at level 2	Measurement of fair value at level 3	
<b>Total liabilities with non-continuous measurement at fair value</b>				

**9.2 Basis for recognition of the market price of items measured at fair value of Level 1 on a going and non-going concern**

The Company determines the fair value of the listed equity instrument based on the closing price of the stock exchange on the trading day which is closest to the balance sheet date.

**9.3 Nature and quantitative information of valuation techniques and key parameters adopted for items measured at the fair value of Level 2 on a going and non-going concern**

The Company recognizes the fair value of listed entity equity investment at the fair value of shares listed in the stock exchange on the valuation date

For the unlisted entity equity investment, the Company recognizes the fair value of the equity investment it holds based on the fair value of unlisted entity equity investment on the balance sheet date.

**9.4 Nature and quantitative information of valuation techniques and key parameters adopted for items measured at the fair value of Level 3 on a going and non-going concern**

The Company determines the fair value of unlisted entity equity investment by acquiring the estimated quoted price from the opponent or using the valuation techniques, including the discounted cash flow analysis, net asset value and market comparison method as well as the options pricing model. The fair values of these financial instruments may be based on the unobservable input values, which have the significant influence on the valuation and include weighted average capital cost, liquidity discount, and price-to-book ratio.

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**9.5 Information on the adjustment to the book value as at December 31, 2020 and book value as at December 31, 2021 and sensitivity analysis of unobservable parameters, for the continuous measurements of fair values at Level 3**

**9.5.1 Information on the adjustment to the continuous measurements of fair values at Level 3**

Item	Balance as at December 31, 2020	Transferred to level 3	Transferred from Level 3	Total current gains or losses		Purchase, issue, sale and settlement				Balance as at December 31, 2021	Unrealized gains or changes during the period when assets held at the end of the reporting period are included in the profit or loss	
				Included in the profit or loss	Included in other comprehensive income	Purchase	Issue	Sale	Settlement			
◆Financial assets held for trading												
Financial assets measured at fair value through the current profit or loss												
- Investment in debt instruments												
- Investment in equity instruments												
- Derivative financial assets												
- Others												
Financial asset designated to be measured by fair value through current profit or loss												
- Investment in debt instrument												
- Others												
◆Receivables financing												
◆Other creditors' right investments												
◆Other equity instrument investments	461,347,897.64	1,673,607.99			-34,795,200.56	14,995,200.92		12,087,600.00		431,133,905.99		

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Item	Balance as at December 31, 2020	Transferred to level 3	Transferred from Level 3	Total current gains or losses		Purchase, issue, sale and settlement				Balance as at December 31, 2021	Unrealized gains or changes during the period when assets held at the end of the reporting period are included in the profit or loss
				Included in the profit or loss	Included in other comprehensive income	Purchase	Issue	Sale	Settlement		
◆ Other non-current financial assets	609,945,246.39		57,127,286.29	-22,295,470.59		14,180,000.00				544,702,489.51	-22,295,470.59
Financial assets measured at fair value through the current profit or loss	609,945,246.39		57,127,286.29	-22,295,470.59		14,180,000.00				544,702,489.51	-22,295,470.59
- Investment in debt instruments											
- Investment in equity instruments	57,127,286.29		57,127,286.29								
- Derivative financial assets											
- Others	552,817,960.10			-22,295,470.59		14,180,000.00				544,702,489.51	-22,295,470.59
Financial asset designated to be measured by fair value through current profit or loss											
- Investment in debt instruments											
- Others											
Total	1,071,293,144.03	1,673,607.99	57,127,286.29	-22,295,470.59	-34,795,200.56	29,175,200.92		12,087,600.00		975,836,395.50	-22,295,470.59

**10 Related parties and related party transactions**

**10.1 Parent company of the Company**

Parent Company Name	Registration place	Nature of business	Registered capital	Shareholding ratio of the parent company in the Company (%)	Voting right ratio of the parent company in the Company (%)
SCG General	Shanghai	Construction of construction works, rental of non-residential real estate, housing rental	RMB 3 billion	30.19	30.19

The ultimate controller of the Company is Shanghai Construction Holdings Group Co., Ltd.

**10.2 Subsidiaries of the Company**

See the Note "7 Equity in other entities" for details of subsidiaries of the Company.

**10.3 Joint ventures and associates of the Company**

See the Note "7 Equity in other entities" for details of significant joint ventures and associates of the Company.

Other joint ventures or associates having balances from related party transactions with the Company in 2021 or in the prior period:

Name of joint venture or associate	Relationship with the Company
Shanghai Real Estate Landscape Development Co., Ltd.	Associate of the original subsidiary
Shanghai MBT&SCG High-Tech Construction Chemical Co., Ltd.	Associate of the Company
Shanghai Ask Construction and Decoration Engineering Inc.	Associate of the Company
Suzhou Jianjia Building Component Product Co., Ltd.	Joint venture of the Company
Wuxi Jian'an Building Component Product Co., Ltd.	Joint venture of the Company
Shanghai Metro Shield Equipment Engineering Co., Ltd.	Associate of the Company
Shanghai Shendi Landscape Investment Construction Co., Ltd.	Associate of the Company
Shanghai Lianhe Pawn Liability Co., Ltd.	Associate of the Company
Fulton SCG Development LLC	Associate of the Company
Fulton SCG Development Phase II LLC	Associate of the Company
Hangzhou Fuyang Qinwang Construction Development Co., Ltd.	Associate of the Company
Hangzhou Hujian Urban Development and Construction Co., Ltd.	Associate of the Company
Ningbo Tower Construction Development Co., Ltd.	Associate of the Company
Shanghai East Bund Construction Real Estate Development Co., Ltd.	Associate of the Company
SCG Anhao Equity Investment Fund Management Co., Ltd.	Associate of the Company
Shanghai SEISYS Co., Ltd.	Associate of the Company
Beijing Diaoyutai Decoration Engineering Co.,	Associate of the Company

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Name of joint venture or associate	Relationship with the Company
Ltd.	
Wuxi Jinghongyuan Supply Chain Management Co., Ltd.	Associate of the Company
Tianjin Huagui Real Estate Development Co., Ltd.	Associate of the Company
Tianjin Binhai New Area Linbi Real Estate Development Co., Ltd.	Associate of the Company
Tianjin Jinxi Huacheng Real Estate Co., Ltd.	Associate of the Company
Shanghai Construction China Southern Airlines Premixed Concrete Co., Ltd.	Associate of the original subsidiary
Shanghai Hedi Investment Center (Limited Partnership)	Associate of the Company
Zhejiang Shangjia Construction Co., Ltd.	Associate of the Company
Ganzhou Ecological Environment Co., Ltd.	Associate of the Company
Shanghai Cenqin Enterprise Management Co., Ltd.	Subsidiary of the Company's associate

**10.4 Other related parties**

Name of other related party	Relationship between other related parties and the Company
Shanghai Construction No.1 Industrial Co., Ltd.	Controlled by the same parent company
Shanghai Construction No.2 Industrial Co., Ltd.	Controlled by the same parent company
Shanghai Construction No.4 Industrial Co., Ltd.	Controlled by the same parent company
Shanghai Construction No.5 Industrial Co., Ltd.	Controlled by the same parent company
Shanghai Yijian Building Technology Consulting Co., Ltd.	Controlled by the same parent company
Shanghai Dongqing Construction Labor Co., Ltd.	Controlled by the same parent company
Shanghai Qunli Industrial Co., Ltd.	Controlled by the same parent company
Shanghai Fengjing Landscape Industrial Co., Ltd.	Controlled by the same parent company
Shanghai Flowers and Trees Company Ltd.	Controlled by the same parent company
Shanghai Construction Hospital	Controlled by the same parent company
Shanghai Chengjiehua Construction Engineering Consulting Co., Ltd.	Controlled by the same parent company
Shanghai Engineering Construction Consultant & Supervision Co., Ltd.	Controlled by the same parent company
China Shanghai (Group) Corporation for Foreign Economic & Technological Cooperation	Controlled by the same parent company
Shanghai Tuobolaite Real Estate Co., Ltd.	Controlled by the same parent company
Shanghai Shenwei Construction Decoration Engineering Co., Ltd.	Controlled by the same parent company
Shanghai Zhongyu Engineering Construction Technology Co., Ltd.	Controlled by the same parent company
Shanghai Di Jiu Security Service Co., Ltd.	Controlled by the same parent company
Shanghai International Tendering Co., Ltd.	Controlled by the same parent company
Shanghai Jinmen Import and Export Co., Ltd.	Controlled by the same parent company
Shanghai Construction No. 5 (Group) Co., Ltd.- Industrial Company	Controlled by the same parent company
Shanghai Wood Industry Institute Co., Ltd.	Controlled by the same parent company
Shanghai Construction Education Training Service Center Co., Ltd.	Controlled by the same parent company
Shanghai New Century Industrial Co., Ltd.	Controlled by the same parent company
Shanghai Xinyu Engineering Construction	Controlled by the same parent company

Name of other related party	Relationship between other related parties and the Company
Supervision Co., Ltd.	
SCG International (Caribbean) Co., Ltd.	Controlled by the same parent company
Shanghai Construction Taxi Co., Ltd.	Controlled by the same parent company
Shanghai Urban Construction Material Co., Ltd.	Associate of the original parent company
Shanghai Construction No.7 Industrial Co., Ltd.	Controlled by the same parent company
CHINA SFECO GROUP	Controlled by the same parent company

## 10.5 Related-party transactions

### 10.5.1 Related-party transactions on purchase and sales of goods, and rendering and receipt of services

#### Purchase of goods and receipt of services

Related party	Content of related-party transaction	Year 2021	Year 2020
Shanghai Dongqing Construction Labor Co., Ltd.	Cost of subcontract works	1,651,663,310.10	1,133,844,660.12
Shanghai SEISYS Co., Ltd.	Cost of subcontract works	270,859,479.57	61,663,282.04
Shanghai Shendi Landscape Investment Construction Co., Ltd.	Subcontracting project cost, and purchase of goods	192,526,406.05	2,048,161.00
Shanghai Qunli Industrial Co., Ltd.	Cost of subcontract works	158,618,052.16	322,461,394.10
Shanghai MBT&SCG High-Tech Construction Chemical Co., Ltd.	Purchase of goods	118,961,756.20	100,888,918.99
Shanghai Di Jiu Security Service Co., Ltd.	Security picket fees	55,419,182.46	45,588,536.79
Shanghai Metro Shield Equipment Engineering Co., Ltd.	Receipt of services, cost of subcontract works	31,586,708.66	89,915,993.78
Shanghai Flower&Tree Co., Ltd.	Purchase of goods, and receipt of services	21,908,585.51	653,917.11
Shanghai Engineering Construction Consultant & Supervision Co., Ltd.	Supervision fees	14,327,334.72	16,453,664.37
Shanghai	Revolving materials,	55,590,011.32	21,499,483.12

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Related party	Content of related-party transaction	Year 2021	Year 2020
Construction No.1 Industrial Co., Ltd.	rental fees of scaffolds with socket and spigot joints, and receipt of services		
Ganzhou Ecological Environment Co., Ltd.	Cost of subcontract works	6,950,130.44	
Wuxi Jinghongyuan Supply Chain Management Co., Ltd.	Receipt of services	6,591,782.50	6,355,957.50
Shanghai Construction No.4 Industrial Co., Ltd.	Revolving materials for lease	4,377,529.55	4,895,276.50
Shanghai Yijian Building Technology Consulting Co., Ltd.	Receipt of services	3,313,825.23	710,000.00
Shanghai Chengjiehua Construction Engineering Consulting Co., Ltd.	Supervision fees, and cost consulting fees	2,908,018.88	5,801,623.11
SCG General	Property management fees and utility bills	1,801,793.92	1,397,300.10
Shanghai Construction Education Training Service Center Co., Ltd.	Receipt of services	1,506,579.80	563,293.49
Shanghai Ask Construction and Decoration Engineering Inc.	Cost of subcontract works	825,688.07	1,926,605.52
Shanghai International Tendering Co., Ltd.	Receipt of services	676,455.47	
Shanghai Fengjing Landscape Industrial Co., Ltd.	Receipt of services, and purchase of goods	250,000.00	2,571,274.68
Shanghai Construction No.5 Industrial Co., Ltd.	Receipt of services	216,684.63	
Shanghai Wood	Testing fee, and	109,066.04	8,410.38

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Related party	Content of related-party transaction	Year 2021	Year 2020
Industry Institute Co., Ltd.	technology service fee		
Shanghai Construction Taxi Co., Ltd.	Receipt of services	17,301.77	394,538.73
Shanghai Real Estate Landscape Development Co., Ltd.	Purchase of goods, and subcontracting project cost		68,807,307.29
Shanghai Construction China Southern Airlines Premixed Concrete Co., Ltd.	Purchase of goods		48,065,392.06
Shanghai Construction Hospital	Receipt of services		939,101.00
Shanghai Construction No.2 Industrial Co., Ltd.	Property management fees and utility bills		337,024.62

Sales of goods/rendering of services

Related party	Content of related transactions	Year 2021	Year 2020
Hangzhou Hujian Urban Development and Construction Co., Ltd.	Revenue from subcontract works, or revenue from rendering of services	816,218,064.90	215,375,885.00
Hangzhou Fuyang Qinwang Construction Development Co., Ltd.	Revenue from subcontract works	395,721,543.52	580,683,840.00
Shanghai East Bund Construction Real Estate Development Co., Ltd.	Revenue from subcontract works, or revenue from rendering of services	189,742,386.56	219,657,431.18
Zhejiang Shangjia Construction Co., Ltd.	Revenue from rendering of services, revenue from subcontracted works, or sales of goods	184,537,043.72	
Ningbo Tower Construction Development Co., Ltd.	Revenue from subcontract works	173,114,330.92	170,307,008.94
Shanghai	Revenue from	156,284,162.36	33,057,347.72

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Related party	Content of related transactions	Year 2021	Year 2020
Construction No. 5 (Group) Co., Ltd.- Industrial Company	subcontract works, or revenue from rendering of services		
SCG General	Revenue from subcontract works, or revenue from rendering of services	57,512,165.38	11,107,145.76
Shanghai Fengjing Landscape Industrial Co., Ltd.	Revenue from subcontract works, or revenue from rendering of services	53,936,828.50	12,529,203.70
Ganzhou Ecological Environment Co., Ltd.	Revenue from rendering of services	34,438,532.59	
Shanghai Shendi Landscape Investment Construction Co., Ltd.	Revenue from subcontract works, or revenue from rendering of services	26,009,932.14	31,175,477.06
Shanghai Construction Hospital	Revenue from subcontract works, and revenue from rendering of services	20,600,233.02	38,609,638.08
Shanghai Construction No.2 Industrial Co., Ltd.	Revenue from subcontract works, or revenue from rendering of services	13,611,000.77	15,003,823.79
Shanghai Construction No.4 Industrial Co., Ltd.	Revenue from subcontract works, and revenue from rendering of services	11,400,825.69	9,648,302.75
Shanghai Construction No.1 Industrial Co., Ltd.	Revenue from subcontract works, or revenue from rendering of services	7,353,769.98	6,302,748.13
Shanghai International Tendering Co., Ltd.	Revenue from subcontract works	4,799,410.17	
Shanghai Construction No.5 Industrial Co., Ltd.	Revenue from subcontract works	4,457,761.47	
Shanghai SEISYS Co., Ltd.	Revenue from rendering of services, or sales of goods	3,062,967.05	4,157,479.66
Shanghai Engineering Construction Consultant & Supervision Co.,	Revenue from subcontract works, or revenue from rendering of services	1,443,246.17	235,439.96

