



SHENZHEN PROPERTIES & RESOURCES DEVELOPMENT (GROUP) LTD.

ANNUAL REPORT 2016

2017-3

March 2017

Section I Important Statements, Contents and Definitions

The board of directors (the “Board”), the supervisory board (the “Supervisory Board”), as well as the directors, supervisors and executive officers of ShenZhen Properties & Resources Development (Group) Ltd. (the “Company”) hereby guarantee the factuality, accuracy and completeness of the contents of this Report, and shall be jointly and severally liable for any false representation, misleading statements or material omissions in this Report.

Chen Yugang, head of the Company, Wang Hangjun, accounting head for this Report, and Shen Xueying, head of the accounting department (head of accounting), hereby guarantee that the Financial Report carried in this Report is factual, accurate and complete.

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

The Company is subject to the Guideline No. 3 of the Shenzhen Stock Exchange on Information Disclosure by Industry—for Listed Companies Engaging in Real Estate, for which it is required to include in this Report the changes in the country’s real estate policy and the related financial policy, as well as the supply and demand changes in the real estate sector.

The Board has considered and approved the following proposal for profit distribution: Based on the total shares of 595,979,092, a cash dividend of RMB1.80 (tax inclusive) per 10 shares will be distributed to all shareholders of the Company. No bonus shares will be granted, nor will any capital reserve be converted into share capital.

This 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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Definitions

Term		Definition
Company, the Company		ShenZhen Properties & Resources Development (Group) Ltd.
SIHC		Shenzhen Investment Holdings Co., Ltd.
SCIHC		Shenzhen Construction Investment Holdings Corporation
SIM		Shenzhen Investment Management Co., Ltd.

Section II Corporate Profile and Financial Results

I Corporate information

Stock name	SZPRD A, SZPRD B	Stock code	000011, 200011
Stock exchange	Shenzhen Stock Exchange		
Company name in Chinese	深圳市物业发展(集团)股份有限公司		
Abbr.	深物业集团		
Company name in English (if any)	ShenZhen Properties & Resources Development (Group) Ltd.		
Abbr. (if any)	SZPRD		
Legal representative	Chen Yugang		
Registered address	39/F and 42/F, International Trade Center, Renmin South Road, Shenzhen, Guangdong Province, P.R.China		
Zip code	518014		
Office address	39/F and 42/F, International Trade Center, Renmin South Road, Shenzhen, Guangdong Province, P.R.China		
Zip code	518014		
Company website	www.szwuye.com.cn		
Email	000011touzizhe@szwuye.com.cn		

II Contact information

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III Information disclosure and place where this Report is kept

Newspapers designated by the Company for	A-share: Securities Times
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information disclosure	B-share: Ta Kung Pao (HK)
Website designated by the China Securities Regulatory Commission (CSRC) for the publication of this Report	www.cninfo.com.cn
Place where this Report is kept	Board Office, 42/F, International Trade Center, Renmin South Road, Shenzhen, Guangdong Province, P.R.China

IV Company registration and alteration

Credibility code	No changes
Changes in main business activities of the Company after going public (if any)	No changes
Changes of controlling shareholder (if any)	No changes

V Other information

The CPAs firm hired by the Company

Name	Union Power CPAs Co., Ltd. (LLP)
Office address	2~9/F, Union Power Building, 169 Donghu Road, Wuchang District, Wuhan, Hubei Province, P.R.China
Accountants writing signatures	Fan Guiming, Tang Jiajun

Sponsor engaged by the Company to continuously perform its supervisory function during this Reporting Period

Applicable Not applicable

Financial advisor engaged by the Company to continuously perform its supervisory function during this Reporting Period

Applicable Not applicable

VI Accounting and financial results

Indicate by tick mark whether the Company performed any retroactive adjustments to or restatement of its accounting data due to changes of accounting policies or correction of accounting errors

Yes No

	2016	2015	+/-%	2014
Operating revenues (RMB)	2,059,204,077.18	1,077,418,500.93	91.12%	1,268,451,451.86
Net profit attributable to shareholders of the Company (RMB)	354,857,241.74	156,819,966.71	126.28%	417,498,679.91
Net profit attributable to shareholders of the Company before exceptional profit and loss (RMB)	357,519,344.14	18,480,611.70	1,834.56%	253,778,668.88

Net cash flows from operating activities (RMB)	2,252,041,183.42	309,767,629.66	627.01%	-14,627,057.08
Basic earnings per share (RMB/share)	0.5954	0.2631	126.30%	0.7005
Diluted earnings per share (RMB/share)	0.5954	0.2631	126.30%	0.7005
Weighted average return on equity (%)	15.79%	7.59%	8.20%	21.82%
	December 31, 2016	December 31, 2015	+/-%	December 31, 2014
Total assets (RMB)	6,654,356,144.10	4,379,763,486.10	51.93%	3,883,288,145.46
Net assets attributable to shareholders of the Company (RMB)	2,410,434,735.75	2,099,906,766.61	14.79%	2,074,242,662.07

VII Differences in accounting data under domestic and foreign accounting standards

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

Applicable Not applicable

Unit: RMB

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	2016	2015	Closing amount	Opening amount
According to Chinese accounting standards	354,857,241.74	156,819,966.71	2,410,434,735.75	2,099,906,766.61
Items and amounts adjusted according to international accounting standards				
According to international accounting standards	354,857,241.74	156,819,966.71	2,410,434,735.75	2,099,906,766.61

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

Applicable Not applicable

Unit: RMB

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	2016	2015	Closing amount	Opening amount
According to Chinese accounting standards	354,857,241.74	156,819,966.71	2,410,434,735.75	2,099,906,766.61
Items and amounts adjusted according to overseas accounting standards				
According to overseas accounting standards	354,857,241.74	156,819,966.71	2,410,434,735.75	2,099,906,766.61

3. Reasons for the differences in accounting data under domestic and foreign accounting standards√ Applicable Not applicable

No differences.

