



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

**AUDITOR'S REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

**ENGLISH TRANSLATION OF AUDITOR'S  
REPORT AND FINANCIAL STATEMENTS FOR  
THE YEAR ENDED DECEMBER 31, 2022**

**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, 2022 to December 31, 2022)

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## Auditor's Report

(English Translation for Reference Only)

Xin Kuai Shi Bao Zi [2023] No. ZA11295

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, 2022, 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, 2022 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:

Key Audit Matters	How these matters were addressed in the audit
<b>1. Recognition of revenue from engineering contracting contracts</b>	
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. 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>(1) Evaluating effectiveness of 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) Examining 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 through 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>
<b>2. Impairment of accounts receivable and contract assets</b>	
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. 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>(1) Evaluating effectiveness of internal controls 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 2022 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.

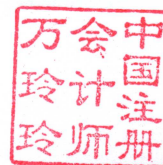
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

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)**  
**Wan Lingling**



**Certified Public Accountant of China:**  
**Xiang Qi**



**Shanghai, China**

**April 17, 2023**



**Shanghai Construction Group Co., Ltd.**  
**Consolidated Balance Sheet**  
**As at December 31, 2022**  
**(Amounts are expressed in RMB unless otherwise stated)**  
**(English Translation for Reference Only)**

Assets	Note 5	Balance as at December 31, 2022	Balance as at December 31, 2021
Current assets:			
Monetary funds	5.1	88,644,536,895.30	84,152,697,648.17
Balances with clearing companies			
Loans to banks and other financial institutions			
Financial assets held for trading	5.2	1,614,029,125.31	2,263,816,877.90
Derivative financial assets			
Notes receivable	5.3	1,791,332,388.08	4,738,842,105.50
Accounts receivable	5.4	62,489,426,256.46	55,206,089,920.02
Receivables financing	5.5	591,561,489.37	544,084,651.46
Advances to suppliers	5.6	2,278,283,944.98	2,974,992,711.69
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	5.7	6,792,082,490.53	6,535,220,034.44
Financial assets purchased under resale agreements			
Inventories	5.8	64,849,152,877.12	69,747,686,012.27
Contract assets	5.9	47,566,648,595.87	43,785,782,750.15
Assets held for sale			
Non-current assets maturing within one year	5.10	1,783,426,752.87	1,517,872,626.75
Other current assets	5.11	3,796,119,116.25	4,143,006,304.01
<b>Total current assets</b>		<b>282,196,599,932.14</b>	<b>275,610,091,642.36</b>
Non-current assets:			
Disbursement of loans and advances			
Creditor's right investment	5.12	149,720,927.33	143,300,744.00
Other creditors' right investment			
Long-term receivables	5.13	20,074,980,314.15	18,799,690,876.56
Long-term equity investments	5.14	8,476,140,941.34	5,912,374,810.22
Other equity instrument investments	5.15	610,363,553.59	592,277,031.69
Other non-current financial assets	5.16	3,735,876,565.32	4,538,853,316.57
Investment properties	5.17	4,366,791,532.02	4,943,230,544.93
Fixed assets	5.18	8,676,066,146.42	8,374,336,786.94
Construction in progress	5.19	1,072,957,620.49	1,276,365,631.04
Productive biological assets			
Oil and gas assets			
Right-of-use assets	5.20	3,023,924,238.23	2,624,071,285.91
Intangible assets	5.21	3,966,711,350.35	2,762,560,006.08
Development expenses			
Goodwill	5.22	467,570,230.79	525,389,096.97
Long-term deferred expenses	5.23	497,833,297.61	513,462,007.73
Deferred income tax assets	5.24	1,610,574,123.84	1,201,071,800.39
Other non-current assets	5.25	27,877,508,319.62	25,948,816,180.34
<b>Total non-current assets</b>		<b>84,607,019,161.10</b>	<b>78,155,800,119.37</b>
<b>Total assets</b>		<b>366,803,619,093.24</b>	<b>353,765,891,761.73</b>

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

Company's Principal:

Accounting Principal:

Head of the Accounting Department:

**Shanghai Construction Group Co., Ltd.**  
**Consolidated Balance Sheet (Continued)**  
**As at December 31, 2022**  
**(Amounts are expressed in RMB unless otherwise stated)**  
**(English Translation for Reference Only)**

Liability and the owners' equity	Note 5	Balance as at December 31, 2022	Balance as at December 31, 2021
<b>Current liabilities:</b>			
Short-term borrowings	5.26	9,988,399,240.61	8,603,591,272.23
Borrowings from central bank			
Loans from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	5.27	13,410,040,352.39	13,521,172,982.20
Accounts payable	5.28	156,860,959,347.52	143,840,277,508.03
Advances from customers	5.29	37,355,167.13	31,328,111.61
Contract liabilities	5.30	30,018,686,280.55	36,543,512,682.60
Funds from sales of financial assets under repurchase agreement			
Absorption of deposits and interbank deposits			
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Employee compensation payable	5.31	1,156,199,872.44	1,301,329,075.00
Taxes and surcharges payable	5.32	5,381,684,167.17	5,574,399,388.54
Other payables	5.33	18,860,851,723.74	16,341,304,000.02
Handling fee and commission payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities maturing within one year	5.34	11,683,006,740.32	14,531,448,756.17
Other current liabilities	5.35	1,054,837,530.32	1,213,335,226.84
<b>Total current liabilities</b>		248,452,020,422.19	241,501,699,003.24
<b>Non-current liabilities:</b>			
Reserves for insurance contracts			
Long-term borrowings	5.36	56,613,007,475.56	50,177,481,309.30
Bonds payable	5.37	6,160,776,653.36	5,802,550,468.24
Including: preferred stock			
Perpetual bonds			
Lease liabilities	5.38	2,419,878,872.44	2,002,273,057.15
Long-term payables	5.39	1,183,507,903.86	1,698,245,308.82
Long-term employee compensation payable	5.40	249,509,145.00	274,171,812.00
Estimated liabilities	5.41	50,934,954.39	14,262,465.05
Deferred income	5.42	138,271,405.21	122,801,652.41
Deferred income tax liabilities	5.24	455,659,560.04	605,351,186.66
Other non-current liabilities			
<b>Total non-current liabilities</b>		67,271,545,969.86	60,697,137,259.63
<b>Total liabilities</b>		315,723,566,392.05	302,198,836,262.87
<b>Owners' equity:</b>			
Share capital	5.43	8,904,397,728.00	8,904,397,728.00
Other equity instruments	5.44	10,500,000,000.00	10,500,000,000.00
Including: preferred stock			
Perpetual bonds		10,500,000,000.00	10,500,000,000.00
Capital reserves	5.45	2,791,426,196.65	2,882,236,040.95
Less: treasury stock	5.46	63,704,768.29	63,704,768.29
Other comprehensive income	5.47	-119,528,457.39	-123,911,520.27
Special reserves	5.48	10,839,668.60	8,637,748.43
Surplus reserves	5.49	2,427,202,402.86	2,176,200,969.54
General risk reserves			
Undistributed profits	5.50	16,004,618,761.18	16,677,709,479.48
Total equity attributable to owners of the Company		40,455,251,531.61	40,961,565,677.84
Minority equity		10,624,801,169.58	10,605,489,821.02
<b>Total owners' equity</b>		51,080,052,701.19	51,567,055,498.86
<b>Total liabilities and owners' equity</b>		366,803,619,093.24	353,765,891,761.73

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

Company's Principal:

Accounting Principal:

Head of the Accounting Department:

**Shanghai Construction Group Co., Ltd.**  
**Company's Balance Sheet**  
**As at December 31, 2022**  
**(Amounts are expressed in RMB unless otherwise stated)**  
**(English Translation for Reference Only)**

Assets	Note 14	Balance as at December 31, 2022	Balance as at December 31, 2021
Current assets:			
Monetary funds		21,830,346,386.35	16,238,272,165.00
Financial assets held for trading		652,153,930.98	1,075,251,559.58
Derivative financial assets			
Notes receivable	14.1	69,835,507.70	284,092,300.60
Accounts receivable	14.2	5,886,869,703.83	6,596,469,999.37
Receivables financing	14.3	14,640,000.00	24,159,690.00
Advances to suppliers		650,133,553.53	681,606,720.32
Other receivables	14.4	15,749,037,373.42	11,043,419,027.90
Inventories		621,436,314.68	803,336,773.59
Contract assets		9,476,017,623.70	9,908,108,566.27
Assets held for sale			
Non-current assets maturing within one year			
Other current assets		2,369,368,501.51	6,173,062,778.14
<b>Total current assets</b>		<b>57,319,838,895.70</b>	<b>52,827,779,580.77</b>
Non-current assets:			
Creditor's right investment		50,000,000.00	50,000,000.00
Other creditors' right investment			
Long-term receivables			
Long-term equity investments	14.5	36,577,863,850.54	32,382,937,431.87
Other equity instrument investments		633,997,164.66	628,841,740.60
Other non-current financial assets		4,868,657,042.51	5,350,647,526.46
Investment properties		35,370,934.87	37,197,353.59
Fixed assets		924,619,098.25	842,743,621.69
Construction in progress		43,859,778.97	156,691,047.69
Productive biological assets			
Oil and gas assets			
Right-of-use assets		42,309,154.00	91,418,710.98
Intangible assets		24,171,318.44	24,859,370.78
Development expenses			
Goodwill			
Long-term deferred expenses		1,040,047.96	
Deferred income tax assets		107,340,534.52	5,184,502.20
Other non-current assets		3,010,131,499.56	2,506,083,031.15
<b>Total non-current assets</b>		<b>46,319,360,424.28</b>	<b>42,076,604,337.01</b>
<b>Total assets</b>		<b>103,639,199,319.98</b>	<b>94,904,383,917.78</b>

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

Company's Principal:

Accounting Principal:

Head of the Accounting Department:



**Shanghai Construction Group Co., Ltd.**  
**Company's Balance Sheet (Continued)**  
**As at December 31, 2022**  
**(Amounts are expressed in RMB unless otherwise stated)**  
**(English Translation for Reference Only)**

Liabilities and owners' equity	Note 14	Balance as at December 31, 2022	Balance as at December 31, 2021
Current liabilities:			
Short-term borrowings		3,436,625,889.62	2,791,777,836.21
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable		274,051.00	800,000.00
Accounts payable		28,022,346,352.45	24,604,888,277.01
Advances from customers		9,755,442.86	1,742,976.19
Contract liabilities		7,291,968,059.32	6,424,112,745.09
Employee compensation payable		14,928,761.95	23,113,344.37
Taxes and surcharges payable		168,384,222.99	310,214,213.03
Other payables		15,841,509,248.17	15,117,202,756.70
Liabilities held for sale			
Non-current liabilities maturing within one year		2,243,509,457.52	261,041,372.35
Other current liabilities		4,772,429.49	2,203,851.04
<b>Total current liabilities</b>		<b>57,034,073,915.37</b>	<b>49,537,097,371.99</b>
Non-current liabilities:			
Long-term borrowings		12,579,234,000.00	12,092,710,000.00
Bonds payable		2,000,000,000.00	2,000,000,000.00
Including: preferred stock			
Perpetual bonds			
Lease liabilities		27,939,921.06	38,199,014.22
Long-term payables			
Long-term employee compensation payable			
Estimated liabilities			
Deferred income		10,370,002.66	9,102,528.77
Deferred income tax liabilities			
Other non-current liabilities			
<b>Total non-current liabilities</b>		<b>14,617,543,923.72</b>	<b>14,140,011,542.99</b>
<b>Total liabilities</b>		<b>71,651,617,839.09</b>	<b>63,677,108,914.98</b>
Owners' equity:			
Share capital		8,904,397,728.00	8,904,397,728.00
Other equity instruments		10,500,000,000.00	10,500,000,000.00
Including: preferred stock			
Perpetual bonds		10,500,000,000.00	10,500,000,000.00
Capital reserves		3,841,541,049.61	3,841,541,049.61
Less: treasury stock		63,704,768.29	63,704,768.29
Other comprehensive income		-52,963,097.46	-81,029,491.35
Special reserves			
Surplus reserves		2,415,721,642.29	2,164,720,208.97
Undistributed profits		6,442,588,926.74	5,961,350,275.86
<b>Total owners' equity</b>		<b>31,987,581,480.89</b>	<b>31,227,275,002.80</b>
<b>Total liabilities and owners' equity</b>		<b>103,639,199,319.98</b>	<b>94,904,383,917.78</b>

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

Company's Principal:

Accounting Principal:

Head of the Accounting Department:

**Shanghai Construction Group Co., Ltd.**  
**Consolidated Income Statement**  
**For the Year Ended December 31, 2022**  
**(Amounts are expressed in RMB unless otherwise stated)**  
**(English Translation for Reference Only)**

Item	Note 5	Year 2022	Year 2021
I. Total operating revenue		286,036,614,659.88	281,055,468,024.64
Including: operating revenue	5.51	286,036,614,659.88	281,055,468,024.64
Interest income			
Earned premiums			
Income from handling charges and commissions			
II. Total operating costs		282,107,414,552.72	275,960,182,821.70
Including: operating cost	5.51	260,168,281,945.90	254,556,984,024.00
Interest expenses			
Handling charges and commissions expenses:			
Surrender value			
Net amount of compensation payout			
Net amount withdrawn for insurance liability reserves			
Policy dividend expenses			
Cession charges			
Taxes and surcharges	5.52	1,197,198,435.22	1,132,375,032.62
Selling and distribution expenses	5.53	791,671,037.77	838,834,236.28
General and administrative expenses	5.54	7,040,072,489.15	7,049,776,634.34
Research and development expenses	5.55	10,184,863,109.02	9,892,811,527.29
Financial expenses	5.56	2,725,327,535.66	2,489,401,367.17
Including: interest expenses		3,466,138,738.57	3,068,270,513.68
Interest income		790,675,903.43	777,846,186.98
Plus: other income	5.57	173,555,101.75	162,706,977.51
Investment income ("-" for losses)	5.58	1,029,941,022.10	1,668,037,107.97
Including: income from investment in associates and joint ventures		-17,975,122.90	50,510,074.73
Gains from derecognition of financial assets measured at amortized cost			
Income from foreign exchange ("-" for losses)			
Income from net exposure hedging ("-" for losses)			
Gains from changes in fair value ("-" for losses)	5.59	-876,949,926.28	388,187,494.51
Losses from credit impairment ("-" for losses)	5.60	-1,610,623,264.99	-1,527,536,791.12
Losses from impairment of assets ("-" for losses)	5.61	-837,773,864.60	-1,070,186,330.41
Gains from disposal of assets ("-" for losses)	5.62	23,840,174.69	81,924,052.03
III. Operating profits ("-" for losses)		1,831,189,349.83	4,798,417,713.43
Plus: non-operating revenue	5.63	543,282,047.46	568,312,128.67
Less: non-operating expenses	5.64	103,400,476.51	83,507,690.50
IV. Total profits ("-" for total losses)		2,271,070,920.78	5,283,222,151.60
Less: income tax expenses	5.65	591,035,348.70	1,235,127,433.72
V. Net profit ("-" for net loss)		1,680,035,572.08	4,048,094,717.88
(I) Classified by operating sustainability			
1. Net profit from continued operation ("-" for net loss)		1,680,035,572.08	4,048,094,717.88
2. Net profit from discontinued operation ("-" for net loss)			
(II) Classified by ownership			
1. Net profit attributable to owners of the parent		1,355,684,964.02	3,768,771,949.40

Item	Note 5	Year 2022	Year 2021
2. Minority interest income ("-" for net loss)		324,350,608.06	279,322,768.48
VI. Other comprehensive income, net of tax		56,263,668.73	48,961,792.92
Other comprehensive income, net of tax attributable to owners of the Company		4,383,062.88	35,515,627.27
(I) Other comprehensive income that cannot be reclassified into profit or loss		43,063,419.77	-31,630,195.23
1. Changes in remeasurement of defined benefit plan		6,594,689.94	-6,635,693.75
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		36,468,729.83	-24,994,501.48
4. Changes in fair value of the Company's own credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss		-38,680,356.89	67,145,822.50
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 rights investment			
5. Cash flow hedging reserves			
6. Differences arising from translation of foreign-currency financial statements		-38,680,356.89	67,145,822.50
7. Others			
Other comprehensive income, net of tax attributable to minority shareholders		51,880,605.85	13,446,165.65
VII. Total comprehensive income		1,736,299,240.81	4,097,056,510.80
Total comprehensive income attributable to owners of the Company		1,360,068,026.90	3,804,287,576.67
Total comprehensive income attributable to minority shareholders		376,231,213.91	292,768,934.13
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	5.66	0.10	0.36
(II) Diluted earnings per share (RMB / Share)	5.66	0.10	0.36

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

Company's Principal:

Accounting Principal:

Head of the Accounting Department:



**Shanghai Construction Group Co., Ltd.**  
**Company's Income Statement**  
**For the Year Ended December 31, 2022**  
**(Amounts are expressed in RMB unless otherwise stated)**  
**(English Translation for Reference Only)**

Item	Note 14	Year 2022	Year 2021
I. Operating revenue	14.6	55,988,726,073.37	54,016,790,808.65
Less: operating costs	14.6	53,829,286,140.14	51,337,511,907.23
Taxes and surcharges		82,864,242.87	60,243,595.15
Selling and distribution expenses			
General and administrative expenses		606,321,273.29	626,780,891.73
Research and development expenses		688,147,231.15	693,072,914.96
Financial expenses		602,565,065.17	580,247,227.12
Including: interest expenses		797,754,343.06	717,245,460.01
Interest income		130,158,610.13	165,535,105.76
Plus: other income		12,686,273.10	13,828,162.28
Investment income ("- for losses)	14.7	2,608,615,716.34	2,362,721,690.25
Including: income from investment in associates and joint ventures		40,626,418.67	20,889,166.97
Gains from derecognition of financial assets measured at amortized cost			
Income from net exposure hedging ("- for losses)			
Gains from changes in fair value ("- for losses)		-414,197,408.49	235,951,353.48
Losses from credit impairment ("- for losses)		2,013,721.75	-298,096,193.79
Losses from impairment of assets ("- for losses)		6,243,992.28	-135,955,570.41
Gains from disposal of assets ("- for losses)		116,080.37	841,060.17
II. Operating profits ("- for losses)		2,395,020,496.10	2,898,224,774.44
Plus: non-operating revenue		41,884,817.30	57,943,182.51
Less: non-operating expenses		5,845,064.38	11,987,548.52
III. Total profits ("- for total losses)		2,431,060,249.02	2,944,180,408.43
Less: income tax expenses		-78,954,084.18	67,665,625.18
IV. Net profit ("- for net loss)		2,510,014,333.20	2,876,514,783.25
(I) Net profit from continued operation ("- for net loss)		2,510,014,333.20	2,876,514,783.25
(II) Net profit from discontinued operation ("- for net loss)			
V. Other comprehensive income, net of tax		28,066,393.89	10,434,919.48
(I) Other comprehensive income that cannot be reclassified into profit or loss		27,989,375.06	10,446,304.27
1. Changes in remeasurement of 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		27,989,375.06	10,446,304.27
4. Changes in fair value of the Company's own credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss		77,018.83	-11,384.79
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 rights investment			
5. Cash flow hedging reserves			
6. Differences arising from translation of foreign-currency financial statements		77,018.83	-11,384.79
7. Others			
VI. Total comprehensive income		2,538,080,727.09	2,886,949,702.73
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		0.23	0.26
(II) Diluted earnings per share (RMB / Share)		0.23	0.26

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

Company's Principal:

Accounting Principal:

Head of the Accounting Department:

**Shanghai Construction Group Co., Ltd.**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended December 31, 2022**  
**(Amounts are expressed in RMB unless otherwise stated)**  
**(English Translation for Reference Only)**

Item	Note 5	Year 2022	Year 2021
<b>I. Cash flows from operating activities</b>			
Cash received from sale of goods and rendering of services		269,185,863,858.35	276,394,233,939.89
Net increase in deposits from customers and deposits in banks and other financial institutions			
Net increase in borrowings from central banks			
Net increase in loans from other financial institutions			
Cash received from receiving insurance premium of original insurance contract			
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 received from vicariously traded securities			
Refunds of taxes and surcharges		730,151,690.68	37,322,695.71
Cash received from other operating activities	5.67	10,909,200,024.20	9,712,559,397.63
Sub-total of cash inflows from operating activities		280,825,215,573.23	286,144,116,033.23
Cash paid for goods purchased and services received		226,328,770,435.03	233,468,516,235.07
Net increase in loans and advances to customers			
Net increase in deposits with central bank and with banks and other 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		16,094,314,320.86	15,703,743,448.95
Cash paid for taxes and surcharges		7,452,202,082.91	6,466,073,919.01
Cash paid for other operating activities	5.67	21,992,424,591.85	20,137,445,009.89
Sub-total of cash outflows from operating activities		271,867,711,430.65	275,775,778,612.92
<b>Net cash flows from operating activities</b>		<b>8,957,504,142.58</b>	<b>10,368,337,420.31</b>
<b>II. Cash flows from investing activities</b>			
Cash received from disposal of investments		1,499,465,474.35	1,255,823,331.35
Cash received from returns on investments		115,981,577.50	491,179,081.21
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		69,038,808.51	81,249,091.99
Net cash received from disposal of subsidiaries and other business units		960,342,887.19	1,349,155,967.92
Cash received from other investing activities	5.67	4,628,137,663.67	5,063,710,412.06
Sub-total of cash inflows from investing activities		7,272,966,411.22	8,241,117,884.53
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		2,173,283,653.03	3,579,048,045.51
Cash paid for investment		3,247,271,349.63	2,168,030,308.39

Item	Note 5	Year 2022	Year 2021
Net increase in pledge loans			
Net cash paid to acquire subsidiaries and other business units		145,959,498.50	150,316,264.46
Cash paid for other investing activities	5.67	3,228,088,117.43	4,155,710,568.82
Sub-total of cash outflows from investing activities		8,794,602,618.59	10,053,105,187.18
<b>Net cash flows from investing activities</b>		-1,521,636,207.37	-1,811,987,302.65
<b>III. Cash flows from financing activities</b>			
Cash received from absorption of investments		105,723,946.00	4,123,024,000.00
Including: cash received by subsidiaries from investment by minority shareholders		105,723,946.00	4,123,024,000.00
Cash received from borrowings		28,905,220,428.09	36,867,304,044.13
Cash received from other financing activities	5.67		4,110.60
Sub-total of cash inflows from financing activities		29,010,944,374.09	40,990,332,154.73
Cash paid for debts repayments		25,571,341,848.89	35,778,096,276.21
Cash paid for distribution of dividends and profits or payment of interest		5,825,826,179.39	6,672,890,703.30
Including: dividends and profits paid to minority shareholders by subsidiaries		391,495,052.62	430,930,032.37
Cash paid for other financing activities	5.67	1,352,294,344.37	1,489,743,313.74
Sub-total of cash outflows from financing activities		32,749,462,372.65	43,940,730,293.25
<b>Net cash flows from financing activities</b>		-3,738,517,998.56	-2,950,398,138.52
<b>IV. Effect of fluctuation in exchange rate on cash and cash equivalents</b>		92,136,628.78	-27,579,476.28
<b>V. Net increase in cash and cash equivalents</b>		3,789,486,565.43	5,578,372,502.86
Plus: beginning balance of cash and cash equivalents		77,095,477,715.85	71,517,105,212.99
<b>VI. Ending balance of cash and cash equivalents</b>		80,884,964,281.28	77,095,477,715.85

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

Company's Principal:

Accounting Principal:

Head of the Accounting Department:



**Shanghai Construction Group Co., Ltd.**  
**Company's Statement of Cash Flows**  
**For the Year Ended December 31, 2022**  
**(Amounts are expressed in RMB unless otherwise stated)**  
**(English Translation for Reference Only)**

Item	Note 14	Year 2022	Year 2021
<b>I. Cash flows from operating activities</b>			
Cash received from sale of goods and rendering of services		61,465,346,336.09	52,544,722,129.75
Refunds of taxes and surcharges			
Cash received from other operating activities		5,004,792,755.48	6,416,011,564.69
Sub-total of cash inflows from operating activities		66,470,139,091.57	58,960,733,694.44
Cash paid for goods purchased and services received		52,737,919,400.22	49,853,678,482.07
Cash paid to and on behalf of employees		1,065,654,063.24	978,133,909.63
Cash paid for taxes and surcharges		661,937,246.01	312,554,858.88
Cash paid for other operating activities		9,673,726,877.38	8,789,951,420.77
Sub-total of cash outflows from operating activities		64,139,237,586.85	59,934,318,671.35
<b>Net cash flows from operating activities</b>		2,330,901,504.72	-973,584,976.91
<b>II. Cash flows from investing activities</b>			
Cash received from disposal of investments		1,186,640,542.69	895,593,102.77
Cash received from returns on investments		2,465,672,611.90	2,248,741,041.79
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		234,066.48	4,406,244.45
Net cash received from disposal of subsidiaries and other business units			
Other cash received from investing activities		4,450,475,312.55	8,358,507,147.24
Sub-total of cash inflows from investing activities		8,103,022,533.62	11,507,247,536.25
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		177,206,798.19	178,988,990.07
Cash paid for investment		5,087,235,119.70	7,178,861,697.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities		536,299,000.00	7,931,724,205.00
Sub-total of cash outflows from investing activities		5,800,740,917.89	15,289,574,892.07
<b>Net cash flows from investing activities</b>		2,302,281,615.73	-3,782,327,355.82
<b>III. Cash flows from financing activities</b>			
Cash received from absorption of investments			
Cash received from borrowings		4,055,941,507.08	17,699,610,000.00
Cash received from other financing activities			
Sub-total of cash inflows from financing activities		4,055,941,507.08	17,699,610,000.00
Cash paid for debts repayments		915,000,000.00	9,605,000,000.00
Cash paid for distribution of dividends and profits or payment of interest		2,544,023,526.33	2,488,728,537.50
Cash paid for other financing activities		79,973,450.49	86,318,384.45
Sub-total of cash outflows from financing activities		3,538,996,976.82	12,180,046,921.95
<b>Net cash flows from financing activities</b>		516,944,530.26	5,519,563,078.05
<b>IV. Effect of fluctuation in exchange rate on cash and cash equivalents</b>		-71,453,838.59	-15,563,480.17
<b>V. Net increase in cash and cash equivalents</b>		5,078,673,812.12	748,087,265.15
Plus: beginning balance of cash and cash equivalents		15,959,650,386.89	15,211,563,121.74
<b>VI. Ending balance of cash and cash equivalents</b>		21,038,324,199.01	15,959,650,386.89

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

Company's Principal:

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, 2022**  
**(Amounts are expressed in RMB unless otherwise stated)**  
**(English Translation for Reference Only)**

Item	Year 2022													
	Equity attributable to owners of the Company												Minority equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Sub-total		
		Preferred stock	Perpetual bond	Others										
I. 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
Plus: changes in accounting policies														
Correction of accounting errors in prior period														
Business combination under common control														
Others														
II. Balance as at January 1, 2022	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
III. Increases/decreases in 2022 ("-" for decreases)					-90,809,844.30		4,383,062.88	2,201,920.17	251,001,433.32		-673,090,718.30	-506,314,146.23	19,311,348.56	-487,002,797.67
(I) Total comprehensive income							4,383,062.88				1,355,684,964.02	1,360,068,026.90	376,231,213.91	1,736,299,240.81
(II) Capital contributed or reduced by owners					-90,809,844.30							-90,809,844.30	279,428,466.95	188,618,622.65
1. Common stock contributed by owners													4,065,248.77	4,065,248.77
2. Capital contributed by the holders of other equity instruments														
3. Amount of share-based payments recognized in owners' equity														
4. Others					-90,809,844.30							-90,809,844.30	275,363,218.18	184,553,373.88
(III) Profit distribution									251,001,433.32		-2,028,775,682.32	-1,777,774,249.00	-636,348,332.30	-2,414,122,581.30
1. Withdrawal of surplus reserves									251,001,433.32		-251,001,433.32			
2. Withdrawal of general risk reserve														
3. Profit distributed to owners (or shareholders)											-1,288,461,262.88	-1,288,461,262.88	-636,348,332.30	-1,924,809,595.18
4. Others											-489,312,986.12	-489,312,986.12		-489,312,986.12
(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)														

Item	Year 2022													
	Equity attributable to owners of the Company													Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Sub-total	Minority equity	
3. Losses offset by surplus reserves														
4. Carry-forward of changes in defined benefit plan to retained earnings														
5. Carry-forward of other comprehensive income for retained earnings														
6. Others														
(V) Special reserves								2,201,920.17				2,201,920.17		2,201,920.17
1. Amount withdrawn in 2022								4,494,993,376.05				4,494,993,376.05		4,494,993,376.05
2. Amount used in 2022								-4,492,791,455.88				-4,492,791,455.88		-4,492,791,455.88
(VI) Others														
IV. Balance as at December 31, 2022	8,904,397,728.00		10,500,000,000.00		2,791,426,196.65	63,704,768.29	-119,528,457.39	10,839,668.60	2,427,202,402.86		16,004,618,761.18	40,455,251,531.61	10,624,801,169.58	51,080,052,701.19

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

Company's Principal:

Accounting Principal:

Head of Accounting Department:

**Shanghai Construction Group Co., Ltd.**  
**Consolidated Statement of Changes in Owners' Equity (Continued)**  
**For the Year Ended December 31, 2022**  
**(Amounts are expressed in RMB unless otherwise stated)**  
**(English Translation for Reference Only)**

Item	Year 2021													
	Equity attributable to owners of the Company												Minority equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Sub-total		
		Preferred stock	Perpetual bond	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. Amount 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			
2. Withdrawal of general risk reserve														

Item	Year 2021													
	Equity attributable to owners of the Company												Minority equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Sub-total		
		Preferred stock	Perpetual bond	Others										
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							87,001.08				-87,001.08			
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. Losses offset by surplus reserves														
4. Carry-forward of changes in defined benefit plan to retained earnings														
5. Carry-forward of other comprehensive income for retained earnings							87,001.08				-87,001.08			
6. Others														
(V) Special reserves								1,876,615.48				1,876,615.48		1,876,615.48
1. Amount withdrawn in 2021								4,039,535,455.90				4,039,535,455.90		4,039,535,455.90
2. Amount used in 2021								-4,037,658,840.42				-4,037,658,840.42		-4,037,658,840.42
(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.

Company's Principal:

Accounting Principal:

Head of Accounting Department:

**Shanghai Construction Group Co., Ltd.**  
**Company's Statement of Changes in Owners' Equity**  
**For the Year Ended December 31, 2022**  
**(Amounts are expressed in RMB unless otherwise stated)**  
**(English Translation for Reference Only)**

Item	(English Translation for Reference Only)										
	Year 2022										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
		Preferred stocks	Perpetual bonds	Others							
I. 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
Plus: changes in accounting policies											
Correction of accounting errors in prior period											
Others											
II. Balance as at January 1, 2022	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
III. Increases/decreases in 2022 ("-" for decreases)							28,066,393.89		251,001,433.32	481,238,650.88	760,306,478.09
(I) Total comprehensive income							28,066,393.89			2,510,014,333.20	2,538,080,727.09
(II) Capital contributed or reduced by owners											
1. Common stock contributed by owners											
2. Capital contributed by the holders of other equity instruments											
3. Amount of share-based payments recognized in owners' equity											
4. Others											
(III) Profit distribution									251,001,433.32	-2,028,775,682.32	-1,777,774,249.00
1. Withdrawal of surplus reserves									251,001,433.32	-251,001,433.32	
2. Profit distributed to owners (or shareholders)										-1,288,461,262.88	-1,288,461,262.88
3. Others										-489,312,986.12	-489,312,986.12
(IV) Internal carry-forward of owners' equity											



Item	Year 2022										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total 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. Losses offset by surplus reserves											
4. Carry-forward of changes in defined benefit plan to retained earnings											
5. Carry-forward of other comprehensive income for retained earnings											
6. Others											
(V) Special reserves											
1. Amount withdrawn in 2022											
2. Amount used in 2022											
(VI) Others											
IV. Balance as at December 31, 2022	8,904,397,728.00		10,500,000,000.00		3,841,541,049.61	63,704,768.29	-52,963,097.46		2,415,721,642.29	6,442,588,926.74	31,987,581,480.89

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

Company's Principal:

Accounting Principal:

Head of Accounting Department:

**Shanghai Construction Group Co., Ltd.**  
**Company's Statement of Changes in Owners' Equity (Continued)**  
**For the Year Ended December 31, 2022**  
**(Amounts are expressed in RMB unless otherwise stated)**  
**(English Translation for Reference Only)**

Item	(English Translation for Reference Only)										
	Year 2021										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
		Preferred stocks	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. Amount 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 owners' equity											

Item	Year 2021										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total 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. Losses offset by surplus reserves											
4. Carry-forward of changes in defined benefit plan to 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.

Company's Principal:

Accounting Principal:

Head of Accounting Department:

**Shanghai Construction Group Co., Ltd.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2022**  
**(Amounts 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 Shanghai (Group) Corporation for Foreign Economic & Technological Cooperation 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.

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, 2022, 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 17, 2023.

## 1.2 Scope of consolidated financial statements

As at December 31, 2022, the subsidiaries included into the Company's scope of consolidated financial statements are as follows:

Name of Subsidiary and Structured Entity
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.
Anhui Shangjian Construction Co., Ltd.
Shanghai Construction No.4 (Group) Co., Ltd.



Name of Subsidiary and Structured Entity
Shanghai Construction No.4 (Group) Co., Ltd. - Engineering Equipment Company
Shanghai Construction No.4 (Group) Co., Ltd. - Jianshi Engineering Construction Co., Ltd.
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.
SCG (Guangdong) Construction Co., Ltd.
SCG (Shenzhen) 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 Hushen Building 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 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.

Name of Subsidiary and Structured Entity
Shanghai Yuehe Investment Development 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 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 Jiangyong Hai Yue Enterprise Consulting Co., Ltd.
Shanghai Yueli Enterprise Management 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.
Shanghai Caijiu Technology Co., Ltd.
Shanghai Caier Technology Co., Ltd.
Tianjin Shenyi Concrete Co., Ltd.
Shanghai Pulian Premixed Concrete Co., Ltd.
Shanghai Fukang Construction Co., Ltd.
Shanghai Cailiu Technology Co., Ltd.
Shanghai Pusheng Concrete Co., Ltd.
Shanghai Jianan Concrete Co., Ltd.

Name of Subsidiary and Structured Entity
Shanghai Jiangong Materials Transport Co., Ltd.
Shanghai Construction Jiajian Premixed Concrete Co., Ltd.
SCG Sichuan Concrete Co., Ltd.
Shanghai Caiwu Technology Co., Ltd.
Shanghai Construction Materials Huangang Premixed Concrete Co., Ltd.
Shanghai Caisan Technology 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.
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.
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.
Zhoushan Shangjian Haozhou Concrete Co., Ltd.
Nantong 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.
Yancheng Shangjian Wanyuan Concrete Co., Ltd.
Jiangsu Hengji Concrete Co., Ltd.
Changshu Shangjian Handong Construction Technology Co., Ltd.

Name of Subsidiary and Structured Entity
Wuxi Lianyou Concrete Co., Ltd.
Shaoxing Shangjian Shunxing Concrete Co., Ltd.
Shanghai Caiqi Technology 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.
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.
Jiujiang Shangjian Fengyuan New Building Materials Co., Ltd.
Ningbo Shangjian Ciyin Building Materials Co., Ltd.
Ningbo Shangjian Tengli Building Materials Co., Ltd.
Ningbo Shangjian Chaosheng Building Materials Co., Ltd.
Shanghai Shangjian Xidu New Building Materials Co., Ltd.
Zhoushan Shangjian Hengzhong Concrete Co., Ltd.
Jiangyin Dayang Concrete Engineering Co., Ltd.
Suzhou Yongji Construction Materials Co., Ltd.
Shangjian Guanghua Green Materials (Jiangsu) Co., Ltd.
Shangjian Guangcheng Engineering Materials (Jiangsu) Co., Ltd.
Shanghai Huadong Construction Machinery Factory 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 Mechanized Construction 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.
Shanghai Shenbao Construction Engineering Co., Ltd.
Shanghai Jibao Construction Labor Co., Ltd.
Shenzhen 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.

Name of Subsidiary and Structured Entity
Shanghai SMCC Architectural Design & Consulting Co., Ltd.
Shanghai Shuzhi Construction Engineering Co., Ltd.
Shanghai Construction Underground Engineering Technology Co., Ltd.
SCG (Jiangsu) Steel Structure Co., Ltd.
Shanghai Jishi Vocational Skills Training 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 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.
Hefei Shenlu Garden Engineering Co., Ltd.
Shanghai Zhuolv Maintenance Engineering Co., Ltd.
Shanghai ShangYuan Human Resources 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.
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.

Name of Subsidiary and Structured Entity
Qingdao Water Affairs Seawater Desalination Design and Research Institute Co., Ltd.
Guangxi Jianning Simei Water Design Co., Ltd.
SCG (Zhejiang) Water Conservancy and Hydropower Construction Co., Ltd.
Shaoxing Tongdasheng Water Technology Co., Ltd.
China Shanghai (Group) Corporation for Foreign Economic & Technological Cooperation
Shanghai Machinery Complete Equipment (Group) Corp., 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 Machinery Complete Equipment (Group) 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
Three Fulton Square 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.
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.



Name of Subsidiary and Structured Entity
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 Fengxihu 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)
Jiaxing 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.
Hainan Hujian New Energy Co., Ltd.
Shanghai Songze Hujian New Energy Co., Ltd.
Changshu Hujian New Energy 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
SCG Overseas (Malaysia) Co., Ltd.
SCG (Caribbean) Co., Ltd.
SCG (Canada) Co., Ltd.
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.

Name of Subsidiary and Structured Entity
Shanghai Xingshun Culture Media Co., Ltd.
SCG Yiyun Technology Co., Ltd.
SCG (Cambodia) Co., Ltd.
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 Tianzhu Smart City Operation Service Co., Ltd. (Former: 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.
Tianjin Tianzhu Lingyu Real Estate Management Co., Ltd.
Tianjin Huaxin Real Estate Management Co., Ltd.
Tianjin Tianzhu Bailing Health Industry Development Co., Ltd.
Tianjin Gulou Jiuyu Commercial Operation Management Co., Ltd.
SCG Environmental Technology Co., Ltd.
Shanghai Greenment Environmental Technologies Co., Ltd.

Name of Subsidiary and Structured Entity
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.
Yingda'an Insurance Brokerage Co., Ltd.
Hangzhou Hujian Construction Co., Ltd.
Ruiyi Assets - Assets Management under SCG No. 1 Specific Asset Management Plan
Phase I Feichi - Jianling Individual Fund Trust of Huadian Gaintime (Beijing) Investment Fund Management Co., Ltd. in 2020
Jingu • Kaiyuan • Hengye Bojin Tower Property Trust
Phase I Feichi - Jianling Individual Fund Trust of Huadian Gaintime (Beijing) Investment Fund Management Co., Ltd. in 2021

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

See the Note "6Changes 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, 2022, 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) Revenue from sale of output from the joint operation based on its percentage; and
- (5) Separate costs and costs for the joint operation based on the shares held by the Company.

The Company accounts for investments in joint ventures by the equity method, see "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 transactions**

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 financial statements**

Assets and liabilities in the balance sheet shall be translated at the spot exchange rates on balance sheet date; owners' equity items, except for the item of "undistributed profits", shall be translated at the spot exchange rates on the dates when the transactions occur. Revenue and expenses presented in the income statement are translated at the spot exchange rate on the date when relevant transactions occur. 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 financial instrument, it shall recognize financial assets, financial liabilities or equity instruments.

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

Financial assets not designated to be measured at fair value through the current profit or loss in line with the following conditions will be reclassified into 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 Company 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 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 the 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 Company 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 Group 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 the 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 needed 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 creditor's investment, of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognized amount. The interest, impairment losses or gains and exchange gains or losses calculated by the effective interest method will be included in the current profit or loss, and other gains or losses will be included in the other comprehensive income.

At derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred from 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 the investment in other equity instruments, 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 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 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

Where a financial asset satisfies any of the following requirements, the Company shall derecognize it:

- 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 though 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 criteria, the difference of the following two amounts should be included in the current profit or loss:

- (1) The 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 recorded in owners' equity (the financial assets involved in the transfer are 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) The book value of the derecognized part;
- (2) The sum of the consideration for the derecognized part and the amount corresponding to the derecognized 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 shall be derecognized; if the Company signs an agreement with creditors to replace the existing financial liabilities by undertaking new financial liabilities, and the new financial liabilities are substantially different from the existing ones in terms of contract terms, the existing financial liabilities shall be derecognized, and at the same time, the new financial liabilities shall be recognized.

Where substantive changes are made to the contract terms of existing financial liabilities in whole or in part, the existing financial liabilities 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 the current profit or loss.

Where the Company repurchases part of its financial liabilities, it should, on the repurchase date, allocate the entire book value of whole financial liabilities based on 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 fair values of financial assets and financial liabilities**

The fair value of a financial instrument having an active market is determined on the basis of quoted price 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 adopts the valuation techniques that are applicable in the current situation and supported by enough available data and other information, selects the input values that are consistent with the asset or liability characteristics considered by market participants in relevant asset or liability transactions, and gives priority to use relevant observable inputs. And the unobservable input values can be used only when the observable input values are unable or impractical to be obtained.

**3.10.6 Test method and accounting treatment for 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 the 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 Group 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 Group 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 overdue period is more than 90 days, the Group 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 Group 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 Group 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 of dispatched inventories**

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 shall 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) Low-cost consumables are amortized at lump-sum method;
- (2) Packaging materials: Lump-sum amortization method.

#### **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**

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance of fulfillment obligations and customer payments. The right of the Company 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) shall be presented as contract assets. 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 Company, is presented as receivables.

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

See 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 had acquired decided purchase commitment, and it is estimated that the sale will be completed within one year. Where the sale can be done only upon the approval of relevant authorities or regulatory authorities of the Company as required by 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 joint control and significant influence**

Joint 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 right 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 is 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 costs**

- (1) Long-term equity investments acquired from 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 investment 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 measurements and recognition of profit or loss

- (1) Long-term equity investments 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 investments accounted for under 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.

When recognizing the share of the investee's net profit or loss, other comprehensive income and other changes in owners' equity that the Company shall enjoy, based on fair value of various identifiable assets and others of the investee on acquisition and according to accounting policies and accounting periods of the Company, the Company shall recognize such share after making adjustments to the investee's net profit and other comprehensive income.

The Company calculates its attributable but not realized profit or loss from internal transactions between the Company and its associates or joint ventures based on its attributable percentage and offset such profit or loss, and recognizes the investment income on that basis; however, businesses formed by assets invested or sold are 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.

For net losses on joint ventures or associates, apart from the obligation of assuming the extra loss, the Company should write down such losses with the book value of long-term equity investments and the long-term equity where net investments in joint ventures or associates have been formed substantially; and the maximum of such losses should be the sum of the book value and long-term equity mentioned above. Where any joint venture or associate realize net profit in the future, the Company should recognize the income sharing amount when the unrecognized loss sharing amount is offset with the income sharing amount.

(3) Disposal of long-term equity investments

For the disposal of long-term equity investments, the difference between the book value and the actual price thereof are 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.

Where the Company loses the control over the investee on account of the disposal of partial equity and any other reason, at the preparation of any single financial statements, if the remaining equity has the common control over or significant influence on the investee, the accounting should be made by the equity method, and an adjustment should be made as if the remaining equity was accounted for by the equity method at acquisition; other comprehensive income recognized before the control over the investee is obtained should be carried forward on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in owners' equity recognized on account of the accounting by the equity method should be carried forward to the current profit or loss in proportion; if the remaining equity has no common control over or significant influence on the investee, relevant financial assets should be recognized, the difference between the fair value on the day of losing control of such remaining equity and the book value of the same should be included in the current profit or loss, and other comprehensive income and other changes in owners' equity which have been recognized before the control over the investee is obtained should be carried forward in full.