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Related party	Content of related transactions	Year 2021	Year 2020
Ltd.			
CHINA SFECO GROUP	Revenue from rendering of services	1,283,171.31	5,242.72
Shanghai Metro Shield Equipment Engineering Co., Ltd.	Revenue from subcontract works, or sales of goods	1,227,927.00	96,061,624.81
Shanghai Lianhe Pawn Liability Co., Ltd.	Sales of goods	849,056.64	849,056.64
Shanghai Flower&Tree Co., Ltd.	Revenue from subcontract works, or revenue from rendering of services	733,748.01	2,171,351.26
Shanghai Construction Education Training Service Center Co., Ltd.	Revenue from subcontract works, or revenue from rendering of services	592,551.21	767,572.74
Beijing Diaoyutai Decoration Engineering Co., Ltd.	Revenue from subcontract works	473,429.90	
Wuxi Jian'an Building Component Product Co., Ltd.	Revenue from rendering of services	359,080.19	
Shanghai Chengjiehua Construction Engineering Consulting Co., Ltd.	Revenue from rendering of services, or sales of goods	311,447.30	
Shanghai Di Jiu Security Service Co., Ltd.	Revenue from rendering of services	299,085.73	22,416.00
Shanghai Xinyu Engineering Construction Supervision Co., Ltd.	Sales of goods	7,562.22	
Shanghai Dongqing Construction Labor Co., Ltd.	Revenue from rendering of services	5,630.98	
Shanghai Qunli Industrial Co., Ltd.	Revenue from rendering of services	4,716.98	
Shanghai MBT&SCG High-Tech Construction Chemical Co., Ltd.	Revenue from rendering of services	2,830.19	

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Related party	Content of related transactions	Year 2021	Year 2020
Suzhou Jianjia Building Component Product Co., Ltd.	Sales of goods	1,274.34	29,866.02
Shanghai Jinmen Import and Export Co., Ltd.	Revenue from rendering of services	1,886.79	
Shanghai Yijian Building Technology Consulting Co., Ltd.	Revenue from rendering of services	47.14	
Shanghai Construction China Southern Airlines Premixed Concrete Co., Ltd.	Sales of goods		25,694,440.45
Shanghai Real Estate Landscape Development Co., Ltd.	Revenue from subcontract works, or revenue from rendering of services		3,192,138.56
Shanghai Construction No.7 Industrial Co., Ltd.	Revenue from subcontract works, and revenue from rendering of services		1,043,266.39

**10.5.2 Related-party lease**

The Company as the lessor:

Name of lessor	Name of lessor	Type of leased assets	Lease revenue recognized in 2021	Lease revenue recognized in 2020
Shanghai Construction No.1 Industrial Co., Ltd.	No.1 Construction Group	Housing		5,684,148.60
CHINA SFECO GROUP	Shanghai SFECO	Office building	4,659,994.52	3,644,283.04
Shanghai Fengjing Landscape Industrial Co., Ltd.	Gardens Group	Housing	4,036,365.50	3,238,419.05
SCG General	No.1 Construction Group	Housing	1,283,230.47	1,283,230.47
Shanghai Construction No.2 Industrial Co., Ltd.	No. 2 Construction Group	Housing	664,355.53	1,131,840.00
Shanghai Engineering Construction Consultant &	No.1 Construction Group	Housing	522,871.43	522,871.43

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Name of lessor	Name of lessor	Type of leased assets	Lease revenue recognized in 2021	Lease revenue recognized in 2020
Supervision Co., Ltd.				
Shanghai Construction No.4 Industrial Co., Ltd.	No. 4 Construction Group	Site	500,000.00	
Shanghai Engineering Construction Consultant & Supervision Co., Ltd.	SCG Real Estate	Housing		72,409.52
Shanghai Construction Education Training Service Center Co., Ltd.	No. 2 Construction Group	Housing		25,000.00
Shanghai Qunli Industrial Co., Ltd.	No. 5 Construction Group	Housing	8,228.57	10,285.70

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The Company as the lessee:

Name of lessor	Name of lessee	Type of leased assets	Rents on short-term lease of simplified treatment and lease of low-value assets, and variable lease payment not included in the lease liabilities for measurement	Year 2021			Year 2020
				Paid rent	Right-of-use asset increased	Interest expenses on lease liabilities assumed	Rental fees recognized
Shanghai Construction No.2 Industrial Co., Ltd.	No. 2 Construction Group	Housing		8,669,589.39	94,641,572.56	4,111,757.78	14,475,363.97
SCG General	Material Company	Land use rights and real estate		13,600,000.00	92,993,127.26	3,984,694.92	12,952,380.95
Shanghai Construction No.1 Industrial Co., Ltd.	No.1 Construction Group	Housing		9,339,185.08	31,945,522.51	1,159,474.98	8,305,195.89
Shanghai Fengjing Landscape Industrial Co., Ltd.	Gardens Group	Housing		3,863,785.90	3,060,706.85	130,011.26	4,522,089.52
SCG General	Installation Group	Land use rights and real estate		3,509,200.00	42,467,753.38	982,556.22	4,160,000.00
Shanghai Construction No.1 Industrial Co., Ltd.	The Company	Housing		3,459,685.71	18,570,600.00	863,532.90	3,447,619.05

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Name of lessor	Name of lessee	Type of leased assets	Rents on short-term lease of simplified treatment and lease of low-value assets, and variable lease payment not included in the lease liabilities for measurement	Year 2021			Year 2020
				Paid rent	Right-of-use asset increased	Interest expenses on lease liabilities assumed	Rental fees recognized
Shanghai Construction No.4 Industrial Co., Ltd.	No. 4 Construction Group	Housing			54,562,867.58	2,174,791.41	3,283,492.17
Shanghai Construction No.5 Industrial Co., Ltd.	No. 5 Construction Group	Housing	2,947,404.65				3,170,282.18
Shanghai Flower&Tree Co., Ltd.	Gardens Group	Housing		3,243,000.00	6,432,859.72	249,428.37	3,136,190.48
SCG General	SCG E-commerce Company	Housing		1,478,380.95	11,322,700.61	129,391.49	1,478,380.95
Shanghai Construction Hospital	Shanghai Jibao Construction Labor Co., Ltd.	Housing		1,050,000.00	1,933,596.02	55,169.29	597,030.00
Shanghai Construction Hospital	Shanghai Shenbao Construction Engineering Co., Ltd.	Housing		142,857.14	276,228.00	7,881.32	142,857.14
SCG General	Foundation Group	Housing	1,260,932.35				121,088.40

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Name of lessor	Name of lessee	Type of leased assets	Rents on short-term lease of simplified treatment and lease of low-value assets, and variable lease payment not included in the lease liabilities for measurement	Year 2021			Year 2020
				Paid rent	Right-of-use asset increased	Interest expenses on lease liabilities assumed	Rental fees recognized
Shanghai Qunli Industrial Co., Ltd.	No. 5 Construction Group	Housing	161,904.76				
Shanghai Construction No.7 Industrial Co., Ltd.	No.7 Construction Group	Buildings		1,421,788.81	48,409,819.94	709,352.85	
Shanghai Fengjing Landscape Industrial Co., Ltd.	Environment Company	Buildings		1,297,488.43	2,922,498.69	114,718.59	

### 10.5.3 Related-party guarantee

The Company as the guaranteed party:

Guarantor	Guaranteed party	Guaranteed amount	Commencement date of guarantee	Maturity date of guarantee	Whether or not the guarantee performance has been completed
SCG General	Installation Group	3,500,000.00	Year 2015	March 2022	No
SCG General	SCG Real Estate	12,536,114,950.32	Year 2014	February 2030	No
SCG General	Construction American Corporation	2,586,017,000.00	Year 2018	February 2023	No
SCG General	Gardens Group	11,320,347.12	Year 2018	June 2023	No
SCG General	SCG Wujin Viaduct Company	60,140,000.00	Year 2011	March 2026	No
SCG General	Wenzhou Oujiangkou Construction Company	3,682,605,000.00	Year 2017	April 2030	No
SCG General	SCG Investment Company	5,356,000,000.00	Year 2016	December 2023	No
SCG General	SCG Meishan Company	4,700,000,000.00	Year 2020	December 2032	No
SCG General	SCG Qidu Bridge Company	900,000,000.00	Year 2019	December 2030	No
SCG General	Huzhou Zhili Company	500,779,000.00	Year 2020	December 2037	No
SCG General	Oujiangkou Traffic Company	1,139,023,897.00	Year 2019	September 2036	No
SCG General	Minchuan Company	52,944,324.00	Year 2020	October 2038	No
SCG General	SCG Water Conservancy	29,550,052.15	Year 2020	January 2023	No
SCG General	Jining Fenghuangtai Company	339,003,229.00	Year 2021	December 2031	No
SCG General	SCG Anji Construction Company	198,100,000.00	Year 2021	May 2031	No

### 10.5.4 Entrusted borrowings from related parties

Name of item	Related party	Balance as at December 31, 2021	Balance as at January 1, 2021
Short-term borrowings			
	Shanghai Tuobolaite Real Estate Co., Ltd.	1,752,326,041.67	1,817,032,291.67
	Shanghai Fengjing Landscape Industrial Co., Ltd.		50,058,819.44
Non-current liabilities maturing within one year			

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Name of item	Related party	Balance as at December 31, 2021	Balance as at January 1, 2021
	SCG General	1,596,527.79	401,596,527.78
	Shanghai International Tendering Co., Ltd.	336,111.11	
Long-term borrowings			
	SCG General	1,100,000,000.00	700,000,000.00
	CHINA SFECO GROUP	180,000,000.00	180,000,000.00
	Shanghai International Tendering Co., Ltd.	200,000,000.00	

#### 10.5.5 Remuneration of key management personnel

Item	Year 2021	Year 2020
Remuneration of key management personnel	22,334,500.00	23,556,500.00

#### 10.5.6 Other related-party transactions

##### Interest expenses

Opponent	Year 2021	Year 2020
SCG General	52,683,277.78	47,381,250.00
Shanghai Construction Hospital		237,500.00
Shanghai Tuobolaite Real Estate Co., Ltd.	77,182,291.67	67,032,291.67
CHINA SFECO GROUP	4,836,250.00	4,648,750.00
Shanghai Fengjing Landscape Industrial Co., Ltd.	171,111.11	171,111.11
Shanghai International Tendering Co., Ltd.	4,400,000.00	
Total	139,272,930.56	119,470,902.78

#### 10.6 Receivables from and payables to related parties

##### 10.6.1 Receivables

Name of item	Related party	Balance as at December 31, 2021		Balance as at December 31, 2020	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable					
	Zhejiang Shangjia Construction Co., Ltd.	74,261,821.41	1,903,679.78		
	Shanghai East Bund Construction Real Estate Development Co., Ltd.	62,516,912.49	3,125,845.62	13,022,874.00	651,143.70
	Shanghai Construction No. 5 (Group) Co., Ltd.- Industrial	46,157,513.00			

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Name of item	Related party	Balance as at December 31, 2021		Balance as at December 31, 2020	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Company				
	SCG General	40,988,534.32	4,703,869.07	43,890,554.32	7,975,226.66
	Shanghai Metro Shield Equipment Engineering Co., Ltd.	27,624,763.23	1,086,725.07	56,164,685.20	2,858,176.07
	Tianjin Jinxi Huacheng Real Estate Co., Ltd.	20,508,766.75	4,026,527.75	376,128.00	56,419.20
	Shanghai Fengjing Landscape Industrial Co., Ltd.	14,272,695.75		5,775,127.00	
	Fulton SCG Development LLC	10,469,724.80		671,001.14	
	Ningbo Tower Construction Development Co., Ltd.	9,331,142.19			
	Ganzhou Ecological Environment Co., Ltd.	5,148,040.00			
	Shanghai Construction Hospital	4,993,280.09	483,871.63	3,982,304.09	452,152.05
	Shanghai Shendi Landscape Investment Construction Co., Ltd.	3,974,882.40	46,439.15	16,783,775.33	839,188.77
	Hangzhou Hujian Urban Development and Construction Co., Ltd.	2,058,900.00	30,883.50	3,273.12	
	Shanghai SEISYS Co., Ltd.	1,548,720.00	69,851.10	2,385,200.00	138,010.00
	Shanghai Construction No.1 Industrial Co., Ltd.	819,731.11	40,986.56	2,019,984.40	98,179.27
	Tianjin Huagui Real Estate Development Co., Ltd.	649,369.87	32,468.49		
	Shanghai	621,347.93	62,134.79	3,016,650.00	

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Name of item	Related party	Balance as at December 31, 2021		Balance as at December 31, 2020	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Construction No.4 Industrial Co., Ltd.				
	Shanghai Construction Education Training Service Center Co., Ltd.	500,000.00	75,000.00	500,000.00	50,000.00
	Shanghai Flower&Tree Co., Ltd.	122,000.00		122,000.00	
	Beijing Diaoyutai Decoration Engineering Co., Ltd.	82,092.00			
	Shanghai Engineering Construction Consultant & Supervision Co., Ltd.	897.00	44.85	897.00	44.85
	Shanghai Real Estate Landscape Development Co., Ltd.			5,176,871.22	387,043.33
Advances to suppliers					
	Ningbo Tower Construction Development Co., Ltd.	5,228,674.31			
	Shanghai MBT&SCG High-Tech Construction Chemical Co., Ltd.	52,560.00			
	Shanghai Engineering Construction Consultant & Supervision Co., Ltd.	16,039.00		16,039.00	
	Shanghai International Tendering Co., Ltd.	4,000.00			
	Shanghai SEISYS Co., Ltd.	1,221.50		69.08	

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Name of item	Related party	Balance as at December 31, 2021		Balance as at December 31, 2020	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Shanghai Construction Education Training Service Center Co., Ltd.	100.00			
Other receivables					
	Fulton SCG Development Phase II LLC			126,472,465.42	
	Tianjin Huagui Real Estate Development Co., Ltd.	122,464,777.22	6,123,238.86	122,464,476.52	6,123,223.83
	Tianjin Binhai New Area Linbi Real Estate Development Co., Ltd.	106,580,788.77	5,329,039.44	104,580,788.77	5,229,039.44
	Hangzhou Hujian Urban Development and Construction Co., Ltd.	14,000,000.00			
	Shanghai Cenqin Enterprise Management Co., Ltd.	3,828,939.86			
	Ningbo Tower Construction Development Co., Ltd.	2,600,000.00	80,000.00	1,300,000.00	65,000.00
	Shanghai Metro Shield Equipment Engineering Co., Ltd.	2,000,000.00	100,000.00	2,000,000.00	100,000.00
	Shanghai Hedi Investment Center (Limited Partnership)	1,500,000.00	75,000.00		
	Suzhou Jianjia Building Component Product Co., Ltd.	464,931.33	18,597.25		
	Wuxi Jian'an	392,927.60	15,717.10	2,912,302.60	116,492.10

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Name of item	Related party	Balance as at December 31, 2021		Balance as at December 31, 2020	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Building Component Product Co., Ltd.				
	SCG General	363,852.00		363,852.00	18,192.60
	Shanghai International Tendering Co., Ltd.	266,150.00	12,457.50	2,392,800.00	110,750.00
	SCG Anhao Equity Investment Fund Management Co., Ltd.	20,000.00	1,000.00	20,000.00	1,000.00
	Shanghai Construction No.1 Industrial Co., Ltd.	19,000.00			
	CHINA SFECO GROUP	285.48			
	Shanghai East Bund Construction Real Estate Development Co., Ltd.			5,180,000.00	
	Shanghai Engineering Construction Consultant & Supervision Co., Ltd.			78,165.26	525.00
	Shanghai Dongqing Construction Labor Co., Ltd.			48,028.30	2,401.42
	Shanghai Zhongyu Engineering Construction Technology Co., Ltd.			11,179.56	
	Shanghai Construction Hospital			1,907.28	

