



Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd.

Semi-annual Report 2016

2016-021

August 2016

Section I Important Statements, Contents and Terms

The board of directors (the “Board”), the board of supervisors (the “Board of Supervisors”) as well as the directors, supervisors and senior management of Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd. (the “Company”) hereby guarantee the factuality, accuracy and completeness of the contents of the Report, and shall be jointly and severally liable for any false representation, misleading statements or material omissions in the Report.

All the directors attended the board meeting for the review of the Report.

The Company plans not to distribute cash dividends or bonus shares or convert capital reserve into share capital.

Zhou Jianguo, Board Chairman, Chen Maozheng, GM, Tang Xiaoping, accounting head for the Report, and Qiao Yanjun, head of the accounting organ (head of accounting), hereby guarantee that the Financial Report carried in the Report is factual, accurate and complete.

The Report has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

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Terms

Term	Meaning
Company, the Company, the Group	Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd.
The holding company	Shenzhen Investment Holdings Co., Ltd.

Section II Corporate Profile

I Corporate information

Stock name	SPG A (SPG B)	Stock code	000029 (200029)
Changed stock name (if any)	---		
Stock exchange	Shenzhen Stock Exchange		
Company name in Chinese	深圳经济特区房地产(集团)股份有限公司		
Abbr. (if any)	深房集团		
Company name in English (if any)	ShenZhen Special Economic Zone Real Estate&Properties (Group).co., Ltd.		
Abbr. (if any)	SPG		
Legal representative	Zhou Jianguo		

II Contact information

	Board Secretary	Securities Representative
Name	Mr. Chen Ji	Mr. Luo Yi
Address	47/F, SPG Plaza, Renmin South Road, Shenzhen, Guangdong Province, P.R.China	47/F, SPG Plaza, Renmin South Road, Shenzhen, Guangdong Province, P.R.China
Tel.	(86 755) 82293000-4718	(86 755) 82293000-4715
Fax	(86 755) 82294024	(86 755) 82294024
E-mail	spg@163.net	spg@163.net

III Other information

1. Ways to contact the Company

Did any change occur to the registered address, office address and their postal codes, website address and email address of the Company during the Reporting Period?

Applicable Not applicable

The registered address, office address and their postal codes, website address and email address of the Company did not change during the Reporting Period. The said information can be found in the 2015 Annual Report.

2. About information disclosure and the place where the Report is kept

Did any change occur to information disclosure media and the place where the Report is kept during the Reporting Period?

Applicable Not applicable

The newspapers designated by the Company for information disclosure, the website designated by the CSRC for disclosing the Report and the location where the Report is placed did not change during the Reporting Period. The said information can be found in the 2015 Annual Report.

3. Change of the registered information

Did any change occur to the registered information during the Reporting Period?

Applicable Not applicable

The registration date and place of the Company, its business license No., taxation registration No. and organizational code did not change during the Reporting Period. The said information can be found in the 2015 Annual Report.

Section III Highlights of Accounting Data and Financial Indicators

I Major accounting data and financial indicators

Whether the Company performs any retroactive adjustments to or restatements of its accounting data of last year due to change in accounting policies or correction of accounting errors

Yes No

	Reporting Period	Same period of last year	+/- (%)
Operating revenues (RMB)	1,097,886,969.68	1,147,552,773.96	-4.33%
Net profit attributable to shareholders of the Company (RMB)	134,761,121.51	186,407,824.38	-27.71%
Net profit attributable to shareholders of the Company excluding exceptional profit and loss (RMB)	127,321,586.10	186,128,156.90	-31.59%
Net cash flows from operating activities (RMB)	426,167,980.76	455,886,943.95	-6.52%
Basic earnings per share (RMB/share)	0.1332	0.1843	-27.73%
Diluted earnings per share (RMB/share)	0.1332	0.1843	-27.73%
Weighted average return on equity (%)	5.62%	8.27%	-2.65%
	As at the end of the Reporting Period	As at the end of last year	+/- (%)
Total assets (RMB)	4,476,971,687.18	4,179,937,120.75	7.11%
Net assets attributable to shareholders of the Company (RMB)	2,464,895,851.04	2,331,704,116.07	5.71%

II Differences in accounting data under domestic and overseas accounting standards

1. Differences in the net profit and the net assets disclosed in the financial reports prepared under international and Chinese accounting standards

Applicable Not applicable

Unit: RMB

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	Reporting Period	Same period of last year	Closing amount	Opening amount
According to Chinese accounting standards	134,761,121.51	186,407,824.38	2,464,895,851.04	2,331,704,116.07
Items and amounts adjusted according to international accounting standards				
According to international accounting standards	134,761,121.51	186,407,824.38	2,464,895,851.04	2,331,704,116.07

2. Differences in the net profit and the net assets disclosed in the financial reports prepared under overseas and Chinese accounting standards

Applicable Not applicable

Unit: RMB

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	Reporting Period	Same period of last year	Closing amount	Opening amount
According to Chinese accounting standards	134,761,121.51	186,407,824.38	2,464,895,851.04	2,331,704,116.07
Items and amounts adjusted according to overseas accounting standards				
According to overseas accounting standards	134,761,121.51	186,407,824.38	2,464,895,851.04	2,331,704,116.07

3. Reason for any differences in accounting data under domestic and overseas accounting standards

Applicable Not applicable

III Exceptional profit and loss

Applicable Not applicable

Unit: RMB

Item	Reporting Period	Note
Profit/loss on disposal of non-current assets (including offset asset impairment provisions)	-2,647.50	
Impairment provision reversal for accounts receivable on which the impairment test is carried out separately	4,800,000.00	We have recovered the amount involved in the lawsuit with Luofu Mountain Travel Corp., and the relevant bad-debt provision has thus been reversed
Non-operating revenue and expense other than the above	5,115,528.04	Compensation from the lawsuit with Luofu Mountain Travel Corp.
Less: Corporate income tax	2,473,345.13	
Total	7,439,535.41	--

Explanation of why the Company classified an item as exceptional profit/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Profit and Loss, or reclassified any exceptional profit/loss item given as an example in the said explanatory announcement to recurrent profit/loss

Applicable Not applicable

No such cases in the Reporting Period.

Section IV Report by the Board of Directors

I Overview

2016 marked the opening of China's 13th Five-Year Plan for National Economy and Social Development, which included a macro-economic policy of steady growth. However, the downward pressure on economy was mounting and the real estate market polarized. To deal with that, we carefully drew up our development strategies, properly ran our main business, strictly controlled costs and constantly improved our management capability. Meanwhile, we beefed up project construction and marketing and tried to increase our professionalism and brand influence for a stable growth.

II Analysis of main business

Overview

For the Reporting Period, we achieved operating revenues of RMB1,097.89 million, down 4.33% from the same period of last year; operating profit of RMB175.90 million, a 29.48% decrease on a year-on-year basis; total profit of RMB181.01 million, decreasing 27.55% from a year earlier; and net profit attributable to our shareholders of RMB134.76 million, down 27.71% from the same period of last year, mainly because our real estate revenue fell from a year earlier.

YoY movements in major financial data

Unit: RMB

	Reporting Period	Same period of last year	YoY +/-%	Main reason for movement
Operating revenues	1,097,886,969.68	1,147,552,773.96	-4.33%	
Operating costs	816,027,244.11	697,645,876.15	16.97%	Decreased gross profit margin
Selling expenses	5,107,741.43	17,246,176.75	-70.38%	Decrease in sales agency fees and commissions
Administrative expenses	26,957,331.77	28,705,983.90	-6.09%	
Finance costs	-7,048,153.64	24,955,931.85	-128.24%	Construction of new real estate project started in the Reporting Period and the relevant interest was thus capitalized
Corporate income tax	46,284,687.48	63,426,291.44	-27.03%	Decreased total profit
Net cash flows from operating activities	426,167,980.76	455,886,943.95	-6.52%	
Net cash flows from investing activities	-20,267.34	-972,035.99	97.91%	Increase in cash received as return on investment and decrease in cash paid to acquire fixed assets, intangible assets and other long-term assets
Net cash flows from financing activities	-99,464,268.41	-158,399,191.80	37.21%	Decrease in loan repayments
Net increase in cash and cash equivalents	326,931,012.56	296,509,736.30	10.26%	
Business tax and surtaxes	86,368,209.71	129,612,334.64	-33.36%	Decreased real estate revenue
Non-operating	5,213,457.94	461,705.12	1,029.17%	Compensation from the lawsuit with Luofu

revenue				Mountain Travel Corp.
Asset impairment loss	-4,800,000.00	159,351.00	-3,112.22%	Reversal of bad-debt provision

Major changes in the profit structure or sources of the Company during the Reporting Period:

Applicable Not applicable

No such cases in the Reporting Period.

Reporting Period progress of the future development planning in the disclosed documents of the Company such as share-soliciting prospectuses, offering prospectuses, asset reorganization reports, etc.:

Applicable Not applicable

No such cases in the Reporting Period.

Review the progress of any previously disclosed business plan in the Reporting Period:

Not applicable.

III Breakdown of main business

Unit: RMB

	Operating revenue	Operating cost	Gross profit rate	Increase/decrease of operating revenue over the same period of last year	Increase/decrease of operating cost over the same period of last year	Increase/decrease of gross profit rate over the same period of last year
Classified by industry						
Real estate	531,354,186.00	302,088,298.98	43.15%	-31.73%	-19.17%	-8.84%
Construction	472,256,586.11	450,003,730.35	4.71%	63.66%	64.15%	-0.28%
Leasing	39,640,195.52	17,884,231.72	54.88%	-1.73%	14.02%	-6.24%
Property management	54,794,063.91	50,959,546.17	7.00%	1.87%	3.29%	-1.28%
Subtotal	1,098,045,031.54	820,935,807.22	25.24%	-5.42%	13.58%	-12.51%
Less: offset internal transactions	15,370,384.42	14,869,496.49	3.26%	-37.91%	-39.34%	2.28%
Total	1,082,674,647.12	806,066,310.73	25.55%	-4.72%	17.09%	-13.87%
Classified by product						
Housing units	472,173,003.00	274,265,737.36	41.91%	-20.77%	-5.26%	-9.51%
Shops	59,181,183.00	27,822,561.62	52.99%	242.73%	330.34%	-9.57%
Other products	566,690,845.54	546,670,069.86	3.53%	0.29%	61.18%	-7.84%
Subtotal	1,098,045,031.54	566,690,845.54	48.39%	-5.42%	15.15%	-13.36%
Offset internal transactions	15,714,975.42	14,869,496.49	5.38%	-36.52%	-39.34%	4.40%
Total	1,082,674,647.12	806,066,310.73	25.55%	-4.72%	17.09%	-13.87%
Classified by region						
Guangdong Province	1,035,923,706.97	762,496,486.35	26.39%	-7.63%	12.84%	-13.35%
Other regions	61,835,121.24	58,439,320.87	5.49%	57.52%	57.24%	0.17%

in China						
Overseas	286,203.33		100.00%	8.60%	0.00%	0.00%
Subtotal	1,098,045,031.54	820,935,807.22	25.24%	-5.42%	15.15%	-13.36%
Less: offset internal transactions	15,370,384.42	14,869,496.49	3.26%	-37.91%	-39.34%	2.28%
Total	1,082,674,647.12	806,066,310.73	25.55%	-4.72%	17.09%	-13.87%

IV Core competitiveness analysis

As one of the earliest real estate listed companies in Shenzhen, the Company has a history over 30 years in real estate development in Shenzhen and rich experience in the main business of real estate development. In recent years, through the forging and the baptism from Guangming SPG Chuanqi Hill, Longgang SPG Shanglin Garden and the Shantou Project, the Company accelerated the construction of the modern enterprise human resources management mechanism, made great effort to forge the professional and high-quality development team; continuously perfect the projects development management system as well as the control process, which led the professional level and the control capacity improved obviously, the planning, construction, cost management and control, sales ability and the brand image enhanced efficiently, the service power of the real estate major business strengthened constantly with the core competitiveness improving all the time. The Company executed the profits distribution of the half year of Y2015 and up to the end of Y2015, the operating income and the profits had realized the increase for seven years in succession with the third quarter be included in the component stocks such as the “Hang Seng index of Shenzhen and Hong Kong” and “Hang Seng Shenzhen and Hong Kong Real Estate Index”; in Y2015, the Company also granted multiple prizes such as the “Best Credit Enterprise in Guangdong Province” and “Five-star Civilized Law-abiding Rental Enterprise”.

V Investment analysis

1. Investments in equities of external parties

(1) Investments in external parties

Applicable Not applicable

The Company did not invest in any external party in the Reporting Period.

(2) Equity-holdings in financial enterprises

Applicable Not applicable

The Company did not hold any equity in any financial enterprise in the Reporting Period.

(3) Investment in securities

Applicable Not applicable

The Company did not invest in any securities in the Reporting Period.

(4) Shareholdings in other listed companies

Applicable Not applicable

There was no such situation of the Company in the Reporting Period.

2. Wealth management entrustment, derivative investments and entrustment loans**(1) Wealth management entrustment**

Applicable Not applicable

There was no such situation of the Company in the Reporting Period.

(2) Derivative investments

Applicable Not applicable

There was no such situation of the Company in the Reporting Period.

(3) Entrustment loans

Applicable Not applicable

There was no such situation of the Company in the Reporting Period.

3. Use of raised funds

Applicable Not applicable

There was no such situation of the Company in the Reporting Period.

4. Analysis to main subsidiaries and stock-participating companies

Applicable Not applicable

Main subsidiaries and stock-participating companies:

Unit: RMB

Company name	Company variety	Industry	Main products/services	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Shenzhen Petrel Hotel Co., Ltd.	Subsidiary	Service	Hotel Service	RMB30 million	44,220,340.54	38,376,857.60	13,619,083.37	1,023,013.38	760,473.32
Shenzhen Property Management Co., Ltd.	Subsidiary	Service	Property management	RMB7.25 million	83,500,969.11	18,987,330.92	61,669,453.79	1,132,460.89	944,467.29
Shenzhen Zhentong Engineering Co., Ltd.	Subsidiary	Service	Fixing and maintenance of projects	RMB10 million	379,268,361.25	20,163,761.10	472,821,787.01	2,801,149.61	2,579,548.54
Shenzhen	Subsidiary	Service	Constructi	RMB8	8,463,308.30	7,773,234.03	1,009,577.66	-618,814.39	-618,814.39

Huazhan Construction Supervision Co., Ltd.	ary		on supervision	million					
Shenzhen SPG Mini-bus Rent Co., Ltd.	Subsidiary	Service	Rent of mini-bus	RMB10.29 million	17,381,491.14	13,292,400.64	1,872,459.87	260,419.45	195,314.59
Xin Feng Real Estate Co., Ltd.	Subsidiary	Investment management	Investment management	HKD1 million	291,756,977.94	34,680,002.95	27,753,254.00	42,519.15	-184,862.63
Great Wall Estate Co., Inc. (U.S.)	Subsidiary	Real estate	Development of real estate	USD0.5 million	19,131,282.00	-83,837,963.88	286,203.33	-110,409.13	-110,409.13
Xin Feng Enterprise Co., Ltd.	Subsidiary	Investment management	Investment and management	HKD1 million	152,493,666.07	-412,506,860.34	123,500.00	-4,206,208.89	-4,208,630.06
Shenzhen SPG Longgang Development Co., Ltd.	Subsidiary	Real estate	Development of real estate	RMB30 million	793,657,280.05	138,571,426.58	222,309,042.00	77,784,597.03	58,315,947.77
Shantou Huafeng Real Estate Development Co., Ltd.	Subsidiary	Real estate	Development of real estate	RMB30 million	497,608,951.29	13,449,885.47			

5. Significant projects invested with non-raised funds

√ Applicable □ Not applicable

Unit: RMB'0,000

Project name	Total planed investment	Input for this period	Cumulative actual input as at the period-end	Project progress	Project earnings	Disclosure date (if any)	Disclosure index (if any)
Chuanqi Donghu Mingyuan (originally as Donghu Dijing Mingyuan)	44,600	1,034.2	10,764.31	24.00%			
Jingtian Tianju International Apartment	20,000	423.89	5,352.41	27.00%			
SPG Cuilinyuan (South Part of SPG Shanglin Garden)	50,000	3,237.76	17,989.29	35.00%			
Phase I of Tianyuewan	73,200	7,737.01	30,486.27	41.00%			
Total	187,800	12,432.86	64,592.28	--	--	--	--

VI Predict the operating results of January-September 2016

Warning of possible loss or considerable YoY change of the accumulated net profit made during the period-begin to the end of the next Reporting Period according to prediction, as well as explanations on the reasons:

Applicable Not applicable

VII Explanation by the Board of Directors and the Supervisory Committee about the “non-standard audit report” issued by the CPAs firm for the Reporting Period

Applicable Not applicable

VIII Explanation by the Board of Directors about the “non-standard audit report” for last year

Applicable Not applicable

IX Implementation of profit allocation during the Reporting Period

Profit allocation plan implemented during the Reporting Period, especially execution and adjustment of the cash dividend plan and the plan for turning capital reserve into share capital:

Applicable Not applicable

The Company planed not to distribute cash dividends or bonus shares or turn capital reserve into share capital of the profits distribution plan of last year.

X Preplan for profit distribution and turning capital reserve into share capital for the Reporting Period

Applicable Not applicable

The Company planed not to distribute cash dividends or bonus shares or turn capital reserve into share capital of the profits distribution plan of the half year.

XI Researches, visits and interviews received in the Reporting Period

Applicable Not applicable

Time	Place	Way of reception	Visitor type	Visitor	Main discussion and materials provided by the Company
29 Jan. 2016	Office	By telephone	Individual	Individual investor	Inquire of the situation such as the development progress of the projects and the number of the shareholders of the Company, didn't offer written materials
9 Mar. 2016	Office	By telephone	Individual	Individual investor	Inquire of the appointed disclosure time of the annual report and the development as well as sales situation of the 2015 projects of the Company, didn't offer written materials
13 May 2016	Office	By telephone	Individual	Individual investor	Inquire of the situation such as the development progress of the projects and the influences on the Company of the Shenzhen state-owned assets reform of state-owned

					enterprises, didn't offer written materials
28 Jun. 2016	Office	By telephone	Individual	Individual investor	Inquire of the appointed disclosure time of the semi-annual report and the number of the shareholders of the Company, didn't offer written materials

Section V Significant Events

I Information about corporate governance

The actual situation of the corporate governance had no difference with the Company Law and the requirements of the relevant regulations of the CSRC.

For initiative implementing and Executing the requirements of the Notice on Developing the Special Project of Protecting the “ACTION BLUE SKY” by the Investors issued by Shenzhen Securities Regulatory Bureau (SZJF[2016] No. 15), and for practically improve the quality of the information disclosure of the Company, guide the investors to build up the concept of long-term investment and rational investment as well as to put the protection of the legal equities of the investors in practice, the Company had formulated the special work proposal of the “ACTION BLUE SKY”. And according to the requirements of the proposal, the Company had executed the special bulletin on the notice spirit and the special work proposal on the Board of Directors with corresponding promotion among the inter network of the Company, which led the management staff all levels and the general employees to fully know of the obligations of the listed companies as well as to build up the responsibility of the investors’ equities protection. Besides, the Company also disclosed the management situation of the investor relations during the disclosure period of the periodic report according to the requirements of the proposal and promoted the investors’ protection concept through various channels for a long time to do best in the investors service work.

II Lawsuits

Significant lawsuit or arbitration

Applicable Not applicable

No such situation of the Company during the Reporting Period.

Other lawsuits

Applicable Not applicable

Basic information	Involved amount (RMB'0,000)	Projected liability or not	Progress	Ruling and influence	Execution of ruling	Date of disclosure	Disclosure index
Xi'an Project Lawsuit	2,100	No	In execution	① Business Tourism Company had to pay for the compensation RMB36,620 thousand and the relevant interest (from 14 September 1998 to the payment day) to Xi'an Fresh Peak Company within one month after the judgment entering into force. If the Business Tourism Company failed to pay in time, it had to pay double debt interests	The applicant has received RMB15.20 million. Now Business Tourism Company has no executable properties and Xi'an Joint Commission on Commerce has been refusing to execute the ruling. It is difficult to recover the rest.	29 Aug. 2015	www.cninfo.com.cn Text of the 2015 Semi-annual Report

				to Xi'an Fresh Peak Company for the overdue period; ② Xi'an Joint Commission on Commerce had jointly and severally obligation of the interests of the compensation; .③ Business Tourism Company shall bear RMB227,500 of the acceptance fee and the security fee.		
Luofu Hill project Lawsuit	960	No	Execution completed	① Luofu Hill Tourism Company has paid back RMB9.6 million; ② Luofushan Administration Committee had to undertake one third of the debts which Luofushan Tourism was unable to repay; ③ Luofu Hill Tourism Company shall bear RMB167,700 of the case acceptance fee and the security fee.	On 21 April. 2016, the Company had signed the Pacification Agreement on Enforcement with the Guangdong Luofu Hill Tourism Development Corporation, Administration Committee of Guangdong Luofu Hill Scenic Area. According to the agreement, Guangdong Luofu Hill Tourism Development Corporation had transferred the settlement agreement amount of RMB18 million in the appointed account of the Company and the case had closed since then.	7 May 2016 www.cninfo.com.cn Announcement on the Progress of the Lawsuits

III Media's queries

Applicable Not applicable

There was no media's common query during the Reporting Period.

IV Bankruptcy reorganization

Applicable Not applicable

No event involving bankruptcy reorganization occurred to the Company during the Reporting Period.

V Asset transactions

1. Purchase of assets

Applicable Not applicable

There was no purchase of asset by the Company during the Reporting Period.

2. Sale of assets

Applicable Not applicable

There was no sale of assets by the Company during the Reporting Period.

3. Business combination

Applicable Not applicable

No business combination occurred to the Company during the Reporting Period.

VI Implementation of equity incentive and its influence

Applicable Not applicable

The Company did not make or carry out any equity incentive plan during the Reporting Period.

VII Significant related-party transactions

1. Related-party transactions concerning routine operation

Applicable Not applicable

Related party	Relation with the Company	Type of transaction	Contents of transaction	Pricing principle	Transaction price	Transaction amount (RMB', 0,000)	As a percent age of transactions of the same kind	Approved transaction line (RMB', 0,000)	Over the approved line or not	Mode of settlement	Obtain able market price for transactions of the same kind	Disclosure date	Index to the disclosed information
Shenzhen Jianan Group Co., Ltd.	Shenzhen Zhentong Engineering Co., Ltd.	Construction	1 Jun. 2012	Open bidding	-	244.32	0.52%	244.32	No	Bank transfer	-	30 Mar. 2016	2015 Annual Report www.cninfo.com.cn
Total				--	--	244.32	--	244.32	--	--	--	--	--
Details about return of large-amount sales				Naught									
Where the Company classifies and estimates the total amount of routine related-party transactions for the Reporting Period, explain the actual implementation during the Reporting Period (if any)				Naught									
Explain why the transaction price is greatly different from the market price (if any)				Not applicable									

2. Related-party transactions arising from acquisition and sale of assets

Applicable Not applicable

No such cases in the Reporting Period.

3. Related-party transactions arising from joint investment in external parties

Applicable Not applicable

No such cases in the Reporting Period.

4. Credits and liabilities with related parties

Applicable Not applicable

No such cases in the Reporting Period.

5. Other related transactions

Applicable Not applicable

No such cases in the Reporting Period.

VIII Occupation of the Company's funds for non-operating purposes by the controlling shareholder and its related parties

Applicable Not applicable

No such cases in the Reporting Period.

IX. Significant contracts and their execution**1. Trusteeship, contracting and leasing****(1) Trusteeship**

Applicable Not applicable

No such cases in the Reporting Period.

(2) Contract

Applicable Not applicable

No such cases in the Reporting Period.

(3) Lease

Applicable Not applicable

No such cases in the Reporting Period.

2. Guarantees provided by the Company

Applicable Not applicable

No such cases in the Reporting Period.

3. Other significant contracts

Applicable Not applicable

No such cases in the Reporting Period.

4. Other significant related-party transactions

Applicable Not applicable

No such cases in the Reporting Period.

X. Commitments made by the Company or shareholders holding over 5% of the Company's shares in the Reporting Period or such commitments carried down into the Reporting Period

Applicable Not applicable

No such case in Reporting Period.

XI. Particulars about engagement and disengagement of CPAs firm

Whether the semi-annual financial report had been audited?

Yes No

This semi-annual report is un-audited.

XII. Punishment and rectification

Applicable Not applicable

No such cases in the Reporting Period.

XIII. Reveal of the delisting risks of illegal or violation

Applicable Not applicable

No such cases in the Reporting Period.

XIV. Other significant events

Applicable Not applicable

No such cases in the Reporting Period.