VIII Financial results by quarter

Unit: RMB

	1Q	2Q	3Q	4Q
Operating revenues	196,079,291.87	175,978,188.09	157,661,237.17	1,529,485,360.05
Net profit attributable to shareholders of the Company	577,026.01	-5,825,730.64	-1,953,780.96	362,059,727.33
Net profit attributable to shareholders of the Company before exceptional profit and loss	193,418.02	-6,058,699.93	-2,164,014.76	365,548,640.81
Net cash flows from operating activities	877,544,687.88	631,711,806.91	591,805,045.13	150,979,643.50

Indicate by tick mark whether there are any material differences between the financial indicators above or their summations and those which have been disclosed in quarterly or semi-annual reports

 Yes No**IX Exceptional profit/loss**√ Applicable Not applicable

Unit: RMB

Item	2016	2015	2014	Note
Profit/loss on disposal of non-current assets (including offset asset impairment provisions)	-182,886.11	-175,931.40	219,223,848.63	
Government grants charged to the profit/loss for this Reporting Period (except for the government grants closely related to the business of the Company and given at a fixed quota or amount in accordance with the State's uniform standards)		153,795.84	4,500.00	
Profit/loss on contingencies irrelevant to the Company's normal business activities	-4,366,315.82	168,991,971.80		See XIV 2 (1) in "Section XI Financial Report" for details
Profit/loss on fair value changes of transactional financial assets and liabilities & investment income from disposal of		5,709,098.20		

transactional financial assets and liabilities as well as financial assets available for sale, except for effective hedges related to routine operations of the Company				
Impairment provision reversal for accounts receivable on which the impairment test is carried out separately		8,374,421.28	429,994.49	
Non-operating income and expense other than the above	1,010,733.64	164,576.21	-22,799,362.40	
Other profit/loss that meet the definition of exceptional profit/loss			5,895,627.11	
Less: Corporate income tax	-876,365.89	44,878,576.92	39,034,596.80	
Total	-2,662,102.40	138,339,355.01	163,720,011.03	--

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 this Reporting Period.

Section III Business Profile

I Main business scope for this Reporting Period

Is the Company subject to any disclosure requirements for special industries?

Yes. For the Company engages in real estate, it is subject to the Guideline No. 3 of the Shenzhen Stock Exchange on Information Disclosure by Industry—for Listed Companies Engaging in Real Estate.

(I) Main business overview

The Company has 12 functioning subsidiaries in total, including 4 real estate subsidiaries (Shenzhen Huangcheng Real Estate Co., Ltd., Dongguan ITC Changsheng Real Estate Development Co., Ltd., SZPRD Xuzhou Dapeng Real Estate Development Co., Ltd. and SZPRD Yangzhou Real Estate Development Co., Ltd.), 2 property management subsidiaries (Shenzhen International Trade Center Property Management Co., Ltd. and Shenzhen Huangcheng Property Management Co., Ltd.), 2 taxi service subsidiaries (Shenzhen International Trade Center Car Industry Co., Ltd. and Shenzhen Shenxin Taxi Co., Ltd.), 2 joint ventures (SZPRD Jifa Warehouse Co., Ltd. and Shenzhen Tian'an International Building Property Management Co., Ltd., with the Company holding a 50% stake in both), 1 catering subsidiary and 1 supervision subsidiary.

The main business of the Company is as follows:

1. Real estate

Real estate is the primary business of the Company, operated by 4 of its subsidiaries. The following 5 real estate development projects are currently ongoing:

- (1) Xuzhou Banshanyujing: Won against competition on 10 Feb. 2010, floor space 96,900 m², plot ratio 0.8, total land price RMB192 million, open for sale in December 2016.
- (2) Dongguan Songhulangyuan: Won on 15 Jul. 2010, floor space 66,900 m², plot ratio 2.2, total land price RMB214 million, open for sale at the end of July 2015.
- (3) Yangzhou Hupanyujing: Won on 28 Jan. 2011, floor space 66,600 m², plot ratio 1.4, total land price RMB610 million, Phase II currently open for sale.
- (4) Shenzhen Qianhai project: Obtained in Jul. 2011 in an asset swap promised in the share reform, floor space 19,900 m², plot ratio 3.2, total land price RMB270 million, open for sale in November 2015.
- (5) Shenzhen Golden Collar Holiday: Located at Huanggang Port, historical land, floor space 12,600 m², plot ratio 10.5, total construction area 130,000 m².

The 5 ongoing projects above combined cover a floor space of 231,300 m² and a total construction area of 716,100 m², with the plot-ratio-counted and available-for sale area reaching 474,700 m².

2. Property management

The Company currently has 2 property management subsidiaries, namely Shenzhen International Trade Center Property Management Co., Ltd. and Shenzhen Huangcheng Property Management Co., Ltd.

3. Taxi service

The Company currently has 2 taxi service subsidiaries, namely Shenzhen International Trade Center Car Industry Co., Ltd. and Shenzhen Shenxin Taxi Co., Ltd., holding a total of 530 red taxi licenses.