10.6.2 Payables

Item	Related party	Book balance as at December 31, 2021	Book balance as at December 31, 2020
Accounts payable			
	Shanghai Dongqing Construction Labor Co., Ltd.	429,443,497.10	404,438,756.21
	Shanghai MBT&SCG High-Tech Construction Chemical Co., Ltd.	177,026,275.63	129,937,997.83
	Shanghai Qunli Industrial Co., Ltd.	43,180,715.31	62,601,888.39
	Shanghai Metro Shield Equipment Engineering Co., Ltd.	34,306,435.25	5,833,354.99
	Shanghai SEISYS Co., Ltd.	25,558,613.82	6,918,688.19
	Shanghai Construction No.1 Industrial Co., Ltd.	21,600,036.43	2,790,043.85
	Shanghai Construction No.4 Industrial Co., Ltd.	18,269,445.84	39,931,037.45
	Shanghai Di Jiu Security Service Co., Ltd.	10,016,588.41	7,582,341.88
	SCG General	8,668,439.54	6,800,000.00
	Shanghai Engineering Construction Consultant & Supervision Co., Ltd.	5,923,761.93	1,574,465.90
	Wuxi Jinghongyuan Supply Chain Management Co., Ltd.	5,577,227.50	4,313,365.00
	Shanghai Shendi Landscape Investment Construction Co., Ltd.	5,511,696.58	71,988,741.58
	Shanghai Flower&Tree Co., Ltd.	5,103,172.47	3,547,629.23
	Shanghai Shenwei Construction Decoration Engineering Co., Ltd.	4,530,000.00	4,530,000.00
	Ganzhou Ecological Environment Co., Ltd.	2,201,657.85	
	Wuxi Jian'an Building Component Product Co., Ltd.	1,060,953.64	3,742,964.18
	Shanghai Construction No.5 Industrial Co., Ltd.	883,770.00	883,770.00
	Shanghai Yijian Building Technology Consulting Co., Ltd.	760,825.23	
	Shanghai Chengjiehua Construction Engineering Consulting Co., Ltd.	470,000.00	491,840.00
	Shanghai Ask Construction and Decoration Engineering Inc.	450,197.69	156,797.69
	Shanghai Wood Industry Institute Co., Ltd.	38,210.00	70,000.00
	Beijing Diaoyutai Decoration Engineering Co., Ltd.	14,442.79	14,442.79
	Shanghai Real Estate Landscape		13,541,948.63

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Item	Related party	Book balance as at December 31, 2021	Book balance as at December 31, 2020
	Development Co., Ltd.		
	Shanghai Xinyu Engineering Construction Supervision Co., Ltd.		98,699.60
	Shanghai Construction Taxi Co., Ltd.		18,869.00
	Shanghai International Tendering Co., Ltd.		500.37
Notes payable			
	Shanghai Qunli Industrial Co., Ltd.	16,432,400.00	
	Shanghai Dongqing Construction Labor Co., Ltd.	8,379,270.69	5,434,849.50
	Shanghai Metro Shield Equipment Engineering Co., Ltd.	1,444,408.05	52,025,558.00
	Shanghai MBT&SCG High-Tech Construction Chemical Co., Ltd.	330,330.35	1,662,667.61
	Shanghai Engineering Construction Consultant & Supervision Co., Ltd.	426,564.90	
Other payables			
	Shanghai Dongqing Construction Labor Co., Ltd.	250,912,821.00	195,465,475.11
	Hangzhou Hujian Urban Development and Construction Co., Ltd.	234,262,047.00	349,262,047.00
	Shanghai Construction No.4 Industrial Co., Ltd.	219,201,966.00	211,884,666.00
	SCG General	184,325,060.71	182,886,065.05
	SCG International (Caribbean) Co., Ltd.	73,981,585.84	75,712,775.96
	Shanghai East Bund Construction Real Estate Development Co., Ltd.	10,953,972.12	
	Shanghai Qunli Industrial Co., Ltd.	4,513,380.47	5,773,218.53
	CHINA SFECO GROUP	1,440,434.64	1,010,217.65
	Shanghai SEISYS Co., Ltd.	1,343,677.00	3,777,748.00
	Shanghai Di Jiu Security Service Co., Ltd.	160,808.00	185,221.23
	Shanghai International Tendering Co., Ltd.	146,013.48	296,013.48
	Shanghai Fengjing Landscape Industrial Co., Ltd.	129,031.73	5,652,611.91
	Shanghai Construction No.5 Industrial Co., Ltd.	56,908.88	
	Shanghai Construction	55,600.00	47,290.00

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Item	Related party	Book balance as at December 31, 2021	Book balance as at December 31, 2020
	Education Training Service Center Co., Ltd.		
	Shanghai New Century Industrial Co., Ltd.	20,000.00	20,000.00
	Shanghai Jinmen Import and Export Co., Ltd.	14,100.00	14,100.00
	Shanghai Flower&Tree Co., Ltd.		3,051,361.64
Lease liabilities			
	SCG General	117,995,082.07	
	Shanghai Construction No.2 Industrial Co., Ltd.	82,202,334.65	
	Shanghai Construction No.4 Industrial Co., Ltd.	47,742,633.11	
	Shanghai Construction No.7 Industrial Co., Ltd.	44,104,370.17	
	Shanghai Construction No.1 Industrial Co., Ltd.	26,242,198.52	
Non-current liabilities maturing within one year			
	SCG General	16,787,791.05	
	Shanghai Construction No.1 Industrial Co., Ltd.	14,416,950.12	
	Shanghai Construction No.2 Industrial Co., Ltd.	7,881,406.30	
	Shanghai Construction No.4 Industrial Co., Ltd.	4,498,197.57	
	Shanghai Fengjing Landscape Industrial Co., Ltd.	4,286,482.49	
	Shanghai Construction No.7 Industrial Co., Ltd.	3,593,013.81	
	Shanghai Construction Hospital	1,080,017.49	
	Shanghai Flower&Tree Co., Ltd.	3,439,288.09	

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11 Commitments and contingencies

11.1 Significant commitments

11.1.1 Other major financial commitments

(1) Borrowings acquired by mortgage of assets

Asset item	Name of collateral	Book amount of collateral	Amount of borrowed principal	Term of borrowing
Investment properties	No.282, 284, 286, 288-294, 306, 308, 310, 312-318, 328, 330, 332, 334, 338, 340, 342, 350, Jiamusi Road No.488; Yingkou Road No.606. Room 101, 102, 103, 105, 107, 110, 111, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013 or 1014, No.578 Yingkou Road or No.588 Yingkou Road 588.	29,083,308.62	15,356,250.00	From 2/28/2014 to 12/31/2023.
Inventories	Real Estate Ownership (HMZ [2018] No.058215), Real Estate Ownership (HMZ [2018] No.049587), Real Estate Ownership (HMZ [2018] No.049586), Real Estate Ownership (HMZ [2018] No.010698), Real Estate Ownership (HMZ [2018] No.039254), Real Estate Ownership (HMZ [2018] No.044942), Real Estate Ownership (HMZ [2018] No.001387)	275,649,514.32	1,990,000,000.01	From June 18, 2019 to June 17, 2034
Inventories	J (2019) Real Estate Right of Jinnan District No.1058721	965,120,000.00	624,517,662.00	From March 30, 2020 to March 24, 2023
Inventories	Land Use Right of Qiu 79/8, Neighborhood 19, Kangqiao Town; (H [2020] PZ Real Estate Ownership No.026834)	520,500,750.00	209,523,014.02	From January 19, 2021 to June 10, 2023
Inventories	Land use right of Lot No.2017G45; S [2022] NJ Real Estate Ownership No.0000942	1,474,574,267.60	396,685,993.05	From January 10, 2020 to July 10, 2022
Investment properties	83,349.03 square meters, No.255 Beihe Highway, Jiading District (HFDJZ [2008] No.001957)	78,793,525.29	101,000,000.00	From March 19, 2015 to March 18, 2027
Fixed assets	Floors 9-14 and parking lots at two basements, No.666, East Daming Road, Shanghai	333,026,217.60	320,000,000.00	From February 15, 2015 to February 14, 2030
Fixed	Block 1, No.11, Chicheng Road, Nantong Development	20,227,271.20	10,000,000.00	From June 29,

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Asset item	Name of collateral	Book amount of collateral	Amount of borrowed principal	Term of borrowing
assets	Zone□ Property Certificate No.: NKQZZ No.16008965			2021 to June 28, 2022
Intangible assets	No.11, Chicheng Road, Nantong Development Zone□ Land Warrant No.: TKG Y (2016) No.03040009	12,635,967.54		
Inventories	MIMA ONE Apartment	1,004,222,865.68	574,947,874.60	From December 19, 2019 to December 18, 2022
Inventories	MIMA ONE Apartment	1,481,077,661.36	525,105,019.49	From December 11, 2019 to June 11, 2022
Fixed assets		515,387,366.72		Among which, the term of borrowings is From January 15, 2021 to July 14, 2022, the term of others is From June 28, 2021 to June 28, 2026.
Intangible assets	Hotel assets under INVESTEL HARBOR RESORTS LLC	308,497,795.94	347,176,540.41	
Investment properties	A-1501 or A-1506, Xinhua Building, No. 35-37 Baoding Road, Heping District, Tianjin (FDZJZ No. 101020900294 or No.101020900295)	7,147,899.60	30,000,000.00	From February 19, 2021 to February 8, 2022
Inventories	No.7, 9, 11 and 13 Haimiao Road, Dongli District, Tianjin; No.158, 162, 164, 166, 168, 170, 172, 174, 176, 178, 180, 182, 184, 186, 188, 190, 192, 194, 196, Manjiang East Road, Dongli District, Tianjin; Supporting Public Building II- 201-233 (J [2030] Real Estate Ownership of Dongli District No.1002198 to 1002199, No.1002202 to No.1002203, No.1002211 to No.1002228, No.1002232 to No.1002264), Huachengtingyuan, Northwest of the Intersection of Dengzhou Road and Manjiang East Road, Dongli District	35,056,238.34	56,880,000.00	From January 2, 2020 to January 1, 2022

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Asset item	Name of collateral	Book amount of collateral	Amount of borrowed principal	Term of borrowing
Fixed assets	No.66, Machang Road, Heping District, Tianjin (Former No.120 or 122) (FDZJZ No. 101020751918)	27,900,538.27	150,000,000.00	From December 9, 2021 to June 8, 2022
Fixed assets	No.120 or 122, Machang Road, Heping District, Tianjin(FDZJZ No. 101020908575), No.20, North Huanhu West Road, Gymnasium, Hexi District, Tianjin (FDZJZ No. 103031009581)	246,146,779.54	100,000,000.00	From November 19, 2011 to May 17, 2022
Investment properties	1012, A Area, No. 55 Weidi Road, Hexi District, Tianjin (FDZJZ No.103030922783)	2,830,798.71		
Fixed assets	No.212 and 214 Chongqing Road, Heping District, Tianjin (now No.124) (DFZJZ No. 101020902210)	69,065,109.53		
Investment properties	No.25 Jieyuan Road, Hongqiao District (J [2019] Real Estate Ownership of Hongqiao District No.1001543); No.25 Jieyuan Road, Hongqiao District (J [2019] Real Estate Ownership of Hongqiao District No. 1001542); No.25 Jieyuan Road, Hongqiao District (J [2019] Real Estate Ownership of Hongqiao District No. 1001541); No.25 Jieyuan Road, Hongqiao District (J [2019] Real Estate Ownership of Hongqiao District No. 1001540); No.25 Jieyuan Road, Hongqiao District (J [2019] Real Estate Ownership of Hongqiao District No. 1001544);	39,301,777.65	40,000,000.00	From February 9, 2021 to February 9, 2022
Inventories	North of Land Boundary and East Changcheng Avenue (J [2018] Real Estate Ownership of Jizhou District No. 1011645) of Tianjin Huacheng Century Investment Co., Ltd. In Jizhou District	1,296,512,544.80	490,000,000.00	From September 29, 2021 to March 29, 2022
Inventories	LS9-03 and LS9-04 at the Intersection of Youyi Road and Zhujiang Road, Hexi District (FDZJZ No.103010930574 and No.103010930575)	5,268,937.41	1,450,000.00	From May 9, 2020 to April 23, 2025
Long-term receivables	Financing-lease assets leased	4,678,746.00	1,198,881.69	From April 10, 2019 to June 5, 2022

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Other remarks:

Prior to its acquisition in September 2020, the mortgage borrowing contract signed by Tianjin Housing Group has extended, among others, (1) it had mortgaged the house located at No. 10-12 Jiefang Road, Heping District, Tianjin (FDZJZ No.101020801621) to provide the guarantee for a short-term loan contract of RMB 48,927,326.96 with Tianjin Hedong Sub-branch of China Construction Bank Co., Ltd., as of December 31, 2021, the balance of the loan principal was RMB 44,012,741.21; (2) it has mortgaged the houses located at No.12 and No.76 Chifeng Road, Heping District, Tianjin (FDZJZ No.101020800098 and No.101020752191) to provide the guarantee for a short-term loan contract of RMB 70,000,000.00 with Tianjin Hedong Sub-branch of China Construction Bank Co., Ltd., as of December 31, 2021, the balance of the loan principal was RMB 67,000,000.00; it has mortgaged the houses located at No.70 Harbin Road or No.161 Liaoning Road, Heping District, Tianjin (FDZJZ No.101031202000 and No.101020752190) to provide the guarantee for a long-term loan contract of RMB 580,000,000.00 Tianjin Sub-branch of China Bohai Bank, as of December 31, 2021, the balance of the loan principal was RMB 480,000,000.00. The owner of the above-mentioned mortgaged assets was Tianjin Guohongrui Enterprise Management Co., Ltd.