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 should 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 should 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 aforesaid disposal does not belong to a package deal, the accounting treatment should be made respectively for each transaction.

### 3.15 Investment properties

Investment property is the property to earn rentals or for capital appreciation or both. Examples include leased land use right, land use right held for transfer upon appreciation, and leased building, (including buildings that have been constructed or developed for future lease out under operating leases, and buildings that are being constructed or developed for future lease out under operating leases).

Subsequent expenditures related to investment properties are included in the costs of investment properties when relevant economic benefits are likely to flow in the Company and their costs can be measured reliably; otherwise, such subsequent expenditures shall be included in the current profit or loss when occur.

The Company measures its existing investment property by using the cost model. For investment properties measured using the cost method-a building used for rental is subject to Company's depreciation policy for fixed assets, and the land use right used for rental is subject to the amortization policy for 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 property	Estimated useful life	Net residual value rate (%)	Annual depreciation (amortization) rate (%)
Buildings and constructions	30 - 40 years	5	2.4 to 3.2
Land use right	30 - 40 years	0	2.5 to 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. In case of the conversion, the book value of such investment property before the conversion is regarded as the entry value of the same 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. Losses from impairment of investment properties shall 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.

A fixed asset shall be initially measured at its 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 fixed assets where the provision for impairment has been made, the depreciation amount in the future will be determined at the book value of the fixed assets where the provision for impairment has been deducted, based on the remaining useful life. If the components of a fixed asset have different useful lives or cause economic benefit for the Company in different ways, different depreciation rate or method shall be adopted for depreciation on an individual component basis.

The depreciation method, depreciation life, residual rate and annual depreciation rate of fixed assets are as follows:

Type	Depreciation method	Depreciation life (year)	Residual value rate (%)	Annual depreciation rate (%)
Buildings and constructions	Straight-line method	5 to 40	5	2.4 to 19.0
Machinery equipment	Straight-line method	3 to 10	5	9.5 to 31.7
Transportation equipment	Straight-line method	4 to 8	5	11.9 to 23.8
Production equipment	Straight-line method	3 to 10	5	9.5 to 31.7
Office equipment and other equipment	Straight-line method	2 to 8	5	11.9 to 47.5
Instruments and laboratory equipment	Straight-line method	3 to 10	5	9.5 to 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 fixed assets are disposed of or are expected to fail to generate economic benefits after the use or disposal, the fixed assets shall be derecognized. The difference of the income from sales, transfer, scrapping or damage of fixed assets deducting the book value and related taxes should be included in 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 cost includes the construction cost, installation cost, borrowing cost eligible for capitalization and other necessary expenditure incurred before making the construction in progress reach the working condition for its intended use. When the construction in progress reaches the working condition for its 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 the working condition for their intended use or sale 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 commencement of capitalization of borrowing costs to its cessation, excluding the period of capitalization suspension of borrowing costs.

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

- (1) Asset expenditures, 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) The borrowing costs have already been incurred;
- (3) The acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started.

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

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

If the acquisition and 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, the constructed or produced assets eligible for capitalization to reach the working conditions for its 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.

For general borrowings used for acquiring, 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 period for capitalization, the balance of exchange from the principal and interest of the special borrowings in foreign currency should be capitalized, and included in the cost of assets eligible for capitalization. The balance of exchange from the principal and interest of other borrowings in foreign currency than the special borrowings in foreign currency should be included in the current profit or loss.

## **3.19 Intangible assets**

### **3.19.1 Measurement method 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 garage or parking lot, right to use stadium, right to exploit mineral resources, patents and special licenses, engineering construction license issued by Hong Kong Government, operating rental vehicle license, supermarket brand franchise, computer software, right to use public house, 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 expenses 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 that are 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, and the difference between the fair value of the abandoned creditor's right and the book value is included into the current profit or loss.



On the premise that non-monetary assets trade is of commercial nature and the fair value of the assets traded in or out can be measured reliably, the fair value shall be used as the basis for measurement. 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. 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, the book entry value is recognized at the book value of the combinee; for intangible assets acquired from business combination not under common control, the book entry value is recognized at the fair value.

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 measurement

The useful lives of the intangible assets are analyzed and determined on 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 Estimate 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, operating rental vehicle license, supermarket brand franchise, computer software, patents and special licenses, right to use public house, PPP franchise, outsourcing business qualifications, customer relations, unsettled orders and others are evenly amortized over their estimated useful lives.

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 the same with 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.
Engineering construction license issued by 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 assets impairment

For the long-term equity investments, investment properties measured at the cost model, fixed assets, construction in progress, right-of-use assets, intangible assets with definite useful lives and other long-term assets, if there are signs of impairment on the balance sheet date, an impairment test will be conducted. If the result of the impairment test shows that the recoverable amount of the asset is lower than its book value, the provision for impairment shall be made and included in impairment loss. The recoverable amount is determined at the higher of the net of the fair value less disposal costs and the present value of the expected 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 will estimate the recoverable amount of the asset portfolio where the individual asset belongs. The asset group is the minimum asset group that can independently generate the cash inflow.

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. Relevant asset group or portfolio of asset groups refers to the asset group or portfolio of asset groups which is able to benefit from the synergistic effect of business combination.

At the time of making an impairment test on the relevant asset groups or portfolios of asset groups containing goodwill, if any indication shows that the goodwill-related asset group or portfolio of asset groups may have been impaired, the Company will firstly conduct an impairment test on the asset groups or portfolios 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 test the impairment of the asset group or portfolio of asset groups with goodwill, and compare the book value thereof with said recoverable amount; if the said recoverable amount is lower than the book value thereof, the amount of impairment losses should be firstly used to deduct book value of goodwill allocated to the asset group or the portfolio of asset group, and then deduct book value of other assets according to the proportion of the book value of other assets other than the goodwill in the asset group or the portfolio of asset group.

The losses from impairment of the above assets cannot be reversed in subsequent accounting periods once recognized.

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

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

#### **3.21.1 Amortization method**

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

#### **3.21.2 Amortization period**

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**

According to the relationship between the performance of obligations and the customer payment, the Company presents contract assets or contract liabilities in the balance sheet. The Company's obligations in transferring goods or rendering services to customers on the ground that it has received or will receive relevant considerations from these customers are 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 where employees serve the Company, the short-term remuneration actually incurred should be recognized as a liability and included in the current profit or loss or the assets-related cost.

The social insurance premiums and the housing provident fund paid by the Company for its employees, together with the labor union expenditures and employee education fund drew as required are used to calculate and determine the relevant employee compensation amount based on the prescribed accrual basis and accrual proportion during the accounting period in which the employees provide services to the Company.

The employee welfare expenses incurred in the Company are included in the current profit or loss or assets-related cost based on the actually incurred amount, in which the non-monetary benefits are measured at fair value.

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

##### **(1) Defined contribution plan**

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 assets-related cost. 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

The Company attributes the benefit obligation under the defined benefit plan to the period during which employees provide service to the Company, based on the formula determined based on the estimated accumulated benefit unit method, and charges the same to the current profit or loss or relevant 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 from the fair value of the assets under the defined benefit plan. For a surplus of defined benefit plans, the Company should measure the net asset of such defined benefit plans at the lower of the surplus of such defined benefit plans and the asset 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 in respect of the defined benefit plan are included in the current profit or loss or assets-related 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 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.

At the time of the settlement of defined benefit plan, the profit or loss is determined according to the difference between the present value of the defined benefit plan obligations and settlement price confirmed on the settlement date.

**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**

Where an obligation related to contingency meets all the following conditions simultaneously, it may be recognized as an estimated liability by the Company:

- (1) The obligation is a present obligation of the Company;
- (2) The performance of such 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.

If all or part of the expenses necessary for liquidating estimated liabilities are expected to be compensated by a third party, the compensation will be separately recognized as assets when it is virtually certain that the compensation will be received. The compensation recognized should not exceed the book value of estimated liabilities.

On the balance sheet date, the book value of estimated liabilities shall be reviewed. If there is conclusive evidence that the best estimate cannot be reflected truthfully, the book value shall be adjusted based on 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 payments include equity-settled share-based payments and cash-settled share-based payments.

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

The equity-settled share-based payment in return for services from employees shall be measured at the fair value of the equity instruments granted to the employees. As to the share-based payment 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 to an equity-settled share-based payment, after grant, if the right cannot be exercised until the services within the vesting period come to an end or until the prescribed performance conditions are met, the services obtained in the current period shall be included in the relevant costs or expenses and the capital reserves shall be increased accordingly, based on the best estimate of the equity instruments with exercisable rights on each balance sheet date within the vesting period and according to the fair value on the grant date.

If the terms of the equity-settled share-based payments were modified, the services received should be recognized at least in accordance with the unmodified terms. In addition, any modification increasing the fair value of equity instruments granted, or favorable changes to the employees on modification date are all confirmed to increase services.

If the Company canceled equity instruments granted during the waiting period, it shall treat such cancellation as acceleration of the exercisable rights and shall immediately include the amount that should be recognized during the remaining waiting period in the current profit and loss. Capital reserves should be also recognized. However, if new equity instruments are granted, which are recognized as the replacement of the canceled equity instrument on the grant data, the granted equity instrument for replacement shall be handled in the same way with the disposal of revision of provisions on the original equity instrument and conditions.

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

The cash-settled share-based payments shall be measured at the fair value of liabilities calculated and recognized based on the shares or other equity instruments undertaken by the Company. As to the share-based payment that can be exercised immediately after the grant, it should be included in the relevant costs or expenses at the fair value of the liabilities assumed on the date of grant. The liabilities 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, 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. The Company shall, on each balance sheet date and on each account date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes into the current profit or loss.

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

The Group 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) Including the contractual obligation that the Company cannot avoid unconditionally 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 all 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 do not meet one of the above conditions:

### **3.27 Revenue**

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

The Group fulfills its performance obligations in the contract, that is, it recognizes the revenue when the customer obtains control over the relevant goods or services. Obtaining the control over relevant goods or services means that the customer is able to make decisions on the use of the goods or the rendering of the services and can obtain almost all of the economic benefits therefrom.

If two or more performance obligations are covered in the contract, on the contract commencement date, the transaction price will be amortized to individual performance obligation based on the relative proportion of the individual selling price of goods or services involved in the individual performance obligation. The Group measures revenue at the transaction price amortized to individual performance obligation.

The transaction price is the amount of consideration that the Company 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 according to the contract terms and in light of its previous regular practice, in the meantime, factors such as variable consideration, significant financing composition existing in the contract, non-cash consideration, and consideration payable to customers will be taken into account. The Company determines the transaction price involving the variable consideration at the amount that should not exceed the amount of accumulatively recognized revenue that is highly unlikely to have a major reversal when relevant uncertainty is eliminated. If the significant financing component is covered in the contract, the Group will determine the transaction price based on the amount of cash payable at once by the customer when the customer acquires the control over goods or services, as assumed, and amortize the difference between such transaction price and the contract price by the effective interest method during the contract period.

If the Group meets one of the following conditions, it shall perform the performance obligation within a certain period; otherwise, it shall perform the performance obligation at a certain point of time:

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

For a performance obligation performed within a certain period, the Group recognizes the revenue according to the performance progress within such period, except for the case that the performance progress cannot be reasonably determined. The Group may determine the performance progress by the output method or input method based on the nature of goods or service. When the performance progress cannot be reasonably determined, if the cost incurred is expected to be compensated, the Group recognizes the revenue according to the amount of the cost incurred until the performance progress can be reasonably determined.

The revenue from obligation performance belonging to certain time-point is recognized by the Group when the customer has acquired control over relevant goods or services. The Group will consider the following signs when judging whether the customer has acquired control over relevant goods or services:

- The Group has a present right to receive payment for the goods or services, i.e. the customer has a present obligation to pay for the 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 the goods or services, etc.

### 3.27.2 Specific principles for revenue recognition

Specific accounting policies related to the Group's major revenue-generating activities are described below:

#### (1) Revenue from engineering contracting contracts

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 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) Revenues 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**

Activities under BT contracts usually include construction and handover. 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, while recognizing long-term receivables that are measured at amortized cost and are written down upon receipt of payments from the owners during the project construction period.

PPP project contracts 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 usable 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 include 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.
- Such cost increases the resource that will be used by the Company for obligation performance.
- The costs are expected to be recovered.

If the incremental cost incurred in the Company because contract acquisition is expected to be recoverable, it, as the contract acquisition cost, will be 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 assets related to contract costs whose carrying amount is higher than the difference between the following two items, the Company will make provision for impairment for the excess 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. The estimated costs that will occur for transfer of the relevant goods or services.

If there is a subsequent change in the impairment factors in previous periods, such that the aforementioned difference is higher than the carrying amount of the asset, the Group reverses the provision for impairment and recognizes it in the current profit or loss, provided that the book value of the reversed asset does not exceed the book value of the asset at the date of reversal recorded by assuming no impairment provision had 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. The income-related government grants refer to government grants other than 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 grants related to assets, other subsidies from the government should be recognized as the government grants related to income.

### **3.29.2 Accounting treatment**

Asset-related government grants shall be used to offset the book value of relevant assets or recognized as deferred income. If 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 (If such grants are relevant to routine activities of the Company, they will be included in other income; if such grants are irrelevant to routine activities of the Company, 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 Company are recognized as the deferred income, and, during the period when relevant costs or losses are recognized, are included in the current profit or loss (if income-related government grants are relevant to routine activities of the Company, they will be included in other income; if income-related government grants are irrelevant to routine activities of the Company, they will 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 Company are included in the current profit or loss (if income-related government grants are relevant to routine activities of the Company, they will be included in the other income; if income-related government grants are irrelevant to routine activities of the Company, they will be included in the non-operating revenue) or used to offset relevant costs or losses.

The interest subsidies for policy-based preferential loans obtained by the Company shall be subject to the following accounting treatments based on two kinds of situations:

- (1) Where the finance department appropriates the interest subsidies to the lending bank, and the lending bank provides the loan at the policy-based preferential interest rate to the Company, the Company will take the book-entry value at the loan amount actually received, and relevant loan expenses are calculated based on the principal of the loan and the policy-based preferential interest rate.
- (2) Where the finance department directly appropriates the interest subsidies to the Company, the Company will use the corresponding interest subsidies to offset related borrowing costs.

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

Income taxes include the current income tax and deferred income tax. The Company recognizes current income tax and deferred income tax in the current profit or loss, except for the income tax arising from business combinations and transactions or events directly recognized in owners' equity (including other comprehensive income).

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 for deductible temporary differences to the extent of the taxable income probably obtained in future period that can be used for deducting the deductible temporary differences. For deductible losses and tax credits that can be carried forward to subsequent periods, deferred income tax assets arising therefrom are recognized to the extent of the taxable income probably obtained in future period that can be used for deducting the 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;
- Transactions or matters that neither belong to the business combination nor affect the accounting profit and taxable income (or deductible loss) when they occur.

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. The amount written down may be reversed when the taxable income obtained may be sufficient.

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, the deferred income tax assets and deferred income tax liabilities are presented at net of offsetting amounts when both of the following conditions are met:

- The taxpayer has the legal right to settle current income tax assets and current income tax liabilities on a net basis;
- The 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 reverse of deferred income tax assets and liabilities, the involved taxpayer intends to balance income tax assets and liabilities for the current period with net settlement at the time of obtaining assets and discharging liabilities.

### 3.31 Leases

The term "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 consideration. On the contract commencement date, the Company evaluates whether the contract is a lease or includes a lease. If any party to a contract has exchanged the right to control the use of one or more identified assets within a certain period for consideration, the contract is concluded for lease or involved with 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 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 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 applicable before the rent reduction;
- Other lease terms and conditions are determined to be unchanged after a comprehensive consideration of the qualitative and quantitative factors.

#### 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. The right-of-use assets are initially measured at costs. Such costs include:

- 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 determines whether the right-of-use assets are impaired and conduct the accounting treatment for the identified impairment loss in accordance with the principles described in the Note "3.20 Impairment of long-term assets".

(2) Lease liabilities

On the commencement date of the lease term, the Company recognizes leases other than short-term leases and low-value asset leases 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 adopts the implicit rate of lease as the discount rate, but if the implicit rate of lease cannot be reasonably determined, the incremental borrowing rate will be adopted as the discount rate.

The Company calculates the interest expense of the lease liability in each period of the lease term according to the fixed periodic interest rate, and records it into the current profit or loss or the cost of related assets.

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 of the lease term, the Company shall re-measure the lease liability and adjust corresponding right-of-use assets based on the following situations: If the book value of the right-of-use assets has been reduced to zero and further reduction of lease liabilities is still required, the Company will include the remaining amount 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 leases and low-value asset leases  
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 the 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 leases refer to any lease of a single lease asset with lower value when it is brand new. When the Company subleases or is expected to sublease the leased assets, the original lease will not be the low-value asset lease any more.
- (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 taken as an individual lease for accounting treatment, on the effective date of lease change, the Company re-amortizes the contract consideration after change, re-determines the lease term, and remeasures the lease liabilities based on the present value calculated based on the changed lease payment at the revised discount rate.

If a lease change results in a reduction in the scope of the lease or a shortening of the lease term, the Company reduces the book value of the right-of-use asset accordingly and recognizes gains or losses related to partial or complete 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.

### 3.31.2 The Company as the lessee

On the lease commencement date, the Company divides its 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 leases refers to the leases other than the finance leases. The Company, as the sub-lessor, 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 payments not included in the lease receipt are recognized in the current profit or loss when they are 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 leases
- On the lease commencement date, the Company recognizes finance leases as finance lease receivables and derecognizes finance lease as assets. When the Company makes initial measurement of finance lease receivables, the net lease investment is used as the recorded value of the finance lease receivables. The net investment in leases is the sum of the unsecured residual value and the present value of the lease payments not yet received at the beginning of the lease term discounted at the interest rate embedded in the lease.

The Company calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate. The derecognition and impairment of finance lease receivables are accounted for in accordance with Note "3.10 Financial instruments".

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

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

- 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.

### 3.31.3 Sale-and-leaseback transactions

The Company determines via assessment whether the assets transfer under leaseback belongs to sales according to the principle specified in the 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. For details of the accounting treatment of financial liabilities, please refer to the Note "3.10 Financial instruments".

- (2) As the lessor  
If the transfer of assets in a sale-and-leaseback transaction is a sale, the Company accounts for the purchase of the assets as a lessor in accordance with the aforementioned policy stated in "2. The Company as the lessee; if the transfer of assets in a sale-and-leaseback transaction is not a sale, the Company, as the lessor, does not recognize the transferred asset, but recognizes a financial asset equal to the transfer proceeds. For details of the accounting treatment of financial assets, please refer to the Note "3.10 Financial instruments".

### **3.32 Segment report**

The Company determines the operating segment based on the internal organizational structure, management requirements and internal reporting system, and determines the reporting segment based on the operating segment and discloses the segment information.

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, financial performance and cash flows, etc. If two or more operating segments have similar economic characteristics, and have met a certain condition, they will be merged into one operating segment.

### **3.33 Other significant accounting policies and accounting 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 the following 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 contract performance progress, a 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 *Interpretation No. 15 of Accounting Standards for Business Enterprises*

On December 30, 2021, the Ministry of Finance issued the *Interpretation No. 15 of Accounting Standards for Business Enterprises* (CS [2021] No. 35, hereinafter referred to as the "Interpretation No. 15").

##### ① Accounting treatment for trial sales

The Interpretation No. 15 provides for the accounting and presentation of the external sales of products or by-products produced by an enterprise before the fixed assets reach their intended serviceable condition or in the research and development process, and stipulates that the net amount after offsetting the cost with the revenue related to the trial operation sales shall not be offset against the cost of the fixed assets or the research and development expenses. This provision has been in force since January 1, 2022, and retrospective adjustments shall be made for trial sales occurring between the beginning of the earliest period in which the financial statements are presented and January 1, 2022. The implementation of the provision did not have a significant impact on the financial position and operating results of the Company.

##### Judgment about loss contract

The Interpretation No. 15 clarifies that "the cost of performing the contract" considered by an enterprise in determining whether a contract constitutes a loss contract should include both the incremental cost of performing the contract and the apportioned amount of other costs directly related to performing the contract. This provision has been implemented since January 1, 2022. Enterprises should implement this provision for contracts with obligations not fulfilled by January 1, 2022. The cumulative effect is adjusted for retained earnings and other related financial statement items at the beginning of the year of the implementation date, without adjusting the comparative financial statement data for prior periods. The implementation of the provision did not have a significant impact on the financial position and operating results of the Company.

##### (2) Implementation of the *Interpretation No. 16 of Accounting Standards for Business Enterprises*

On November 30, 2022, the Ministry of Finance issued the *Interpretation No. 16 of Accounting Standards for Business Enterprises* (CS [2022] No. 31, hereinafter referred to as the "Interpretation No. 16").

##### ① Accounting for the income tax impact of dividends on financial instruments classified as equity instruments by the issuer

The Interpretation No.16 provides that for financial instruments classified as equity instruments by an enterprise, where the relevant dividend payout is deducted before enterprise income tax in accordance with the relevant provisions of the tax policy, the income tax impact associated with the dividend shall be recognized when the dividend payable is recognized, and the income tax impact of the dividend shall be credited to the current profit or loss or to the owner's equity item (including other comprehensive income items) in a manner consistent with the accounting treatment used in transactions or events in the past that generated distributable profits.

The provision shall come into force as of the date of promulgation. If the relevant dividend payable occurs between January 1, 2022 and the implementation date, it shall be adjusted in accordance with the provision; Where the event occurs before January 1, 2022 and the relevant financial instrument has not been derecognized by January 1, 2022, a retrospective adjustment shall be made. The implementation of the provision did not have a significant impact on the financial position and operating results of the Company.

② Accounting for changing cash-settled share-based payments to equity-settled share-based payments

The Interpretation No.16 specifies that where an enterprise modifies the terms and conditions in a cash-settled share-based payment agreement to become equity-settled share-based payment, it shall, on the modification date (whether occurring before or after the end of the waiting period), measure the equity-settled share-based payment at the fair value prevailing on the modification date of the equity instrument granted, and include the services received in the capital reserve, and derecognize the liabilities recognized on the modification date for cash-settled share-based payment, with the difference between the two being included in the current profit or loss.

The provision shall come into force from the implementation date, and the relevant transactions added from January 1, 2022 to the implementation date shall be adjusted in accordance with the provision; where the relevant transactions occurring before January 1, 2022 are not dealt with in accordance with the provision, retrospective adjustment shall be made to adjust the cumulative effect to retained earnings and other relevant items as at January 1, 2022, without adjusting the data in the comparative financial statements for the prior period. The implementation of the provision did not have a significant impact on the financial position and operating results of the Company.

**3.34.2 Changes in significant accounting estimates**

The Group had no change in the accounting estimates required to be disclosed during the reporting period.

**4 Taxation**

**4.1 Main 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 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	Four levels of over-rate progressive system 30%-60%
Mineral resource tax	Levied on the basis of taxable sales volume of mineral products	RMB2 / ton

**SHANGHAI CONSTRUCTION GROUP CO., LTD.**  
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**Enterprise income tax rate of the Company and its secondary subsidiaries:**

Taxpayer	Enterprise income tax rate for 2022
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 Engineering 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 for 2022
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)	15.00%
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 Huijian Investment Development Co., Ltd. (Qingdao Rail Transit Company)	25.00%
Hainan Huijian Construction Co., Ltd. (Hainan Huijian 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 Huijian Urban Development and Construction Co., Ltd. (Rizhao Huijian 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%
Hangzhou Huijian Construction Co., Ltd. (Hangzhou Huijian 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 2022, No.1 Construction Group acquired the High-tech Enterprise Certificate (No.GR202231006859) 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, 2022.

On November 18, 2021, No.2 Construction Group acquired the High-tech Enterprise Certificate (No.GR202131002659) 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, 2021.

In 2021, No.4 Construction Group acquired the High-tech Enterprise Certificate (No. GR202131003697) 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, 2021.

In 2022, No.5 Construction Group acquired the High-tech Enterprise Certificate (No.GR202231007819) 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, 2022.

In 2021, 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, 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% within 3 years as of January 1, 2021.

In 2021, the Decoration Group acquired the High-tech Enterprise Certificate (No. GR202131000488) 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% within 3 years as of January 1, 2021.

In 2020, SCG Design Institution acquired the High-tech Enterprise Certificate (No. GR202031003344) 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 December 2022, Building Materials Technology acquired the High-tech Enterprise Certificate (No. GR202231008325) 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% within 3 years as of January 1, 2022.

In 2022, the Installation Group acquired the High-tech Enterprise Certificate (No. GR202231007921) 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*, it started to pay for enterprise income tax at 15% within 3 years as of January 1, 2021.

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. 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, No.4 Construction Group acquired the High-tech Enterprise Certificate (No. GR202131003519) 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*, 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, 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% 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, 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% 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.

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 2022, SCG Environmental Technology Company acquired the High-tech Enterprise Certificate (No. GR202231006718) 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, 2022.

In 2022, SCG Equipment Company acquired the High-tech Enterprise Certificate (No. GR202231007992) 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, 2022.

On March 14, 2022, the Ministry of Finance and the State Taxation Administration issued the *Announcement on Further Implementing the Preferential Income Tax Policy for Small and Micro Enterprise* (Announcement [2022] No.13) stipulates that the portion of the annual taxable income of small and micro-profit enterprises that exceeds RMB1 million but does not exceed RMB3 million shall be included in the taxable income at a reduced rate of 25%, and the enterprise income tax shall be paid at a rate of 20%. The implementation period of the announcement is from January 1, 2022 to December 31, 2024. Heyu Company, SCG Dalian, Jianxie Vocational Skills Training Company and Zhuhai Shenhai Company are small and low-profit enterprises, and shall apply the above preferential tax policies.

## 5 Notes to the items of consolidated financial statements

### 5.1 Cash and cash equivalents

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Cash on hand	6,726,999.03	11,810,176.86
Digital currency		
Bank deposits	87,733,302,670.69	82,920,849,014.86
Other monetary funds	904,507,225.58	1,220,038,456.45
Total	88,644,536,895.30	84,152,697,648.17
Including: total amount of deposit abroad	1,660,401,732.49	1,883,757,426.65

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

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Pledge payment for borrowings		71,315,554.22
Security for bank guarantees and bills	729,420,856.36	929,617,291.68
Performance bond	170,694,761.64	98,548,791.66
Freeze for asset protection (remark)	1,653,089,375.02	647,953,865.69
Business qualification deposit	1,542,055.77	2,049.70
Monetary capital of real estate project	5,061,871.73	5,061,188.01
Account under the supervision by the owner	556,974,879.53	290,533,032.92
Principal and interest of the held-to-maturity fixed-term deposits planned to be held	4,598,231,167.16	4,961,451,299.57
Others	20,565,089.38	52,736,858.87
Total	7,735,580,056.59	7,057,219,932.32

Remark: 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, 2022
The Company	218,200,325.43
No.1 Construction Group	24,908,810.73
No. 2 Construction Group	189,788,979.62
No.4 Construction Group	175,752,275.44
No.5 Construction Group	308,325,182.95
No.7 Construction Group	336,425,620.19
Decoration Group	27,058,643.31
SCG Real Estate	7,129,559.89
Installation Group	107,115,148.25
Mechanized Construction Group	56,785,063.04
Gardens Group	82,373,575.71
Tianzhu Group	87,517,768.18
Building materials technology	8,750,000.00
Zhejiang Hydropower Company	1,985,688.21
Municipal Engineering Design Institute	20,972,734.07
Total	1,653,089,375.02

## 5.2 Financial assets held for trading

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Financial assets measured at fair value through the current profit or loss	1,614,029,125.31	2,263,816,877.90
Including: debt instruments investments		
Equity instrument investments	1,614,029,125.31	2,248,858,440.23
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		
Total	1,614,029,125.31	2,263,816,877.90

### Equity instrument investments

Name of investee	Nature of equity	Number of shares as at December 31, 2022	Fair value as at December 31, 2022
Shanghai Pudong Development Bank	Circulating shares of a listed company	8,913,521.00	64,890,432.88
Orient Securities	Circulating shares of a listed company	72,947,867.00	652,153,930.98
Power Construction Corporation of China (Remark 1)	Circulating shares of a listed company	51,480,051.00	364,327,053.13
Zhangjiajie Tourism Group Co., Ltd. (Remark 2)	Circulating shares of a listed company	11,930,164.00	107,021,441.71
SDIC Capital □ (Remark 3)	Circulating shares of a listed company	60,759,493.00	387,802,537.48

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Name of investee	Nature of equity	Number of shares as at December 31, 2022	Fair value as at December 31, 2022
Nanjing Kangni Mechanical and Electrical Co., Ltd. (Remark 4)	Circulating shares of a listed company	7,249,126.00	29,982,416.64
Pujiang International Group Limited (Remark 5)	Circulating shares of a listed company	10,150,000.00	7,133,834.01
Hainan Airport	Circulating shares of a listed company	142,924.00	717,478.48
Total			1,614,029,125.31

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 Qianjin No. 180 Special Customer Asset Management Plan of Nuode Fund.

Remark 5: 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, 2022	Balance as at December 31, 2021
Bank acceptance bills	96,565,145.03	334,961,834.30
Commercial acceptance bills	1,800,676,046.81	4,807,136,791.47
Less: provision for impairment	105,908,803.76	403,256,520.27
Total	1,791,332,388.08	4,738,842,105.50

5.3.2 Among the notes receivable pledged as at December 31, 2022, the bank acceptance bills were RMB 64,654,658.53 and the commercial acceptance bills were RMB 8,781,277.90.

5.3.3 Notes receivable of the Company as at December 31, 2022 that have been endorsed or discounted but not matured on the balance sheet date

Item	Amount derecognized as at December 31, 2022	Amount not derecognized as at December 31, 2022
Bank acceptance bills		64,654,658.53
Commercial acceptance bills		1,259,083,688.57
Total		1,323,738,347.10

5.3.4 Notes transferred into accounts receivable due to the drawer's inability to perform the contract as at December 31, 2022

Item	Amount transferred to account receivable as at December 31, 2022
Commercial acceptance bills	1,597,099,806.09

**5.4 Accounts receivable**

**5.4.1 Disclosure of accounts receivable by aging**

Aging	Balance as at December 31, 2022	Balance as at December 31, 2021
Within 1 year	46,372,866,326.39	43,346,407,034.41
1 - 2 years	12,801,453,487.79	9,576,778,101.69
2 - 3 years	4,823,736,268.20	3,011,719,173.14
3 - 4 years	1,926,940,407.04	1,543,035,611.78
4 - 5 years	1,231,910,856.85	1,657,707,639.41
Over 5 years	3,220,835,276.76	2,249,861,644.44
Sub-total	70,377,742,623.03	61,385,509,204.87
Less: provision for bad debts	7,888,316,366.57	6,179,419,284.85
Total	62,489,426,256.46	55,206,089,920.02

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

Type	Balance as at December 31, 2022					Balance as at December 31, 2021				
	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	7,731,546,339.33	10.99	3,076,113,425.37	39.79	4,655,432,913.96	5,933,722,061.99	9.67	2,077,617,568.53	35.01	3,856,104,493.46
Provision for bad debts accrued on portfolio basis	62,646,196,283.70	89.01	4,812,202,941.20	7.68	57,833,993,342.50	55,451,787,142.88	90.33	4,101,801,716.32	7.40	51,349,985,426.56
Including:										
Building, contracting, design and construction	58,732,760,604.67	83.45	4,634,084,687.94	7.89	54,098,675,916.73	52,746,047,330.04	85.92	3,986,935,426.66	7.56	48,759,111,903.38
BT project and PPP project	3,012,349,977.26	4.28	107,238,633.94	3.56	2,905,111,343.32	2,044,086,314.16	3.33	68,318,902.16	3.34	1,975,767,412.00
Finance lease										
Others	901,085,701.77	1.28	70,879,619.32	7.87	830,206,082.45	661,653,498.68	1.08	46,547,387.50	7.04	615,106,111.18
Total	70,377,742,623.03	100.00	7,888,316,366.57		62,489,426,256.46	61,385,509,204.87	100.00	6,179,419,284.85		55,206,089,920.02

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Provision for bad debts accrued on an individual basis:

Name	Balance as at December 31, 2022			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Chengdu Xinyi Real Estate Development Co., Ltd.	507,733,352.11	126,933,338.03	25.00	Expected risk of recovery
Yisheng Daji Investment Development Co., Ltd.	503,445,456.19	217,999,309.00	43.30	Expected risk of recovery
Shanghai Jiacheng Enterprise Development Co., Ltd.	402,345,909.38	26,514,595.42	6.59	Expected risk of recovery
Tianjin Tiancai Haoye Trading Co., Ltd.	396,265,241.78	396,265,241.78	100.00	Expected risk of recovery
Shanghai Urban Development Group Longcheng Properties Co., Ltd.	336,591,374.28	22,181,371.57	6.59	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
Other items	5,262,385,118.59	1,963,439,682.57	37.31	Expected risk of recovery
Total	7,731,546,339.33	3,076,113,425.37		

5.4.3 Provision, reversal or recovery of provision for bad debts in 2022

Type	Balance as at December 31, 2021	Changes in 2022						Balance as at December 31, 2022
		Provision	Foreign currency translation differences	Recovery or reversal	Write-off or charge-off	Disposal of subsidiaries	Transfer to other current assets	
Bad debts of accounts receivable	6,179,419,284.85	1,832,650,204.19	47,115.12	48,419,513.68	8,754,839.46	371,181.23	66,254,703.22	7,888,316,366.57

Reversal or recovery of significant amount of provision for bad debts in the current period:

Company name	Amount reversed or recovered	Basis for determining the original provision for bad debts and its rationality	Reason for reversal or recovery	Recovery method
Liaoning Qiyun Property Co., Ltd.	12,292,661.06	Expected risk of recovery	Recovery and settlement	Bank deposits
Liquidation group of Shanghai Pudong Shanjia Industrial Co., Ltd.	9,238,109.67	Estimated credit losses at the prosecution stage	Litigation judgment	Bank deposits
Zhongxing Construction Co., Ltd.	6,254,312.30	Estimated credit losses at the prosecution stage	Lawsuit mediation	Bank deposits
Total	27,785,083.03			



**5.4.4 Accounts receivable actually charged off in 2022**

Item	Amount charged off
Accounts receivable actually charged off	8,754,839.46

**Charge-off of significant accounts receivable:**

Company name	Nature of accounts receivable	Amount charged off	Reason for charge-off	Charge-off procedures performed	Whether it is due to the related transaction
Shanghai AgroChina Plant Protection Technology Co., Ltd.	Payment for goods	3,385,526.38	Bankruptcy liquidation	Resolution of the board of directors	No
Jiangsu Shanjun Clean Energy Tech. Co., Ltd.	Payment for goods	1,886,944.20	Bankruptcy liquidation	Resolution of the board of directors	No
Shenzhen AVIC Computer System Engineering Co., Ltd.	Payment for projects	1,763,869.59	Bankruptcy liquidation	Resolution of the board of directors	No
Shanghai Honghu Industrial Co., Ltd.	Payment for materials	1,718,499.29	Bankruptcy liquidation	Resolution of the board of directors	No
Total		8,754,839.46			

**5.4.5 Top 5 of accounts receivable as at December 31, 2022, presented by debtor**

Company name	Balance as at December 31, 2022		
	Accounts receivable	Proportion in the total accounts receivable (%)	Provision for bad debts
China Construction Eighth Engineering Division. Corp. Ltd.	1,580,616,121.39	2.25	107,144,541.45
Meishan Municipal Transportation Bureau	1,361,707,726.27	1.93	20,425,615.89
SHANGHAI JIUSHI (GROUP) CO., LTD.	848,037,364.42	1.20	44,808,845.71
Shanghai Lingang Industrial Zone Public Rental Housing Construction and Operation Management Co., Ltd.	625,771,992.70	0.89	31,289,974.63
Wenzhou Oujiang Estuary Industrial agglomeration Land Reserve Center	544,856,036.55	0.77	8,172,840.55
Total	4,960,989,241.33	7.04	211,841,818.23

**5.5 Receivables financing**

**5.5.1 Breakdown of receivables financing**

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Notes receivable	591,561,489.37	544,084,651.46
Accounts receivable		
Less: changes in fair value		
Total	591,561,489.37	544,084,651.46

**5.5.2 Notes receivable of the Company as at December 31, 2022 that have been endorsed or discounted but not matured on the balance sheet date**

Item	Amount derecognized as at December 31, 2022	Amount not derecognized as at December 31, 2022
Bank acceptance bills	2,392,008,515.93	

**5.6 Advances to suppliers**

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

Aging	Balance as at December 31, 2022		Balance as at December 31, 2021	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	1,827,624,928.40	80.22	2,319,550,009.65	77.97
1 - 2 years	315,180,591.25	13.83	466,425,067.16	15.68
2 - 3 years	27,984,213.20	1.23	76,837,212.24	2.58
Over 3 years	107,494,212.13	4.72	112,180,422.64	3.77
Total	2,278,283,944.98	100.00	2,974,992,711.69	100.00

The significant advances to suppliers with an aging over one year were RMB 143,165,753.98, mainly including RMB 47,008,192.66 paid to MUREX SOUTHEAST ASIA PTE LTD for purchase and RMB 39,410,720.68 paid to Tianjin Hongqiao Land and Housing Expropriation Co., Ltd. for demolition and relocation compensation, and RMB 23,696,790.08 of material purchase payment of Shanghai Xinzhou Shipping Materials Co., Ltd., the rest are the advances for projects or goods purchase that had not yet reached the settlement period.