4. Property rental

The Company has now a total area of 86,200 m² available for rental, with the letting rate up to 96%.

5. Warehousing service

The warehousing service is mainly provided by SZPRD Jifa Warehouse Co., Ltd., a joint venture where the Company holds a 50% stake, with the total area of the warehouses reaching 35,000 m².

6. Catering service

Operated by Shenzhen International Trade Center Catering Co., Ltd., with a total business area of 1,892 m².

(II) Stage of development and periodicity of the industry the Company engages in and its position in the industry in this Reporting Period

1. Real estate industry

In 2016, the real estate industry went through a process from relaxation to continuous tightening in hot spot cities: the Two Sessions proposed de-inventory through different policies tailored to different cities, but with the rapid increase in house and land prices in hot spot cities, the policy division was becoming more marked. On one hand, regulatory policies in hot spot cities were constantly tightening, with stricter restrictions on purchase and loans and tougher regulatory measures, to contain investment and speculation demands and prevent market risks; on the other hand, the third and fourth tier cities still stuck to the strategy of de-inventory, improving the market environment from both supply and demand. Meanwhile, the Central Government strengthened the long-acting mechanism construction for the real estate industry, and regional integration and new urbanization continued to move forward, actively creating a good environment for the long-term development of the industry.

It is fair to say that the policy of de-inventory in real estate has brought positive effects over the past year. As the market trade rebounds, the inventory pressure in the third and fourth tier cities has been eased. However, it is notable that the sensibility and complexity of the real estate market in hot spot cities cause it to go far beyond the anticipated ranges, and unreasonable increase in house and land prices will further increase the market and financial risks. Consequently, it is pointed out at the Central Economic Work Conference that management of financial risks should be placed at a more important position, and the residential positioning of houses should be made clearer. It can be anticipated that under the general background of real estate market division, local regulations will continue the characteristics of different policies tailored to different cities, which will focus more on containing investment and speculation demands while supporting residents in purchasing houses for their own living to prevent risks of bubble and big fluctuations in the market in hot spot cities. The power of short-term policies will focus on the “stabilization” of market environment through various measures, while medium- and long-term policies will encourage the development of leasing market and reforms in finance and taxation, laying a more steady foundation for the establishment of the long-acting mechanism for the real estate industry.

In summary, the first tier and hot spot second tier cities are faced with the pressure from policy regulations, while the third and fourth tier cities still stick to the strategy of de-inventory, and market policy division is growing more marked. Concentration in the real estate industry is speeding up with a significant increase in corporate merger and acquisition and enhanced Matthew effect, and as a result, small and medium sized enterprises are facing bigger challenges.

In 2016, the investment on property development reached 10.2581 trillion yuan nationwide, a nominal increase of 6.9% compared to that in the previous year; the investment on residential housing was 6.8704 trillion yuan, an increase of 6.4% and a proportion of 67.0% of the investment on property development. The area of commercial housing sold reached 1,573,490,000 square meters, an increase of 22.5% compared to that in the previous year. The sales of commercial housing was 11.7627 trillion yuan, an increase of 34.8%, of which the sales of residential housing increased by 36.1%.

2. Property management industry

In 2016, the Ministry of Housing and Urban-Rural Development of the People’s Republic of China published

Guidelines for the 13th Five-Year Plan of Housing and Urban-Rural Development, proposing to further expand property management coverage, improve property services, and promote regional coordination for property management and urban-rural overall development by making use of the strategy of new urbanization; to improve the market mechanism for property services, price mechanism and taxation policy, optimize property service standards and strengthen the construction of integrity system; to establish the guaranteeing mechanism for property services, intensify the construction of owner conference system, develop a diverse conflict-resolution mechanism, and build a comprehensive management system for residential communities; to improve the fund system for residence-specific maintenance, simplify the utilization process, increase the utilization efficiency and raise the value added returns; to transform the development mode of property services, make innovations in commercial mode, increase the intelligent and networked level of property services, constructing a modern property service system that takes care of both life and productivity.

According to the *Research Report on the Top 100 Companies in China's Property Services 2016* from China Property Management Institute, the top 100 companies in the industry managed an area of 4.959 billion square meters in 2016, accounting for 28.42% of the total property management area nationwide, indicating a further growth on industrial concentration; those companies achieved a total business revenue of 113.561 billion yuan, a year-on-year increase of 27.24%.

3. Small car rental business

Since 2015, the traditional taxi services, challenged by online car hire such as Didi Dache, Uber, etc., have been experiencing great difficulties, leading to the decrease in taxi drivers' income, sharp increase of conflicts and numerous plans for strikes, which makes it increasingly tough to tackle the situation. In 2016, the taxi service industry in Shenzhen entered a period of "cold winter" and the uncontrolled joining of "online car hire" brought the most direct and serious effects ever since, which, on one hand, caused the big loss of passengers for taxis, and on the other hand, poached a large number of taxi drivers, severely affecting the stability of the industry. The phenomenon has gradually improved since the adoption of driver subsidy policy.

4. Industrial position

On 9 July 2016, the Company was granted "Shenzhen Top 10 Real Estate Brands" and "Shenzhen Top 50 Real Estate Development Enterprises" for the year 2016 at the Annual Conference of Real Estate in Shenzhen cum Release Conference of Industrial Comprehensive Evaluation.