(2) Borrowings acquired by pledge of assets

Asset item	Name of collateral	Book amount of pledge	Amount of borrowed principal	Term of borrowing
Notes receivable	Commercial acceptance bill	120,115,119.04	110,178,149.93	From February 3, 2021 to November 28, 2022
Accounts receivable	Accounts receivable- China Construction Eighth Engineering Division. Corp. Ltd.	1,000,000.00	1,000,000.00	From December 16, 2021 to July 27, 2022
Long-term receivables	Finance lease receivables	1,427,648,575.17	1,039,435,859.52	From February 1, 2019 to November 25, 2024
Other non-current assets	Government payments received for Zhuhai Jinwan PPP project, including availability service fee and operation and maintenance performance service fee, etc.	373,715,416.33	44,606,964.00	From June 3, 2020\ to May 26, 2032
Long-term receivables		1,203,337,246.69		
Non-current assets maturing within one year	Collection rights for PPP projects	189,380,139.96	900,000,000.00	From June 17, 2019 to December 27, 2030
Long-term receivables		550,225,456.64		
Other non-current assets	Collection rights for PPP projects	234,371,394.46	720,000,000.00	From September 29, 2021 to November 6, 2035

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Asset item	Name of collateral	Book amount of pledge	Amount of borrowed principal	Term of borrowing
Long-term receivables		1,495,542,081.02		
Non-current assets maturing within one year	Accounts receivable under the connecting line engineering PPP project contract of Changhe Expressway-Maoshan Interconnected to Jintan Binhu New City	190,510,365.39		
Accounts receivable		2,163,306.74	1,288,689,407.00	From January 8, 2019 to June 20, 2029
Long-term receivables	The pledgee is legally entitled to all accounts receivable and other rights and income related thereto under the Investment Contract Agreement of the PPP Project of the Tongtuo Lingkun Section of National Highway 228	398,400,000.00		
Other non-current assets		1,006,370,032.51		
Accounts receivable		99,766,968.91	1,139,023,897.00	From November 1, 2019 to September 30, 2033
Monetary funds	Certificate of time deposit of RMB 50,000,000.00	50,000,000.00	47,500,000.00	From December 8, 2020 to December 7, 2022
Monetary funds	Certificate of time deposit of RMB 20,000,000.00	20,000,000.00	19,000,000.00	From February 23, 2021 to February 5, 2023
	Right to collect RMB 8,249,833.00 of targeted resettlement affordable housing project of Yunjiangli Lot, Xiaerlou, Xiaohaidi, Hexi District of Tianjin Housing Construction Development Group Co., Ltd.		43,927,326.96	From June 23, 2020 to May 23, 2022
	Right to collect RMB 2,625,133,800.00 for the purchase service agreement by People's Government of Hongqiao District, Tianjin		1,088,884,536.98	From August 31, 2018 to May 30, 2022
	International L/C SH036IL001134400		4,447,335.20	From December 21, 2021 to March 20, 2022
	International L/C 08101LC21003564C		4,635,090.72	From December 17, 2021 to February 16, 2022

- (3) Other significant mortgage items
- On September 11, 2020, Shanghai Construction Real Estate Company established the "Open Source-Shanghai Construction Real Estate Platinum Building Asset-Backed Special Plan" with the cash flow generated from the trust beneficiary right of the underlying asset [Golden Valley-Open Source-Hengye Platinum Building Property Rights Trust] as the direct source of repayment and the net income from property operation generated from the target property held by the project company Suzhou Hengye Real Estate Development Co., Ltd. as the first source of repayment of the expected income and principal of the prior Class A asset-backed securities, raising RMB 1.001 billion. During the life of the special plan, in order to ensure the fulfillment of all obligations, Suzhou Hengye Real Estate Development Co., Ltd. mortgaged all the leased unsold portion of the 1st-28th floors of Suzhou Hengye Platinum Building, located at No.1337 Sanxiang Road, Suzhou City (book value as of December 31, 2021: inventories of RMB 281,880,883.07, investment properties of RMB 362,158,412.88) to China Jingu International Trust Co., Ltd. and the rental income from the leasing and operation of Suzhou Hengye Platinum Building No.1337 Sanxiang Road, Suzhou City, which is entitled to be disposed of during the renewal period of special plan, to China Jingu International Trust Co., Ltd.. The Company undertakes credit enhancement obligations such as liquidity support obligations, repurchase of rating downgrades, repurchase of operating income shortfall and payment of provision support deposits in accordance with the *Credit Enhancement Arrangement Agreement*.

Before the acquisition in September 2020, Tianjin Housing Group had pledged its right to receive RMB 1,041,740,000.00 for the Tianjin shantytown targeted resettlement housing and supporting infrastructure (Heyuan West Area Phase I) project of Tianjin Basic Housing Construction Investment Co., Ltd. to guarantee the finance lease contract with CMB Financial Leasing Co., Ltd. The finance lease contract totaled RMB 500,000,000.00 and had a balance of RMB 162,657,199.42 as of December 31, 2021, of which RMB 55,508,450.78 was included in long-term payables and RMB 107,148,748.64 was included in non-current liabilities due within one year.

Prior to the acquisition in September 2020, Tianjin Housing Group had mortgaged the ground floor stores 9-4-301, 9-4-302 and 15-1-13 of Mingdu Xingyuan, Jiefang South Road, Hexi District, Tianjin (J (2019) Hexi District Real Estate Ownership No.1020273 to No.1020275) and No.10-12 Jiefang Road, Heping District, Tianjin (FDCJZ No.101020801621) to provide the guarantee for the factoring contract with Tianjin Jinrong Asset Management Co., Ltd. As at December 31, 2020, the book value of the mortgaged assets, presented as fixed assets, including the ground floor stores 9-4-301, 9-4-302 and 15-1-13 of Mingdu Xingyuan, Jiefang South Road, Hexi District, Tianjin (J (2019) Real Estate Ownership of Hexi District No.1020273 to No.1020275) amounted to RMB 41,866,800.72 and the owner of No.10-12 Jiefang Road, Heping District, Tianjin (No. 10-12 Jiefang Road, Heping District, Tianjin (FDZJZ No.101020801621) was Tianjin Guohongrui Enterprise Management Co., Ltd. The total amount of this factoring contract was RMB 100,000,000.00 and the remaining balance of RMB 90,000,000.00 as at December 31, 2021 was included in non-current liabilities maturing within one year.

Before the acquisition in September 2020, Tianjin Housing Group had mortgaged the house located at No.12 and No. 76, Chifeng Road, Heping District, Tianjin (FDZJZ No. 101020800098 and No.101020752191) and No.173-175, Jiefang Road, Heping District, Tianjin (FDZJZ No.101021007776) to provide the guarantee for the finance lease contract with Bank of Tianyin Financial Leasing Co., Ltd. The owner of the mortgaged assets was Tianjin Guohongrui Enterprise Management Co., Ltd. The total amount of this finance contract was RMB 300,000,000.00 and the remaining balance of RMB 160,000,000.00 as at December 31, 2021 was included in non-current liabilities maturing within one year.

Before its acquisition in September 2020, Tianjin Housing Group had mortgaged the house located at No.129 Heping Road, Tianjin (FDZJZ No.07000000053), No.14 Baotou Road, Heping District, Tianjin (FDZJZ No.101020752194), No.112 Xinhua Road, Heping District, Tianjin (FDZJZ No.101020751892), No.199 Xinhua Road, Heping District, Tianjin (FDZJZ No.101020751898), No.74, Yingkou Road, Heping District, Tianjin (FDZJZ No.101020800007), No.100 to No.104, Jiefang Road, Tianjin (J 2016 Real Estate Ownership of Heping District No.1007624), No.125, Jiefang Road, Tianjin (FDZJZ No.070400000054), No.71 Munan Road, Tianjin (FDZJZ No. 070400000056), No.112 Shandong Road, Tianjin (FDZJZ No.101020752195), No.11 Yang Fuyin Road, Tianjin (FDZJZ No.101020752192), No.25 Chongqing Road, Tianjin (FDZJZ No. 101031300440), to provide the guarantee for the factoring contract with Tianjin Jinrong Asset Management Co., Ltd. The owner of the above-mentioned mortgaged assets was Tianjin Guohongrui Enterprise Management Co., Ltd. The total amount of the debt restructuring agreement was RMB 200,000,000.00 and the remaining balance of RMB 200,000,000.00 as at December 31, 2021 was included in the non-current liabilities maturing within one year.

Prior to its acquisition in September 2020, Tianjin Housing Group has mortgaged No. 1539, No.1541, No.1543, No.1545, No.1547 and No.1549, Haihe East Road, Hedong District, Tianjin, and Building 5, Building 6, 8-101 to 8-106, 8-1-201 to 8-1-206, 8-1-301 to 8-1-306, 8-1-308 to 8-1-315, 8-1-401 to 8-1-415, 8-1-501 to 8-1-503, 8-1-505 to 8-1-515, 8-1-601, 8-1-607, 8-1-608, 8-1-610 to 8-1-612 of Meishi Plaza, Southeast of the Intersection of East Haihe Road and Beichaichang Street, Hedong District (FDZJZ No.102051500046, J(2019) Ownership of Heping District No. 1003166 to No. 1003178, No. 1003180 to No. 1003186, No. 1003188, No. 1003189, No. 1003196 to No. 1003204, No. 1003206 to No. 1003208, No. 1003210 to No. 1003231, No. 1003233 to No. 1003243, providing guarantee for the debt restructuring agreement with Tianjin Jinrong Asset Management Co., Ltd. The owner of the mortgaged assets was Tianjin Xin'an Creative Industry Investment Co., Ltd. The total amount of the debt restructuring agreement was RMB 200,000,000.00 and the remaining balance of RMB 200,000,000.00 as at December 31, 2021 was included in the long-term payables.

## 11.2 Contingencies

### 11.2.1 Significant contingencies on balance sheet date

- (1) Contingent liabilities formed from debt guarantee provided for other units and financial impact thereof

When some house-purchase customers of Shanghai Construction Real Estate purchased the commercial houses through bank mortgage (mortgaged loan), in accordance with the requirements of banks on granting mortgaged loans for individual house-purchase, Shanghai Construction Real Estate should respectively provide the joint and several liability guarantee for the mortgaged loans issued by the banks to the house-purchase customers in a phased manner. This liability guaranty should be terminated after the house-purchase customers going through the formalities for obtaining the title deeds and for the house mortgage registration. As at December 31, 2021, the balance of borrowers' loans not matured was RMB 1,439,261,303.38. (As at December 31, 2020, the balance of borrowers' loans not matured was RMB 3,566,985,509.90).

Item	Year 2021	Year 2020
Merchant Plot 21-12 at south of Hexi New Town, Nanjing	55,041,202.00	800,000,000.00
Aohe Haiyuemingdu	294,800,000.00	626,740,000.00
Haiyuexuandi	151,580,000.00	517,947,000.00
Nanchang Wanli Haiyuemingdi		489,386,000.00
Plot Landsea 21-11 at South Hexi, Nanjing	386,151,988.38	473,307,009.90
Haishang Shengyuan	284,332,000.00	279,321,000.00
Haishang Huiyuan	221,379,000.00	215,130,000.00
Suzhou HAIYUE	1,751,000.00	7,451,500.00
Tianjin HAIYUE		2,370,000.00
Xuzhou Haiyue Nanshan	44,226,113.00	154,923,000.00
Xuzhou Hanyuan International City		410,000.00
<b>Total</b>	<b>1,439,261,303.38</b>	<b>3,566,985,509.90</b>

Before being acquired in September 2020, Tianjin Housing Group provided joint and several liability guarantees for its subsidiaries spun off before the acquisition. As of December 31, 2021, the balance of outstanding guarantees was RMB 2,570,158,260.78. It is specified as follows:

- 1) Before being acquired, in September 2020, Tianjin Housing Group mortgaged fixed assets (FDZJZ No. 101020902210, with the book value of RMB 69,065,109.53 as at December 31, 2021) and investment properties (J [2019] Real Estate Ownership of Hongqiao District No. 1001543, J [2019] Real Estate Ownership of Hongqiao District No. 1001542, J [2019] Real Estate Ownership of Hongqiao District No. 1001541, J [2019] Real Estate Ownership of Hongqiao District No. 1001540 and J [2019], with the book value of RMB 39,301,777.65 as at December 31, 2021) to provide joint guarantee for the loan of RMB 40,000,000.00 obtained by Tianjin Industrialized Construction Co., Ltd. As of December 31, 2021, the principal balance of the loan was RMB 20,000,000.00, and the guarantee period is from December 24, 2019 to March 24, 2022. As of December 31, 2021, the guarantee liabilities have not been released.

- 2) Before being acquired, in September 2020, Tianjin Housing Group provided joint guarantee for the loan of RMB 3,800,000,000.00 obtained by Tianjin Housing Group Real Estate Investment Co., Ltd. The guarantee period is from April 20, 2015 to April 20, 2025. As at December 31, the principal balance of the loan was RMB 2,095,960,038.04. As of December 31, 2021, the guarantee liabilities have not been released.
  - 3) Before being acquired, in September 2020, Tianjin Housing Group provided joint guarantee for the loan of RMB 270,000,000.00 obtained by Tianjin Tianzhu Building Materials Co., Ltd. The guarantee period is from September 13, 2016 to December 18, 2022. As at December 31, 2021, the principal balance of the loan was RMB 74,032,059.95. As of December 31, 2021, the guarantee liabilities have not been released.
  - 4) Before being acquired, in September 2020, Tianjin Housing Group undertook the guarantee liability for the joint debtor of the loan of RMB 500,000,000.00 obtained by Tianjin Xin'an Creative Industry Investment Co., Ltd. The guarantee period is from January 11, 2019 to January 14, 2024. As at December 31, the principal balance of the loan was RMB 380,166,162.79. As of December 31, 2021, the guarantee liabilities have not been released.
- (2) Contingent liabilities arising from pending litigation and their financial effects
- In the course of daily business, the Group would be involved in some disputes, lawsuits or claims with subcontractors and suppliers. After consulting the relevant legal counsel and reasonably estimating the results of these pending disputes, lawsuits or claims by the management of the Company, the Group has accrued corresponding reserves for disputes, lawsuits or claims that are likely to cause losses to the Group. For these pending disputes, lawsuits or claims for which the final results cannot be reasonably estimated at present, or if the management of the Company believes that such disputes, lawsuits or claims are likely not to cause the flow-out of related economic benefits of the Group, the management of the Company has not made provision for them.

## 12 Post balance sheet events

### 12.1 Profit distribution

According to the resolution passed at the twenty-fifth meeting of the 8th Board of Directors of the Company on April 15, 2022, the Company plans to distribute cash dividends of RMB 0.145 (including tax) per share to all shareholders. As of December 31, 2021, the total share capital of the Company amounted to 8,904,397,728 shares. On this basis, the Company plans to distribute cash dividends amounting to RMB 1,291,137,670.56 (including tax). The remaining undistributed profits will be carried forward to the next year. (As of December 31, 2021, the total number of shares repurchased by the Company was 18,457,984) Subject to the data on the registration date for the implementation of equity distribution), no profit may be distributed for shares held by the Company itself through repurchase of special accounts at this time.

## 12.2 Notes to other post-balance sheet events

### 12.2.1 Lawsuit matters between the Company and the owners of Sea World Project in F Zone, 1# Island, Hainan Haihua Island

In January 2022, the Company filed a lawsuit with Guangzhou Intermediate People's Court of Guangdong Province against the owner of Sea World Project in F Zone, 1# Island, Hainan Haihua Island, Danzhou Changyu Tourism Development Co., Ltd. (Defendant I, originally known as Danzhou Changyu Investment Co., Ltd.) and its interested parties Guangdong Meihuan Investment Co., Ltd. (Defendant II), Evergrande Fairyland Group Co., Ltd. (Defendant III), Guangzhou Hengtong Investment Co., Ltd. (Defendant IV), Evergrande Haihua Island Co., Ltd. (Defendant V) and Evergrande Group Co., Ltd. (Defendant VI) for arrearage of payment for projects, claiming that the project payment, overdue interest and related losses amounted to RMB 1,040,164,900, and that it should have the priority to be compensated according to law within the scope of the arrears in project payment, and filed an application for property preservation at the time of filing the case. The main matters of the case are as follows: In 2016, the Company and the Defendant 1 signed the Construction Contract for the Sea World Construction Project in Zone F, Island 1#, Haihua Island, Hainan, China", which stipulated that the Company would undertake the construction of the Sea World Construction Project in Area F, Island 1# Island, Haihua Island, China, and the tentative total price agreed in the contract was RMB 1.2 billion only. During the performance of the contract, the Company signed 30 supplementary agreements with Defendant I (the tentative total price of the construction contract was adjusted to RMB 1,239,278,200) and the Company and Defendant V concluded two framework agreements on the payment of the crashing awards; the Company conducted the construction in accordance with the contract, and completed the completion acceptance on June 20, 2021. On September 27, 2021, Haihua Island Fairyland Ocean Park was put into trial operation and began to open to the public; on December 17, 2021, the Company submitted a project settlement statement to Defendant I, supposing that the total settlement cost should be RMB 1,120,940,800. As of the date of the lawsuit, the Company has received a total of RMB 139,670,100 of project funds, and the remaining project payment in arrears amounted to RMB 981,270,700. The Company analyzed and judged that the defendants were actual persons acting in concert, so Defendants II, III, IV, V and VI were jointly and severally liable for the relevant payment liabilities of Defendant I. On January 18, 2022, Guangzhou Intermediate People's Court of Guangdong Province issued the Acceptance Notice ([2022] Yue 01 Min Chu No. 153) to formally accept the case. The Company has submitted an application for property preservation to the court, and the case has not yet been heard. As of December 31, 2021, the Company's accounts receivable and other financial assets and contract assets totaled RMB 419,059,800, and the Company has made provision for impairment according to the expected recoverable amount.