XV. Corporation bonds

Whether existing corporation bonds public issued and listed in Stock Exchange and maturity or maturity but not

fully paid on the approval report date of semi-annual report

Naught

Section VI Share Changes and Shareholders' Profile

I. Changes in shares

Unit: share

	Before the change		Increase/decrease (+/-)					After the change	
	Amount	Proportion	Newly issue share	Bonus shares	Capitalized Capital reserves	Others	Subtotal	Amount	Proportion
I. Restricted shares	0	0.00%	0	0	0	0	0	0	0.00%
1. Shares held by the state	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-own Legal-person	0	0.00%	0	0	0	0	0	0	0.00%
3. Shares held by other domestic investors	0	0.00%	0	0	0	0	0	0	0.00%
Among which: shares held by domestic legal person	0	0.00%		0	0	0	0	0	0.00%
Shares held by domestic natural person	0	0.00%	0	0	0	0	0	0	0.00%
4. Oversea shareholdings	0	0.00%	0	0	0	0	0	0	0.00%
Among which: shares held by oversea legal person	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by oversea natural person	0	0.00%	0	0	0	0	0	0	0.00%
II. Shares not subject to trading moratorium	1,011,660,000	100.00%	0	0	0	0	0	1,011,660,000	100.00%
1. RMB ordinary shares	891,660,000	88.14%	0	0	0	0	0	891,660,000	88.14%
2. Domestically listed foreign shares	120,000,000	11.86%	0	0	0	0	0	120,000,000	11.86%
3. Oversea listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Other	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	1,011,660,000	100.00%	0	0	0	0	0	1,011,660,000	100.00%

Reason for the change in shares

 Applicable Not applicable

Approval of the change in shares

 Applicable Not applicable

Reason for the change in shares

 Applicable Not applicable

Effects of the change in shares on the basic EPS, diluted EPS, net assets per share attributable to common shareholders of the Company and other financial indexes over the last year and last period

 Applicable Not applicable

Other contents that the Company considered necessary or were required by the securities regulatory authorities to disclose

Applicable Not applicable

Explanation on changes in share capital & the structure of shareholders, the structure of assets and liabilities

Applicable Not applicable

II. Total number of shareholders and their shareholding

Unit: share

Total number of shareholders at the Reporting Period		70,920		Total number of preferred stockholder with vote right restored (if any)		0		
Shareholding of common shareholders holding more than 5% shares or the top 10 of common shareholders								
Name of shareholder	Nature of shareholder	Holding percentage (%)	Number of shareholding at the end of the Reporting Period	Increase and decrease of shares during Reporting Period	Number of shares held subject to trading moratorium	Number of shares held subject to trading moratorium	Pledged or frozen shares	
							Status of shares	Amount
Shenzhen Investment Holdings Co., Ltd	State-owned corporation	63.55%	642,884,262			642,884,262		
Shanjin Jinkong Capital Management Co., Ltd. — Shanjin Jinkong Wenjian No. 1 Fund	Domestic non-state-owned corporation	1.09%	11,000,050			11,000,050		
Bank of China- E Fund Active Growth Securities Investment Fund	Domestic non-state-owned corporation	0.39%	3,999,862			3,999,862		
Century Securities Co., Ltd.	Domestic non-state-owned corporation	0.39%	3,891,700			3,891,700		
Lu Zhigao	Domestic individual	0.37%	3,736,949			3,736,949	Pledged	1,219,177
Rongtong Capital Management-CGB-Rongtong Capital Golden sunflower No. 1 Asset	Domestic non-state-owned corporation	0.13%	1,356,200			1,356,200		

Management Plan								
Ni Haichun	Domestic individual	0.13%	1,312,600			1,312,600		
Yang Shuilian	Domestic individual	0.13%	1,266,000			1,266,000		
Central Huijin Asset Management Co., Ltd.	State-owned corporation	0.12%	1,165,500			1,165,500		
Yang Jianxiong	Domestic individual	0.11%	1,115,750			1,115,750		
Strategic investors or the general legal person due to the placement of new shares become the top 10 common shareholders (if any) (note 3)			N/A					
Explanation on associated relationship or/and persons			The Company has found no related parties or act-in-concert parties as defined in the Administrative Measures for Shareholding Changes in Listed Companies among the shareholders above.					
Particulars about shares held by top 10 common shareholders not subject to trading moratorium								
Name of shareholder	Number of shares held not subject to trading moratorium at the end of the period	Type of share						
		Type of share	Amount					
Shenzhen Investment Holdings Co., Ltd	642,884,262	RMB shares	ordinary	642,884,262				
Shanjin Jinkong Capital Management Co., Ltd. — Shanjin Jinkong Wenjian No. 1 Fund	11,000,050	RMB shares	ordinary	11,000,050				
Bank of China- E Fund Active Growth Securities Investment Fund	3,999,862	RMB shares	ordinary	3,999,862				
Century Securities Co., Ltd.	3,891,700	RMB shares	ordinary	3,891,700				
Lu Zhigao	3,736,949	RMB shares	ordinary	3,736,949				
Rongtong Capital Management-CGB-Rongtong Capital Golden sunflower No. 1 Asset Management Plan	1,356,200	RMB shares	ordinary	1,356,200				
Ni Haichun	1,312,600	RMB shares	ordinary	1,312,600				
Yang Shuilian	1,266,000	RMB shares	ordinary	1,266,000				
Central Huijin Asset Management Co., Ltd.	1,165,500	RMB shares	ordinary	1,165,500				
Yang Jianxiong	1,115,750	Domestically listed shares	foreign	1,115,750				
Explanation on associated relationship among the top ten shareholders of tradable share not subject to trading moratorium, as well as among the top ten shareholders of tradable share not subject to trading moratorium and top ten shareholders, or explanation on acting-in-concert			The Company has found no related parties or act-in-concert parties as defined in the Administrative Measures for Shareholding Changes in Listed Companies among the shareholders above.					
Particular about shareholder participate in			Shareholder No. 5 and No. 7 among the top 10 shareholders hold some					

the securities lending and borrowing business (if any) (note 4)	of their shares in the Company in their credit accounts.
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Whether the shareholders of a company conducted the transaction of repurchase under the agreement during the Reporting Period

Yes No

There was no shareholder of a company conduct the transaction of repurchase under the agreement during the Reporting Period.

III. Change of the controlling shareholder or the actual controller

Change of the controlling shareholder during the Reporting Period

Applicable Not applicable

The controlling shareholder did not change during the Reporting Period.

Change of the actual controller during the Reporting Period

Applicable Not applicable

The actual controller did not change during the Reporting Period.

IV. Particulars on shareholding increase scheme during the Reporting Period proposed or implemented by the shareholders and act-in-concert persons

Applicable Not applicable

Within the scope known to the Company, there was no any shareholding increase scheme during the Reporting Period proposed or implemented by the shareholders and act-in-concert persons.

Section VII Preferred Shares

Applicable Not applicable

There was no preferred stock during Reporting Period.

Section VIII Directors, Supervisors, Senior Management

I. Changes in shareholding of Directors, Supervisors and Senior Management Staff

√ Applicable □ Not applicable

Name	Position	Current/former	Shares held at the period-begin (share)	Amount of shares increased at the Reporting Period (share)	Amount of shares decreased at the Reporting Period (share)	Number of shares held at period-end (share)	Number of restricted shares authorized at the period-begin (share)	Number of restricted shares authorized at the Reporting Period (share)	Number of restricted shares authorized at the period-end (share)
Zhou Jianguo	Chairman of the Board	Current	0	0	0	0	0	0	0
Chen Maozheng	General Manager and Director	Current	0	0	0	0	0	0	0
Zhuang Quan	Supervisor	Current	80,000	0	0	80,000	0	80,000	0
Deng Kangcheng	Director	Current	10,000	0	0	10,000	0	10,000	0
Wen Li	Director	Current	0	0	0	0	0	0	0
Jiang Lihua	Director	Current	0	0	0	0	0	0	0
Zhang Lei	CFO and Director	Current	0	0	0	0	0	0	0
Liu Quanmin	Independent director	Current	0	0	0	0	0	0	0
Song Botong	Independent director	Current	0	0	0	0	0	0	0
Zhang Shunwen	Independent director	Current	0	0	0	0	0	0	0
Wang Xiuyan	Supervisor	Current	0	0	0	0	0	0	0
Li Yufei	Supervisor	Current	0	0	0	0	0	0	0
Xiong Xingnong	Supervisor	Current	0	0	0	0	0	0	0
Lin Jun	Supervisor	Current	0	0	0	0	0	0	0
Teng Xianyou	Vice GM	Current	0	0	0	0	0	0	0
Wei Hanping	Vice GM	Current	0	0	0	0	0	0	0
Tang	Vice GM	Current	0	0	0	0	0	0	0

Xiaoping									
Chen Ji	Chairman Secretary	Current	0	0	0	0	0	0	0
Shi Chunrong	Supervisor	Former	0	0	0	0	0	0	0
Total	--	--	90,000	0	0	90,000	0	90,000	0

II. Particulars about changes of Directors, Supervisors and Senior Executives

√ Applicable □ Not applicable

Name	Position	Type	Date	Reason
Lin Jun	Supervisor	Elected	27 April 2016	Elected by the congress of workers and staff
Shi Chunrong	Supervisor	Former	27 April 2016	Left for retirement

Section IX Financial Report

I . Audit report

Has this semi-report been audited?

Yes No

II .Financial statements

Currency unit for the statements in the notes to these financial statements:RMB

1.Consolidated Balance sheet

As of 30 Jun 2016

Prepared by: SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) Co., Ltd

Currency: RMB Yuan

Items	Closing balance	Opening balance
Current asset:		
Monetary fund	1,502,687,318.92	1,175,756,306.36
Financial assets at fair value through profit or loss		
Note receivables	18,153,767.30	18,663,872.02
Account receivables	158,963,445.82	112,543,908.66
Prepayments	45,513,420.79	22,952,379.40
Interest receivable		
Dividend receivable	1,052,192.76	1,052,192.76
Other receivables	63,357,207.23	61,673,343.42
Inventories	2,031,681,084.13	2,146,223,895.61
Non-current asset due in 1 year		
Other current asset	69,522,405.70	40,315,831.06
Total current assets	3,890,930,842.65	3,579,181,729.29
Non-current assets:		
Available-for-sale financial assets	17,464,240.74	17,464,240.74
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	57,705,013.77	57,768,804.36
Investment property	425,276,998.07	435,058,564.20
Fixed assets	49,014,628.32	52,213,985.31
Construction in progress		
Fixed assets pending for disposal		
Intangible assets	5,400,450.00	5,654,820.00
Development disbursements		
Goodwill		
Long-term Prepaid Expenses	670,991.27	397,608.64
Differed tax asset	30,508,522.36	32,197,368.21
Other non-current assets		
Total non-current assets	586,040,844.53	600,755,391.46
Total assets	4,476,971,687.18	4,179,937,120.75
Current liabilities:		
Short-term loans	122,284,378.21	143,418,286.29

Notes payable		
Account payable	182,424,928.03	290,453,110.50
Advance Received from Customers	853,930,943.57	475,620,347.35
Employee benefits payable	37,140,201.87	38,750,019.72
Tax payable	57,050,233.14	63,459,415.42
Interest payable	16,535,277.94	17,535,277.94
Dividend payable		
Other payables	391,593,911.95	385,811,304.33
Non-current liability due in 1 year	144,239,634.08	168,727,608.54
Other current liability		
Total current liability	1,805,199,508.79	1,583,775,370.09
Non-current liabilities:		
Long-term loan	325,399,708.82	382,233,324.88
Bond payable		
Long-term payable	10,438,655.14	10,480,629.35
Differed tax liability		
Other non-current liabilities		
Total non-current liabilities	335,838,363.96	392,713,954.23
Total liabilities	2,141,037,872.75	1,976,489,324.32
Owners' equity:		
Share capital	1,011,660,000.00	1,011,660,000.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserve	978,244,910.11	978,244,910.11
Less: Treasury Share		
Other comprehensive income	8,494,205.07	10,063,591.61
Special reserves		
Surplus reserves	40,823,841.35	40,823,841.35
Common risk provision		
Undistributed profit	425,672,894.51	290,911,773.00
Equity attributable to parent company	2,464,895,851.04	2,331,704,116.07
Minority interests	-128,962,036.61	-128,256,319.64
Total owners' equity	2,335,933,814.43	2,203,447,796.43
Total liabilities and owner's equity	4,476,971,687.18	4,179,937,120.75

Legal representative: Zhou Jianguo Person in charge of accounting: Tang Xiaoping

Person in charge of accounting organ: Qiao Yanjun

2. Balance sheet of the Parent Company

As of 30 June 2016

Prepared by: SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) Co., Ltd.

Currency: RMB Yuan

Items	Closing balance	Opening balance
Current asset:		
Monetary fund	1,104,538,762.64	858,492,165.42
Financial assets at fair value through profit or loss		

Note receivables		
Account receivables	5,088,762.24	9,412,675.23
Prepayments	9,000,000.00	
Interest receivable		
Dividend receivable		140,763,284.58
Other receivables	751,476,965.47	682,468,446.16
Inventories	737,763,331.57	892,015,463.86
Non-current asset due in 1 year		
Other current asset	35,434,857.87	24,782,301.67
Total current assets	2,643,302,679.79	2,607,934,336.92
Non-current assets:		
Available-for-sale financial assets	12,000,000.00	12,000,000.00
Long-term receivable		
Long-term equity investments	316,339,969.11	316,403,759.70
Property investment	370,045,113.83	379,377,363.53
Fixed assets	27,528,785.80	28,849,484.59
Construction in progress		
Fixed assets pending for disposal		
Intangible assets	496,800.00	662,400.00
Development disbursements		
Goodwill		
Long-term Prepaid Expenses	708,255.97	377,908.74
Differed tax asset	5,717,550.76	5,717,550.76
Other non-current asset		
Total non-current assets	732,836,475.47	743,388,467.32
Total assets	3,376,139,155.26	3,351,322,804.24
Current liabilities:		
Short-term loans		
Financial liabilities at fair value through profit or loss		
Notes payable		
Account payable	33,468,852.38	69,300,670.37
Advance Received from Customers	323,655,552.60	243,559,137.60
Employee benefits payable	16,210,334.71	13,579,802.91
Tax payable	29,017,872.51	37,099,690.34
Interest payable	16,535,277.94	17,535,277.94
Dividend payable		
Other payable	282,938,377.35	292,391,556.70

Classified as held for sale debt		
Non-current liability due in 1 year	144,239,634.08	168,727,608.54
Other current liability		
Total current liability	846,065,901.57	842,193,744.40
Non-current liabilities:		
Long-term loan	325,399,708.82	382,233,324.88
Bond payable		
Long-term payable		
Long-term employee benefits payable		
Special payable		
Expected liabilities		
Differed income		
Differed tax liability		
Other non-current liabilities		
Total non-current liabilities	325,399,708.82	382,233,324.88
Total liabilities	1,171,465,610.39	1,224,427,069.28
Owners' equity:		
Share capital	1,011,660,000.00	1,011,660,000.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	978,244,910.11	978,244,910.11
Less: Treasury Share		
Other comprehensive income		
Special reserves		
Surplus reserves	17,694,227.94	17,694,227.94
Undistributed profit	197,074,406.82	119,296,596.91
Total owners' equity	2,204,673,544.87	2,126,895,734.96
Total liabilities and owners' equity	3,376,139,155.26	3,351,322,804.24

3.Consolidated Income Statement

For the Period Jan-Jun, 2016

Prepared by: SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE& PROPERTIES (GROUP) CO.LTD
Currency: RMB Yuan

Item	Amount for the current period	Amount for the prior period
I . Total operating income	1,097,886,969.68	1,147,552,773.96
Including: Operating income	1,097,886,969.68	1,147,552,773.96
II . Total operating Costs	922,612,373.38	898,325,654.29
Including: Operating costs	816,027,244.11	697,645,876.15
Business tax and surcharge	86,368,209.71	129,612,334.64
Selling expenses	5,107,741.43	17,246,176.75
Administrative expense	26,957,331.77	28,705,983.90
Financial expense	-7,048,153.64	24,955,931.85
Impairment losses of assets	-4,800,000.00	159,351.00
Add: Gain on fair-value changes (“-” for loss)		
Investment income (“-” for loss)	625,209.41	220,307.27
Including: Investment income from associates and joint venture	-63,790.59	-129,692.73

Gain or loss on foreign exchange ("-"for loss)		
III .Operating profits (“ — ” for loss)	175,899,805.71	249,447,426.94
Add: Non-operating income	5,213,457.94	461,705.12
Including:Gains on disposal of non-current assets		
Less: Non-operating expenses	100,577.40	78,815.15
Including: Loss on disposal of non-current assets	2,647.50	10,037.32
IV .Profit before tax (“ — ” for loss)	181,012,686.25	249,830,316.91
Less: Income tax expenses	46,284,687.48	63,426,291.44
V .Net profit (“ — ” for loss)	134,727,998.77	186,404,025.47
Net profit attributable to owners of the Company	134,761,121.51	186,407,824.38
*Profit/loss attributable to minority shareholders	-33,122.74	-3,798.91
VI . After-tax net of other comprehensive incomes	-2,241,980.77	-19,916.59
After-tax net of other comprehensive incomes owned by owner of the parent company	-1,569,386.54	100,796.80
(I)Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period		
1.1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2Other comprehensive income under the equity method investor can not be reclassified into profit or loss.		
(II) Other comprehensive income that will be reclassified into profit or loss.	-1,569,386.54	100,796.80
1.Other comprehensive income under the equity method investor can be reclassified into profit or loss.		
2.Gains and losses from changes in fair value available for sale financial assets		
3.3.Held-to-maturity investments reclassified to gains and losses of available for sale financial assets		
4.The effective portion of cash flow hedges and losses		
5.Translation differences in currency financial statements	-1,569,386.54	100,796.80
6.Other		
7.Net of profit of other comprehensive income attributable to Minority shareholders’ equity	-672,594.23	-120,713.39
VII. Total comprehensive income	132,486,018.00	186,384,108.88
Total comprehensive income attributable to the owner of the parent company	133,191,734.97	186,508,621.18
Total comprehensive income attributable minority shareholders	-705,716.97	-124,512.30
VIII. Earnings per share		
(I) Basic earnings per share	0.1332	0.1843
(II)Diluted earnings per share	0.1332	0.1843

The current business combination under common control, the net profits of the combined party before achieved net profit of RMB 0, last period the combined party realized RMB 0.

Legal representative: Zhou Jianguo Person in charge of accounting: Tang Xiaoping

Person in charge of accounting organ:Qiao Yanjun

4.Income Statement of the Parent Company

For the Period Jan-Jun, 2016

Prepared by: SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) Co., Ltd.

Currency: RMB Yuan

Item	Amount for the current period	Amount for the prior period
I . Total operating income	312,137,584.07	528,924,692.46
Including: Operating income	180,246,091.18	240,739,406.51
Business tax and surcharge	33,549,009.04	74,580,945.46
Selling expenses	2,389,189.40	7,752,938.18
Administrative expense	13,326,156.37	14,842,902.99
Financial expense	-10,461,577.56	4,376,058.31
Impairment losses of assets	-4,800,000.00	159,351.00
Add: Gain on fair-value changes (“-” for loss)		
Investment income (“-” for loss)	625,209.41	163,042,176.21
Including: Investment income from associates and joint ventures	-63,790.59	-129,692.73
II .Operating profits (“ —” for loss)	98,513,925.05	349,515,266.21
Add: Non-operating income	5,011,250.66	43,669.98
Including: Gains on disposal of non-current assets		
Less: Non-operating expenses	19,500.00	30,000.00
Including: Loss on disposal of non-current assets		
III.Profit before tax (“ —” for loss)	103,505,675.71	349,528,936.19
Less: Income tax expenses	25,727,865.80	46,757,390.29
IV. Net profit (“ —” for loss)	77,777,809.91	302,771,545.90
V.Net of profit of other comprehensive income		
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period		
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		
(II) Other comprehensive income that will be reclassified into profit or loss.		
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2.Gains and losses from changes in fair value available for sale financial assets		
3.Held-to-maturity investments reclassified to gains and losses of available for sale financial assets		
4.The effective portion of cash flow		

hedges and losses		
5.Translation differences in currency financial statements		
6.Other		
VI. Total comprehensive income	77,777,809.91	302,771,545.90
VII. Earnings per share:		
(I) Basic earnings per share	0.0768	0.2993
(II)Diluted earnings per share	0.0768	0.2993

5.Consolidated Cash Flow Statement

For the Period Jan-Jun, 2016

Prepared by: SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) Co., Ltd.
Currency: RMB Yuan

Item	Amount for the current period	Amount for the prior period
I . Cash Flow from Operating Activities:		
Cash received from sales of goods or rendering of services	1,212,918,536.86	1,218,726,341.94
Refund of taxes and levies		
Cash received relating to other operating activities	44,769,823.54	42,960,988.66
Sub-total of Cash Inflows	1,257,688,360.40	1,261,687,330.60
Cash paid for goods and services	564,049,988.12	516,009,709.17
Cash paid to and on behalf of employees	72,485,115.73	65,846,388.78
Cash paid on taxes and levies	157,912,370.17	161,674,127.90
Cash paid relating to other operating activities	37,072,905.62	62,270,160.80
Sub-total of Cash Outflows	831,520,379.64	805,800,386.65
Net Cash Flows from Operating Activities	426,167,980.76	455,886,943.95
II . Cash Flows from Investing Activities:		
Cash received from return of investments		
Cash received investing income	689,000.00	350,000.00
Net cash received from disposal of fixed assets, intangible assets and other long assets	-2,100.00	1,250.00
Net cash flows from disposal subsidiary and other operating unite		
Other cash received relating to investing activities		
Sub-total of Cash Inflows	686,900.00	351,250.00
Cash paid to acquire fixed assets, intangible assets and other long assets	707,167.34	1,323,285.99
Cash paid on investments		
Net cash paid on obtain subsidiary and other operating unite		

Cash paid on other investing activities		
Sub-total of Cash Outflows	707,167.34	1,323,285.99
Net Cash Flows from Investing Activities	-20,267.34	-972,035.99
III. Cash flow from Financing Activities		
Cash received from investments		
Including: Cash received from investments by minority interests of subsidiaries		
Cash received from borrowing	12,000,000.00	304,034,573.83
Cash received from issuing bonds		
Other cash received relating to Financing activities		2,785,000.00
Sub-total of Cash Inflows	12,000,000.00	306,819,573.83
Cash repayments on borrowed amounts	96,321,590.52	435,169,815.38
Cash payments for distribution of dividends or profits	15,142,677.89	30,048,950.25
Including: Dividends or profit paid to minority interests of subsidiaries		
Cash payments on other financing activities		
Sub-total of cash Outflows	111,464,268.41	465,218,765.63
Net cash flows from financing activities	-99,464,268.41	-158,399,191.80
IV. Effect of foreign exchange rate on cash	247,567.55	-5,979.86
V. Net increase in cash and cash equivalents	326,931,012.56	296,509,736.30
Add: cash equivalents at the beginning of the period	1,169,756,306.36	670,119,849.03
VI. Cash equivalents at the end of the period	1,496,687,318.92	966,629,585.33

6. Cash Flow Statement of the Parent Company

For the period Jan-Jun, 2016

Prepared by: SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) Co., Ltd.

Currency: RMB Yuan

Item	Amount for the current period	Amount for the prior period
I. Cash Flow from Operating Activities:		
Cash received from sales of goods or rendering of services	397,674,177.93	604,452,678.51
Refund of taxes and levies		
Cash received relating to other operating activities	192,943,696.66	7,833,744.75
Sub-total of cash inflows	590,617,874.59	612,286,423.26
Cash paid for goods and services	55,812,480.05	90,969,965.24
Cash paid to and on behalf of	17,319,567.98	13,980,926.01

employees		
Cash paid on taxes and levies	80,736,138.65	80,813,643.06
Cash paid relating to other operating activities	95,666,930.78	17,662,196.35
Sub-total of Cash Outflows	249,535,117.46	203,426,730.66
Net Cash Flows from Operating Activities	341,082,757.13	408,859,692.60
II. Cash Flows from Investing Activities:		
Cash received from return of investments		
Cash received investing income	689,000.00	350,000.00
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		7,270,611.12
Sub-total of cash inflow due to investment activities	689,000.00	7,620,611.12
Cash paid for construction of fixed assets, intangible assets and other long-term assets	21,395.00	11,050.00
Cash paid as investment		7,500,000.00
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities		
Sub-total of cash outflows	21,395.00	7,511,050.00
Net Cash Flows from Investing Activities	667,605.00	109,561.12
III. Cash flow from Financing Activities		
Cash received from investments		
Cash received from borrowing		200,000,000.00
Cash received from issuing bonds		
Cash received from other financing activities		
Sub-total of cash inflows		200,000,000.00
Cash repayments on borrowed amounts	81,321,590.52	217,018,135.71
Cash payments for distribution of dividends or profits	14,396,606.42	21,627,377.85
Cash payments on other financing activities		
Sub-total of cash Outflows	95,718,196.94	238,645,513.56
Net cash flows from financing activities	-95,718,196.94	-38,645,513.56
IV. Effect of foreign exchange rate on cash	14,432.03	6.83

V. Net increase in cash and cash equivalents	246,046,597.22	370,323,746.99
Add: cash equivalents at the beginning of the period	852,492,165.42	326,170,340.34
VI. Cash equivalents at the end of the period	1,098,538,762.64	696,494,087.33

7、 Consolidated Statement on Change in Owners' Equity

For the period Jan-Jun, 2016

Prepared by : SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) Co., Ltd.
Currency: RMB Yuan

Items	Amount in this period											Minor shareholders' equity	Total of owners' equity
	Owner' s equity Attributable to the Parent Company												
	Share Capital	Other Equity instrument			Capital reserves	Less: Treasury shares	Other Comprehensive Income	Specialized reserve	Surpluses reserves	Special reserves	Undistributed profit		
	preferred stock	Sustainable debt	Other										
I. Balance at the end of last year	1,011,660,000.00				978,244,910.11		10,063,591.61		40,823,841.35		290,911,773.00	-128,256,319.64	2,203,447,796.43
Add: Change of accounting policy													
Correcting of previous errors													
Merger of entities under common control													
Other													
II. Balance at the beginning of current year	1,011,660,000.00				978,244,910.11		10,063,591.61		40,823,841.35		290,911,773.00	-128,256,319.64	2,203,447,796.43
III. Changed in the current year							-1,569,386.54				134,761,121.51	-705,716.97	132,486,018.00
(1) Total comprehensive income							-1,569,386.54				134,761,121.51	-705,716.97	132,486,018.00
(II) Investment or decreasing of capital by owners													
1. Ordinary Shares invested by shareholders													
2. Holders of other equity instruments invested capital													
3. Amount of													

shares paid and accounted as owners' equity													
4. Other													
(III) Profit allotment													
1. Providing of surplus reserves													
2. Providing of common risk provisions													
3. Allotment to the owners (or shareholders)													
4. Other													
(IV) Internal transferring of owners' equity													
1. Capitalizing of capital reserves (or to capital shares)													
2. Capitalizing of surplus reserves (or to capital shares)													
3. Making up losses by surplus reserves.													
4. Other													
(V). Special reserves													
1. Provided this year													
2. Used this term													
(VI) Other													
IV. Balance at the end of this term	1,011,660,000.00				978,244,910.11		8,494,205.07		40,823,841.35		425,672,894.51	-128,962,036.61	2,335,933,814.43

Amount in last year

Currency: RMB Yuan

Items	Amount in last year												Minor shareholders' equity	Total of owners' equity
	Owner's equity Attributable to the Parent Company										Undistributed profit			
	Share Capital	Other Equity instruments			Capital reserves	Less: Treasury shares	Other Comprehensive Income	Specialized reserve	Surplus reserves	Special reserves				
	preferred stock	Sustainable debt	Other											
I. Balance at the end of last year	1,011,660,000.00				978,244,910.11		9,510,918.16		4,974,391.15		157,147,182.36	-128,432,405.63	2,033,104,996.15	
Add: Change of accounting														

policy													
Correcting of previous errors													
Merger of entities under common control													
Other													
II. Balance at the beginning of current year	1,011,660,000.00			978,244,910.11		9,510,918.16		4,974,391.15		157,147,182.36	-128,432,405.63	2,033,104,996.15	
III. Changed in the current year						100,796.80		37,200,223.52		149,207,600.86	-124,512.30	186,384,108.88	
(I) Total comprehensive income						100,796.80				186,407,824.38	-124,512.30	186,384,108.88	
(II) Investment or decreasing of capital by owners													
1. Ordinary Shares invested by hareholders													
2. Holders of other equity instruments invested capital													
3. Amount of shares paid and accounted as owners' equity													
4. Other													
(III) Profit allotment								37,200,223.52		-37,200,223.52			
1. Providing of surplus reserves								37,200,223.52		-37,200,223.52			
2. Providing of common risk provisions													
3. Allotment to the owners (or shareholders)													
4. Other													
(IV) Internal transferring of owners' equity													
1. Capitalizing of capital reserves (or to capital shares)													
2. Capitalizing of surplus													

reserves (or to capital shares)													
3. Making up losses by surplus reserves.													
4. Other													
(V). Special reserves													
1. Provided this year													
2. Used this term													
(VI) Other													
IV. Balance at the end of this term	1,011,660,000.00				978,244,910.11		9,611,714.96		42,174,614.67		306,354,783.22	-128,556,917.93	2,219,489,105.03

8、Statement of change in owner' s Equity of the Parent Company

For the period Jan-Jun, 2016

Prepared by : SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) Co., Ltd.