**5.6.2 Top 5 of advances to suppliers as at December 31, 2022, presented by prepaid object**

Prepaid object	Balance as at December 31, 2022	Proportion in the total ending balance of advances to suppliers(%)
MUREX SOUTHEAST ASIA PTE LTD	55,426,044.68	2.43
Shanghai Jingyi Electronics Co., Ltd.	53,802,812.65	2.36
Small Green Box Building Technology (Shanghai) Co., Ltd.	52,328,280.00	2.30
Tianjin Hongqiao Land and Housing Expropriation Co., Ltd.	39,410,720.68	1.73
Construction Materials Co., Ltd, CCCC Third Harbor Engineering Co., Ltd.	36,984,305.40	1.62
Total	237,952,163.41	10.44

**5.7 Other receivables**

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Interest receivable		
Dividends receivable	35,000,000.00	33,234,029.20
Other receivables	6,757,082,490.53	6,501,986,005.24
Total	6,792,082,490.53	6,535,220,034.44

**5.7.1 Dividends receivable**

(1) Breakdowns of dividends receivable

Project (or investee)	Balance as at December 31, 2022	Balance as at December 31, 2021
Shanghai Real Estate Landscape Development Co., Ltd.		3,234,029.20
Shanghai Metro Shield Equipment Engineering Co., Ltd.	30,000,000.00	30,000,000.00
Suzhou Jianjia Building Component Product Co., Ltd.	5,000,000.00	
Sub-total	35,000,000.00	33,234,029.20
Less: provision for bad debts		
Total	35,000,000.00	33,234,029.20

(2) Significant dividends receivable with aging over one year

Project (or investee)	Balance as at December 31, 2022	Aging	Reason for non-recovery	Whether impairment or not and the judgment basis
Shanghai Metro Shield Equipment Engineering Co., Ltd.	30,000,000.00	1-2 years	Overall arrangements for other party's funds	No

**5.7.2 Other receivables**

(1) Disclosure by aging

Aging	Balance as at December 31, 2022	Balance as at December 31, 2021
Within 1 year	4,635,839,442.32	3,618,552,746.46
1 - 2 years	740,791,941.46	782,678,760.54
2 - 3 years	582,546,218.72	1,030,297,752.74
3 - 4 years	474,747,486.95	727,820,074.10
4 - 5 years	550,983,594.70	363,668,381.35
Over 5 years	300,741,599.29	494,970,825.27
Sub-total	7,285,650,283.44	7,017,988,540.46
Less: provision for bad debts	528,567,792.91	516,002,535.22
Total	6,757,082,490.53	6,501,986,005.24

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

Type	Balance as at December 31, 2022					Balance as at December 31, 2021				
	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	242,667,559.00	3.33	183,528,131.04	75.63	59,139,427.96	241,980,602.36	3.45	180,282,900.61	74.50	61,697,701.75
Provision for bad debts accrued on portfolio basis	7,042,982,724.44	96.67	345,039,661.87	4.90	6,697,943,062.57	6,776,007,938.10	96.55	335,719,634.61	4.95	6,440,288,303.49
Including:										
Aging portfolio	6,482,652,507.78	88.98	337,950,362.96	5.21	6,144,702,144.82	5,836,600,995.04	83.17	332,839,480.60	5.70	5,503,761,514.44
Security deposit portfolio	560,330,216.66	7.69	7,089,298.91	1.27	553,240,917.75	939,406,943.06	13.38	2,880,154.01	0.31	936,526,789.05
Total	7,285,650,283.44	100.00	528,567,792.91		6,757,082,490.53	7,017,988,540.46	100.00	516,002,535.22		6,501,986,005.24

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Provision for bad debts accrued on an individual basis:

Name	Balance as at December 31, 2022			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Tianjin Hehe Property Management Co., Ltd.	17,683,528.50	17,683,528.50	100.00	All expected to be unrecoverable
Suzhou Xindu Real Estate Co., Ltd.	16,208,958.25	16,208,958.25	100.00	All expected to be unrecoverable
Xi'an Hua'an Poultry Industry Group Co., Ltd.	15,584,796.00	15,584,796.00	100.00	All expected to be unrecoverable
Shanghai Qingpu District Building Materials Industry Management Office	14,501,800.00	14,501,800.00	100.00	All expected to be unrecoverable
Other items	178,688,476.25	119,549,048.29	66.90	Some expected to be unrecoverable
Total	242,667,559.00	183,528,131.04		

(3) Provision for bad debts

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month expected credit loss	Expected credit loss in the whole duration (without credit impairment)	Expected credit loss in the whole duration (with credit impairment)	
Balance as at December 31, 2021	335,719,634.61	65,966,401.65	114,316,498.96	516,002,535.22
In 2022, balance as at December 31, 2021				
-- Transfer to Stage II				
--Transfer to Stage III		-7,536,444.54	7,536,444.54	
--Reversal from Stage II				
--Reversal from Stage I				
Provision in 2022	9,320,492.18	5,815,023.26	1,286,751.51	16,422,266.95
Reversal in 2022		-3,019,560.84	-836,983.50	-3,856,544.34
Write-off in 2022				
Charge-off in 2022				
Other changes	-464.92			-464.92
Balance as at December 31, 2022	345,039,661.87	61,225,419.53	122,302,711.51	528,567,792.91

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(4) Provision, reversal or recovery of provision for bad debts in 2022

Type	Balance as at December 31, 2021	Changes in 2022				Balance as at December 31, 2022
		Provision	Recovery or reversal	Write-off or charge-off	Disposal of subsidiaries	
Provision for bad debts of other receivables	516,002,535.22	16,422,266.95	3,856,544.34		464.92	528,567,792.91

Significant reversal or recovery of provision for bad debts in 2022:

Company name	Amount reversed or recovered	Basis for determining the original provision for bad debts and its rationality	Reason for reversal or recovery	Recovery method
Guangxi Yulin Tongzhou Logistics Co., Ltd.	360,000.00	Expected to be unrecoverable due to long aging	Amount repaid	Bank deposits
Changye Construction Group Co., Ltd.	358,210.00	Expected to be unrecoverable due to long aging	Amount repaid	Bank deposits
Shenzhen Mingzhi Haikuo Trade Development Co., Ltd.	349,997.00	Expected to be unrecoverable due to long aging	Amount repaid	Bank deposits
Hefei Government Procurement Center	300,000.00	Expected to be unrecoverable due to long aging	Amount repaid	Bank deposits
Construction Engineering Management Office, Guangling District, Yangzhou	300,000.00	Expected to be unrecoverable due to long aging	Amount repaid	Bank deposits
Total	1,668,207.00			

(5) Other receivables actually written off in 2022

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

Nature of payment	Book balance as at December 31, 2022	Book balance as at December 31, 2021
Current accounts among related parties	936,893,994.39	254,501,652.26
Current accounts with third parties	3,273,563,742.07	3,578,585,203.32
Temporary borrowings	21,284,191.27	30,979,899.76

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Nature of payment	Book balance as at December 31, 2022	Book balance as at December 31, 2021
Security and guarantee deposits	2,093,492,355.91	1,727,484,712.40
Advanced payment	192,181,138.80	181,428,564.16
Petty cash	49,191,112.83	38,503,110.89
Suspense payment	120,410,323.97	231,477,144.87
Amount to be settled	260,642,223.94	255,652,621.65
Others	337,991,200.26	719,375,631.15
Total	7,285,650,283.44	7,017,988,540.46

(7) Top 5 of other receivables as at December 31, 2022, presented by debtor

Company name	Nature of payment	Balance as at December 31, 2022	Aging	Proportion in the total balance of other receivables as at December 31, 2022 (%)	Provision for bad debts Balance as at December 31, 2022
Tianjin Housing Group Real Estate Investment Co., Ltd.	Current accounts with third parties	1,927,242,529.69	Within 3 years	26.45	96,362,126.48
Fulton SCG Development LLC	Current accounts among related parties	351,034,501.30	Within 1 year	4.82	
Shanghai Jinxie Property Co., Ltd.	Current accounts among related parties	329,852,219.88	Within 1 year	4.53	16,492,610.99
Shanghai Poly Jianjin Real Estate Co., Ltd. (Original name: Shanghai Youdeng (Jianmian) Industrial Co., Ltd.	Current accounts among related parties	264,910,000.00	Over 4 years	3.64	13,245,500.00
Residential Construction and Development Center of Shanghai	Amount to be settled	256,785,071.00	Over 4 years	3.52	12,839,253.55
Total		3,129,824,321.87		42.96	138,939,491.02

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5.8 Inventories

5.8.1 Classification

Item	Balance as at December 31, 2022			Balance as at December 31, 2021		
	Book balance	Provision for inventory depreciation and provision for impairment of contract performance costs	Book value	Book balance	Provision for inventory depreciation and provision for impairment of contract performance costs	Book value
Finished goods	2,451,325,744.53	12,557,403.75	2,438,768,340.78	2,841,718,121.89	12,398,077.44	2,829,320,044.45
Revolving materials	409,875,663.78		409,875,663.78	369,607,696.57		369,607,696.57
Goods in process	298,375,951.34		298,375,951.34	459,167,198.92		459,167,198.92
Development costs	42,589,025,286.35	555,803,640.19	42,033,221,646.16	49,312,963,041.40	1,064,157,515.47	48,248,805,525.93
Development products	18,237,000,319.56	1,001,368,970.92	17,235,631,348.64	15,619,862,009.55	315,724,396.74	15,304,137,612.81
Main materials	1,841,365,113.89	1,518,948.11	1,839,846,165.78	1,809,331,854.27	1,516,924.16	1,807,814,930.11
Structural parts	138,525,581.93		138,525,581.93	330,973,580.11		330,973,580.11
Machinery parts	220,352,293.89		220,352,293.89	131,142,319.99		131,142,319.99
Spare parts	99,404,579.20		99,404,579.20	133,138,107.98		133,138,107.98
Stock trees and flowers	135,151,305.62		135,151,305.62	133,165,366.20		133,165,366.20
Contract performance cost				413,629.20		413,629.20
Total	66,420,401,840.09	1,571,248,962.97	64,849,152,877.12	71,141,482,926.08	1,393,796,913.81	69,747,686,012.27



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

Item	Balance as at December 31, 2022			Balance as at December 31, 2021		
	Book balance	Provision for depreciation	Book value	Book balance	Provision for depreciation	Book value
Development costs	42,589,025,286.35	555,803,640.19	42,033,221,646.16	49,312,963,041.40	1,064,157,515.47	48,248,805,525.93
Development products	18,237,000,319.56	1,001,368,970.92	17,235,631,348.64	15,619,862,009.55	315,724,396.74	15,304,137,612.81
Total	60,826,025,605.91	1,557,172,611.11	59,268,852,994.80	64,932,825,050.95	1,379,881,912.21	63,552,943,138.74

(1) Development costs

Project name	Commencement date	Estimated time of completion	Estimated total investments	Balance as at December 31, 2022	Balance as at December 31, 2021
Plot No.1 and No.7 at Xinchang City in Shanghai Breach	September 2015	September 2025	RMB 34 billion	21,898,238,457.86	16,787,027,983.38
Plot E09B0-1 in Kangqiao Industrial Park	June 2020	January 2023	RMB 1,114,010,000	1,015,642,960.68	941,776,872.59
Plot 22A-05 in International Medical Park	June 2021	January 2024	RMB 589.40 million	371,109,096.82	338,156,954.97
Plot No.25-01 of the east side of Xinfeng Road, Huaxin Town, Qingpu District	November 2019	December 2021	RMB 2.3 billion	220,535,936.01	2,016,598,597.38
Pujiang Mansion	December 2010	December 2017	RMB 5.64319 billion		471,758,810.78
Nanjing Plot No. G68	June 2017	January 2023	RMB 11.47071 billion	655,183,277.44	3,811,780,431.03
Urban Village in Huinan Town	June 2016	December 2025	RMB 5 billion	4,071,312,494.09	3,081,207,137.53
Suzhou Plot No.2016-WG-26	August 2017	December 2024	RMB 9.27882 billion	3,436,999,094.87	3,376,411,758.81
Nanchang Plot No. DAK2017002 project	March 2018	February 2023	RMB 1.4 billion	4,782,930.79	1,171,320,102.86
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	1,337,475,857.69	2,263,398,351.06
Nanjing Plot No. G45	July 2018	October 2023	RMB 4.2 billion	1,320,317,353.42	2,074,784,083.49

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Project name	Commencement date	Estimated time of completion	Estimated total investments	Balance as at December 31, 2022	Balance as at December 31, 2021
Tianjin Haiyuemingdi	December 2019	June 2023	RMB 2.468 billion	256,179,029.92	1,888,975,009.28
01-01 Project in Chenjia Town Settlement-type commodity housing project in Lot 27010-202031-2, Laocheng Town, Chengmai County, Hainan Province	December 2020	June 2023	RMB 1.28667 billion	847,362,399.12	554,052,780.62
Xinchang Town and other projects	August 2021	February 2024	RMB 1.68276 billion	730,716,873.01	337,496,357.18
Heyuan Phase II Land Consolidation Project	Not yet developed	Unsettled	RMB 636.84 million	102,313,494.28	94,715,958.02
Capped-price housing project on Miyun Road	October 2017	November 2026	RMB 2.252775 billion	1,666,826,480.86	1,595,163,156.79
Plot D for commerce in Huaihe Garden	Not yet developed	October 2026	RMB 6.04 billion	3,125,187,764.84	3,340,921,200.34
Residential project in Jizhou District	Not yet developed	Unsettled	Unsettled	72,159,266.75	72,124,230.25
Spice Factory No. 1	November 2019	June 2023	RMB 1.9 billion	1,398,603,844.32	1,294,861,862.70
Yuguan Avenue	March 2020	March 2022	RMB 890,550,300		617,313,760.83
Cuiguyuan Project at Plot No.41 of Eco-city	Not yet developed	Unsettled	RMB 374 million	58,010,540.15	56,505,284.15
Boshiyuan Project at Plot No.32 of Eco-city	April 2017	October 2022	RMB 2.942 billion		2,358,050,113.07
Plot No.RA-02 of Xuanqiao project	March 2017	September 2022	RMB 943 million		768,562,244.29
Total	Not yet started	Not yet started	Unsettled	68,133.43	
				42,589,025,286.35	49,312,963,041.40

In the balance of the development cost as at December 31, 2022, the capitalization amount of borrowing costs amounted to RMB 2,745,130,503.29.

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(2)	Development products				
Project name	Completion date	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022
Stall of Longzhaoyuan (property)	January 2003	63,280.17			63,280.17
Haishangjiayuan	December 2010	1,962,298.79		1,962,298.79	
Jialonghuayuan	April 2007	159,280.19		159,280.19	
Plot No.6 at Xinchang City in Shanghai Breach	August 2006	1,414,198.54		85,555.08	1,328,643.46
Haishangjuyuan	December 2005	19,985,894.24		230,697.21	19,755,197.03
Haishangyiyuan	January 2007	11,311,745.80		481,873.23	10,829,872.57
Haishangleiyuan	August 2010	6,089,592.74			6,089,592.74
Xuzhou Hanyuan International Chinatown	December 2011	8,516,820.59	160,535.36	190,780.83	8,486,575.12
Xuzhou Hanyuan International City	December 2013	33,100,468.14		6,986,225.35	26,114,242.79
Xuzhou Tunli South	June 2020	224,787,167.09	68,114.94	44,381,319.71	180,473,962.32
Huihao Plaza (No. 51, Wuzhong Road)	June 2015	12,937,987.21	158,893.48	13,096,880.69	
Plot No.25-01 of the east side of Xinfeng Road, Huaxin Town, Qingpu District	January 2022		1,768,490,426.09	1,768,490,426.09	
Huifu Home-garden	July 2013	40,996,312.39	1,441,058.20	41,901,012.34	536,358.25
Plot No. 05-02 of Xuanqiao project	June 2021	1,314,016,800.44	-157,576,936.87	955,121,823.77	201,318,039.80
Plot in Singapore Airlines base	October 2014	7,131,841.66	121,893.75	7,253,735.41	
Nanjing Plot No. G68	September 2021	3,097,923,896.33	3,487,003,890.28	4,357,710,153.84	2,227,217,632.77
Pujiang Yi City (128-2) Shangyuan	October 2013	34,338,020.77	297,381.34	11,521,506.02	23,113,896.09
Pujiang Yi City (128-3) Jingyu	May 2014	11,084,227.58		1,073,281.45	10,010,946.13

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Project name	Completion date	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022
Yiwan LiTing at Plot No. A3 in Zhujiajiao	December 2015	60,453,888.04			60,453,888.04
Pujiang Mansion	June 2018		473,347,364.91	87,187,729.01	386,159,635.90
Suzhou Plot No.B-42 for business office	March 2017	546,468,134.28		17,945,933.34	528,522,200.94
Nanchang Wanli Haiyuemingdi	December 2020	201,526,827.44		137,592,885.11	63,933,942.33
Plot No. B1B2 in Zhujiajiao	November 2017	16,617,112.85			16,617,112.85
Nanjing Aohe Plot No.B-3 (Haiyuemingdu)	October 2018	89,056,573.98	29,218,156.36	67,845,477.87	50,429,252.47
Nanjing Plot No. G52, Yonghe Mansion	July 2017	427,966.81		427,966.81	
Nanjing Plot No. G52, Xihe Mansion	October 2018	6,119,243.85		6,119,243.85	
Haiyunmingting	December 2015	13,026,328.39		2,379,136.14	10,647,192.25
Zhaoxiang (Xijiaojinlu)	August 2018	58,294,070.35		9,300,370.83	48,993,699.52
Suzhou Plot No.2016-WG-26	October 2020	3,628,979,602.79		219,456,542.57	3,409,523,060.22
Hai Yue Long Fu	December 2021		1,196,215,198.89	5,475,085.59	1,190,740,113.30
Plot project at Fengjing Town of Jinshan District	December 2021		943,539,782.57	943,539,782.57	
Nanjing Plot No. G45	November 2021	1,110,933,524.32	1,012,454,744.21	922,120,674.39	1,201,267,594.14
Indemnificatory housing at Plot No.12-23A-04A	May 2021	204,461,397.44	178,948.12	499,693.31	204,140,652.25
Indemnificatory housing at Plot No.14-11A-02A	June 2021	370,849,196.12	10,797,997.36	5,679,588.49	375,967,604.99
Tianjin Haiyuemingdi	December 2022		1,971,366,166.86	696,222,405.98	1,275,143,760.88
SCG MIMA ONE	July 2018	982,811,386.73	91,976,336.76	24,102,508.50	1,050,685,214.99

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BROADWAY ELITE	January 2021	1,444,686,417.25	288,329,694.59	141,176,824.78	1,591,839,287.06
Heyuan West District Phase-I	May 2018	117,217,222.06		40,795,283.32	76,421,938.74
Wanhuali Phase-I	September 2009	12,633,886.51		2,991,299.63	9,642,586.88
Muhuali	October 2011	46,735,231.99	1,010,767.99	7,194,009.03	40,551,990.95
Yihe Jiayuan Project	October 2009	1,739,285.71			1,739,285.71
Yunjiang Xinyuan Project	June 2016	345,520,963.22		672,160.10	344,848,803.12
Minchangyuan Project	April 2010	33,691,146.91	3,895,269.00	36,749,314.57	837,101.34
Wanhuali Phase-II	June 2014	44,254,716.67		197,119.05	44,057,597.62
Minshengyuan	November 2010	23,623,145.37			23,623,145.37
Fuya Garden Project	November 2010	5,840,289.76			5,840,289.76
Lianshuiyuan	October 2006	9,032,273.12		1,558,549.51	7,473,723.61
Minxingyuan	November 2010	2,781,982.72			2,781,982.72
Fangshuiyuan	November 2002	6,617,288.00			6,617,288.00
Huacheng Xinyuan	January 2016	17,577,067.46		5,576,349.97	12,000,717.49
Ronghua Tower 3-101	December 2008	1,784,703.09			1,784,703.09
Ronghua Tower 3-103	December 2008	10,212,032.56			10,212,032.56
No.8, Chuanshui Garden and Lianshui Garden	October 2008, April 2014	68,792,143.12		4,303,440.86	64,488,702.26
Rongcuiyuan	December 2017	46,105,599.44		18,393,073.17	27,712,526.27
Rongjuyuan	October 2014	38,437,771.66		20,029,809.23	18,407,962.43
Rongkangyuan	December 2015	23,845,408.56		19,412,895.06	4,432,513.50
Rongleyuan and Rongyeyuan	August 2018 and July 2019	189,780,669.65		43,555,817.96	146,224,851.69
Plot A in Huaixingyuan	May 2013	9,968,400.00			9,968,400.00
Plot B for commerce in Huaishengyuan	December 2013	17,358,874.00			17,358,874.00
Plot C for commerce in Huaixiangyuan	August 2013	19,194,452.36			19,194,452.36
Plot D in Huaiheyuan	March 2012	6,177,000.00			6,177,000.00

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Project name	Completion date	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022
Zizhuyuan Project Phase-I	May 2020	34,550,074.43		3,517,394.61	31,032,679.82
Zizhuyuan Phase-II	February 2021	184,260,578.80	159,725,488.39	242,454,737.76	101,531,329.43
Huacheng Tingyuan	May 2017	97,408,361.84	2,528,623.30	31,419,355.71	68,517,629.43
Gulou Commercial Street Project	August 2003	46,753,753.73			46,753,753.73
No.1 Rongchangyuan in Shuangqing Xinjiayuan	November 2019	450,833,328.01	18,699,019.64	31,600,367.17	437,931,980.48
No.5 Ronghuanyuan in Shuangqing Xinjiayuan	September 2019	34,473,741.04		3,078,814.88	31,394,926.16
Shuangqing Rongyueyuan Project	June 2019	64,744,098.75	17,555.00	21,267,638.62	43,494,015.13
Shuangqing Rongyayuan Project	June 2015	25,168,726.52	100,000.00	10,571,759.10	14,696,967.42
Cuiguyuan Project at Plot No.41 of Eco-city	October 2022		2,764,094,333.10	939,144,695.54	1,824,949,637.56
Boshiyuan Project at Plot No.32 of Eco-city	September 2022		887,644,369.08	387,539,977.88	500,104,391.20
Fang He Jia Yuan	September 2022		870,404,167.08	833,844,356.31	36,559,810.77
International Apartment	December 2008	861,600.00		53,850.00	807,750.00
Quanshuiyuan	October 2006	1,529,104.88		566,754.64	962,350.24
Haiyue Qiuyuan Project	September 2013	14,607,600.00			14,607,600.00
Other sporadic houses		5,217,984.30		4,363,406.95	854,577.35
Total		15,619,862,009.55	15,825,709,239.78	13,208,570,929.77	18,237,000,319.56

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

Item	Balance as at December 31, 2021	Increase in 2022		Decrease in 2022		Balance as at December 31, 2022
		Provision	Transfer from development costs	Reversal or write-off	Transfer to development products	
Finished goods	12,398,077.44	159,326.31				12,557,403.75
Development costs	1,064,157,515.47	212,251,164.44			720,605,039.72	555,803,640.19
Development products	315,724,396.74	212,510,295.52	720,605,039.72	247,470,761.06		1,001,368,970.92
Main materials	1,516,924.16	2,023.95				1,518,948.11
Total	1,393,796,913.81	424,922,810.22	720,605,039.72	247,470,761.06	720,605,039.72	1,571,248,962.97

**5.9 Contract assets**

**5.9.1 Details of contract assets**

Item	Balance as at December 31, 2022			Balance as at December 31, 2021		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Outstanding payments for construction completed	48,275,881,144.59	793,111,351.12	47,482,769,793.47	44,166,389,432.89	580,631,895.09	43,585,757,537.80
Delivered but not settled	84,215,757.10	336,954.70	83,878,802.40	200,825,719.92	800,507.57	200,025,212.35
Total	48,360,096,901.69	793,448,305.82	47,566,648,595.87	44,367,215,152.81	581,432,402.66	43,785,782,750.15

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**5.9.2 Disclosure of contract assets under the methods of provision for impairment by category**

Type	Balance as at December 31, 2022					Balance as at December 31, 2021				
	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	2,854,926,992.94	5.90	611,543,705.00	21.42	2,243,383,287.94	2,329,983,946.18	5.25	413,403,073.11	17.74	1,916,580,873.07
Provision for impairment accrued on a portfolio basis	45,505,169,908.75	94.10	181,904,600.82	0.40	45,323,265,307.93	42,037,231,206.63	94.75	168,029,329.55	0.40	41,869,201,877.08
Including:										
Building, contracting, design and construction	45,435,990,457.58	93.95	181,627,883.00	0.40	45,254,362,574.58	41,848,654,743.96	94.32	167,275,023.69	0.40	41,681,379,720.27
Others	69,179,451.17	0.15	276,717.82	0.40	68,902,733.35	188,576,462.67	0.43	754,305.86	0.40	187,822,156.81
Total	48,360,096,901.69	100.00	793,448,305.82		47,566,648,595.87	44,367,215,152.81	100.00	581,432,402.66		43,785,782,750.15



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Provision for impairment accrued on an individual basis:

Name	Balance as at December 31, 2022			
	Book balance	Provision for impairment	Proportion of provision (%)	Reason for provision
Hefei Baoneng City Shoppingmall, T7 hotel project	230,122,084.26	34,518,312.64	15.00	Expected risk of recovery
Construction Project of Dayou Times Square Project in Handan City, Hebei Province	191,124,036.70	38,224,807.34	20.00	Expected risk of recovery
Shanxi Pacific Huitong Building Project	186,889,975.03	37,377,995.01	20.00	Expected risk of recovery
City of Runze Center Project, Heze City	169,574,135.16	25,436,120.27	15.00	Expected risk of recovery
Building 10-12 and Basement, No. 8, Xiexin Tianjiao	158,899,341.34	31,779,868.27	20.00	Expected risk of recovery
Tianjin Jinban Media Humanities Science and Technology Park Group Headquarters Core Area (Phase I)	151,216,613.60	22,682,492.04	15.00	Expected risk of recovery
Other items	1,767,100,806.85	421,524,109.43	23.85	Expected risk of recovery
Total	2,854,926,992.94	611,543,705.00		

**5.9.3 Provision for impairment of contract assets in 2022**

Item	Balance as at December 31, 2021	Provision in 2022	Foreign currency translation differences	Reversal in 2022	Write-off/charge-off in 2022	Transfer to other current assets	Balance as at December 31, 2022
Provision for impairment of contract assets (including the provision for impairment of long-term contract assets)	1,027,200,394.17	374,103,914.96	80,128.80	4,937,189.72		13,626.81	1,396,433,621.40

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

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Long-term receivables maturing within one year (Remark)	1,783,426,752.87	1,517,872,626.75

Remark: See Note 5.13 for details.

**5.11 Other current assets**

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
VAT payable	1,533,885,942.93	939,109,955.04
Input tax to be deducted		1,045,465,450.34
Input VAT to be certified	471,071,519.24	393,549,417.18
Withholding tax	1,760,502,819.98	1,693,210,362.86
Contract acquisition cost	30,658,834.10	71,671,118.59
Total	3,796,119,116.25	4,143,006,304.01

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

Type	Balance as at December 31, 2021	Increase in 2022	Amortization in 2022	Provision for impairment		Balance as at December 31, 2022	Amortization method
				Provision in 2022	Reversal in 2022		
Commissions expenses incurred for acquisition of contract	71,671,118.59	129,093,999.60	170,106,284.09			30,658,834.10	Amortized when relevant revenue is recognized

**5.12 Creditor's right investment**

**Details of creditor's right investment**

Item	Balance as at December 31, 2022			Balance as at December 31, 2021		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Creditor's right investment of Changshu Hujian Environmental Water Co., Ltd.	149,655,927.33		149,655,927.33	143,300,744.00		143,300,744.00
Creditor's right investment of Nanping Wuhuan Renewable Energy Co., Ltd.	65,000.00		65,000.00			
Total	149,720,927.33		149,720,927.33	143,300,744.00		143,300,744.00

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**5.13 Long-term receivables**

**5.13.1 Breakdown of long-term receivables**

Item	Balance as at December 31, 2022			Balance as at December 31, 2021		
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value
Finance lease (Remark 1)	2,200,224,904.60	315,617,637.32	1,884,607,267.28	2,089,759,216.29	249,504,343.03	1,840,254,873.26
Including: unrealized financing income	263,703,484.78		263,703,484.78	234,637,943.59		234,637,943.59
BT project and PPP project	18,328,557,375.54	170,873,243.94	18,157,684,131.60	17,050,786,777.02	125,256,186.82	16,925,530,590.20
Zhoudong Sewage Disposal Plant of Zhouzhuang Town (Remark 2)	32,688,915.27		32,688,915.27	33,905,413.10		33,905,413.10
Total	20,561,471,195.41	486,490,881.26	20,074,980,314.15	19,174,451,406.41	374,760,529.85	18,799,690,876.56

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, 2022, the rent receivable from finance lease was RMB 2,490,724,536.78, the output tax to be incurred was RMB 41,972,341.67, the unrealized financing income was RMB 263,703,484.78, the assets under finance lease was RMB 8,025,000.00, rent interest of the finance lease receivable was RMB 7,151,194.27, the provision for bad debts was RMB 315,617,637.32, and the net amount of long-term receivables as at December 31, 2022 was RMB 1,884,607,267.28.

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 Yatong Environmental Protection, 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 sewage treatment concession to Zhoudong Sewage Treatment Plant for 30 years. Besides, Zhouzhuang Government promised to compensate Yatong Environmental Protection for the difference between the service charge received by Yatong Environmental Protection and a certain specific amount. Thus, Yatong Environmental Protection recognizes the payment for project and other construction cost incurred in the construction process as the financial assets and includes the same into the long-term receivables of RMB 33,905,413.10 (as at December 31, 2021: RMB 35,065,086.91), among which, the long-term receivable maturing within one year amounted to RMB 1,216,497.83 (as at December 31, 2021: RMB 1,159,673.81). In 2022, the interest income recognized by Yatong Environmental Protection based on the effective interest rate amounted to RMB 1,718,189.26 (in 2021: RMB 1,772,358.96), and was included in the financial expenses.

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

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month expected credit loss	Expected credit loss in the whole duration (without credit impairment)	Expected credit loss in the whole duration (with credit impairment)	
Balance as at December 31, 2021	16,888,566.24	84,434.57	232,531,342.22	249,504,343.03
In 2022, balance as at December 31, 2021				
--Transfer to Stage II	-893,882.16	893,882.16		
--Transfer to Stage III				
--Reversal from Stage II		9,510,571.96	-9,510,571.96	
--Reversal from Stage I	269,526.24	-84,434.57	-185,091.67	
Provision in 2022	5,494,803.48	-2,606,056.06	63,224,546.87	66,113,294.29
Reversal in 2022				
Write-off in 2022				
Charge-off in 2022				
Other changes				
Balance as at December 31, 2022	21,759,013.80	7,798,398.06	286,060,225.46	315,617,637.32

**5.13.3 Details 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
Nanchang Qianhu project	479,747,939.40		7,680,764.51	
Cuiping project	987,460,279.65	127,213,548.20	74,849,489.20	9,642,786.95
Daxikou project	58,054,974.00	58,054,974.00	394,773.82	394,773.82
Changzhou Wujin Viaduct Project	1,074,837,573.41	48,421,977.68	4,299,350.29	193,687.91
Fengqi Lake Project	636,688,385.94	323,323,392.89	2,546,753.54	1,288,141.01
Maoshan project	1,527,742,027.87	191,275,467.26	6,110,968.12	765,101.87
Wenzhou Oujiangkou project	334,605,377.00	334,605,377.00	1,338,421.51	1,338,421.51

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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
Qidu Bridge project	1,366,913,392.64	190,140,702.77	5,467,653.57	760,562.81
Anji project	1,786,088,085.64	184,764,807.88	7,144,352.35	739,059.23
G228 project	1,445,597,592.99	93,674,297.51	5,782,390.37	374,697.19
Zhili Cultural and Sports Center Project	636,415,482.99	74,856,078.86	2,882,855.00	299,424.32
Jining Phoenix Station Project	317,569,605.32		3,172,278.46	
Rizhao project	87,888,350.66		351,553.40	
Qingdao Rail Transit Town Project	752,470,319.09		3,009,881.28	
Avenue projects under joint construction by four Committees	383,249,688.54	72,920,000.00	4,579,590.60	867,748.00
ZhaoQing Railway Station project	819,408,651.90	95,575,366.76	3,277,634.61	382,301.47
Chengdu Wuhou project	4,448,765.38	4,448,765.38	17,795.06	17,795.06
Dujiangyan project	1,417,522,594.58		29,909,726.75	
Meishan project	5,984,368,836.06		23,937,475.35	
Jiulong Lake public work construction project	11,218,963.18		1,121,896.32	
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	

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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
Housing built project as compensation in Nanchang Qingshan Lake (Phase II)	5,146,846.56		20,587.38	
Sub-total	20,127,832,131.73	1,799,274,756.19	187,937,745.09	17,064,501.15
Less: Long-term receivables maturing within one year	1,799,274,756.19		17,064,501.15	
Total	18,328,557,375.54		170,873,243.94	

**5.13.4 Provision of BT and PPP projects**

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month expected credit loss	Expected credit loss in the whole duration (without credit impairment)	Expected credit loss in the whole duration (with credit impairment)	
Balance as at January 1, 2022	66,086,595.26	76,789,875.74		142,876,471.00
In 2022, balance as at January 1, 2022				
--Transfer to Stage II	-242,212.32	242,212.32		
--Transfer to Stage III				
--Reversal from Stage II				
--Reversal from Stage I				
Provision in 2022	1,506,738.81	43,554,535.28		45,061,274.09
Reversal in 2022				
Write-off in 2022				
Charge-off in 2022				
Other changes				
Balance as at December 31, 2022	67,351,121.75	120,586,623.34		187,937,745.09

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5.14 Long-term equity investments

Investee	Balance as at December 31, 2021	Increases/decreases in 2022								Balance as at December 31, 2022	Balance of provision for impairment as at December 31, 2022
		Additional investment	Reduced investment	Investment income recognized by the equity method	Adjustment to other comprehensive income	Other equity change	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
1. Joint venture											
Suzhou Jianjia Building Component Product Co., Ltd.	39,881,695.48			24,436,397.88			-10,000,000.00			54,318,093.36	
Wuxi Jian'an Building Component Product Co., Ltd.	21,544,507.65			-2,471,256.16						19,073,251.49	
Sino-Singapore Tianjin Eco-City Environment & Green Construction Testing Center Co., Ltd.	18,869,115.42			1,583,491.38			-1,053,434.66			19,399,172.14	
Sub-total	80,295,318.55			23,548,633.10			-11,053,434.66			92,790,516.99	
2. Joint venture											
Hangzhou Fuyang Qinwang Construction Development Co., Ltd.	282,772,967.06	20,000,000.00		3,981,685.83						306,754,652.89	
Ningbo Tower Construction Development Co., Ltd.	462,708,247.16	60,000,000.00		-2,473,259.43						520,234,987.73	
Shanghai MBT&SCG High-Tech Construction Chemical Co., Ltd.	23,787,868.70			1,645,702.47						25,433,571.17	
Beijing Diaoyutai Decoration Engineering Co., Ltd.	10,975,246.87			789,638.54						11,764,885.41	
Hangzhou Hujian Urban Development and Construction Co., Ltd.	1,055,275,618.84			68,501,351.57						1,123,776,970.41	

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Investee	Balance as at December 31, 2021	Increases/decreases in 2022								Balance as at December 31, 2022	Balance of provision for impairment as at December 31, 2022
		Additional investment	Reduced investment	Investment income recognized by the equity method	Adjustment to other comprehensive income	Other equity change	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
Zhejiang Shangjia Construction Co., Ltd. (Remark 1)	22,029,864.09			-14,371,236.92					-3,240,489.01	4,418,138.16	
Yancheng Hujian Jinghai Enterprise Management Partnership (Limited Partnership) (Remark 1)		658,351,000.00		-8,727.67					-17,355,666.71	640,986,605.62	
Yancheng Chonghai Urban Development and Construction (Remark 1)		1,650,000.00		-27,608.42					-54,372.39	1,568,019.19	
Shanghai Park High Quality Development Private Equity Partnership (Limited Partnership)		208,000,000.00		-1,088.20						207,998,911.80	
Shanghai Ask Construction and Decoration Engineering Inc. (Remark 2)	403,081.90			-403,081.90							
Shanghai East Bund Construction Real Estate Development Co., Ltd.	222,451,836.86			-18,710,442.71					-11,290,970.03	192,450,424.12	
Shanghai Jinxie Property Co., Ltd.		686,000,000.00		-318,365.61						685,681,634.39	
Shanghai Metro Shield Equipment Engineering Co., Ltd.	121,153,679.46			671,734.10						121,825,413.56	



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Investee	Balance as at December 31, 2021	Increases/decreases in 2022								Balance as at December 31, 2022	Balance of provision for impairment as at December 31, 2022
		Additional investment	Reduced investment	Investment income recognized by the equity method	Adjustment to other comprehensive income	Other equity change	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
Wuxi Jinghongyuan Supply Chain Management Co., Ltd. (Remark 2)	146,713.32			-146,713.32							
Shanghai Shendi Landscape Investment Construction Co., Ltd.	72,874,968.17		-72,874,968.17								
Shanghai Qinqing Flower Market Operation and Management Co., Ltd.	367,284.46			-262,739.21						104,545.25	
Ganzhou Ecological Environment Co., Ltd.	13,723,450.41		-13,723,450.41								
Shanghai Lianhe Pawn Liability Co., Ltd.	10,066,219.50			73,448.72						10,139,668.22	
Fulton SCG Development LLC (Remark 3)	537,919,120.01	34,823,000.00		-52,775,861.26					69,478,419.52	589,444,678.27	
Three Fulton Square LLC (Remark 4)	521,699,943.53								-521,699,943.53		
Fulton SCG Development Phase II LLC (Remark 5)	199,460,649.40	40,021,200.00		-5,641,966.51					19,940,834.73	253,780,717.62	
Shanghai SEISYS Co., Ltd.	239,691,835.37			-1,518,284.72			-6,000,000.00			232,173,550.65	
Suzhou Dongjianyihe Venture Capital Center (Limited Partnership)	65,300,175.16			-2,783,261.09						62,516,914.07	

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Investee	Balance as at December 31, 2021	Increases/decreases in 2022								Balance as at December 31, 2022	Balance of provision for impairment as at December 31, 2022
		Additional investment	Reduced investment	Investment income recognized by the equity method	Adjustment to other comprehensive income	Other equity change	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
SCG Angong Equity Investment Fund Partnership Enterprise (Limited Partnership)	665,327,600.98	150,000.00		1,801,025.64						667,278,626.62	
SCG Anhao Equity Investment Fund Management Co., Ltd.	11,216,368.58			-567.44						11,215,801.14	
Shanghai Hedi Investment Center (Limited Partnership)	149,845,043.19			-5,066,613.37						144,778,429.82	
Shanghai Lingang New Area Jingang Xijiu Real Estate Co., Ltd.	938,413,616.75			-13,040,280.15						925,373,336.60	
Shanghai Linnan Jingxian Public Rental Housing Operation Co., Ltd.	159,959,990.00			-80,339.02						159,879,650.98	
Changxing Shanghai Electric Robotics Equity Investment Partnership (Limited Partnership)	35,897,653.56			-144,757.71						35,752,895.85	
Zhejiang Caijin Future Community Equity Investment Company		620,094.68		-620,094.68							
Shanghai Shangshi North Bund Landmark Construction and Development Co., Ltd.		1,440,000,000.00		-37,310.82						1,439,962,689.18	

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Investee	Balance as at December 31, 2021	Increases/decreases in 2022								Balance as at December 31, 2022	Balance of provision for impairment as at December 31, 2022
		Additional investment	Reduced investment	Investment income recognized by the equity method	Adjustment to other comprehensive income	Other equity change	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
Tianjin Binhai New Area Linbi Real Estate Development Co., Ltd.	8,610,448.34			-555,742.71						8,054,705.63	
Tianjin Jinxi Huacheng Real Estate Co., Ltd. (Remark 2)											
Tianjin Huagui Real Estate Development Co., Ltd. (Remark 2)											
Sub-total	5,832,079,491.67	3,149,615,294.68	-86,598,418.58	-41,523,756.00			-6,000,000.00		-464,222,187.42	8,383,350,424.35	
Total	5,912,374,810.22	3,149,615,294.68	-86,598,418.58	-17,975,122.90			-17,053,434.66		-464,222,187.42	8,476,140,941.34	

Remark 1: shareholding companies adopted the equity method. The item "others" under the "increase or decrease in 2022" refers to the unrealized profit from internal transactions.

Remark 2: The Group's long-term equity investment in the such shareholding companies has experienced excessive losses.

Remark 3: 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 19,725,356.74 is the unrealized profit from internal transactions, while the item "others" under the "increase or decrease in 2022" refers to the translation difference of foreign currency statements.

Remark 4: For details of the acquisition of 20% of the equity held by other shareholders of such company, which was also included into the scope of consolidation, see Note 6.1.

Remark 5: 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 2022" refers to the translation difference of foreign currency statements.

## 5.15 Other equity instrument investments

### 5.15.1 Details of other equity instrument investments

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Non-trading equity instruments	610,363,553.59	592,277,031.69

**5.15.2 Details of non-trading equity instrument investments**

Item	Lease fee Dividend income	Accumulated gains	Accumulated losses	Amount of other comprehensive income transferred to retained earnings	Reasons for financial assets designated to be measured at fair value through other comprehensive income	Reasons for other comprehensive income transferred to retained earnings
Silver City (Shanghai) Green Environmental-protection Equity Investment Limited Company		38,316,572.45			Equity instruments held not for trading	
Shanghai Pudong BOC Fullerton Community Bank Co., Ltd.		5,568,794.56			Equity instruments held not for trading	
Shanghai Tower Construction Development Co., Ltd.			97,353,341.09		Equity instruments held not for trading	
CDB Jingcheng (Beijing) Investment Funds Co., Ltd.	5,847,953.22	15,204,095.51			Equity instruments held not for trading	
SDIC Willy Maqiao (Shanghai) Renewable Resources Co., Ltd.		25.23			Equity instruments held not for trading	
Guanghuan Investment (Meizhou) Urban Environmental Management Co., Ltd.		1,482.82			Equity instruments held not for trading	
Shenzhen Construction Real Estate Development Co., Ltd.			952,914.06		Equity instruments held not for trading	

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Item	Lease fee Dividend income	Accumulated gains	Accumulated losses	Amount of other comprehensive income transferred to retained earnings	Reasons for financial assets designated to be measured at fair value through other comprehensive income	Reasons for other comprehensive income transferred to retained earnings
Tianjin Jinjing Glass Bulb Holding Co., Ltd.			56,000.00		Equity instruments held not for trading	
Shanghai Urban Water Resources Development and Utilization State Engineering Center Co., Ltd.		1,329,502.86			Equity instruments held not for trading	
Shanghai Baisui Building Materials Industry Co., Ltd.			34,216.83		Equity instruments held not for trading	
Chizhou Water Environment Investment Construction Co., Ltd.		6,490,503.92			Equity instruments held not for trading	
Shouchuang Eco-environment (Fuzhou) Co., Ltd.		17,491.78			Equity instruments held not for trading	
Shenzhen Shenshui Guangming Water Environment Co., Ltd.		224,639.11			Equity instruments held not for trading	
Putian Zhongjian Mulan Construction Development Co., Ltd.		97,784.78			Equity instruments held not for trading	
BE (Hangzhou) Environment Engineering Co., Ltd.		446,403.51			Equity instruments held not for trading	

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Item	Lease fee Dividend income	Accumulated gains	Accumulated losses	Amount of other comprehensive income transferred to retained earnings	Reasons for financial assets designated to be measured at fair value through other comprehensive income	Reasons for other comprehensive income transferred to retained earnings
Wuhu Three Gorges Phase I Water Environment Comprehensive Treatment Co., Ltd.		1,535,673.97			Equity instruments held not for trading	
Wuhu Three Gorges Phase II Water Environment Comprehensive Treatment Co., Ltd.		219,733.65			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.		2,086,310.51			Equity instruments held not for trading	
Dangtu County Three Gorges Phase I Water Environment Comprehensive Treatment Co., Ltd.		418,583.64			Equity instruments held not for trading	

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Item	Lease fee Dividend income	Accumulated gains	Accumulated losses	Amount of other comprehensive income transferred to retained earnings	Reasons for financial assets designated to be measured at fair value through other comprehensive income	Reasons for other comprehensive income transferred to retained earnings
Wuhu City Fanchang District Three Gorges Water Environment Comprehensive Treatment Co., Ltd.		1,753,611.02			Equity instruments held not for trading	
Ma'anshan City Three Gorges Phase I Water Environment Comprehensive Treatment Co., Ltd.		253,048.92			Equity instruments held not for trading	
Tangshan Caoheidian Tonggang Interchange Development and Construction Co., Ltd.					Equity instruments held not for trading	
Ningbo Chengjian Zhizao Technologies Co., Ltd.			12,762,701.04		Equity instruments held not for trading	
Zhongzhao United Information Co., Ltd.		1,159,089.73			Equity instruments held not for trading	
Shanghai Lingang Holding Co., Ltd.	3,600,000.00		116,000,000.00		Equity instruments held not for trading	
Tianjin Residence Group Heat Power Engineering Co., Ltd.			1,260,000.00		Equity instruments held not for trading	

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Item	Lease fee Dividend income	Accumulated gains	Accumulated losses	Amount of other comprehensive income transferred to retained earnings	Reasons for financial assets designated to be measured at fair value through other comprehensive income	Reasons for other comprehensive income transferred to retained earnings
Tianjin Huaxiang Ancient Construction Engineering Co., Ltd.			240,000.00		Equity instruments held not for trading	
Tianjin Zhuyi Construction Engineering General Contract Co., Ltd.			570,045.89		Equity instruments held not for trading	
Tianjin Housing and Urban-Rural Development Thermal Engineering Co., Ltd.			410,000.00		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.		170,000.00			Equity instruments held not for trading	
Tianjin Hualian Commercial Building Co., Ltd.					Equity instruments held not for trading	
Tianjin Housing Industrialization Investment Co., Ltd.			6,880,000.00		Equity instruments held not for trading	
Wuhan Yida Construction Service Co., Ltd.					Equity instruments held not for trading	



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**5.16 Other non-current financial assets**

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Financial assets measured at fair value through the current profit or loss	3,735,876,565.32	4,538,853,316.57
Including: equity instrument investments	229,863,011.79	229,458,408.32
Others	3,506,013,553.53	4,309,394,908.25

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Equity instruments:		
Changshu Hujian Environmental Water Co., Ltd.	219,268,987.04	220,581,482.01
Shanghai Lingang Dongfang Junhe Equity Investment Management Co., Ltd.	10,594,024.75	8,876,926.31
Sub-total	229,863,011.79	229,458,408.32
Others		
Trust Guarantee Fund for SITI- Shanghai Construction Perpetual Group Capital Trust Plan	50,000,000.00	50,000,000.00
Trust Guarantee fund of CCB Trust	50,000,000.00	50,000,000.00
Western Trust - Trust Industry Guarantee Fund	49,977,500.00	49,977,500.00
Shanghai Luxiangyuan Real Estate Co., Ltd.		1,102,825,823.76
Shanghai Chengchuang Urban Renewal Equity Investment Fund Partnership (Limited Partnership)	308,238,162.76	101,390,631.96
Shanghai Lingang Dongfang Junhe Science and Technology Innovation Industry Equity Investment Fund Partnership (limited partnership)	273,939,866.26	484,326,820.16
Shanghai Guohe Phase II Modern Service Industry Equity Investment Fund Partnership (limited partnership)	155,562,134.31	192,178,848.18
Shanghai Guofang FOF Phase I Venture Capital Partnership (Limited Partnership)	383,529,336.84	336,354,285.66
Shanghai Guohe Fanyule Growth Equity Investment Fund Partnership (limited partnership)	13,613,742.07	16,559,187.53
Shanghai Shenchuang Equity Investment Management Center (limited partnership)	13,001,432.41	7,829,737.66
Shanghai Shenchuang Equity Investment Fund Partnership (limited partnership)	336,946,095.55	507,438,375.36
Wuxi Chengding Smart City Venture Equity Partnership (Limited Partnership)	122,365,401.90	116,371,363.84
Shanghai Shenchuang Xindongli Equity Investment Management Center (Limited Partnership)	9,246,841.04	4,819,727.27
Shanghai Shenchuang Xindongli Equity Investment Fund Partnership (Limited Partnership)	442,341,455.52	255,758,277.60
Shenzhen Linghui Jishi Equity Investment Fund Partnership (Limited Partnership)	244,242,543.70	279,936,816.43

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Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Qingdao Huakong Growth Equity Investment Partnership (Limited Partnership)	191,535,862.98	90,499,091.48
Shanghai Shenchuang Industry City Private Equity Fund Partnership (Limited Partnership)	238,730,310.06	96,600,182.64
Shanghai Shenchuang Industry City Investment Management Center (Limited Partnership)	3,505,510.31	652,052.35
Shenzhen Pengyuan Keystone Private Equity Investment Fund Partnership (Limited Partnership)	60,000,000.00	
Hangzhou Caijin Future Community Equity Investment Partnership (Limited Partnership)	14,353,342.20	
Shanghai Lingang Xinyefang Business Equity Investment Fund Partnership (limited partnership)	19,918,554.30	20,171,763.61
Huzhou Electric Power Construction Engineering Equity Investment Partnership (Limited Partnership)	1,012,017.51	1,001,933.25
Hainan Shenya East Bund Investment Co., Ltd.	223,087,663.81	231,660,908.14
Ningbo Puhong Investment Management Partnership (limited partnership)	200,000,000.00	212,800,924.38
Shanghai Hongke Investment Management Partnership (limited partnership)	100,865,780.00	100,240,656.99
Sub-total	3,506,013,553.53	4,309,394,908.25
Total	3,735,876,565.32	4,538,853,316.57