### 12.2.2 Lawsuit matters between No.7 Construction Group and Hebei Jiantou Xibaipo Hongyue Real Estate Development Co., Ltd.

In January 2022, as the owner of Shijiazhuang Hengda Shili Wentang Phase I Residential and Commercial Project, Hebei Jiantou Xibaipo Hongyue Real Estate Development Co., Ltd. (hereinafter referred to as "Hongyue Real Estate") failed to pay the project payment according to the contract, No.7 Construction Group filed a lawsuit with Guangzhou Intermediate People's Court, Guangdong Province, suing for cancellation of the relevant agreement and claiming from Hongyue Real Estate that the construction cost amounted to RMB 316,751,500 and the corresponding interest amounted to RMB 47,686,300, and confirming that No.7 Construction Group has the priority to receive compensation for the discounted price or the auction proceeds of the "main body and supporting construction projects of the second and third sections of Shoukai District, Evergrande Shili Wentang, Shijiazhuang" within the range of the amount claimed.

On July 31, 2018, No.7 Construction Group and Hongyue Real Estate signed the Construction Contract for the Main Body and Supporting Construction Project of the Second and Third Sections of Shoukai District, Evergrande Shili Wentang, Shijiazhuang with a tentative total contract price of RMB 519.41 million. During the period from December 2018 to April 2019, both parties signed six supplementary agreements on the total price of the projects involved, and approved the construction scope of certain projects. At the same time, from December 2018 to June 2020, both parties signed seven supplementary agreements, which made supplementary agreements on the construction scope, contract price, contract scope for the total price, project shutdown and other contents of the original contract. In addition, both parties also signed 16 supplementary agreements on crashing awards, totaling RMB 33.9785 million. As of August 2021, No.7 Construction Group has completed the following contents for the completed buildings: the first structure was completed, the second structure was 97% complete, the waterproofing was 97% complete, and the exterior wall was 97% complete. The above-mentioned completed project cost totaled RMB 515,369,000. As of the date of prosecution, No.7 Construction Group actually received the payment for projects totaling RMB 198,617,500, and Hongyue Real Estate had the arrears in project payment totaling RMB 316.7515 million. On January 5, 2022, Guangzhou Intermediate People's Court of Guangdong Province issued the Acceptance Notice ([2022] Yue 01 Min Chu No. 32) to formally accept the case. No.7 Construction Group has submitted an application for property preservation to the court, and the case has not yet been heard. On February 24, 2022, the Company received the civil ruling ([2022] Yue 01 Min Chu No.32) from Guangzhou Intermediate People's Court of Guangdong Province, ruling that the case was handled according to the withdrawal of the claim by No.7 Construction Group. In the same month, No.7 Construction Group filed a separate lawsuit to the Guangzhou Intermediate People's Court of Guangdong Province for the engineering dispute involved in this case, and received the acceptance notice ([2022] Yue 01 Min Chu No. 399) from the court. The relevant claims are consistent with the project that has been withdrawn. As of December 31, 2021, the accounts receivable and other financial assets and contract assets of No.7 Construction Group totaled RMB 241,331,400, and the Company has made provision for impairment according to the expected recoverable amount.

### **12.2.3 Lawsuit matters between No. 1 Construction Group and the owners of Hefei Baoneng City Shopping Mall and T7 Hotel Projects**

In January 2022, as the owner of Hefei Baoneng City Shopping Mall and T7 Hotel Projects, Hefei Baohui Real Estate Co., Ltd. (hereinafter referred to as "Hefei Baohui"), failed to pay the payment for projects, No.1 Construction Group filed a lawsuit with Hefei Intermediate People's Court of Anhui Province and applied for property preservation before litigation, claiming the project payment of RMB 472,109,700 and provisional interest of RMB 19,388,800 from Hefei Baohui, totaling 491,497,700, as well confirming that for the amount determined in the litigation request, it enjoyed the priority right of compensation for the payment of construction of the project involved in the case.

In April 2018, No. 1 Construction Group and Hefei Baohui signed the General Contract on the Construction of Hefei Baoneng City Shopping Mall and T7 Hotel Project. No. 1 Construction Group entered the construction site in accordance with the contract. As of the date of the prosecution, No. 1 Construction Group had completed the contracted works, visas, foundation pit reinforcement, and material adjustment with a total amount of RMB 763,444,600, and Hefei Baohui had paid RMB 291,335,000 for the project and had the arrears in construction payments amounting to RMB 472,109,700. On January 5, 2022, Hefei Intermediate People's Court of Anhui Province issued the Acceptance Notice ([2022] Wan 01 Min Chu No. 41) to formally accept the case. In February, 2022, No. 1 Construction Group received the civil ruling ([2022] Wan 01 Min Chu No.41) issued by Hefei Intermediate People's Court of Anhui Province. After review, the court ruled to freeze the bank deposits of the respondent Hefei Baohui amounting to RMB 491,497,731 or to seal up or seize other properties of the same value. This ruling would be implemented immediately. There has been no other progress in this case. As of December 31, 2021, the accounts receivable and other financial assets and contract assets of No. 1 Construction Group totaled RMB 278,989,100, and the Company has made provision for impairment according to the expected recoverable amount.

### 13 Other significant events

#### 13.1 Corrections of accounting errors in prior periods

##### 13.1.1 Retrospective restatement method

There were no corrections of accounting errors in prior periods adopting the retrospective restatement method during the reporting period.

##### 13.1.2 Prospective application method

There were no corrections of accounting errors in prior periods adopting the prospective application method during the reporting period.

#### 13.2 Segment information

##### 13.2.1 Determination basis and accounting policies for reportable segments

The management of the Group respectively evaluated operating results of the building, contracting, design, construction, real estate development, construction business, urban infrastructure investment and construction, complete equipment and other goods services, the Zara Mining business and the engineering project management consultation and labor dispatching as well as other businesses, the price of inter-segment transfer should refer to the price adopted by the third party for sales, the expenses directly attributable to each segment should be allocated among segments according to the income ratio.

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13.2.2 Financial information of reportable segments

Unit: RMB 0'000

Item	Building, contracting, design, construction	Real estate development	Construction industry	Urban infrastructure investment construction	Complete sets of equipment and other merchandise trade	Zara Mining	Project management consulting, labor dispatching and other services	Undistributed amount	Offset of segments	Total
I. Revenue from foreign transactions	24,426,307.99	1,412,022.29	1,673,711.64	130,207.58	145,508.70	59,002.95	258,785.65			28,105,546.80
II. Revenue from inter-segment transactions	530,771.17	5,012.19	1,068,063.97		65,044.73		70,829.34		-1,739,721.40	
III. Revenue from investments in associates and joint ventures								6,832.20	-1,781.19	5,051.01
IV. Losses from credit impairment and losses from asset impairment	-152,937.41	-79,935.96	-43,589.07	491.04	-7,471.80		-8,097.26		31,768.15	-259,772.31
V. Depreciation and amortization expenses	212,412.97	22,887.20	56,210.95	2,124.49	2,307.02	22,256.20	16,494.32		-7,380.39	327,312.76
VI. Total profits (total losses)								701,532.00	-173,209.78	528,322.22
VII. Income tax expenses								110,898.21	12,614.53	123,512.74
VIII. Net								590,633.79	-185,824.32	404,809.47

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Item	Building, contracting, design, construction	Real estate development	Construction industry	Urban infrastructure investment construction	Complete sets of equipment and other merchandise trade	Zara Mining	Project management consulting, labor dispatching and other services	Undistributed amount	Offset of segments	Total
profit (net loss)										
IX. Total assets	27,237,440.98	8,351,794.27	3,704,749.59	3,550,235.75	559,300.11	157,842.47	3,256,049.09		-11,440,823.08	35,376,589.18
X. Total liabilities	22,209,805.41	7,391,834.96	3,313,363.90	2,217,373.24	532,262.09	47,300.22	1,428,016.36		-6,920,072.55	30,219,883.63
Other significant non-cash items										
Long-term equity investments in associates and joint ventures								591,465.23		591,465.23
Increase in other non-current assets other than long-term equity investments	937,623.39	52,605.66	226,167.30	203,241.95	-3,687.54	-11,652.96	422,062.20		-585,160.70	1,241,199.30

### 13.3 Others

#### 13.3.1 Arbitration between the Company and the owner of the Gate of the Orient

On July 16, 2020, the Company filed an arbitration request with the Shanghai Arbitration Commission against Suzhou Qianning Real Estate Co., Ltd. ("Suzhou Qianning"), the owner of the Gate of the Orient, for its failure to pay for the construction work as agreed in the contract, claiming a total of RMB 473 million for the project and RMB 48.62 million of related overdue interest (RMB 523 million in total) from Suzhou Qianning.

On April 12, 2005, Suzhou Qianning and Shanghai Construction Engineering (Group) Corporation entered into the General Contract for the Project Construction of the Gate of the Orient (hereinafter referred to as the "General Contract"), with a tentative total contract price of RMB 1.5 billion. On January 1, 2011, Suzhou Qianning, Shanghai Construction Engineering (Group) Corporation and the Company confirmed that the performance subject of the aforesaid General Contract had changed to the Company. On March 21, 2017, the Company completed its contractual obligations as contracted and the project was completed and accepted. On January 20, 2020, the Company, Suzhou Qianning and Jiangsu Xinyong Zhonghe Engineering Management Co., Ltd. signed the Project Settlement Audit Order, with the final audited price amounting to RMB 1,579,395,217.90; Suzhou Qianning had paid RMB 1,106,379,781.48 for the project. On July 16, 2020, the Company filed an arbitration request with the Shanghai Arbitration Commission due to Suzhou Qianning's default in payment for the project.

The Shanghai Arbitration Commission issued the award ([2020] HZAZ No. 1713) on February 4, 2021, which ruled as follows: (1) Suzhou Qianning shall pay the project payment of RMB 467,992,030.78 to the Company within ten days from the date of the award; (2) Suzhou Qianning shall pay interest on the late payment to the Company within ten days from the date of the award (the basis and period of interest accrual shall be determined in accordance with the award); (3) The Company shall have the priority of compensation to receive the auction or discounted price of the Gate of the Orient Project within the amount of RMB 467,992,030.78 owed by Suzhou Qianning; (4) Suzhou Qianning shall pay the attorney's fee of RMB 1,700,000 to the Company within ten days from the date of the award. (5) The arbitration expenses in this case amounted to RMB 3,018,522, of which RMB 90,555.66 shall be borne by the Company and RMB 2,927,966.34 shall be borne by Suzhou Qianning; Suzhou Qianning shall pay the arbitration expenses of RMB 2,927,966.34 to the Company within ten days from the date of this award. As of December 31, 2021, the balance of the Company's accounts receivable was RMB 449.272 million and the provision for impairment was RMB 44,927,200. The Management believes that the relevant lawsuit-related assets Suzhou Qianning has introduced a third party to acquire the relevant debts, and the relevant arrears will be repaid after the successful acquisition, which is expected to be more likely to be recoverable. As for the knowledge of the management, it believes that the accounting treatments are appropriate.

### **13.3.2 Lawsuit between No.1 Construction Group and Huaian Hengyue Real Estate Co., Ltd.**

On December 6, 2021, No.1 Construction Group filed a lawsuit with Huangpu District People's Court of Guangzhou for the unpaid project progress payment of Xuyi Hengda Hot Spring Town Project, and applied for property preservation before the lawsuit, requesting the court to order Huaian Hengyue Real Estate Co., Ltd. to pay the arrears in the project progress payment of RMB 353,104,800 (for the settlement payment of the project involved of RMB 515,080,100, a total of RMB 161,975,300 has been paid), and the liquidated damages for overdue payment of the progress payment of RMB 8,397,100 and corresponding interest, totaling RMB 361,501,900. It also requested the court to confirm that No.1 Construction Group would enjoy the priority of compensation for the discounted auction price of the involved project. This case was filed and accepted by Huangpu District People's Court of Guangzhou on December 23, 2021. No.1 Construction Group has submitted an application for property preservation and property investigation and control. On February 9, 2022, No.1 Construction Group received a civil ruling issued by Huangpu District People's Court of Guangzhou. The ruling is as follows: to seal up, detain and freeze the property under the respondent's name amounting to RMB 361,501,941.50 (the freezing period of bank deposits is one year, the period of sealing up and detaining movable property is two years, and the period of sealing up real property and freezing other property is three years). As of December 31, 2021, the total book balance of accounts receivable and other financial assets and contract assets of No.1 Construction Group was RMB 299,374,000, and the provision for impairment of RMB 74,843,500 had been accrued. As for the knowledge of the management, it believes that the accounting treatments are appropriate.

### **13.3.3 Lawsuit between No.1 Construction Group and Chengdu Xinyi Real Estate Development Co., Ltd.**

On December 6, 2021, No.1 Construction Group filed a lawsuit with Guangzhou Intermediate People's Court of Guangdong Province for the unpaid progress payment of the main body and supporting project of buildings 61#-64# and 67#-69# of Chengdu Hengda Tianfu Peninsula Phase VI and applied for property preservation before litigation, requesting the court to order Chengdu Xinyi Real Estate Development Co., Ltd. (hereinafter referred to as "Chengdu Xinyi Real Estate") to pay the arrears in the project progress payment of RMB 588,377,000 (for the settlement payment of the project involved of RMB 593,986,800, a total of RMB 5,609,800 has been paid), and the liquidated damages for overdue payment of the progress payment of RMB 52,058,700 and corresponding interest, totaling RMB 640,435,700. It also requested the court to confirm that No.1 Construction Group would enjoy the priority of compensation for the discounted auction price of the involved project. Guangzhou Intermediate People's Court filed the case on December 6, 2021, and No.1 Construction Group has submitted the application for property preservation and property investigation and control. On February 16, 2022, No.1 Construction Group received the ruling issued by Guangzhou Intermediate People's Court of Guangdong Province. The ruling is as follows: to seal up or detain the property with the value of RMB 640,435,742.2 in the name of Chengdu Xinyi Real Estate Development Co., Ltd.; the freezing period of bank deposits is one year, the period of seizing movable property is two years, and the period of seizing real property is three years. As of December 31, 2021, the total book balance of accounts receivable and other financial assets and contract assets of No.1 Construction Group was RMB 499,405,400, and the provision for impairment of RMB 74,910,800 had been accrued. As for the knowledge of the management, it believes that the accounting treatments are appropriate.