Currency: RMB Yuan

Items	Amount in this period										
	Share Capital	Other Equity instrument			Capital reserves	Less: Treasury shares	Other Comprehensive Income	Special reserves	Surplus reserves	Undistributed profit	Total of owners' equity
		preferred stock	Sustainable debt	Other							
I. Balance at the end of last year	1,011,660,000.00				978,244,910.11				17,694,227.94	119,296,596.91	2,126,895,734.96
Add:											
Change of accounting policy											
Correcting of previous errors											
Other											
II. Balance at the beginning of current year	1,011,660,000.00				978,244,910.11				17,694,227.94	119,296,596.91	2,126,895,734.96
III. Changed in the current year										77,777,809.91	77,777,809.91
(I) Total comprehensive income										77,777,809.91	77,777,809.91
(II) Investment or decreasing of capital by owners											
1. Ordinary Shares invested by shareholders											

2. Holders of other equity instruments invested capital											
3.Amount of shares paid and accounted as owners' equity											
4. Other											
(III) Profit allotment											
1.Providing of surplus reserves											
2. Allotment to the owners (or shareholders)											
3. Other											
(IV)Internal transferring of owners' equity											
1. Capitalizing of capital reserves (or to capital shares)											
2. Capitalizing of surplus reserves (or to capital shares)											
3. Making up losses by surplus reserves.											
4. Other											
(V) Special reserves											
1. Provided this year											
2. Used this term											
(VI) Other											
IV. Balance at the end of this term	1,011,660,000.00				978,244,910.11				17,694,227.94	197,074,406.82	2,204,673,544.87

Amount in last year

Currency: RMB Yuan

Items	Amount in last year										
	Share Capital	Other Equity instrument			Capital reserves	Less: Treasury shares	Other Comprehensive Income	Special reserves	Surplus reserves	Undistributed profit	Total owners' equity
		preferred stock	Sustainable debt	Other							
I.Balance at the end of last year	1,011,660,000.00				978,244,910.11					-125,829,266.52	1,864,075,643.59
Add: Change of accounting											

policy											
Correcting of previous errors											
Other											
II.Balance at the beginning of current year	1,011,660,000.00				978,244,910.11					-125,829,266.52	1,864,075,643.59
III.Changed in the current year								17,694,227.94	285,077,317.96		302,771,545.90
(I) Total comprehensive income									302,771,545.90		302,771,545.90
(II) Investment or decreasing of capital by owners											
1. Ordinary Shares invested by shareholders											
2. Holders of other equity instruments invested capital											
3.Amount of shares paid and accounted as owners' equity											
4. Other											
(III) Profit allotment								17,694,227.94	-17,694,227.94		
1.Providing of surplus reserves								17,694,227.94	-17,694,227.94		
2. Allotment to the owners (or shareholders)											
3. Other											
(IV)Internal transferring of owners' equity											
1. Capitalizing of capital reserves (or to capital shares)											
2. Capitalizing of surplus reserves (or to capital shares)											
3. Making up losses by surplus reserves.											
4. Other											
(V) Special											

reserves											
1. Provided this year											
2. Used this term											
(VI) Other											
IV. Balance at the end of this term	1,011,660,000.00				978,244,910.11				17,694,227.94	159,248,051.44	2,166,847,189.49

III. General information of the Company:

Shenzhen Special Economic Zone Real Estate and Properties (Group) Co., Ltd. (the “Group” or “the Company”) was established in July 1993, as approved by the Shenzhen Municipal Government with document SFBF (1993) 724. The Company issued A shares on 15th September, 1993 and issued B shares on 10 January 1994. On 31 August 1994, B shares issued were listed in New York Exchange market as class A recommendation. The total share capital are 1,011,660,000 shares, of which, A shares are 891,660,000 shares, and the B shares are 120, 000,000 shares. The company business license registration number is 440301103225878, and the registered capital is RMB 1,011,660,000.00.

On 13 October 2004, according to the document No.(2004) 223 “Decision on establishing Shenzhen investment Holding Co., Ltd.” issued by State-Owned Assets Supervision and Administration Commission of Shenzhen Municipal Government, former major shareholder – Shenzhen Construction Investment Holding Company with two other assets management companies merged to form the Shenzhen Investment Holding Co., Ltd. By the State-owned Assets Supervision and Administration Commission of the state council, and quasi-exempt obligations tender offer as approved by China Security Regulatory Committee with document No.(2005)116, this issue of consolidated has been authorized and the registration changing had been done on 15 February 2006. As at the end of the reporting period, Shenzhen Investment Holding Limited holds 642,884,262 shares of the Company (63.55% of the total share capital). The shares are all selling unrestricted shares.

Business scope: mainly engaged in real estate development and sales, property leasing and management, retail merchandising and trade, hotel, equipment installation and maintenance, construction, interior decoration and so on.

The main products or services provided: commodity housing, property leasing and management, hotel service, construction and installation service, renovation service.

The parent of the Company is Shenzhen Investment Holdings Co., Ltd.

The Financial statement published on Aug 27th, 2016, which approved by Group’ s Board of Directors.

IV. The Basis of Preparation of Financial Statements

1. Basis for the preparation

The financial statements of the Group have been prepared on the basis of going concern in conformity with the Chinese Accounting Standards for Business Enterprises – The basic standards(Issued by order No.33 of the Ministry of Finance, Revised by order No.76 of the Ministry of Finance), the 41 specified Accounting Standards for Business Enterprise issued and revised by the Ministry of Finance of People’ s Republic of China on 15 February, 2006 and thereafter, the guidance for the application of the Accounting Standards for Business Enterprise, the explanation for the Accounting Standards for Business Enterprise and other relevant regulations(thereafter referred as “Accounting Standards for Business Enterprises”) and Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.15—General Provisions on Financial Reports (2014 Revision) issued by the China Securities Regulatory Commission (CSRC).

According to the relevant accounting regulations of Chinese Accounting Standards for Business Enterprises, the Group has adopted the accrual basis of accounting. The Group adopts the historical cost as the principle of measurement in the financial statements except some financial instruments. Provision will be made if any assets impair in accordance with relevant requirements.

The Company state: the financial statements prepared are in accordance with the requirements in enterprise accounting standards in accordance with of system, and have truly and fully reflected of the financial status in June 30, 2016 , operational results, cash flow, and other relevant information for half year of 2016.Besides, The financial statement prepared has compliance with Companies Offering Securities to the Public No.15—General Provisions on Financial Reports (2014 Revision) issued by the China Securities Regulatory Commission (CSRC) in all material aspect

2. Going-concern

There do not exist any significant suspicious events and conditions to the Group's ability to operate as going concern within 12 months since the report date.

V. Important Accounting Principles and Accounting Estimates

The Group and its subsidiaries are engaged in the business of real estate development. The Group and its subsidiaries have established several specified accounting policies and accounting estimations for its transactions and events, such as the revenue recognition, according to the Group's and its subsidiaries' actual operating characters and relevant requirements of Accounting Standards for Business Enterprises. Please refer to note 5.24- Revenue for details. For the significant accounting judgments and estimates made by the management, please refer to note 5.30-Significant accounting judgments and estimates.

1. Statement on complying with corporate accounting standards

The Group and its subsidiaries are engaged in the business of real estate development. The Group and its subsidiaries have established several specified accounting policies and accounting estimations for its transactions and events, such as the revenue recognition, according to the Group's and its subsidiaries' actual operating characters and relevant requirements of Accounting Standards for Business Enterprises. Please refer to note 5.28- Revenue for details. For the significant accounting judgments and estimates made by the management, please refer to note 5.33-Significant accounting judgments and estimates.

2. Accounting year

The accounting period of the Group is classified as interim period and annual period. Interim period refers to the reporting period shorter than a complete annual period. The accounting period of the Group is the calendar year from January 1 to December 31.

3. Operating cycle

The normal operating cycle refers to period from Group's buying assets for manufacturing to realizing the cash or cash equivalent. The Group chooses 12 months as an operating cycle. The assets and liabilities are classified as current and non-current according to the operating cycle standards.

4. Recording currency

Renminbi (RMB) is the currency of the primary economic environment in either Group & its domestic subsidiaries or foreign subsidiary in HK. Therefore, the Group, the domestic subsidiaries and foreign subsidiary in HK choose RMB as their functional currency. While the Group's foreign subsidiary in U.S.A. chooses USD dollar as its functional currency on the basis of the primary economic environment it operates. The Group adopts RMB to prepare its functional statements.

5. Accounting treatment methods of the acquisition of enterprises under Common/Non-common control

A business combination is a transaction or event that brings together two or more separate entities into one reporting entity. Business combinations involve enterprises under common control and non-common control.

(1) Business combination involving entities under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

For a business combination involving enterprises under common control, the party that, on the combination date, obtains control of another enterprise participating in the combination is the absorbing party, while that other enterprise participating in the combination is a party being absorbed. Combination date is the date on which the absorbing party effectively obtains control of the party being absorbed.

The assets and liabilities obtained are measured at the carrying amounts as recorded by the enterprise being absorbed at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to the capital premium (or share premium) in the capital reserve. If the balance of the capital premium (or share premium) is insufficient, any excess is adjusted to retained earnings.

The cost of a combination incurred by the absorbing party, including any costs directly attributable to the combination, shall be recognized as an expense through profit or loss for the current period when incurred.

(2) Business combination involving entities under non common control

A business combination involving enterprises under non common control happens if the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination.

For a business combination not involving enterprises under common control, the party that, on the acquisition date, obtains control of another enterprise participating in the combination is the acquirer, while the other enterprise participating in the

combination is the acquiree. Acquisition date is the date on which the acquirer effectively obtains control of the acquiree. For a business combination not involving enterprise under common control, the combination cost including the sum of fair value, on the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services etc. and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

The transaction cost arose from issuing of equity securities or liability securities should be initially recognized as cost of equity securities or liability securities.

The contingent consideration related to the combination shall be booked as combination cost at the fair value on the acquisition date. If, within the 12 months after acquisition, new or additional information can prove the existence of related information on acquisition date and the contingent consideration need to be adjusted by relatively adjusting the combination goodwill.

Acquirer's combination cost and the obtained identifiable net assets are measured with the fair value on the acquisition date. The excess of the combination cost over the fair value of identifiable net assets on the acquisition date is recorded as goodwill. When the fair value of identifiable assets exceeds the combination cost, first of all, the fair value of items of obtained acquiree's identifiable assets, liabilities or contingent liabilities and combination cost need to be reassessed. And then, when the combination cost is still less than the fair value of identifiable net assets on the acquisition date after reassess, the difference should be recorded in the current year's profit and loss.

The deductible temporary differences obtained from the acquiree which cannot be recognized as deferred tax assets, on the acquisition date, because some conditions are not met. Within 12 months after the acquisition, if new or additional information indicate that the relevant information exist on the acquisition date and the economic benefits related with the deductible temporary difference can be realized, the deferred tax assets should be recognized. The goodwill should be reduced and if the goodwill is less than the deferred tax assets recognized, the rest part should be recorded in the current year profit and loss.

For a business combination achieved in stages that involves multiple exchange transactions, according to the "No.5 Inform of Printing and Distributing the Explanation of Accounting Standards issued by the Finance of Ministry (Caikuai [2012] No.19)" and Article 51 of "Chinese Accounting Standards for Business Enterprises No.33- Consolidated financial statement", relating with the judgment standards of package deal(refer to note 4.5(2)), a judgment about whether it is package deal or not should be made. If it is package deal, please refer to the note 4.13 - Long-term equity investment for accounting treatment; if it is not package deal, distinguish them as individual financial statement and consolidated financial statement for accounting treatment.

For the individual financial statements, the book value of the long-term equity investment held before the acquisition date plus the newly added equity investment on the acquisition date, and then sum should be recorded as the original investment cost; the long-term equity investment involved with other comprehensive income held before the acquisition date, the way to deal with the investment will be the same with the way the acquiree directly dispose the related assets and liabilities (i.e., under the equity method, beside the portion caused by the acquiree's recalculated defined benefit plan's net assets and net liabilities, the rest are transferred into investment income).

For the consolidated financial statements, for the shares in acquiree held before the acquisition date, the shares are recalculated according to the fair value on the acquisition date. The difference between the fair value and book value should be recorded in the current year investment income; For the shares in the acquiree held before the acquisition date involving other comprehensive income. The way to deal with the other comprehensive income should be the same with the way the acquiree directly dispose the relevant assets and liabilities(i.e., under the equity method, beside the portion of changes caused by the acquiree's recalculated defined benefit plan's net assets and net liabilities, the rest are transferred into investment income).

6.The method of preparation of consolidated financial statements

(1)The standards of determining the scope of consolidation

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control is the power to govern the financial and operating policies of

an enterprise so as to obtain benefits from its operating activities. The scope of consolidation includes the Group and all of the subsidiaries. Subsidiary is an enterprise or entity under the control of the Group.

Once the changes of relevant facts and conditions result in the factors involving with the above definition of the control, the Group will proceed to reassess.

(2)The method of preparing the consolidated financial statements

The subsidiary of the Group is included in the consolidated financial statements from the date when the control over the net assets and business decisions of the subsidiary is effectively obtained, and excluded from the date when the control ceases.

For a subsidiary being disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate. For a subsidiary disposed during the period, no adjustment is made to the opening balance of the consolidated financial statements.

For a subsidiary acquired through a business combination not under common control, the operating results and cash flows from the acquisition date (the date when the control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate; no adjustment is made to the opening balance and comparative figures in the consolidated financial statements.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements. The results of operations and its cash flow are appropriately included in the consolidated balance sheet and the consolidated income statement, respectively, from the beginning of the year to the date of acquisition and the comparative figures of the consolidated financial statements are restated.

When the accounting period or accounting policies of a subsidiary are different from those of the Group, the Group makes necessary adjustments to the financial statements of the subsidiary based on the Group's accounting period or accounting policies. For the subsidiaries acquired through combination involving enterprises under non common control, the financial statements should be adjusted based on the fair value of the indentified net assets on the acquisition date.

Intra-group balances and transactions, and any unrealized profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements.

Minority interest and the portion in the net profit or loss not attributable to the Group are presented separately in the consolidated balance sheet within shareholders' / owners' equity. Net profit or loss attributable to minority shareholders in the subsidiaries is presented separately as minority interest in the consolidated income statement below the net profit line item.

When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of [shareholders'] [owners'] equity of the subsidiary, the excess is still allocated against the minority interests.

When the Group loses control of a subsidiary due to the disposal of a portion of an equity investment or other reasons, the remaining equity investment is re-measured at its fair value on the date when control is lost. The difference between 1) the total amount of consideration received from the transaction that resulted in the loss of control and the fair value of the remaining equity investment and 2) the carrying amounts of the interest in the former subsidiary's net assets immediately before the loss of the control is recognized as investment income for the current period when control is lost. The amount recognized in other comprehensive income in relation to the former subsidiary's equity investment is reclassified as investment income for the current period when control is lost. The retained interest is subsequently measured according to the rules stipulated in the "Chinese Accounting Standards for Business Enterprises No.2—Long-term equity investment" or "Chinese Accounting Standards for Business Enterprises No.22—Determination and measurement of financial instruments" (see note V.14-Long-term equity investment and V.10-Financial instruments).

The Group's losing control of subsidiaries through multistep transactions of disposing of the long-term equity investment, need to identify whether every transaction, involving with disposing of the investment in subsidiary until losing the control, is belonging to package deal. Several transactions should be accounted for as a package deal if conditions and the economic impact of disposal of investments in subsidiaries are in compliance with one or more of the following circumstances: ① These transactions are considered simultaneously or ② these transactions as a whole in order to reach a complete business results; another case of the occurrence of the impact of entering into a transaction depends ③ had at least one other transaction; ④ see a transaction alone is not economical, but, it is economical when other transactions are taken into account. If it is not package deal, every transaction of the non-package deals is treated according to the applicable accounting standards of "partly disposing of the long-term equity investment without losing control "(refer to V.14(2) ④ for detail) and "losing the control to subsidiary due to partly disposing the equity investment or other reasons " (see the former paragraph for details). When every transaction involving with disposing of equity investment in subsidiary until losing control is a package deal, they will be treated as a single deal of disposing of the investment in subsidiary until losing control for accounting treatment. But, before the control are lost, the difference between each receipt of every transaction and the related shared proportion of identified net assets are recognized as other comprehensive income. The other comprehensive income will be transferred into profit and loss in the period when losing control.

7. Joint venture arrangement classification & mutual office account treatment

Joint venture arrangement is referred to the arrangement that are under common control of two or more participating parties.

The Group classifies the joint venture arrangement into mutual office and joint venture, according to the rights shared and obligation undertaken in the joint venture arrangement. Mutual office represents the joint venture arrangement that the Group shares the assets related with arrangement and undertakes the obligations related with the arrangement. Joint venture is referred to the joint venture arrangement that the Group only have the right to the net assets of the arrangement.

The Group measures the joint venture investment using the equity method. Please refer to accounting policies listed on note V.14(2) ②-long-term equity investment measured using the equity method.

As one party of the mutual office, the Group recognizes the separately owned assets and separately assumed obligations, and the proportionate commonly held assets and commonly assumed obligations per the company's percentage of share interest; recognize the revenue from the selling of the Group's shared output of the mutual office; recognize the common revenue generated from the selling of the common output of the mutual office according to the Group's share percentage; recognize the expense separately incurred by the Group and the proportionate expense incurred by the mutual office according to the Group's share percentage.

When the Group sells invest or sell assets to the mutual office as one of the mutual office party(the assets do not constitute a business, the same to below), or buys assets from the mutual office, before the assets are sold to the third party, the Group only recognizes the portion of profit and loss attributable to the other participating parties. According to requirements of Chinese Accounting Standards for Business Enterprises No.8- Asset impairment, when the assets are impaired , for the assets invested or sold to the mutual office by the Group, the Group fully recognizes the impairment loss; for assets that the Group bought from the mutual office, the impairment loss is recognized according to the share percentage by the Group.

8.Recognition Standard of Cash and Cash Equivalent

Cash and cash equivalents of the Group include cash on hand, ready usable deposits and investments having short holding term (normally will be due within three months from the day of purchase), with strong liquidity and easy to be exchanged into certain amount of cash that can be measured reliably and have low risks of change.

9. Foreign exchange

(1) Translation in foreign exchange transactions

The Group's initial recognition of the foreign currency transactions is recorded by the functional currency translated by the spot rate (commonly refer to the middle rate of the daily foreign currency rate publicly released by the People's Bank of China)on the transaction date. But the Group's foreign currency exchange and foreign currency exchange relevant transactions, is recorded by the functional currency translated by the exchange rate actually used.

(2)Translation method for foreign currency monetary items and non-monetary items.

On the balance sheet date, foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. All the exchange differences thus resulted are taken into profit or loss, except for ①those relating to foreign currency borrowings specifically for construction and acquisition of qualifying assets, which are capitalized in accordance with the principle of capitalization of borrowing costs; ②The exchange difference from changes of other account balance of foreign currency monetary items available-for-trade is recorded into profit or loss except for amortization cost.

When preparing the consolidated financial statements involving with oversea operation, the foreign currency difference caused by the foreign exchange rate changes should be recorded in other comprehensive income, if it substantially constitutes the monetary items related to net investment to the oversea operation. When the oversea operation are disposed, the other comprehensive income should be transferred into current year profit and loss.

Non-monetary foreign currency items measured at historical cost shall still be translated at the spot exchange rate prevailing on the transaction date, and the amount denominated in the functional currency is not changed. Non-monetary foreign currency items measured at fair value are translated at the spot exchange rate prevailing at the date when the fair values are determined. The exchange difference thus resulted are recognized in profit or loss for the current period or as other comprehensive income.(3)

The translation of financial statement in foreign currency

When the consolidated financial statements include foreign operations, if there is a foreign currency monetary item constituting a net investment in a foreign operation, exchange difference arising from changes in exchange rates are recognized as "exchange differences arising on translation of financial statements denominated in foreign currencies" in owner's equity, and in profit or loss for the period upon disposal of the foreign operation.

The Group translates the financial statements of its foreign operations into RMB by following rules;

- 1) Assets and liabilities in the balance sheet are translated at the spot exchange rate prevailing on the balance sheet date; All equity items except for retained earnings are translated at the spot exchange rates at the date on which such items occur;
- 2) Income and expenses in income statement are translated at the spot exchange rates at the date of transaction.

- 3) The opening undistributed profit is the closing undistributed profit of last period after translation of last year.
- 4) The closing balance of undistributed profit is calculated and presented in the basis of each translated income statements and profit distribution item.
- 5) The difference between the assets and liabilities and shareholder's equity shall be booked as translation difference of translating foreign currency financial statements, and shall be presented as other comprehensive income in the separate component of equity in the balance sheet.
- 6) When losing control over Group's overseas operation due to disposal, the translation difference of translating foreign currency financial statements related with the overseas operation which is separately presented under the shareholder's equity section as accumulated other comprehensive income, should be fully or proportionately transferred into the current period profit and loss according to the disposal percentage.
- 7) Foreign currency cash flows and cash flow of overseas subsidiaries are translated at the spot exchange rates. The effect of exchange rate changes on cash is separately presented as an adjustment item in the cash flow statement.
- 8) The opening balance and actual figures of last year are displayed as the figures translated last year.
- 9) When disposing the Group's all shareholders' equity of overseas operation or the Group losing control over the overseas operation due to partial disposal of the overseas equity investment or other reasons, the translation difference caused by the translating of foreign currency financial statement related with the overseas operation, which is presented under the equity section on the balance sheet and is attributable to the parent company's shareholders, should be transferred to the current period profit and loss.
- 10) When the partial disposal of the equity investment of overseas operation and other reasons cause the share percentage of overseas operation to decrease without making the power of control to disappear, the translation difference of translating foreign currency financial statement related with the part of overseas operation disposed should be attributable to the minority interest and do not transfer to the current period profit and loss. When the overseas operation disposing is a jointly run business or joint venture, the translation difference of translating foreign currency financial statements should be transferred to the current period profit and loss according to the percentage of overseas operation disposal.

10. Financial instruments

When the Group becomes one party of the financial instrument contract, a financial asset or financial liability should be recognized. The initial measurement of the financial asset and financial liability is based on the fair value. For financial asset and financial liability measured at fair value and designated its changes into current period profit and loss, the related trading expense should be recorded in the profit and loss. For the financial asset and financial liability of other categories, the related trading expense should be recorded as part of initial cost.

(1) The method of determining the fair value of financial assets and financial liabilities

Fair value is the price that the market participants can get when selling an asset or need to pay when transferring an obligation incurred in an orderly transaction on the measurement date. When there is active market for the financial instruments, the quotation in the active market is used as the fair value. Quotation in the active market means the price that can be easily and periodically got from the exchange market, broker's agency, Guild, pricing service organization etc. It represents the actually happened trading price in the fair trading. When there is no active market for the financial instruments, the fair value is determined by the valuation techniques. The valuation techniques include making a reference to the used price in recent market trading among the parties who know the situations and is willing to trade, making a reference to the current fair value that is used by the other substantially similar financial assets, discounting the future cash flow and option pricing model etc.

(2) Classification of financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. On initial recognition, the Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets.

① Financial assets at fair value through profit or loss:

Including financial assets held-for-trade and financial assets designated at fair value through profit or loss.

Financial asset held-for-trade is the financial asset that meets one of the following conditions:

- A. The financial asset is acquired for the purpose of selling it in a short term;
- B. The financial asset is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits;
- C. The financial asset is a derivative, except for a derivative that is designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a

quoted price from an active market) whose fair value cannot be reliably measured. For such kind of financial assets, fair values are adopted for subsequent measurement.

Financial asset is designated on initial recognition as at fair value through profit or loss only when it meets one of the following conditions:

A. The designation eliminates or significantly reduces the inconsistency in the measurement or recognition of relevant gains or losses that would otherwise arise from measuring the financial instruments on different bases.

B. A group of financial instruments is managed and its performance is evaluated on a fair value basis, and is reported to the enterprise's key management personnel. Formal documentation regarding risk management or investment strategy has prepared. Financial assets at fair value through profit or loss are subsequently measured at the fair value. Any gains or losses arising from changes in the fair value and any dividends or interest income earned on the financial assets are recognized in the profit or loss.

② Investment held-to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. Such kind of financial assets are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortization are recognized in profit or loss for the current period.

Effective interest rate is the rate that exactly discounted estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group shall estimate future cash flow considering all contractual terms of the financial asset or financial liability without considering future credit losses, and also consider all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts, etc.

③ Loans and receivables

Loans and receivables are non-derivative financial assets with fixed determinable payment that are not quoted in an active market. Financial assets classified as loans and receivables by the Group include note receivables, account receivables, interest receivable dividends receivable and other receivables.

Loans and receivables are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortization is recognized in profit or loss.

④ Financial assets available-for-sell

Financial assets available-for-sell include non-derivative financial assets that are designated on initial recognition as available for trade, and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or investment held-to-maturity.

Financial assets available-for-trade are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognized as other comprehensive income and included in the capital reserve, except that impairment losses and exchange differences related to amortized cost of monetary financial assets denominated in foreign currencies are recognized in profit or loss, until the financial assets are derecognized, at which time the gains or losses are released and recognized in profit or loss.

Interests obtained and dividends declared by the investee during the period in which the financial assets available-for-trade are held, are recognized in investment gains.

The Group's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss and other financial liabilities. For financial liabilities at fair value through profit or loss, relevant transaction costs are immediately recognized in profit or loss for the current period, and transaction costs relating to other financial liabilities are included in the initial recognition amounts.

(3) Impairment of financial assets (not including account receivables)

The Group assesses, at the balance sheet date, the carrying amount of every financial asset except for the financial assets that measured by the fair value. If there is objective evidence indicating a financial asset may be impaired, provision for impairment is recorded.

The Group makes an impairment test for a financial asset that is individually significant. For a financial asset that is not individually significant, it is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment or individually assessed for impairment. If no objective evidence of impairment incurs for an individually assessed financial asset (whether the financial asset is individually significant or not individually significant), it is

included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets for which an impairment loss is individually recognized is not included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment.

① Impairment on held-to maturity investment, loans and receivables

The financial assets measured by cost or amortized cost write down their carrying value by the estimated present value of future cash flow. The difference is recorded as impairment loss. If there is objective evidence to indicate the recovery of value of financial assets after impairment, and it is related with subsequent event after recognition of loss, the impairment loss recorded originally can be reversed. The carrying value of financial assets after impairment loss reversed shall not exceed the amortized cost of the financial assets without provisions of impairment loss on the reserving date.

② Impairment loss on available-for-sell financial assets

When decision is made with all related factors on whether the fall of fair value investment of an equity instrument available-for-trade is significant or non-transient, it indicates impairment of such equity instrument investment, in which, Significant means over 20% of fall in fair value and Non-transient means over 12 months of subsequent fall.

When an available-for-trade financial asset is impaired, the cumulative loss arising from declining in fair value that had been recognized in capital reserve shall be removed and recognized in profit or loss. The amount of the cumulative loss that is removed shall be difference between the acquisition cost with deduction of recoverable amount less amortized cost, current fair value and any impairment loss on that financial asset previously recognized in profit or loss.