**5.17 Investment properties**

**Investment properties measured under cost model**

Item	Buildings and constructions	Land use right	Total
1. Original book value			
(1) Balance as at December 31, 2021	5,897,776,006.91	33,823,289.00	5,931,599,295.91
(2) Increase in 2022	120,590,433.72		120,590,433.72
- Outsourcing	4,868,492.63		4,868,492.63
- Transfer-in of inventories, fixed assets and construction in progress	65,058,031.96		65,058,031.96
- Foreign currency translation differences	50,663,909.13		50,663,909.13
(3) Decrease in 2022	765,266,594.62		765,266,594.62
- Disposal	23,206,381.55		23,206,381.55
- Transfer to inventories/ fixed assets/ intangible assets/ construction in progress	1,493,025.93		1,493,025.93
- Disposal of subsidiaries	740,567,187.14		740,567,187.14
(4) Balance as at December 31, 2022	5,253,099,846.01	33,823,289.00	5,286,923,135.01

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Item	Buildings and constructions	Land use right	Total
2. Accumulated depreciation and accumulated amortization			
(1) Balance as at December 31, 2021	911,931,791.74	12,859,895.72	924,791,687.46
(2) Increase in 2022	188,310,324.49	838,535.64	189,148,860.13
- Provision or amortization	184,111,375.99	838,535.64	184,949,911.63
- Foreign currency translation differences	4,198,948.50		4,198,948.50
(3) Decrease in 2022	193,808,944.60		193,808,944.60
- Disposal	2,158,934.08		2,158,934.08
- Transfer to inventories/ fixed assets/ intangible assets/ construction in progress	73,440.46		73,440.46
- Disposal of subsidiaries	191,576,570.06		191,576,570.06
(4) Balance as at December 31, 2022	906,433,171.63	13,698,431.36	920,131,602.99
3. Provision for impairment			
(1) Balance as at December 31, 2021	63,577,063.52		63,577,063.52
(2) Increase in 2022			
(3) Decrease in 2022	63,577,063.52		63,577,063.52
- Disposal of subsidiaries	63,577,063.52		63,577,063.52
(4) Balance as at December 31, 2022			
4. Book value			
(1) Book value as at December 31, 2022	4,346,666,674.38	20,124,857.64	4,366,791,532.02
(2) Book value as at December 31, 2021	4,922,267,151.65	20,963,393.28	4,943,230,544.93

## 5.18 Fixed assets

### 5.18.1 Fixed assets and disposal of fixed assets

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Fixed assets	8,676,066,146.42	8,374,336,786.94
Disposal of fixed assets		
Total	8,676,066,146.42	8,374,336,786.94

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**5.18.2 Details of fixed assets**

Item	Houses and buildings	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, 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) Increase in 2022	285,510,493.58	912,959,720.60	10,872,605.87	75,233,250.22	67,216,408.68	1,172,604,971.03	5,602,072.79	32,712,687.04	2,562,712,209.81
- Purchase	15,551,287.74	136,587,055.77	23,704,461.79	47,370,664.14	63,202,978.41	1,167,668,101.95	4,036,676.57	10,050,328.62	1,468,171,554.99
- Transfer from construction in progress	226,661,634.66	582,474,762.79	4,183,287.09	30,869,977.61	17,551,067.53	7,117,500.00	1,496,887.62	32,736,853.63	903,091,970.93
- Transfer from investment property	1,493,025.93								1,493,025.93
- Transfer from inventories					134,709.27				134,709.27
-Reclassification	-51,013,097.76	113,959,927.53	-19,966,023.71	-3,736,633.61	-26,474,575.85	-2,528,041.14	68,508.60	-10,310,064.06	
- Foreign currency translation differences	90,971,581.98	79,937,974.51	2,950,880.70	729,242.08	12,802,229.32	347,410.22		235,568.85	187,974,887.66
-Other increases (Remark 1)	1,846,061.03								1,846,061.03
(3) Decrease in 2022	22,317,489.80	215,343,085.14	20,894,335.99	15,608,446.13	43,049,315.09	455,185,355.99	18,736,824.00	4,460,064.59	795,594,916.73
- Disposal or scrapping	15,611,033.26	175,773,350.10	20,894,335.99	14,064,737.66	42,277,900.97	455,185,355.99	18,736,824.00	4,460,064.59	747,003,602.56
- Transfer to construction in progress		39,569,735.04		1,543,708.47					41,113,443.51
- Disposal of subsidiaries					771,414.12				771,414.12
- Other decreases (Note 2)	6,706,456.54								6,706,456.54
(4) Balance as at December 31, 2022	8,425,401,257.68	3,923,108,638.37	412,896,701.73	1,071,296,274.06	1,181,343,994.25	6,214,124,311.95	405,849,512.02	255,753,668.59	21,889,774,358.65
2. Accumulated depreciation									
(1) 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
(2) Increase in 2022	367,874,706.56	413,248,584.48	13,600,081.78	75,502,552.47	78,401,937.54	1,237,446,198.58	11,300,669.96	12,671,932.12	2,210,046,663.49
- Provision	349,641,443.33	308,559,359.02	31,300,376.56	77,562,191.79	95,296,978.97	1,237,597,299.83	11,059,339.52	16,079,173.12	2,127,096,162.14
- Transfer from investment property	73,440.46								73,440.46
-Reclassification	-10,027,374.59	60,762,088.54	-19,812,212.82	-2,343,545.16	-24,412,065.60	-498,511.47	241,330.44	-3,909,709.34	

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Item	Houses and buildings	Machinery equipment	Transportation equipment	Production equipment	Office equipment and other equipment	Temporary facility	Special equipment	Instruments and laboratory equipment	Total
- Foreign currency translation differences	28,187,197.36	43,927,136.92	2,111,918.04	283,905.84	7,517,024.17	347,410.22		502,468.34	82,877,060.89
(3) Decrease in 2022	7,789,244.01	185,563,316.17	19,173,038.43	14,154,590.91	40,767,456.75	455,185,355.99	17,799,982.80	4,225,744.83	744,658,729.89
- Disposal or scrapping	7,789,244.01	147,972,067.88	19,173,038.43	13,333,616.25	40,062,100.78	455,185,355.99	17,799,982.80	4,225,744.83	705,541,150.97
- Transfer to construction in progress		37,591,248.29		820,974.66					38,412,222.95
- Disposal of subsidiaries					705,355.97				705,355.97
(4) Balance as at December 31, 2022	3,183,934,051.00	2,179,109,055.31	294,354,517.06	475,876,023.73	870,703,535.09	5,678,716,675.08	367,179,988.41	163,367,581.23	13,213,241,426.91
3. Provision for impairment									
(1) Balance as at December 31, 2021	428,759.51				38,025.81				466,785.32
(2) Increase in 2022									
(3) Decrease in 2022									
(4) Balance as at December 31, 2022	428,759.51				38,025.81				466,785.32
4. Book value									
(1) Book value as at December 31, 2022	5,241,038,447.17	1,743,999,583.06	118,542,184.67	595,420,250.33	310,602,433.35	535,407,636.87	38,669,523.61	92,386,087.36	8,676,066,146.42
(2) 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

Remark 1: The Company's second-tier company, Huadong Construction, increased its buildings and structures by offsetting its debts with buildings in 2022.

Remark 2: The Company's second-tier company, Huadong Construction, reduced its buildings and structures in 2022 by adjusting the agreement of offsetting its debts with buildings in the previous year.

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

Item	Book value	Reason for failure to complete the formalities for the certificate of title
Jiangong Village Project of Nanshan, Shenzhen	11,671,612.54	It is still in process.
House for debts offset	15,373,523.47	It is still in process.
Zhuhai Hengqin Jinmao Real Estate	30,100,494.10	It is still in process.
No.518, Sanxiang Road, Sijing Town, Songjiang District, Shanghai	9,578,339.27	It is still in process.
1/F, Greenland Senna Mansion, No.300 Xinjinci Road, Jinyuan District, Taiyuan	1,814,619.78	It is still in process.
Building 306 or 310, Datunli, Chaoyang District, Beijing	15,289,414.32	It is still in process.
No.996 Shenzhen Road, Binjiang Street, Haimen Economic Development Zone, Nantong City	30,281,074.51	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, 2022	Balance as at December 31, 2021
Construction in progress	1,072,957,620.49	1,276,365,631.04
Project materials		
Total	1,072,957,620.49	1,276,365,631.04

**5.19.2 Construction in progress**

Item	Balance as at December 31, 2022			Balance as at December 31, 2021		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Construction in progress	1,072,957,620.49		1,072,957,620.49	1,276,365,631.04		1,276,365,631.04

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**5.19.3 Changes in important projects of construction in progress in 2022**

Project name	Budget	Balance as at December 31, 2021	Increase in 2022	Transfer into fixed assets in 2022	Other decreases in 2022	Balance as at December 31, 2022	Proportion of accumulated project investments in budget amount (%)	Work progress	Accumulated capitalization amount of interest	Including: capitalized amount of interest in 2022	Capitalization rate of interest in 2022 (%)	Sources of funds
Renovation of Chongming Campus of Shanghai Construction Engineering Management College	201,795,327.05	153,864,007.00	2,663,284.08	115,158,527.05		41,368,764.03	77.57	77.57%				Self-financed
Z2002 New Comprehensive Building	26,000,000.00	3,839,182.31	12,170,867.63			16,010,049.94	61.58	61.58%				Self-financed
Tube (outer diameter of 9m) balance shield machine	103,980,000.00		10,398,000.00			10,398,000.00	10.00	10.00%				Self-financed
Plot project, No.718, Hongjing Road	154,386,200.00	5,325,040.46	13,478,264.63			18,803,305.09	12.18	12.18%				Self-financed
Eritrea mining project	348,182,334.60	138,732,083.49	146,249,051.22	19,628,357.59	-19,631,650.86	284,984,427.98	81.85	81.85%				Self-financed
INVESTEL RESORT MGT	4,265,870,377.89	297,698,237.12	150,395,352.51		-34,135,233.79	482,228,823.42	11.30	11.30%	17,456,694.06			Borrowings and self-financed
Restaurant of Hyatt Hotel	193,957,872.42	71,944,097.83	11,071,164.61		-7,133,855.82	90,149,118.26	46.48	46.48%	1,111,013.12			Borrowings and self-financed
<b>Total</b>		<b>671,402,648.21</b>	<b>346,425,984.68</b>	<b>134,786,884.64</b>	<b>-60,900,740.47</b>	<b>943,942,488.72</b>			<b>18,567,707.18</b>			

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**5.20 Right-of-use assets**

Item	Houses and buildings	Machinery equipment	Transportation equipment	Production equipment	Office equipment and other equipment	Temporary facility	Special equipment	Land use right	Revolving materials	Total
1. Original book value										
(1) 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) Increase in 2022	426,431,129.11	225,851,852.70	150,216.74	461,211,935.63				127,056,990.61	13,032,978.59	1,253,735,103.38
- Newly-added leases	389,188,908.99	225,814,552.81	150,216.74	462,306,027.63				127,056,990.61	13,032,978.59	1,217,549,675.37
- Changes in consolidation scope	41,174,743.06									41,174,743.06
- Revaluation adjustment	-4,285,502.19			-1,094,092.00						-5,379,594.19
- Foreign currency translation differences	352,979.25	37,299.89								390,279.14
(3) Decrease in 2022	136,120,619.16	71,735,432.96	4,760,095.48	51,512,183.66				9,141,658.03	7,636,618.06	280,906,607.35
- Disposal	136,120,619.16	71,735,432.96	4,760,095.48	51,512,183.66				9,141,658.03	7,636,618.06	280,906,607.35
(4) Balance as at December 31, 2022	2,165,837,868.51	447,991,847.35	1,782,892.30	863,864,144.99	185,258.06	1,102,275.15	25,919.34	700,261,890.31	5,396,360.53	4,186,448,456.54
2. Accumulated depreciation										
(1) 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
(2) Increase in 2022	418,778,409.63	146,972,986.44	736,087.10	129,397,647.67	61,752.72	601,241.04	12,959.64	75,588,167.90	9,223,782.91	781,373,035.05
- Provision	384,177,615.60	146,935,686.55	736,087.10	129,397,647.67	61,752.72	601,241.04	12,959.64	75,588,167.90	9,223,782.91	746,734,941.13
- Changes in consolidation scope	34,361,727.50									34,361,727.50



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Item	Houses and buildings	Machinery equipment	Transportation equipment	Production equipment	Office equipment and other equipment	Temporary facility	Special equipment	Land use right	Revolving materials	Total
- Foreign currency translation differences	239,066.53	37,299.89								276,366.42
(3) Decrease in 2022	80,465,805.41	68,079,127.68	1,151,913.67	42,305,212.49				8,758,814.03	7,636,618.06	208,397,491.34
- Disposal	80,465,805.41	68,079,127.68	1,151,913.67	42,305,212.49				8,758,814.03	7,636,618.06	208,397,491.34
(4) Balance as at December 31, 2022	654,738,850.76	189,899,638.68	1,029,877.80	196,004,233.27	103,384.67	1,002,068.40	16,199.55	118,142,800.33	1,587,164.85	1,162,524,218.31
3. Provision for impairment										
(1) Balance as at December 31, 2021										
(2) Increase in 2022										
(3) Decrease in 2022										
(4) Balance as at December 31, 2022										
4. Book value										
(1) Book value as at December 31, 2022	1,511,099,017.75	258,092,208.67	753,014.50	667,859,911.72	81,873.39	100,206.75	9,719.79	582,119,089.98	3,809,195.68	3,023,924,238.23
(2) 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

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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, 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) Increase in 2022	28,032,525.00		88,870,437.04		860,000.00	2,271,000.00	9,505,452.08				1,173,450,320.77			25,889,241.95	137,236,978.59		1,466,115,955.43
- Purchase	28,032,525.00						10,365,452.08								137,236,978.59		175,634,955.67
- Transfer-in during operation period														25,889,241.95			25,889,241.95
- Increase due to business combination											1,036,299,131.29						1,036,299,131.29
- Foreign currency translation differences			88,870,437.04			2,271,000.00					137,151,189.48						228,292,626.52
- Reclassification					860,000.00		-860,000.00										
(3) Decrease in 2022							417,231.61		704,700.00							737,534.00	1,859,465.61
- Disposal							417,231.61		704,700.00							737,534.00	1,859,465.61
(4) Balance as at December 31, 2022	1,634,025,539.16	6,500,000.00	1,301,537,298.12	597,500.00	39,607,832.97	26,799,000.00	134,919,467.93	241,365,747.00	10,933,040.00	141,509.43	1,627,399,654.52	17,060,000.00	78,650,000.00	389,645,755.12	270,140,031.69	127,500.00	5,779,449,875.94
2. Accumulated amortization																	
(1) 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
(2) Increase in 2022	41,447,564.74	150,000.04	117,504,950.19	11,950.00	1,986,938.80		11,707,435.56	219,440.48	571,734.88	29,277.80		7,873,846.10	12,754,054.08	19,204,939.44	30,024,641.79	43,544.60	243,530,318.50
- Provision	41,726,500.66	150,000.04	67,833,018.92	11,950.00	1,880,329.16		11,535,109.28	219,440.48	571,734.88	29,277.80		7,873,846.10	12,754,054.08	19,204,939.44	30,024,641.79	43,544.60	193,858,387.23
- Foreign currency translation differences			49,671,931.27														49,671,931.27
- Reclassification	-278,935.92				106,609.64		172,326.28										
(3) Decrease in 2022							367,679.31		180,012.47							181,959.48	729,651.26
- Disposal							367,679.31		180,012.47							181,959.48	729,651.26
(4) Balance as at December 31, 2022	349,704,651.86	3,400,000.10	873,377,372.89	161,652.72	27,597,977.31		109,504,271.42	24,371,356.78	2,605,536.54	97,592.67		17,060,000.00	27,633,783.84	53,358,804.81	35,491,308.46	56,100.00	1,524,420,409.40
3. Provision for impairment																	
(1) Balance as at December 31, 2021			183,494,230.11			3,842,720.00		83,676,687.77									271,013,637.88
(2) Increase in 2022			16,948,688.31			355,790.00											17,304,478.31
- Foreign currency translation differences			16,948,688.31			355,790.00											17,304,478.31
(3) Decrease in 2022																	
(4) Balance as at December 31, 2022			200,442,918.42			4,198,510.00		83,676,687.77									288,318,116.19
4. Book value																	
(1) Book value as at December 31, 2022	1,284,320,887.30	3,099,999.90	227,717,006.81	435,847.28	12,009,855.66	22,600,490.00	25,415,196.51	133,317,702.45	8,327,503.46	43,916.76	1,627,399,654.52		51,016,216.16	336,286,950.31	234,648,723.23	71,400.00	3,966,711,350.35
(2) 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

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5.22 Goodwill

5.22.1 Changes in goodwill

Name of the investee or matters forming goodwill	Balance as at December 31, 2021	Increase in 2022		Decrease in 2022	Balance as at December 31, 2022
		Amount formed through business combination	Foreign currency translation differences	Disposal of subsidiaries	
Original book value					
Goodwill arising from the acquisition of Zara Mining	168,550,286.30		15,568,371.09		184,118,657.39
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 (Jiangsu) Steel Structure Co., Ltd.	33,186,974.18				33,186,974.18
Goodwill arising from the acquisition of Shanghai Zhengji Construction Design Co., Ltd.	1,239,963.57				1,239,963.57

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Name of the investee or matters forming goodwill	Balance as at December 31, 2021	Increase in 2022		Decrease in 2022	Balance as at December 31, 2022
		Amount formed through business combination	Foreign currency translation differences	Disposal of subsidiaries	
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	812,930,905.28		15,568,371.09	39,674,807.00	788,824,469.37
Provision for impairment					
Goodwill arising from the acquisition of Zara Mining (Remark 1)	168,550,286.30		15,568,371.09		184,118,657.39
Goodwill arising from the acquisition of Shanghai Construction Dahao Property Co., Ltd. (Remark 2)	25,155,602.99	384,666.97		25,540,269.96	
Goodwill arising from the acquisition of Shanghai SINKO Cooling Machinery Co., Ltd.	2,225,201.61				2,225,201.61

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Name of the investee or matters forming goodwill	Balance as at December 31, 2021	Increase in 2022		Decrease in 2022	Balance as at December 31, 2022
		Amount formed through business combination	Foreign currency translation differences	Disposal of subsidiaries	
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 3)	30,157,638.13	43,299,662.17			73,457,300.30
Sub-total	287,541,808.31	43,684,329.14	15,568,371.09	25,540,269.96	321,254,238.58
Book value	525,389,096.97	-43,684,329.14		14,134,537.04	467,570,230.79

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 2022, only the difference in foreign currency statement translation was adjusted.

Remark 2: 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. Shanghai Dahao Property Co., Ltd. was disposed in 2022, with relevant goodwill fully carried forward.

Remark 3: 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 conducted the allocated calculation of the saleable property.

**5.22.2 Information about the asset group or combination of asset groups in which goodwill is located**

Name of the investee or matters forming goodwill	Amount of goodwill	Relevant information of the asset group or the portfolio of asset groups including goodwill
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. Shanghai Jian'an Chemical Design Co., Ltd. was canceled by its parent company Shanghai Installation Engineering Group Co., Ltd. upon consolidation by merger in 2022.
Goodwill arising from the acquisition of Shanghai Huayi Construction Co., Ltd.	4,736,653.92	The goodwill arising from the acquisition 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.

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Name of the investee or matters forming goodwill	Amount of goodwill	Relevant information of the asset group or the portfolio of asset groups including goodwill
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 Greenment Environmental Technologies Co., Ltd.	157,972,503.81	The goodwill arising from the acquisition of Shanghai Greenment Environmental Technologies Co., Ltd. was formed by the acquisition of 100% equity interest in Shanghai Greenment Environmental Technologies 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 acquisition date and prior years.
Goodwill arising from the acquisition of Tianjin Housing Construction Development Group Co., Ltd. and its subsidiaries	233,131,200.64	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.
<b>Total</b>	<b>474,980,604.55</b>	

Remark: The goodwill arising from the acquisition of Tianjin Housing Construction Development Group Co., Ltd. and its subsidiaries have been gradually transferred out along with the sales of assets. In this goodwill impairment test, the goodwill of salable assets calculated in proportion shall be subject to the impairment test.

**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;
- 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	Revenue growth rate	Pre-tax discount rate	Forecast period
Goodwill arising from the acquisition of Shanghai JianAn Chemical Engineering Co., Ltd.	113.04%	12.40%	4 years
Goodwill arising from the acquisition of Shanghai Huayi Construction Co., Ltd.	3.00%	15.40%	5 years
Goodwill arising from the acquisition of Shanghai Urban Transportation Design Institute Co., Ltd.	5.58%	12.50%	5 years



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Name of the investee or matters forming goodwill	Revenue growth rate	Pre-tax discount rate	Forecast period
Goodwill arising from the acquisition of Shanghai Urban Space Architectural Design Co., Ltd.	4.33%	12.50%	3 years
Goodwill arising from the acquisition of SCG (Zhejiang) Water Conservancy and Hydropower Construction Co., Ltd.	3.36%	14.40%	5 years
Goodwill arising from the acquisition of Shanghai Greenment Environmental Technologies Co., Ltd.	-6.78%	12.50%	5 years
Goodwill arising from the acquisition of Tianjin Housing Construction Development Group Co., Ltd. and its subsidiaries - Tianjin Housing Research Institute Co., Ltd.	2.50%	10.96%	5 years
Goodwill arising from the acquisition of Tianjin Housing Construction Development Group Co., Ltd. and its subsidiaries - Tianjin Housing Research Building Science Engineering Technology Co., Ltd.	12.00%	12.00%	5 years
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.	2.89%	10.90%	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.	2.30%	10.49%	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.	5.00%	11.94%	5 years

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Name of the investee or matters forming goodwill	Revenue growth rate	Pre-tax discount rate	Forecast period
Goodwill arising from the acquisition of Tianjin Housing Construction Development Group Co., Ltd. and its subsidiaries - Tianjin Xintianzheng Information Technology Co., Ltd.	8.53%	11.45%	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.	9.77%	11.60%	5 years
Goodwill arising from the acquisition of Tianjin Housing Construction Development Group Co., Ltd. and its subsidiaries - Tianjin Huajie Parking Management Service Co., Ltd.	5.89%	11.38%	5 years

Remark: The goodwill arising from the acquisition of Tianjin Housing Construction Development Group Co., Ltd. and its subsidiaries covers 31 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 23 subsidiaries after analysis.

**5.22.4 Impact of impairment test for goodwill**

Name of the investee or matters forming goodwill	Impaired amount of goodwill
Goodwill arising from the acquisition of Shanghai JianAn Chemical Engineering Co., Ltd.	
Goodwill arising from the acquisition of Shanghai Huayi Construction Co., Ltd.	
Goodwill arising from the acquisition of Shanghai Urban Transportation Design Institute Co., Ltd.	
Goodwill arising from the acquisition of SCG (Zhejiang) Water Conservancy and Hydropower Construction Co., Ltd.	
Goodwill arising from the acquisition of Shanghai Greenment Environmental Technologies Co., Ltd.	
Goodwill arising from the acquisition of Tianjin Housing Construction Development Group Co., Ltd. and its subsidiaries	7,410,373.76
<b>Total</b>	<b>7,410,373.76</b>

**5.23 Long-term deferred expenses**

Item	Balance as at December 31, 2021	Increase in 2022	Amortization in 2022	Other decreases	Balance as at December 31, 2022
Improvement of fixed assets acquired under the operating lease	457,837,070.01	86,267,282.06	93,309,253.96		450,795,098.11
Others	55,624,937.72	2,222,454.39	10,809,192.61		47,038,199.50
<b>Total</b>	<b>513,462,007.73</b>	<b>88,489,736.45</b>	<b>104,118,446.57</b>		<b>497,833,297.61</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, 2022		Balance as at December 31, 2021	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for impairment of assets and provision for credit impairment	7,767,927,750.93	1,458,274,319.13	6,033,850,475.96	1,142,493,050.02
Depreciation of fixed assets	1,815,506.80	453,876.70	9,646,857.49	2,411,714.37
Amortization of intangible assets	9,007,726.14	1,351,870.47	38,911.64	8,116.29
Dismissal and post-employment benefits payable to employees	177,601,398.77	29,745,457.10	194,538,427.16	32,664,277.82
Accrued expenses	342,163,992.18	62,554,814.54	287,253,088.69	48,926,107.26
Estimated liabilities	2,412,313.13	603,078.28		
Offset of unrealized profits from internal transactions	467,458,561.04	115,508,653.25	797,802,322.98	198,032,778.19
Deductible losses	141,025,011.23	23,566,616.76	155,772,314.52	27,588,233.65
Deferred income	10,370,002.66	2,592,500.67	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	120,907,313.81	30,211,198.68	163,563.87	24,534.58

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Item	Balance as at December 31, 2022		Balance as at December 31, 2021	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Changes in fair value of the financial instruments measured at fair value through other comprehensive income	161,419,563.26	40,259,599.38	209,602,132.70	52,320,397.04
Temporary differences arising from leasing standards	89,432,686.17	20,928,343.73	28,654,363.76	5,963,081.65
Total	9,291,541,826.12	1,786,050,328.69	7,723,505,601.54	1,511,978,076.56

**5.24.2 Deferred income tax liabilities before offset**

Item	Balance as at December 31, 2022		Balance as at December 31, 2021	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Increase in assets appraisal	147,213,161.88	36,051,707.20	164,393,507.22	38,496,908.12
Business combination not under common control	1,733,088,863.04	433,285,850.52	2,020,552,023.04	504,381,594.02
Change in fair value of the financial instruments measured at fair value through the current profit or loss	579,605,929.42	144,895,017.98	1,358,422,593.86	339,599,882.83
Depreciation of fixed assets	17,150,442.40	2,572,566.36		
PPP project revenue	56,034,798.74	14,008,699.68	54,613,104.31	13,653,276.07
Temporary differences arising from leasing standards	1,370,416.78	321,923.15	734,580.88	207,311.62
Others			52,417,079.39	19,918,490.17
Total	2,534,463,612.26	631,135,764.89	3,651,132,888.70	916,257,462.83

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

Item	As at December 31, 2022		As at December 31, 2021	
	Amount offset in deferred income tax assets and liabilities	Balance of deferred income tax assets or liabilities after the offset	Amount offset in deferred income tax assets and liabilities	Balance of deferred income tax assets or liabilities after the offset
Deferred income tax assets	175,476,204.85	1,610,574,123.84	310,906,276.17	1,201,071,800.39
Deferred income tax liabilities	175,476,204.85	455,659,560.04	310,906,276.17	605,351,186.66

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

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Deductible temporary differences	2,832,671,421.99	2,518,446,186.46
Deductible losses	9,638,430,217.56	7,792,833,264.11
Total	12,471,101,639.55	10,311,279,450.57

**5.24.5 Deductible losses from unrecognized deferred income tax assets will be expired in the following years**

Year	Balance as at December 31, 2022	Balance as at December 31, 2021
2022		381,182,325.53
2023	748,117,804.43	1,131,663,559.32
2024	1,503,328,844.17	1,559,199,497.17
2025	1,725,842,031.70	2,314,989,942.07
2026	1,960,701,391.47	2,405,797,940.02
2027	3,700,440,145.79	
Total	9,638,430,217.56	7,792,833,264.11

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**5.25 Other non-current assets**

Item	Balance as at December 31, 2022			Balance as at December 31, 2021		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Contract assets	28,096,392,084.79	602,985,315.58	27,493,406,769.21	25,376,299,041.11	445,767,991.51	24,930,531,049.60
Contract acquisition cost	2,643,308.17		2,643,308.17			
Prepayment for land purchase				682,950,000.00		682,950,000.00
Payment in advance for share acquisition	6,364,372.35		6,364,372.35	230,869,171.35		230,869,171.35
Prepayment of equipment	594,339.60		594,339.60	821,174.60		821,174.60
Project reserves	85,862,393.44		85,862,393.44	85,105,088.10		85,105,088.10
Buildings constructions to be offset	209,842,904.00		209,842,904.00			
Others	145,062,562.88	66,268,330.03	78,794,232.85	18,539,696.69		18,539,696.69
Total	28,546,761,965.23	669,253,645.61	27,877,508,319.62	26,394,584,171.85	445,767,991.51	25,948,816,180.34

Information on assets related to contract costs

Type	Balance as at December 31, 2021	Increase in 2022	Amortization in 2022	Provision for impairment		Balance as at December 31, 2022	Amortization method
				Provision in 2022	Reversal in 2022		
Commissions expenses incurred for acquisition of contract		2,643,308.17				2,643,308.17	Amortized when relevant revenue is recognized

**5.26 Short-term borrowings**

**Classification of short-term borrowings**

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Pledged borrowings	267,898,219.31	191,247,542.58
Mortgaged borrowings	8,000,000.00	10,000,000.00
Guaranteed borrowings	836,662,384.71	1,282,259,586.39
Credit borrowings	4,560,263,049.68	2,742,780,339.64
Discount of acceptance bill	73,435,936.43	416,978,440.81
Entrusted borrowings from related parties	1,752,326,041.67	1,752,326,041.67
Discount of domestic L/C	2,089,035,831.03	1,228,178,094.04
Mortgaged and guaranteed borrowings	400,777,777.78	935,808,485.89
Pledged, mortgaged and guaranteed borrowings		44,012,741.21
Total	9,988,399,240.61	8,603,591,272.23

**5.27 Notes payable**

Category	Balance as at December 31, 2022	Balance as at December 31, 2021
Bank acceptance bills	7,806,632,727.39	9,414,532,450.07
Commercial acceptance bills	4,807,141,186.60	3,493,598,167.28
Irrevocable domestic L/C	796,266,438.40	613,042,364.85
Total	13,410,040,352.39	13,521,172,982.20

**5.28 Accounts payable**

**5.28.1 Presentation of accounts payable**

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Accounts payable to third parties	156,029,135,089.97	143,039,681,545.02
Amount due to related parties	831,824,257.55	800,595,963.01
Total	156,860,959,347.52	143,840,277,508.03

**5.28.2 Significant account payables with aging over one year**

Item	Balance as at December 31, 2022	Reason for failure in repayment or carry-forward
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.	109,492,030.90	Settlement period has not been matured
Tianjin Tengwei Construction Engineering Co., Ltd.	106,581,025.45	Settlement period has not been matured
Tianjin Xiangkai Construction and Installation Engineering Co., Ltd.	100,163,536.73	Settlement period has not been matured
Residential Construction and Development Center of Shanghai	98,361,777.29	Settlement period has not been matured
Shanghai Dongqing Construction Labor Services Co., Ltd.	83,003,747.47	Settlement period has not been matured
Shanghai Dongfu Construction Labor Services Co., Ltd.	82,948,126.59	Settlement period has not been matured

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Item	Balance as at December 31, 2022	Reason for failure in repayment or carry-forward
Lushan Qiangying Building Materials Co., Ltd.	72,842,456.16	Settlement period has not been matured
Tianjin Yuhao Construction Engineering Co., Ltd.	71,143,211.00	Settlement period has not been matured
Linzhou Caisang Labor Output Co., Ltd.	62,183,742.87	Settlement period has not been matured
Total	921,789,654.46	

**5.29 Advances from customers**

**5.29.1 Presentation of advances from customers**

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Advance on engineering / goods	566,651.04	657,145.36
Advance on house property sales	48,295.23	70,027.49
Others	36,740,220.86	30,600,938.76
Total	37,355,167.13	31,328,111.61

**5.29.2 Significant advances from customers with aging more than one year**

Item	Balance as at December 31, 2022	Reason for failure in repayment or carry-forward
Shanghai Zhipin Technology Co., Ltd.	4,759,756.41	Not yet settled
Yu Xinhua	1,627,500.00	Not yet settled
Total	6,387,256.41	

**5.30 Contract liabilities**

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Amount settled for uncompleted work	23,332,489,154.04	23,584,452,953.28
Advance on engineering / goods	2,899,352,034.43	2,719,087,056.95
Advance on house property sales	3,758,615,015.26	10,213,507,549.70
Others	28,230,076.82	26,465,122.67
Total	30,018,686,280.55	36,543,512,682.60

**5.31 Employee compensation payable**

**5.31.1 Presentation of employee compensation payable**

Item	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022
Short-term compensation	1,248,587,279.26	14,374,968,165.29	14,532,690,931.25	1,090,864,513.30
Post-employment benefits - defined contribution plans	52,561,795.74	1,546,305,371.51	1,533,711,808.11	65,155,359.14
Dismissal benefits	180,000.00	16,038,124.29	16,038,124.29	180,000.00
Other benefits maturing within one year				
Total	1,301,329,075.00	15,937,311,661.09	16,082,440,863.65	1,156,199,872.44



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**5.31.2 Presentation of short-term compensation**

Item	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022
(1) Salaries, bonuses, allowances and subsidies	1,148,417,931.19	10,979,742,696.03	11,145,000,646.23	983,159,980.99
(2) Employee welfare expenses		270,431,933.38	270,431,933.38	
(3) Social insurance premiums	29,167,995.19	908,299,176.29	895,311,116.61	42,156,054.87
Including: medical insurance premiums	27,204,788.88	836,673,686.81	824,474,698.67	39,403,777.02
Work-related injury insurance premiums	1,301,978.83	51,940,366.20	51,379,365.90	1,862,979.13
Maternity insurance premiums	661,227.48	19,685,123.28	19,457,052.04	889,298.72
(4) Housing provident funds	26,129,198.01	889,441,735.76	887,927,238.42	27,643,695.35
(5) Labor union expenditures and employee education funds	34,780,313.55	263,940,496.29	267,989,671.19	30,731,138.65
(6) Short-term compensated absences		39,437.49	35,587.49	3,850.00
(7) Short-term profit sharing plan				
(8) Other short-term compensation	10,091,841.32	1,063,072,690.05	1,065,994,737.93	7,169,793.44
<b>Total</b>	<b>1,248,587,279.26</b>	<b>14,374,968,165.29</b>	<b>14,532,690,931.25</b>	<b>1,090,864,513.30</b>

**5.31.3 Presentation of defined contribution plans**

Item	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022
Basic endowment insurance premiums	49,558,813.18	1,379,877,758.86	1,368,778,864.21	60,657,707.83
Unemployment insurance premium	2,476,091.74	43,495,472.29	43,108,682.50	2,862,881.53
Enterprise annuity payment	526,890.82	122,932,140.36	121,824,261.40	1,634,769.78
<b>Total</b>	<b>52,561,795.74</b>	<b>1,546,305,371.51</b>	<b>1,533,711,808.11</b>	<b>65,155,359.14</b>

**5.32 Taxes and surcharges payable**

Tax items	Balance as at December 31, 2022	Balance as at December 31, 2021
Value added tax (VAT)	1,128,389,240.16	750,046,746.51
Business tax	29,374,865.67	38,682,258.38
Enterprise income tax	1,187,055,017.13	1,689,942,654.18
Individual income tax	197,304,138.54	215,475,945.72
Urban maintenance and construction tax	99,042,186.11	77,674,075.73
House property tax	14,518,323.24	18,252,827.67
Land value increment tax	2,548,515,393.98	2,610,985,850.58
Education surtax	74,678,880.36	66,146,450.05
Resource tax	24,685,061.95	28,551,576.50
Deed tax	11,101,612.35	16,101,970.92
Land use tax	2,857,322.20	2,817,202.79
Environmental protection tax	1,947,016.00	2,200,745.40
Compensation fees of mineral resources	3,830,315.90	3,821,584.62
Others	58,384,793.58	53,699,499.49
Total	5,381,684,167.17	5,574,399,388.54

**5.33 Other payables**

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Interest payable	65,770.45	52,518.48
Dividends payable	35,557,776.24	29,323,838.80
Other payables	18,825,228,177.05	16,311,927,642.74
Total	18,860,851,723.74	16,341,304,000.02

**5.33.1 Interest payable**

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Interest payable for lease	65,770.45	52,518.48

**5.33.2 Dividends payable**

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Dividends payable to minority shareholders of subsidiaries	35,557,776.24	29,323,838.80

**5.33.3 Other payables**

(1) Presentation of other payables by nature

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Current accounts among related parties	800,473,503.29	981,517,406.87
Current accounts with third parties	4,011,705,754.15	2,956,289,272.10
Reserve payment for house	932,988,706.65	738,658,189.61
Performance bond	6,468,563,942.55	5,651,273,051.78
Deposit and security deposit	2,760,554,153.28	2,750,304,557.85
Risk fund for project contracting	169,478,523.70	158,824,146.99
Accrued expenses	347,385,575.05	272,317,123.98

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Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Property maintenance funds	25,039,262.62	20,568,498.89
Demolition and relocation compensation	1,428,929.34	3,760,610.00
Employee security fund	61,994,611.78	88,886,271.54
Others	3,245,615,214.64	2,689,528,513.13
Total	18,825,228,177.05	16,311,927,642.74

(2) Other significant payables with aging over one year

Item	Balance as at December 31, 2022	Reason for failure in repayment or carry-forward
Tianjin Basic Housing Construction Investment Co., Ltd.	303,442,061.35	Settlement period has not been matured
Demolition and Settlement Project Comprehensive Command, Hongqiao District, Tianjin	209,842,904.00	Settlement period has not been matured
People's Government in Kangqiao Town, Pudong New District, Shanghai	184,941,956.80	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 Construction Management Committee	100,000,000.00	Settlement period has not been matured
Shanghai Construction Holdings Group Co., Ltd.	71,845,543.91	Settlement period has not been matured
Tianjin Jianyu Real Estate Development Group Co., Ltd.	69,662,503.00	Settlement period has not been matured
Shanghai Dongqing Construction Labor Services Co., Ltd.	55,165,667.91	Settlement period has not been matured
Shanghai Zhuyi Enterprise Management Center (Limited Partnership)	41,227,200.00	Settlement period has not been matured
Shanghai Municipal Land Reserve Center	33,858,616.80	Settlement period has not been matured
Shanghai Yubang Construction Group Co., Ltd.	33,390,366.67	Settlement period has not been matured
Zhejiang Donghai Engineering Construction Co., Ltd.	30,620,000.00	Settlement period has not been matured
Shanghai Dongfu Construction Labor Services Co., Ltd.	30,580,868.17	Settlement period has not been matured
China Coal Geology Group Co., Ltd.	30,571,976.12	Settlement period has not been matured
Shanghai Huadi Construction Engineering Co., Ltd.	30,446,151.63	Settlement period has not been matured

**5.34 Non-current liabilities maturing within one year**

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Long-term borrowings maturing within one year	10,502,333,815.56	12,114,649,759.88
Bonds payable maturing within one year	43,635,903.96	1,365,346,271.31
Long-term payables maturing within one year	481,373,215.19	424,963,922.01
Lease liabilities maturing within one year	655,663,805.61	626,488,802.97
Total	11,683,006,740.32	14,531,448,756.17

**Long-term borrowings maturing within one year**

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Pledged borrowings	770,270,059.65	1,820,841,434.28
Mortgaged borrowings	2,234,798,879.91	1,282,978,057.12
Guaranteed borrowings	5,237,649,463.72	7,839,655,756.95
Credit borrowings	1,432,117,849.87	136,717,657.91
Entrusted borrowings form related parties	481,919,444.46	1,932,638.90
Mortgaged and guaranteed borrowings	30,872,422.22	923,261,446.36
Pledged and guaranteed borrowings	168,870,831.20	104,955,652.44
Debt equity investments received	145,834,864.53	4,307,115.92
Total	10,502,333,815.56	12,114,649,759.88

**5.35 Other current liabilities**

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Output tax to be carried forward	1,054,837,530.32	1,213,335,226.84

**5.36 Long-term borrowings**

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Pledged borrowings	3,447,761,170.98	2,365,929,057.22
Mortgaged borrowings	19,492,095,881.43	3,010,473,804.44
Guaranteed borrowings	25,042,274,468.55	36,004,341,784.64
Credit borrowings	3,470,385,308.00	3,561,437,766.00
Entrusted borrowings form related parties	1,000,000,000.00	1,480,000,000.00
Mortgaged and guaranteed borrowings	614,000,000.00	377,000,000.00
Pledged and guaranteed borrowings	3,445,115,646.60	1,937,023,897.00
Debt equity investments received	101,375,000.00	1,441,275,000.00
Total	56,613,007,475.56	50,177,481,309.30

**5.37 Bonds payable**

**5.37.1 Details of bonds payable**

Item	Balance as at December 31, 2022	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	2,000,000,000.00
USD bond overseas	4,160,776,653.36	3,802,550,468.24
Total	6,160,776,653.36	5,802,550,468.24

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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	Date of issue	Term of bonds	Amount issued	Balance as at December 31, 2021	Issued in 2022	Interest withdrawn by par value	Premium and discount amortization	Repaid in 2022	Amount maturing within one year	Balance as at December 31, 2022
Medium-term note at first stage in 2020 of Shanghai Construction Group Co., Ltd.	2,000,000,000.00	2020-8-7	5 years	2,000,000,000.00	2,000,000,000.00		79,000,000.00			39,500,000.00	2,000,000,000.00
USD bond overseas	600,000,000.00 USD	2020-6-16	5 years	600,000,000.00 USD	597,092,459.80 USD		6,750,000.00 USD	1,097,560.40 USD		553,278.69 USD	598,190,020.20 USD

**5.38 Lease liabilities**

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Minimum lease payments	3,559,672,328.54	3,040,189,914.27
Unrecognized finance fees	-484,129,650.49	-411,428,054.15
Less: lease liabilities maturing within one year	655,663,805.61	626,488,802.97
Total	2,419,878,872.44	2,002,273,057.15

**5.39 Long-term payables**

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Long-term payables	1,134,285,827.69	1,663,046,089.85
Special payables	49,222,076.17	35,199,218.97
Total	1,183,507,903.86	1,698,245,308.82

**5.39.1 Long-term payables**

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Performance bond payable	124,570,209.82	177,637,718.82
Finance lease payment		55,508,450.78
Factoring financing		400,000,000.00
Maintenance funds	11,674,948.51	11,277,359.73
Payable for installment payment for equipment purchase	2,094,468.53	15,676,359.69
Kaiyuan - Shanghai Jiangong Real Estate Platinum Building Asset-backed Special Plan	991,000,000.00	998,000,000.00
Others	4,946,200.83	4,946,200.83
Total	1,134,285,827.69	1,663,046,089.85

**5.39.2 Special payables**

Item	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022
Experimental manufacturing costs for scientific research	9,289,081.45	21,525,973.00	16,295,073.30	14,519,981.15
Compensation for demolition	25,910,137.52	24,820,078.74	16,028,121.24	34,702,095.02
Total	35,199,218.97	46,346,051.74	32,323,194.54	49,222,076.17

**5.40 Long-term employee compensation payable**

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

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
I. Post-employment benefits - net liabilities of defined benefit plans	224,815,164.00	245,678,212.00
II. Dismissal welfare		
III. Other long-term benefits	24,693,981.00	28,493,600.00
Total	249,509,145.00	274,171,812.00

**5.40.2 Changes in defined benefit plans**

(1) Present value of defined benefit plan

Item	Year 2022	Year 2021
1. Balance as at December 31, 2021	245,678,212.00	255,385,032.00
2. Defined benefit cost included into the current profit or loss	8,747,322.00	7,914,125.00
(1) Current service costs		
(2) Previous service costs	2,299,587.00	
(3) Settlement gains ("-" for losses)		
(4) Net amount of interest	6,447,735.00	7,914,125.00
3. Defined benefit cost included into other comprehensive income	-7,488,774.00	4,676,228.00
(1) Actuarial gains ("-" for losses)	-7,488,774.00	4,676,228.00
4. Other changes	-22,121,596.00	-22,297,173.00
(1) Consideration paid for settlement		
(2) Paid welfare	-22,121,596.00	-22,297,173.00
5. Balance as at December 31, 2022	224,815,164.00	245,678,212.00

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

Item	Year 2022	Year 2021
1. Balance as at December 31, 2021	245,678,212.00	255,385,032.00
2. Defined benefit cost included into the current profit or loss	8,747,322.00	7,914,125.00
3. Defined benefit cost included into other comprehensive income	-7,488,774.00	4,676,228.00
4. Other changes	-22,121,596.00	-22,297,173.00
5. Balance as at December 31, 2022	224,815,164.00	245,678,212.00

(3) Description of significant actuarial assumptions and results of sensitivity analysis for the defined benefit plan  
Significant actuarial assumptions for present value of defined benefit obligation are as follows:

Significant assumptions in the actuarial estimate	As at December 31, 2022	As at December 31, 2021
Discount rate - post-employment benefits	2.75%	2.75%
Discount rate - other long-term employee benefits	2.50%	2.50%
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%/6.00%	0.00%/4.50%

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Significant assumptions in the actuarial estimate	As at December 31, 2022	As at December 31, 2021
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%	-5,096,148.00	5,317,247.00

**5.41 Estimated liabilities**

Item	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022	Forming reason
Provision for compensation to customers	1,490,470.00	-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	12,771,995.05	38,219,067.67	56,108.33	50,934,954.39	
Total	14,262,465.05	36,728,597.67	56,108.33	50,934,954.39	



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**5.42 Deferred income**

Item	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022	Forming reason
Government grants	75,403,346.29	51,125,062.82	33,135,084.13	93,393,324.98	Receipt of various funds related to government grants
Compensation for demolition (including the compensation for commercial demolition)	47,398,306.12		2,520,225.89	44,878,080.23	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>122,801,652.41</b>	<b>51,125,062.82</b>	<b>35,655,310.02</b>	<b>138,271,405.21</b>	

**Items involving government grants:**

Liability items	Balance as at December 31, 2021	New grants in 2022	Amount included in the current profit or loss in 2022	Other changes	Balance as at December 31, 2022	Assets-related/ Income-related
Compensation for demolition	44,292,246.98		2,165,015.51		42,127,231.47	Assets-related
Construction of headquarters building of municipal institute	33,795,065.54		2,816,255.44		30,978,810.10	Assets-related
Sporadic projects	41,608,280.75	51,125,062.82	30,318,828.69		62,414,514.88	Income-related
<b>Total</b>	<b>119,695,593.27</b>	<b>51,125,062.82</b>	<b>35,300,099.64</b>		<b>135,520,556.45</b>	

**5.43 Share capital**

Item	Balance as at December 31, 2021	Changes in 2022 ("+" for increase and "-" for decrease)					Balance as at December 31, 2022
		New shares issued	Share donation	Conversion of reserves into share	Others	Sub-total	
<b>Total shares</b>	<b>8,904,397,728.00</b>						<b>8,904,397,728.00</b>

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5.44 Other equity instruments

5.44.1 Preferred stocks, perpetual bonds and other financial instruments issued as at December 31, 2022

Financial Instruments issued	Date of issue	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.	2018-10-10	Perpetual bond	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)	2020-8-14	Perpetual bond	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)	2020-9-27	Perpetual bond	5.30%	100.00	13,500,000	1,350,000,000.00	5 + N		

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Financial Instruments issued	Date of issue	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)	2021-1-12	Perpetual bond	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.	2021-8-16	Perpetual bond	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.	2021-11-17	Perpetual bond	3.49%	100.00	20,000,000	2,000,000,000.00	3 + N		
Total					105,000,000.00	10,500,000,000.00			

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**5.44.2 Changes in preferred stocks, perpetual bonds and other financial instruments issued as at December 31, 2022**

Financial Instruments issued	As at December 31, 2021		Increase in 2022		Decrease in 2022		As at December 31, 2022	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
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.	50,000,000	5,000,000,000.00					50,000,000	5,000,000,000.00
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
Total	105,000,000	10,500,000,000.00					105,000,000	10,500,000,000.00

Other description:

- (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 to qualified investors. The Company has made such issuance 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 August 14, 2020.