### 13.3.4 Lawsuit between No.4 Construction Group and Shanghai Urban Development Group Longcheng Property Co., Ltd.

As of December 2012, Shanghai Urban Development Group Longcheng Property Co., Ltd. ("Longcheng Property") successively signed five contracts for the construction of the project in the Shanghai Meilong Southern Business Area, agreeing that No.4 Construction Group was responsible for the construction of the projects specified in the agreement. As at June 26, 2017, all the projects passed completion acceptance. On July 1, 2019, both parties signed the Settlement Agreement for Phases I, II and III EPC of Shanghai Meilong Southern Business Area, confirming that the total settlement determining pricing in the settlement agreement was RMB 1,440,229,103.00. On the same day, both parties signed the Payment Agreement for the Completion and Settlement of the General Contract for Phases I, II and III EPC of Shanghai Meilong Southern Business Area (the "Payment Agreement"), agreeing that Longcheng Property would pay the amount of the settled project to No.4 Construction Group by stages; if the payment is overdue, the overdue interest on the outstanding amount should be paid at the interest rate of 4.35% per year (365 days) until the settlement is complete. As at the date of prosecution, according to the payment agreement, Longcheng Property should pay the due project payment of RMB 144 million to the plaintiff, but it has only paid RMB 10 million. After No.4 Construction Group repeatedly informed the other party, the other party still ignored, so it violated the payment agreement above. To this end, No.4 Construction Group filed a lawsuit with Shanghai No. 1 Intermediate People's Court, requesting an order: ① request the court to order the dissolution of the Payment Agreement for the Completion and Settlement of the General Contract for Phases I, II and III EPC of Shanghai Meilong Southern Business Area signed by both parties; ② request the court to order that Longcheng Property pays the remaining amount of the settled project and overdue interest of RMB 388,690,064.59 (project payment of RMB 381,149,568.60 and interest of RMB 7,540,495.99) for overdue payment; ③ request the confirmation that No.4 Construction Group enjoys the priority to gain compensation for the discount or auction price of the project within the scope of the above lawsuit request; (4) request the court to order that Longcheng Property bears the litigation costs.

On January 14, 2020, Shanghai No. 1 Intermediate People's Court issued a Notice of Acceptance [(2020) H01MC No.18], formally accepting this case. On January 18, 2020, the court, pursuant to an application for property preservation by No.4 Construction Group, froze the deposits of RMB 5,273,858.03 in the account of CITIC and RMB 63,396.74 in the bank account of SPD Bank under the name of Longcheng Property for one year; at the same time, the court seized up its real estate located at No. 128, No. 136, No. 186 and No. 196 in Minhong Road, No. 1 and No. 2 in Lane 166, Minhong Road, as well as No. 1 to No.6, Lane 99, Wanyuan South Road in Minhang District for three years. On August 21, the Shanghai No. 1 Intermediate People's Court issued a first instance judgment: ① confirming the dissolution of the Payment Agreement between No. 4 Construction Group and Longcheng Property; ② ordering Longcheng Property to pay the remaining construction amount of RMB 381,149,568.60 and interest on late payment, and supporting No.4 Construction Group's priority of compensation. Later, Longcheng Property appealed for requesting the court to revoke the second item of the first trial judgment and made judgment on not paying RMB 70 million warranty deposit according to law. On January 19, 2021, the Shanghai High People's Court heard the case and found that the facts set out in the first trial were correct, rejected the appeal and affirmed the original judgment. After the judgment came into effect, Longcheng Property failed to pay the project funds in full and on time according to the judgment, and it failed to put forward a practical and effective payment plan. In October, No.4 Construction Group applied to No.1 Intermediate People's Court for compulsory execution, and No.1 Intermediate People's Court accepted matters related to the execution of this case. According to the application of No.4 Construction Group, RMB 4,848,194.32 from the frozen account of Longcheng Property was transferred to the account of No.4 Construction Group,

and according to the auction application of No.4 Construction Group, a total of 128 houses on floors 20, 21, 22, 23, 25, 26, 27 and 28 of the office building, Lane 166, Minhong Road, were appraised and auctioned. On March 4, 2022, the appraisal company issued the appraisal report. As at December 31, 2021, the book balance of accounts receivable of No.4 Construction Group amounted to RMB 336,591,400 and the provision for bad debts accrued amounted to RMB 22,181,400. The management believes that the case has been won in the second instance, and that it enjoys the priority of compensation for the discount or auction price of the first, second and third phases of the South Business District within the principal scope of the overdue payment of the project by Longcheng Property, which is expected to be recoverable. Based on the cognition of this matter, the corresponding accounting treatment is considered appropriate.

### **13.3.5 Lawsuit Matters between No. 4 Construction Group and owners of Shanghai Bestride Gateway Project Consortium**

In August 2018, No. 4 Construction Group filed a lawsuit with the Shanghai Higher People's Court against the aforementioned owners Shanghai Bestride Enterprise Development Co., Ltd. ("Shanghai Bestride") and Shanghai Xukuan Enterprise Development Co., Ltd. ("Shanghai Xukuan") as well as the shareholder Beijing Bestride Real Estate Development Co., Ltd. ("Beijing Bestride") for defaulting on project payments, requesting a judgment to dissolve the relevant EPC agreements for the project and to pay RMB 630 million (including RMB 538 million for the project payments, RMB 16 million for the overdue interest of progress payments, and RMB 0.77 billion for the loss of work stoppage and interest). According to the Civil Verdict ([2018] HMC No.60), the bank deposits (amounting to approximately RMB 634 million) in the names of Shanghai Bestride, Shanghai Sukuan and Beijing Bestride were frozen or other properties of equal value were sealed up or detained. The case went through several preparatory court hearings for defense, evidence cross-examination, judicial review of construction cost and the formal court hearing on September 9, 2020. Both parties fully debated whether the contract involved in the lawsuit should be dissolved; whether the interest owed on the construction progress payment was too high; whether the amount of stoppage loss was accurate; whether the borrowings from the construction entities in the implementation of the project should be deducted from the outstanding construction amount; and whether the third defendant (Beijing Bestride) was jointly and severally liable for the first and second defendants. On December 30, 2020, the Shanghai High People's Court made a judgment at first instance: ① ruled that the contract between both parties involved in the lawsuit was dissolved; ② the defendant paid RMB 343,336,779.18 for the project payment of Lot 3-1 and RMB 8,520,755.11 for interest on late payment, RMB 146,718,589.93 of the project payment for Qiu 61 plant and RMB 74,62,254.44 for interest on late payment; ③ The defendant paid RMB 23,683,800 for the stoppage and delay loss and RMB 17,352,500 of Qiu 61 stoppage and delay loss; ④ The defendant paid advances for the project totaling RMB 1,210,000; ⑤ The defendant has the priority of compensation for the total amount of RMB 490,055,369.11 for the two projects. Among them, it is entitled to the priority to the project payment of RMB 343,336,779.18 Lot 3-1 and the project payment of RMB 146,718,589.93 of Qiu 61 plant; ⑥ The defendant paid the litigation fee of RMB 3.0028 million and the appraisal fee of RMB 2.69 million. In April 2021, Shanghai Bestride appealed to revoke the part in the ninth and eleventh items of the first-instance judgment: the interest by taking the principal of the loss of work stoppage as the base and calculated at the loan market quoted interest rate (LPR) announced by the National Interbank Funding Center in the same period from December 4, 2020 to the date of actual payment shall be paid to No. 4 Construction Group; The costs of the second-instance appeal shall be borne by the appellee. On June 10, 2021, the Shanghai High People's Court heard the case and found that the facts set out in the first trial were correct, rejected the appeal and affirmed the original judgment.

After the judgment came into effect, on September 15, 2021, the Shanghai No. 2 Intermediate People's Court accepted the enforcement-related matters of this case. The No. 2 Intermediate People's Court entrusted an appraisal agency to evaluate the market value of Lot 3-1 and Qiu 61 under all assumptions and restrictions and issue an appraisal report, of which: the appraisal price of Lot 3-1 was RMB 2,550.51 million, and the total building area was 153,876.15 square meters; the appraisal price of Qiu 61 (factory) was RMB 651.36 million, and the total building area was 58,077.27 square meters. Judicial auction procedures have been initiated for both lots. The former two auctions of the Lot 3-1 were unsuccessful on and before December 21, 2021. After that, Shanghai Bestride entered the bankruptcy reorganization process, and the Shanghai No. 3 Intermediate People's Court entrusted Jiehua Law Firm to take over Shanghai Bestride, as the bankruptcy administrator. On March 7, 2022, No.4 Construction Group has declared its claims to the bankruptcy administrator (interest ends on January 26, 2022, and the total amount of claims amounts to RMB 633,003,678.15); During the second auction of Qiu 61 (the second auction was postponed on October 8, 2021), Shanghai Xukuan entered the bankruptcy liquidation process, and the Shanghai No.3 Intermediate People's Court entrusted Duan And Duan Law Firm as the bankruptcy administrator to take over Shanghai Xukuan. On February 20, 2022, No.4 Construction Group has declared its claims to the bankruptcy administrator (interest ends on November 29, 2021, and the total amount of claims amounts to RMB 625,074,507.53). The above-mentioned amount of creditor's rights includes the principal of the payment for project, the interest of the payment for project, the loss of work stoppage, the advance payment of the project, the late payment fee, the appraisal fee, the preservation fee, etc. Since the court ruled that Shanghai Bestride and Shanghai Xukuan should pay off the advance payment of RMB 1.21 million separately. Except for the appraisal fee and preservation fee borne by half, all other expenses are jointly and severally paid off. The principal of the payment for project, the interest of the payment for project, the loss of work stoppage, the advance payment for the project, and the late payment fee were declared twice. As at December 31, 2021, the book balance of accounts receivable of No.4 Construction Group amounted to RMB 490,055,400 and the provision for bad debts accrued amounted to RMB 32,294,600. The management believes that No.4 Construction Group is the construction party of Lot 3-1 and Qiu 61, and the Shanghai Higher People's Court has made a first-instance judgment that the Company would have the priority to receive compensation for the two projects totaling RMB 490,055,369.11, which is expected to be recoverable. Based on the cognition of this matter, the corresponding accounting treatment is considered appropriate.

### **13.3.6 Lawsuit Matters between No. 7 Construction Group and Shanghai Pudong Shanjia Industry Co., Ltd.**

On December 12, 2018, No.7 Construction Group filed a civil lawsuit with Shanghai Pudong New Area People's Court, on the main matters as follows: since March 22, 2013, No.7 Construction Group has signed four copies of "Construction Project Construction Contracts" for the completion of the project works of the defendant Shanghai Pudong Shanjia Industry Co., Ltd. ("Shanjia Industry"). The said project works refer to Lot C-04 (Partial) Residential or Hotel Project Lot A (Lot C-04-20), Chuansha New Town, Pudong New Area, Shanghai ("Chuansha Hotel"). On January 16, 2018, for the works involved in the lawsuit, the certificate of completion acceptance and record-filing of construction works was handled. On March 14, 2018, No.7 Construction Group sent documents to Shanjia Industry on the settlement price, with total construction costs of RMB 761,111,949 for trial. On July 9, 2018, Shanghai Blue Whale Investment Management Co., the majority shareholder of Shanjia Industry, applied to the Shanghai Pudong New Area People's Court for compulsory liquidation of the defendant, with the case ([2018]H0115 QQ No.4) filed by the court. The shareholders and liquidators of Shanjia Industry are civilly liable for their debts. On September 28, 2018, No.7 Construction Group declared the project claim to the liquidation group, but the amount of the declared claim was not confirmed by the liquidation group as the project was not settled. As of the date of suit, Shanjia Industry had paid a total of RMB439,291,887 of project payment to the plaintiff, and Shanjia Industry still had an outstanding project payment of RMB 322,320,062 in accordance with the settlement documents for trial. In order to safeguard its legitimate rights and interests, No. 7 Construction Group has entrusted Boss & Young Attorneys-At-Law and Shanghai Justice Law Firm to request Shanghai Pudong New Area People's Court for a judgment that Shanjia Industry pays off the project payment of RMB 322,320,062 and overdue interest (provisionally RMB 5,531,542.11) from July 9, 2018 to the date when the judgment takes effect, and request the said court to confirm that No. 7 Construction Group enjoys the priority to gain compensation for the construction payment of the "Chuansha Hotel" project of Shanjia Industry. In September 2021, Shanghai Pudong New Area People's Court issued the civil judgment ([2018] Hu 0115 Min Chu No.92902). The following judgments were made: 1) It was confirmed that Shanjia Industry should pay the project payment of RMB 239,540,100 and the corresponding interest to No. 7 Construction Group; 2) it was confirmed that, for the unpaid project payment of RMB 239,540,100 from Shanjia Industry, No. 7 Construction Group should have the priority to be compensated with the discount or auction price of Block A of the residential and hotel project in Block C-04 of Chuansha New Town. In January, 2022, No. 7 Construction Group received a pre-allocated remittance of RMB 131 million from the liquidation group. As at December 31, 2021, the book balance of accounts receivable of No.7 Construction Group amounted to RMB 239,540,100 and the provision for bad debts accrued amounted to RMB 19,163,200. The management believes that Shanjia Industrial has the repayment ability, and the court has ruled to confirm that the company would enjoy the priority of compensation. In January 2022, it has received a pre-allocation of RMB 131 million, which is expected to be recoverable. Based on the cognition of this matter, the corresponding accounting treatment is considered appropriate.

### **13.3.7 Lawsuit between No. 7 Construction Group and the owner of Dayou Times Square**

On December 16, 2021, No.7 Construction Group filed a lawsuit with the Intermediate People's Court of Handan City against Hebei Houshi Real Estate Development Co., Ltd. (hereinafter referred to as "Houshi Real Estate"), the owner of the Dayou Square Project in Handan City, Hebei Province, for arrears in the project payment. It sued to cancel the relevant agreement and claimed the construction payment of RMB 335,764,200 and related liquidated damages and interests amounting to RMB 84,830,300, totaling RMB 420,594,500 from Houshi Real Estate, and confirm that No.7 Construction Group would have the priority to receive compensation for the discount of the project involved of Houshi Real Estate or the proceeds from the auction within the scope of the amount claimed.

On August 29, 2017, No.7 Construction Group and Houshi Real Estate and its guarantor with joint and several liabilities Li Jinjun signed the General Contracting Agreement for the Construction of Dayou Times Square Project in Handan City, Hebei Province", with a total contract value of RMB 457 million. As of August 2021, No.7 Construction Group has completed the projects with the total output value of RMB 367,569,200, and Houshi Real Estate only paid the payment for projects totaling RMB 31,805,000 to No.7 Construction Group.

On December 16, 2021, Handan Intermediate People's Court issued the Acceptance Notice ([2021] Ji 04 Min Chu No. 198) to formally accept the case. In February, 2022, No. 7 Construction Group received the civil ruling ([2021] Ji 04 Min Chu No.198) issued by Handan Intermediate People's Court. After review, the court ruled to freeze the bank deposits of the respondent Hebei Houshi Real Estate Development Co., Ltd. and Li Jinjun totaling RMB 420,594,513.5 or to seal up other properties of the same value. This ruling would be implemented immediately. There has been no other progress in this case. As of December 31, 2021, the book balance of contract assets of No.7 Construction Group was RMB 132,669,900, and the provision for impairment of RMB 26,534,000 had been accrued. The management believes that the Company has obtained the corresponding property preservation, and has the priority to receive compensation for the project involved in the lawsuit, and the court has frozen the property involved. Based on the cognition of this matter, the corresponding accounting treatment is considered appropriate by the management.