If, after an impairment loss has been recognized, there is objective evidence that the value of the financial asset is recovered, and it is objectively related to an event occurring after the impairment loss was recognized, the initial impairment loss can be reversed and the reserved impairment loss on available-for-trade equity instrument is recorded in the profit or loss, the reserved impairment loss on available-for-trade debt instrument is recorded in the current profit or loss.

The equity instrument where there is no quoted price in an active market, and whose fair value cannot be reliably measured, or impairment loss on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument shall not be reversed.

(4) Recognition and measurement of financial assets transfer

The Group derecognizes a financial asset when one of the following conditions is met:

① The rights to receive cash flows from the asset have expired;

② The enterprise has transferred its rights to receive cash flows from the asset to a third party under a “pass-through” arrangement; or

③ The enterprise has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the enterprise has neither retained all the risks and rewards from the financial asset nor control over the asset, the asset is recognized according to the extent it exists as financial asset, and correspondent liability is recognized. The extent of existence refers the level of risk by the financial asset changes the enterprise is facing.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, (a). the carrying amount of the financial asset transferred; and (b) the sum of the consideration received from the transfer and any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair value of those parts. The difference between (a) the carrying amount allocated to the part derecognized; and (b) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income, is recognized in profit or loss.

For the financial assets sold with recourse and the endorsed, the Group should make a judgment whether the risks and rewards related with the financial assets’ ownership have been almost all transferred. For the financial assets of which the risks and rewards related with its ownership have been, in substantial, all transferred, it should be derecognized. For the financial assets of which the risks and rewards have been, in substantial, all retained, it should be not be derecognized. For the financial assets, the related ownership of which have not been neither, in substantial, all transferred nor retained, the Group need to make a judgment about whether the control over the financial assets have been kept or not and then deal with it according to the standards mentioned in the previous paragraphs.

(5) Classification of the financial liabilities and measurement

The financial liabilities are classified into financial liabilities measured at fair value with its changes into profit and loss and other financial liabilities. The initial measurement is made at its fair value. For the financial liabilities measured at fair value with its changes into profit and loss, the related trading expense are recorded into current period profit and loss; for other financial liabilities, the related trading expenses are recorded in its initial cost.

① Financial liabilities measured by the fair value and the changes recorded in profit or loss The classification by which financial liabilities held-for-trade and financial liabilities designated at the initial recognition to be measured by the fair value follows the same criteria as the classification by which financial assets held-for-trade and financial assets designated at the initial recognition to be measured by the fair value and their changes are recorded in the current profit or loss.

For the financial liabilities measured by the fair value and changes recorded in the profit or loss, fair values are adopted for subsequent measurement. All the gains or losses on the change of fair value and the expenses on dividends or interests related to these financial liabilities are recognized in profit or loss for the current period.

② Other financial liabilities

Derivative financial liabilities that linked with equity instruments, which do not have a quoted price in an active market and their fair value cannot be measured reliably, is subsequently measured by cost. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition or amortization is recognized in profit or loss for the current period.

③ Financial guarantee contracts

For financial guarantee contracts that are not designated as at fair value through profit or loss, or loan commitments not designated as at fair value through profit or loss but to offer at the interest rate lower than market level they are, after initial recognition, subsequently measured at the higher of: (i) the amount determined according to the principles of Accounting Standards for Business Enterprises No. 13 - Contingencies, and (ii) the amount initially recognized less the accumulated amortization determined according to the principles of Accounting Standards for Business Enterprises No. 14 - Revenue.

(6) Derecognition of financial liability

The Group derecognizes a financial liability (or part of it) when the underlying present obligation (or part of it) is discharged or cancelled or has expired. An agreement between the Group (an existing borrower) and existing lender to replace original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new liability.

When the financial liabilities are fully and partially derecognized, the difference between the carrying value of the part derecognized and consideration paid (including the non-current assets transferred out or new financial liabilities assumed) should be recorded in the current period profit and loss.

11、Account receivable

(1) Provision for bad debts of account receivable that are individually significant

The judgment basis for significant single-item amount or standard for significant amount	The accounts receivable with single-item amount of RMB 5 million and above
The method of separate provision for bad debts for the accounts receivable with significant single-item amount	For an account receivable that is individually significant, the asset is individually assessed for impairment. If there is objective evidence indicating that the asset is impaired. The impairment loss is recognized in the profit and loss at the excess of carrying value over its predicted future cash flow (excluding the non-incurred future credit loss) discounted with original actual interest rate.

(2) Provisions of bad debts for accounts receivables that is individually insignificant.

The reason for provision of bad debts individually	For the accounts receivables that is individually insignificant, if there are signs indicating the impairment, such as long-aging, having a dispute with the obligator or obligator suffering serious financial difficulties, it should be individually tested for impairment.
Methods of provision for bad debts	Assessment of impairment losses individually

12. Inventories

(1) Classification of inventory

Inventory was classified according to real estate development and non-development of products. The real estate development products are the real estate developing products, real estate developed products and intended to develop products. The non-real estate development products include raw materials, finished products and stocks, low-value consumable products and construction in progress.

Real estate developed products means that have been completed and pending the sale of the property; The real estate developing products means that property has not been completed and the purpose of property is to sell. The intended to develop products means that the land has been bought and has decided to develop for the sale or lease of property. The intended to develop products in the overall development of the project all transferred to the construction in process. Part of the phased development of the land transfer into the construction in process account and undeveloped land is still retained in the intended to develop products account, when the project is developed in stage.

(2) Valuation method of inventories upon delivery

Inventories are initially carried at the actual cost. Cost of inventories comprises all costs of purchase, costs of conversion and other costs. The actual cost of inventories transferred out is assigned by using weighted average method, and development products by specific identification method.

(3) Basis for determining net realizable value of inventories and provision methods for decline in value of inventories

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realizable value is determined on the basis of clear evidence obtained, and takes into consideration the purpose of holding inventories and effect of post balance sheet events.

At the balance sheet date, inventories are measured at the lower of the cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made. The provision for inventories decline in value is determined by the difference of the cost of individual item less its realizable value.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realizable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

(4) Inventory count system is based on the perpetual stock system.

(5) Amortization method for low cost and short-lived consumable items and packaging materials.

Low cost and short-lived consumable items are amortized using immediate write-off method; packaging materials are amortized using immediate write-off method.

(6) The costing method of constitute land development

Cost of land constitutes land development costs for pure land development project. Together with the overall development of the property, its cost is included in housing costs generally based on the actual area.

(7) Public Facilities Fee

The cost is the actual construction cost incurred. If several estate projects benefit from the same facility, they stay in the same category. The cost of fee should be measured according to the allocation of sales area. If they got benefit but in different categories, the cost was measured according to the allocation of the area covered.

(8) Utility reserve funds

Utility reserve funds were received by the Group and recorded in Long-term payables. The funds were used to maintain and renew communal facilities.

(9) Quality Guarantees

Quality Guarantees was put into the account of real estate developing according to the contract amount and also recorded in the accounts payable at the same time. The actual payment incurs after the expiry of guarantee.

13. Held-for-sale assets

The non-current assets which can be sold at its current conditions, the Group's disposal decision have been made, an un-revocable transferring agreement has been made and the transfer can be finished within one year, it should be recognized as held-for-sale non-current assets. The amortization or depreciation will be ceased since the day it is reclassified as held-for-sale assets. And it should be measured at the lower of carrying amount and its fair value less cost of disposal.

The held-for-sale non-current assets include the individual assets and asset group of disposal. If the asset group met the definition regulated in the Chinese Accounting Standards for Business Enterprises No.8 - Asset impairment and it has been allocated with the goodwill gained through the enterprises combination according to the provision of the regulation, or the asset

group of disposal is a business of the asset group, the asset group should include the goodwill resulted from the enterprise combination.

The individual non-current assets classified as held-for-sale and assets within the asset group of disposal, should be represented individually in the current assets section of the balance sheet; The liabilities which belong to the disposal group of held-for-sale and is related with transferring the possession of assets, it should be individually represented in the current liability section of the balance sheet.

Some assets or assets group of disposal that have been classified as held-for-sale but the conditions are not met for being recognized as held-for-sale non-current assets thereafter. The assets should be stopped being classified as held-for-sale and should be measured at the lower of: (1) The book value of assets and asset group of disposal before they are classified as held-for-sale, being adjusted by the amortization, depreciation or impairment pretending that they were not initially classified as held-for-sale; and (2) the recoverable amount on the day when decide not to sell.

14. Long-term equity investments

The long-term equity investment mentioned in this section is about the equity investment of which the Group has control, common control or significant influences over the investee. For the investments that the Group has no control, common control or significant influences over the investee, they will be recorded as available-for-sale or financial instrument assets measured at fair value with its changes into profit and loss. Please refer to note 4.9-Financial instruments for detail.

Common control means the Group's mutual control to the arrangement according to the related agreement and the arrangement's activities related decisions can be made only after getting the mutual agreement from other parties sharing the control power. Significant influences represent that the Group has the right to participate in the decision of the financial and operating policies, but cannot control or control together with other parties to make the policy related decision.

(1) Determination of investment cost

For a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment shall be carrying value of the absorbing party's share of the shareholder's of the party being absorbed at the date of combination.

For a business combination not involving enterprise under common control, the combination cost including the sum of fair value, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services etc and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

The transaction cost for the equity securities or liability securities issued by the acquirer in the business combination shall be recognized as initial amount of equity security or liability.

The equity investments other than the long-term equity through combination shall be initially measured by cost. The cost shall be recognized to the difference in the way of acquisition of long-term equity investment. These ways include the cash purchase price the Group actually paid, the fair value of equity security issued by the Group, value specified in the investment contract or agreement, the fair value or carrying value of the asset transferred out in the transaction of non-monetary asset exchanges, and the fair value of the long-term equity investment. Expenses, taxes and other necessary expenditures directly attributable to the acquisition of long-term equity investment are taken into investment cost. For the long-term equity investments that the Group can have significant influence or common control on the investee, but cannot control the investee, because of the added investments, the cost of the long-term equity investment should be the sum of original fair value of the investment and the cost of newly added investment.

(2) Subsequent measurement

Where an investing enterprise can exercise common control or significant influence over the investee, a long-term investment shall be accounted for using the equity method. Besides, the cost method shall be adopted in a long-term equity investment when the Group can exercise control over the investee.

① Cost method of accounting for long-term equity investments

Under the cost method, a long-term equity investment is measured at initial investment cost. Except for cash dividends or profits declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

② Equity method of accounting for long-term equity investments

Where the initial investment cost of a long-term equity investment exceeds the investing enterprise's interest in the fair values

of the investee's identifiable net assets at the time of acquisition, no adjustment shall be made to the initial investment cost. Where the initial investment cost of a long-term equity investment is less than the investing enterprise's interest in the fair values of investee's identifiable net assets at the time of acquisition, the difference shall be charged to profit or loss for the current period, and the cost of the long-term equity investment shall adjusted accordingly.

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income of the investee for the period as investment income or loss and other comprehensive income for the period and adjusts the book value of the long-term equity investment simultaneously. The Group reduces the book value of the long-term equity investment, according to the shared profit or cash dividends declared by the investee. For the changes of investee's equity beside the net profit, other comprehensive income and profit distribution, adjust the book value of the long-term equity investment and its capital surplus.

When determining the share percentage of investee's net profit, it should be made based on the fair value of investee's identifiable assets after adjusting the investee's net profit on the acquisition date. When the investee's accounting period and accounting policies are different with the Group's, the subsidiary's financial statements should be adjusted according to the Group's and recognize the investment income and other comprehensive income based on it. Unrealized profits or losses resulting from the Group's transactions with its associates and joint ventures are recognized as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealized losses resulting from the Group's transactions with its investees on the transferred assets, in accordance with "Accounting Standards for Enterprises No. 8 - Impairment of Assets", are not eliminated. When the Group's assets invested to joint venture and jointly run business are a deal and the Group obtains the long-term equity investment without getting the power of control, the initial cost of the investment is determined by fair value of the assets invested. The difference between the initial cost and the book value of the assets invested should be fully taken into profit and loss. When the Group's assets sold to joint venture and jointly run business are a deal, the differences between the consideration received and the book value are fully taken into the profit and loss. When the Group's buying assets from joint venture and jointly run business are a deal, the gain and loss would be fully recognized according to the Accounting Standards for Business Enterprises No.20-Enterprises combination.

When the investee is recognized net losses, reduce the carrying value of long-term equity investments and long-term equity of net investment (in substance) in investee to zero. In addition, the Group has the obligations on additional losses, then the expected obligation as estimated liabilities and included in the current investment losses. Where the net profit from investee units, restoration confirm the amount of revenue sharing after offset the amount of unrecognized loss sharing.

For long-term equity investments in associates and joint ventures which had been held by the Group before its first time adoption of Accounting Standards for Business Enterprises, where the initial investment cost of a long-term equity investment exceeds the Group's interest in the investee's net assets at the time of acquisition, the excess is amortized and is recognized in profit or loss on a straight line basis over the original remaining life.

③ Acquisition of minority interest

The difference between newly increased equity investment due to acquisition of minority interests and portion of net asset cumulatively calculated from the acquisition date is adjusted as capital reserve. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against retained earnings.

④ Disposal of long-term equity investment

Where the parent company disposes long-term investment in a subsidiary without a change in control, the difference in the net asset between the amount of disposed long-term investment and the amount of the consideration paid or received is adjusted to the owner's equity. If the disposal of long-term investment in a subsidiary involves loss of control over the subsidiary, the related accounting policies in 6.(2 applies.

(3) Accounting policies retained on "the method of preparing consolidated financial statements"

On disposal of a long-term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognized in profit or loss for the period.

For long-term equity investment accounted for using the equity method, when the rest of the long-term equity investment is still accounted for using the equity method after disposal, the other comprehensive income originally recorded into the equity should be dealt with by the same way as the investee's directly dealing with its assets or liabilities. The other investee equity changes caused beside the net profit, other comprehensive income and profit distribution should be proportionately transferred into current year profit and loss.

For long-term equity investment accounted for using the cost method, when the rest of the long-term equity investment is still accounted for using the cost method after disposal, other comprehensive income recognized using the equity method or the method of recognizing and measuring the financial instruments before obtaining the control over the investee should be dealt

with as the same way with investee' s direct disposing of its assets and liabilities and be proportionately taken into profit and loss; The other investee equity changes caused beside the net profit, other comprehensive income and profit distribution should be proportionately transferred into current year profit and loss.

When the Group loses control over the investee but still can exercise the common control or significant influences over the investee after partial disposal of the long-term equity investment, the equity method should be used to prepare individual financial statements. The rest equity investment is treated as accounted using the equity method upon the acquisition and is adjusted; If no control and significant influences cannot be exercised, the rest equity investments should be recognized and measured by the accounting standards to financial instruments. The difference between the fair value and book value is taken into current profit and loss.

For the other comprehensive income recognized under the equity method or the financial instrument related method before obtain the control over investee, it will be treated as the same way with investee' s directly disposing its assets or liabilities when losing the control over investee. The equity changes under equity method caused beside the net profit, other comprehensive income and profit distribution should be transferred into the profit and loss when losing the control over investee. Including, other comprehensive income and other owner' s equity should be proportionately transferred, when the rest equity investment is accounted with equity method; Other comprehensive income and other owner' s equity should be fully transferred, when the rest equity investment is accounted with accounting standards of financial instruments.

The Group loses the control and significant influences over the investee, because of disposing of part of long-term equity investment. The difference between fair value and book value on the day when losing the control and significant influences over the investee should be taken into profit and loss. Other comprehensive income recognized for the original equity investments under equity method, would be dealt with as the same way with investee' s directly disposing of its assets and liabilities when cease using the equity method. The equity changes caused beside the net profit, other comprehensive income and profit distribution, should be transferred into investment income when cease using the equity method.

For the Group' s multiple-step dealing with its long-term equity investments until losing control, if the transactions are package deal, each transaction should be treated as a transaction dealing with its long-term equity investments until losing control, the difference between the consideration received and the book value of the equity investment should be firstly recognized as other comprehensive income before losing control over investee and then all transferred into current profit and loss.

15. Investment properties

The measurement mode of investment property

The measurement by the cost method

Depreciation or amortization method

Investment property is property held to earn rental or for capital appreciation or both. It includes a land use right that is leased out, a land use right held for transfer upon capital appreciation, and a building that is leased out. Besides, the Group has buildings empty for operating lease. If there is a written decision from the Board (or similar organization) with clear indication for operating lease and intention that no change shall be made in the near future, the buildings shall be presented as investment properties.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

The Group uses the cost method for subsequent measurement of investment property, and adopts a depreciation or amortization policy for the investment property which consistent with that for building or land use rights.

Where self-occupied property or inventory converts into investment property, or investment property converts into self-occupied property, the carrying amount before the change shall be accounted as the value after conversion.

When an investment property changes into self-occupied property, it should be converted into fixed asset or intangible asset on the date of conversion. When the purpose of a self-occupied property changes into rental earning or capital increase, fixed asset or intangible asset should be converted into an investment property from the date of conversion. Where the cost model is used in the measurement of investment property during the conversion, the carrying amount before the conversion is accounted as the value after conversion. Where the investment property is measured by the fair value after conversion, the fair value at the conversion date is adopted as value after conversion.

Where an investment property is disposed or no longer in use permanently and no economic benefits shall be obtained from the

disposal, derecognized the investment property. The income from sale, transfer or disposal of the investment property is recorded in the profit or loss after deduction of its carrying amount and related tax.

16.Fixed assets

(1) The conditions of recognition

Fixed assets refers to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management and their useful life is in excess of one fiscal year.

(2) Depreciation method

Type	Detail	Estimated useful Life	Estimated residual value rate	Depreciation rate
House and Building	Straight-line method	30	5%	3.17%
Production equipment	Straight-line method	7	5%	13.57%
Transportation equipment	Straight-line method	6	5%	15.83%
Electronic equipment and others	Straight-line method	5	5%	19%

Fixed assets are stated at cost and consider the impact of expected costs of abandoning the initial measurement. From the following month of state of intended use, depreciation method of the straight-line method is used for different categories of fixed assets to take depreciation. Expected net residual value of fixed assets is the balance of the Group currently obtained from the disposal of the asset less the estimated costs of disposal amount, assuming the asset is out of useful life and state the expected service life in the end.

1.Measurement and recognition of fixed assets impairment

The method of measurement and recognition of fixed assets impairment is detailed listed on the note V.22-Lon00-term assets impairment.

A fixed asset is recognized only when the economic benefits associated with the asset will probably flow to the Company and the cost of the asset can be measured reliably. Subsequent expenditure incurred for a fixed asset that meet the recognition criteria shall be included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced shall be derecognized. Otherwise, such expenditure shall be recognized in profit or loss in the period in which they are incurred.

The revenue from selling or transferring, or disposing a fixed asset is booked into profit and loss after deduction of carrying value and related tax.

The Group conducts a review of useful life, expected net realizable value and depreciation methods of the fixed asset at least on an annual base. Any change is regarded as change in accounting estimates.

(3) Recognition and measurement of financial lease

Finance leases which transfer substantially all the risks and rewards of ownership. The depreciation policy for assets held under finance leases should be consistent with that for owned assets. If there is no reasonable certainty that the lessee will obtain ownership at the end of the lease - the asset should be depreciated over the shorter of the lease term or the life of the asset

17.Construction in progress

(1) The types of construction in progress

Construction in progress includes preparation before construction, construction engineering in progress, installation engineering in progress, technical improvement engineering, repair engineering etc. whose costs are determined by the actually incurred expenditures.

(2) The standards and time of transferring the construction in progress to fixed assets.

When the constructions in progress reach the condition of available for use, it should be transferred to the fixed assets per the full actually incurred costs.

(3) The method of testing the impairment and the provision for construction in progress

The method of measurement and recognition for construction in progress impairment is detailed listed on the note 5.22-Long-term assets impairment.

18.Borrowing costs

(1) The standards for capitalizing the borrowing cost

Borrowing costs include interest, amortization of discounts or premiums related to borrowings, ancillary costs incurred in

connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings.

The Company starts to capitalize the borrowing expenses in direct connection to purchase, construction or production of the assets that meet capitalization conditions when there are assets expenditures and borrowing expenses incurred and/or the Company starts all the necessary events to purchase, construct or produce such assets till the assets can be used and sold. Other borrowing cost are recognized as costs when incurred.

(2) The period of capitalizing the borrowing costs

The period of borrowing costs capitalization is calculated from the point when borrowing costs beginning capitalizing to the time stopping capitalizing. The period suspending capitalizing the borrowing costs are excluded.

(3) The period suspending capitalizing the borrowing costs

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted by activities other than those necessary to prepare the asset for its intended use or sale, when the interruption is for a continuous period of more than 3 months. Borrowing costs incurred during these periods recognized as an expense for the current period until the acquisition, construction or production is resumed.

(4) The method for calculating the amount of borrowing cost capitalized

Where funds are borrowed for a specific-purpose, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds.

Where funds are borrowed for a general-purpose, the amount of interest to be capitalized on such borrowings is determined by applying a weighted average interest rate to the weighted average of the excess amounts of accumulated expenditure on the asset over and above the amounts of specific-purpose borrowings.

During the capitalization period, exchange differences related to a specific-purpose borrowing denominating in foreign currency are all capitalized. Exchange differences in connection with general-purpose borrowings are recognized in profit or loss in the period in which they are incurred.

19.Intangible assets

(1)Valuation method, service life and impairment test

(1) Recognition and calculation of intangible asset

The term “intangible asset” refers to the identifiable non-monetary assets without physical shape, possessed or controlled by enterprises.

The intangible assets are initially measured by its cost. Expenses related to intangible assets, if the economic benefits related to intangible assets are likely to flow into the enterprise and the cost of intangible assets can be measured reliably, shall be recorded as cost of intangible assets. The expenses other than this shall be booked in the profit or loss when they occur.

Land use rights that are purchased by the Group are accounted for as intangible assets. Buildings, such as plants that are developed and constructed by the Group, and relevant land use rights and buildings, are accounted for as intangible assets and fixed assets, respectively. Payments for the land and buildings purchased are allocated between the land use rights and the buildings; if they cannot be reasonably allocated, all of the land use rights and buildings are accounted for as fixed assets.

When an intangible asset with a definite useful life is available for use, its original cost less net residual value and any accumulate impairment losses is amortized over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortized.

For an intangible asset with a definite useful life, the Group reviews the useful life and amortization method at the end of the period, and makes adjustment when necessary.. An additional review is also carried out for useful life of the intangible assets with indefinite useful life. If there is evidence showing the foreseeable limit period of economic benefits generated to the enterprise by the intangible assets, then estimate its useful life and amortize according to the policy of intangible assets with definite useful life.

(2) The estimation of the useful life of the indefinite intangible assets

Item	Estimated useful life	Basement
Taxi license	38 years	The recorded years of taxi license
Software	5 years	Fixed assets, electronic and other equipment useful lives

(3) The basis to judgment intangible assets whose useful lives are uncertainty

The periods of which the intangible assets can bring benefits to the Group cannot be reasonably determined, the intangible assets

will be classified as indefinite intangible assets.

(4) Methods of impairment assessment and determining the provision for impairment losses of intangible assets

The testing method for intangible assets impairment and the calculation of the provision for impairment is detailed listed on the note 5.22-Long-term assets impairment.

(5) The standards to distinguishing the research stage and development stage of internally developed intangible assets

Research stage: the stage when the creative planned investigation and research activities are carried on, in order to obtain and understand the new sciences and technical knowledge;

Development stage: the stage of applying the research results and other knowledge to the specified plan or design so as to produce new or substantially improved materials, equipment and products before commercial production or use.

(2) The accounting of expenditures of internally researched and developed project

Expenditure on the research phase of an internal research is recognized in profit & loss in the period in which it is incurred.

Expenditure during the development phase that meets all of the following conditions at the same time is recognized as intangible asset. Expenditure during development phase that does not meet the following conditions is recognized in profit or loss for the period.

- ① it is technical feasible to complete the intangible asset so that it will be available for use or sale;
- ② the Group has the intention to complete the intangible asset and use or sell it;
- ③ the Group can demonstrate the ways in which the intangible asset will generate economic benefits including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- ④ the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;
- ⑤ the expenditure attributable to the intangible asset during its development phase can be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognizes all of them in profit or loss for the period.

20. Long-term assets impairment

On each balance sheet date, the Group will make judgments to determine whether there are signs for impairment to the fixed assets, construction in progress, definite intangible assets, investment properties & equity investment in subsidiaries & joint ventures & jointly run business measured using the cost method etc. non-current and non-financial assets. If there are signs for impairment, the impairment should be tested by estimating the recoverable amount. Goodwill, indefinite intangible assets and intangible assets having not reached the usable condition, should be yearly tested for impairment no matter whether there are signs for impairment.

The result of impairment test demonstrates that the recoverable amount is less than its carrying amount, the difference will be recorded as provision for impairment and debited as impairment loss. The recoverable amount equals to the greater of 1) fair value less disposal expenses and 2) present value of the predicted future cash flows. The fair value of the assets is determined by the sale contract price of fair trade; When there are no sale contracts but exist active market, the fair value will be determined with the quotation from the buyer; When there exist neither sale contracts nor active market, the assets fair value will be determined by the best information available. The disposal expenses include the legal expenses, related taxes, delivery fees and other direct fees incurred for making the assets reach the salable condition. The present value of the predicted future cash flows is calculated according to the predicted future cash flows generated from the continuous use of the assets and final disposal discounted with the applicable discounted rate. The provision for impairment test should be recognized based on the individual asset. If it is hard to estimate the recoverable amount to individual asset, the recoverable amount of the assets group of which the individual assets are included should be determined. Assets group is the smallest unit that can independently generate the cash inflow.

For the goodwill separately displayed on the financial statement, when making the impairment test, the carry value of the goodwill should be allocated to assets group or the group of assets group predicted to be benefit from the synergistic effect from the enterprises combination. When the rest result shows that the recoverable of the assets group or the group of assets group having been allocated with the relevant goodwill is less than the carrying amount, the related impairment loss should be recognized. The impairment losses will firstly reduce the book value of the goodwill allocated and then reduce the book value of each asset of the assets group or the group of assets group according to the percentage of each asset to the assets group or the group of assets group beside the goodwill.

The impairment loss of the above assets would not be reversed back once they are recognized.

21. Long-term Prepaid Expenses

Long-term prepaid expenses represent expenses incurred that should be borne and amortized over the current and subsequent period (together of more than one year). Long-term prepaid expenses are amortized by using straight line method.

22. Employee Benefits

(1) Accounting methods for short-term benefits

The short-term benefits include the employees' salary, bonus, allowance and compensation, employee welfare, medical insurance, maternity insurance, employment injury insurance, housing fund, labor union expense and employee education expense and non-currency welfare etc. The Group recognizes the actually incurred short-term employee benefits as liability during the period when the employees' services are rendered, the expenses are recorded into the current period profit and loss or related asset costs according to the benefit object. For the non-currency welfare, it is recognized according to its fair value.