On 3 August 2016, the company was granted once again "Guangdong Top 500 Enterprises" at the "2016 Top 500 Enterprises of Guangdong Release Conference" hosted by Guangdong Provincial Enterprise Confederation and Guangdong Provincial Association of Entrepreneurs.

On 21 June 2016, the 2016 Release Conference of Research Report on China Top 100 Property Management Companies was held in Beijing. International Trade Property Management Company, the Company's subsidiary, stood out from 422 excellent property management enterprises nationwide by virtue of its industrial leading comprehensive competence and service standard and won "China Top 100 Property Management Companies", ranking the 38th.

II Significant changes in main assets

1. Significant changes in main assets

Main assets	Reason for any significant change
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Equity assets	Up 6.45% from opening amount, mainly because of gains on joint ventures recognized at equity method
Fixed assets	Down 13.96% from opening amount, mainly due to depreciation in current period
Intangible assets	Down 7.72% from opening amount, mainly because of amortization in current period
Monetary funds	Up 203.44% from opening amount, mainly because of increase in house payments received
Accounts paid in advance	Up 324.17% from opening amount, mainly because of increase in prepayment of taxes
Inventories	Up 4.84% from opening amount, mainly because of increase in project input in current period
Other current assets	Down 93.70% from opening amount, mainly because of actual receiving of assets on 14/F and 15/F of Longyuan Chuangzhan Building, which were rented out and included into investment property
Investment property	Up 80.31% from opening amount, mainly because of the shift of calculation from other current assets
Deferred income tax assets	Up 56.45% from opening amount, mainly because of deferred income tax assets on anticipated profit growth on pre-sale revenue of real estate subsidiaries, as well as the increase of accrued land VAT
Accounts payable	Up 119.25% from opening amount, mainly because of increase of project funds meeting the terms of settlement
Accounts received in advance	Up 242.03% from opening amount, mainly because of increase in house pre-sale revenue
Taxes payable	Up 50.52% from opening amount, mainly due to increase of corporate income tax and land VTA caused by more projects for settlement in current period

2. Main assets overseas

Applicable Not applicable

III Core competitiveness analysis

Is the Company subject to any disclosure requirements for special industries?

Yes. For the Company engages in real estate, it is subject to the Guideline No. 3 of the Shenzhen Stock Exchange on Information Disclosure by Industry—for Listed Companies Engaging in Real Estate.

In recent years, the Company has maintained steady operation in its main property business, with continuous records made in asset and income scale, which is mainly attributed to the Company's unique core competitiveness advantages:

First, the Company has a stable operation team, which persists in the corporate development strategy, continuously making the 12th Five-Year Strategic Plan and the 13th Five-Year Strategic Plan and pioneering with the strategic plans as the guideline and road map, thus ensuring the continuity of the Company's principal policy.

Second, the Company is currently adopting a mode of two levels, Group Headquarters - City Companies for controlling its property development projects. At the headquarters level, the group mainly manages issues such as

land investment, planned operation, key marketing nodes, above-norm plan and design and cost control, while companies in the cities are engaged in project management, on-site marketing, under-norm on-site design and cost control. Thus, the project companies are given sufficient independence. The group focuses on systematic management, currently having established a standardized internal operation system such as *Real Estate Handbook* for the comprehensive management policy for real estate, and *Target Cost - Compliance Planning and Management System* for cost specific management. The Company's property control mode is being improved and matured.

Third, the Company's development areas are mainly in Shenzhen and its neighboring cities, thanks to the price advantage of land obtainment costs and the rapid development of Shenzhen's real estate market. The Company's regional projects in Shenzhen will bring itself with good economic profits.

Fourth, the Company has an advantage in brand and culture condensation. Over more than 30 years of development and accumulation, the Company is highly recognized in the market by virtue of its brand value of "Shenzhen Properties & Resources" that carries the spirit of international trade in the reform and opening up and comprehensive competence. The Company has won multiple honor titles such as "Best 500 of China Real Estate Developers" and "Guangdong Top 500 Enterprises".

Section IV Performance Discussion and Analysis

I Overview

(I) Review of industry development in this Reporting Period

1. Analysis on market environment

In 2016, the macro-economy was stable, the supply-side structural reform produced partial results, the positive factors for economic growth increased, resulting in a new pattern of “dual improvement”. The formation process of new structure, new economy, and new energy accelerated, the adjustment in traditional industry deepened, and the supporting role of innovation to development strengthened. The national GDP in the past year reached RMB 74.41 trillion, representing a year-on-year increase of 6.7% based on calculation at comparable prices. However, due to the mutual contradiction between currency policies of the USA’s raise of interest rate, and Europe and Japan’s continuous quantitative easing, the strong dollar rose sharply, causing more anticipation for foreign exchange outflow and RMB devaluation.

2. Analysis on industry structure and trend

For details, please refer to “Section III Business Profile”.

The Company should follow the disclosure requirements in the Index of Disclosing Industry Information (NO.3) Issued by Shenzhen Stock Exchange – Listed Companies Which Engage in Real Estate Business.

(II) Overall review of the Company in 2016

Y2016 is the outset of the Company’s 13th Five Year Plan. In this Reporting Period, while facing the complicated macro and micro environment and being led by the management team of the Company, all cadres and staffs of the Group and the Company made concerted efforts, focused on accomplishing assignments for the full year, firmly grasped the initiative for development, achieved remarkable performance for all businesses, reached to a brand-new height in aspects such as business performance, management system, as well as the cohesive force in the enterprise, realized a good start for the 13th Five Year Plan, and laid a firm foundation for the Company’s better and larger development.