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 trust plan 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 trust plan remained unchanged at 5.3% per annum in the first five interest-bearing years. Starting from the sixth interest-bearing year, if the Company does not exercise the redemption right, the annual interest rate should jump 300 basis points on the basis of the annualized fixed investment yield applicable to 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.

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 trust plan 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 trust plan remained unchanged at 5.3% per annum in the first five interest-bearing years. Starting from the sixth interest-bearing year, if the Company does not exercise the redemption right, the annual interest rate should jump 300 basis points on the basis of the annualized fixed investment yield applicable to 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 January 12, 2021.

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 trust plan 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 trust plan remained unchanged at 5.25% per annum in the first five interest-bearing years. Starting from the sixth interest-bearing year, if the Company does not exercise the redemption right, the annual interest rate should jump 300 basis points on the basis of the annualized fixed investment yield applicable to the initial investment term.

(3) Medium-term note at first stage in 2021 of Shanghai Construction Group Co., Ltd.

On August 12, 2021, the Company issued the medium-term notes at first stage 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 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 3.50% 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.

- (4) Medium-term note at second stage in 2021 of Shanghai Construction Group Co., Ltd.
- On November 16, 2021, the Company issued the medium-term notes at second stage 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 3.49% 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.

#### 5.45 Capital reserves

Item	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022
Capital premium (share premium)				
(1) Capital invested by the investor	2,296,486,401.78			2,296,486,401.78
(2) Impact of the business combination under common control	-447,512,643.65			-447,512,643.65
(3) Changes in enjoyed equity caused by the additional capital contribution made by the minority shareholders of the subsidiary	1,086,655.67	1,366,333.22		2,452,988.89
(4) Difference between the minority interest purchased and the net asset shares acquired	-231,920,367.19	-92,176,177.52		-324,096,544.71
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	922,901,701.39			922,901,701.39
Total	2,882,236,040.95	-90,809,844.30		2,791,426,196.65

#### 5.46 Treasury stocks

Item	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022
Treasury stock	63,704,768.29			63,704,768.29



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5.47 Other comprehensive income

Item	Balance as at December 31, 2021	Year 2022						Balance as at December 31, 2022
		Pre-tax amount incurred in 2022	Less: the amount included in other comprehensive income in prior period and transferred to current profits or losses	Less: amount previously included in the other comprehensive income and currently transferred to the retained earnings	Less: income tax expenses	Attributable to owners of the Company, after tax	Attributable to minority shareholders, after tax	
1. Other comprehensive income that cannot be reclassified into profit or loss	-196,705,472.81	55,672,851.49			12,954,881.72	43,063,419.77	-345,450.00	-153,642,053.04
Including: changes in re-measurement of the defined benefit plan	-44,912,852.86	7,488,774.00			894,084.06	6,594,689.94		-38,318,162.92
Other comprehensive income that cannot be transferred to profit or loss under the equity method								

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Item	Balance as at December 31, 2021	Year 2022						Balance as at December 31, 2022
		Pre-tax amount incurred in 2022	Less: the amount included in other comprehensive income in prior period and transferred to current profits or losses	Less: amount previously included in the other comprehensive income and currently transferred to the retained earnings	Less: income tax expenses	Attributable to owners of the Company, after tax	Attributable to minority shareholders, after tax	
Changes in fair value of other equity instrument investments	-151,792,619.95	48,184,077.49			12,060,797.66	36,468,729.83	-345,450.00	-115,323,890.12
Changes in the fair value of the company's own credit risk								
2. Other comprehensive income that will be reclassified into profit or loss	72,793,952.54	13,545,698.96				-38,680,356.89	52,226,055.85	34,113,595.65
Including: other comprehensive income that can be transferred to profit or loss under the equity method	1,572,612.94							1,572,612.94

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Item	Balance as at December 31, 2021	Year 2022						Balance as at December 31, 2022
		Pre-tax amount incurred in 2022	Less: the amount included in other comprehensive income in prior period and transferred to current profits or losses	Less: amount previously included in the other comprehensive income and currently transferred to the retained earnings	Less: income tax expenses	Attributable to owners of the Company, after tax	Attributable to minority shareholders, after tax	
Changes in fair value of other creditor's right investment								
Amount of financial assets reclassified into other comprehensive income								
Provision for credit impairment of other creditor's right investment								
Cash flow hedging reserve								
Translation differences of foreign currency financial statements	71,221,339.60	13,545,698.96				-38,680,356.89	52,226,055.85	32,540,982.71

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Item	Balance as at December 31, 2021	Year 2022						Balance as at December 31, 2022
		Pre-tax amount incurred in 2022	Less: the amount included in other comprehensive income in prior period and transferred to current profits or losses	Less: amount previously included in the other comprehensive income and currently transferred to the retained earnings	Less: income tax expenses	Attributable to owners of the Company, after tax	Attributable to minority shareholders, after tax	
Total of other comprehensive income	-123,911,520.27	69,218,550.45			12,954,881.72	4,383,062.88	51,880,605.85	-119,528,457.39

**5.48 Special reserves**

Item	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022
Work safety expenses	8,637,748.43	4,494,993,376.05	4,492,791,455.88	10,839,668.60

**5.49 Surplus reserves**

Item	Balance as at December 31, 2021	Balance as at January 1, 2022	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022
Statutory surplus reserves	2,176,200,969.54	2,176,200,969.54	251,001,433.32		2,427,202,402.86

**5.50 Undistributed profits**

Item	Year 2022	Year 2021
Undistributed profits at the end of the prior year before adjustment	16,677,709,479.48	15,197,438,705.84
Total adjustments to undistributed profits at the beginning of the year ("+" for increase and "-" for decrease)		-167,084,263.87
Undistributed profits at the beginning of the year after adjustment	16,677,709,479.48	15,030,354,441.97
Plus: net profit attributable to owners of the Company in the current period	1,355,684,964.02	3,768,771,949.40
Less: withdrawal of statutory surplus reserves	251,001,433.32	287,651,478.32
Withdrawal of discretionary surplus reserves		
Withdrawal of general risk reserves		
Common stock dividends payable	1,288,461,262.88	1,288,461,418.58
Common stock dividends transferred to share capital		
Interest paid for perpetual bonds	489,312,986.12	545,217,013.91
Plus: Carry-forward of other comprehensive income for retained earnings		-87,001.08
Undistributed profits at the end of the year	16,004,618,761.18	16,677,709,479.48

**5.51 Operating revenue and operating costs**

**5.51.1 Operating revenue and operating costs**

Item	Year 2022		Year 2021	
	Revenue	Costs	Revenue	Costs
Primary business	284,985,918,626.75	259,367,522,573.23	279,275,848,925.28	253,084,558,931.37
Other businesses	1,050,696,033.13	800,759,372.67	1,779,619,099.36	1,472,425,092.63
Total	286,036,614,659.88	260,168,281,945.90	281,055,468,024.64	254,556,984,024.00

**Details of operating revenue:**

Item	Year 2022	Year 2021
Revenue from customer contracts	285,598,406,304.17	280,501,684,385.51
Lease revenue	438,208,355.71	553,783,639.13
Total	286,036,614,659.88	281,055,468,024.64

**5.51.2 Revenue from contracts**

Contract classification	Year 2022
Classified by commodity or business type	
Building, contracting, design and construction	251,940,234,874.92
Building industry	13,515,984,667.22
Real estate development industry	13,321,842,282.48
Complete equipment and other merchandise trade	1,124,414,252.89
Investment and construction of urban infrastructure	1,707,701,230.92
Project management and consultancy, labor dispatch and other services	2,922,524,934.59
Gold selling business	1,065,704,061.15
Total	285,598,406,304.17
Classification by business area:	
Chinese mainland	280,170,899,168.41
Other countries and regions	5,427,507,135.76
Total	285,598,406,304.17
Classification by the time for merchandise transfer	
Recognition at a certain time point	31,474,134,174.96
Recognized in certain period	254,124,272,129.21
Total	285,598,406,304.17

**5.51.3 Operating revenue from top five customers of the Company**

Customer name	Total operating revenue	Proportion in the Company's total operating revenue (%)
Shanghai Airport (Group) Co., Ltd.	3,159,718,949.72	1.10
Hangzhou Yuhang Aerospace Town Construction Co., Ltd.	2,668,125,033.66	0.93
Shanghai Pudong Land Holding (Group) Co., Ltd.	2,303,706,593.89	0.81
Shanghai Nuogang Exhibition Co., Ltd.	2,237,907,644.00	0.78
Shanghai Jinqiao (GROUP) Limited Company	2,166,048,696.53	0.76
Total	12,535,506,917.80	4.38

**5.52 Taxes and surcharges**

Item	Year 2022	Year 2021
Urban maintenance and construction tax	273,901,137.69	258,493,462.51
Education surtax	212,894,829.55	208,392,487.22
Resource tax	59,084,302.78	33,433,071.75
Land value increment tax	304,271,445.64	275,780,134.01
Land use tax	12,871,510.20	12,972,805.22
Stamp tax	175,928,444.00	161,848,501.58
House property tax	106,520,371.70	121,711,383.19
Overseas offshore tax	26,124,140.86	23,508,525.36
Environmental protection tax	10,390,020.58	13,505,355.88
Others	15,212,232.22	22,729,305.90
Total	1,197,198,435.22	1,132,375,032.62

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**5.53 Selling and distribution expenses**

Item	Year 2022	Year 2021
Employee compensation and benefits	311,566,142.49	299,354,980.65
Commission agency fee	294,230,218.82	307,754,567.13
Advertising and promotion expenses	54,730,255.78	83,296,027.22
Business transportation costs	5,673,773.57	7,387,644.30
Office expenses	33,710,547.78	41,419,487.60
Transportation expenses	311,188.83	294,958.43
Fees for using fixed assets	4,590,202.65	11,039,212.50
Entertainment expenses	4,314,734.47	4,051,017.16
Expenses on meeting affairs	381,800.00	404,596.96
Others	82,162,173.38	83,831,744.33
Total	791,671,037.77	838,834,236.28

**5.54 General and administrative expenses**

Item	Year 2022	Year 2021
Employee compensation and benefits	5,290,581,893.22	5,213,912,407.24
Fees for using fixed assets	480,641,889.84	472,419,850.71
Office expenses	352,208,812.00	419,988,604.46
Entertainment expenses	34,084,893.53	75,050,572.79
Business transportation costs	56,115,350.46	74,293,403.62
Amortization of intangible assets	93,687,299.85	72,467,853.28
Vehicle use expenses	11,594,517.47	10,201,594.64
Insurance premiums	42,801,472.25	34,018,771.31
Amortization of long-term deferred expenses	31,732,339.23	32,426,420.92
Low-value consumption goods	7,897,546.36	11,829,107.95
Repair charge	17,966,321.24	23,453,080.97
Expenses on meeting affairs	1,451,461.38	4,395,461.51
Expenses for labor service cooperation	9,439,172.07	4,093,072.54
Others	609,869,520.25	601,226,432.40
Total	7,040,072,489.15	7,049,776,634.34

**5.55 Research and development expenses**

Item	Year 2022	Year 2021
Direct expenses on materials	4,061,704,988.65	4,426,177,710.63
Personal expenses	1,691,540,849.84	1,570,623,870.00
Depreciation expenses	45,041,690.20	50,793,734.74
Rental expenses	42,276,261.36	64,330,716.44
Maintenance and renovation expenses	199,098,026.43	150,361,144.73
Amortization of intangible assets	5,353,731.49	3,759,161.20
Expenses on reagent and testing	485,346,634.77	733,228,029.95
Outsourcing research and development expenses	505,279,278.02	130,645,872.47
Other expenses	3,149,221,648.26	2,762,891,287.13
Total	10,184,863,109.02	9,892,811,527.29

**5.56 Financial expenses**

Item	Year 2022	Year 2021
Interest expenses	3,466,138,738.57	3,068,270,513.68
Including: Interest expenses on lease liabilities	114,436,889.74	101,275,941.98

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Item	Year 2022	Year 2021
Less: interest income	790,675,903.43	777,846,186.98
Exchange gains and losses	-110,058,521.20	33,470,632.09
Effect of welfare actuary	7,104,727.00	8,858,703.00
Others	152,818,494.72	156,647,705.38
Total	2,725,327,535.66	2,489,401,367.17

**5.57 Other income**

Item	Year 2022	Year 2021
Government grants	147,985,610.73	142,629,190.04
Input tax deduction	8,131,120.43	7,636,304.75
Handling charges for withdrawal of individual income tax	17,424,231.14	12,436,873.95
VAT directly exempted	14,139.45	4,608.77
Gains from debt restructuring		
Total	173,555,101.75	162,706,977.51

Government grants included in other income

Item	Year 2022	Year 2021	Assets-related/Income-related
Experimental manufacturing costs for scientific research	42,323,395.86	43,761,217.16	Income-related
Compensation for demolition	5,737,684.41	8,664,608.82	Income-related
Others	99,924,530.46	90,203,364.06	Income-related
Total	147,985,610.73	142,629,190.04	

**5.58 Investment income**

Item	Year 2022	Year 2021
Income from long-term equity investments calculated under equity method	-17,975,122.90	50,510,074.73
Investment income from disposal of long-term equity investments	896,577,541.42	1,001,603,854.36
Investment income from financial assets held for trading during the holding period	38,290,635.22	52,191,323.24
Investment income from disposal of financial assets held for trading	-737,829.54	130,217,318.79
Interest revenue from creditor's right investment during the holding period	6,031,428.71	2,183,165.96
Dividend revenue from other equity instrument investment during the holding period	9,447,953.22	3,000,000.00
Investment income from other non-current financial assets during the holding period	47,910,077.93	428,502,922.02
Investment income from disposal of other non-current financial assets	51,650,976.24	
Others	-1,254,638.20	-171,551.13
Total	1,029,941,022.10	1,668,037,107.97



**5.59 Gains from changes in fair value**

Sources of gains from changes in fair value	Year 2022	Year 2021
Financial assets held for trading	-592,137,272.12	406,726,186.00
Including: Income from changes in fair value of derivative financial instruments		
Other non-current financial assets	-284,812,654.16	-18,538,691.49
Total	-876,949,926.28	388,187,494.51

**5.60 Losses from credit impairment**

Item	Year 2022	Year 2021
Losses from bad debts of notes receivable	-297,347,716.51	359,859,844.67
Losses from bad debts of accounts receivable	1,784,230,690.51	1,346,627,371.85
Losses from impairment of receivables financing		-260,911,608.22
Losses from bad debts of other receivables	12,565,722.61	-16,504,467.97
Losses from bad debts of long-term receivables	111,174,568.38	98,465,650.79
Total	1,610,623,264.99	1,527,536,791.12

**5.61 Losses from asset impairment**

Item	Year 2022	Year 2021
Losses from inventory depreciation and losses from impairment of contract performance cost	424,922,810.22	615,865,657.24
Losses from impairment of contract assets	369,166,725.24	423,209,637.21
Losses from impairment of goodwill	43,684,329.14	31,111,035.96
Total	837,773,864.60	1,070,186,330.41

**5.62 Income from asset disposal**

Item	Year 2022	Year 2021	Amount included in non-recurring profit or loss in the current period
Gains from disposal of fixed assets	21,650,916.39	78,516,363.90	21,650,916.39
Gains from disposal of intangible assets	268,394.03	3,694,481.34	268,394.03
Gains from disposal of right-of-use assets	1,920,864.27	-286,793.21	1,920,864.27
Total	23,840,174.69	81,924,052.03	23,840,174.69

**5.63 Non-operating revenue**

Item	Year 2022	Year 2021	Amount included in non-recurring profit or loss in the current period
Government grants	469,368,799.59	416,239,366.60	469,368,799.59
Gains from inventory profit	1,758,443.73	7.76	1,758,443.73
Revenue from liquidated damages and fines	30,365,215.58	19,969,116.51	30,365,215.58
Payment not required to be paid	14,679,239.78	4,530,580.93	14,679,239.78
Revenue from compensation for demolition	8,188,813.02	71,141,718.36	8,188,813.02
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	
Others	18,921,535.76	56,195,507.82	18,921,535.76
Total	543,282,047.46	568,312,128.67	543,282,047.46

Government grants included in the non-operating revenue

Item	Year 2022	Year 2021	Assets-related/Income-related
Income-related local government subsidies	466,552,544.15	413,423,111.16	Income-related
Asset-related local government subsidies	2,816,255.44	2,816,255.44	Assets-related
Total	469,368,799.59	416,239,366.60	

**5.64 Non-operating expenses**

Item	Year 2022	Year 2021	Amount included in non-recurring profit or loss in the current period
External donations	6,262,329.00	12,483,482.00	6,262,329.00
Expenses on fines and overdue fines	30,493,114.31	20,553,950.61	30,493,114.31
Compensation expenses	57,037,984.00	14,275,017.93	57,037,984.00
Inventory losses	560.00		560.00
Losses from the damage and scrapping of non-current assets	2,948,305.47	21,715,735.08	2,948,305.47
Others	6,658,183.73	14,479,504.88	6,658,183.73
Total	103,400,476.51	83,507,690.50	103,400,476.51

**5.65 Income tax expenses**

**5.65.1 Table of income tax expenses**

Item	Year 2022	Year 2021
Current income tax expenses	1,155,029,508.95	1,563,002,617.57
Deferred income tax expenses	-563,994,160.25	-327,875,183.85
Total	591,035,348.70	1,235,127,433.72

**5.65.2 Adjustment process of accounting profits and income tax expenses**

Item	Year 2022
Total profits	2,271,070,920.78
Income tax expenses calculated at statutory [or applicable] tax rate	567,767,730.20
Effect of different tax rates applicable to subsidiaries	-296,934,868.96
Influence of adjustments to the income tax for the prior years	-221,909,786.58
Effect of non-taxable income	-27,193,699.59
Effect of non-deductible costs, expenses and losses	-87,623,668.58
Impact of changes in tax rate on the balance of deferred income tax at the beginning of the period	7,181,633.21
Effect of deductible losses from using the deferred income tax assets unrecognized in previous periods	-89,722,643.31
Effect of deductible temporary differences or losses from deferred income tax assets unrecognized in the current period	1,115,913,507.13
Additional deduction	-253,408,392.86
Partnership's income tax expenses assumed by the shareholder	-123,034,461.96
Income tax expenses	591,035,348.70

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. The taxable income that affects the non-deductible costs, expenses and losses in 2022 amounted to RMB-489,312,986.12.

**5.66 Earnings per share**

**5.66.1 Basic earnings per share**

Basic earnings per share are calculated by dividing the consolidated net profit attributable to ordinary shareholders of the Company by weighted average number of outstanding ordinary shares of the Company:

Item	Year 2022	Year 2021
Consolidated net profit attributable to the common stockholder of the Company (deducting the dividend or interest of other equity instruments)	866,371,977.90	3,226,147,504.95
Weighted average of the Company's outstanding common stock	8,885,939,744.00	8,885,939,744.00
Basic earnings per share	0.10	0.36
Including: basic earnings per share from continued operation	0.10	0.36
Basic earnings per share from discontinued operation		

**5.66.2 Diluted earnings per share**

Diluted earnings per share are calculated by dividing the (diluted) consolidated net profit attributable to ordinary shareholders of the Company by the (diluted) weighted average number of outstanding ordinary shares of the Company:

Item	Year 2022	Year 2021
Consolidated net profit attributable to ordinary shareholders of the Company (diluted)	866,371,977.90	3,226,147,504.95
Weighted average of the Company's outstanding common stock (diluted)	8,885,939,744.00	8,885,939,744.00
Diluted earnings per share	0.10	0.36
Including: diluted earnings per share from continued operation	0.10	0.36
Diluted earnings per share from discontinued operation		

**5.67 Items of the statement of cash flows**

**5.67.1 Cash received from other operating activities**

Item	Year 2022	Year 2021
Current accounts with all parties received	4,518,955,640.61	2,859,455,069.96
Received from the principal of construction fund of BT and PPP projects of the owner	1,808,998,954.82	1,984,369,891.13
Received from security deposit	1,770,447,552.51	4,114,101,019.91
Received from advance payment	725,288,357.18	95,053,523.15
Received from government grants	652,929,338.17	558,360,529.47
Others	1,432,580,180.91	101,219,364.01
Total	10,909,200,024.20	9,712,559,397.63

**5.67.2 Cash paid for other operating activities**

Item	Year 2022	Year 2021
Paid for current accounts with all parties	4,586,935,812.66	3,371,450,850.48
Paid for funds of BT and PPP projects	3,382,186,259.34	3,833,410,289.05
Paid for operating expenses	9,598,163,958.10	9,140,373,021.30
Paid for deposits and margins	2,022,500,496.02	2,602,127,110.92
Paid for advance payment	118,567,503.95	159,844,278.61
Paid for donation outlay	6,262,329.00	12,483,482.00
Others	2,277,808,232.78	1,017,755,977.53
Total	21,992,424,591.85	20,137,445,009.89

**5.67.3 Cash received from other investing activities**

Item	Year 2022	Year 2021
Received from interest income	811,016,268.62	1,024,894,538.45
Received from compensations for demolition and relocation	24,820,078.74	162,580,000.00
Cash received from the acquisition of subsidiaries	1,302,650.68	27,770,723.61
Payment collected from time deposits held to maturity	3,790,998,665.63	3,848,465,150.00
Total	4,628,137,663.67	5,063,710,412.06

**5.67.4 Cash paid for other investing activities**

Item	Year 2022	Year 2021
Paid for removal expenses		124,520,407.39
Paid for resettlement expenses	355,210.38	283,082.05
Principal of time deposits to be held to maturity	3,227,732,907.05	4,030,832,369.78
Paid for amortization expenses on disposing of equity investments in prior period		74,709.60
Total	3,228,088,117.43	4,155,710,568.82

**5.67.5 Cash received from other financing activities**

Item	Year 2022	Year 2021
ABN account balance		4,110.60

**5.67.6 Cash paid for other financing activities**

Item	Year 2022	Year 2021
Paid for relevant expenses on bonds issue	20,010,337.58	56,943,246.74
Paid for dividend commission charges		755,094.49
Paid for cost on the acquisition of minority interest	111,814,800.00	341,827,192.08
Paid for capital reduction payment of minority shareholders of subsidiaries	59,998,541.54	
Paid for relevant payments for financing, creditor's right transfer and factoring	392,676,666.90	322,482,914.12
Paid for lease liabilities	767,793,998.35	767,734,866.31
Total	1,352,294,344.37	1,489,743,313.74

**5.68 Supplementary information to the statement of cash flows**

**5.68.1 Supplementary information to the statement of cash flows**

Supplementary information	Year 2022	Year 2021
1. Net profit adjusted to cash flows from operating activities		
Net profit	1,680,035,572.08	4,048,094,717.88
Plus: losses from credit impairment	1,610,623,264.99	1,527,536,791.12
Provision for asset impairment	837,773,864.60	1,070,186,330.41
Depreciation of fixed assets	2,312,046,073.77	2,274,511,985.20
Depletion of oil and gas assets		
Depreciation of right-of-use assets	746,734,941.13	617,805,748.10
Amortization of intangible assets	193,858,387.23	266,336,466.36
Amortization of long-term deferred expenses	104,118,446.57	114,473,439.16
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for income)	-23,840,174.69	-81,924,052.03
Losses from write-off of fixed assets ("-" for gains)	2,948,305.47	21,715,735.08
Losses from changes in fair value ("-" for gains)	876,949,926.28	-388,187,494.51

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Supplementary information	Year 2022	Year 2021
Financial expenses ("-" for gains)	2,620,206,978.14	2,295,170,860.99
Investment losses ("-" for gains)	-1,029,941,022.10	-1,668,037,107.97
Decreases in deferred income tax assets ("-" for increases)	-387,478,114.64	-69,640,641.90
Increases in deferred income tax liabilities ("-" for decreases)	-176,516,045.61	-258,234,541.95
Decreases in inventories ("-" for increases)	5,533,580,783.59	2,029,686,419.01
Decreases in operating receivables ("-" for increases)	-13,305,954,431.93	-26,207,647,764.02
Increases in operating payables ("-" for decreases)	7,362,357,387.70	24,776,490,529.38
Others		
Net cash flows from operating activities	8,957,504,142.58	10,368,337,420.31
2. Significant investing and financing activities not involving cash receipts and payments		
Conversion of debt to capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under finance lease		
3. Net change in cash and cash equivalents		
Ending balance of cash	80,884,964,281.28	77,095,477,715.85
Less: beginning balance of cash	77,095,477,715.85	71,517,105,212.99
Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net Increase in cash and cash equivalents	3,789,486,565.43	5,578,372,502.86

**5.68.2 Net cash paid for acquisition of subsidiaries in 2022**

	Amount
Cash or cash equivalents incurred and paid for business combination in 2022	137,030,138.49
Including: Jiangyin Dayang Concrete Engineering Co., Ltd.	10,219.49
Suzhou Yongji Construction Materials Co., Ltd.	59,919.00
SCG (Guangdong) Construction Co., Ltd.	17,000,000.00
SCG (Shenzhen) Construction Co., Ltd.	14,000,000.00
Jiangsu Haogong Construction Engineering Co., Ltd.	7,000,000.00
Jilin Zhongzhou Hydropower Engineering Co., Ltd.	69,960,000.00
Zhejiang Chengrui Construction Engineering Co., Ltd.	29,000,000.00
Less: cash and cash equivalents held by subsidiaries on the acquisition date	1,373,290.67
Including: Jiangyin Dayang Concrete Engineering Co., Ltd.	1,272,924.17
Suzhou Yongji Construction Materials Co., Ltd.	99,865.00
SCG (Guangdong) Construction Co., Ltd.	
SCG (Shenzhen) Construction Co., Ltd.	6.50
Jiangsu Haogong Construction Engineering Co., Ltd.	

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	Amount
Jilin Zhongzhou Hydropower Engineering Co., Ltd.	495.00
Zhejiang Chengrui Construction Engineering Co., Ltd.	
Plus: Cash or cash equivalents incurred and paid for business combination in previous periods	9,000,000.00
Including: Jiangxi Shangjian Construction Co., Ltd.	9,000,000.00
Net cash paid for acquiring subsidiaries	144,656,847.82

**5.68.3 Net cash received from disposal of subsidiaries in 2022**

	Amount
Cash or cash equivalents received in 2022 from disposal of subsidiaries in 2022	1,047,690,168.48
Including: Shanghai Construction Jialong Real Estate Co., Ltd.	310,421,121.77
Shanghai Jiading Hi-Tech Park Construction Co., Ltd.	285,694,690.63
Shanghai Dahao Real Estate Co., Ltd.	451,574,356.08
Less: cash and cash equivalents held by subsidiaries on date of losing control	87,347,281.29
Including: Shanghai Construction Jialong Real Estate Co., Ltd.	1,437,716.06
Shanghai Jiading Hi-Tech Park Construction Co., Ltd.	9,486,923.03
Shanghai Dahao Real Estate Co., Ltd.	76,422,642.20
Plus: cash or cash equivalents received in the current period from disposal of subsidiaries in prior periods	
Net cash received from disposal of subsidiaries	960,342,887.19

**5.68.4 Breakdown of cash and cash equivalents**

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
I. Cash	80,884,964,281.28	77,095,477,715.85
Including: cash on hand	6,726,999.03	11,810,176.86
Other unrestricted digital currency		
Unrestricted bank deposits	80,817,391,091.56	76,932,847,456.26
Other unrestricted monetary funds	60,846,190.69	150,820,082.73
Available-for-payment deposits in the central bank		
Deposits with 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	80,884,964,281.28	77,095,477,715.85
Including: cash and cash equivalents restricted for use by the Company or subsidiaries in the group		

**5.69 Assets with restrictions on the ownership or right of use**

Item	Book value as at December 31, 2022	Reason for restriction
Monetary funds	7,735,580,056.59	See Note 5.1 for details
Notes receivable	73,435,936.43	See Notes 5.3 and 11.1 for details
Accounts receivable	597,680,662.55	See Note 11.1 for details
Inventories	11,393,293,215.74	See Note 11.1 for details
Non-current assets maturing within one year	619,799,012.21	See Note 11.1 for details
Fixed assets	898,998,464.32	See Note 11.1 for details
Investment properties	326,439,896.47	See Note 11.1 for details
Intangible assets	1,582,822,608.20	See Note 11.1 for details
Long-term receivables	7,219,404,727.16	See Note 11.1 for details
Other non-current assets	2,255,912,353.78	See Note 11.1 for details
Total	32,703,366,933.45	

**5.70 Foreign currency monetary items**

**5.70.1 Foreign currency monetary items**

Item	Balance in foreign currency as at December 31, 2022	Exchange rate of conversion	Balance in RMB converted as at December 31, 2022
Monetary funds			2,258,086,729.87
Including: USD	264,544,303.64	6.9646	1,842,445,257.13
TTD	185,055,528.00	1.0550	195,233,582.04
MOP	141,208,535.98	0.8681	122,583,130.08
HKD	65,327,222.90	0.8933	58,356,808.22
CAD	3,294,686.00	5.1385	16,929,744.01
SGD	1,202,953.96	5.1831	6,235,030.67
EUR	765,756.23	7.4229	5,684,131.92
UZS	4,932,785,670.57	0.0006	2,959,671.40
ERN	4,449,794.63	0.4596	2,045,125.61
LSL	3,632,724.74	0.4051	1,471,616.79
KZT	46,204,687.54	0.0151	697,690.78
IDR	1,702,086,193.00	0.0004	680,834.48
RWF	94,685,647.15	0.0065	615,456.71
NPR	11,220,347.59	0.0526	590,190.28
WST	155,911.54	2.5550	398,353.98
JPY	6,850,489.00	0.0524	358,965.62
VUV	4,968,787.40	0.0586	291,170.94
LAK	576,150,152.00	0.0004	230,460.06
MNT	44,475,110.08	0.0020	88,950.22
BBD	22,616.63	3.4551	78,142.72
TOP	15,263.40	2.9227	44,610.34
GBP	2,700.00	8.3941	22,664.07
VND	44,891,326.00	0.0003	13,467.40
XOF	929,416.19	0.0115	10,688.29
MMK	1,882,558.18	0.0033	6,212.44
FCFA	450,072.00	0.0111	4,995.80
MVR	7,749.40	0.4477	3,469.41
KES	52,224.95	0.0564	2,945.49
ZMK	7,366.05	0.3860	2,843.30
ZWD	25,290.67	0.0191	483.05



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Item	Balance in foreign currency as at December 31, 2022	Exchange rate of conversion	Balance in RMB converted as at December 31, 2022
MRU	195.61	0.1872	36.62
Accounts receivable			875,358,480.42
Including: USD	81,657,288.25	6.9646	568,710,349.75
HKD	229,961,963.00	0.8933	205,425,021.55
CAD	11,554,440.00	5.1385	59,372,489.94
MOP	43,370,184.37	0.8681	37,649,657.05
TTD	3,862,523.35	1.0550	4,074,962.13
UZS	210,000,000.00	0.0006	126,000.00
Long-term borrowings			2,076,429,284.02
Including: USD	298,140,493.93	6.9646	2,076,429,284.02

**5.71 Lease**

**5.71.1 Acting as the lessee**

Item	Year 2022	Year 2021
Interest expenses on lease liabilities	114,436,889.74	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	835,741,011.64	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)	9,138,131.36	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	653,002.98	558,606.48
Including: leaseback part		
Revenue from the sublease of right-of-use assets	169,128.22	188,815.08
Total cash outflows related to lease	1,532,882,212.21	825,379,006.83
Leaseback-related profit or loss		
Cash inflows of leaseback		
Cash outflows of leaseback		

**5.71.2 Acting as the lessor**

**(1) Operating lease**

	Year 2022	Year 2021
Revenue from operating lease	313,818,619.07	416,433,058.16
Including: revenue relevant to variable lease payment not included in lease receipts		

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Undiscounted lease receipts that will be collected after the balance sheet date:

Remaining lease term	Year 2022	Year 2021
Within 1 year	270,371,640.90	247,659,385.79
1 - 2 years	202,186,289.27	190,516,497.58
2 - 3 years	153,985,207.15	114,351,505.09
3 - 4 years	101,186,642.70	83,161,340.10
4 - 5 years	69,595,929.76	65,712,050.05
Over 5 years	187,453,421.61	226,267,885.17
Total	984,779,131.39	927,668,663.78

(2) Finance lease

	Year 2022	Year 2021
Sales profit or loss	124,389,736.64	137,350,580.97
Financing income of net lease investment	124,389,736.64	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	Year 2022	Year 2021
Within 1 year	774,191,894.19	979,022,593.10
1 - 2 years	686,642,840.39	660,186,424.30
2 - 3 years	515,870,129.04	285,364,772.20
3 - 4 years	159,193,104.96	53,373,662.46
4 - 5 years	45,413,903.54	531,600.00
Over 5 years	80,709,179.88	575,900.00
Sub-total of undiscounted lease receipts	2,262,021,052.00	1,979,054,952.06
Plus: Unguaranteed residual value		
Less: Unrealized financing income		
Net lease investment	2,262,021,052.00	1,979,054,952.06

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6 Change in the consolidation scope

6.1 Business combination not under common control

6.1.1 Business combination under common control in 2022

Acquiree	Time of acquisition of equity	Cost on equity acquisition	Proportion of equity acquired (%)	Method of equity acquisition	Acquisition date	Recognition basis of date of purchase	Revenue of the acquiree from the acquisition date to December 31, 2022	Net profit of the acquiree from acquisition date to December 31, 2022
Suzhou Yongji Construction Materials Co., Ltd.	March 31, 2022	59,919.00	60.00	Mergers and acquisitions	March 31, 2022	Acquisition of the control over the company	104,661,463.55	1,136,422.60
Jiangyin Dayang Concrete Engineering Co., Ltd.	April 30, 2022	10,219.49	100.00	Mergers and acquisitions	April 30, 2022	Acquisition of the control over the company		-486,728.53
Three Fulton Square LLC	January 24, 2022	730,421,665.30	69.99	Transfer by agreement	January 24, 2022	Acquisition of the control over the company		-5,693,025.38

6.1.2 Combination cost and goodwill

	Suzhou Yongji Construction Materials Co., Ltd.	Jiangyin Dayang Concrete Engineering Co., Ltd.	Three Fulton Square LLC
Combination cost			
- Cash	59,919.00	10,219.49	
- Fair value of non-cash assets			
- Fair value of debt issued or assumed			
- Fair value of equity securities issued			
- Fair value of contingent consideration			

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	Suzhou Yongji Construction Materials Co., Ltd.	Jiangyin Dayang Concrete Engineering Co., Ltd.	Three Fulton Square LLC
- Fair value of the equity on the acquisition date held prior to the acquisition date			521,699,943.53
- Others			208,721,721.77
Total combination cost	59,919.00	10,219.49	730,421,665.30
Less: fair value of identifiable net assets obtained	59,919.00	10,219.49	730,421,665.30
Difference of goodwill / the combination costs in short of the fair value of net identifiable assets			

**6.1.3 Identifiable assets and liabilities of the acquiree on the acquisition date**

	Suzhou Yongji Construction Materials Co., Ltd.		Jiangyin Dayang Concrete Engineering Co., Ltd.		Three Fulton Square LLC	
	Fair value on the acquisition date	Book value on the date of purchase	Fair value on the acquisition date	Book value on the date of purchase	Fair value on the acquisition date	Book value on the date of purchase
Assets:	99,865.00	99,865.00	1,272,924.17	1,272,924.17	1,394,281,831.74	1,394,281,831.74
Monetary funds	99,865.00	99,865.00	1,272,924.17	1,272,924.17	5,887,826.46	5,887,826.46
Receivables					340,355,999.41	340,355,999.41
Inventories					8,541,545.44	8,541,545.44
Other current assets					1,814,197.53	1,814,197.53
Intangible assets					1,036,299,131.29	1,036,299,131.29
Other non-current assets					1,383,131.61	1,383,131.61
Liabilities:			1,262,704.68	1,262,704.68	350,673,222.94	350,673,222.94
Taxes and surcharges payable			379,544.37	379,544.37		
Other payables			883,160.31	883,160.31	9,722.94	9,722.94
Long-term borrowings					350,663,500.00	350,663,500.00
Net assets	99,865.00	99,865.00	10,219.49	10,219.49	1,043,608,608.80	1,043,608,608.80
Less: Minority interests	39,946.00	39,946.00			313,186,943.50	313,186,943.50
Net assets gained	59,919.00	59,919.00	10,219.49	10,219.49	730,421,665.30	730,421,665.30

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**6.1.4 Gains or losses arising from the re-measurement of the equity held before the acquisition date at the fair value**

Acquiree	Book value on the acquisition date of the equity held before the acquisition date	Fair value on the acquisition date of the equity held before the acquisition date	Gains or losses arising from the re-measurement of the equity held before the acquisition date at the fair value	Determination method and main assumptions of book value on the acquisition date of equity originally held before the acquisition date	Amount of the other comprehensive income relating to the equity originally held before the acquisition date and transferred to investment income and retained earnings
Three Fulton Square LLC	521,699,943.53	521,699,943.53		Evaluation confirmation	

**6.2 Business combination under common control**

In 2022, there was no business combination under common control.

**6.3 Counter purchase**

In 2022, there was no counter purchase.

**6.4 Disposal of subsidiaries**

**6.4.1 Loss of control due to single disposal of investment in subsidiaries**

Name of subsidiary	Price of equity disposal	Ratio of equity disposal (%)	Method for equity disposal	Time of the loss of the right of control	Basis for determining the loss of the right of control	Difference between the disposal price and the share in net assets of the subsidiary in consolidated financial statements corresponding to the investment disposed	Proportion of the residual equity on the date of losing the control	Book value of the residual equity on the date of losing the control right	Fair value of the residual equity on the date of losing the control right	Gains or losses arising from the re-measurement of residual equity at fair value	Methods to determine and major assumptions of the fair value of residual equity on the date of losing the control	Amount of other comprehensive income relating to the investments in the equity of original subsidiaries transferred in the profit or loss on investments
Shanghai Construction Jialong Real Estate Co., Ltd.	310,421,121.77	100.00	Sales	November 21, 2022	The equity transfer payment has been fully paid according to relevant agreement	215,739,254.21						
Shanghai Jiading Hi-Tech Park Construction Co., Ltd.	285,694,690.63	100.00	Sales	November 21, 2022	The equity transfer payment has been fully paid according to relevant agreement	250,191,647.71						
Shanghai Dahao Real Estate Co., Ltd.	451,574,356.08	100.00	Sales	November 21, 2022	The equity transfer payment has been fully paid according to relevant agreement	428,447,084.46						

**6.5 Changes in scope of consolidation due to other reasons**

In 2022, the Company newly established 23 subsidiaries, acquired 5 subsidiaries in other way and canceled 9 subsidiaries.