(2) Accounting methods for post-employment benefits

post-employment benefits mainly includes the defined contribution plan. The defined contribution plan mainly include the basic endowment insurance premium, unemployment insurance expense and pension etc..For the defined contribution plan, the sinking fund deposited to the an independent entity for the service provided by employee in the accounting period on the balance sheet is recognized as the debt and included in the current profit and loss or related asset costs according to the benefit object.

(3) Accounting methods for demission benefits

When the Group cannot unilaterally withdraw the dismissal benefits provided for the plan on the cancellation of labor relationship or layoff proposal, or recognize the cost or expense involved with the recombination of dismissal benefits or payment of such dismissal benefits (whichever is earlier), the employee's remuneration incurred by dismissal benefits is recognized as the debt and included in the current profits and losses or related assets cost. But when then dismissal is predicted not to be paid in the following 12 months after the report date, it would be classified as other long-term benefits.

Employee internal retirement plan is treated as the same way with dismissal benefits mentioned above. The Group would record the relevant salaries and social insurances provided to the employees under the plan into the profits and losses (dismissal benefits) during the period from the day stopping providing the services to the legal retirement day, when the conditions for recognizing the contingency liability are met.

(4) Accounting methods for other long-term employee benefits

Other long-term benefits provided by the Group is referred to as the welfare beside the short-term benefits, post-employment benefits, demission benefits. It would be recognized as the requirements of defined contribution plan, when conditions are met. Or else, it would be recorded as defined benefit plan.

23. Accrued liabilities

Accrued liabilities is expected to be in the category of liabilities, The accrued liabilities should to be recognized if the condition of liability has been satisfied. The recognition and measurement of contingent liabilities usually refers to the recognition and measurement of liabilities.

(1) The recognition criteria of accrued liabilities

Accrued liabilities (or Provisions) are recognized when following obligations related to a contingency are satisfied simultaneously. : (1) such obligation is the present obligation of the Group; (2) it is probable that an outflow of economic benefits will be required to settle the obligation; (3) the amount of the obligation can be measured reliably.。

(2) The measurement method of accrued liabilities

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as risks, uncertainties and time value of money. Where all or some of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received, and the amount of reimbursement recognized does not exceed the carrying amount of the provision.

① Onerous contracts

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The exceeding part over the assets in the contract shall be recognized as a provision when an executor contract becomes an onerous contract and the obligation arising under the onerous contract satisfies the requirements of provisions.

② Restructuring Obligation

The amount of a restructuring provision shall be recognized by the total direct expenditures arising from the restructuring when

the enterprise has a detailed, formal plan for the restructuring, and a public announcement of the plan has been made for restructuring and above requirements for the provision mentioned above are satisfied. (For the restructuring obligation carried for the portion of business for sale, the obligation related to the restructuring can only be recognized when the Group has committed for the sales of portion of the business (signing the selling agreement with termination))

24. Revenue

(1) Recognition time for sales of goods

The Group has transferred to the buyer the significant risks and rewards of ownership of the goods; the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the associated costs incurred or to be incurred can be measured reliably.

According to the principles above, the Group established real estate sales revenue is recognized, must satisfied the following four conditions at the same time:

A. Real estate is completed, and is completed checking and accepting;

B. Signed a contract of sale and make recording in land department

C. Installment, if it is deferred for receiving money with financing, the cost should be measured in present value according to the contract price. Mortgage, has been received, and have completed the first phase of the mortgage loan approval procedures;

D. Agreed in the contract of sale and transfer the property to buyers.

(2) Recognition basis for revenue from alienation of assets use right

When the relevant economic benefits are likely to flow into the company and the amount of revenues can be measured in a reliable way, the revenue from alienation of assets use right may be recognized, if:

① Interest revenue: it is measured and confirmed in accordance with the length of time for which the company's cash is used by others and the actual interest rate;

② Revenue from property lease: it is measured by using straight line method within the effective release period according to the contract or agreement signed between the company with the lessee.

(3) Recognition basis and method of revenue from labor

In the case of the result of providing labour service that can be reliable estimate, The labour service revenue is recognised based on percentage of completion method at balance sheet date. Contract or agreement entered into with other companies, including the sale of goods when providing services, the sale of goods and rendering of services can be measured in part to distinguish and separate, should be part of the sale of goods as sale of goods, the provision of services and as part of the provision of services deal with. Sales of goods and rendering of services can not be distinguished, or can be distinguished but can not be measured separately, should be part of the sale of goods and provision of services as part of the total sales of goods.

(4) The base and method is used to measure the completion progress of service contract

The measurement of completion progress is based on the proportion of the costs incurred to the total.

The reliable estimation of the results of labor deal means satisfying the following conditions: ① The relevant amount of revenue can be measured in a reliable way; ② The relevant economic benefits may flow into the enterprise; ③ The schedule of completion under the transaction can be confirmed in a reliable way; ④ The costs incurred or to be incurred in the transaction can be measured in a reliable way.

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

25. Government Grants

(1) Accounting method and recognition basis for grant related to the assets

(1) Type

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration, excluding the capital invested by the government as equity owner. Government grant can be classified as grant related to the assets and grants related to the income.

(2) Accounting policy

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognized immediately in profit or loss for the period.

A government grant related to an asset is recognized as deferred income, and evenly amortized to profit or loss over the useful life of the related asset. For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent period, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized. If the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the period.

For repayment of a government grant already recognized, if there is a related deferred income, the repayment is offset against the carrying amount of the deferred income, and any excess is recognized in profit or loss for the period. If there is no related deferred income, the repayment is recognized immediately in profit or loss for the period.

(2) Accounting method and recognition basis for grant related to the income

The government grants related to incomes shall be accounted into the current profit or loss if they are used to compensate for the correlative expenses or losses occurred, and shall be recognized as the deferred income and accounted into the current profit or loss during the expense confirmation period if they are used to compensate for the correlative expenses or losses occurred in the subsequent period. The government grants measured at the nominal amount shall be directly accounted into the current profit or loss.

26. Deferred income tax assets and deferred income tax liabilities

(1) Income tax for current period

The recognition on which current income tax liabilities (or asset) for the current and prior periods is based on the measurement of the amount of income tax payable (or return) in the calculation of the provisions of the tax law in balance sheet date. The income tax expense is recognized based on calculated result of adjusted income benefit before tax by provisions of tax law.

(2) Deferred income tax assets and deferred income tax liabilities

For temporary differences between the carrying amount of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method.

For temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized. Besides, For taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, no deferred income tax liability related is recognized except where the Group is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Taxable temporary differences related to the initial recognition of goodwill, as well as the initial recognition of an asset or liability in a transaction that neither belongs to a business consolidation, nor affects the accounting profit and taxable income (or deductible loss) when it happens, the relevant deferred income tax liabilities shall not be recognized. In addition, as for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, if the Company could control the reverse time of such differences and such differences cannot be reversed in the foreseeable future, the relevant deferred income tax liabilities also shall not be recognized. Apart from the above-mentioned exceptional cases, the Company recognizes all other deferred income tax liabilities caused by taxable temporary differences.

The corresponding deferred tax assets of deductible loss and tax reduction that can be carried forward during subsequent years shall be recognized within the limit of likely obtained future taxable income that can be used to deduct the deductible loss and tax reduction.

The book value of the deferred income tax assets shall be re-checked at the balance sheet date. The book value of the deferred income tax assets shall be written-down if it is unlikely to obtain sufficient taxable income in the future to deduct the benefit of the deferred tax assets and the written-down amount shall be carried forward if it is likely to obtain sufficient taxable income.

(3) Income tax expense

The income tax include current income tax and deferred income tax.

In addition to confirm other comprehensive income or directly recorded in the owner's equity transactions and events related to the current income tax and deferred income tax is recognized in other comprehensive income or the owner's rights and interests, the book value of deferred income tax adjustments for goodwill in business combination, the rest of the current the tax and deferred income tax expense or income is recognized in the profits and losses of the current period.

(4) Income tax offset

When the company have the legal right to net settlement, intent to acquire assets or net settlement, settle the liability

simultaneously, The way presentation is by means of offsetting current tax assets against current tax liabilities.

When the company have the legal right to net settlement for current income tax assets and current income tax liabilities, And deferred tax assets and deferred tax liabilities are related to the same taxation authority on the same taxable income subject levied by or related to different taxable entities, But in each future period significant deferred tax assets and liabilities are reversed, the tax payer intends to offset current tax assets and liabilities or simultaneously acquire assets and settle liabilities, The group. The way presentation is by means of offsetting current tax assets against current tax liabilities.

27. Leases

(1) Accounting method of operating Lease

① The Group as Lessee under Operating Lease

Lease payments under an operating lease are recognized by a lessee on a straight-line basis over the lease term, and either included in the cost of the related asset or charged to profit or loss for the current period. The contingent rents shall be recorded in the profit or loss of the period in which they actually arise.

② The Group as Leaser under Operating Lease

Lease income from operating leases shall be recognized by the leaser in profit or loss on a straight-line basis over the lease term. Initial direct cost of significance in amount shall be capitalized when incurred. If another basis is more systematic and rational, that basis may be used. Contingent rents are credited to profit or loss in the period in which they actually arise.

(2) Accounting method of financing Lease

① The Group as Lessee under Operating Lease

For an asset that is held under a finance lease, at the lease commencement, the leased asset is recorded at the lower of its fair value at the lease commencement and the present value of the minimum lease payments, and the minimum lease payment is recorded as the carrying amount of the long-term payables; the difference between the recorded amount of the leased asset and the recorded amount of the payable is accounted for as unrecognized finance charge, Initial direct costs incurred by the lessee during the process of negotiating and securing the lease agreement shall be added to the amount recognized for the leased asset. The net amount of minimum lease payment deducted by the unrecognized finance shall be separated into long-term liabilities and long-term liability within one year for presentation.

Unrecognized finance charge shall be computed by the effective interest method during the lease term. Contingent rent shall be booked into profit or loss when actually incurred.

② The Group as Leaser under Operating Lease

For an asset that is leased out under a finance lease, the aggregate of the minimum lease receipts at the inception of the lease and the initial direct costs is recorded as a finance lease receivable, and unguaranteed residual value is recorded at the same time; the difference between the aggregate of the minimum lease receipt, initial direct costs, and unguaranteed residual value, and the aggregate of their present values, is recognized as unearned finance income, which is amortized using the effective interest rate method over each period during the lease term.

Finance lease receivable less unearned finance income shall be separated into long-term liabilities and long-term liability within one year for presentation.

Unearned finance income shall be computed by the effective interest method during the lease term. Contingent rent shall be credited into profit or loss in which actually incurred.

28. Material accounting judgments and accounting estimations

Because of the inherent uncertainties of the operating activities, the Group need to make judgments, estimations and assumptions to the financial statement items whose carrying amount cannot be accurately measured. Those judgments, estimations and assumptions are made based on the management's historical experience and taking other relevant factors into account. Those judgments, estimations and assumptions would influence the reported amount of revenue, expense, asset and liability and disclosure of the contingency liability on the balance sheet date. However, the actual result caused by the uncertainty of these estimations may be different with the present estimation made by the management, which may cause significant adjustments to the carrying amount of the influenced assets and liabilities in the future.

The Group are making periodical review on the judgments, estimations and assumptions mentioned above based on the premise of going concern. For the changes of estimations that only influence the current period, the influenced amount will be recognized in the current period. For the changes of estimations that not only influence the current period, but also affect the future periods, the influenced amount will be recognized in the current period and future period.

As of the balance sheet date, the material areas that need to be judged, estimated and assumed are listed below:

(1) The classification of lease

The lease are classified into operating lease and finance lease, according to the “Accounting Standards for Business Enterprise No.21-Lease”. When making the classification, the management need to make analysis and judgment about whether all risk and reward related with the ownership of assets leased out have been substantially transferred to the lessee or not ,or whether all risk and reward related with the ownership of the assets leased have substantially assumed by the Group.

(2) The provision for allowance for bad debt

The Group applies the allowance method to estimate the bad debt, according to the policy of accounts receivable. The impairment of accounts receivable is based on the evaluation of accounts receivable’ s possibility of collection. The difference between the actual result and the original estimation would influence the accounts receivable’ s carrying value and cause the balance of allowance for bad debt to increase or reverse back during the period when the estimation is changed.

(3) Provision for inventory

According to inventory accounting policy, the ending inventory is measured by the lower of cost and net realizable value. When the cost is greater than the net realizable value and the obsolete and unsalable inventory, the inventory falling price reserve shall be withdrawn. Reduce the inventory to the net realizable value is based on the evaluation the salable of the inventory and its net realizable value. Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made and take into consideration the purpose for which the inventory is held and the influences of events occurring after the balance sheet date. The difference between the actual result and original estimation will influence the carrying amount of the inventory and cause the provision for inventory to increase or reverse back during the period when the estimation is changed.

(4) The fair value of financial instrument

For the financial instrument lacking active trading market, the Group will use several valuation methods to make sure the fair value. The methods include the model to analyze the discounted cash flow etc. The Group will evaluate the following aspects, such as the future cash flow, credit risk, market volatility and the relativity etc. and then choose the applicable discounted rate, when making the evaluation. There are uncertainties for the relevant assumptions whose changes will influence the fair value of financial instrument.

(5) Provision for non-financial and non-current assets

The Group will make judgment on the non-current assets beside the financial assets about whether there are signs for impairment on the balance sheet date. For the intangible assets whose life is uncertain, when there are signs for impairment, it should be tested for impairment, beside the yearly impairment test. Other non-current assets beside the financial statement, when there are signs indicating that the carrying value are unrecoverable, it should be tested for impairment.

When the carrying value of the asset or asset group is greater than the recoverable amount (i.e., the net value of fair value less the cost of disposal and present value of the predicted future cash flow whichever is higher), it indicates impairment.

The net value of fair value less the cost of disposal, is referred to the agreed sale price of similar assets under fair trade or the observable market price, less the incremental cost directly related with the disposal of the assets.

The Group need to make significant judgment to the output of assets (or assets group), sale price, relevant operating cost and the discounted rate when estimating the present value of future cash flows. The Group will make use of any relevant material available when estimating the recoverable amount , including the prediction of the output, sale price and relevant operating cost according to reasonable and supportable assumptions.

The Group will test the goodwill for impairment at least once a year, which requires to estimate the present value of the future cash flows of the assets and assets group allocated with the goodwill . When estimating the present value to the future cash flow, the Group need to estimate the cash flows generating from the assets and assets group, and choose the applicable discount rate to determine the present value.

(6) Depreciation and amortization

The Group use the straight-line method to depreciate and amortize the investment real estate, fixed assets and intangible assets within the useful life after taking into the consideration of the residual value. By the way, the amount of depreciation and amortization during the report period are determined. The useful life is determined based on past experience and the predicted technical changes of similar assets. If there are significant changes of previous estimations, the depreciation and amortization would be adjusted in the future periods.

(7) Deferred tax asset

To the degree that there are sufficient taxable profit to make up the deductible losses, the Group will recognize the deferred tax assets for the un-used deductible losses. It requires the management to apply massive judgments to estimate the time and amount the taxable profits will generate in the future period combining with the strategic of tax planning to determine the amount of deferred tax asset.

(8) Income tax

There are some uncertainties for some trades' ultimate tax treatment and calculation. Some items need the determination from the tax authorities about whether they are deductible before tax or not. If the ultimate tax determination are different with the originally estimated amount, the difference will influence the current period income tax and the deferred income tax when the tax determination are finally made.

29.Changes in major accounting policies and accounting estimates

(1) Changes of accounting policies

There were no changes of main accounting policies during this period.

(2)Changes of accounting estimates

There were no changes of main accounting estimations during this period.

30.Material accounting judgments and accounting estimations

Because of the inherent uncertainties of the operating activities, the Group need to make judgments, estimations and assumptions to the financial statement items whose carrying amount cannot be accurately measured. Those judgments, estimations and assumptions are made based on the management' s historical experience and taking other relevant factors into account. Those judgments, estimations and assumptions would influence the reported amount of revenue, expense, asset and liability and disclosure of the contingency liability on the balance sheet date.However, the actual result caused by the uncertainty of these estimations may be different with the present estimation made by the management, which may cause significant adjustments to the carrying amount of the influenced assets and liabilities in the future.

The Group are making periodical review on the judgments, estimations and assumptions mentioned above based on the premise of going concern. For the changes of estimations that only influence the current period, the influenced amount will be recognized in the current period. For the changes of estimations that not only influence the current period ,but also affect the future periods, the influenced amount will be recognized in the current period and future period.

As of the balance sheet date, the material areas that need to be judged ,estimated and assumed are listed below:

(1) The classification of lease

The lease are classified into operating lease and finance lease, according to the "Accounting Standards for Business Enterprise No.21-Lease" .When making the classification, the management need to make analysis and judgment about whether all risk and reward related with the ownership of assets leased out have been substantially transferred to the lessee or not ,or whether all risk and reward related with the ownership of the assets leased have substantially assumed by the Group.

(2) The provision for allowance for bad debt

The Group applies the allowance method to estimate the bad debt, according to the policy of accounts receivable. The impairment of accounts receivable is based on the evaluation of accounts receivable' s possibility of collection. The difference between the actual result and the original estimation would influence the accounts receivable' s carrying value and cause the balance of allowance for bad debt to increase or reverse back during the period when the estimation is changed.

(3) Provision for inventory

According to inventory accounting policy, the ending inventory is measured by the lower of cost and net realizable value. When the cost is greater than the net realizable value and the obsolete and unsalable inventory, the inventory falling price reserve shall be withdrawn. Reduce the inventory to the net realizable value is based on the evaluation the salable of the inventory and its net realizable value. Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made and take into consideration the purpose for which the inventory is held and the influences of events occurring after the balance sheet date. The difference between the actual result and original estimation will influence the carrying amount of the inventory and cause the provision for inventory to increase or reverse back during the period when the estimation is changed.

(4) The fair value of financial instrument

For the financial instrument lacking active trading market, the Group will use several valuation methods to make sure the fair value. The methods include the model to analyze the discounted cash flow etc. The Group will evaluate the following aspects, such as the future cash flow, credit risk, market volatility and the relativity etc. and then choose the applicable discounted rate, when making the evaluation. There are uncertainties for the relevant assumptions whose changes will influence the fair value of financial instrument.

(5) Provision for non-financial and non-current assets

The Group will make judgment on the non-current assets beside the financial assets about whether there are signs for impairment on the balance sheet date. For the intangible assets whose life is uncertain, when there are signs for impairment, it should be tested for impairment, beside the yearly impairment test. Other non-current assets beside the financial statement, when

there are signs indicating that the carrying value are unrecoverable, it should be tested for impairment.

When the carrying value of the asset or asset group is greater than the recoverable amount (i.e., the net value of fair value less the cost of disposal and present value of the predicted future cash flow whichever is higher), it indicates impairment.

The net value of fair value less the cost of disposal, is referred to the agreed sale price of similar assets under fair trade or the observable market price, less the incremental cost directly related with the disposal of the assets.

The Group need to make significant judgment to the output of assets (or assets group), sale price, relevant operating cost and the discounted rate when estimating the present value of future cash flows. The Group will make use of any relevant material available when estimating the recoverable amount , including the prediction of the output, sale price and relevant operating cost according to reasonable and supportable assumptions.

The Group will test the goodwill for impairment at least once a year, which requires to estimate the present value of the future cash flows of the assets and assets group allocated with the goodwill . When estimating the present value to the future cash flow, the Group need to estimate the cash flows generating from the assets and assets group, and choose the applicable discount rate to determine the present value.

(6) Depreciation and amortization

The Group use the straight-line method to depreciate and amortize the investment real estate, fixed assets and intangible assets within the useful life after taking into the consideration of the residual value. By the way, the amount of depreciation and amortization during the report period are determined. The useful life is determined based on past experience and the predicted technical changes of similar assets. If there are significant changes of previous estimations, the depreciation and amortization would be adjusted in the future periods.

(7) Deferred tax asset

To the degree that there are sufficient taxable profit to make up the deductible losses, the Group will recognize the deferred tax assets for the un-used deductible losses. It requires the management to apply massive judgments to estimate the time and amount the taxable profits will generate in the future period combining with the strategic of tax planning to determine the amount of deferred tax asset.

(8) Income tax

There are some uncertainties for some trades’ ultimate tax treatment and calculation. Some items need the determination from the tax authorities about whether they are deductible before tax or not. If the ultimate tax determination are different with the originally estimated amount, the difference will influence the current period income tax and the deferred income tax when the tax determination are finally made.

VI. Taxation

1. Taxes and their rates

Category	Taxable basis	Tax rate
Value added tax (“VAT”)	Goods sales income, taxi operating income	17%、3%
Business tax	Proceeds from sales of properties, leasing-income,property management income	5%、3%
Construction tax	Turnover tax	7%
Income tax	Income tax payable	25%
Income tax*	Income tax payable	16.5%
Education surcharge(Local Education surcharge)	Turnover tax	5%
Land appreciation tax	Sales revenue of properties	Progressive rates ranging from 30%-60%

Note*: 1、 The rate of domestic enterprises is 25%, and the rate of HK enterprises is 16.5%.

2、 Referred as No. (2016) 36’Notice of a comprehensive expansion of the pilot scope of business tax VAT’, From May,1,2016As a general taxpayer of the value-added tax, sales the Self development real estate project,application of the general tax method tax rate of 11%,Simple collection of the old project levy rate of 5%,Real estate operating lease for general caculating tax method tax rate11%,old project for simple collection method tax rate 5%,Providing construction services for general

calculating method tax rate 11%,old project for simple collection method tax rate 3%,Business assistance services for general calculating method tax rate 6%,Catering accommodation service for general calculating method tax rate 6%.

VII. Notes to the Consolidated Financial Statements

1. Monetary funds

Currency: yuan

Item	Closing balance	Opening balance
Cash on hand	48,194.52	54,487.37
Cash in bank	1,496,639,124.40	1,169,701,818.99
Other monetary funds	6,000,000.00	6,000,000.00
Total	1,502,687,318.92	1,175,756,306.36
Including amount deposited in the foreign countries	9,175,418.72	9,096,056.99

Note:

As of Jun.30,2016, for the funds that the Group's ownership are restricted they are classified in Other monetary funds and RMB 6,000,000.00 deposited in the Company's rent escrow account for the Company's borrowings.

The closing balance of monetary fund is 1,502,687,318.92(Yuan).An increase of 27.81% compared with opening balance.The main reason is due to increased sales floor section

2. Note receivables

(1) Note receivables by types

Currency: yuan

Item	Closing balance	Opening balance
Trade acceptance	18,153,767.30	18,663,872.02
Total	18,153,767.30	18,663,872.02

(2) Note receivables pledged at year end

Note receivables pledged has not exist in closing balance.

(3) Note receivables endorsed or discounted at year end and not matured yet on the balance sheet date

Currency: yuan

Item	Amt. derecognized at year end	Amt. not derecognized at year end
Trade acceptance		18,153,767.30
Total		18,153,767.30

Note:

As of Jun.30, 2016, the trade acceptance discounted but not matured is RMB 18,153,767.30, the balance of related pledged borrowing is 18,153,767.30 (referring to the note 7.16). When the trade acceptance cannot be honored when it is mature, the bank has the power to ask the Group to repay the amount un-settled. The Group continues to recognize the carrying amount of the trade acceptance and records the amount received as pledged borrowing because of the transfer, due to the Group's still undertaking the main risk, such as credit risk relating with the trade acceptance etc..

3. Account receivables

(1) Accounts receivables by categories

Currency: yuan

Category	Closing balance					Opening balance				
	Carrying amount		Bad debt provision		Book value	Carrying amount		Bad debt provision		Book value
	Amount	(%)	Amount	(%)		Amount	(%)	Amount	(%)	
Accounts receivable of which provision	178,152,760.98	100.00%	19,189,315.16	10.77%	158,963,445.82	131,787,566.17	100.00%	19,243,657.51	14.60%	112,543,908.66

for bad debts is of individually insignificant										
Total	178,152,760.98	100%	19,189,315.16	10.77%	158,963,445.82	131,787,566.17	100.00%	19,243,657.51	14.60%	112,543,908.66

(2) Bad debt provision, recovery or reverse

The provision amount of bad debt is RMB 0.00 Yuan.;Recovery or reverse for bad debts Amount is RMB 0.00.

(3) Top 5 entities with the largest balances of accounts receivable

Currency: yuan

Name of entity	Relationship with the Group	Amount	Age	Proportion of the amount to the total AR (%)	Bad debt provision
Individual No.1	Un-related party	4,845,251.67	Within 1 year	2.72%	0
Individual No.2	Un-related party	3,847,455.99	Within 1 year	2.16%	0
Individual No.3	Un-related party	3,100,000.00	Within 1 year	1.74%	0
Individual No.4	Un-related party	2,655,000.00	Within 1 year	1.49%	0
Individual No.5	Un-related party	1,780,000.00	Within 1 year	1.00%	0
Total		16,227,707.66		9.11%	

Note:

The closing balance of account receivables is 158,963,445.82(yuan) in June 30, 2016.An increase of .An increase of 41.25% compared with opening balance.The main reason is due to increased accounts for projects.

4.Prepayments

(1) Aging analysis

Currency: yuan

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	45,512,659.34	100.00%	20,002,413.22	87.15%
1-2 years			2,949,204.73	12.85%
Over 3 years	761.45	0.00%	761.45	0.00%
Total	45,513,420.79	100%	22,952,379.40	100%

(2) Top 5 entities with the largest balances of prepayments

Currency: yuan

Name of entities	Relationship with the Group	Amount(yuan)	Proportion (%)	Timing	Reasons for unsettlement
Individual No.1	Un-related party	9,000,000.00	19.77%	Within 1 year	Unsettled
Individual No.2	Un-related party	5,788,995.24	12.72%	Within 1 year	Did not handle the settlement and materials warehousing procedures
Individual No.3	Un-related party	3,450,693.43	7.58%	Within 1 year	Did not handle the settlement and materials warehousing

					procedures
Individual No.4	Un-related party	2,918,549.58	6.41%	Within year	1 Did not handle the settlement and materials warehousing procedures
Individual No.5	Un-related party	2,546,696.75	5.60%	Within year	1 Did not handle the settlement and materials warehousing procedures
合计		23,704,935.00	52.08%		

Note:

The closing balance of prepayments is 45,513,420.79(Yuan).An increase of 98.30% compared with opening balance.The main reason is due to increased prepaid for project and material.