1. The operating revenue broke through RMB 2 billion, realizing a good beginning for the 13th Five Year Plan

In 2016, the Company achieved operating revenue of RMB 2,059,200,000, bringing about a net profit of RMB 354,860,000 (attributable to owners of the Company). As at the end of 2016, the total assets was RMB 6.654 billion, the equity attributable to owners of the Company amounted to RMB 2.41 billion, the weighted average ROE was 15.79%, the earning per share was RMB 0.595, and the net assets per share was RMB 4.04. Both the operating revenue and assets scale marked record high, and realized a good beginning for the 13th Five Year Plan, laying a firm foundation for the Company’s further leaping development.

2. All projects in construction were sold out well with sparkling highlights

In 2016, the Company paid close attention to market trend, deeply researched and judged on regulatory policies, captured market opportunities in time, launched Yangzhou Project Phase II, Xuzhou Project Phase I, and so on in due time in respect of sales, and achieved smooth sales of real estate projects. In 2016, the two projects in Shenzhen and Dongguan generated sales revenue of approximately RMB1 billion, Yangzhou Project Phase I and II altogether generated around RMB360 million, and Xuzhou Project Phase I saw a flying start by generating about RMB141 million. The accumulative sales revenue generated by the two projects in Shenzhen and Dongguan

reached about RMB3.3 billion, setting a record high for the Company.

3. The project management level was increasingly improved, and the engineering progress was pushed forward in order

In 2016, as for the Company's 5 projects in construction, all engineering construction assignments were successfully accomplished, and safety production with zero accident in the whole year was realized. As for Qianhai Project, house owners were allowed to move in 9 months in advance, and all progress targets for project development were successfully accomplished. As for Golden Collar's Holiday Flat, the construction of podium building was accomplished 43 days earlier. As for Dongguan Project, the completion and verification was accomplished on 30 Nov 2016, and all engineering work was developed sustainably and in order. As for Yangzhou Project Phase II, the check and acceptance of the individual building was finished, and all supporting engineering work was carried forward as scheduled. As for Xuzhou Project, the completion, check, acceptance, and recording processes were accomplished, and was smoothly opened for sale.

4. The property management business was expanded and enlarged, and other supplementary businesses were in firm operation

In 2016, Shenzhen International Trade Center Property Management Co., Ltd. achieved operating revenue of RMB 348 million, showing an increase as compared with the budget target. Huangcheng Property Management Co., Ltd. achieved operating revenue of RMB 49.8 million, basically reaching the budget target. The property area of the two property management companies totaled to over 11 million square meters, covering regions including Shenzhen, Hangzhou, Chongqing, Inner Mongolia, and Shandong. Supplementary businesses such as cars, supervision, and leasing were in firm operation and reached the annual targets as planned.

II Analysis of main business

1. Overview

See "I Overview" in "Performance Discussion and Analysis".

2. Revenues and costs

(1) Breakdown of operating revenues

Unit: RMB

	2016		2015		+/-%
	Amount	As a percentage of operating revenues (%)	Amount	As a percentage of operating revenues (%)	
Operating revenues	2,059,204,077.18	100%	1,077,418,500.93	100%	91.12%
By business segment					
Real estate development	1,512,673,490.89	73.46%	515,974,918.00	47.89%	193.17%
House rental	75,269,443.10	3.66%	73,908,002.27	6.86%	1.84%
Property	322,241,780.02	15.65%	333,400,952.67	30.94%	-3.35%

management					
Transport service	56,896,623.70	2.76%	60,550,541.42	5.62%	-6.03%
Catering service	31,177,527.67	1.51%	31,014,702.89	2.88%	0.52%
Other	60,945,211.80	2.96%	62,569,383.68	5.81%	-2.60%
By product					
Real estate development	1,512,673,490.89	73.46%	515,974,918.00	47.89%	193.17%
House rental	75,269,443.10	3.66%	73,908,002.27	6.86%	1.84%
Property management	322,241,780.02	15.65%	333,400,952.67	30.94%	-3.35%
Transport service	56,896,623.70	2.76%	60,550,541.42	5.62%	-6.03%
Catering service	31,177,527.67	1.51%	31,014,702.89	2.88%	0.52%
Other	60,945,211.80	2.96%	62,569,383.68	5.81%	-2.60%
By geographical segment					
Shenzhen	1,669,008,443.18	81.05%	719,268,398.39	67.00%	132.04%
Outside Shenzhen	390,195,634.00	18.95%	358,150,102.54	33.00%	8.95%

(2) Business segments, products or geographical segments contributing over 10% of the operating revenues or profit

Applicable Not applicable

Is the Company subject to any disclosure requirements for special industries?

Yes, for the Company engages in real estate.

Unit: RMB

	Operating revenue	Operating cost	Gross profit margin	Operating revenue: YoY +/-%	Operating cost: YoY +/-%	Gross profit margin: YoY +/-%
By business segment						
Real estate development	1,512,673,490.89	459,994,703.42	69.59%	193.17%	96.57%	14.94%
Property management	322,241,780.02	311,316,025.73	3.39%	-3.35%	-1.55%	-1.76%
By product						
By geographical segment						

Main business data of the prior year restated according to the changed statistical caliber for this Reporting Period

Applicable Not applicable

(3) Whether revenue from physical sales is higher than service revenue√ Yes No

Business segment	Item	Unit	2016	2015	+/-%
Real estate development	Sales volume	m ²	147,757.95	88,771.38	66.45%
	Output volume	m ²	502,525.29	538,666.29	-6.71%
	Inventory	m ²	248,242.4	293,030.34	-15.28%

Reason for any over 30% YoY movements in the data above

√ Applicable Not applicable

The sales volume increased due to the new projects open for sale.