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7 Equity in other entities

7.1 Equity in subsidiaries

7.1.1 Structure of the enterprise group

Name of subsidiary	Principal place of business	Registered place	Business nature	Shareholding ratio (%)		Method of acquisition
				Directly	Indirect	
Shanghai Construction No. 1 (Group) Co., Ltd.	Shanghai	Shanghai	Building construction	100.00		Business combination under common control
Shanghai Construction No. 2 (Group) Co., Ltd.	Shanghai	Shanghai	Building construction	100.00		Business combination under common control
Shanghai Construction No.4 (Group) Co., Ltd.	Shanghai	Shanghai	Building construction	100.00		Business combination under common control
Shanghai Construction No.5 (Group) Co., Ltd.	Shanghai	Shanghai	Building construction	100.00		Business combination under common control
Shanghai Construction No. 7 (Group) Co., Ltd.	Shanghai	Shanghai	Building construction	100.00		Business combination under common control
Shanghai Building Decoration Engineering Group Co., Ltd.	Shanghai	Shanghai	Building construction	100.00		Business combination under common control
Shanghai Construction Design and Research General Institute Co., Ltd.	Shanghai	Shanghai	Building design	100.00		Business combination under common control
Shanghai Installation Engineering Group Co., Ltd.	Shanghai	Shanghai	Building construction	100.00		Business combination under common control
Shanghai Mechanized Construction Group Co., Ltd.	Shanghai	Shanghai	Building construction	100.00		Business combination under common control

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Name of subsidiary	Principal place of business	Registered place	Business nature	Shareholding ratio (%)		Method of acquisition
				Directly	Indirect	
Shanghai Foundation Engineering Group Co., Ltd.	Shanghai	Shanghai	Building construction	100.00		Business combination under common control
Shanghai Construction Building Materials Technology Group Co., Ltd.	Shanghai	Shanghai	Building industry	100.00		Business combination under common control
Shanghai Huadong Construction Machinery Factory Co., Ltd.	Shanghai	Shanghai	Production and sales of building construction machinery	100.00		Business combination under common control
Shanghai Construction Real Estate Co., Ltd.	Shanghai	Shanghai	Real estate development	100.00		Business combination under common control
Shanghai Gardens (Group) Co., Ltd.	Shanghai	Shanghai	Building construction	100.00		Business combination under common control
Shanghai Municipal Engineering Design Institute (Group) Co., Ltd.	Shanghai	Shanghai	Building design	100.00		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	100.00		Business combination under common control
SCG Changzhou Wujin Viaduct Construction Co., Ltd.	Changzhou, Jiangsu	Changzhou, Jiangsu	Investment and construction of urban infrastructure	100.00		Establishment
SCG Dalian Construction Engineering Co., Ltd.	Dalian, Liaoning	Dalian, Liaoning	Investment and construction of urban infrastructure	100.00		Establishment
SCG Kunshan Middle-ring Road Construction Co., Ltd.	Kunshan, Jiangsu	Kunshan, Jiangsu	Investment and construction of urban infrastructure	100.00		Establishment

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Name of subsidiary	Principal place of business	Registered place	Business nature	Shareholding ratio (%)		Method of acquisition
				Directly	Indirect	
SCG America Group Inc.	Delaware, USA	Delaware, USA	Building construction	100.00		Establishment
Zhuhai Shenhai Construction Engineering Co., Ltd.	Zhuhai, Guangdong	Zhuhai, Guangdong	Building construction	100.00		Establishment
SCG Jiangxi Jiulonghu Municipal Engineering Design Co., Ltd.	Nanchang, Jiangxi	Nanchang, Jiangxi	Investment and construction of urban infrastructure	100.00		Establishment
SCG Taizhou Tianxu Line Construction Co., Ltd.	Taizhou, Jiangsu	Taizhou, Jiangsu	Investment and construction of urban infrastructure	100.00		Establishment
SCG Nanchang Qianhu Construction Co., Ltd.	Nanchang, Jiangxi	Nanchang, Jiangxi	Investment and construction of urban infrastructure	100.00		Establishment
SCG Changzhou Wujin Jinwu Road Construction Co., Ltd.	Changzhou, Jiangsu	Changzhou, Jiangsu	Investment and construction of urban infrastructure	100.00		Establishment
Shanghai International Tourism Resort Engineering Construction Co., Ltd.	Shanghai	Shanghai	Building construction	100.00		Business combination under common control
SCG (Canada) Co., Ltd.	Alberta, Canada	Alberta, Canada	Building construction	100.00		Establishment
SCG Overseas Holdings Co., Ltd.	Hong Kong, China	Hong Kong, China	Investment management	100.00		Establishment
Shanghai SINKO Air Conditioning Equipment Co., Ltd.	Shanghai	Shanghai	Production and sales of air conditioning equipment	50.00		Business combination not under common control
SCG Yibin Daxikou Construction Co., Ltd.	Yibin, Sichuan	Yibin, Sichuan	Investment and construction of urban infrastructure	100.00		Establishment



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				Directly	Indirect	
SCG Chengdu Construction Engineering Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Investment and construction of urban infrastructure	100.00		Establishment
SCG Investment Co., Ltd.	Shanghai	Shanghai	Investment management	100.00		Establishment
SCG (Caribbean) Co., Ltd.	Port of Spain, Trinidad and Tobago	Port of Spain, Trinidad and Tobago	Building construction	100.00		Establishment
SCG E-commerce Co., Ltd.	Shanghai	Shanghai	E-commerce	100.00		Establishment
SCG (Cambodia) Co., Ltd.	Toul Kork, Cambodia	Toul Kork, Cambodia	Building construction	100.00		Establishment
SCG Wenzhou Oujiangkou Construction Co., Ltd.	Wenzhou, Zhejiang	Wenzhou, Zhejiang	Investment and construction of urban infrastructure	100.00		Establishment
SCG Wenzhou Qidu Bridge Construction Co., Ltd.	Wenzhou, Zhejiang	Wenzhou, Zhejiang	Investment and construction of urban infrastructure	100.00		Establishment
Sihui Huijian Road Reconstruction Construction Development Co., Ltd.	Zhaoqing, Guangdong	Zhaoqing, Guangdong	Investment and construction of urban infrastructure	90.00		Establishment
Zhaoqing Huijian Railway Station Complex Construction Development Co., Ltd.	Zhaoqing, Guangdong	Zhaoqing, Guangdong	Investment and construction of urban infrastructure	95.00		Establishment
SCG Meishan Construction Engineering Co., Ltd.	Meishan, Sichuan	Meishan, Sichuan	Investment and construction of urban infrastructure	100.00		Establishment
Changzhou Jintian Maoshan Tourist Avenue Construction Co., Ltd.	Changzhou, Jiangsu	Changzhou, Jiangsu	Investment and construction of urban infrastructure	70.00		Establishment

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				Directly	Indirect	
SCG Wenzhou Oujiangkou Traffic Engineering Construction Co., Ltd.	Wenzhou, Zhejiang	Wenzhou, Zhejiang	Investment and construction of urban infrastructure	95.00		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	90.00		Establishment
Nanjing Qiaoyuan Construction Management Co., Ltd.	Nanjing, Jiangsu	Nanjing, Jiangsu	Investment and construction of urban infrastructure	100.00		Establishment
Shanghai Heyu Intellectual Property Agency Co., Ltd.	Shanghai	Shanghai	Business service	100.00		Establishment
Jining Fenghuangtai Construction Co., Ltd.	Jining, Shandong	Jining, Shandong	Investment and construction of urban infrastructure	90.00		Establishment
SCG Equipment Engineering Co., Ltd.	Shanghai	Shanghai	Building construction	100.00		Business combination under common control
SCG Yiyun Technology Co., Ltd.	Shanghai	Shanghai	Information service	100.00		Establishment
SCG Yibin Cuiping Construction Co., Ltd.	Yibin, Sichuan	Yibin, Sichuan	Investment and construction of urban infrastructure	100.00		Business combination not under common control
Shanghai Minchuan Sports Development Co., Ltd.	Shanghai	Shanghai	Investment and construction of urban infrastructure	80.00		Establishment

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				Directly	Indirect	
SCG (Zhejiang) Water Conservancy and Hydropower Construction Co., Ltd.	Shaoxing, Zhejiang	Shaoxing, Zhejiang	Building construction	100.00		Business combination not under common control
Rizhao Hujian Urban Development and Construction Co., Ltd.	Rizhao, Shandong	Rizhao, Shandong	Investment and construction of urban infrastructure	90.00		Establishment
Hainan Hujian Construction Co., Ltd.	Haikou, Hainan	Haikou, Hainan	Building construction	100.00		Establishment
Qingdao Rail Transit Park Hujian Investment Development Co., Ltd.	Qingdao, Shandong	Qingdao, Shandong	Investment and construction of urban infrastructure	90.00		Establishment
Tianjin Housing Construction Development Group Co., Ltd.	Tianjin	Tianjin	Real estate development	51.00		Business combination not under common control
SCG Environmental Technology Co., Ltd.	Shanghai	Shanghai	Building construction and technology service	100.00		Establishment
Shanghai Jianxie Vocational Skills Training Co., Ltd.	Shanghai	Shanghai	Vocational skills training	100.00		Establishment
Shanghai Construction Smart Construction Co., Ltd.	Shanghai	Shanghai	Building construction	100.00		Establishment
Xiamen Shangjian Construction Group Co., Ltd.	Xiamen, Fujian	Xiamen, Fujian	Building construction	100.00		Other acquisition
SCG (Hainan) Investment Co., Ltd.	Haikou, Hainan	Haikou, Hainan	Building construction and investment	100.00		Establishment
Hangzhou Hujian Construction Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Building construction	100.00		Establishment

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**7.1.2 Major non-wholly-owned subsidiaries**

Name of subsidiary	Shareholding ratio of minority shareholders	Profit or loss attributable to minority shareholders in 2022	Dividends declared to be distributed to minority shareholders in 2022	Balance of minority interest as at December 31, 2022
Shanghai Jianfan Enterprise Management Partnership (Limited Partnership)	79.98%	186,060,050.75	186,064,143.03	3,999,497,940.92
Shanghai Jianyi Enterprise Management Partnership (Limited Partnership)	79.98%	168,654,567.09	168,660,465.42	3,997,501,834.85
Tianjin Housing Construction Development Group Co., Ltd.	49.00%	-468,589,974.44		-1,098,310,606.55

**7.1.3 Main financial information of major non-wholly-owned subsidiaries**

Name of subsidiary	Balance as at December 31, 2022						Balance as at December 31, 2021					
	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
Shanghai Jianfan Enterprise Management Partnership (Limited Partnership)	472,288.08	5,000,000,000.00	5,000,472,288.08				477,556.61	5,000,000,000.00	5,000,477,556.61	152.06		152.06
Shanghai Jianyi Enterprise Management Partnership (Limited Partnership)	483,496.00	4,997,750,000.00	4,998,233,496.00				486,874.48	4,997,750,000.00	4,998,236,874.48	221.14		221.14
Tianjin Housing Construction Development Group Co., Ltd.	18,798,770,560.78	3,584,151,817.14	22,382,922,377.92	21,937,603,867.32	2,569,469,954.11	24,507,073,821.43	19,847,204,336.27	3,338,495,599.46	23,185,699,935.73	23,434,800,068.31	918,658,139.70	24,353,458,208.01

Name of subsidiary	Year 2022				Year 2021			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Shanghai Jianfan Enterprise Management Partnership (Limited Partnership)		232,568,086.65	232,568,086.65	-11,473.66		234,269,947.75	234,269,947.75	-9,272.90
Shanghai Jianyi Enterprise Management Partnership (Limited Partnership)		210,822,424.44	210,822,424.44	-6,983.54		107,013,831.04	107,013,831.04	-626,082.90
Tianjin Housing Construction Development Group Co., Ltd.	6,001,366,669.28	-955,688,171.23	-956,393,171.23	2,616,736,668.29	5,746,977,783.56	-400,429,108.42	-398,306,508.42	2,675,167,033.70

**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

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Name of structured entity	Control basis	Financial support provided
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
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
Phase I Feichi - Jianling Individual Fund Trust of Huadian Gaintime (Beijing) Investment Fund Management Co., Ltd. in 2020	The Group has subordinated tranche	None
Phase I Feichi - Jianling Individual Fund Trust of Huadian Gaintime (Beijing) Investment Fund Management Co., Ltd. in 2021	The Group has subordinated tranche	None
Jingu • Kaiyuan • Hengye Bojin Tower Property Trust	The Group is a credit enhancement entity.	Undertaking the responsibility of making up the difference

**7.2 Transactions with changes in the share of owners' equity in subsidiaries but still with control over the subsidiaries**  
**Effect of transactions on minority interests and equity attributable to owners of the Company**

	Shanghai Jianhao Real Estate Co., Ltd.	Shanghai Kaidi Engineering Consulting Co., Ltd.	Shanghai Dahao Real Estate Co., Ltd.
Cost of purchase/consideration of disposal			
- Cash		25,970,000.00	90,000,000.00
- Fair value of non-cash assets			
Total cost of purchase/consideration of disposal		25,970,000.00	90,000,000.00
Less: share of net assets of subsidiaries calculated at the ratio of equity acquired/disposed	1,366,333.22	2,271,197.53	21,522,624.95
Difference	-1,366,333.22	23,698,802.47	68,477,375.05
Including: adjustment to capital reserves	1,366,333.22	-23,698,802.47	-68,477,375.05
Adjustment to surplus reserves			
Adjustment of undistributed profit			

**7.3 Equity in joint venture arrangements or associates**

**7.3.1 Major joint ventures or associates**

Name of joint venture/associate	Main business place	Registered place	Business nature	Shareholding ratio (%)		Accounting treatment method for the investments in joint ventures or associates
				Directly	Indirect	
Joint ventures:						
Suzhou Jianjia Building Component Product Co., Ltd.	Suzhou	Suzhou	Production of building component	50.00		Accounted for by the equity method
Wuxi Jian'an Building Component Product Co., Ltd.	Wuxi	Wuxi	Production of building component	50.00		Accounted for by the equity method
Associates:						

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Name of joint venture/associate	Main business place	Registered place	Business nature	Shareholding ratio (%)		Accounting treatment method for the investments in joint ventures or associates
				Directly	Indirect	
Hangzhou Hujian Urban Development and Construction Co., Ltd.	Hangzhou	Hangzhou	Investment and construction of urban infrastructure	99.00		Accounted for by the equity method
Shanghai Lingang New Area Jingang Xijiu Real Estate Co., Ltd.	Shanghai	Shanghai	Real estate development	49.00		Accounted for by the equity method
SCG Angong Equity Investment Fund Partnership Enterprise (Limited Partnership) (Remark)	Shanghai	Shanghai	Equity investment	59.40		Accounted for by the equity method
Fulton SCG Development LLC	USA	USA	Real estate development	50.00		Accounted for by the equity method
Shanghai Jinxie Property Co., Ltd.	Shanghai	Shanghai	Real estate development	49.00		Accounted for by the equity method
Shanghai Shangshi North Bund Landmark Construction and Development Co., Ltd.	Shanghai	Shanghai	Real estate development	15.00		Accounted for by 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 Principle financial information of major joint ventures**

	Balance as at December 31, 2022/Year 2022		Balance as at December 31, 2021/Year 2021	
	Suzhou Jianjia Building Component Product Co., Ltd.	Wuxi Jian'an Building Component Product Co., Ltd.	Suzhou Jianjia Building Component Product Co., Ltd.	Wuxi Jian'an Building Component Product Co., Ltd.
Current assets	345,200,361.30	64,153,625.20	210,223,816.99	66,657,387.03



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	Balance as at December 31, 2022/Year 2022		Balance as at December 31, 2021/Year 2021	
	Suzhou Jianjia Building Component Product Co., Ltd.	Wuxi Jian'an Building Component Product Co., Ltd.	Suzhou Jianjia Building Component Product Co., Ltd.	Wuxi Jian'an Building Component Product Co., Ltd.
Including: cash and cash equivalents	34,417,643.88	365,278.97	16,167,294.30	1,684,691.38
Non-current assets	9,203,546.79	14,230,735.14	9,846,928.67	17,352,664.32
Total assets	354,403,908.09	78,384,360.34	220,070,745.66	84,010,051.35
Current liabilities	245,767,721.38	40,237,857.35	140,307,354.70	40,921,036.05
Non-current liabilities				
Total liabilities	245,767,721.38	40,237,857.35	140,307,354.70	40,921,036.05
Minority equity				
Equity attributable to shareholders of the Company	108,636,186.71	38,146,502.99	79,763,390.96	43,089,015.30
Share of net assets calculated at the shareholding ratio	54,318,093.36	19,073,251.49	39,881,695.48	21,544,507.65
Adjusted matters				
- Goodwill				
- Unrealized profits from internal transaction				
- Others				
Book value of equity investments in joint ventures	54,318,093.36	19,073,251.49	39,881,695.48	21,544,507.65
Fair value of the equity investment in joint ventures with public offer				
Operating revenue	278,244,246.04	21,013,449.15	111,981,866.70	33,386,398.19
Financial expenses	3,651,601.98	3,947.95	3,114,417.78	557,732.90
Income tax expenses	17,518,115.97	-1,472,608.52	6,971,594.86	173,491.87
Net profit	48,872,795.76	-4,942,512.32	19,565,203.34	2,199,033.96
Net profit of discontinuing operations				
Other comprehensive income				
Total comprehensive income	48,872,795.76	-4,942,512.32	19,565,203.34	2,199,033.96
Dividends received from joint ventures in this period	5,000,000.00			

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7.3.3 Principle financial information of major associates

	Balance as at December 31, 2022/Year 2022					
	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	Shanghai Jinjie Property Co., Ltd.	Shanghai Shangshi North Bund Landmark Construction and Development Co., Ltd.
Current assets	253,395,057.45	4,471,855,497.01	1,145,725,370.77	2,378,335,370.94	2,979,090,262.87	298,078,645.64
Non-current assets	4,150,417,631.53	10,494,328.85		489,177,548.10	414,988.69	9,301,716,433.05
Total assets	4,403,812,688.98	4,482,349,825.86	1,145,725,370.77	2,867,512,919.04	2,979,505,251.56	9,599,795,078.69
Current liabilities	321,498,436.04	2,593,832,812.39	22,406,318.32	217,643,941.94	722,154,977.29	43,817.50
Non-current liabilities	2,947,186,000.00			1,458,532,717.26	858,000,000.00	
Total liabilities	3,268,684,436.04	2,593,832,812.39	22,406,318.32	1,676,176,659.20	1,580,154,977.29	43,817.50
Minority equity						
Equity attributable to shareholders of the Company	1,135,128,252.94	1,888,517,013.47	1,123,319,052.45	1,191,336,259.84	1,399,350,274.27	9,599,751,261.19
Share of net assets calculated at the shareholding ratio	1,123,776,970.41	925,373,336.60	667,278,626.62	595,668,129.92	685,681,634.39	1,439,962,689.18
Adjusted matters				-6,223,451.65		
- Goodwill						
- Unrealized profits from internal transaction				-6,223,451.65		

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	Balance as at December 31, 2022/Year 2022					
	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	Shanghai Jinxie Property Co., Ltd.	Shanghai Shangshi North Bund Landmark Construction and Development Co., Ltd.
- Others						
Book value of the equity investment in associates	1,123,776,970.41	925,373,336.60	667,278,626.62	589,444,678.27	685,681,634.39	1,439,962,689.18
Fair value of the equity investment in associates with public offer						
Operating revenue	286,579,725.20	66,077.09		184,503,071.76		
Net profit	69,193,284.40	-26,612,816.63	3,031,906.41	-105,551,722.51	-649,725.73	-248,738.01
Net profit of discontinuing operations						
Other comprehensive income				99,506,125.55		
Total comprehensive income	69,193,284.40	-26,612,816.63	3,031,906.41	-6,045,596.96	-649,725.73	-248,738.01
Dividends received from associates in the current period						

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	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	Shanghai Jinxie Property Co., Ltd.	Shanghai Shangshi North Bund Landmark Construction and Development Co., Ltd.
Current assets	474,225,529.54	2,481,910,827.09	1,133,922,786.48	2,314,968,752.03		
Non-current assets	3,359,021,843.20	1,623,389.97		298,923,572.89		
Total assets	3,833,247,372.74	2,483,534,217.06	1,133,922,786.48	2,613,892,324.92		
Current liabilities	29,552,404.20	568,404,386.96	13,885,640.44	209,798,242.65		
Non-current liabilities	2,737,760,000.00			1,276,358,225.47		
Total liabilities	2,767,312,404.20	568,404,386.96	13,885,640.44	1,486,156,468.12		
Minority equity						
Equity attributable to shareholders of the Company	1,065,934,968.54	1,915,129,830.10	1,120,037,146.04	1,127,735,856.80		
Share of net assets calculated at the shareholding ratio	1,055,275,618.84	938,413,616.75	665,327,600.98	563,867,928.40		
Adjusted matters				-25,948,808.39		
- Goodwill						
- Unrealized profits from internal transaction				-25,948,808.39		
- Others						

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	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	Shanghai Jinxie Property Co., Ltd.	Shanghai Shangshi North Bund Landmark Construction and Development Co., Ltd.
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		
Fair value of the equity investment in associates with public offer						
Operating revenue	147,904,113.77			347,175,576.16		
Net profit	22,430,833.46	-3,621,858.49	2,313,046.89	2,397,501.62		
Net profit of discontinuing operations						
Other comprehensive income				-26,362,815.82		
Total comprehensive income	22,430,833.46	-3,621,858.49	2,313,046.89	-23,965,314.20		
Dividends received from associates in the current period						

**7.3.4 Summary of financial information on insignificant joint ventures or associates**

	Balance as at December 31, 2022/Year 2022	Balance as at December 31, 2021/Year 2021
Joint ventures:		
Total book value of investments	19,399,172.14	18,869,115.42
Total amounts of the following items calculated at shareholding ratio		
- Net profit	1,583,491.38	1,177,258.70
-Other comprehensive income		
-Total comprehensive income	1,583,491.38	1,177,258.70
Associates:		
Total book value of investments	2,951,832,488.88	2,113,443,591.56
Total amounts of the following items calculated at shareholding ratio		
- Net profit	-45,654,315.37	15,414,565.36
-Other comprehensive income		
-Total comprehensive income	-45,654,315.37	15,414,565.36

**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, 2022, 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, 2022	Maximum loss exposure
Industrial fund	Long-term equity investments	1,759,312,383.78	1,759,312,383.78

**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 structure, formulating the Group's risk management policies and related 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 clearly stipulate specific risks, covering many aspects such as market risk, credit risk and liquidity risk management. The Group regularly evaluates the market environment and changes in the Group's operating activities to determine whether to update the risk management policy and system. 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 works closely with other business departments of the Group to identify, evaluate and avoid related risks. The internal audit department of the Group conducts regular audits on risk management controls and procedures, and reports the audit results to the Audit Committee of the Group.

The Group spreads the risks of financial instruments through appropriate diversified investment and business portfolios, and formulates corresponding risk management policies to reduce the risks concentrated in a single industry, a specific region or a specific counterparty.

#### **8.1 Credit risk**

Credit risk refers to a risk that the Company suffers financial losses due to the failure of the counterparty in performing the contract 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 canceling 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, 2022, there was no exchange of interest rates arranged by the Group.

As at December 31, 2022, 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 696,368,655.32 (As at December 31, 2021: RMB 591,270,966.87). 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 2022 and 2021.

As at December 31, 2022, the foreign currency financial assets and liabilities held by the Group were converted to RMB. See "Note 5.70 Monetary items in foreign currency" for details.

As at December 31, 2022, if the exchange rate for RMB-USD appreciates or depreciates by 5% when other variables remained unchanged, the net profit of the Company will be increased or decreased by RMB 52,850,796.31 (As at December 31, 2021: RMB 39,952,443.45). 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 Group in other listed companies, the management believes that the market price risks, to which these investing activities are exposed, are acceptable.



The equity investments held by the Group in the listed companies are listed as below:

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Financial assets held for trading	1,614,029,125.31	2,248,858,440.23
Financial assets measured at fair value through the current profit or loss		
Other non-current financial assets		
Other equity instrument investments		
Total	1,614,029,125.31	2,248,858,440.23

As at December 31, 2022, if the value of equity instruments increased or decreased by 20% when other variables remained unchanged, the net profit of the Company will increase or decrease by RMB 322,805,825.06 (As at December 31, 2021: Net profit: RMB 449,771,688.05). 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

Liquidity risk refers to a risk that an enterprise suffers funds shortage in performing the obligations of settlement in cash or 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

The input value used for measuring fair value is 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 refer to unobservable inputs of relevant assets or liabilities.

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, 2022

Item	Fair value as at December 31, 2022			
	Measurement of fair value at level 1	Measurement of fair value at level 2	Measured at the fair value at level 3	Total
<b>I. Measurement at fair value on a going concern</b>				
◆ Financial assets held for trading	717,761,842.34	896,267,282.97		1,614,029,125.31

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Item	Fair value as at December 31, 2022			
	Measurement of fair value at level 1	Measurement of fair value at level 2	Measured at the fair value at level 3	Total
1. Financial assets measured at fair value through current profit or loss	717,761,842.34	896,267,282.97		1,614,029,125.31
(1) Debt instrument investment				
(2) Investment in equity instrument	717,761,842.34	896,267,282.97		1,614,029,125.31
(3) Derivative financial assets				
(4) Others				
2. Financial asset designated to be measured by fair value through current profit or loss				
(1) Debt instrument investment				
(2) Others				
◆ Receivables financing		591,561,489.37		591,561,489.37
◆ Other creditor's right investments				
◆ Other equity instrument investments		273,330,391.83	337,033,161.76	610,363,553.59
◆ Other non-current financial assets		3,211,923,121.51	523,953,443.81	3,735,876,565.32
1. Financial assets measured at fair value through current profit or loss		3,211,923,121.51	523,953,443.81	3,735,876,565.32
(1) Debt instrument investment				
(2) Investment in equity instrument		229,863,011.79		229,863,011.79
(3) Derivative financial assets				
(4) Others		2,982,060,109.72	523,953,443.81	3,506,013,553.53

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Item	Fair value as at December 31, 2022			
	Measurement of fair value at level 1	Measurement of fair value at level 2	Measured at the fair value at level 3	Total
2. Financial asset designated to be measured by fair value through current profit or loss				
(1) Debt instrument investment				
(2) Others				
<b>Total assets with continuous measurement at fair value</b>	717,761,842.34	4,973,082,285.68	860,986,605.57	6,551,830,733.59
◆ 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				

Item	Fair value as at December 31, 2022			
	Measurement of fair value at level 1	Measurement of fair value at level 2	Measured at the fair value at level 3	Total
<b>Total assets with non-continuous measurement at fair value</b>				
◆ Liabilities held for sale				
<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 Analysis on the measurement items measured at fair value of level 3 on a going concern, adjustment information between the book value as at the end of the last year and the book value as at the end of last period and sensitivity of unobservable parameters**

**9.5.1 Adjustment information on the continuous measurement project of fair value at level 3**

Item	Balance as at December 31, 2021	Transfer to level 3	Transfer-out from level 3	Total gains or losses in the current period		Purchase, issue, sale and settlement				Balance as at December 31, 2022	For the assets held at the end of the reporting period, the current unrealized gains or changes included in profit or loss
				Included in the profit or loss	included in other comprehensive income	Purchase	Issue	Sales	Settlement		
◆ Financial assets held for trading											
Financial assets measured at fair value through the current profit or loss											
- Investment in debt instruments											
— Equity instrument investments											
— Derivative financial assets											
- Others											
Financial assets designated to be measured at fair value through the current profit or loss											
- Investment in debt instruments											
- Others											
◆ Receivables financing											
◆ Other creditor's right investments											
◆ Other equity instrument investments	431,133,905.99	1,723,250.83	130,400,000.00		33,871,217.84	704,787.10				337,033,161.76	
◆ Other non-current financial assets	544,702,489.51			-749,045.70				20,000,000.00		523,953,443.81	-749,045.70

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Item	Balance as at December 31, 2021	Transfer to level 3	Transfer-out from level 3	Total gains or losses in the current period		Purchase, issue, sale and settlement				Balance as at December 31, 2022	For the assets held at the end of the reporting period, the current unrealized gains or changes included in profit or loss
				Included in the profit or loss	included in other comprehensive income	Purchase	Issue	Sales	Settlement		
Financial assets measured at fair value through the current profit or loss	544,702,489.51			-749,045.70				20,000,000.00		523,953,443.81	-749,045.70
- Investment in debt instruments											
— Equity instrument investments											
— Derivative financial assets											
- Others	544,702,489.51			-749,045.70				20,000,000.00		523,953,443.81	-749,045.70
Financial assets designated to be measured at fair value through the current profit or loss											
- Investment in debt instruments											
- Others											
Total	975,836,395.50	1,723,250.83	130,400,000.00	-749,045.70	33,871,217.84	704,787.10		20,000,000.00		860,986,605.57	-749,045.70
Including: profit or loss related to financial assets											
Profit or loss related to non-financial assets											

**10 Related parties and related transactions**

**10.1 Parent company of the Company**

Name of parent company	Registered place	Business nature	Registered capital	Shareholding ratio of the parent company in the Company (%)	Voting ratio of the parent company in the Company (%)
SCG General	Shanghai	Construction of construction works, rental of non-residential real estate, housing rental	3 billion	30.19	30.19

The ultimate controller of the Company is Shanghai Construction Holdings Group Co., Ltd.

**10.2 Information on subsidiaries of the Company**

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

**10.3 Joint ventures and associates of the Company**

See "Note 7 Equity in other entities" for details of major joint ventures and associates of the Company.

Other joint ventures or associates having balances from related party transactions with the Company in 2022 or in the prior period:

Name of joint venture or associate	Relationship with the Company
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 original subsidiary
Shanghai Lianhe Pawn Liability Co., Ltd.	Associate of the Company
Fulton SCG Development 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., Ltd.	Associate of the Company
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

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Name of joint venture or associate	Relationship with the Company
Shanghai Hedi Investment Center (Limited Partnership)	Associate of the Company
Zhejiang Shangjia Construction Co., Ltd.	Associate of the Company
Ganzhou Ecological Environment Co., Ltd.	Original associate of the Company
Shanghai Cenqin Enterprise Management Co., Ltd.	Subsidiary of the Company's associate
Sino-Singapore Tianjin Eco-City Environment & Green Construction Testing Center Co., Ltd.	Joint venture of the Company
Shanghai Jinxie Property Co., Ltd.	Associate of the Company
Yancheng Chonghai Urban Development and Construction	Associate of the Company

**10.4 Other related parties**

Name of other related parties	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 Services 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 Flower&Tree Co., 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 SFECO GROUP	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 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 Supervision Co., Ltd.	Controlled by the same parent company
SCG International (Caribbean) Co., Ltd.	Controlled by the same parent company
Shanghai Construction Taxi Co., Ltd.	Originally controlled by the same parent company
Shanghai Construction No.7 Industrial Co., Ltd.	Controlled by the same parent company
SCG America Group Inc.	Controlled by the same parent company



**10.5 Related-party transactions**

**10.5.1 Related-party transaction on purchase and sales of goods, and rendering and receipt of services**

Purchase of goods/receipt of services

Related party	Content of related-party transaction	Year 2022	Year 2021
Shanghai Dongqing Construction Labor Services Co., Ltd.	Cost of subcontract works	1,380,242,304.83	1,651,663,310.10
Shanghai SEISYS Co., Ltd.	Subcontracting project cost, and purchase of goods	152,695,919.07	270,859,479.57
Shanghai MBT&SCG High-Tech Construction Chemical Co., Ltd.	Purchase of goods	93,614,414.01	118,961,756.20
Shanghai Qunli Industrial Co., Ltd.	Cost of subcontract works	83,648,067.34	158,618,052.16
Shanghai Di Jiu Security Service Co., Ltd.	Security picket fees	50,518,460.34	55,419,182.46
Shanghai Metro Shield Equipment Engineering Co., Ltd.	Receipt of services, cost of subcontract works	15,552,466.64	31,586,708.66
Shanghai Engineering Construction Consultant & Supervision Co., Ltd.	Supervision fees	12,182,104.03	14,327,334.72
Shanghai International Tendering Co., Ltd.	Receipt of services	9,750,728.12	676,455.47
Shanghai Construction No.1 Industrial Co., Ltd.	Revolving materials, rental fees of scaffolds with socket and spigot joints, and receipt of services	6,135,916.25	55,590,011.32
Shanghai Chengjiehua Construction Engineering Consulting Co., Ltd.	Supervision fees, and cost consulting fees	3,184,816.98	2,908,018.88
Shanghai Construction Hospital	Receipt of services	3,127,006.50	
Shanghai Construction No.4 Industrial Co., Ltd.	Revolving materials for lease	4,201,400.08	4,377,529.55
Shanghai Flower&Tree Co., Ltd.	Purchase of goods, and receipt of services	914,479.98	21,908,585.51
Shanghai Yijian Building Technology Consulting Co., Ltd.	Receipt of services	4,143,363.36	3,313,825.23

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Related party	Content of related-party transaction	Year 2022	Year 2021
SCG General	Property management fees and utility bills	2,740,553.88	1,801,793.92
Shanghai Construction No.2 Industrial Co., Ltd.	Property management fees and utility bills	3,796,265.02	
Shanghai Construction No.5 Industrial Co., Ltd.	Receipt of services	264,622.63	216,684.63
Wuxi Jinghongyuan Supply Chain Management Co., Ltd.	Receipt of services	939,855.00	6,591,782.50
Shanghai Construction Education Training Service Center Co., Ltd.	Receipt of services	615,099.64	1,506,579.80
Sino-Singapore Tianjin Eco-City Environment & Green Construction Testing Center Co., Ltd.	Receipt of services	685,354.23	
Shanghai Construction No. 5 (Group) Co., Ltd.- Industrial Company	Receipt of services	149,193.49	
Shanghai Fengjing Landscape Industrial Co., Ltd.	Receipt of services, and purchase of goods	4,066.62	250,000.00
Shanghai Construction Taxi Co., Ltd.	Receipt of services		17,301.77
Shanghai Shendi Landscape Investment Construction Co., Ltd.	Subcontracting project cost, and purchase of goods		192,526,406.05
Ganzhou Ecological Environment Co., Ltd.	Cost of subcontract works		6,950,130.44
Shanghai Ask Construction and Decoration Engineering Inc.	Cost of subcontract works		825,688.07
Shanghai Wood Industry Institute Co., Ltd.	Testing fee, and technology service fee		109,066.04

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Table of sales of goods/rendering of services

Related party	Content of related-party transaction	Year 2022	Year 2021
Hangzhou Hujian Urban Development and Construction Co., Ltd.	Subcontracting project revenue, and revenue from rendering of services	481,823,981.39	816,218,064.90
Yancheng Chonghai Urban Development and Construction	Subcontracting project revenue	453,146,878.86	
Shanghai East Bund Construction Real Estate Development Co., Ltd.	Subcontracting project revenue, and revenue from rendering of services	225,473,375.05	189,742,386.56
Ningbo Tower Construction Development Co., Ltd.	Subcontracting project revenue, and revenue from rendering of services	170,831,934.06	173,114,330.92
Shanghai Construction No.4 Industrial Co., Ltd.	Revenue from subcontracting project, rendering of services and sales of goods	169,577,671.61	11,400,825.69
Shanghai Fengjing Landscape Industrial Co., Ltd.	Subcontracting project revenue, and revenue from rendering of services	129,742,591.60	53,936,828.50
Zhejiang Shangjia Construction Co., Ltd.	Revenue from rendering of services, subcontracting projects, sales of goods and construction machinery	81,386,364.71	184,537,043.72
Shanghai Construction No. 5 (Group) Co., Ltd.- Industrial Company	Subcontracting project revenue, and revenue from rendering of services	70,423,244.95	156,284,162.36
Hangzhou Fuyang Qinwang Construction Development Co., Ltd.	Subcontracting project revenue	37,914,423.81	395,721,543.52
SCG General	Revenue from subcontracting project, rendering of services and sales of goods	32,466,149.29	57,512,165.38
Shanghai Construction Hospital	Revenue from subcontracting project, rendering of services and sales of goods	18,688,436.96	20,600,233.02

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Related party	Content of related-party transaction	Year 2022	Year 2021
Suzhou Jianjia Building Component Product Co., Ltd.	Sales of goods	15,390,424.09	1,274.34
Shanghai Construction No.5 Industrial Co., Ltd.	Subcontracting project revenue	10,800,050.94	4,457,761.47
Shanghai Construction No.1 Industrial Co., Ltd.	Subcontracting project revenue, and revenue from rendering of services	9,107,089.85	7,353,769.98
Shanghai International Tendering Co., Ltd.	Subcontracting project revenue	6,834,028.51	4,799,410.17
Shanghai Construction No.2 Industrial Co., Ltd.	Subcontracting project revenue, and revenue from rendering of services	3,224,445.15	13,611,000.77
Shanghai Construction Education Training Service Center Co., Ltd.	Revenue from subcontracting project, rendering of services and sales of goods	3,518,933.81	592,551.21
Sino-Singapore Tianjin Eco-City Environment & Green Construction Testing Center Co., Ltd.	Revenue from rendering of services	2,235,101.64	
Shanghai Engineering Construction Consultant & Supervision Co., Ltd.	Revenue from subcontracting project, rendering of services and sales of goods	1,005,735.50	1,443,246.17
Shanghai Metro Shield Equipment Engineering Co., Ltd.	Subcontracting project revenue, and sales of goods	1,530,384.10	1,227,927.00
CHINA SFECO GROUP	Revenue from rendering of services	1,380,237.70	1,283,171.31
Wuxi Jian'an Building Component Product Co., Ltd.	Revenue from rendering of services	1,281,767.91	359,080.19
Shanghai Di Jiu Security Service Co., Ltd.	Revenue from rendering of services	922,694.00	299,085.73
Shanghai SEISYS Co., Ltd.	Revenue from rendering of services, and sales of goods	886,739.64	3,062,967.05
Shanghai Lianhe Pawn Liability Co., Ltd.	Revenue from rendering of services	660,377.40	849,056.64

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Related party	Content of related-party transaction	Year 2022	Year 2021
Shanghai Flower&Tree Co., Ltd.	Revenue from subcontracting project and rendering of services and construction machinery	758,093.33	733,748.01
SCG America Group Inc.	Revenue from rendering of services	377,358.50	
Tianjin Binhai New Area Linbi Real Estate Development Co., Ltd.	Revenue from rendering of services	309,668.26	
Shanghai Chengjiehua Construction Engineering Consulting Co., Ltd.	Rendering of services, and sales of goods	1,724.54	311,447.30
Shanghai Dongqing Construction Labor Services Co., Ltd.	Revenue from rendering of services	523.24	5,630.98
Shanghai Yijian Building Technology Consulting Co., Ltd.	Revenue from rendering of services	20.98	47.14
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
Ganzhou Ecological Environment Co., Ltd.	Revenue from rendering of services		34,438,532.59
Shanghai Shendi Landscape Investment Construction Co., Ltd.	Subcontracting project revenue, and revenue from rendering of services		26,009,932.14
Beijing Diaoyutai Decoration Engineering Co., Ltd.	Subcontracting project revenue		473,429.90
Shanghai Xinyu Engineering Construction Supervision Co., Ltd.	Sales of goods		7,562.22
Shanghai Jinmen Import and Export Co., Ltd.	Revenue from rendering of services		1,886.79

**10.5.2 Related-party lease**

The Company as the lessor:

Name of the lessee	Name of lessor	Type of leased assets	Lease revenue recognized in 2022	Lease revenue recognized in 2021
CHINA SFECO GROUP	Shanghai SFECO	Office building	4,659,994.52	4,659,994.52
Tianjin Jinxi Huacheng Real Estate Co., Ltd.	Tianzhu Group	Housing	3,634,020.30	
Shanghai Fengjing Landscape Industrial Co., Ltd.	Gardens Group	Housing		4,036,365.50
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	1,138,895.20	664,355.53
Shanghai Construction No.4 Industrial Co., Ltd.	No.4 Construction Group	Site	750,000.00	500,000.00
Shanghai Engineering Construction Consultant & Supervision Co., Ltd.	No.1 Construction Group	Housing	522,871.43	522,871.43
Shanghai Engineering Construction Consultant & Supervision Co., Ltd.	SCG Real Estate	Housing	155,186.67	
Shanghai Qunli Industrial Co., Ltd.	No.5 Construction Group	Housing	6,171.43	8,228.57

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The Company acted as the lessee:

Name of lessor	Name of the lessee	Type of leased assets	Rents on short-term lease of simplified treatment and lease of low-value assets	variable lease payment not included in the lease liabilities for measurement	Year 2022			Rents on short-term lease of simplified treatment and lease of low-value assets	variable lease payment not included in the lease liabilities for measurement	Year 2021		
					Paid rent	Interest expenses on the lease liabilities assumed	Added right-of-use assets			Paid rent	Interest expenses on the lease liabilities assumed	Added right-of-use assets
Shanghai Construction No.2 Industrial Co., Ltd.	No. 2 Construction Group	Housing			11,644,714.08	3,763,307.78				8,669,589.39	4,111,757.78	94,641,572.56
SCG General Shanghai Construction No.1 Industrial Co., Ltd.	Material Company	Land use rights and real estate			9,283,043.72	3,524,870.71				13,600,000.00	3,984,694.92	92,993,127.26
Shanghai Fengjing Landscape Industrial Co., Ltd.	No.1 Construction Group	Housing			12,777,838.64	836,802.47	784,763.91			9,339,185.08	1,159,474.98	31,945,522.51
	Gardens Group	Housing				101,738.34	2,591,744.82			3,863,785.90	130,011.26	3,060,706.85
SCG General Shanghai Construction No.1 Industrial Co., Ltd.	Installation Group	Land use rights and real estate			4,379,200.00	1,855,522.68				3,509,200.00	982,556.22	42,467,753.38
Shanghai Construction No.4 Industrial Co., Ltd.	The Company	Housing			3,447,619.05	700,843.91				3,459,685.71	863,532.90	18,570,600.00
Shanghai Construction No.5 Industrial Co., Ltd.	No.4 Construction Group	Housing			5,015,412.85	2,497,895.71	5,403,439.28				2,174,791.41	54,562,867.58
	No.5 Construction Group	Housing	2,580,681.90					2,947,404.65				

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Name of lessor	Name of the lessee	Type of leased assets	Year 2022					Year 2021				
			Rents on short-term lease of simplified treatment and lease of low-value assets	variable lease payment not included in the lease liabilities for measurement	Paid rent	Interest expenses on the lease liabilities assumed	Added right-of-use assets	Rents on short-term lease of simplified treatment and lease of low-value assets	variable lease payment not included in the lease liabilities for measurement	Paid rent	Interest expenses on the lease liabilities assumed	Added right-of-use assets
Shanghai Flower&Tree Co., Ltd.	Gardens Group	Housing				29,093.94	1,017,937.45			3,243,000.00	249,428.37	6,432,859.72
SCG General	SCG E-commerce Company	Housing			1,478,380.95	463,777.57				1,478,380.95	129,391.49	11,322,700.61
Shanghai Construction Hospital	Shanghai Jibao Construction Labor Co., Ltd.	Housing			950,000.00	11,234.69				1,050,000.00	55,169.29	1,933,596.02
Shanghai Construction Hospital	Shanghai Shenbao Construction Engineering Co., Ltd.	Housing			142,857.15	1,604.97				142,857.14	7,881.32	276,228.00
SCG General	Foundation Group	Housing	1,260,932.35					1,260,932.35				
Shanghai Qunli Industrial Co., Ltd.	No.5 Construction Group	Housing	194,954.13					161,904.76				
Shanghai Construction No.7 Industrial Co., Ltd.	No.7 Construction Group	Housing			2,874,182.05	2,032,319.47				1,421,788.81	709,352.85	48,409,819.94
Shanghai Fengjing Landscape Industrial Co., Ltd.	Environment Company	Housing			1,135,302.20	44,317.50				1,297,488.43	114,718.59	2,922,498.69
Shanghai Construction No.1 Industrial Co., Ltd.	No.1 Construction Group	Housing	99,260.40									



### 10.5.3 Related-party guarantee

The Company as the guarantor:

Guaranteed party	Guaranteed amount	Commencement date of guarantee	Maturity date of guarantee	Whether the performance of the guarantee has been completed
Suzhou Jianjia Building Component Product Co., Ltd.	37,000,000.00	March 29, 2022	September 30, 2023	No
Ningbo Tower Construction Development Co., Ltd.	79,800,000.00	July 11, 2022	July 10, 2032	No

The Company as the guaranteed party:

Guarantor	Guaranteed party	Guaranteed amount	Commencement date of guarantee	Maturity date of guarantee	Whether the performance of the guarantee has been completed
SCG General	SCG Real Estate	4,981,155,894.55	Year 2014	February 2030	No
SCG General	SCG America Group Inc.	3,345,982,200.00	Year 2020	January 2024	No
SCG General	Gardens Group	11,320,347.12	Year 2018	June 2023	No
SCG General	SCG Wenzhou Oujiangkou	3,689,489,447.00	Year 2017	May 2030	No
SCG General	SCG Investment Company	2,436,000,000.00	Year 2018	December 2023	No
SCG General	SCG Meishan Company	4,700,000,000.00	Year 2020	December 2032	No
SCG General	SCG Qidu Bridge Company	850,000,000.00	Year 2019	December 2030	No
SCG General	Huzhou Zhili Company	246,364,680.00	Year 2020	December 2035	No
SCG General	Oujiangkou Traffic Company	631,530,831.07	Year 2019	September 2033	No
SCG General	Minchuan Sports Company	77,630,902.09	Year 2020	October 2038	No
SCG General	Zhejiang Hydropower Company	22,355,820.00	Year 2020	January 2023	No
SCG General	Jining Fenghuangtai Company	306,053,229.00	Year 2020	December 2031	No
SCG General	SCG Anji Construction Co., Ltd.	198,100,000.00	Year 2021	May 2031	No

**10.5.4 Entrusted borrowings form related parties**

Related party	Related party	Balance as at December 31, 2022	Balance as at January 1, 2022
Short-term borrowings			
	Shanghai Tuobolaite Real Estate Co., Ltd.	1,752,326,041.67	1,752,326,041.67
Non-current liabilities maturing within one year			
	CHINA SFECO GROUP	180,000,000.00	
	SCG General	101,583,333.34	1,596,527.79
	Shanghai International Tendering Co., Ltd.	200,336,111.12	336,111.11
Long-term borrowings			
	SCG General	1,000,000,000.00	1,100,000,000.00
	CHINA SFECO GROUP		180,000,000.00
	Shanghai International Tendering Co., Ltd.		200,000,000.00

**10.5.5 Remuneration of key management personnel**

Item	Year 2022	Year 2021
Remuneration of key management personnel	20,420,800.00	22,334,500.00

**10.5.6 Other related-party transactions**

Interest expenses			
Opponent	Year 2022	Year 2021	
SCG General	52,962,499.99	52,683,277.78	
Shanghai Tuobolaite Real Estate Co., Ltd.	60,054,166.67	77,182,291.67	
CHINA SFECO GROUP	4,836,250.00	4,836,250.00	
Shanghai Fengjing Landscape Industrial Co., Ltd.		171,111.11	
Shanghai International Tendering Co., Ltd.	11,152,777.79	4,400,000.00	
Total	129,005,694.45	139,272,930.56	

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**10.6 Receivables from and payables to related parties**

**10.6.1 Receivables**

Project name	Related party	Balance as at December 31, 2022		Balance as at December 31, 2021	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable					
	Shanghai Construction No.4 Industrial Co., Ltd.	128,768,564.63	6,438,428.23	621,347.93	62,134.79
	Zhejiang Shangjia Construction Co., Ltd.	58,529,444.90	3,742,704.29	74,261,821.41	1,903,679.78
	Shanghai Jinxie Property Co., Ltd.	47,883,217.70	2,394,160.89		
	Hangzhou Hujian Urban Development and Construction Co., Ltd.	44,052,790.15	2,202,639.51	2,058,900.00	30,883.50
	SCG General	44,538,144.20	10,089,491.82	40,988,534.32	4,703,869.07
	Shanghai Fengjing Landscape Industrial Co., Ltd.	38,482,795.00	10,567.50	14,272,695.75	
	Fulton SCG Development LLC	37,114,352.91		10,469,724.80	
	Tianjin Jinxi Huacheng Real Estate Co., Ltd.	24,916,229.15	6,632,250.13	20,508,766.75	4,026,527.75
	Ningbo Tower Construction Development Co., Ltd.	18,600,897.16	930,044.86	9,331,142.19	
	Suzhou Jianjia Building Component Product Co., Ltd.	13,774,855.90	550,994.24		
	Shanghai Metro Shield Equipment Engineering Co., Ltd.	12,646,259.26	1,649,783.28	27,624,763.23	1,086,725.07
	Shanghai Construction No.1 Industrial Co., Ltd.	4,092,644.57	225,118.79	819,731.11	40,986.56
	Shanghai Construction Hospital	1,804,728.13	343,273.25	4,993,280.09	483,871.63
	Wuxi Jian'an Building Component Product Co., Ltd.	1,448,397.73	57,935.91		

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Project name	Related party	Balance as at December 31, 2022		Balance as at December 31, 2021	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Sino-Singapore Tianjin Eco-City Environment & Green Construction Testing Center Co., Ltd.	1,250,000.00	62,500.00		
	Tianjin Huagui Real Estate Development Co., Ltd.	649,369.87	64,936.99	649,369.87	32,468.49
	Tianjin Binhai New Area Linbi Real Estate Development Co., Ltd.	328,248.43	16,412.42		
	Shanghai East Bund Construction Real Estate Development Co., Ltd.	271,040.40	13,552.02	62,516,912.49	3,125,845.62
	Shanghai Construction No.2 Industrial Co., Ltd.	155,400.00	7,770.00		
	Shanghai SEISYS Co., Ltd.	151,700.00	22,755.00	1,548,720.00	69,851.10
	Shanghai Flower&Tree Co., Ltd.	111,265.00		122,000.00	
	Shanghai Engineering Construction Consultant & Supervision Co., Ltd.	897.00	44.85	897.00	44.85
	Shanghai Construction No. 5 (Group) Co., Ltd.- Industrial Company			46,157,513.00	
	Ganzhou Ecological Environment Co., Ltd.			5,148,040.00	
	Shanghai Shendi Landscape Investment Construction Co., Ltd.			3,974,882.40	46,439.15
	Shanghai Construction Education Training Service Center Co., Ltd.			500,000.00	75,000.00
	Beijing Diaoyutai Decoration Engineering Co., Ltd.			82,092.00	

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Project name	Related party	Balance as at December 31, 2022		Balance as at December 31, 2021	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Advances to suppliers					
	Shanghai Metro Shield Equipment Engineering Co., Ltd.	4,000,000.00			
	Shanghai Engineering Construction Consultant & Supervision Co., Ltd.	16,039.00		16,039.00	
	Shanghai Construction Education Training Service Center Co., Ltd.	1,250.00		100.00	
	Shanghai SEISYS Co., Ltd.	1,221.50		1,221.50	
	Ningbo Tower Construction Development Co., Ltd.			5,228,674.31	
	Shanghai MBT&SCG High-Tech Construction Chemical Co., Ltd.			52,560.00	
	Shanghai International Tendering Co., Ltd.			4,000.00	
Other receivables					
	Fulton SCG Development LLC	351,034,501.30			
	Shanghai Jinjie Property Co., Ltd.	329,852,219.88	16,492,610.99		
	Tianjin Huagui Real Estate Development Co., Ltd.	122,464,777.22	6,123,238.86	122,464,777.22	6,123,238.86
	Tianjin Binhai New Area Linbi Real Estate Development Co., Ltd.	106,580,788.77	5,329,039.44	106,580,788.77	5,329,039.44
	Shanghai Cenqin Enterprise Management Co., Ltd.	9,694,945.45	484,747.27	3,828,939.86	
	Shanghai International Tendering Co., Ltd.	5,007,002.00	247,500.00	266,150.00	12,457.50

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Project name	Related party	Balance as at December 31, 2022		Balance as at December 31, 2021	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Hangzhou Hujian Urban Development and Construction Co., Ltd.	3,925,891.92	196,286.25	14,000,000.00	
	Ningbo Tower Construction Development Co., Ltd.	2,790,000.00	139,500.00	2,600,000.00	80,000.00
	Shanghai Metro Shield Equipment Engineering Co., Ltd.	2,020,000.00	101,000.00	2,000,000.00	100,000.00
	Suzhou Jianjia Building Component Product Co., Ltd.	1,557,594.85	62,303.79	464,931.33	18,597.25
	Shanghai Hedi Investment Center (Limited Partnership)	1,500,000.00	75,000.00	1,500,000.00	75,000.00
	SCG General	363,852.00	18,192.60	363,852.00	
	Wuxi Jian'an Building Component Product Co., Ltd.	43,159.87	1,726.39	392,927.60	15,717.10
	Shanghai Engineering Construction Consultant & Supervision Co., Ltd.	31,588.60			
	SCG Anhao Equity Investment Fund Management Co., Ltd.	20,000.00	1,000.00	20,000.00	1,000.00
	CHINA SFECO GROUP	2,439.12		285.48	
	Shanghai Chengjiehua Construction Engineering Consulting Co., Ltd.	2,311.92			
	Shanghai Qunli Industrial Co., Ltd.	1,430.13	71.51		
	Shanghai Flower&Tree Co., Ltd.	1,154.40			
	Shanghai Construction Hospital	336.96			
	Shanghai Construction No.1 Industrial Co., Ltd.			19,000.00	

**10.6.2 Payables**

Project name	Related party	Book balance as at December 31, 2022	Book balance as at December 31, 2021
Accounts payable			
	Shanghai Dongqing Construction Labor Services Co., Ltd.	511,523,846.20	429,443,497.10
	Shanghai MBT&SCG High-Tech Construction Chemical Co., Ltd.	156,519,961.96	177,026,275.63
	Shanghai SEISYS Co., Ltd.	59,460,163.54	25,558,613.82
	Shanghai Qunli Industrial Co., Ltd.	22,933,118.51	43,180,715.31
	Shanghai Construction No.4 Industrial Co., Ltd.	18,729,107.98	18,269,445.84
	Shanghai Metro Shield Equipment Engineering Co., Ltd.	11,831,537.48	34,306,435.25
	Shanghai Di Jiu Security Service Co., Ltd.	11,769,917.38	10,016,588.41
	Shanghai Construction No.1 Industrial Co., Ltd.	11,349,286.68	21,600,036.43
	SCG General	7,684,682.07	8,668,439.54
	Shanghai Shenwei Construction Decoration Engineering Co., Ltd.	4,530,000.00	4,530,000.00
	Shanghai Flower&Tree Co., Ltd.	3,909,363.57	5,103,172.47
	Shanghai Chengjiehua Construction Engineering Consulting Co., Ltd.	3,250,600.00	470,000.00
	Shanghai Construction No.5 Industrial Co., Ltd.	2,510,272.63	883,770.00
	Shanghai Engineering Construction Consultant & Supervision Co., Ltd.	1,793,310.93	5,923,761.93
	Wuxi Jinghongyuan Supply Chain Management Co., Ltd.	1,470,190.00	5,577,227.50
	Wuxi Jian'an Building Component Product Co., Ltd.	760,953.64	1,060,953.64
	Sino-Singapore Tianjin Eco-City Environment & Green Construction Testing Center Co., Ltd.	606,875.50	
	Shanghai Construction Hospital	494,137.00	
	Shanghai Yijian Building Technology Consulting Co., Ltd.	426,436.90	760,825.23
	Shanghai Construction No. 5 (Group) Co., Ltd.- Industrial Company	158,145.10	
	Shanghai Ask Construction and Decoration Engineering Inc.	90,197.69	450,197.69

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Project name	Related party	Book balance as at December 31, 2022	Book balance as at December 31, 2021
	Beijing Diaoyutai Decoration Engineering Co., Ltd.	14,442.79	14,442.79
	Shanghai Wood Industry Institute Co., Ltd.	7,710.00	38,210.00
	Shanghai Shendi Landscape Investment Construction Co., Ltd.		5,511,696.58
	Ganzhou Ecological Environment Co., Ltd.		2,201,657.85
Notes payable			
	Shanghai Qunli Industrial Co., Ltd.	9,028,251.30	16,432,400.00
	Shanghai Dongqing Construction Labor Services Co., Ltd.	4,200,885.15	8,379,270.69
	Shanghai MBT&SCG High-Tech Construction Chemical Co., Ltd.	4,000,000.00	330,330.35
	Shanghai Metro Shield Equipment Engineering Co., Ltd.		1,444,408.05
	Shanghai Engineering Construction Consultant & Supervision Co., Ltd.		426,564.90
Other payables			
	Shanghai Dongqing Construction Labor Services Co., Ltd.	257,706,695.06	250,912,821.00
	SCG General	207,577,798.14	184,325,060.71
	Shanghai Construction No.4 Industrial Co., Ltd.	147,337,462.00	219,201,966.00
	SCG International (Caribbean) Co., Ltd.	82,054,414.91	73,981,585.84
	Shanghai Tuobolaite Real Estate Co., Ltd.	81,500,000.00	
	Hangzhou Hujian Urban Development and Construction Co., Ltd.	13,000,000.00	234,262,047.00
	Shanghai Fengjing Landscape Industrial Co., Ltd.	4,204,173.33	129,031.73
	Shanghai Qunli Industrial Co., Ltd.	3,236,480.47	4,513,380.47
	CHINA SFECO GROUP	1,544,088.76	1,440,434.64
	Shanghai SEISYS Co., Ltd.	1,032,577.00	1,343,677.00
	Shanghai Flower&Tree Co., Ltd.	606,000.00	
	Shanghai Construction Hospital	298,700.00	
	Shanghai International Tendering Co., Ltd.	146,013.48	146,013.48
	Shanghai Di Jiu Security Service Co., Ltd.	110,000.00	160,808.00



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Project name	Related party	Book balance as at December 31, 2022	Book balance as at December 31, 2021
	Wuxi Jian'an Building Component Product Co., Ltd.	80,795.34	
	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
	Tianjin Jinxi Huacheng Real Estate Co., Ltd.	4,204.80	
	Shanghai East Bund Construction Real Estate Development Co., Ltd.		10,953,972.12
	Shanghai Construction No.5 Industrial Co., Ltd.		56,908.88
	Shanghai Construction Education Training Service Center Co., Ltd.		55,600.00
Lease liabilities			
	SCG General	108,701,710.35	117,995,082.07
	Shanghai Construction No.1 Industrial Co., Ltd.	9,450,636.67	26,242,198.52
	Shanghai Construction No.2 Industrial Co., Ltd.	70,977,185.79	82,202,334.65
	Shanghai Construction No.4 Industrial Co., Ltd.	43,833,604.06	47,742,633.11
	Shanghai Construction No.7 Industrial Co., Ltd.	40,339,225.18	44,104,370.17
	Shanghai Fengjing Landscape Industrial Co., Ltd.	605,176.52	
Non-current liabilities maturing within one year			
	SCG General	15,942,097.90	16,787,791.05
	Shanghai Construction No.1 Industrial Co., Ltd.	15,262,234.78	14,416,950.12
	Shanghai Construction No.2 Industrial Co., Ltd.	8,335,285.61	7,881,406.30
	Shanghai Construction No.4 Industrial Co., Ltd.	5,743,524.48	4,498,197.57
	Shanghai Construction No.7 Industrial Co., Ltd.	3,596,207.75	3,593,013.81
	Shanghai Fengjing Landscape Industrial Co., Ltd.	2,059,203.32	4,286,482.49
	Shanghai Construction Hospital		1,080,017.49
	Shanghai Flower&Tree Co., Ltd.	1,034,691.92	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 borrowings
Fixed assets	Floors 9-14 and parking lots at two basements, No. 666, East Daming Road, Shanghai	316,633,735.44	290,000,000.00	From February 15, 2015 to February 14, 2030
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 (HFDMMZ [2018] No. 039254), Real Estate Ownership (HFDMMZ [2018] No. 044942), Real Estate Ownership (HFDMMZ [2018] No. 001387)	1,459,878,418.91	1,930,000,000.03	From June 18, 2019 to June 17, 2034
Inventories	J (2019) Real Estate Right of Jinnan District No. 1058721	965,120,000.00	499,598,860.00	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	310,636,630.91	From January 19, 2021 to June 10, 2023
Inventories	1. Land use right of construction land for residential commercial housing project in Laocheng Town, Chengmai County, Hainan Province 2. The above-ground buildings (residential and commercial parts) of the residential housing project in the Laocheng Town, Chengmai County, Hainan Province that can be mortgaged Real Estate Ownership No.: Q(2021) CMXBDCQ No. 0012105	634,579,716.99	354,000,000.00	From June 21, 2022 to June 21, 2024

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Asset item	Name of collateral	Book amount of collateral	Amount of borrowed principal	Term of borrowings
Inventories	1. Land use right of plot 001-04 located at Xinchang Road, Guangchang Community, Huangpu District, Shanghai Municipality Real Estate Ownership No.: H (2022) HZBDCQ No.002662 2. Land use right of plot 007-01 located at Xinchang Road, Guangchang Community, Huangpu District, Shanghai Municipality Real Estate Ownership No.: H (2022) HZBDCQ No.002634	3,428,448,450.00	16,904,614,624.78	From October 26, 2020 to November 13, 2035
Inventories	MIMA ONE Apartment	1,050,685,214.99	612,884,800.00	From December 17, 2022 to December 16, 2023
Inventories	BROADWAY Apartment	1,591,839,287.06	608,414,776.95	From December 11, 2019 to June 11, 2023
Fixed assets	Hotel assets under INVESTEL HARBOR RESORTS LLC	562,991,805.48	370,102,284.02	The term of the borrowing with the amount of RMB69,646,000.00 is from October 29, 2022 to October 28, 2023, and the term of the remaining borrowings is from June 28, 2021 to June 28, 2026.
Intangible assets		336,992,604.67		
Intangible assets		1,132,018,277.17		
Inventories	Land of THREE FULTON SQUARE LLC 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

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Asset item	Name of collateral	Book amount of collateral	Amount of borrowed principal	Term of borrowings
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	1,473,523,136.19	400,000,000.00	From August 10, 2022 to January 9, 2023
Fixed assets	Building 1, No.11, Chicheng Road, Nantong Development Zone (NKFQZZ No.16008965)	19,372,923.40		
Intangible assets	Chicheng Road, Nantong Development Zone (TKGY (2016) No.03040009)	12,240,062.58	8,000,000.00	From June 29, 2022 to May 28, 2023
Long-term receivables	Financing-lease assets leased	111,618,940.92	78,675,304.90	From May 16, 2022 to July 25, 2025

(2) Borrowings acquired by pledge of assets

Asset item	Name of pledge	Book amount of pledge	Amount of borrowed principal	Term of borrowings
Notes receivable	Commercial acceptance bills	73,435,936.43	73,435,936.43	From July 11, 2022 to September 12, 2023
Accounts receivable	Finance lease receivables	239,105,134.75		
Long-term receivables	Finance lease receivables	1,241,095,509.15	1,118,429,823.22	From August 8, 2019 to June 12, 2027
Other non-current assets	Government payments received for Zhuhai Jinwan PPP project, including availability service fee and operation and maintenance performance service fee, etc.	384,522,886.49	42,376,615.80	From June 3, 2020 to May 26, 2032
Long-term receivables	Accounts receivable under the connecting line engineering PPP project contract of Changhe Expressway-Maoshan Interconnected to Jintan Binhu New City	1,331,120,694.36		
Non-current assets maturing within one year		190,510,365.39	1,148,335,277.00	From January 8, 2019 to June 20, 2029

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Asset item	Name of pledge	Book amount of pledge	Amount of borrowed principal	Term of borrowings
Accounts receivable		21,840,089.80		
Long-term receivables		1,346,515,602.30		
Non-current assets maturing within one year	All accounts receivable and other rights and income related thereto under the Contract of the PPP Project of the Tongtuo Lingkun Section of National Highway 228	93,299,600.32	1,279,344,225.00	From November 1, 2019 to September 30, 2033
Accounts receivable		219,845,961.08		
Long-term receivables		314,397,326.86		
Accounts receivable	Government viability gap funding in PPP Contract of Nursery Upgrading and Renovation in the Western Suburb of Jining City (Fenghuangtai Botanic Garden)	57,634,592.12	306,053,229.00	From December 7, 2020 to December 6, 2031
Other non-current assets	Revenue from PPP Project of Reconstruction of Supporting Infrastructure in Dongguan Area, Donggang District, Rizhao City	658,595,208.05	283,891,757.53	From September 8, 2022 to June 21, 2039
Long-term receivables		87,536,797.26		
Other non-current assets	Relevant benefits and rights and interests under the PPP project contract and its supplementary agreements of Phase-1 construction project of Qingdao rail transit industry demonstration zone	1,003,995,922.81	1,115,000,000.00	From September 29, 2021 to November 6, 2035
Long-term receivables		749,460,437.81		
Accounts receivable		2,931,867.72		
Accounts receivable	All the rights and interests and income enjoyed by the PPP project of the Beicha Bridge Project of Qidu Bridge in Wenzhou according to law	4,425,999.00	850,000,000.00	From June 17, 2019 to December 27, 2030
Non-current assets maturing within one year		189,380,139.96		
Long-term receivables		1,172,065,599.11		

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Asset item	Name of pledge	Book amount of pledge	Amount of borrowed principal	Term of borrowings
Long-term receivables	Income right under comprehensive PPP contract for road reconstruction in Sihui City	306,617,845.94	254,552,980.00	From July 11, 2022 to July 11, 2032
Other non-current assets		93,708,032.06		
Non-current assets maturing within one year		72,052,252.00		
Other non-current assets	All accounts receivable and other rights and income related thereto under the Contract of the PPP Project of Jiangchuan Sports Center	115,090,304.36	152,217,455.07	From November 3, 2020 to October 27, 2038
Intangible assets		101,571,663.78		
Accounts receivable	All accounts receivable and other rights and income related thereto under the Contract of the PPP Project of Zhili Town Cultural and Sports Center	51,897,018.08	483,068,000.00	From April 10, 2020 to December 30, 2035
Non-current assets maturing within one year		74,556,654.54		
Long-term receivables		558,975,973.45		
	The right to receive payment of RMB2,625,133,800.00 from the government of the People's Government of Hongqiao District, Tianjin for the purchase services agreement		1,053,884,536.98	From August 31, 2018 to November 30, 2026

- (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, 2022: inventories of RMB 263,449,304.19, investment properties of RMB 326,439,896.47) 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 total price of the finance lease contract amounted to RMB 500,000,000.00 and the remaining balance of principal was RMB 55,490,038.77 as at December 31, 2022, which was included in the 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 debt restructuring agreement concluded 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 principal was RMB 200,000,000.00 as at December 31, 2022, which 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 principal was RMB 200,000,000.00 as at December 31, 2022, which was included in the non-current liabilities maturing within one year.

## 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 guaranty 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, 2022, the balance of borrowers' loans not matured amounted to RMB 1,606,362,129.87 (As at December 31, 2021, the balance of borrowers' loans not matured amounted to RMB 1,439,261,303.38).

Project name	Year 2022	Year 2021
Merchant Plot 21-12 at south of Hexi New Town, Nanjing		55,041,202.00
Aohe Haiyuemingdu	157,230,674.25	294,800,000.00
Haiyuexuandi		151,580,000.00
Nanchang Wanli Haiyuemingdi	224,751,000.00	
Hai Yue Long Fu	3,115,221.49	
Plot No.25-01 of the east side of Xinfeng Road, Huaxin Town, Qingpu District	160,510,294.57	
Pujiang Yi City	155,934,303.83	
Plot project at Fengjing Town of Jinshan District	1,650,000.00	
Plot Landsea 21-11 at South Hexi, Nanjing		386,151,988.38
Nanjing Plot No. G45	5,547,139.22	
Nanjing Plot No. G68	5,160,607.81	



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Project name	Year 2022	Year 2021
Haishang Shengyuan	5,910,900.00	284,332,000.00
Haishang Huiyuan	3,686,900.00	221,379,000.00
Urban Village in Huinan Town	562,916,000.00	
Suzhou HAIYUE	71,590,000.00	1,751,000.00
Xuzhou Haiyue Nanshan	44,226,113.00	44,226,113.00
Pujiang Mansion	204,132,975.70	
Total	1,606,362,129.87	1,439,261,303.38

Before being acquired in September 2020, Tianjin Housing Group provided joint and several liability guarantees for its subsidiaries spun off before the acquisition. As at December 31, 2022, the balance of outstanding guarantees was RMB 2,499,674,138.03. It is specified as follows:

- 1) 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, 2022, the principal balance of the loan was RMB 2,085,960,038.04. As at December 31, 2022, 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 270,000,000.00 obtained by Tianjin Tianzhu Building Materials Co., Ltd. The guarantee period is from September 13, 2016 to August 9, 2023. As at December 31, 2022, the principal balance of the loan was RMB 43,547,937.20. As at December 31, 2022, the guarantee liabilities have not been released.
  - 3) 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, 2022, the principal balance of the loan was RMB 370,166,162.79. As at December 31, 2022, 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 33rd meeting of the 8th Board of Directors of the Company on April 17, 2023, the Company plans to distribute cash dividends of RMB0.05 (including tax) per share to all shareholders. As at December 31, 2022, 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 445,219,886.40 (including tax). The remaining undistributed profits will be carried forward to the next year. Shares of the Company held by the Company through the repurchase special account (As at December 31, 2022, 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**

The Company held the 32nd meeting of the 8th Board of Directors on March 22, 2023, and deliberated and passed the *Proposal of SCG on Cancellation of Treasury Stocks in the Company's Repurchase Special Securities Account*. According to the authorization of the first extraordinary general meeting in 2019, the Company would cancel the repurchase of 18,457,984 treasury stocks in the special securities account, go through relevant cancellation and registration procedures as required, and change the share capital and registered capital accordingly. Upon completion of this cancellation of the treasury stock, the total share capital of the Company will be reduced from 8,904,397,728 to 8,885,939,744.

**13 Other significant events**

**13.1 Segment information**

**13.1.1 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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13.1.2 Financial information of reportable segments

Unit: RMB'000

	Building, contracting, design and construction	Real estate development	Building industry	Investment and construction of urban infrastructure	Complete equipment and other merchandise trade	Zara Mining	Project management and consultancy, labor dispatch and other services	Undistributed amount	Offset of segments	Total
I. Revenue from foreign transactions	25,197,351.13	1,346,224.28	1,353,453.12	171,321.33	112,441.43	106,570.41	316,299.77			28,603,661.47
II. Revenue from inter-segment transactions	433,344.59	4,421.61	927,557.50	3,259.41	20,982.01	12,954.98	363,490.75		-1,766,010.85	
III. Revenue from investments in associates and joint ventures								-5,827.35	4,029.84	-1,797.51
IV. Losses from asset impairment	-142,902.65	-43,455.86	-52,991.55	-8,140.19	-29.50		-10,046.65		12,726.69	-244,839.71
V. Depreciation and amortization expenses	224,496.56	20,151.46	62,098.75	2,180.59	2,432.35	10,020.42	23,716.20		-9,420.55	335,675.78
VI. Total profits (total losses)								480,273.33	-253,166.24	227,107.09
VII. Income tax expenses								55,312.26	3,791.27	59,103.53
VIII. Net profit (net loss)								424,961.07	-256,957.51	168,003.56
IX. Total assets	29,911,164.37	7,661,448.96	3,583,511.39	3,611,159.44	326,064.22	163,045.34	3,931,113.57		-12,507,145.38	36,680,361.91
X. Total liabilities	24,744,041.29	6,444,133.42	3,112,311.86	2,322,476.87	264,907.67	85,831.25	2,242,033.14		-7,643,378.86	31,572,356.64

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	Building, contracting, design and construction	Real estate development	Building industry	Investment and construction of urban infrastructure	Complete equipment and other merchandise trade	Zara Mining	Project management and consultancy, labor dispatch and other services	Undistributed amount	Offset of segments	Total
XI. Other significant non-cash items										
Long-term equity investments in associates and joint ventures								847,614.09		847,614.09
Increase in other non-current assets other than long-term equity investments	355,287.26	60,067.44	53,410.40	143,858.16	767.65	8,288.16	21,505.78		-5,384,573.89	-4,741,389.04

## 13.2 Others

### 13.2.1 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 RMB1,040,164,900, and that it should have the priority of compensation 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 RMB1.2 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 RMB1,239,278,200) 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 RMB1,120,940,800. As of the date of the lawsuit, the Company has received a total of RMB139,670,100 of project funds, and the remaining project payment in arrears amounted to RMB981,270,700. 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 is still under trial in the court. As at December 31, 2022, the total book balance of accounts receivable and other financial assets and contract assets of No.1 Construction Group was RMB 403,861,700, and the provision for impairment of RMB 161,544,700 had been accrued. As for the knowledge of the management, it believes that the accounting treatments are appropriate.

### 13.2.2 Lawsuit matters between the Company and the project owner Danzhou Xinheng Real Estate Development Co., Ltd.

In January 2022, the Company filed a lawsuit with the Guangzhou Intermediate People's Court due to the arrears of engineering funds of Haihua Island (Section I) Municipal Engineering Project and Haihua Island (Section II) Municipal Engineering Project by Danzhou Xinheng Tourism Development Co., Ltd. (hereinafter referred to as the "Xinheng Company"), claiming engineering funds, overdue interest and related losses of RMB 154,288,200 and RMB 162,446,900 respectively for Haihua Island (Section I) Municipal Engineering Project and Haihua Island (Section II) Municipal Engineering Project, as well as the priority of compensation according to the law to the extent owed by the defendant, and applying for property preservation at the time of filing the case. The above lawsuit included its related parties Evergrande Fairyland

Group Co., Ltd., Evergrande Haihua Island Co., Ltd. and Evergrande Group Co., Ltd. as co-defendants. The relevant project information is as follows: (1) On August 18, 2016, the Company and Xinheng Company signed the *Construction Contract of Municipal Engineering of Haihua Island (Section I)*, which stipulated that the Company would undertake the municipal engineering of Section I of Haihua Island awarded by the Defendant, with a provisional total contract price of RMB158.5 million. In addition, the Company and Evergrande Haihua Island Co., Ltd. have signed two *Framework Agreements for Constructive Acceleration Payment* in August 2018 and August 2019 respectively with respect to the projects contracted by affiliates, including the first bid section. After the signing of the construction contract, the Company completed the construction of the project in accordance with the contract, and the relevant roads have been handed over to the defendant and opened to traffic for actual use. The supervision unit, design unit and survey unit of the project have signed and sealed on the *Opinions on Completion Acceptance of Construction Engineering (II)* and confirmed that the project has passed the acceptance and is qualified. The Company sent the project settlement information to the Defendant by postal EMS on January 1, 2022. The total settlement cost of the Haihua Island (Section I) Municipal Engineering Project sent by the Company to the owner is RMB 197 million, the project payment received is RMB 49 million, and the remaining amount of outstanding project payment is RMB 148 million;

(2) On August 18, 2016, the Company and the Defendant Zhongrun Company signed the *Construction Contract of Haihua Island (Section II) Municipal Engineering*, which agreed that the Company would undertake the municipal engineering of Section II of Haihua Island contracted by the Defendant; and the provisional total contract price is RMB158.5 million; During the performance of the construction contract, the Company and the owner signed Supplementary Agreement I to Supplementary Agreement XIV, which increased the provisional total price of the construction contract to RMB167.6 million. In addition, the project is within the scope of two *Framework Agreements for Constructive Acceleration Payment* signed by and between the Company and Evergrande Haihua Island Co., Ltd. in August 2018 and August 2019 respectively for the projects contracted by affiliates, including the Project of Section II. After the signing of the construction contract, the Company completed the project construction in accordance with the contract, and the relevant roads have been handed over to the defendant and opened to traffic for actual use. The supervision unit, design unit and survey unit of the project have signed and sealed on the *Opinions on Completion Acceptance of Construction Engineering (II)* and confirmed that the project has passed the acceptance and is qualified. The Company sent the project settlement information to the defendant by postal EMS on January 1, 2022. The total cost of project settlement sent by the Company to the owner was RMB201 million, the project payment received is RMB46 million, and the remaining amount of project payment in arrears is RMB155 million. The above two cases have been tried in November 2022 due to the obvious differences between the plaintiff and the defendant on the amount received and paid and the settlement price. The court assigned the burden of proof of payment to the defendants, Xinheng Company and Zhongrun Company, and required the two parties to reconcile the accounts. After the court hearing, the Company has submitted an application for judicial authentication to the court, and Guangzhou Intermediate People's Court will conduct the judicial authentication by consulting the Guangdong Higher People's Court about the determination of relevant judicial authentication institutions. No other progress has been made in the two cases so far. As at December 31, 2022, the total book balance of accounts receivable and other financial assets and contract assets of No.1 Construction Group was RMB 50,414,600, and the provision for impairment of RMB35,290,200 had been accrued. As for the knowledge of the management, it believes that the accounting treatments are appropriate.

### **13.2.3 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 Guangzhou Intermediate People's Court 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 RMB353,104,800 (for the settlement payment of the project involved of RMB515,080,100, a total of RMB161,975,300 has been paid), and the liquidated damages for overdue payment of the progress payment of RMB8,397,100 and corresponding interest, totaling RMB361,501,900, and requesting the court to confirm No.1 Construction Group's priority of compensation for the price of the project work involved, such as the discounted auction price. 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 RMB361,501,941.50 (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). On June 22, 2022, the enforcement judge went to the local place to complete the sealing-up registration of four plots of land under the name of Huaian Hengyue Real Estate Co., Ltd. On August 16, 2022, the first trial of the case was held. In October 2022, No.1 Construction Group submitted an application for cost appraisal to the court, and started judicial proceedings after the court selected a judicial authentication institution. As at December 31, 2022, 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 89,812,200 had been accrued. As for the knowledge of the management, it believes that the accounting treatments are appropriate.

### **13.2.4 Lawsuit between the Company, No.1 Construction Group and Chengdu Xinyi Real Estate Development Co., Ltd.**

On December 6, 2021, the Company 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 38#-50# of Chengdu Hengda Tianfu Peninsula Phase IV and applied for property preservation before litigation, requesting the court to order Chengdu Xinyi Real Estate to pay the arrears in the project progress payment of RMB191,928,000 (for the settlement payment of the project involved of RMB573,685,800, a total of RMB381,757,800 has been paid), and the liquidated damages for overdue payment of the progress payment of RMB1,124,900 and corresponding interest, totaling RMB1930052,900, and requesting the court to confirm the Company's priority of compensation for the price of the project work involved, such as the discounted auction price. Guangzhou Intermediate People's Court filed the case on December 6, 2021, and the Company has submitted the application for property preservation and property investigation and control. This year, the case has been transferred to the jurisdiction of Chengdu Intermediate People's Court. The Notice of Acceptance of Case (2022) Chuan 0192 Min Chu No.6016 issued by Chengdu Intermediate People's court was received on August 13, 2022, and the first court session was held on October 24, 2022, mainly focusing on evidence exchange. As at December 31, 2022 Total book balance of accounts receivable and other financial assets and contract assets of No.1 Construction Group was RMB111,296,200, and the provision for impairment of RMB27,824,000 had been accrued. As for the knowledge of the management, it believes that the accounting treatments are appropriate.

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 RMB588,377,000 (for the settlement payment of the project involved of RMB593,986,800, a total of RMB5,609,800 has been paid), and the liquidated damages for overdue payment of the progress payment of RMB52,058,700 and corresponding interest, totaling RMB640,435,700. It also requested the court to confirm that No.1 Construction Group would have 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 RMB640,435,742.2 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. This year, the case has been transferred to the jurisdiction of Chengdu Intermediate People's Court. No.1 Construction Group has received the Notice of Acceptance of Case (2022) Chuan 01 Min Chu No.6245 issued by the Chengdu Intermediate People's Court, and held the first trial on November 2, 2022. The main content of the trial is the exchange of evidence. As at December 31, 2022, the total book balance of accounts receivable and other financial assets and contract assets of No.1 Construction Group was RMB499,405,400, and the provision for impairment of RMB124,851,400 had been accrued. As for the knowledge of the management, it believes that the accounting treatments are appropriate.

#### **13.2.5 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 "Baohui Company"), 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 RMB472,109,700 and provisional interest of RMB19,388,000 from Hefei Baohui, totaling RMB491,497,700, as well confirming that for the amount determined in the litigation request, it enjoyed the priority of compensation for the payment of construction of the project involved in the case. In April 2018, No. 1 Construction Group and Baohui Company 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 RMB763,444,600, and Baohui Company had paid RMB291,335,000 for the project and had the arrears in construction payments amounting to RMB472,109,700. 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 Baohui Company amounting to RMB491,497,731 or to seal up or seize other properties of the same value. This ruling would be implemented immediately. In March 2022, the



Hefei Intermediate People's Court seized the funds involved in eight bank accounts of Baohui Company and the right to use state-owned construction land of Wan (2016) Real Estate Right No. 0091581, 0091584 and 0091585, and issued a notice letter of property preservation results to No.1 Construction Group. In April 2022, Baohui Company lodged an appeal with the Civil Ruling (2022) Wan 01 Min Chu No.41 A to the Anhui Higher People's Court, which rejected the appeal of Baohui Company by making the Civil Ruling (2022) Wan Min Xia Zhong No.4. In June 2022. In July 2022, as coordinated by the judge, the Hefei Intermediate People's Court first sealed 567 parking spaces under the name of Baohui Company located in the basement of Hefei Baoneng City Phase III, and issued the *Notice of Property Preservation Results* to No.1 Construction Group; in September 2022, the Hefei Intermediate People's Court formally accepted the counterclaim request of Baohui Company and served the counterclaim complaint to No.1 Construction Group. At the same time, the court officially launched the appraisal procedure, determined that the appraisal scope was part of the cost of the completed works and determined the appraisal institution in November. Up to now, the case is still in the identification stage and there is no other progress. As at December 31, 2022, the total book balance of accounts receivable and other financial assets and contract assets of No.1 Construction Group was RMB283,480,100, and the provision for impairment of RMB42,511,800 had been accrued. As for the knowledge of the management, it believes that the accounting treatments are appropriate.

**13.2.6 Project litigation between No.2 Construction Group and Nanchang Greenland Shenfei Real Estate Co., Ltd., Nanchang Greenland Shenlan Real Estate Co., Ltd., Nanchang Greenland Real Estate Co., Ltd. and Nanchang Greenland Exhibition Real Estate Co., Ltd.**

From March to November 2022, No.2 Construction Group filed lawsuits against Nanchang Greenland Shenfei Real Estate Co., Ltd., Nanchang Greenland Shenlan Property Co., Ltd, Nanchang Greenland Shenbo Property Co., Ltd and Nanchang Greenland Convention and Exhibition Property Co., Ltd respectively with the Nanchang Intermediate People's Court of Jiangxi Province and the Nanchang Xinxin District People's Court of Nanchang Xinxian District, Jiangxi Province due to the arrears of project payment for the project, claiming project payment and overdue interest of RMB496,956,100 and RMB29,853,800 respectively against Nanchang Expo City Phase I Lot #3, Nanchang Expo City Phase II Lot #11, Greenland Nanchang International Expo Exhibition Center Project and Nanchang Greenland Yuelanwan Project, with a total claim amount of RMB526,809,900. After the court accepted the case, No.2 Construction Group transferred part of its claims on Nanchang Expo City Phase I #3 Lot and Nanchang Expo City Phase II #11 Lot to a third party. Therefore, No.2 Construction Group changed its claim. After the change of the claim, the four projects claimed a total of RMB450,080,700 in project funds and RMB24,136,700 in overdue interest, with a total claim amount of RMB474,217,400.

In 2016, No.2 Construction Group undertook the project of Nanchang Expo City Phase I Lot #3 (JLH605-B03) of Nanchang Greenland Shenbo Real Estate Co., Ltd. (hereinafter referred to as "Greenland Shenbo"). The settlement of the project involved was completed on November 11, 2021, with a settlement price of RMB622,987,800. The cumulative project payment has been recovered of RMB487,010,200 (including the creditor's rights receivable transferred by No.2 Construction Group to the subcontractor of RMB71,217,000), and the remaining outstanding project payment is RMB135,977,600 (including the undue warranty deposit of RMB8,220,200). According to the property preservation ruling of Nanchang Intermediate People's Court, Jiangxi Province (2022) Gan 01 Min Chu No.346, the court has actually sealed up 136 properties in Lots JLH1301-A09 and

JLH1302-C02 of Greenland International Expo City, No.1177 Jiulong Avenue, Honggutan New District, as preservation assets. In October 2022, the Intermediate People's Court of Nanchang City, Jiangxi Province made a judgment of first instance with the Civil Judgment (2022) Gan 01 Min Chu No.346, according to which, Greenland Shenbo shall pay the due project payment of RMB127,757,393.59 to No.2 Construction Group and the interest on overdue payment, and No.2 Construction Group will have the priority of compensation within the scope of RMB135,977,638.64. As at December 2022, the judgment of first instance has not been executed. As at December 31, 2022, the total book balance of accounts receivable and other financial assets and contract assets of No.2 Construction Group was RMB137,201,800, and the provision for impairment of RMB9,604,100 had been accrued. As for the knowledge of the management, it believes that the accounting treatments are appropriate.

In 2015, No.2 Construction Group undertook the project of Lot 11# of Phase II of Greenland Shenbo Nanchang Expo City. The project involved was settled on January 6, 2020, with a settlement price of RMB305,570,400. The cumulative project payment has been recovered of RMB233,236,900 (including the creditor's rights receivable transferred by No.2 Construction Group to the subcontractor of RMB10,079,000), and the remaining project payment in arrears is RMB72,333,500 (including the undue quality guarantee deposit of RMB6,111,400). According to the property preservation ruling of Nanchang Intermediate People's Court, Jiangxi Province (2022) Gan 01 Min Chu No.401, the court has actually sealed up 364 properties in Office Building 9#, Lot JLH703-A01, Greenland International Expo City, No.1177 Jiulong Avenue, Honggutan New District, as preservation assets. In October 2022, the Intermediate People's Court of Nanchang City, Jiangxi Province issued the Civil Judgment (2022) Gan 01 Min Chu No.401 and made a judgment of first instance, according to which, Greenland Shenbo shall pay the due project payment of RMB66,222,093.14 and the interest on overdue payment, and No.2 Construction Group will have the priority of compensation within the scope of RMB72,333,500.82. As at December 2022, the judgment of first instance has not been executed. As at December 31, 2022, the total book balance of accounts receivable and other financial assets and contract assets of No.2 Construction Group was RMB 82,472,900, and the provision for impairment of RMB 5,773,100 had been accrued. As for the knowledge of the management, it believes that the accounting treatments are appropriate.

In 2015, No.2 Construction Group undertook the Greenland Nanchang International Expo Convention and Exhibition Center Project of Nanchang Greenland Convention and Exhibition Real Estate Co., Ltd., and the project was fully settled on June 23, 2020, with a settlement price of RMB1,436,152,100. Greenland Convention and Exhibition Company has actually paid the project payment of RMB1,238,233,600 (including the creditor's rights receivable transferred by No.2 Construction Group to the subcontractor of RMB47,526,100), and the remaining project payment in arrears is RMB197,918,500. According to the property preservation ruling of Nanchang Intermediate People's Court, Jiangxi Province (2022) Gan 01 Cai Bao No.5, the court has sealed up the land (JLH605-C01, JLH605-C02) and the upper buildings, as preservation assets. In June 2022, the Intermediate People's Court of Nanchang City, Jiangxi Province issued the Civil Judgment (2022) Gan 01 Min Chu No.179, making a judgment of first instance, according to which, Greenland Shenbo shall pay the due project payment of RMB197,918,475.62 and the interest on overdue payment; No.2 Construction Group will have the priority of compensation within the scope of RMB197,918,475.62. Greenland Shenbo appealed the judgment of first instance. In September 2022, the Jiangxi Higher People's Court issued the Civil Judgment (2022) Gan Min Zhong No.848, and the second instance upheld the judgment of first trial.