5.Dividend receivables

(1) dividend receivable

Currency: yuan

Item(Or name of investee)	Closing balance	Opening balance
Yunnan KunPeng Flight service Co., Ltd	1,052,192.76	1,052,192.76
Total	1,052,192.76	1,052,192.76

(2) Dividends receivable aging over 1year

Currency: yuan

Item(Or name of investee)	Closing balance	Aging	Reasons for uncollected amounts	Whether the amount is impaired and the base of judgment
Yunnan KunPeng Flight service Co., Ltd	1,052,192.76	3-4 年	Delay to pay	No
Total	1,052,192.76	--	--	--

6.Other receivables

(1) Other receivables by categories

Currency: yuan

Category	Closing balance					Opening balance				
	Carrying amount		Bad debt provision		Book value	Carrying amount		Bad debt provision		Book value
	Amount	(%)	Amount	(%)		Amount	(%)	Amount	(%)	
Other receivables of which provision for bad debts is of individually significant	153,268,970.17	62.03%	152,929,667.19	99.78%	339,302.98	162,687,688.88	65.17%	157,552,042.76	96.84%	5,135,646.12
Other receivables of which provision for bad debts is of individually insignificant	93,821,801.63	37.97%	30,803,897.38	32.83%	63,017,904.25	86,943,815.99	34.83%	30,406,118.69	34.97%	56,537,697.30
Total	247,090,771.80	100%	183,733,564.57	74.36%	63,357,207.23	249,631,504.87	100.00%	187,958,161.45	75.29%	61,673,343.42

Bad debt provision of other receivables which is of individually significant

Currency: yuan

Content of accounts receivable	Closing balance			
	Other receivables	Amount of bad debt	Proportion of provision	Reasons for the provision
Other receivables due from subsidiaries that are not included in the consolidated financial statements	129,109,401.68	129,109,401.68	100.00%	A separate provision is established according to the recoverability of each receivables with long aging and little retrievability.
Others	24,159,568.49	23,820,265.51	98.60%	A separate provision is established according to the recoverability of each receivables with long aging and little retrievability.
Total	153,268,970.17	152,929,667.19	99.78%	--

(2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision during the reporting period was of RMB 0.00; the amount of the reversed or collected part during the reporting period was of RMB4,800,000.00.

Including the significant part of the amount of the reversed or collected part during the reporting period :

Currency: yuan

Name of entity	Amount of the reversed or collected part	The means of reversed or collected
Luofu Hill Travelling Corporation	4,800,000.00	By means of monetary fund
Total	4,800,000.00	--

Note :

The company cooperated with Luofu Hill Tourism Company on Luofu Hill Tourism project in early years. The company instituted legal proceedings against Tourism Company because the Tourism Company failed to carry out the contract which is return of investment funds for many years. According to the operating conditions of the time, the company has made provision for investment fund 50% of bad debts for 4.8 million yuan. In the case of Luofu Hill Tourism Company had repeated breach of the contract. The company has filed a lawsuit to the intermediate people's Court of Huizhou City in April 17, 2006. The lawsuit has lasted for ten years. Signed the <implementation of the settlement agreement> in April 21, 2016. According to the agreement, Luofu Hill Tourism Company has deposit the liquidated damages to the designated account. So far the case has been processed end.

(3) No any other receivables that have been actual write-off in reporting period.

(4) Details of the other receivables displayed by nature

Currency: yuan

Nature of the other receivables	Closing balance	Beginning balance
The other receivable from subsidiaries not consolidated	130,433,537.72	130,433,537.72
Other	116,657,234.08	119,197,967.15
Total	247,090,771.80	249,631,504.87

(5) Top 5 entities with the largest balances of other receivables

Currency: yuan

Name of entity	Relationship with	Amount	Age	Proportion of the	Provision for bad
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	the Group			amount to the total OR (%)	debt at year end
Canada Great Wall(Vancouver) Co.,Ltd *	Subsidiaries not consolidated	89,035,748.07	Above 3 years	36.03%	89,035,748.07
Bekaton property Limited *	Subsidiaries not consolidated	12,559,290.58	Above 3 years	5.08%	12,559,290.58
Paklid Limited *	Subsidiaries not consolidated	18,997,984.22	Above 3 years	7.69%	18,997,984.22
Guangdong province Huizhou Luofu Hill Mineral Water Co.,Ltd	Others	10,465,168.81	Above 3 years	4.24%	10,465,168.81
Xi'an New peak property and trading company	Joint venture	8,419,205.19	Above 3 years	3.41%	8,419,205.19
Total	--	139,477,396.87	--	56.45%	139,477,396.87

7.Inventory

(1)Categories of inventory

Currency: yuan

Item	Closing balance			Opening balance		
	Carrying amount	Provision for inventories	Net carrying amount	Carrying amount	Provision for inventories	Net carrying amount
Raw materials	325,036.58		325,036.58	525,723.92		525,723.92
Finished products	877,739.69	278,891.91	598,847.78	673,786.32	278,891.91	394,894.41
Real estate developing products	670,319,570.83		670,319,570.83	545,991,041.32		545,991,041.32
Real estate developed products	1,088,352,944.39	8,956,487.12	1,079,396,457.27	1,391,791,237.50	12,991,351.75	1,378,799,885.75
Real estate which are going to be developed	159,653,497.75		159,653,497.75	159,653,497.75		159,653,497.75
Construction in progress	121,387,673.92		121,387,673.92	60,858,852.46		60,858,852.46
Total	2,040,916,463.16	9,235,379.03	2,031,681,084.13	2,159,494,139.27	13,270,243.66	2,146,223,895.61

(2)Detail of developing real estate products

Currency: yuan

Item	Starting time	Estimated total investment	Closing balance	Opening balance
		(million yuan)		
Chuanqi Tianju Building	Year	446.00	107,643,144.59	97,301,146.79

	2016			
Jingtian Tianju international Apartment	Year 2015	200.00	53,524,102.57	49,285,247.15
Shengfang Building	Year 2015	500.00	179,892,884.31	147,515,288.98
ShanTou Fresh Peak Building			24,576,738.38	24,396,781.61
Phase one of Tianyue harbor	Year 2015	787.30	304,682,700.98	227,492,576.79
Total			670,319,570.83	545,991,041.32

(3) Developed real estate products

Currency: yuan

Name of project	Finished time	Opening balance	Additions	Reductions	Closing balance
Jinye Island Multi-tier villa	Year 1997	38,933,768.09	0	0	38,933,768.09
Phase six of Jinye Island villa	Year 2007	2,961,996.22	0	0	2,961,996.22
Phase ten of Jinye Island villa	Year 2010	23,598,779.44	0	2,291,961.63	21,306,817.81
Phase eleven of Jinye Island villa	Year 2008	13,078,603.54	0	699,788.89	12,378,814.65
Shantou Yuejing Dongfang	Year 2014	95,018,036.91	0	16,434,141.81	78,583,895.10
Wenjing Garden		3,818,939.87	0	0	3,818,939.87
Real Estate building		11,025,444.77	0	0	11,025,444.77
HuaFeng Building		1,631,743.64	0	0	1,631,743.64
HuangPuXinChun		289,802.88	0	0	289,802.88
XingHu Garden Multi-tier		156,848.69	0	0	156,848.69
Shenfang Chuanqishan	Year 2013	727,220,152.74	0	169,993,504.46	557,226,648.28
Shenfang Shanglin Garden	Year 2014	473,752,563.66	0	114,018,896.32	359,733,667.34
BeiJing Fresh Peak Buliding		304,557.05	0	0	304,557.05
Total		1,391,791,237.50	0	303,438,293.11	1,088,352,944.39

(4)Real estate which are going to be developed

Name of project	Opening balance	Additions	Reductions	Closing balance
Phase two of Tianyue harbor (Shantou Jingzaiwan)	159,653,497.75	0	0	159,653,497.75
Total	159,653,497.75	0	0	159,653,497.75

(5) Movement of Provision of inventories

Currency: yuan

Item	Opening balance	Increase		Decrease		Closing balance
		Accrual	Others	Reversals or Write-off	Others	
Finished products	278,891.91					278,891.91
Real estate developed products	12,991,351.75			4,034,864.63		8,956,487.12
Total	13,270,243.66			4,034,864.63		9,235,379.03

(6) The illustration of capitalized borrowing cost in closing balance of inventory.

Capitalized borrowing cost in closing balance of inventory at year end is RMB52,892,792.40 .

Note:

As of June 30, 2016, Book value of 7,492,175.18 yuan inventory has been used in long-term loans mortgage(including long-term loans due in 1 year).See notes 7.23

8.Other current assets

Currency: yuan

Item	Closing balance	Opening balance
Value added tax	7,696,941.78	4,747,581.57
Business tax	32,710,389.33	12,721,511.78
City construction surcharge	2,647,261.14	991,440.88
Education surcharge	1,066,550.09	300,938.18
Local education surcharge	698,446.33	214,188.54
Embankment Protection Fee	55,749.43	5,737.34
Land appreciation tax	23,242,070.29	18,334,432.77
Financial Products of Trust		3,000,000.00
Income tax	1,404,997.31	
Total	69,522,405.70	40,315,831.06

Note:

The closing balance of monetary fund is 69,522,405.70Yuan.An increase of 72.44% compared with opening balance.The main reason is due to increased prepaid taxes.

9.Available-for-sale financial assets

(1)Details of available-for-sale financial assets

Currency: yuan

Item	Closing balance			Opening balance		
	Book balance	Impairment	Book value	Book balance	Impairment	Book value
Available-for-sale equity instrument :	17,464,240.74		17,464,240.74	17,464,240.74		17,464,240.74
Including : Measured by fair value	17,464,240.74		17,464,240.74	17,464,240.74		17,464,240.74
Total	17,464,240.74		17,464,240.74	17,464,240.74		17,464,240.74

(2)Available-for-sale financial assets measured by cost at year end

Currency: yuan

Investee	Book balance				Provision for impairment				Proportion rate in investee (%)	Curr. year cash div.
	Opening bal.	Increase.	Decrease	Closing bal.	Opening bal	increase	decrease	Closing bal.		
Shantou Small & Medium Enterprises Financing Guarantee Co., Ltd	12,000,000.00			12,000,000.00					10.00%	689,000.00
Yunnan KunPeng Flight service Co.,Ltd	5,464,240.74			5,464,240.74					25.00%	
Total	17,464,240.74			17,464,240.74					--	689,000.00

10. Long-term equity investments

Currency: yuan

Invested company	Opening balance	Change amount of this year								Closing balance	Closing balance of impairment provision
		Additonal investment	Negative investment	Profit and loss on investments confirmed with equity method	Other comprehensive income adjustment	Other equity change	Cash bonus or profits announced to issue	impairment provision	Other		
I. Joint ventures											
Guangdong province Huizhou Luofu Hill Mineral Water Co.,Ltd	9,969,206.09									9,969,206.09	9,969,206.09
Fengkai Xinhua Hotel	9,455,465.38									9,455,465.38	9,455,465.38
Jiangmen Xinjiang Real Estate Co., Ltd	9,037,070.89									9,037,070.89	912,537.16
Xi'an Fresh Peak	32,840,729.61									32,840,729.61	20,673,831.77

Property Trading Co., Ltd											
Dongyi Real Estate Co., Ltd	30,376,084.89									30,376,084.89	21,225,715.87
Subtotal	91,678,556.86									91,678,556.86	62,236,756.27
II.Associate											
Shenzhen Ronghua JiDian Co.,ltd	1,410,924.77			-63,790.59						1,347,134.18	1,076,954.64
Shenzhen Runhua Automobile trading Co.,Ltd	1,445,425.56									1,445,425.56	1,445,425.56
Subtotal	2,856,350.33			-63,790.59						2,792,559.74	2,522,380.20
Total	94,534,907.19			-63,790.59						94,471,116.60	64,759,136.47

III.Other long-term equity investment

Currency: yuan

Invested company	Opening balance	Change in period	Closing balance	Closing balance of Impairment provision
Shenzhen Shen Fang Industrial Development Co., Ltd	4,500,000.00		4,500,000.00	4,500,000.00
Shenzhen ZhongGang Haiyan Enterprise Ltd	12,940,900.00		12,940,900.00	12,940,900.00
Shenzhen Real Estate Consolidated Service Co., Ltd.	5,958,305.26		5,958,305.26	5,958,305.26
Paklid Limited	201,100.00		201,100.00	201,100.00
Bekaton Property	906,630.00		906,630.00	906,630.00
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd	8,180,003.63		8,180,003.63	8,180,003.63
Shenzhen Xin Dongfang Store Ltd	18,500,000.00		18,500,000.00	18,500,000.00
Shenzhen City	2,680,000.00		2,680,000.00	2,680,000.00

Shenfang Construction and Decoration Materials Ltd				
Shenzhen Shenfang Department Store Co. Ltd	10,000,000.00		10,000,000.00	10,000,000.00
Shenzhen CyberPort Co., Ltd	7,613,507.96		7,613,507.96	--
Shenzhen City SPG Bao An Development Ltd.	20,379,525.68		20,379,525.68	--
Shantou xinfeng building	58,547,652.25		58,547,652.25	58,547,652.25
Guangdong Province Fengkai Lian Feng Cement Manufacturing Co., Ltd	56,228,381.64		56,228,381.64	56,228,381.64
Total	203,636,006.42		203,636,006.42	178,642,972.78

11. Investment properties

Investment properties measured at cost.

Currency: yuan

Item	House& building	Land-use right	Construction in progress	Total
I.Original carrying value				
1.Opening balance	757,560,363.04	99,803,519.73		857,363,882.77
2.Increase in the year		2,740,550.70		2,740,550.70
(1) Outsourcing				
(2) Carried over from inventory,fix asset,construction in progress				
(3) Increase of corporate combination				
3.Decrease in the year				
(1) Disposal				
(2) Other write down				
4.Closing balance	757,560,363.04	102,544,070.43		860,104,433.47
II. Accumulative depreciation& amortization				

1. Opening balance	326,263,368.42			326,263,368.42
2. Increase in the year	10,272,819.00			10,272,819.00
(1) accrued or amortization	10,272,819.00			10,272,819.00
3. Decrease in the year				
(1) Disposal				
(2) Other write down				
4. Closing balance	336,536,187.42			336,536,187.42
III. Provision for impairment				
1. Opening balance	14,128,544.62	81,913,405.53		96,041,950.15
2. Increase in the year		2,249,297.83		2,249,297.83
(1) accrued				
3. Decrease in the year				
(1) Disposal				
(2) Other write down				
4. Closing balance	14,128,544.62	84,162,703.36		98,291,247.98
IV. Book value				
1. Closing book value	406,895,631.00	18,381,367.07		425,276,998.07
2. Opening book value	417,168,450.00	17,890,114.20		435,058,564.20

Note:

① Current period depreciation and amortization is RMB10,272,819.00.

② The decrease of original carrying value and provision for impairment of land-use right is caused by the fluctuation of foreign exchange rate when translating the foreign currency financial statements;

③ Among the investment properties, there were house & building with carrying value RMB368,381,573.15 that were used as mortgage of long-term loans (including the long-term loans that will mature within one year), referring to note 7.44 for details.

12. Fixed assets

Currency: yuan

Item	Houses & Buildings	Transportation equipment	Electronic equipment and others	Total
I. Original carrying value				
1. Opening balance	107,110,751.42	17,264,767.82	14,228,328.28	138,603,847.52
2. Increase in the year		360,224.96	576,320.70	936,545.66
(1) Purchasing		360,224.96	576,320.70	936,545.66
(2) Transferred from the construction in progress				
(3) Increase of corporate				

combination				
3. Decrease in the year			58,331.89	58,331.89
(1) Disposal or discard as useless			58,331.89	58,331.89
4. Closing balance	107,110,751.42	17,624,992.78	14,746,317.09	139,482,061.29
II .Accumulated depreciation				
1.Opening balance	63,435,651.90	11,865,140.43	11,089,069.88	86,389,862.21
2. Increase in the year	2,531,478.89	1,020,523.42	580,472.35	4,132,474.66
(1) accrued	2,531,478.89	1,020,523.42	580,472.35	4,132,474.66
3. Decrease in the year			54,903.90	54,903.90
(1) Disposal or discard as useless			54,903.90	54,903.90
4. Closing balance	65,967,130.79	12,885,663.85	11,614,638.33	90,467,432.97
III .Provision for Impairment				
1.Opening balance				
2. Increase in the year				
(1) accrued				
3. Decrease in the year				
(1) Disposal or discard as useless				
4. Closing balance				
IV.Book value				
1.Closing value	41,143,620.63	4,739,328.93	3,429,176.16	49,014,628.32
2.Opening Value	43,675,099.52	5,399,627.39	3,139,258.40	52,213,985.31

Note:

The depreciation for the current year is RMB 4,132,474.66 There were no constructions in progress transferred to fixed assets during the period.

As of 30 Jun 2016, amounting to RMB21,236,886.33of houses& buildings were used as mortgage for the long-term loans (including long-term loans that would mature within one year). Refer to Note 7.44).

13.Intangible assets

Currency: yuan

项目	Land Use Rights	Patent Right	Non-Patents Right	Taxi license	Total
I .Carrying value					
1. Opening balance			6,368,000.00	2,241,800.00	8,609,800.00
2.Increase in					

the year					
(1) Purchased					
(2) Internally developed					
(3) Increase of corporate combination					
3. Decrease in the year					
(1) Disposal					
4. Closing balance			6,368,000.00	2,241,800.00	8,609,800.00
II. Accumulated amortization					
1. Opening balance			1,606,746.83	1,348,233.17	2,954,980.00
2. Increase in the year			170,580.00	83,790.00	254,370.00
(1) accrued					
3. Decrease in the year					
(1) Disposal					
4. Closing balance			1,777,326.83	1,432,023.17	3,208,350.00
III. Provision for Impairment					
1. Opening balance					
2. Increase in the year					
(1) accrued					
3. Decrease in the year					
(1) Disposal					
4. Closing balance					
IV. Book value					
1. Closing value			4,590,673.17	809,776.83	5,400,450.00
2. Opening Value			4,761,253.17	893,566.83	5,654,820.00

15. Long-term Prepaid Expenses

Currency: yuan

Item	Opening balance	Increase	Amortization	Other reductions	Reason for other
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					reductions
Renovation costs	391,691.74	400,905.06	121,605.53		670,991.27
Others	5,916.90		5,916.90		0.00
Total	397,608.64	400,905.06	127,522.43		670,991.27

Note:

.Long-term Prepaid Expenses

The closing balance of long-term Prepaid Expenses is 1670,991.27Yuan. An increase of 68.76% compared with opening balance. The main reason is due to increased office decoration fee.

15. Deferred tax asset and deferred tax liability

(1) Deferred tax assets that are presented at the net amount after offset and correspondingly deductible or taxable temporary differences

Currency: yuan

Item	Closing balance		Opening balance	
	Deductible or taxable temporary differences	Deferred tax assets	Deductible or taxable temporary differences	Deferred tax assets
Provision for impairment losses of assets	9,013,961.84	2,253,490.46	12,991,351.75	3,247,837.94
Eliminated unrealized profit when consolidating financial statement			2,720,518.78	680,129.70
Deductible loss	22,066,819.40	5,516,704.85	22,066,819.40	5,516,704.85
Expected profit for advances received from customers	35,692,801.56	8,923,200.39	35,750,276.24	8,937,569.06
Provision for settlement of land appreciation tax	55,260,506.64	13,815,126.66	55,260,506.64	13,815,126.66
Total	122,034,089.44	30,508,522.36	128,789,472.81	32,197,368.21

(2) Details of offsetting deferred tax assets and deferred tax liability

Currency: yuan

Item	Closing amount which offset amount of deferred tax assets and liabilities	Closing amount of deferred tax assets or liabilities	Opening amount which offset amount of deferred tax assets and liabilities	Opening amount of deferred tax assets or liabilities
Deferred tax assets		30,508,522.36		32,197,368.21

(3) (2)Details of unrecognized deferred tax assets

Currency: yuan

Item	Closing balance	Opening balance
Deductible operating losses	3,374,340.71	3,374,340.71
Bad debt provision	49,490,244.69	49,490,244.69
Provision for decline in value of inventories	69,722.98	69,722.98
Provision for impairment of long-term investments	60,850,527.31	60,850,527.31
Provision for impairment of investment properties	22,895,326.66	22,895,326.66
Total	136,680,162.35	136,680,162.35

(4) Deductible losses for which no deferred tax assets are recognized will expire in the following years.

Currency: yuan

Year	Closing balance	Opening balance	Notes
2016	1,008,640.93	1,008,640.93	
2017	138,864.68	138,864.68	
2018	1,665,661.89	1,665,661.89	
2019	124,125.69	124,125.69	
2020	17,615,495.00	17,615,495.00	
2021			
Total	20,552,788.19	20,552,788.19	--

16.Short-term loans

(1) The detail of short-term loan by type

Currency: yuan

Item	Closing balance	Opening balance
Pledged Loan	100,284,378.21	118,418,286.29
Credit Loan	22,000,000.00	25,000,000.00
Total	122,284,378.21	143,418,286.29

Note:

Pledge loan see note VII.2 and VII.23

17. Accounts payable

Details of accounts payable

Currency: yuan

Item	Closing balance	Opening balance
Within 1 year	18,059,433.29	23,462,580.29
Over 1 year	164,365,494.74	266,990,530.21
Total	182,424,928.03	290,453,110.50

Note:

Significant accounts payable aged more than one year is for the unsettled project at the end of the period.

The closing balance of accounts payable is 182,424,928.03 Yuan. An increase of 37.19% compared with opening balance. The main reason is due to increased payment of the due Settlement of completed product development.

18.Advance received from Customers

(1) Details of advances received from customers

Currency: yuan

Item	Closing balance	Opening balance
Within one year	845,213,368.57	469,766,020.08
Over one year	8,717,575.00	5,854,327.27
Total	853,930,943.57	475,620,347.35

(2) Detail of advances received from customers aged more than one year

Currency: yuan

Item	Closing balance	Reason of not yet repaid or transferred into income
advanced received from housing buyers	8,717,575.00	Unconditioned to transferred into income

Note:

Significant advances from customers aged more than one year is the advanced received from housing buyers, as such receipts have not been transferred into income at the end of the period.

The closing balance of advance received from Customers is 853,930,943.57 Yuan. An increase of 79.54% compared with opening balance. The main reason is due to increased collect in advance from selling house and construction cost.

19.Employee benefits payable

(1)Details of employee benefits payable

Currency: yuan

Item	Opening balance	Increase	Decrease	Closing balance
I .Short-term remuneration	37,472,374.35	63,256,023.05	64,843,021.58	35,885,375.82
II .Post-employment-Defined contribution plans payable	1,277,645.37	7,456,462.40	7,479,281.72	1,254,826.05
Total	38,750,019.72	70,712,485.45	72,322,303.30	37,140,201.87

(2)Details of short-term remuneration

Currency: yuan

Item	Opening balance	Increase	Decrease	Closing balance
1.Salary, bonus, allowance and subsidies	35,629,727.54	55,382,825.14	56,958,012.39	34,054,540.29
2.Employee welfare		1,877,563.00	1,877,563.00	
3.Social insurance premium	1,094,679.31	1,962,385.40	1,961,602.60	1,095,462.11
Including: Medical insurance	1,093,804.76	1,731,384.80	1,730,520.80	1,094,668.76
Employment injury insurance	672.12	62,735.24	62,735.24	672.12
Maternity insurance	202.43	168,265.36	168,346.56	121.23
4.Housing fund	699,806.64	2,889,576.48	2,892,742.08	44,995.26
5.Labor union fees& Employee education fees	48,160.86	1,143,673.03	1,153,101.51	690,378.16
Total	37,472,374.35	63,256,023.05	64,843,021.58	35,885,375.82

(3) Defined contribution plans payable

Currency: yuan

Item	Opening balance	Increase	Decrease	Closing balance
1.Basic endowment insurance	1,250,798.81	4,521,486.64	4,520,286.64	1,251,998.81
2.Unemployment insurance	114.92	159,487.48	159,406.28	196.12
3.Company annuity payment	26,731.64	2,775,488.28	2,799,588.80	2,631.12
Total	1,277,645.37	7,456,462.40	7,479,281.72	1,254,826.05

20. Taxes payable

Currency: yuan

Item	Closing balance	Opening balance
VAT	377,107.82	
Business tax	622,001.65	2,066,816.91
Corporate income tax	45,027,212.68	52,363,258.82
Individual income tax	918,243.88	923,572.01
City construction and maintenance tax	51,294.43	106,889.20
Property tax	1,688,886.04	1,715,996.96
Land appreciation tax	6,373,750.90	5,708,711.22

Education surcharge	32,803.59	72,990.50
Others	1,958,932.15	501,179.80
Total	57,050,233.14	63,459,415.42

21、Interest payable

Currency: yuan

Item	Closing balance	Opening balance
Interest of long-term loans with interest payable by installments and principle payable on maturity		1,000,000.00
Others	16,535,277.94	16,535,277.94
Total	16,535,277.94	17,535,277.94

Note: The balance of "Other" refers to the interest payable to Shenzhen Investment Holdings Co., Ltd., being accrued for the loans. Please refer refer to note 10.6 (2).

22.Other payables

(1)Details of other payables

Currency: yuan

Item	Closing balance	Opening balance
Land appreciation tax accrued	144,848,928.01	146,838,995.86
Payable to related parties	63,340,761.01	63,340,761.01
Deposit	81,894,330.63	82,194,532.63
Others	101,509,892.30	93,437,014.83
Total	391,593,911.95	385,811,304.33

(2) Description of significant other payables aged more than one year

Currency: yuan

Name of entity	Amount	Reason of not yet repaid or transferred into income
Tax accrued- land appreciation tax	43,347,446.23	Unsettled
Shenzhen Investment Holdings Co., Ltd.	28,848,819.24	Unsettled
Total	72,196,265.47	--

Note:

The Group made provision for LAT, according to Guo Shui Fa [2006] No. 187 "LAT liquidation management issues of real estate development enterprises made by the State Administration of Taxation ". As at Jun 30, 2016, the closing balance is RMB 144,848,928.01.

23.Non-current liability due in 1 year

Currency: yuan

Item	Closing balance	Opening balance
Long-term loans due in one year	144,239,634.08	168,727,608.54
Total	144,239,634.08	168,727,608.54

24. Long-term loans

(1)Long-term loans categories

Currency: yuan

Item	Closing balance	Opening balance
Loan with mortgage	325,399,708.82	382,233,324.88
Total	325,399,708.82	382,233,324.88

Other note, including the range of interest rate:

Top 5 significant long-term loans(including non-current liability due in 1 year)					Currency: yuan
Lender	The inception of loans	Maturity date	Currency	Closing balance	Opening balance

Chinese Mercantile Bank Shenzhen Branch	2015.4.1	2025.4.1	RMB	160,000,000	180,000,000
China Zheshang Bank Shenzhen Branch	2013.8.23	2018.8.16	RMB	83,000,000	73,000,000
Shenzhen Rural Commercial Bank	2014.11.27	2019.11.27	RMB	82,000,000	94,000,000
Shenzhen Rural Commercial Bank	2013.8.29	2018.8.29	RMB	72,600,000	79,200,000
Beijing Bank Shenzhen Branch	2014.12.9	2017.12.9	RMB	35,000,000	30,000,000
Total				432,600,000	456,200,000

Note: The rates of above loans depend on the benchmark interest rate of the People's Bank of China for the same period adding a certain floating proportion of the benchmark interest rate.