(4) Execution progress of major signed sales contracts in this Reporting Period Applicable √ Not applicable**(5) Breakdown of operating costs**

By business segment and product

Unit: RMB

Business segment	Item	2016		2015		+/-%
		Amount	As a percentage of operating costs (%)	Amount	As a percentage of operating costs (%)	
Real estate development		459,994,703.42	52.72%	234,013,337.05	36.08%	96.57%
House rental		16,467,645.80	1.89%	14,849,363.82	2.29%	10.90%
Property management		311,316,025.73	35.68%	316,217,676.81	48.76%	-1.55%
Transport service		33,739,246.05	3.87%	29,112,504.33	4.49%	15.89%
Catering service		26,572,645.61	3.05%	25,527,473.13	3.94%	4.09%
Other		24,443,956.82	2.80%	28,852,538.96	4.45%	-15.28%
Total		872,534,223.43	100.00%	648,572,894.10	100.00%	34.53%

Notes:

N/A

(6) Changes in the scope of the consolidated financial statements for this Reporting Period Yes √ No

(7) Major changes in the business, products or services in this Reporting Period

Applicable Not applicable

(8) Main customers and suppliers

Main customers

Total sales to top five customers (RMB)	74,294,534.31
Total sales to top five customers as a percentage of the total sales for this Reporting Period (%)	3.61%
Total sales to related parties among top five customers as a percentage of the total sales for this Reporting Period (%)	0.00%

Information about top five customers

No.	Customer	Sales amount (RMB)	As a percentage of the total sales for this Reporting Period (%)
1	Alibaba (China) Co., Ltd.	37,043,649.10	1.80%
2	Huawei Technologies Co., Ltd.	18,613,565.21	0.90%
3	Individual A	6,220,563.00	0.30%
4	Individual B	6,218,444.00	0.30%
5	Individual C	6,198,313.00	0.30%
Total	--	74,294,534.31	3.60%

Other information about the main customers

Applicable Not applicable

Main suppliers

Total purchases from top five suppliers (RMB)	12,404,848.06
Total purchases from top five suppliers as a percentage of the total purchases for this Reporting Period (%)	42.68%
Total purchases from related parties among top five suppliers as a percentage of the total purchases for this Reporting Period (%)	11.65%

Information about top five suppliers

No.	Supplier	Purchase amount (RMB)	As a percentage of the total purchases for this Reporting Period (%)
1	Shenzhen SZPRD Construction Supervision Co., Ltd.	3,474,600.00	11.65%
2	Shenzhen Huanliang Environmental Engineering Co., Ltd.	3,292,560.00	11.05%

3	Shenzhen Junjue Auto Sales Service Co., Ltd.	2,958,000.00	9.92%
4	Jiangsu Zhuhui Municipal Construction Co., Ltd.	1,610,000.00	5.40%
5	Shenzhen Yuanpeng Decoration Group Co., Ltd.	1,388,888.06	4.66%
Total	--	12,724,048.06	42.68%

Other information about the main suppliers

Applicable Not applicable

The biggest supplier Shenzhen SZPRD Construction Supervision Co., Ltd. is a wholly-owned subsidiary of the Company.

3. Expense

Unit: RMB

	2016	2015	+/-%	Reason for any significant change
Selling expenses	47,306,701.76	41,941,165.94	12.79%	Sales service and agency costs increased as marketing was enhanced
Administrative expenses	99,528,601.79	102,968,126.79	-3.34%	Cost control was tightened
Finance costs	-22,407,438.75	-7,514,689.31	198.18%	Increase in interest revenue
Corporate income tax	136,350,415.59	59,571,725.42	128.88%	Increase in profits

4. R&D input

Applicable Not applicable

5. Cash flows

Unit: RMB

Item	2016	2015	+/-%
Subtotal of cash inflows from operating activities	3,770,054,410.63	1,711,116,833.24	120.33%
Subtotal of cash outflows due to operating activities	1,518,013,227.21	1,401,349,203.58	8.33%
Net cash flows from operating activities	2,252,041,183.42	309,767,629.66	627.01%
Subtotal of cash inflows from investing activities	139,247.90	8,058,358.89	-98.27%
Subtotal of cash outflows due to	4,654,746.40	38,285,548.55	-87.84%

investing activities			
Net cash flows from investing activities	-4,515,498.50	-30,227,189.66	-85.06%
Subtotal of cash inflows from financing activities	15,441,282.23	216,470,006.83	-92.87%
Subtotal of cash outflows due to financing activities	342,355,581.91	374,393,615.57	-8.56%
Net cash flows from financing activities	-326,914,299.68	-157,923,608.74	107.01%
Net increase in cash and cash equivalents	1,924,015,241.08	124,374,439.09	1,446.95%

Explanation of why the data above varied significantly

Applicable Not applicable

- ① The subtotal of the cash inflows from operating activities and the net cash flows from operating activities increased from last year mainly because of the increase in the house payments received.
- ② The subtotals of the cash inflows from and the cash outflows due to investing activities, as well as the net cash flows from investing activities, decreased from last year mainly because of the decreased funds paid for taxi renewal in this Reporting Period and the retraction of investments last year.
- ③ The subtotal of cash inflows from financing activities decreased from last year mainly because of the decreased in new borrowings.
- ④ The net cash flows from (net outflows due to) financing activities increased from last year mainly because the Company secured less loans and repaid more loans.
- ⑤ The net increase in cash and cash equivalents increased from last year mainly because of the increase in the house payments received.