As at December 2022, the judgment of second instance has not been executed. As at December 31, 2022, the total book balance of accounts receivable and other financial assets and contract assets of No.2 Construction Group was RMB 197,918,500, and the provision for impairment of RMB 13,854,300 had been accrued. As for the knowledge of the management, it believes that the accounting treatments are appropriate.

In 2017, No.2 Construction Group undertook the Nanchang Wanli Yuelanwan Project of Nanchang Greenland Shenlan Real Estate Co., Ltd. (hereinafter referred to as "Greenland Shenlan"), and the project was fully settled on July 15, 2019, with the total final settlement price of civil works, refined decoration of public areas and refined decoration of sample houses in sales offices of RMB153,376,700. Greenland Shenlan has actually paid RMB109,525,600 for the project, and the remaining amount of outstanding project is RMB43,851,100 (including RMB3,027,700 for the outstanding warranty). According to the property preservation ruling of the People's Court of Xinjian District, Nanchang City, Jiangxi Province (2022) Gan 0112 Min Chu No.3001, the court has sealed up 53 sets of properties, including commercial property Gan 2016 Nanchang Real Estate Right No.1174910, located south of Zhushan Road, east of Zhaoxian Avenue, Wanli District, Planning 3rd Road (part of Lot B-6-02 and 05), and houses 15-1-801, 2-2-501 and buildings 1#, 2#, 3#, 12#, 15#, 16# of Yuelan Bay Community, 799 Zhaoxian Avenue, Wanli District as well as 5 bank accounts, as preservation assets. In December 2022, the People's Court of Xinjian District, Nanchang City, Jiangxi Province issued the Civil Judgment (2022) Gan 0112 Min Chu No.3001 and made a judgment of first instance, according to which, Greenland Shenlan shall pay the due project payment of RMB40,823,373.52 and interest on overdue payment; No.2 Construction Group will have the priority of compensation within the scope of RMB43,851,111.10. As at December 2022, the judgment of first instance has not been executed. As at December 31, 2022, the total book balance of accounts receivable and other financial assets and contract assets of No.2 Construction Group was RMB 41,061,800, and the provision for impairment of RMB 2,874,300 had been accrued. As for the knowledge of the management, it believes that the accounting treatments are appropriate.

### **13.2.7 Lawsuit between No.4 Construction Group and Shanghai Urban Development Group Longcheng Properties Co., Ltd.**

- (1) As at December 2012, Shanghai Urban Development Group Longcheng Properties 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 project within the agreement. As at June 26, 2017, the project had all 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 RMB1,440,229,103. 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 RMB144 million to the plaintiff, but it has only paid RMB10 million. After No.4 Construction Group repeatedly informed the other party, the other party did not perform

the contract, 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 RMB388,690,064.59 (project payment of RMB381,149,568.60 and interest of RMB7,540,495.99) for overdue payment; ③ request the confirmation that No.4 Construction Group enjoys the priority of 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 RMB5,273,858.03 in the account of CITIC and RMB63,396.74 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 RMB381,149,568.60 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 RMB70 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 Real Estate failed to pay the project price in full and on time in accordance with 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 enforcement, which accepted the enforcement-related matters of the case, and transferred RMB4,848,194.32 in the frozen account of Longcheng Real Estate to the account of No.4 Construction Group as applied by No.4 Construction Group, and evaluated and auctioned 128 houses in total at 8-floor office building at No.2, Lane 166, Minhong Road, according to the auction application of No.4 Construction Group. The appraisal report will be issued by the appraisal company on March 4, 2022. Since the appraisal report did not distinguish the value of the house and the land, the non-concerned parties, the bank and Longcheng Real Estate, raised objections to the execution for many times, resulting in the suspension of the auction procedure. The case was finally enforced by the court in September 2022 as there was no other property to enforce. Since the relevant objection procedures have been ended, No.1 Intermediate People's Court ruled to reject the objection to the enforcement of the non-concerned bank and Longcheng Real Estate. Accordingly, the obstacles to the disposal of the real estate involved in the case have been eliminated, and the disposal conditions are met, No.4 Construction Group hereby applies to No.1 Intermediate People's Court for resumption of the enforcement. On March 23, 2023, the

enforcement procedures of the case were resumed. As at December 31, 2022, the balance of accounts receivable and contract assets of No.4 Construction Group was RMB336,591,400, and provision for impairment was RMB22,181,400. 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.

- (2) On January 21, 2022, No.4 Construction Group filed a lawsuit with the People's Court of Minhang District, Shanghai (hereinafter referred to as the "Minhang Court") due to the fact that Longcheng Real Estate, the owner of the professional subcontracted works and electromechanical embedded works in Shanghai Meilong South Business District, failed to make settlement or pay the project price as agreed in the contract after the completion acceptance of the project, requesting the court to order Longcheng Property to pay the outstanding engineering funds of RMB279,777,402.45, losses and interests with respect to the professional subcontracting works and mechanical and electrical embedded works of the Southern Business District Project, and confirm that No.4 Construction Group has the priority of compensation for the discount or auction price of the project involved within the scope of the above-mentioned claims. On June 30, 2022, No.4 Construction Group submitted an application for change to the Minhang People's Court, requesting the court to change the judgment that Longcheng Property should pay the outstanding engineering funds of RMB260,470,747.15 and interest for the professional subcontracting works and mechanical and electrical embedded works of the Southern Business District Project, and requesting the court to compensate Longcheng Property for the losses of RMB131,820.99 due to liabilities and causes, with the above amount totalling RMB260,602,568.14. On January 16, 2022, Minhang Court accepted the case. According to the notice on property preservation issued by the court, 21 bank accounts under the name of Longcheng Real Estate shall be frozen; part of real estate and vehicles under its name shall be seized, and one real estate shall be seized. The parties have confirmed the settlement cost of 33 professional subcontracted works of the project involved, totaling RMB788 million. Since Longcheng Real Estate did not recognize the submission price of the five professional subcontracted works of the outstanding part, No.4 Construction Group applied to the court for appraisal of the above part, with an estimated project cost of RMB96,045,779.52. The court agreed to the appraisal and determined the appraisal institution in March 2023. At present, there is no other progress in the appraisal procedure of this case. As at December 31, 2022, the total balance of accounts receivable and contract assets of No.4 Construction Group was RMB50,702,100, and provision for impairment was RMB7,605,300. As for the knowledge of the management, it believes that the accounting treatments are appropriate.

### **13.2.8 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 RMB630 million (including RMB538 million for the project payments, RMB16 million for the overdue interest of progress payments, and RMB77 million for the loss of work stoppage and interest). According to the Civil Verdict ([2018] HMC No.60), the bank deposits (amounting to approximately RMB634 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 RMB343,336,779.18 for the project payment of Lot 3-1 and RMB8,520,755.11 for interest on late payment, RMB146,718,589.93 of the project payment for Qiu 61 plant and RMB74,62,254.44 for interest on late payment; ③ The defendant paid RMB23,683,800 for the stoppage and delay loss and RMB17,352,500 of Qiu 61 stoppage and delay loss; ④ The defendant paid advances for the project totaling RMB1,210,000; ⑤ The defendant has the priority of compensation for the total amount of RMB490,055,369.11 for the two projects. Among them, it is entitled to the priority to the project payment of RMB343,336,779.18 Lot 3-1 and the project payment of RMB146,718,589.93 of Qiu 61 plant; ⑥ The defendant paid the litigation fee of RMB3,002,800 and the appraisal fee of RMB2,690,000. 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. 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 RMB2,550,510,000, and the total building area was 153,876.15 m<sup>2</sup>; the appraisal price of Qiu 61 (factory) was RMB651,360,000, and the total building area was 58,077.27 m<sup>2</sup>. 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 RMB633,003,678.15); During the second auction of Qiu 61 (the second auction was postponed on October 8, 2021), Shanghai Xukuan entered the bankruptcy reorganization 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 RMB625,074,507.53). 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 RMB1.21 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, 2022, the book balance of accounts receivable of No.4 Construction Group was RMB490,055,400, and the provision for bad debts was RMB32,294,600. 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 of compensation for the two projects totaling RMB490,055,369.11, which is expected to be recoverable. Based on the cognition of this matter, the corresponding accounting treatment is considered appropriate.

#### **13.2.9 Lawsuit Matters between No. 7 Construction Group and Shanghai Pudong Shanjia Industry Co., Ltd.**

In December 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 RMB761,111,949 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 RMB322,320,062 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 RMB322,320,062 and overdue interest (provisionally RMB5,531,542.11) 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 of 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 RMB239,540,100 and the corresponding interest to No. 7 Construction Group; 2) it was confirmed that, for the unpaid project payment of RMB239,540,100 from Shanjia Industry, No. 7 Construction Group should have the priority of compensation

for 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 RMB131 million from the liquidation group. In January 2023, No.7 Construction Group received RMB65,738,200 in advance distribution of project funds from the liquidation group. As at December 31, 2022, the balance of accounts receivable of No.7 Construction Group was RMB108,063,800, and the provision for bad debts accrued amounted to RMB8,645,100. The management believes that Shanjia Industrial has the ability to repay, and the court has ruled that the Company has the priority of compensation, and has received a cumulative pre-distribution of RMB197 million, which is expected to be recoverable. Based on the understanding of this matter, the management believes that the corresponding accounting treatment is appropriate.

#### **13.2.10 Lawsuit between No. 7 Construction Group and the owner of Dayou Times Square**

In December 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 RMB335,764,200 and related liquidated damages and interests amounting to RMB84,830,300, totaling RMB420,594,500 from Houshi Real Estate, and confirm that No.7 Construction Group would have the priority of 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 liability 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 RMB457 million. As of August 2021, No.7 Construction Group has completed the projects with the total construction price of RMB367,569,200, and Houshi Real Estate only paid the payment for projects totaling RMB31,805,000 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 RMB420,594,500 or to seal up other properties of the same value. This ruling would be implemented immediately. In October 2022, the judicial authentication unit issued a preliminary draft of cost appraisal amounting to RMB240 million. No.7 Construction Group has issued an appraisal opinion, and the case is still pending. As at December 31, 2022, the balance of book contract assets of No.7 Construction Group was RMB19,112,400, and provision for impairment was RMB38,224,800. The management believes that the Company has obtained the corresponding property preservation, and has the priority of 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.

#### **13.2.11 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 RMB316,751,500 and the corresponding interest amounted to RMB47,686,300, totaling RMB364,437,800, and confirming that No.7 Construction Group has the priority of 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 RMB519,410,000. 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. 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 RMB33,978,500. 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 RMB545,219,900. As of the date of prosecution, No.7 Construction Group actually received the payment for projects totaling RMB198,617,500, and Hongyue Real Estate had the arrears in project payment totaling RMB346,602,400. In January 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. During the same period, No.7 Construction Group applied to the court for property preservation. According to the Notice on Assistance in Enforcement (2022) Yue 01 Zhi Bao No.420, The three pieces of land with certificate number of Ping Guo Yong (2009) No.35-2241, Ping Guo Yong (2009) No.35-2242 and Ji (2017) Pingshan County Real Estate Right No.0001360 was seized. In October 2022, the case was transferred to the jurisdiction of the Shijiazhuang Intermediate People's Court with the new case number (2022) Ji 01 Min Chu No.455, and the claims remain unchanged. Later, due to the increase in the settlement cost of the project, No.7 Construction Group submitted a claim for change on the day of the first court session in February 2023, changing the original claim amount from RMB364,437,800 to RMB390,012,000. The case is still pending. As at December 31, 2022, the book accounts receivable and other financial assets and contract assets of No.7 Construction Group totaled RMB241,331,400, and provision for impairment was RMB72,399,400. As for the knowledge of the management, it believes that the accounting treatments are appropriate.

### **13.2.12 Litigation between No.7 Construction Group and Heze Runze Real Estate Co., Ltd.**

In April 2022, No.7 Construction Group filed a lawsuit with the Intermediate People's Court of Heze City, Shandong Province, due to the arrears of project payment by Heze Runze Real Estate Co., Ltd. (hereinafter referred to as "Heze Runze"), the owner of Phase I of the Heze Runze Center City Project, requesting the court to order the termination of the relevant agreement and order Heze Runze to pay No.7 Construction Group the remaining project payment and overdue interest of RMB536,795,300 and bear the litigation costs. On April 14, 2022, the Intermediate People's Court of Heze City, Shandong Province issued an Acceptance Notice (2022) Lu 17 Min Chu No.100, formally accepting the case. During the same period, No.7 Construction Group applied to the court for property preservation, and froze bank deposits of RMB1,364,000 and 326 properties according to the Notice of Assistance in Enforcement (2022) Lu Zhibao No.70. The main matters of the project are as follows: On September 15, 2017, the two parties signed the Construction Contract for Phase I of Heze Runze Center City Project, with an estimated contract price of RMB1.680 billion. The project was suspended on November 16, 2020. According to the draft for judicial authentication of the disputed project, it was confirmed that the construction cost of No.7 Construction Group had completed RMB973,283,400 as at December 16, 2020 before the suspension of the project. In September 2021, under the coordination of the local government and relevant competent authorities, No.7 Construction Group successively arranged for the resumption of work. After the resumption of work, No.7 Construction Group completed the construction cost of RMB21,951,700. Therefore, the total construction cost of the project completed by No.7 Construction Group amounted to RMB995,235,100. Heze Runze only paid a total of RMB509,432,400 to No.7 Construction Group, and the remaining amount of outstanding project payment was RMB485,802,700. In October 2022, the Heze Intermediate People's Court issued the Civil Judgment (2022) Lu 17 Minchu No.100, rendering a judgment of first instance, which was as follows: 1) Heze Runze paid RMB171,320,000 and interest to No.7 Construction Group (interest accrued from April 14, 2022 to completion of performance); 2) No.7 Construction Group shall have the priority of compensation within the construction scope of RMB151,645,400; 3) Heze Runze paid No.7 Construction Group acceptance bill discount of RMB1,662,500. In November 2022, No.7 Construction Group appealed to the Shandong Higher People's Court, requesting: 1) to revoke Items 1 and 2 of the Civil Judgment (2022) Lu 17 Minchu No.100 rendered by the court of original trial; 2) to amend Item 1 to increase the project payment by RMB26,125,700 and corresponding interest; 3) to amend the judgment that the project payment sued by No.7 Construction Group has the right of priority of compensation within the scope of its construction works; 4) to amend the judgment that Heze Runze shall pay RMB12,640,700 for suspension losses. In March 2023, the Shandong Higher People's Court issued the Civil Judgment (2023) Lu Min Zhong No.210, making a judgment of second instance: the appeal was rejected and the original judgment was upheld. As at December 31, 2022, the total book balance of receivables and other financial assets and contract assets of No.7 Construction Group was RMB170,074,100, and the provision for impairment of RMB25,511,100 had been accrued. As for the knowledge of the management, it believes that the accounting treatments are appropriate.

### **13.2.13 Litigation between Tianjin Housing General Contractor and the owner of Blue-collar Apartment Project**

On December 1, 2022, Tianjin Housing Group Construction Engineering General Contracting Co., Ltd. (hereinafter referred to as "Tianjin Housing General Contractor") filed a civil lawsuit with the Tianjin Third Intermediate People's Court against the Comprehensive Office of Nangang Industrial Zone, Tianjin Economic and

Technological Development Zone (Defendant 1, hereinafter referred to as "Nangang Comprehensive Office"), the Management Committee of Tianjin Economic and Technological Development Area (Defendant 2, hereinafter referred to as the "Economic Development Management Committee"), and Tianjin Binhai New Area Nangang Light Industry City Construction Co., Ltd. (Defendant 3, hereinafter referred to as "Nangang Urban Construction") for the blue-collar apartments and supporting projects in the textile economic zone of Tianjin Binhai New Area undertaken by the Company, requesting an order to order the three defendants to pay the approved project payment and Class II expenses of the project totaling RMB298,166,400, the overdue interest of RMB620,508,600 and the priority of compensation for the project involved within the outstanding settlement amount of RMB298,166,400. The main matters of the case are as follows: on September 24, 2011, Tianjin Binhai New Area Textile Economic Zone Management Committee (hereinafter referred to as the "Textile Management Committee"; later, due to the reform of functional zone system, the textile economic zone was transferred to Tianjin Economic and Technological Development Zone, and relevant matters were implemented by the Central Office of Tianjin Economic and Technological Development District (hereinafter referred to as "Central Office") signed the *Cooperation Agreement*. Paragraph 1 of Article 2 of the *Cooperation Agreement* stipulates that the Textile Management Committee (or the company entrusted by it) will provide the land for blue-collar apartments and supporting projects, and Tianjin Residential Construction and Development Group Co., Ltd. (hereinafter referred to as the "Housing Group", a wholly-owned parent company of Tianjin Housing General Contractor) will provide funds for the construction of the project. After the signing of the aforementioned *Cooperation Agreement*, Nangang Urban Construction, the Textile Management Committee and the Housing Group further signed the *Cooperation Agreement on Certain Plots of Jinbin Textile (Hang) 2010-2 in Textile Economic Zone* (hereinafter referred to as the "Tripartite Agreement"), which further specifies that Nangang Urban Construction shall provide the land for blue-collar apartments and supporting public construction projects; the Housing Group shall undertake all the funds required for the project and handle all the procedures for project development in the name of Nangang Urban Construction, be responsible for on-site management, completion acceptance and delivery and other work; and the Textile Management Committee shall be responsible for the repurchase after the completion of the project. On November 26, 2011 and August 14, 2013, Nangang Urban Construction and Tianjin Housing General Contractor signed the Tianjin Construction Engineering Construction Contract of No. 121092120130016 and 121092120130131 respectively, agreeing that Tianjin Housing General Contractor shall be responsible for the supporting public works of the blue-collar apartment project in the textile economic zone, with a total contract cost of RMB265,514,900. On April 1, 2013, the blue-collar apartment and supporting project completed the acceptance of five parties. After the acceptance, Tianjin Housing General Contractor and the Textile Management Committee communicated for many times about the fund settlement, but as at December 31, 2022, the Textile Management Committee and its successor, Nangang Comprehensive Office, never paid any money to Tianjin Housing General Contractor. On June 15, 2019, the Development Management Committee issued the Confirmation Letter of Project Payment for Blue Collar Apartment Project, in which it clearly recognized that the project involved had been completed and accepted and confirmed that the total amount of the project involved was RMB323,534,200. On September 23, 2019, Tianjin Pan-Asia Engineering Mechanical and Electrical Equipment Consulting Co., Ltd. (hereinafter referred to as "Pan-Asia Consulting") issued the *Settlement Audit Report*, which approved the settlement amount of RMB322,779,900. The Settlement Audit Report has been sealed and confirmed by Nangang Urban Construction, the Central Office of the Economic Development Zone (formerly the Textile Management Committee), Tianjin Housing General Contractor, Housing Group and Pan-Asia Consulting. The Audit Bureau of Tianjin Economic and Technological Development Zone otherwise

entrusts Tianjin Zhengtai Engineering Management Co., Ltd. (hereinafter referred to as "Zhengtai Consulting") to audit the cost of the project concerned. On December 27, 2021, Zhengtai Consulting issued the Settlement Audit Report Zhengtai Ji Zi (2012) No.0035 and the Settlement Audit Report for Class II expenses of the project involved. The approved settlement amount of the two reports was RMB285,310,400 and RMB12,856,000 respectively, totalling RMB298,166,400. In December 2022, Tianjin No.3 Intermediate People's Court issued a Notice of Acceptance (2022) Jin 03 Min Chu No.2391 with respect to the dispute over the above construction contract. As at December 31, 2022, the case was still in the stage of inquiry and evidence collection and had not been tried yet. As at December 31, 2022, the balance of accounts receivable of the Economic Development Management Committee from Tianjin Housing General Contractor was RMB322,779,900, and the provision for impairment of RMB322,779,900 was made on an individual basis. As for the knowledge of the management, it believes that the accounting treatments are appropriate.

### 13.2.14 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 First Intermediate People's Court, claiming a total of RMB249,982,000 for payment of goods, RMB89,366,600 for late payment and RMB2,949,400 for contract losses from Dongying Lufang. The total litigation object was RMB342,298,000. Details are as follows: (1) MCEC filed a lawsuit against Dongying Lufang for 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 RMB181,906,100, Dongying Lu has paid RMB47,981,000, and the outstanding price is RMB133,925,100. With regard to the above-mentioned unpaid creditor's rights, MCEC sued Dongying Lufang, requesting: it should pay the unpaid payment for goods of RMB133,925,100 according to the contract, and pay the overdue fine of RMB54,420,500 (provisional) based on 5‰ of the contract amount per day, and at the same time, applied for property preservation; (2) 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 RMB136,016,300, and Dongying Lufang has paid RMB19,959,400 and owed RMB116,056,900. Regarding the laterite nickel ore agreement, the final price of the contract is RMB36,770,100, Dongying Lufang has paid RMB5,439,600, and MCEC has disposed of the collection amounting to RMB28,381,100 in accordance with the contract, and the contract losses amounted to RMB2,949,400. MCEC sued for: ① payment of the overdue payment of RMB116,056,900 according to the copper concentrate contract, and the overdue fine of RMB34,946,100 (provisional) according to 5‰ of the contract amount per day; ② compensation for the contract loss of laterite nickel mine amounting to RMB2,949,400, and submission of property preservation at the same time. On July 15, 2022, the Shanghai First Intermediate People's Court rendered the judgments (2021) Hu 01 Minchu No.142 and (2021) Hu 01 Min Chu No.143, according to which, Dongying Lufang shall pay MCEC the goods payment of RMB249 million, liquidated damages and losses of RMB3 million within ten days from the effective

date of the judgment. MCEC can only declare its creditor's rights in bankruptcy proceedings and shall not obtain individual liquidation. On January 26, 2022, the Intermediate People's Court of Dongying City, Shandong Province issued the Civil Rulings (2022) Lu 05 Ba Shen No.1 and (2022) Lu 05 B Shen No.2 to accept the application for bankruptcy reorganization of the applicant Dongying Branch of Bank of Communications Co., Ltd. against the respondent Dongying Lufang and its related party Dongying Fangyuan Nonferrous Metals Co., Ltd. On May 27, 2022, the Dongying Intermediate People's Court ruled to accept the reorganization of 18 affiliated companies of Dongying Lufang according to law, and appointed Beijing Junhe Law Firm as the administrator. On June 9, 2022, the Dongying Intermediate People's Court issued the Civil Ruling (2022) Lu 05 Po 1-20, ruling that Dongying Lufang and other 20 companies were substantially merged and restructured. On August 26, 2022, Dongying Intermediate People's Court held a creditors' meeting to verify the *Statement of Claims* submitted by the administrator, and vote on the *Restructuring Plan (Draft) for the Substantive Merger and Reorganization of 20 Companies Including Dongying Fangyuan Nonferrous Metals Co., Ltd.* (hereinafter referred to as the *Restructuring Plan*). According to the *Statement of Claims*, the administrator reviewed and determined that the amount of ordinary creditor's rights of MCEC was RMB386 million. In addition to the payment and losses judged by the court, the amount of creditor's rights also included liquidated damages arising from the debtor's failure to perform its contractual obligations as agreed in the contract and ordinary bankruptcy claims of MCEC against Dongying Fangyuan Non-ferrous Metals Co.,Ltd. of RMB45 million. On December 16, 2022, the Intermediate People's Court of Dongying City, Shandong Province issued a civil ruling (2022) Lu 05 Po No.1-20 bis, ruling to approve the *Restructuring Plan*. As at December 31, 2022, the book balance of accounts receivable of MCEC was RMB243,728,500, and the provision for bad debts was RMB229,104,800. Based on its understanding of this matter, the management believes that the corresponding accounting treatment is appropriate.

### 13.2.15 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 RMB1,356,703,200. Tianjin Housing General Contractor received the Notice of Review of Claims issued by the administrator on October 20, 2021, confirming that Tianjin Housing General Contractor's preferential claims amounted to RMB396,976,100, ordinary claims amounted to RMB133,395,100, deferred claims amounted to RMB821,846,500 and non-confirmed claims amounted to RMB4,485,600. On September 16, 2022, the Company received a notice of review of claims sealed by the administrator, confirming that the Company's preferential claims amounted to RMB549,867,500 and its ordinary claims amounted to RMB44,829,100, and signed a debt retention agreement for the above preferential claims on September 28, 2022. 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 3.00%; the value date of the remaining debt is 1 November 2021; 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 RMB10,000 would be offset with the stock of CCOOP. Among the ordinary claims of each creditor exceeding RMB10,000, it was estimated that every RMB100 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 RMB4 /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 11.2048 million shares of ST CCOOP. As at December 31, 2022, the book balance of the accounts receivable of Tianjin Housing General Contractor from Ninghe Real Estate and Yisheng Daji amounted to RMB593,975,300 and the provision for bad debts accrued amounted to RMB239,408,800. 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 Company

## 14.1 Notes receivable

### 14.1.1 Presentation of notes receivable by category

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Commercial acceptance bills	73,511,060.73	323,079,386.45
Less: provision for bad debts	3,675,553.03	38,987,085.85
Total	69,835,507.70	284,092,300.60

14.1.2 There were no pledged notes receivable of the Company as at December 31, 2021.

14.1.3 Notes receivable of the Company as at December 31, 2022 that have been endorsed or discounted but not matured on the balance sheet date

Item	Amount derecognized as at December 31, 2022	Amount not derecognized as at December 31, 2022
Commercial acceptance bills		5,000,000.00

14.1.4 Notes transferred into accounts receivable due to the drawer's inability to perform the contract as at December 31, 2022

Item	Amount transferred to account receivable as at December 31, 2022
Commercial acceptance bills	107,837,577.15

## 14.2 Accounts receivable

### 14.2.1 Disclosure of accounts receivable by aging

Aging	Balance as at December 31, 2022	Balance as at December 31, 2021
Within 1 year	5,423,406,656.53	5,755,616,991.99
1 - 2 years	693,799,870.59	974,239,337.90
2 - 3 years	107,690,185.47	284,574,715.03
3 - 4 years	123,449,177.41	92,083,041.70
4 - 5 years	88,057,022.62	48,276,605.51
Over 5 years	94,589,255.72	52,015,073.19
Sub-total	6,530,992,168.34	7,206,805,765.32
Less: provision for bad debts	644,122,464.51	610,335,765.95
Total	5,886,869,703.83	6,596,469,999.37

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**14.2.2 Disclosure under the methods of provision for bad debts by category**

Type	Balance as at December 31, 2022					Balance as at December 31, 2021				
	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	510,688,254.83	7.82	220,175,323.82	43.11	290,512,931.01	439,701,164.91	6.10	134,186,090.73	30.52	305,515,074.18
Provision for bad debts accrued on portfolio basis	6,020,303,913.51	92.18	423,947,140.69	7.04	5,596,356,772.82	6,767,104,600.41	93.90	476,149,675.22	7.04	6,290,954,925.19
Including:										
Building, contracting, design and construction	5,972,600,281.05	91.45	423,947,140.69	7.10	5,548,653,140.36	6,590,561,024.14	91.45	476,149,675.22	7.22	6,114,411,348.92
Related parties within shares	47,703,632.46	0.73			47,703,632.46	176,543,576.27	2.45			176,543,576.27
Total	6,530,992,168.34	100.00	644,122,464.51		5,886,869,703.83	7,206,805,765.32	100.00	610,335,765.95		6,596,469,999.37

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Provision for bad debts accrued on an individual basis:

Name	Balance as at December 31, 2022			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Chengdu Xinyi Real Estate Development Co., Ltd.	53,196,346.32	13,299,086.58	25.00	Expected risk of recovery
Foshan Nanhai Juncheng Real Estate Development Co., Ltd.	28,519,378.92	11,407,751.57	40.00	Expected risk of recovery
Danzhou Zhongrun Tourism Development Co., Ltd.	22,823,386.43	15,976,370.50	70.00	Expected risk of recovery
Danzhou Changyu Tourism Development Co., Ltd.	275,845,738.33	110,338,295.33	40.00	Expected risk of recovery
Danzhou Xinheng Tourism Development Co., Ltd.	21,720,315.24	15,204,220.67	70.00	Expected risk of recovery
Taicang Yitai Tourism Development Co., Ltd.	105,967,291.75	52,983,645.88	50.00	Expected risk of recovery
Sporadic accounts	2,615,797.84	965,953.29	36.93	Expected risk of recovery
Total	510,688,254.83	220,175,323.82		

**14.2.3 Provision, reversal or recovery of provision for bad debts in 2022**

Type	Balance as at December 31, 2021	Changes in 2022			Balance as at December 31, 2022
		Provision	Recovery or reversal	Write-off or charge-off	
Bad debts of accounts receivable	610,335,765.95	33,786,698.56			644,122,464.51

**14.2.4 There were no accounts receivable actually charged off in 2022.**

**14.2.5 Top 5 of accounts receivable as at December 31, 2022, presented by debtor**

Company name	Balance as at December 31, 2022		
	Accounts receivable	Proportion in the total accounts receivable (%)	Provision for bad debts
SHANGHAI JIUSHI (GROUP) CO., LTD.	424,351,404.91	6.50	21,217,570.25
Shanghai Highway Investment Construction Development Co., Ltd.	389,125,039.00	5.96	21,642,783.60



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Company name	Balance as at December 31, 2022		
	Accounts receivable	Proportion in the total accounts receivable (%)	Provision for bad debts
Danzhou Changyu Tourism Development Co., Ltd.	275,845,738.33	4.22	110,338,295.33
Shanghai Jiushi International Sports Center Co., Ltd.	230,940,000.00	3.54	11,547,000.00
Shanghai Chengtou Huancheng Expressway Construction Development Co., Ltd.	212,499,141.00	3.25	10,624,957.05
Total	1,532,761,323.24	23.47	175,370,606.23

**14.3 Receivables financing**

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Notes receivable	14,640,000.00	24,159,690.00
Accounts receivable		
Less: changes in fair value		
Total	14,640,000.00	24,159,690.00

**14.3.1 Notes receivable of the Company as at December 31, 2022 that have been endorsed or discounted but not matured on the balance sheet date**

Item	Amount derecognized as at December 31, 2022	Amount not derecognized as at December 31, 2022
Bank acceptance bills	48,857,940.00	

**14.4 Other receivables**

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Interest receivable	2,741,513.00	
Dividends receivable	305,369,291.58	235,337,705.35
Other receivables	15,440,926,568.84	10,808,081,322.55
Total	15,749,037,373.42	11,043,419,027.90

**14.4.1 Interest receivable**

Classification of interest receivable

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Creditor's right investments	2,741,513.00	
Less: provision for bad debts		
Total	2,741,513.00	

#### 14.4.2 Dividends receivable

##### (1) Breakdowns of dividends receivable

Project (or investee)	Balance as at December 31, 2022	Balance as at December 31, 2021
SCG Jiangxi Jiulonghu Municipal Engineering Design Co., Ltd.	4,506,000.00	4,506,000.00
Huzhou Xinkaiyuan Crushed Stones 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
SCG Jianheng Equity Investment Funds Partnership (Limited Partnership)	18,125,000.00	10,010,000.00
SCG Wuxi Yanghu Road Construction Management Co., Ltd.		3,190,255.18
SCG Kunshan Middle-ring Road Construction Co., Ltd.	65,106,841.41	
Sub-total	305,369,291.58	235,337,705.35
Less: provision for bad debts		
Total	305,369,291.58	235,337,705.35

#### 14.4.3 Other receivables

##### (1) Disclosure by aging

Aging	Balance as at December 31, 2022	Balance as at December 31, 2021
Within 1 year	7,594,919,140.66	5,347,446,350.91
1 - 2 years	3,885,128,407.41	5,037,604,665.80
2 - 3 years	3,634,589,513.90	364,522,477.95
3 - 4 years	282,665,167.73	95,154,997.63
4 - 5 years	83,665,948.09	3,740,330.66
Over 5 years	1,984,115.96	2,127,112.00
Sub-total	15,482,952,293.75	10,850,595,934.95
Less: provision for bad debts	42,025,724.91	42,514,612.40
Total	15,440,926,568.84	10,808,081,322.55

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

Type	Balance as at December 31, 2022					Balance as at December 31, 2021				
	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 portfolio basis	15,482,952,293.75	100.00	42,025,724.91	0.27	15,440,926,568.84	10,850,595,934.95	100.00	42,514,612.40	0.39	10,808,081,322.55
Including:										
Aging portfolio	840,514,498.24	5.43	42,025,724.91	5.00	798,488,773.33	850,292,247.70	7.84	42,514,612.40	5.00	807,777,635.30
Current accounts with related parties within shares	14,642,437,795.51	94.57			14,642,437,795.51	10,000,303,687.25	92.16			10,000,303,687.25
Total	15,482,952,293.75	100.00	42,025,724.91		15,440,926,568.84	10,850,595,934.95	100.00	42,514,612.40		10,808,081,322.55

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(3) Provision for bad debts				
	Stage I	Stage II	Stage III	Total
Provision for bad debts	12-month expected credit loss	Expected credit loss in the whole duration (without credit impairment)	Expected credit loss in the whole duration (with credit impairment)	
Balance as at December 31, 2021	42,514,612.40			42,514,612.40
In 2022, balance as at December 31, 2021				
-Transfer to Stage II				
-Transfer to Stage III				
-Reversal from Stage II				
-Reversal from Stage I				
Provision in 2022	-488,887.49			-488,887.49
Reversal in 2022				
Write-off in 2022				
Charge-off in 2022				
Other changes				
Balance as at December 31, 2022	42,025,724.91			42,025,724.91

(4) Provision, reversal or recovery of provision for bad debts in 2022					
Type	Balance as at December 31, 2021	Changes in 2022			Balance as at December 31, 2022
		Provision	Recovery or reversal	Write-off or charge-off	
Provision for bad debts of other receivables	42,514,612.40	-488,887.49			42,025,724.91

(5) No other receivables actually written off in 2022

(6) Classification by the nature of payment		
Nature of payment	Book balance as at December 31, 2022	Book balance as at December 31, 2021
Current accounts among enterprises	15,004,452,931.30	10,319,857,426.34
Security deposit, etc.	390,673,098.60	473,355,681.92
Others	87,826,263.85	57,382,826.69
Total	15,482,952,293.75	10,850,595,934.95

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(7) Top 5 of other receivables as at December 31, 2022, presented by debtor

Company name	Nature of payment	Balance as at December 31, 2022	Aging	Proportion in the total balance of other receivables as at December 31, 2022 (%)	Balance of provision for bad debts as at December 31, 2022
Tianjin Housing Construction Development Group Co., Ltd.	Current account with related parties	10,003,779,575.56	Within 3 years	64.61	
SCG Wenzhou Oujiangkou Construction Co., Ltd.	Current account with related parties	858,170,000.00	Within 3 years	5.54	
SCG Yibin Cuiping Construction Co., Ltd.	Current account with related parties	780,620,000.00	Within 2 years	5.04	
SCG Meishan Engineering Construction Co., Ltd.	Current account with related parties	460,470,000.00	Within 2 years	2.97	
Shanghai Municipal Construction Co., Ltd.	Current account with related parties	324,511,399.64	Within 1 year	2.10	
Total		12,427,550,975.20		80.26	

14.5 Long-term equity investments

Item	Balance as at December 31, 2022			Balance as at December 31, 2021		
	Book balance	Provision for impairment	Book value	Book balance	Provision for bad debts	Book value
Investment in subsidiaries	33,731,687,619.15		33,731,687,619.15	30,525,387,619.15		30,525,387,619.15
Investments in associates and joint ventures	2,846,176,231.39		2,846,176,231.39	1,857,549,812.72		1,857,549,812.72
Total	36,577,863,850.54		36,577,863,850.54	32,382,937,431.87		32,382,937,431.87

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**14.5.1 Investments in subsidiaries**

Investee	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022	Provision for impairment in 2022	Balance of provision for impairment as at December 31, 2022
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	200,000,000.00		600,000,000.00		
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	3,000,000,000.00		4,241,019,533.97		
Shanghai Installation Engineering Group Co., Ltd.	546,782,623.08			546,782,623.08		
Shanghai Mechanized Construction Group Co., Ltd.	815,085,073.89			815,085,073.89		
Shanghai Foundation Engineering Group Co., Ltd.	462,013,442.48			462,013,442.48		

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Investee	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022	Provision for impairment in 2022	Balance of provision for impairment as at December 31, 2022
Shanghai Construction Building Materials Technology Group Co., Ltd.	1,231,128,715.02			1,231,128,715.02		
Shanghai Gardens (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		
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		
China Shanghai (Group) Corporation for Foreign Economic & Technological Cooperation	424,883,645.48			424,883,645.48		
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, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022	Provision for impairment in 2022	Balance of provision for impairment as at December 31, 2022
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.	6,000,000.00			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		



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Investee	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022	Provision for impairment in 2022	Balance of provision for impairment as at December 31, 2022
SCG (Jiangsu) Steel Structure Co., Ltd.	698,500,750.00			698,500,750.00		
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		

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Investee	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022	Provision for impairment in 2022	Balance of provision for impairment as at December 31, 2022
SCG Meishan Construction Engineering Co., Ltd.	909,200,000.00			909,200,000.00		
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 Jintian Maoshan Tourist Avenue 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		

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Investee	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022	Provision for impairment in 2022	Balance of provision for impairment as at December 31, 2022
Huzhou Zhili Cultural and Sports Center Construction Development Co., Ltd.	158,722,200.00			158,722,200.00		
Rizhao Hujian Urban Development and Construction Co., Ltd.	217,816,200.00			217,816,200.00		
SCG Wenzhou Oujiangkou Traffic Engineering Construction Co., Ltd.	389,500,000.00	22,800,000.00		412,300,000.00		
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.	6,344,697,874.20			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	225,000,000.00		765,000,000.00		
Hainan Hujian Construction Co., Ltd.	12,000,000.00	9,000,000.00		21,000,000.00		

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Investee	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022	Provision for impairment in 2022	Balance of provision for impairment as at December 31, 2022
Shanghai Yueheng Construction Development Co., Ltd.	1,000,000.00			1,000,000.00		
Shanghai Jianxie Vocational Skills Training Co., Ltd.	1,000,000.00			1,000,000.00		
SCG (Hainan) Investment Co., Ltd.	35,000,000.00	58,500,000.00		93,500,000.00		
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	10,000,000.00		30,000,000.00		
Hangzhou Hujian Construction Co., Ltd.		2,000,000.00		2,000,000.00		
Total	30,525,387,619.15	3,527,300,000.00	321,000,000.00	33,731,687,619.15		

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**14.5.2 Investments in associates and joint ventures**

Investee	Balance as at December 31, 2021	Increases/decreases in 2022								Balance as at December 31, 2022	Balance of provision for impairment as at December 31, 2022
		Additional investment	Reduced investment	Investment income recognized by the equity method	Adjustment to other comprehensive income	Other equity change	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
Joint venture											
Hangzhou Fuyang Qinwang Construction Development Co., Ltd.	282,772,967.06	20,000,000.00		3,981,685.83						306,754,652.89	
Ningbo Tower Construction Development Co., Ltd.	462,708,247.16	60,000,000.00		-2,473,259.43						520,234,987.73	
Shanghai MBT&SCG High-Tech Construction Chemical Co., Ltd.	23,787,868.70			1,645,702.47						25,433,571.17	
Beijing Diaoyutai Decoration Engineering Co., Ltd.	10,975,246.87			789,638.54						11,764,885.41	
Hangzhou Hujian Urban Development and Construction Co., Ltd.	1,055,275,618.84			68,501,351.57						1,123,776,970.41	
Zhejiang Shangjia Construction Co., Ltd.	22,029,864.09			-14,371,236.92						7,658,627.17	
Yancheng Hujian Jinghai Enterprise Management Partnership (Limited Partnership)		658,350,000.00		-17,364,394.38						640,985,605.62	
Yancheng Chonghai Urban Development and Construction		1,650,000.00		-81,980.81						1,568,019.19	
Shanghai Park High Quality Development Private Equity Partnership (Limited Partnership)		208,000,000.00		-1,088.20						207,998,911.80	
Total	1,857,549,812.72	948,000,000.00		40,626,418.67						2,846,176,231.39	

**14.6 Operating revenue and operating costs**

**14.6.1 Operating revenue and operating costs**

Item	Year 2022		Year 2021	
	Revenue	Costs	Revenue	Costs
Primary business	55,143,843,955.68	53,789,753,091.72	53,233,568,232.72	51,310,252,711.36
Other businesses	844,882,117.69	39,533,048.42	783,222,575.93	27,259,195.87
Total	55,988,726,073.37	53,829,286,140.14	54,016,790,808.65	51,337,511,907.23

Details of operating revenue:

Item	Year 2022	Year 2021
Revenue from customer contracts	55,974,108,206.94	54,001,898,205.04
Lease revenue	14,617,866.43	14,892,603.61
Total	55,988,726,073.37	54,016,790,808.65

**14.6.2 Revenue from contracts**

Contract classification	Year 2022
Classified by commodity or business type	
Building, contracting, design and construction	55,195,558,849.93
Project management and consultancy, labor dispatch and other services	778,549,357.01
Total	55,974,108,206.94
Classification by business area:	
Chinese mainland	54,246,239,820.54
Other countries and regions	1,727,868,386.40
Total	55,974,108,206.94
Classification by the time for merchandise transfer	
Recognition at a certain time point	778,549,357.01
Recognized in certain period	55,195,558,849.93
Total	55,974,108,206.94

**14.7 Investment income**

Item	Year 2022	Year 2021
Long-term equity investment income calculated under the cost method	2,382,696,116.93	2,084,064,869.07
Income from long-term equity investments calculated under equity method	40,626,418.67	20,889,166.97
Investment income from financial assets held for trading during the holding period	18,236,966.75	33,380,752.00
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	2,762,758.51	3,000,000.00
Dividend revenue from other equity instrument investment during the holding period	5,847,953.22	
Investment income from other non-current financial assets during the holding period	106,794,526.02	124,385,675.90
Investment income from disposal of other non-current financial assets	51,650,976.24	
Total	2,608,615,716.34	2,362,721,690.25

15 **Supplementary information**

15.1 **Breakdown of non-recurring profits or losses in 2022**

Item	Amount
Profit or loss from disposal of non-current assets	489,022,326.18
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)	626,496,854.89
Expenses for using funds charged from non-financial enterprises and included in the current profit or loss	
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	
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	-1,254,638.20
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	
Net profit or loss of the subsidiary from the business combination under common control for the period from the beginning of the period to the combination 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 investment, except for effective hedging operations associated with the Company's normal operations	-826,036,779.58
Reversal of provision for impairment of receivables and contract assets subject to separate impairment test	85,504,200.34
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	-26,538,923.17
Other items of profit or loss subject to the definition of non-recurring profit or loss	
Sub-total	347,193,040.46
Affected amount of income tax	119,702,143.71
Affected amount of minority equity (after tax)	13,494,462.07
Total	480,389,646.24

SHANGHAI CONSTRUCTION GROUP CO., LTD.  
NOTES TO THE FINANCIAL STATEMENTS  
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(English Translation for Reference Only)

**15.2 Return on net assets and earnings per share**

Profit in the reporting period	Weighted average net assets Rate of return (%)	Earnings per share (RMB/share)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	2.86	0.10	0.10
Net profit attributable to ordinary shareholders of the Company after deducting the non-recurring profit or loss	1.29	0.04	0.04

Shanghai Construction Group Co., Ltd.

(Official Seal)

April 17, 2023