25. Long-term payables

(1) Details of long-term payables

Currency: yuan

Item	Closing balance	Opening balance
Maintenance fund	10,438,655.14	10,480,629.35
Total	10,438,655.14	10,480,629.35

26. Share capital

Currency: yuan

Item	Opening balance	Changes for the period (+, -)					Closing balance
		Newly issued shares	Bonus issue	Surplus converted	Other	Subtotal	
Total shares	1,011,660,000.00						1,011,660,000.00

27. Capital surplus

Currency: yuan

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium	557,433,036.93			557,433,036.93
Other capital reserve	420,811,873.18			420,811,873.18
Total	978,244,910.11			978,244,910.11

28. Other comprehensive income

Currency: yuan

Item	Opening balance	Amount incurred this year					Closing balance
		Accrual before income tax this year	Less: previous years' OCI transferred to P&L in current period	Less: income tax	Attributable to parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive income that would be classified into profit and loss in the future	10,063,591.61	-2,241,980.77			-1,569,386.54	-672,594.23	8,494,205.07
including: the difference of foreign currency financial	10,063,591.61	-2,241,980.77			-1,569,386.54	-672,594.23	8,494,205.07

statement translation							
Total	10,063,591.61	-2,241,980.77			-1,569,386.54	-672,594.23	8,494,205.07

29.Surplus reserve

Currency: yuan

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	40,823,841.35			40,823,841.35
Total	40,823,841.35			40,823,841.35

30.Undistributed profit

Currency: yuan

Item	Amount for the current period	Amount for the prior period
Before adjustment: Undistributed profits at the end of prior year	290,911,773.00	157,147,182.36
After adjustment: Undistributed profits at beginning of year	290,911,773.00	157,147,182.36
Plus: net profit attributable to the shareholders of the parent company in the period	134,761,121.51	186,407,824.38
Less: Appropriation to the statutory surplus reserve		37,200,223.52
Undistributed profit at the end of the period	425,672,894.51	306,354,783.22

31.Operating income and costs

(1)Operating income and operating costs

Currency: yuan

Item	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Main operating business income	1,082,674,647.12	806,066,310.73	1,136,260,495.32	688,386,890.94
Other operating business income	15,212,322.56	9,960,933.38	11,292,278.64	9,258,985.21
Total	1,097,886,969.68	816,027,244.11	1,147,552,773.96	697,645,876.15

(2)Principal operating activities (classified by industries)

Currency: yuan

Name of industry	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Real estate	531,354,186.00	302,088,298.98	778,325,116.00	373,731,699.64
Construction	472,256,586.11	450,003,730.35	288,560,669.29	274,146,245.43
Leasing	39,640,195.52	17,884,231.72	40,340,045.53	15,684,513.28
Property management	54,794,063.91	50,959,546.17	53,788,728.05	49,335,954.47
Subtotal	1,098,045,031.54	820,935,807.22	1,161,014,558.87	712,898,412.82
Less: offset the internal amount	15,370,384.42	14,869,496.49	24,754,063.55	24,511,521.88

Name of industry	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Total	1,082,674,647.12	806,066,310.73	1,136,260,495.32	688,386,890.94

(3) Principal operating activities (classified by geographical areas)

Currency: yuan

Name of geographical area	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Domestic:				
GuangDong Province	1,035,923,706.97	762,496,486.35	1,121,494,711.98	675,731,968.47
Others	61,835,121.24	58,439,320.87	39,256,306.71	37,166,444.35
Overseas:	286,203.33		263,540.18	--
Subtotal	1,098,045,031.54	820,935,807.22	1,161,014,558.87	712,898,412.82
Less: offset the internal amount	15,370,384.42	14,869,496.49	24,754,063.55	24,511,521.88
Total	1,082,674,647.12	806,066,310.73	1,136,260,495.32	688,386,890.94

(4) Operating income from the Company' s top 5 customers

Currency: yuan

Amount for the current period			Amount for the prior period		
Customer name	Total operating income	Proportion to total operating income of the Company (%)	Customer name	Total operating income	Proportion to total operating income of the Company (%)
Corporation unit No.1	15,951,238.36	1.45%	Corporation unit No.1	10,723,075.42	0.93%
Individual No.1	10,721,149.00	0.98%	Individual No.1	10,147,591.00	0.88%
Individual No.2	11,596,946.00	1.06%	Corporation unit No.2	8,765,196.00	0.76%
Individual No.3	11,427,694.00	1.04%	Corporation unit No.3	7,970,000.00	0.69%
Individual No.4	10,076,464.00	0.92%	Corporation unit No.4	7,776,000.00	0.68%
Total	59,773,491.36	5.44%	Total	45,381,862.42	3.95%

32.Business taxes and surcharges

Currency: yuan

Item	Amount for the current period	Amount for the prior period
Business tax	44,633,179.90	52,611,770.88
City construction and maintenance tax	3,064,682.10	3,676,074.73
Education surcharges	1,433,871.60	1,633,057.08
Property tax	3,067,735.56	3,147,535.56
Land appreciation tax	33,110,656.95	67,402,567.36
Local education surcharges	871,353.80	1,007,544.94

Embankment Protection Fee	186,729.80	133,784.09
Total	86,368,209.71	129,612,334.64

Note:

The amount of current business taxes and surcharges is 86,368,209.71 yuan. An decrease of 33.36% compared with prior period. The main reason is due to decrease in real estate income.

33. Selling expenses

Currency: yuan

Item	Amount for the current period	Amount for the prior period
Employee benefits	1,949,636.81	2,185,633.42
Advertising expenses	873,616.00	859,282.31
Entertainment expenses	346,619.50	431,393.00
Sales agency fees and commissions	1,469,750.06	12,045,046.88
Others	468,119.06	1,724,821.14
Total	5,107,741.43	17,246,176.75

Note:

The amount of current selling expenses is 5,107,741.43 yuan. An decrease of 70.38% compared with prior period. The main reason is due to decreased sales agency fee and commission.

34. Administrative expenses

Currency: yuan

Item	Amount for the current period	Amount for the prior period
Employee benefits	13,493,611.11	16,438,072.85
Taxes	1,878,051.29	1,867,538.36
Depreciation	1,640,917.98	1,779,493.54
Entertainment expenses	1,234,043.90	1,503,771.42
Intermediary fee	1,606,081.53	1,408,255.95
Travel expense	268,286.15	294,564.16
Administrative expenses	611,089.04	624,088.54
Repair charge	394,372.96	353,534.20
Water and electricity charges	335,834.38	569,519.97
Other amortization	348,472.10	339,187.58
Others	5,146,571.33	3,527,957.33
Total	26,957,331.77	28,705,983.90

35. Financial expenses

Currency: yuan

Item	Amount for the current period	Amount for the prior period
Interest expenses	26,540,177.38	33,090,502.72
Less: Interest income	18,885,542.00	6,925,211.14
Less: capitalized interest expenses	14,548,928.60	1,519,728.41
Exchange differences	-334,107.73	6,742.52
Less: Capitalized exchange differences		
Others	180,247.31	303,626.16
Total	-7,048,153.64	24,955,931.85

Note:

The amount of current financial expenses is -7,048,153.64 Yuan. An decrease of 128.24% compared with prior period. The main reason is due to that the interest capitalization has been started in new project.

36. Impairment losses of assets

Currency: yuan

Item	Amount for the current period	Amount for the prior period
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I .Bad debt loss	-4,800,000.00	159,351.00
Total	-4,800,000.00	159,351.00

Note:

The company cooperated with Luofu Hill Tourism Company on Luofu Hill Tourism project in early years. The company instituted legal proceedings against Tourism Company because the Tourism Company failed to carry out the contract which is return of investment funds for many years. According to the operating conditions of the time, the company has made provision for investment fund 50% of bad debts for 4.8 million yuan. In the case of Luofu Hill Tourism Company had repeated breach of the contract. The company has filed a lawsuit to the intermediate people's Court of Huizhou City in April 17, 2006. The lawsuit has lasted for ten years. Signed the "implementation of the settlement agreement" in April 21, 2016. According to the agreement, Luofu Hill Tourism Company has deposit the liquidated damages to the designated account. So far the case has been processed end. Therefore, the provision for bad debts has reversed.

37. Investment income

Currency: yuan

Item	Amount for the current period	Amount for the prior period
Investment income from long-term investments under cost method	-63,790.59	-129,692.73
Investment income from holding trading financial assets	689,000.00	350,000.00
Total	625,209.41	220,307.27

Note:

The company has received 689,000 yuan cash dividends from Shantou SME Financing Guarantee Co., Ltd in current period.

38. Non-operating income

Currency: yuan

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the period
Gains on penalty	175,149.92	396,437.33	175,149.92
Others	5,038,308.02	65,267.79	5,038,308.02
Total	5,213,457.94	461,705.12	5,213,457.94

Note:

The amount of current non-operating income is 5,213,457.94 Yuan. An increase of 71,029.17% compared with prior period. The main reason is due to receive the litigation claims of lawsuit with Luofu Hill Tourism Company.

39. Non-operating expenses

Currency: yuan

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the period
Total losses on disposal of non-current assets	2,647.50	10,037.32	
Including: Losses on disposal of fixed assets	2,647.50	10,037.32	2,647.50
Donations to third parties	19,500.00	44,000.00	19,500.00
Penalty expense			
Compensation expense	6,115.17	50.00	6,115.17
Others	72,314.73	24,727.83	72,314.73
Total	100,577.40	78,815.15	100,577.40

40. Income tax expenses

(1) Details of income tax expenses

Currency: yuan

Item	Amount for the current period	Amount for the prior period
------	-------------------------------	-----------------------------

Current tax expense calculated according to tax laws and relevant requirements	47,293,403.64	68,703,538.14
Adjustments to deferred tax	-1,008,716.16	-5,277,246.70
Total	46,284,687.48	63,426,291.44

(2) The process of calculating the income tax based on accounting profit

Currency: yuan

Item	Incurring in the current year
Consolidated profit this year	181,012,686.25
Income tax calculated at legal or applicable tax rate	45,253,171.56
Impact of various tax rates applicable to subsidiaries	848,061.70
Impact of non-deductible cost, expense and loss	183,454.22
Income taxes	46,284,687.48

41. Other comprehensive income

Note: Please refer to note 28.

42. Notes to items in the cash flow statements

(1) Other cash receipts relating to operating activities

Currency: yuan

Item	Amount for the current period	Amount for the prior period
Interest income	11,295,056.29	3,702,703.58
Cash pledge and security deposits	10,370,363.90	13,400,587.78
Security deposit for mortgage	183,644.67	1,624,784.25
Others	22,920,758.68	24,232,913.05
Total	44,769,823.54	42,960,988.66

(2) Other cash payments relating to operating activities

Currency: yuan

Item	Amount for the current period	Amount for the prior period
Cash paid to general and administrative expenses	16,286,386.18	9,992,904.33
Cash paid to operating expenses	3,080,233.10	16,924,176.59
Cash pledge and security deposits	10,701,125.01	15,151,522.32
Property license fee and survey fee	1,077,699.15	1,156,112.97
Others	5,927,462.18	19,045,444.59
Total	37,072,905.62	62,270,160.80

Note:

The amount of current other cash payments relating to operating activities is 37,072,905.62 Yuan. An decrease of 40.46% compared with prior period. The main reason is due to decreased fees paid cash sales, deposit, margin and other payment.

(3) Other cash receipts relating to financing activities

Currency: yuan

Item	Amount for the current period	Amount for the prior period
The guarantee deposit		2,785,000.00
Total		2,785,000.00

43. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Currency: yuan

Supplementary Item	Amount for the current period	Amount for the prior period
I. Reconciliation of net profit to cash flows from operating activities:	--	--
Net profit	134,727,998.77	186,404,025.47

Add: Provision for asset impairment	-4,800,000.00	159,351.00
Depreciation of fixed assets, bio-assets, and natural gas	13,626,249.37	13,952,957.67
Amortization of intangible assets	254,370.00	276,169.98
Amortization of long-term deferred expense	127,522.43	145,076.40
Losses on disposal of fixed assets, intangible assets and other long-term assets(deduct: gains)		9,932.32
Losses on scrapping of fixed assets (deduct: gains)	1,934.79	105.00
Financial expenses (deduct: gains)	18,699,884.75	28,205,431.12
Losses from investments (deduct: gains)	-625,209.41	-220,307.27
Decrease in deferred tax assets (deduct: increase))	1,688,845.85	-5,277,246.70
Decrease in inventories (deduct: increase)	298,465,327.85	342,132,988.01
Decrease in operating receivables (deduct: increase)	73,591,766.23	-152,329,521.97
Increase in operating payables (deduct: decrease)	-109,590,709.87	42,427,982.92
Net cash flows from operating activities	426,167,980.76	455,886,943.95
II .Investing and financing activities that do not affect cash receipt and payment	--	--
III .Net increase in cash and cash equivalents:	--	--
Cash at the end of the period	1,496,687,318.92	966,629,585.33
Less: cash at the beginning of the period	1,169,756,306.36	670,119,849.03
Net increase in cash and cash equivalents	326,931,012.56	296,509,736.30

(2) Information of cash and cash equivalents

Currency: yuan

Item	Amount for the current period	Amount for the prior period
I .Cash	1,496,687,318.92	1,169,756,306.36
Including: Cash on hand	48,194.52	54,487.37
Bank deposits	1,496,639,124.40	1,169,701,818.99
II .Closing balance of cash and cash equivalents	1,496,687,318.92	1,169,756,306.36

44. Ownership or use-right restricted assets

Currency: yuan

Item	Closing balance	The reasons for restriction
Monetary fund	6,000,000.00	The minimum amount in the Company's rent escrow account for the Company's borrowings.
Note receivables	18,153,767.30	mortgaged
Inventories	7,492,175.18	mortgaged

Fixed assets	21,236,886.33	mortgaged
Investment property	348,004,609.51	mortgaged
Account receivables	82,130,610.91	mortgaged
Total	483,018,049.23	--

45. The items of foreign currency

(1) Details of items of foreign currency

Currency: yuan

Item	Closing balance of foreign currency	Exchange rate	Closing balance of RMB converted
Monetary fund			
Including: USD	111,931.91	6.7023	750,196.72
HKD	10,433,775.15	0.8574	8,945,421.66
accounts receivable			
HKD	4,905,150.10	0.8574	4,205,479.49

(2) The illustration of oversea operating entities, For the significant operating entities, Their should illustrate the significant operating base, functional currency and its selecting base. If the functional currency has changed, illustrating the reason is needed. The Group's significant oversea operating entities are American Great Wall Co., Ltd and Fresh Peak Investment Co., Ltd. American Great Wall Co., Ltd chooses the USD as the its functional currency, for its main operating activities are in the USA; Fresh Peak Investment Co., Ltd. chooses the RMB as its functional currency, for it is a investment company and its main operating activities are in the mainland of China.

VIII. The changes of the scope of consolidation

There were no changes for the Group's consolidation scope this year.

IX. Equities in other entities.

1. Equities in the subsidiaries

(1) The formation of the Group

Name of the subsidiary	Main operating area	Reg. place	Business nature	Shareholding proportion (%)		Method of acquiring
				Direct	Indirect	
Shenzhen Petrel Hotel Co. Ltd.	Shenzhen	Shenzhen	Services	68.10%	31.90%	Acquiring through establishment or investment
Shenzhen City Property Management Ltd.	Shenzhen	Shenzhen	Services	95.00%	5.00%	Acquiring through establishment or investment
Shenzhen Zhen Tung Engineering Ltd.	Shenzhen	Shenzhen	Services	73.00%	27.00%	Acquiring through establishment or investment
Shenzhen City We Gen Construction Management Ltd.	Shenzhen	Shenzhen	Services	75.00%	25.00%	Acquiring through establishment or investment
Shenzhen City Car Rental Ltd.	Shenzhen	Shenzhen	Services	55.00%	45.00%	Acquiring through establishment or investment
Shenzhen	Shenzhen	Shenzhen	Services	70.00%	30.00%	Acquiring

Shenfang Car Park Ltd						through establishment or investment
Shenzhen City Shenfang Investment Ltd.	Shenzhen	Shenzhen	Investment	90.00%	10.00%	Acquiring through establishment or investment
Shenzhen City Shenfang Free Trade Trading Ltd.	Shenzhen	Shenzhen	Commercial trade	95.00%	5.00%	Acquiring through establishment or investment
Shenzhen City SPG Long Gang Development Ltd.	Shenzhen	Shenzhen	Real estate	95.00%	5.00%	Acquiring through establishment or investment
Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Property and Estate Co., Ltd.	Guangzhou	Guangzhou	Real estate	100.00%		Acquiring through establishment or investment
Beijing fresh peak property development management limited company	Beijing	Beijing	Real estate	75.00%	25.00%	Acquiring through establishment or investment
Beijing SPG Property Management Limited	Beijing	Beijing	Services	10.00%	90.00%	Acquiring through establishment or investment
Shenzhen ShenWu Elebator Co.,Ltd	Shenzhen	Shenzhen	Services		100.00%	Acquiring through establishment or investment
Shenzhen Lain Hua Industry and Trading Co. Ltd.	Shenzhen	Shenzhen	Services	95.00%	5.00%	Acquiring through establishment or investment
Fresh Peak Holding Ltd.	HongKong	HongKong	Investment and management	100.00%		Acquiring through establishment or investment
Wellam Ltd.	HongKong	HongKong	Investment holding		100.00%	Acquiring through establishment or investment

Shantou SEZ Wellam Fty Bldg., Dev. Co.	ShanTou	ShanTou	Real estate		100.00%	Acquiring through establishment or investment
Shantou Huafeng Estate Dev.Co	ShanTou	ShanTou	Real estate	100.00%		Acquiring through establishment or investment
Great Wall Estate Co., Inc	USA	USA	Real estate	70.00%		Acquiring through establishment or investment
Fresh Peak Holdings Ltd.	HongKong	HongKong	Investment and management	100.00%		Acquiring through establishment or investment
Fresh Peak Investment Ltd.	HongKong	HongKong	Property Investment		55.00%	Acquiring through establishment or investment
Openice Ltd.	HongKong	HongKong	Investment and management	20.00%	80.00%	Acquiring through establishment or investment
Barenie Co. Ltd.	HongKong	HongKong	Property Investment	80.00%		Acquiring through establishment or investment
Keyear Development Ltd.	HongKong	HongKong	Investment		100.00%	Acquiring through establishment or investment
Guangzhou Huangpu Xizun real estate limited company	GuangZhou	GuangZhou	Real estate		100.00%	Acquiring through establishment or investment
Fresh Peak Real Estate Dev. Construction (Wuhan) Co. Ltd.	WuHan	WuHan	Real estate		100.00%	Acquiring through establishment or investment
Shantou Special Economic Zone Real Estate (Group) Songshan Property and	Shantou	Shantou	Real estate		100.00%	Subsidiary acquired through emerge under non-common control

Estate Co., Ltd.						
Shenzhen Shenfang Department Store Co. Ltd.* ①	Shenzhen	Shenzhen	Commercial trade	95.00%	5.00%	Acquiring through establishment or investment
Shenzhen CyberPort Co., Ltd.* ②	Shenzhen	Shenzhen	Consultant	70.00%		Acquiring through establishment or investment
Shenzhen City SPG Bao An Development Ltd.* ③	Shenzhen	Shenzhen	Real estate	95.00%	5.00%	Acquiring through establishment or investment
Shenzhen Real Estate Consolidated Service Co., Ltd.* ④	Shenzhen	Shenzhen	Integrated Services	100.00%		Acquiring through establishment or investment
Shenzhen Shen Fang Industrial Development Co., Ltd.* ⑤	Shenzhen	Shenzhen	Investment	100.00%		Acquiring through establishment or investment
Shenzhen Tefan Real Estate Consolidated Service Co., Ltd.* ⑥	Shenzhen	Shenzhen	Services	100.00%		Acquiring through establishment or investment
Bekaton Property Limited* ⑦	Australia	Australia	Real estate	60.00%		Acquiring through establishment or investment
Canada Great Wall (Vancouver)* ⑦	Canada	Canada	Real estate		60.00%	Acquiring through establishment or investment
Paklid Limited* ⑦	HongKong	HongKong	Commercial trade	100.00%		Acquiring through establishment or investment
Shenzhen City Shenfang Construction and Decoration Materials Ltd* ⑧	Shenzhen	Shenzhen	Commercial trade	100.00%		Acquiring through establishment or investment
Shenzhen ZhongGang Haiyan Enterprise Ltd.	Shenzhen	Shenzhen	Integrated Services	68.00%		Acquiring through establishment or investment

*⑨						
Shenzhen Xing Dongfang Store Ltd.* ⑩	Shenzhen	Shenzhen	Commercial trade	100.00%		Acquiring through establishment or investment
Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd *□	Guangdongfen gkai	Guangdongfen gkai	Manufacture		90.00%	Acquiring through establishment or investment

The illustration the difference between the shareholding proportion and voting right in subsidiary.:

*① Shenzhen Shenfang Department Store Co. Ltd

The shareholders meeting held on 29 October 2007 passed the resolution to terminate business, liquidation and formed a group to carry out the liquidation procedures. The liquidation group issued a notice of liquidation on 7 December 2007. According to the principle of “Enterprise Accounting Standards No.33- the Consolidation Financial Statement”, the Store will not be included in the Company’s consolidated financial statement. The book value of the investment account of the Company is zero.

*② Shenzhen CyberPort Co., Ltd

The shareholders meeting held on 12 May 2008 passed the resolution to terminate business, liquidation and formed a group to carry out the liquidation procedures. The liquidation group issued a notice of liquidation on 5 December 2008. According to the principle of “Enterprise Accounting Standards No.33- the Consolidation Financial Statement”, the corporation will not be included in the Company’s consolidated financial statement. The book value of the investment account of the Company is zero.

*③ Shenzhen City SPG Bao An Development Ltd.

The shareholders meeting held on 18 September 2009 passed the resolution to terminate business, liquidation and formed a group to carry out the liquidation procedures. According to the principle of “Enterprise Accounting Standards No.33- the Consolidation Financial Statement”, the Store will not be included in the Company’s consolidated financial statements.

*④ Shenzhen Real Estate Consolidated Service Co., Ltd.

The operating period of this corporation is from 26 January 1983 to 28 August 1999. And this Company has ceased operations for many years. And the corporation had been terminated its licenses by law on 8 February 2002 because of failing to take part in annual inspection.

*⑤ Shenzhen Shen Fang Industrial Development Co., Ltd

The operating period of this corporation is from 3 October 1993 to 3 October 1998. And this Company has ceased operations for many years. And the corporation had been terminated its licenses by law on 8 February 2002 because of failing to take part in annual inspection.

*⑥ Shenzhen Tefa Real Estate Consolidated Service Co., Ltd

The operating period of this corporation is from 7 March 1983 to 10 April 1995. And this company has ceased operations for many years. And the corporation had been terminated its licenses by law in 2004 because of failing to take part in annual inspection.

*⑦ Bekaton Property Limited ,Canada Great Wall (Vancouver)and Paklid Limited

These 3 subsidiaries were set up overseas in early times. The board of directors passed a resolution to terminate the corporations’ business on Dec.13, 2000.

*⑧ Shenzhen City Shenfang Construction and Decoration Materials Ltd

The operating period of this corporation is from 1 January 1984 to 6 July 2004. And this company has ceased operations for many years. And the corporation had been terminated its licenses by law on February 8, 2002 because of failing to take part in annual inspection.

*⑨ Shenzhen ZhongGang Haiyan Enterprise Ltd

The operating period of this corporation is from 16 October 1984 to 16 October 2004. And this company has ceased operations for many years. And the corporation had been terminated its licenses by law in 1999 because of failing to take part in annual inspection.

*⑩ Shenzhen Xin Dongfang Store Ltd

The operating period of this corporation is from 7 June 1983 to 7 June 1998. And this company has ceased operations for many

years. And the corporation had been terminated its licenses by law at 10 January 2001 because of failing to take part in annual inspection.

*□ Guangdong Province Fengkai Lian Feng Cement Manufacturing Co., Ltd

The total assets (including tangible and intangible assets) of the corporation were auctioned for debt repayment at 22 January 2006. The Company's investment in the company's book value is zero.

Except for *①, *②, *③, the above subsidiaries which are not included the company's consolidated financial statement had ceased operations for many years. And the entities of the corporations didn't exist. And the Company has no control over its subsidiaries' businesses. According to the principle of "Enterprise Accounting Standards No.33- the Consolidation Financial Statement", the corporation will not be included in the Company's consolidated financial statement. The book value of the investment account of the Company is zero. The following are the details.

Investee	Accounting Method	Investment cost	Opening balance	Changes	Closing balance
Shenzhen Shen Fang Industrial Development Co., Ltd	Cost Method	4,500,000.00	4,500,000.00	--	4,500,000.00
Shenzhen ZhongGang Haiyan Enterprise Ltd	Cost Method	12,940,900.00	12,940,900.00	--	12,940,900.00
Shenzhen Real Estate Consolidated Service Co., Ltd	Cost Method	5,958,305.26	5,958,305.26	--	5,958,305.26
Paklid Limited	Cost Method	201,100.00	201,100.00	--	201,100.00
Bekaton Property Limited	Cost Method	906,630.00	906,630.00	--	906,630.00
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd	Cost Method	8,180,003.63	8,180,003.63	--	8,180,003.63
Shenzhen Xing Dongfang Store Ltd	Cost Method	18,500,000.00	18,500,000.00	--	18,500,000.00
Shenzhen City Shenfang Construction and Decoration Materials Ltd	Cost Method	2,680,000.00	2,680,000.00	--	2,680,000.00
Shenzhen Shenfang Department Store Co. Ltd	Cost Method	10,000,000.00	10,000,000.00	--	10,000,000.00
Shenzhen CyberPort Co., Ltd	Cost Method	14,000,000.00	7,613,507.96	--	7,613,507.96
Shenzhen City SPG Bao An Development Ltd	Cost Method	20,000,000.00	20,379,525.68	--	20,379,525.68
Shantou Xinfeng Building	Cost Method	68,731,560.43	58,547,652.25	--	58,547,652.25
Guangdong Province Fengkai Lian Feng Cement Manufacturing Co., Ltd	Cost Method	121,265,000.00	56,228,381.64	--	56,228,381.64
Total		287,863,499.32	206,636,006.42	--	206,636,006.42

(Continued)

Investee	Provision for impairment	Increased current year provision for impairment	Current year cash dividends	Remarks
Shenzhen Shen Fang Industrial Development Co., Ltd	4,500,000.00	--	--	
Shenzhen ZhongGang Haiyan Enterprise Ltd	12,940,900.00	--	--	
Shenzhen Real Estate Consolidated Service Co., Ltd	5,958,305.26	--	--	

Paklid Limited	201,100.00	--	--	
Bekaton Property Limited	906,630.00	--	--	
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd	8,180,003.63	--	--	
Shenzhen Xing Dongfang Store Ltd	18,500,000.00	--	--	
Shenzhen City Shenfang Construction and Decoration Materials Ltd	2,680,000.00	--	--	
Shenzhen Shenfang Department Store Co. Ltd	10,000,000.00	--	--	
Shenzhen CyberPort Co., Ltd	--	--	--	
Shenzhen City SPG Bao An Development Ltd	--	--	--	
Sahntou Xinfeng Building	58,547,652.25	--	--	
Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd	56,228,381.64	--	--	
Total	178,642,972.78	--	--	

(2) Significant non-wholly owned subsidiaries

Currency: yuan

Name of subsidiary	Minority interest share proportion (%)	Current year profit and loss attributable to minority interest shareholders	Current year dividends distributed to minority interest shareholders	Minority interest equity balance at the end of the year
Great Wall Estate Co., Inc	30.00%	-33,122.74		-22,611,622.77
Fresh Peak Investment Ltd	45.00%			-104,325,227.06
Barenie Co. Ltd.	20.00%			-2,025,186.78

(3) The main financial information of significant non-wholly owned subsidiary

Currency: yuan

Name of subsidiary	Closing balance						Opening balance					
	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
Great Wall Estate Co., Inc	749,914.93	18,381,367.07	19,131,282.00	102,969,245.88		102,969,245.88	841,643.94	17,890,114.20	18,731,758.14	100,217,332.12		100,217,332.12
Fresh Peak Investment Ltd.	220,030,267.73	24,793,206.35	244,823,474.08	254,714,402.85		254,714,402.85	220,030,060.27	24,793,206.35	244,823,266.62	254,694,603.78		254,694,603.78
Barenie Co. Ltd.	999.12	30,373,713.87	30,374,712.99	32,760,643.34		32,760,643.34	973.38	30,373,713.87	30,374,687.25	32,758,096.84		32,758,096.84

Currency: yuan

Name of subsidiary	Amount in current year				Amount in previous year			
	Operating	Net profit	Total of	Cash flow	Operating	Net profit	Total of	Cash flow

	income		comprehen sive income	from operating activities	income		comprehen sive income	from operating activities
Great Wall Estate Co., Inc	286,203.33	-110,409.13	-2,352,389.90	-110,476.29	-63,790.59	-8,658.47	110,519.48	110,476.29
Fresh Peak Investment Ltd.		-762.09-762.09				-11-1,848.78,		
Barenie Co. Ltd.		11-2,520.76				-1,847.08		

Other note:

(1) Insignificant joint ventures or associated enterprises

Currency: yuan

Item	Closing balance/Incurred this year	Opening balance/Incurred last year
Joint ventures:	--	--
Total investment book value	29,441,800.59	29,441,800.59
Totals of the following items calculated per respective shareholding proportion	--	--
Associated enterprises:	--	--
Total investment book value	270,179.54	295,252.56
Totals of the following items calculated per respective shareholding proportion	--	--
--Net profit	-63,790.59	-129,692.73

*1All of the Group's joint ventures are insignificant. For details of the joint ventures,including:

1) Guangdong province Huizhou Luofu Hill Mineral Water Co.,Ltd

The operating period of the company was form June 5, 1991 to June 4, 2001. And the company had ceased operations because of operating loss for many years. And the Company had been terminated its licenses by law at July 6, 2001 because it failed to pass the annual inspection. Besides, the corporation stopped preparing the financial statement. As of the end of the year, the book value of the investment account of the Company is zero. According to the joint venture agreement, the Company didn't have the obligation to bear the additional loss.