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

Applicable Not applicable

For this Reporting Period, the net cash flows from operating activities stood at RMB2,252,041,183.42, representing a big difference with the net profits of RMB354,857,241.74, which was mainly because the pre-sale revenue had not yet met the condition for settlement.

III Analysis of non-core business

Applicable Not applicable

Unit: RMB

	Amount	As a percentage of total profit (%)	Source/reason	Recurring or not
Investment income	2,225,713.71	0.45%	Earnings on joint ventures	Yes
Asset impairment	98,635,337.28	20.08%	Falling price provisions for SZPRD-Banshanyujing	No

			project and Phase I & II of SZPRD-Hupanyujing project	
Non-operating revenue	1,476,298.90	0.30%	Penalty income	No
Non-operating expense	4,968,073.06	1.01%	Losses on penalties, overdue fines and provisions	No

IV Analysis of assets and liabilities

1. Significant changes in the asset composition

Unit: RMB

	December 31, 2016		December 31, 2015		Change in percentage (%)	Reason for any significant change
	Amount	As a percentage of total assets (%)	Amount	As a percentage of total assets (%)		
Monetary funds	2,869,755,216.85	43.13%	945,739,975.77	21.59%	21.54%	Increase in project sales revenue
Accounts receivable	31,564,219.86	0.47%	38,772,146.41	0.89%	-0.42%	Recovery of accounts receivable
Inventories	2,585,658,521.65	38.86%	2,466,342,278.85	56.31%	-17.45%	Closing change in proportion due to increased total assets, closing amount higher than opening amount due to increase in project development input
Investing real estate	427,800,613.03	6.43%	237,260,788.82	5.42%	1.01%	The transfer of assets of Dragon Garden Development Building F14, F15 from other liquidity assets to account
Long-term equity investment	36,751,891.12	0.55%	34,526,177.41	0.79%	-0.24%	Closing change in proportion due to increased total assets, closing amount higher than opening amount due to increase in gains on joint ventures
Fixed assets	73,932,007.89	1.11%	85,929,516.37	1.96%	-0.85%	Depreciation
Short-term borrowings			8,000,000.00	0.18%	-0.18%	Due short-term borrowings repaid
Long-term borrowings			144,840,006.83	3.31%	-3.31%	Due short-term borrowings repaid
Other current assets	10,977,557.15	0.16%	174,382,120.00	3.98%	-3.82%	The transfer of assets of Dragon Garden Development Building F14,

						F15 to the account of investing property
Intangible assets	85,487,580.95	1.28%	92,640,083.99	2.12%	-0.84%	Amortization
Deferred income tax assets	375,997,063.33	5.65%	240,335,370.51	5.49%	0.16%	Income tax assets on anticipated profit growth on pre-sale revenue of real estate subsidiaries and accrued land VAT increase
Accounts payable	419,926,139.39	6.31%	191,524,938.54	4.37%	1.94%	Increase in unsettled payment for projects that meet the settlement requirements
Accounts received in advance	2,231,321,227.65	33.53%	652,369,778.20	14.90%	18.63%	Increase in real estate pre-sale revenue
Taxes and fares payable	1,254,999,384.73	18.86%	833,797,372.43	19.04%	-0.18%	Closing change in proportion due to increased total assets, closing amount higher than opening amount due to increase in corporate income tax and land VAT caused by increase in income from settlement projects

2. Assets and liabilities measured at fair value

Applicable Not applicable

Unit: RMB

Item	Opening balance	Profit/loss on fair value changes in this Reporting Period	Cumulative fair value changes charged to equity	Impairment provided in this Reporting Period	Purchased in this Reporting Period	Sold in this Reporting Period	Closing balance
Financial assets							
3. Available-for-sale financial assets					3,003,714.14		3,003,714.14
Total of the above	0.00				3,003,714.14		3,003,714.14
Financial liabilities	0.00						0.00

Significant changes in the measurement attributes of the main assets in this Reporting Period

Yes No

3. Restricted asset rights as of the end of this Reporting Period

As at the end of this Reporting Period, the restricted L/G deposits used by the Company amounted to 12,402,160.00 yuan, which were the cash deposits paid by the subsidiary of the Company-Dongguan International Trade Center Changsheng Property Development Co., Ltd. by entrusting the commercial bank to issue the Commercial Housing Quality Guarantee Letter. Because the subsidiary of the Company-Dongguan International Trade Center Changsheng Property Development Co., Ltd. was the real estate development enterprise with provisional qualification, when handling the application of the pre-sale permit of the commercial residential housing, it should submit the quality guarantee letter of the commercial residential housing after the liquidation situation such as the enterprise bankruptcy and dissolution. The guarantee letter was the irrevocably commercial residential quality guarantee letter, of which the guarantee period of 1,468,870.00yuan was from 30 June 2015 to 31 December 2020 and the guarantee period of the remaining 10,933,290.00 yuan was from 1 July 2015 to 31 December 2020.