### **13.3.8 Lawsuit between MCEC and Dongying Lufang Metal Materials Co., Ltd.**

In May, 2021, Shanghai Pudong Machinery Complete Equipment Co., Ltd. (hereinafter referred to as "MCEC"), a subsidiary of FECO, filed two civil lawsuits against Dongying Lufang Metal Materials Co., Ltd. (hereinafter referred to as "Dongying Lufang") in Shanghai Pudong New Area People's Court, claiming a total of RMB 249,982,000 for payment of goods, RMB 89,366,600 for late payment and RMB 2,949,400 for contract losses from Dongying Lufang. The total litigation object was RMB 342,298,000.

Details are as follows: (1) bring a lawsuit against the creditor's rights receivable formed by the sales agreement of mineral powder and copper concentrate. From May to August, 2019, Shanghai Machinery Complete Equipment Co., Ltd. (hereinafter referred to as "Complete Equipment Group"), the parent company of MCEC, signed the relevant sales agreement with Dongying Lufang. In 2020, MCEC, Complete Equipment Group and Dongying Lufang signed the Creditor's Rights Transfer Agreement, and the three parties jointly confirmed that all the creditor's rights enjoyed by Complete Equipment Group under the relevant contracts were transferred to MCEC. The final price of the relevant contract is RMB 181,906,100, Dongying Lu has paid RMB 47,981,000, and the outstanding price is RMB 133,925,100. With regard to the above-mentioned unpaid creditor's rights, MCEC sued Dongying Lufang, requesting: it should pay the unpaid payment for goods of RMB 133,925,100 according to the contract, and pay the overdue fine of RMB 54,420,500 (provisional) based on 5‰ of the contract amount per day, and at the same time, applied for property preservation; (2) In May 2021, MCEC filed a suit against Dongying Lufang for the creditor's rights receivable formed by the sales agreement of copper concentrate and laterite nickel ore. In September 2019, the two parties signed a sales agreement. Regarding the copper concentrate agreement, the final price of the contract is RMB 136,016,300, and Dongying Lufang has paid RMB 19,959,400 and owed RMB 116,056,900. Regarding the laterite nickel ore agreement, the final price of the contract is RMB 36.7701 million, Dongying Lufang has paid RMB 5.4396 million, and MCEC has disposed of the collection amounting to RMB 28.3811 million in accordance with the contract, and the contract losses amounted to RMB 2.9494 million. MCEC sued for: ① payment of the overdue payment of RMB 116,056,900 according to the copper concentrate contract, and the overdue fine of RMB 34,946,100 (provisional) according to 5‰ of the contract amount per day; ② compensation for the contract loss of laterite nickel mine amounting to RMB 2,949,400, and submission of property preservation at the same time.

The court has organized a hearing in July 2021, and the two parties have exchanged evidence. There has been no other progress in this case as at December 31, 2021. On January 26, 2022, the Intermediate People's Court of Dongying City, Shandong Province issued the civil rulings ([2022] Lu 05 Po Shen No. 1 and [2022] Lu 05 Po Shen No. 2), accepting the application for bankruptcy and reorganization of the applicant Bank of Communications Co., Ltd. Dongying Branch against the respondent Dongying Lufang Metal Materials Co., Ltd. As at December 31, 2021, the book balance of accounts receivable of MCEC amounted to RMB 243,728,500 and the provision for bad debts accrued amounted to RMB 182,796,400. As for the knowledge of the management, it believes that the accounting treatments are appropriate.

**13.3.9 Reorganization of Tianjin Housing General Contractor and CCOOP and its 24 subsidiaries**

On February 10, 2021, the Higher People's Court of Hainan Province ruled to accept the bankruptcy and reorganization cases of CCOOP and other 24 companies. Among which, Tianjin Ninghe Haihang Real Estate Investment and Development Co., Ltd. (hereinafter referred to as "Ninghe Real Estate") and Yisheng Daji Investment Development Co., Ltd. (hereinafter referred to as "Yisheng Daji") were the debtors of Tianjin Housing Group Construction Engineering General Contracting Co., Ltd. (hereinafter referred to as "Tianjin Housing General Contractor"), a subsidiary of Tianjin Housing Group, and Tianjin Housing General Contractor has declared related claims totaling RMB 1.357 billion. On October 20, 2021, Tianjin Housing General Contractor has received the claims review notice issued by the administrator, confirming that Tianzhu General Contracting has priority claims of RMB 397 million, ordinary claims of RMB 133 million, and claims with suspension of confirmation of RMB 822 million. The claims of RMB 4.4856 billion were not confirmed. According to the reorganization plan and the confirmation of claims, the repayment plan for priority claims is to retain the claims for 10 years, with 2022 as the first year. The principal would be repaid year by year from the second year, and the interest would be paid annually according to the amount of the outstanding principal. The interest rate of the retained claims was determined at the lower of the original financing interest rate and 3.00%; the interest would be calculated from the day after the approval on the Draft Reorganization Plan by the court, and the interest rate would not be affected by the adjustment of the interest rate policy of the People's Bank of China; the part of the ordinary claims exceeding RMB 10,000 would be offset with the stock of CCOOP. Among the ordinary claims of each creditor exceeding RMB 10,000, it was estimated that every RMB 100 of ordinary claims could get 25 shares of CCOOP (the part less than one share would be compensated according to one share), and the debt-paying price was RMB 4 /share (the final proportion and the debt-paying price may be slightly adjusted). With the confirmed ordinary claims, Tianjin Housing General Contractor was expected to be compensated with 33.3488 million shares of \*ST CCOOP. As at December 31, 2021, the book balance of the accounts receivable of Tianjin Housing General Contractor from Ninghe Real Estate and Yisheng Daji amounted to RMB 548 million and the provision for bad debts accrued amounted to RMB 243 million. Based on the repayment plan of the reorganization plan and the confirmation of claims and other information, the management believes that the corresponding accounting treatment is appropriate.

**14 Notes to main items of financial statements of the parent company**

**14.1 Notes receivable**

**14.1.1 Presentation of notes receivable by category**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Commercial acceptance bill	323,079,386.45	
Less: provision for bad debts	38,987,085.85	
Total	284,092,300.60	

**14.1.2 There were no notes receivable pledged by Company as at December 31, 2021.**

**14.1.3 Notes receivable of the Company as at December 31, 2021 that have been endorsed or discounted but not matured on the balance sheet date**

Item	Amount derecognized as at December 31, 2021	Amount not derecognized as at December 31, 2021
Commercial acceptance bills		96,193,650.10

**14.1.4 Notes transferred to accounts receivable due to the failure of the drawer to perform the contract as at December 31, 2021**

Item	Amount transferred in to account receivable as at December 31, 2021
Commercial acceptance bills	201,433,137.11

**14.2 Accounts receivable**

**14.2.1 Disclosure of accounts receivable by aging**

Aging	Balance as at December 31, 2021	Balance as at December 31, 2020
Within 1 year	5,755,616,991.99	3,725,038,638.53
1 - 2 years	974,239,337.90	329,376,767.75
2 - 3 years	284,574,715.03	318,045,900.77
3 - 4 years	92,083,041.70	61,668,935.28
4 - 5 years	48,276,605.51	66,735,284.93
Over 5 years	52,015,073.19	279,788.26
Sub-total	7,206,805,765.32	4,501,145,315.52
Less: provision for bad debts	610,335,765.95	328,316,996.99
Total	6,596,469,999.37	4,172,828,318.53

SHANGHAI CONSTRUCTION GROUP CO., LTD.  
 NOTES TO THE FINANCIAL STATEMENTS  
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**14.2.2 Disclosure of accounts receivable by category**

Category	Balance as at December 31, 2021					Balance as at December 31, 2020				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	439,701,164.91	6.10	134,186,090.73	30.52	305,515,074.18	31,819.04		31,819.04	100.00	
Provision for bad debts accrued on a portfolio basis	6,767,104,600.41	93.90	476,149,675.22	7.04	6,290,954,925.19	4,501,113,496.48	100.00	328,285,177.95	7.29	4,172,828,318.53
Including:										
Building, contracting, design, construction	6,590,561,024.14	91.45	476,149,675.22	7.22	6,114,411,348.92	4,122,947,391.68	91.60	328,285,177.95	7.96	3,794,662,213.73
Related parties within shares	176,543,576.27	2.45			176,543,576.27	378,166,104.80	8.40			378,166,104.80
<b>Total</b>	<b>7,206,805,765.32</b>	<b>100.00</b>	<b>610,335,765.95</b>		<b>6,596,469,999.37</b>	<b>4,501,145,315.52</b>	<b>100.00</b>	<b>328,316,996.99</b>		<b>4,172,828,318.53</b>

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Provision for bad debts accrued on an individual basis:

Item	Balance as at December 31, 2021			Reason for provision
	Book balance	Provision for bad debts	Proportion of provision (%)	
Danzhou Changyu Tourism Development Co., Ltd.	202,698,039.78	81,079,215.92	40.00	Expected risk of recovery
Chengdu Xinyi Real Estate Co., Ltd.	53,196,346.32	7,979,451.95	15.00	Expected risk of recovery
Foshan Nanhai Juncheng Real Estate Development Co., Ltd.	28,519,378.92	7,129,844.74	25.00	Expected risk of recovery
Taicang Yitai Tourism Development Co., Ltd.	97,235,136.83	24,308,784.21	25.00	Expected risk of recovery
Other summaries of single items	58,052,263.06	13,688,793.91	23.58	Expected risk of recovery
<b>Total</b>	<b>439,701,164.91</b>	<b>134,186,090.73</b>		

**14.2.3 Provision, reversal or recovery of provision for bad debts in 2021**

Category	Balance as at December 31, 2020	Changes in 2021			Balance as at December 31, 2021
		Provision	Recovery or reversal	Write-off or charge off	
Bad debts of accounts receivable	328,316,996.99	282,018,768.96			610,335,765.95

**14.2.4 There were no accounts receivable actually charged off in 2021.**

**14.2.5 Top 5 of accounts receivable as at December 31, 2021, presented by debtor**

Entity name	Balance as at December 31, 2021		
	Accounts receivable	Proportion in the total accounts receivable (%)	Provision for bad debts
Suzhou Qianning Real Estate Co., Ltd.	449,272,349.55	6.23	44,927,234.96
Shanghai Huyang Expressway Development Co., Ltd.	359,991,143.00	5.00	17,999,557.15
Shanghai Jiushi (Group) Co., Ltd.	199,102,288.00	2.76	9,955,114.40
Shanghai Tianyi Culture Investment Development Co., Ltd.	181,630,523.08	2.52	9,081,526.15
Wenzhou Oumao Real Estate Co., Ltd.	161,134,290.00	2.24	8,056,714.50
<b>Total</b>	<b>1,351,130,593.63</b>	<b>18.75</b>	<b>90,020,147.16</b>

**14.3 Receivables financing**  
**Breakdown of receivables financing**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Notes receivable	24,159,690.00	486,110,237.72
Accounts receivable		
Less: changes in fair value		13,345,657.09
<b>Total</b>	<b>24,159,690.00</b>	<b>472,764,580.63</b>

**14.4 Other receivables**

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Interest receivable		
Dividends receivable	235,337,705.35	244,247,450.17
Other receivables	10,808,081,322.55	7,499,393,312.87
<b>Total</b>	<b>11,043,419,027.90</b>	<b>7,743,640,763.04</b>

**14.4.1 Dividends receivable**

(1) Breakdown of dividends receivable

Item (or investee)	Balance as at December 31, 2021	Balance as at December 31, 2020
SCG Jiangxi Jiulonghu Municipal Engineering Design Co., Ltd.	4,506,000.00	4,506,000.00
Huzhou Xinkaiyuan Detritus Co., Ltd.	182,160,839.50	182,160,839.50
SCG Nanchang Qianhu Construction Co., Ltd.	31,386,000.00	31,386,000.00
SCG Yibin Cuiping Construction Co., Ltd.	4,084,610.67	4,084,610.67
Shanghai Jiangong Jianheng Equity Funds Investment Partnership (Limited Partnership)	10,010,000.00	22,110,000.00
SCG Wuxi Yanghu Road Construction Management Co., Ltd.	3,190,255.18	
Sub-total	235,337,705.35	244,247,450.17
Less: provision for bad debts		
<b>Total</b>	<b>235,337,705.35</b>	<b>244,247,450.17</b>

**14.4.2 Other receivables**

(1) Disclosure by aging

Aging	Balance as at December 31, 2021	Balance as at December 31, 2020
Within 1 year	5,347,446,350.91	6,712,892,472.92
1 - 2 years	5,037,604,665.80	690,567,197.21
2 - 3 years	364,522,477.95	123,621,219.00
3 - 4 years	95,154,997.63	18,647,640.07
4 - 5 years	3,740,330.66	5,593,400.00
Over 5 years	2,127,112.00	150,000.00
Sub-total	10,850,595,934.95	7,551,471,929.20
Less: provision for bad debts	42,514,612.40	52,078,616.33
<b>Total</b>	<b>10,808,081,322.55</b>	<b>7,499,393,312.87</b>

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(2) Disclosure under the methods of provision for bad debts by category

Category	Balance as at December 31, 2021					Balance as at December 31, 2020				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis										
Provision for bad debts accrued on a portfolio basis	10,850,595,934.95	100.00	42,514,612.40	0.39	10,808,081,322.55	7,551,471,929.20	100.00	52,078,616.33	0.69	7,499,393,312.87
Including:										
Aging portfolio	850,292,247.70	7.84	42,514,612.40	5.00	807,777,635.30	1,041,458,970.81	13.79	52,070,741.33	5.00	989,388,229.48
Current accounts with related parties within shares	10,000,303,687.25	92.16			10,000,303,687.25	6,509,855,458.39	86.21			6,509,855,458.39
Deposits and margin						157,500.00		7,875.00	5.00	149,625.00
<b>Total</b>	<b>10,850,595,934.95</b>	<b>100.00</b>	<b>42,514,612.40</b>		<b>10,808,081,322.55</b>	<b>7,551,471,929.20</b>	<b>100.00</b>	<b>52,078,616.33</b>		<b>7,499,393,312.87</b>

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(3) Provision for bad debts				
Provision for bad debts	Phase I	Phase II	Phase III	Total
	Expected credit loss in future 12 months	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (without credit impairment)	
Balance as at December 31, 2020	52,078,616.33			52,078,616.33
In 2021, balance as at December 31, 2020				
-- Transferred in phase II				
-- Transferred in phase III				
-- Reversal from phase II				
-- Reversal from phase I				
Provision in 2021	-9,564,003.93			-9,564,003.93
Reversal in 2021				
Write-off in 2021				
Charge-off in 2021				
Other changes				
Balance as at December 31, 2021	42,514,612.40			42,514,612.40

(4) Provision, reversal or recovery of provision for bad debts in 2021

Category	Balance as at December 31, 2020	Changes in 2021			Balance as at December 31, 2021
		Provision	Recovery or reversal	Write-off or charge off	
Provision for bad debts of other receivables	52,078,616.33	-9,564,003.93			42,514,612.40

(5) There was no actual write-off of other receivables in 2021.