2) Fengkai Xinghua Hotel

The FengKai XingHua Hotel was announced bankruptcy by the Guangdong Province Zhaoqing City second-middle intermediate Peoples' court with the document (2002) ZHFJPZ No.2. And the corporation had finished the bankruptcy procedure. As of the end of the year, the book value of the investment account of the Company is zero. According to the joint venture agreement, the Company didn't have the obligation to bear the additional loss.

3) Jiangmen Xinjian Real Estate Co. Ltd., Xi'an Fresh Peak Building Co. Ltd, DongYi Property Co., Ltd

The above corporations were the joint ventures set up with the local partners for the properties developing projects. Consider the projects had been stopped, and the joint ventures had closed operating activities for many years with no preparation of financial statements. Already the corresponding provision for the investment of these joint ventures was accrued. Refer to Note 6.10 for details.

*2All associated enterprises of the Group are insignificant. For details of associated enterprises, please refer to note 6.10, including:

1) Shenzhen Runhua Automobile Trading Co., Ltd

The operating period of this corporation was form Feb 24, 1992 to Feb 24, 1997, and it had ceased operations because of operating loss for many years. Besides, it had been terminated its licenses by law because it failed to pass the annual inspection and no financial statement was prepared afterwards. As the end of the year, the book value of the investment account of the company is zero. According to the associate agreement, the company didn't have the obligation to bear the additional loss.

2) Shenzhen Dongfang New World Store Co., Ltd

The operating period of this corporation was from June 7, 1993 to June 7, 1998, and the company had ceased operations because of operating loss for many years. And the company had been terminated its licenses by law at Jan 10, 2001 because it failed to pass the annual inspection. Besides, the company stopped making the financial statement. At Dec 31, 2010, the book value of the investment account of the company is zero. According to the associate agreement, the company didn't have the obligation to bear the additional loss.

(2) The excess losses of the joint ventures or associated enterprises incurred.

Currency: yuan

Name of the joint ventures or associated enterprises	Accumulated unrecognized losses as of the end of last year	Unrecognized losses this year (or shared net profit this period)	Accumulated unrecognized losses as of the end of this period
Shenzhen Fresh Peak property consultant Co. Ltd	581,211.71		581,211.71

X.Related party relationships and transactions

1.Parent of the Company

Name of the parent	Place of incorporation	Business Nature	Registered capital	Proportion of the Company ' s ownership interest held by the parent	Proportion of the Company ' s voting right held by the parent (%)
Shenzhen Investment Shareholding Co. Ltd	Guangdong province Shenzhen	Investment, Real estate development, Guarantee	RMB 21.45 billion	63.55%	63.55%

Description of the parent company

The ultimate control of the enterprise is the Shenzhen SASAC.

2.Subsidiaries of the Company

Please refer to Note 9.1.

3.Associates and joint ventures of the entity

Please refer to Note 9.3 - Equities in joint venture or associated enterprises

The company's related party transactions in current period,or other joint ventures or associate with the balance of the company's related party transactions in prior period.:

Name of other related party	Relationship between other related parties and the Company
Shenzhen Jian'an Group Co., Ltd.	The same controlling shareholders

4. Other related parties of the Company

Name of other related party	Relationship between other related parties and the Company
Shenzhen Jian'an Group Co., Ltd.	The same controlling shareholders

5.Related party transactions

(1) Association entrusted management / contracting and Commission Management / Outsourcing

Association entrusted management / contracting and Commission Management:

Currency: yuan

Name of main contract issuing party	Name of contractor	Type of assets under contracting	Reception date of contracting	Expiration date of contracting	Basis of pricing of contracting income	Contracting income recognized in the current period
Shenzhen Jian'an Group	Shenzhen Zhen Tung	Construction	2012-6-1		Open bidding	2,443,171.86

Co., Ltd.	Engineering Ltd					
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(2) Compensation for key management personal

Currency: yuan

Item	Amount for the current period	Amount for the prior period
The remuneration of the member of board, supervisor, and high-ranking executive	2,380,000.00	2,440,000.00

6. Amounts due from / to related parties

(1) Amounts due from related party

Currency: yuan

Item	Related party	Closing balance		Opening balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable:	Accounts receivable:				
	Shenzhen Fresh Peak property consultant Co., Ltd	939,979.58		1,137,877.25	
	Total	939,979.58		1,137,877.25	
Other receivables:	Other receivables:				
	Guangdong Province Huizhou Luofu Hill Mineral Water Co., Ltd	10,465,168.81		10,465,168.81	10,465,168.81
	Shenzhen Runhua Automobile Trading Co., Ltd	3,072,764.42		3,072,764.42	3,072,764.42
	Canada GreatWall (Vancouver) Co., Ltd	89,035,748.07		89,035,748.07	89,035,748.07
	Bekaton Property Limited	12,559,290.58		12,559,290.58	12,559,290.58
	Paklid Limited	18,997,984.22		18,446,223.54	18,443,271.41
	Shenzhen Shenfeng Department Store Co. Ltd.	237,648.82		237,648.82	189,179.82
	Shenzhen Real Estate Consolidated Service Co., Ltd.	1,086,487.22		1,086,487.22	927,136.22
	Shenzhen City Shenfeng Construction and Decoration	8,327,180.71		8,327,180.71	8,327,180.71

	Materials Ltd.				
	Shenzhen RongHua JiDian Co.,Ltd	475,223.46		475,223.46	
	Xi' an Fresh Peak property management& Trading Co.,Ltd	8,419,205.19		8,419,205.19	
	Total	152,676,701.50		152,124,940.82	143,019,740.04

(2) Amounts due to related party

Currency: yuan

Item	Related party	Closing balance	Opening balance
Other payables:	Other payables:		
	Shenzhen Tefa Real Estate Consolidated Service Co., Ltd.	598,012.16	598,012.16
	Shenzhen Shen Fang Industrial Development Co., Ltd	1,534,854.91	1,534,854.91
	Shenzhen ZhongGang Haiyan Enterprise Ltd.	135,853.52	135,853.52
	Shenzhen Dongfang New world store Co., Ltd	902,974.64	902,974.64
	Shenzhen Xin Dongfang Store Ltd.	1,394,704.21	1,394,704.21
	Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd	1,867,348.00	1,867,348.00
	Shenzhen Cyber Port Co., Ltd	7,964,749.26	7,964,749.26
	Shenzhen Shenfang Group BaoAn Developing Co.,Ltd	20,093,445.07	20,093,445.07
	Shenzhen Investment Holding Co.,Ltd	28,848,819.24	28,848,819.24
	Total	63,340,761.01	63,340,761.01
Interest payable:	Interest payable:		
	Shenzhen Investment Holding Co.,Ltd	16,535,277.94	16,535,277.94
	Total	16,535,277.94	16,535,277.94

XI. Contingency and commitment

1、 Significant commitment

Significant commitment affair at date of balance sheet.

1. Significant commitment

Item	Closing balance(Currency : yuan)	Opening balance(Currency : yuan)
Capital commitments that have been entered into but have not been recognized in the financial statements	953,295,908.98	697,895,950.68
Total	953,295,908.98	697895950.68

2. Fulfillment progress of previous commitments

The amount of significant outsourcing contracts is RMB78,317,065.18 which was paid during the report period and has been entered into the prior period but has not been recognized in the financial statements.

2. Contingencies

Contingencies arising from pending litigations or arbitrations and their financial effects

Xi' an project Lawsuit

Xi' an Fresh Peak Holding limited company (hereinafter referred to as "Fresh Peak Company") was sino-foreign joint venture set up in Xi' an city. The shareholder of the Fresh Peak Company - Hongkong Fresh Peak Co., Ltd was the wholly owned subsidiary of the company. And the Hongkong Fresh Peak Co., Ltd contributed 84% of the Fresh Peak Company' s share- capital in cash. And Xi' an trade building which was the enterprise under the Xi' an Joint Commission on Commerce and Trade contributed 16% of the Fresh Peak Company' s share- capital with the land-use right. The core business was property development. And the project was Xi' an Trade Building. The project was started on 1995-11-28. But the project had been stopped in 1996 because of the two parties differences on the operating policy of the project. In 1997, the Xi' an government withdrew the Xi' an Fresh Peak investment project compulsively and assigned the project to Xi' an Business Tourism Co., Ltd (hereinafter referred to as "Business Tourism Company"). But the two parties had insulted a lawsuit on compensation. The ShanXi Province High Peoples Court made a judgement "(2000) SJ-CZ No.25". The judgement was as follows: 1. Business Tourism Company had to pay for the compensation Rmb 36,620 thousand to Xi' an Fresh Peak Company after the judgment entering into force. If the Business Tourism Company failed to pay in time, it had to pay double debt interests to Xi' an Fresh Peak Company. 2. Xi' an Joint Commission on Commerce had jointly and severally obligation of the interests of the compensation.

Until 31 December 2011, the amount of RMB 15,201,000.00 had been called back. Because of Fresh Peak Company' s application, ShanXi Province High Peoples Court resumed the execution on September 5, 2011. Now the case is proceeding and there was no any new substantive progress in the reporting period.

As at 30 Jun 2016, the book value of the investment of Xi' an Fresh Peak Company was RMB 12,166,897.84. The provision for investment was RMB 20,673,831.77. And the amount of debt was RMB 8,419,205.19.

XII. Events after Balance Sheet Date

Profit distribution

Currency: yuan

Profits and dividends to be distributed	0
Profits and dividends declared and approved by the review	0

VIII. Others

The company cooperated with Luofu Hill Tourism Company (hereinafter referred to as "Tourism Company") on Luofu Hill Tourism project in early years. The company instituted legal proceedings against Tourism Company because the Tourism Company failed to carry out the agreement. The basic situation of lawsuit See company "2015 Annual Report", "IX Financial Reporting" 10 contingency 1 Liabilities and financial impact of pending litigation or arbitration ② the lawsuit of Luofu Hill Tourism Company.

Since 2015, After repeated consultations with executed person. Sighed the <implementation of the settlement agreement> in April 21, 2016. The case execution has been terminate in the debtor to pay 18 million yuan. All the debts are fulfilled according to (2007) No. 192 Yue Gao Fa Min Er Zhong Zi "Civil Judgment" after all payments of 18 million has received. So far the case has been processed end.

XIV. Notes to Items in the Financial Statements of the Parent Company

1. Accounts receivable

(1) Accounts receivable by categories

Currency: yuan

Category	Closing balance			Opening balance		
	Carrying amount	Bad debt	Book	Carrying	Bad debt provision	Book

	provision		value	amount		value				
	Amount	(%)		Amount	(%)		Amount	(%)		
Accounts receivable of which provision for bad debts is of individually insignificant	12,057,456.26	100.00%	6,968,694.02	57.80%	5,088,762.24	16,381,369.25	100.00%	6,968,694.02	42.54%	9,412,675.23
Total	12,057,456.26		6,968,694.02	57.80%	5,088,762.24	16,381,369.25	100.00%	6,968,694.02	42.54%	9,412,675.23

(2) Bad debt provision, recovery or reverse

The provision amount of bad debt is RMB 0.00 Yuan.;Recovery or reverse for bad debts Amount is RMB0.00.

(3) Top 5 entities with the largest balances of accounts receivable

Name of entity	Relationship with the Group	Amount	Proportion of the amount to the total AR (%)	Age	Provision amount
Corporation No.1	Un-related party	1,948,071.96	16.16%	More than 5 year	
Individual No.1	Un-related party	1,200,000.00	9.95%	More than 5 year	1,200,000.00
Corporation No.2	Related party	1,161,975.35	9.64%	More than 5 year	
Individual No.2	Un-related party	876,864.11	7.27%	More than 5 year	876,864.11
Individual No.3	Un-related party	864,550.68	7.17%	More than 5 year	791,467.78
Total		6,051,462.10			2,868,331.89

2.Other receivables

(1) Other receivables by categories

Currency: yuan

Category	Closing balance					Opening balance				
	Carrying amount		Bad debt provision		Book value	Carrying amount		Bad debt provision		Book value
	Amount	(%)	Amount	(%)		Amount	(%)	Amount	(%)	
Other receivables of which provision for bad debts is of	1,529,050,217.99	98.08%	794,718,692.30	51.97%	734,331,525.69	1,473,146,864.58	98.55%	802,518,692.30	54.48%	670,628,172.28

individually significant										
Other receivables of which provision for bad debts is of individually insignificant	29,933,356.72	1.92%	12,787,916.94	42.72%	17,145,439.78	21,628,190.82	1.45%	9,787,916.94	45.26%	11,840,273.88
Total	1,558,983,574.71	100.00%	807,506,609.24	51.80%	751,476,965.47	1,494,775,055.40	100.00%	812,306,609.24	54.34%	682,468,446.16

Other receivables of which provision for bad debts is of individually significant:

Currency: yuan

Other receivables By company	Closing balance			Reason for make provision of bad debts
	Other receivables	Bad debt provision	proportion	
Other receivables between subsidiaries that are included in consolidated statement	1,392,126,337.04	658,127,505.34	47.27%	For other receivables which the age is too long or less recoverable,provision for bad debts is accrued individually
Other receivables between subsidiaries that are excluded in consolidated statement	112,667,138.84	112,667,138.84	100.00%	For other receivables which the age is too long or less recoverable,provision for bad debts is accrued individually
Others	24,256,742.11	23,924,048.12	98.63%	For other receivables which the age is too long or less recoverable,provision for bad debts is accrued individually
Total	1,529,050,217.99	794,718,692.30	51.97%	--

(2) Bad debt provision, recovery or reverse

The provision amount of bad debt is RMB 0.00 Yuan.;Recovery or reverse for bad debts amount is RMB4,800,000.00.

Including the significant recovery or reverse for bad debts amount:

Currency: yuan

Name of Entity	Recovery or reverse amount	Means of Recovery
Luofu Hill Tourism Company	4,800,000.00	Monetary fund
Total	4,800,000.00	--

(3) Details of other accounts receivable classified by nature.

Currency: yuan

Nature	Closing balance	Opening balance
Other receivables between subsidiaries that are included in consolidated statement	1,392,126,337.04	1,332,335,032.12
Other receivables between subsidiaries that are excluded in consolidated statement	117,216,795.88	122,318,455.59

Others	49,640,441.79	40,121,567.69
Total	1,558,983,574.71	1,494,775,055.40

(5) Top 5 entities with the largest balances of other receivables

Currency: yuan

Name of Entity	Relationship with the Group	Amount	Age	Proportion rate to the total balance of other receivable	Closing balance of provision for bad debt
Fresh Peak Enterprise Co., Ltd	Subsidiary	11,135,073.92	Within 1 year	0.71%	
Fresh Peak Enterprise Co., Ltd	Subsidiary	423,758.43	1-2 years	0.03%	
Fresh Peak Enterprise Co., Ltd	Subsidiary	1,351,583.43	2-3 years	0.09%	
Fresh Peak Enterprise Co., Ltd	Subsidiary	514,090,700.20	Over 3years	32.98%	508,377,320.74
Shantou Huafeng Estate Development Co., Ltd	Subsidiary	116,224,064.63	Within 1 year	7.46%	
Shantou Huafeng Estate Development Co., Ltd	Subsidiary	31,300,510.98	1-2year	2.01%	
Shantou Huafeng Estate Development Co., Ltd	Subsidiary	267,670,000.00	2-3 years	17.17%	
Shenzhen ShenFang Group LongGang Development Co., Ltd	Subsidiary	200,416,930.19	Within 1 year	12.86%	
American Great Wall Co., Ltd	Subsidiary	101,379,954.81	Over 3 years	6.50%	101,379,954.81
Canada Great Wall(Vancouver) Co., Ltd	Subsidiary	89,035,748.07	Over 3 years	5.71%	89,035,748.07
Total	--	1,333,028,324.66	--	85.51%	698,793,023.62

3.Long-term equity investments

Currency: yuan

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	437,984,380.71	121,914,591.14	316,069,789.57	437,984,380.71	121,914,591.14	316,069,789.57
Investment in associates and joint ventures	22,217,231.21	21,947,051.67	270,179.54	22,281,021.80	21,947,051.67	333,970.13
Total	460,201,611.92	143,861,642.81	316,339,969.11	460,265,402.51	143,861,642.81	316,403,759.70

(1) Investment in subsidiaries

Currency: yuan

Name of investee	Opening balance	Curr. year Increase	Curr. year decrease	Closing balance	Curr. year impairment provision	Closing balance of impairment provision
Shenzhen City Property Management Ltd.	12,821,791.52			12,821,791.52		
Shenzhen Petrel Hotel Co. Ltd.	20,605,047.50			20,605,047.50		
Shenzhen City Shenfeng Investment Ltd.	9,000,000.00			9,000,000.00		
Fresh Peak Enterprise Ltd.	556,500.00			556,500.00		
Fresh Peak Zhiye Co., Ltd.	22,717,697.73			22,717,697.73		
Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Property and Estate Co., Ltd.	20,000,000.00			20,000,000.00		
Shenzhen Zhen Tung Engineering Ltd	11,332,321.45			11,332,321.45		
American Great Wall Co., Ltd	1,435,802.00			1,435,802.00		
Shenzhen City Shenfeng Free Trade Trading Ltd.	4,750,000.00			4,750,000.00		
Shenzhen City Hua Zhan Construction Management Ltd.	6,000,000.00			6,000,000.00		
Shenzhen City Car Rental Ltd.	6,495,225.00			6,495,225.00		
QiLu Co.,Ltd	212,280.00			212,280.00		
Beijing Shenfeng Property Management Co., Ltd.	500,000.00			500,000.00		
Shenzhen Lain Hua Industry and Trading Co., Ltd.	13,458,217.05			13,458,217.05		
Shenzhen City SPG Long Gang Development Ltd.	30,850,000.00			30,850,000.00		

Beijing Fresh Peak Property Development Management Limited Company	64,183,888.90			64,183,888.90		
Shenzhen Shenfeng Car Park Ltd.	29,750,000.00			29,750,000.00		
Shantou City Huafeng Real Estate Devepment Co., Ltd	30,000,000.00			30,000,000.00		
Shenzhen Shen Fang Industrial Development Co., Ltd	4,500,000.00			4,500,000.00		4,500,000.00
Shenzhen ZhongGang Haiyan Enterprise Ltd.	12,940,900.00			12,940,900.00		12,940,900.00
Shenzhen Real Estate Consolidated Service Co., Ltd.	5,958,305.26			5,958,305.26		5,958,305.26
Paklid Limited	201,100.00			201,100.00		201,100.00
Bekaton Property Limited	906,630.00			906,630.00		906,630.00
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd.	8,180,003.63			8,180,003.63		8,180,003.63
Shenzhen Xin Dongfang Store Ltd.	18,500,000.00			18,500,000.00		18,500,000.00
Shenzhen City Shenfeng Construction and Decoration Materials Ltd.	2,680,000.00			2,680,000.00		2,680,000.00
Shenzhen Shenfeng Department Store Co. Ltd.	9,500,000.00			9,500,000.00		9,500,000.00
Shenzhen CyberPort Co., Ltd	12,401,018.42			12,401,018.42		
ShenZhen ShenFang BaoAn Development Co., Ltd	19,000,000.00			19,000,000.00		
Shantou Fresh Peak Building	58,547,652.25			58,547,652.25		58,547,652.25

Total	437,984,380.71			437,984,380.71		121,914,591.14
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(2) Investment in associates and joint ventures

Currency: yuan

Name of investee	Opening balance	Chang in current period								Closing balance	Closing balance of provision
		Add investment	Reduce investment	Investment income under equity method	Adjustments of other comprehensive income	Changes of other equity	Cash dividend or profit declared	Provision for impairment	Others		
I. Joint ventures											
Guangdong Huizhou Luofu Hill Mineral Water Co., Ltd	9,969,206.09									9,969,206.09	9,969,206.09
Fengkai Xinghua Hotel	9,455,465.38									9,455,465.38	9,455,465.38
Subtotal	19,424,671.47									19,424,671.47	19,424,671.47
II. Associates											
Shenzhen Runhua Automobile Trading Co., Ltd	1,445,425.56									1,445,425.56	1,445,425.56
Shenzhen Ronghua Jidian Co., Ltd	1,410,924.77			-63,790.59						1,347,134.18	1,076,954.64
Subtotal	2,856,350.33			-63,790.59						2,792,559.74	2,522,380.20
Total	22,281,021.80			-63,790.59						22,217,231.21	21,947,051.67

4、 Operating income and costs

(1) Operating income and operating costs

Currency: yuan

Item	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Principal operating income	312,137,584.07	180,246,091.18	528,924,692.46	240,739,406.51
Total	312,137,584.07	180,246,091.18	528,924,692.46	240,739,406.51

(2) Principal operating activities (classified by industries)

Currency: yuan

Name of industry	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Real estate	281,291,890.00	168,652,985.51	497,741,746.00	228,984,079.50
Leasing	30,845,694.07	11,593,105.67	31,182,946.46	11,755,327.01
Total	312,137,584.07	180,246,091.18	528,924,692.46	240,739,406.51

(3) Principal operating activities (classified by geographical areas)

Currency: yuan

Name of geographical area	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Shenzhen	312,137,584.07	180,246,091.18	528,924,692.46	240,739,406.51
Total	312,137,584.07	180,246,091.18	528,924,692.46	240,739,406.51

(4) Operating income from the Company's top 5 customers

Name of customers	Amount for the current period	
	Operating income	Proportion to total operating income of the Company (%)
Individual No.1	11,596,946	3.72%
Individual No.2	11,427,694	3.66%
Individual No.3	10,721,149	3.43%
Individual No.4	10,076,464	3.23%
Individual No.5	9,618,414	3.08%
Total	53,440,667	17.12%

(Continued)

Name of customers	Amount for the prior period	
	Operating income	Proportion to total operating income of the Company (%)
Individual No.1	10,147,591.00	1.92
Individual No.2	7,649,799.00	1.45

Individual No.3	7,126,376.00	1.35
Individual No.4	6,962,415.00	1.32
Individual No.5	6,646,532.00	1.26
Total	38,532,713.00	7.29

5. Investment income

Currency: yuan

Item	Amount for the current period	Amount for the prior period
Investment income from long-term investments under cost method		162,821,868.94
Investment income from long-term investments under equity method	-63,790.59	-129,692.73
Investment income from Available-for-sale financial assets	689,000.00	350,000.00
Total	625,209.41	163,042,176.21

XV. Supplementary information

1. Breakdown non-recurring profit or loss

Currency: yuan

Items	Amount	Note
Profit or loss on disposal of non-current assets	-2,647.50	
Reversal of provision for account receivables that are tested for impairment losses individually	4,800,000.00	The company and the Luofu Mountain Tourism Corporation litigation amount has been recovered. So the provision for bad debts reversed.
Other non-operating income or expenses other than the above	5,115,528.04	The main reason is due to receive the lawsuit claims payment from Luofu Mountain Tourism Corporation
Less: Income tax effects	2,473,345.13	
Total	7,439,535.41	--

2. Return rate of net assets and earning per share

Profit the in the reporting year	Weighted return rate of net assets	Earning per share	
		Basic EPS(yuan /	Diluted EPS(yuan /

		stock)	stock)
Net profit attributable to common shareholders	5.62%	0.1332	0.1332
Less: Net profit attributable to common shareholders after deducting non-recurring losses	5.31%	0.1259	0.1259

3. Differences between amounts prepared under foreign accounting standards and China Accounting Standards (CAS)

(1) Differences in the net profit and net assets between those disclosed in the financial statements in compliance with International Finance Reporting Standards and CAS

Currency: yuan

	Net profit		Net asset	
	Amount for the current period	Amount for the prior period	Amount for the current period	Amount for the prior period
In accordance with CASs	134,761,121.51	186,407,824.38	2,464,895,851.04	2,331,704,116.07
Items and amounts adjusted according to international accounting standards:				
In accordance with IFRS	134,761,121.51	186,407,824.38	2,464,895,851.04	2,331,704,116.07

(2) Differences in the net profit and net assets between those disclosed in the financial statements in compliance with Overseas accounting standards and CAS:

Currency: yuan

	Net profit		Net asset	
	Amount for the current period	Amount for the prior period	Amount for the current period	Amount for the prior period
In accordance with CASs	134,761,121.51	186,407,824.38	2,464,895,851.04	2,331,704,116.07
Items and amounts adjusted according to overseas accounting standards:				
In accordance with overseas accounting standards	134,761,121.51	186,407,824.38	2,464,895,851.04	2,331,704,116.07

Section X Documents Available For Reference

1. The accounting statements with personal signatures and seals of Legal Representative, Chief Accountant and the person in charge of the accounting agency.
2. The originals of all the documents and public notices disclosed on China Securities Journal and Ta Kung Pao by the Company during the Reporting Period.