(6) Classification of other receivables by the nature of payment

Nature of payment	Book balance as at December 31, 2021	Book balance as at December 31, 2020
Receivables from the collective funds management		
Current accounts among enterprises	10,319,857,426.34	6,776,948,309.39

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Nature of payment	Book balance as at December 31, 2021	Book balance as at December 31, 2020
Security deposit, etc.	473,355,681.92	730,816,170.84
Others	57,382,826.69	43,707,448.97
<b>Total</b>	<b>10,850,595,934.95</b>	<b>7,551,471,929.20</b>

(7) Top 5 of other receivables as at December 31, 2021 presented by debtor

Entity name	Nature of payment	Balance as at December 31, 2021	Aging	Proportion in the total ending balance of other receivables (%)	Ending balance of provision for bad debts
Tianjin Housing Construction Development Group Co., Ltd.	Current accounts among related parties	6,523,285,702.72	Within 2 years	60.12	
SCG Yibin Cuiping Construction Co., Ltd.	Current accounts among related parties	804,830,000.00	Within 1 year	7.42	
SCG Meishan Engineering Construction Co., Ltd.	Current accounts among related parties	332,000,000.00	Within 1 year	3.06	
SCG Investment Co., Ltd.	Current accounts among related parties	320,000,000.00	Within 1 year	2.95	
SCG Changzhou Wujin Viaduct Construction Co., Ltd.	Current accounts among related parties	307,146,025.20	1 - 2 years	2.83	
<b>Total</b>		<b>8,287,261,727.92</b>		<b>76.38</b>	

14.5 Long-term equity investments

Item	Balance as at December 31, 2021			Balance as at December 31, 2020		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	30,525,387,619.15		30,525,387,619.15	26,654,170,219.15		26,654,170,219.15
Investments in associates and joint ventures	1,857,549,812.72		1,857,549,812.72	1,852,805,670.53		1,852,805,670.53
<b>Total</b>	<b>32,382,937,431.87</b>		<b>32,382,937,431.87</b>	<b>28,506,975,889.68</b>		<b>28,506,975,889.68</b>

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**14.5.1 Investments in subsidiaries**

Investee	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021	Provision in 2021 Provision for impairment	Provision for impairment Balance as at December 31, 2021
Shanghai Construction No.1 (Group) Co., Ltd.	1,000,000,000.00			1,000,000,000.00		
Shanghai Construction No.2 (Group) Co., Ltd.	1,000,000,000.00			1,000,000,000.00		
Shanghai Construction No.4 (Group) Co., Ltd.	1,112,642,250.98			1,112,642,250.98		
Shanghai Construction No.5 (Group) Co., Ltd.	1,000,000,000.00			1,000,000,000.00		
Shanghai Construction No. 7 (Group) Co., Ltd.	1,000,000,000.00			1,000,000,000.00		
Shanghai Building Decoration Engineering Group Co., Ltd.	400,000,000.00			400,000,000.00		
Shanghai Construction Design and Research General Institute Co., Ltd.	147,500,000.00			147,500,000.00		
Shanghai Construction Real Estate Co., Ltd.	1,241,019,533.97			1,241,019,533.97		
Shanghai Installation Engineering Group Co., Ltd.	546,782,623.08			546,782,623.08		
Shanghai Mechanized Construction Group Co., Ltd.	615,085,073.89	200,000,000.00		815,085,073.89		
Shanghai Foundation Engineering Group Co., Ltd.	462,013,442.48			462,013,442.48		
Shanghai Construction	1,231,128,715.02			1,231,128,715.02		

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Investee	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021	Provision in 2021 Provision for impairment	Provision for impairment Balance as at December 31, 2021
Building Materials Technology Group Co., Ltd.						
Shanghai Garden (Group) Co., Ltd.	612,193,782.45			612,193,782.45		
Shanghai Huadong Construction Machinery Factory Co., Ltd.	321,984,504.14			321,984,504.14		
Shanghai Construction Wuxi Co., Ltd.	1,000,000.00		1,000,000.00			
SCG Changzhou Wujin Zhongwu Road Construction Co., Ltd.	1,000,000.00			1,000,000.00		
SCG Changzhou Wujin Viaduct Construction Co., Ltd.	400,000,000.00			400,000,000.00		
SCG Dalian Construction Engineering Co., Ltd.	6,000,000.00			6,000,000.00		
Shanghai Municipal Engineering Design Institute (Group) Co., Ltd.	1,322,980,428.40			1,322,980,428.40		
SFECO Group Holding Co., Ltd.	424,883,645.48			424,883,645.48		
SCG Wuxi Yanghu Road Construction Management Co., Ltd.	100,500,000.00		100,500,000.00			
SCG Kunshan Middle-ring Road Construction Co., Ltd.	315,000,000.00			315,000,000.00		

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Investee	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021	Provision in 2021 Provision for impairment	Provision for impairment Balance as at December 31, 2021
SCG Wuxi Beizhong Road Construction and Administration Co., Ltd.	6,000,000.00			6,000,000.00		
SCG America Group Inc.	118,908,400.00			118,908,400.00		
Zhuhai Shenhai Construction Engineering Co., Ltd.	6,000,000.00			6,000,000.00		
SCG Jiangxi Jiulonghu Municipal Engineering Design Co., Ltd.	42,000,000.00			42,000,000.00		
SCG Taizhou Tianxu Line Construction Co., Ltd.	180,000,000.00		174,000,000.00	6,000,000.00		
SCG Overseas Holdings Co., Ltd.	997,616.00			997,616.00		
SCG (Canada) Co., Ltd.	583,918.24			583,918.24		
Shanghai International Tourism Resort Engineering Construction Co., Ltd.	86,359,052.35			86,359,052.35		
SCG Changzhou Wujin Jinwu Road Construction Co., Ltd.	126,000,000.00			126,000,000.00		
SCG Nanchang Qianhu Construction Co., Ltd.	403,800,000.00			403,800,000.00		
Shanghai SINKO Air Conditioning Equipment Co., Ltd.	182,999,238.17			182,999,238.17		
Shanghai Construction (Jiangsu) Steel Structure	698,500,750.00			698,500,750.00		

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Co., Ltd.						
SCG Equipment Engineering Co., Ltd.	18,250,348.23			18,250,348.23		
SCG Yibin Daxikou Construction Co., Ltd.	6,000,000.00			6,000,000.00		
SCG Investment Co., Ltd.	3,038,076,145.82			3,038,076,145.82		
SCG (Caribbean) Co., Ltd.	6,361,300.00			6,361,300.00		
Shanghai Shang'an Property Management Co., Ltd.	14,854,846.87			14,854,846.87		
SCG (Cambodia) Co., Ltd.	6,691,300.00			6,691,300.00		
SCG E-commerce Co., Ltd.	100,000,000.00			100,000,000.00		
Shanghai Machinery Complete Equipment (Group) Corp., Ltd.	234,779,239.64			234,779,239.64		
SCG Wenzhou Oujiangkou Construction Co., Ltd.	152,293,355.12			152,293,355.12		
SCG Wenzhou Qidu Bridge Construction Co., Ltd.	475,000,000.00			475,000,000.00		
SCG Chengdu Construction Engineering Co., Ltd.	98,000,000.00			98,000,000.00		
SCG Meishan Construction Engineering	909,200,000.00			909,200,000.00		

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Co., Ltd.						
Sihui Huijian Road Reconstruction Construction Development Co., Ltd.	341,962,000.00			341,962,000.00		
Zhaoqing Huijian Railway Station Complex Construction Development Co., Ltd.	434,818,440.00			434,818,440.00		
Shanghai Municipal Precast Technology Development Co., Ltd.	30,000,000.00			30,000,000.00		
Changzhou Jintan Maoshan Traveling Road Construction Co., Ltd.	465,500,000.00			465,500,000.00		
Jining Fenghuangtai Construction Co., Ltd.	64,483,200.00			64,483,200.00		
Shanghai Heyu Intellectual Property Agency Co., Ltd.	500,000.00			500,000.00		
SCG Yiyun Technology Co., Ltd.	9,834,144.91			9,834,144.91		
Shanghai Minchuan Sports Development Co., Ltd.	51,444,008.00			51,444,008.00		
SCG Yibin Cuiping Construction Co., Ltd.	10,118,554.30			10,118,554.30		
Huzhou Zhili Cultural and Sports Center Construction	94,500,000.00	64,222,200.00		158,722,200.00		

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Investee	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021	Provision in 2021 Provision for impairment	Provision for impairment Balance as at December 31, 2021
Development Co., Ltd.						
Rizhao Hujian Urban Development and Construction Co., Ltd.	126,000,000.00	91,816,200.00		217,816,200.00		
SCG Wenzhou Oujiangkou Traffic Engineering Construction Co., Ltd.	389,500,000.00			389,500,000.00		
Zhuhai Jinwan District Jianjin Ecological City Construction Co., Ltd.	232,333,600.00			232,333,600.00		
SCG (Zhejiang) Water Conservancy and Hydropower Construction Co., Ltd.	251,000,000.00			251,000,000.00		
Shanghai Construction Jiulong Real Estate Co., Ltd.	3,356,697,874.20	2,988,000,000.00		6,344,697,874.20		
Tianjin Housing Construction Development Group Co., Ltd.	76,108,887.41			76,108,887.41		
Qingdao Rail Transit Park Hujian Investment Development Co., Ltd.	540,000,000.00			540,000,000.00		
Hainan Hujian Construction Co., Ltd.	6,000,000.00	6,000,000.00		12,000,000.00		
Shanghai Yueheng Construction Development Co., Ltd.		1,000,000.00		1,000,000.00		

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Investee	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021	Provision in 2021 Provision for impairment	Provision for impairment Balance as at December 31, 2021
Shanghai Jianxie Vocational Skills Training Co., Ltd.		1,000,000.00		1,000,000.00		
SCG (Hainan) Investment Co., Ltd.		35,000,000.00		35,000,000.00		
SCG Environmental Technology Co., Ltd.		383,800,000.00		383,800,000.00		
Shanghai Zhongcheng Financial Leasing Co., Ltd.		341,599,000.00		341,599,000.00		
Xiamen Shangjian Construction Group Co., Ltd.		14,280,000.00		14,280,000.00		
Shanghai Construction Smart Construction Co., Ltd.		20,000,000.00		20,000,000.00		
<b>Total</b>	<b>26,654,170,219.15</b>	<b>4,146,717,400.00</b>	<b>275,500,000.00</b>	<b>30,525,387,619.15</b>		

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14.5.2 Investments in associates and joint ventures

Investee	Balance as at December 31, 2020	Increase or decrease in 2021								Balance as at December 31, 2021	Balance of provision for impairment as at December 31, 2021	
		Additional investment	Decrease in investments	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Other changes in equity	Cash dividends or profits declared to be distributed	Provision for impairment	Others			
<b>Associates</b>												
Hangzhou Fuyang Qinwang Construction Development Co., Ltd.	306,821,049.08	21,000,000.00		-4,572,315.72						-40,475,766.30	282,772,967.06	
Ningbo Tower Construction Development Co., Ltd.	423,965,992.26	40,000,000.00		-1,257,745.10							462,708,247.16	
Shanghai MBT&SCG High-Tech Construction Chemical Co., Ltd.	21,223,126.35			2,564,742.35							23,787,868.70	
Beijing Diaoyutai Decoration Engineering Co., Ltd.	12,896,283.07			-1,921,036.20							10,975,246.87	
Hangzhou Hujian Urban Development and Construction Co., Ltd.	1,069,738,352.19			22,206,525.13						-36,669,258.48	1,055,275,618.84	
Zhejiang Shangjia Construction Co., Ltd.	18,160,867.58			3,868,996.51							22,029,864.09	
<b>Total</b>	<b>1,852,805,670.53</b>	<b>61,000,000.00</b>		<b>20,889,166.97</b>						<b>-77,145,024.78</b>	<b>1,857,549,812.72</b>	

**14.6 Operating revenue and operating costs**

**14.6.1 Operating revenue and operating costs**

Item	Year 2021		Year 2020	
	Revenue	Cost	Revenue	Cost
Primary business	53,233,568,232.72	51,310,252,711.36	43,702,803,094.87	42,479,088,746.26
Other businesses	783,222,575.93	27,259,195.87	453,125,882.48	28,694,171.57
Total	54,016,790,808.65	51,337,511,907.23	44,155,928,977.35	42,507,782,917.83

Breakdown of operating revenue:

Item	Year 2021	Year 2020
Revenue from customer contracts	54,001,898,205.04	44,143,794,414.43
Lease revenue	14,892,603.61	12,134,562.92
Total	54,016,790,808.65	44,155,928,977.35

**14.6.2 Revenue from contracts**

Contract classification	Year 2021
Classified by commodity or business type	
Building, contracting, design, construction	53,990,658,062.03
Project management consulting, labor dispatching and other services	11,240,143.01
Classified by operating region:	
Chinese Mainland	52,490,432,699.10
Other countries and regions	1,511,465,505.94
Total	54,001,898,205.04
Classified by the time of commodity transfer:	
Recognition at a certain time point	11,240,143.01
Recognition within a certain time period	53,990,658,062.03

**14.7 Investment income**

Item	Year 2021	Year 2020
Long-term equity investment income calculated under the cost method	2,084,064,869.07	3,347,548,657.03
Long-term equity investment income calculated under the equity method	20,889,166.97	-17,097,214.51
Investment income from trading financial assets during the holding period	33,380,752.00	20,028,451.20
Investment income from disposal of financial assets held for trading	97,001,226.31	
Interest revenue from creditor's right investment during the holding period	3,000,000.00	131,506.85
Investment income from other non-current financial assets during the holding period	124,385,675.90	22,110,000.00
Total	2,362,721,690.25	3,372,721,400.57

15 Supplementary information

15.1 Breakdown of non-recurring profits or losses in 2021

Item	Amount
Profit or loss from disposal of non-current assets	65,116,152.34
Tax returns, deduction and exemption approved beyond the authority or without official approval documents	
Government grants included in the current profit or loss (except for government grants closely related to the enterprise business, obtained by quota or quantity at unified state standards)	558,465,815.01
Expenses for using funds charged from non-financial enterprises and included in the current profit or loss	
Gains from the difference between the investment costs of acquisition of subsidiaries, associates and joint ventures and share in the net fair value of the identifiable assets of the investee when investing	235,830.69
Profit or loss on exchange of non-monetary assets	
Profits or losses from the assets which are invested or managed by others entrusted	
Provision of asset impairment made due to force majeure, such as natural disasters	
Profits or losses from debt restructuring	
Enterprise restructuring expenses, such as expenditures for employee allocation and integration expenses, etc.	
Profits or losses exceeding the fair value generated from the transaction with the unfair transaction price	
Current net profit or loss of the subsidiaries from enterprise merger under the same control from the beginning of the period to the merger date	
Profit or loss on contingent matter irrelevant to normal business operation of the Company	
Profit or loss from changes in fair values of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities as well as the investment income obtained from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other creditor's right investments, except for effective hedging operations associated with the Company's normal operations	518,404,813.30
Reversal of provision for impairment of receivables and contract assets subject to separate impairment test	42,646,778.47
Profit or loss on external entrusted loans	
Profit or loss on changes in fair value of investment property subsequently measured by adopting the fair value mode	
Effect on current profit or loss due to one-off adjustment thereto in accordance with the requirements of laws and regulations regarding taxation or accounting	
Income from trustee fees charged for entrusted operation	
Non-operating revenue and expenses other than the above-mentioned items	90,044,975.96
Other items of profit or loss subject to the definition of non-recurring profit or loss	
Sub-total	1,274,914,365.77
Affected amount of income tax	-252,295,469.87
Affected amount of minority equity (after tax)	-20,229,421.39
Total	1,002,389,474.51

**15.1.1 Return on net assets and earnings per share**

Profit in the reporting period	Return on weighted average net assets (%)	Earnings per share (RMB/share)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	11.09	0.36	0.36
Net profit attributable to ordinary shareholders of the Company after deducting the non-recurring profit or loss	7.78	0.25	0.25

Shanghai Construction Group Co., Ltd.

April 15, 2022