V Investments made

1. Total investments made

Applicable Not applicable

2. Significant equity investments made in this Reporting Period

Applicable Not applicable

3. Significant non-equity investments ongoing in this Reporting Period

Applicable Not applicable

4. Financial investments

(1) Securities investments

Applicable Not applicable

Unit: RMB

Variety of securities	Code of securities	Name of securities	Initial investment cost	Accounting measurement model	Opening book value	Profit/loss on fair value changes in this Reporting Period	Cumulative fair value changes charged to equity	Purchased in this Reporting Period	Sold in this Reporting Period	Profit/loss in this Reporting Period	Closing book value	Accounting title	Source of investment funds
Domestic/overseas stock	400016, 420016	Gintian A, Gintian	2,941,421.28	Fair value method				3,003,714.14			3,003,714.14	Available-for-sale	Obtained in 'Gintian'

		B										financial asset	debt restructuring
Total			2,941,421.28	--	0.00	0.00	0.00	3,003,714.14	0.00	0.00	3,003,714.14	--	--
Disclosure date of the announcement about the board's consent for the securities investment													
Disclosure date of the announcement about the general meeting's consent for the securities investment (if any)													

(2) Investment in derivative financial instruments

Applicable Not applicable

No such cases in this Reporting Period

5. Use of funds raised

Applicable Not applicable

No such cases in this Reporting Period.

VI Sale of major assets and equity interests

1. Sale of major assets

Applicable Not applicable

No such cases in this Reporting Period.

2. Sale of major equity interests

Applicable Not applicable

VII Main controlled and joint stock companies

Applicable Not applicable

Main subsidiaries and joint stock companies with an over 10% influence on the Company's net profit

Unit: RMB

Company	Relationship	Main	Registered	Total assets	Net assets	Operating	Operating	Net profit
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name	with the Company	business scope	capital			revenues	profit	
Shenzhen Huangcheng Real Estate Co., Ltd.	Subsidiary	Real estate	30,000,000.00	2,007,287,145.39	501,242,529.27	49,590,318.57	-14,588,932.67	-11,247,576.51
SZPRD Real Estate Development Co., Ltd.	Subsidiary	Real estate	30,950,000.00	59,034,821.20	56,970,127.65	1,155,797.24	2,307,034.18	1,722,250.14
Shenzhen International Trade Center Car Industry Co., Ltd.	Subsidiary	Motor transportation	29,850,000.00	149,771,924.10	67,120,732.73	43,521,778.33	7,743,900.34	5,817,066.27
Shenzhen International Trade Center Property Management Co., Ltd.	Subsidiary	Property management and leasing	20,000,000.00	314,172,635.14	104,487,810.48	350,296,989.92	23,786,278.15	17,002,789.11
SZPRD Yangzhou Real Estate Development Co., Ltd.	Subsidiary	Real estate	50,000,000.00	780,756,692.18	-2,095,548.78	167,491,992.20	-25,807,731.67	-25,727,131.67
SZPRD Xuzhou Dapeng Real Estate Development Co., Ltd.	Subsidiary	Real estate	50,000,000.00	575,474,213.79	-181,230,363.28		-88,185,105.64	-88,185,105.64
Dongguan ITC Changsheng Real Estate Development Co., Ltd.	Subsidiary	Real estate	20,000,000.00	1,500,377,577.25	-13,449,948.98		-2,940,245.01	-2,046,249.19

Subsidiaries obtained or disposed in this Reporting Period

Applicable Not applicable

Information about the main controlled and joint stock companies

VIII Structured bodies controlled by the Company

√ Applicable □ Not applicable

For details, see IX 1. Equity interests in subsidiaries in Section XI Financial Report herein.

IX Outlook for the future development of the Company

(I) Analysis of Development Environment

2017 is an important year for the implementation of the 13th Five-Year Plan and for deepening the reform of supply lateral structure. The Central Economic Work Conference at the end of 2016 defined the main tone of “Stable and Sound Development” for the real estate market in 2017, proposing to stick to the positioning of “Housing for living, not for speculating”; establish a long-acting mechanism for the stable and sound development of the real estate market; utilize methods of finance, land, fiscal taxation, investment and legislation in a combined way; and accelerate the study and establishment of basic policies and long-term mechanism that are tailored to the national development and adapt to market rules, thus containing real estate bubbles and preventing radical fluctuations. The 13th Five-Year period is a decisive stage for the all-round construction of a well-off society, and the year 2020 is the starting year for the first hundred-year goal of the “Two Hundred Years” defined by the Communist Party. Since the Third Plenary Session of the 18th CPC Central Committee, overall deepening of reforms have been accelerated, where supply structure is improved through supply lateral structure to adapt to the demand structure and promote the comprehensive enhancement of supply efficiency; internal driving force is released through reforms of state-owned enterprises, and future-oriented sustainable development of economy is facilitated through changes in development mode and transformation upgrading.

The 13th Five-Year Plan guidelines of Shenzhen propose to establish a city with ten titles, including city of innovation, city of the national economic center, city of intelligence, city of modernization and large size, city of ecology and civilization, city of internationalization, etc.; increase the GDP from the current 1.75 trillion yuan to 2.6 trillion yuan; push the construction of Guangdong-Hong Kong-Macau Greater Bay Area and the regional cooperation in the Pan Pearl River Delta; speed up the construction of Shenzhen-Dongguan-Huizhou and Heyuan, and Shanwei “3+2” economic circles, fully playing Shenzhen’s radiation and leading role. Shenzhen SASAC has defined 2017 as the “Year of Resource Integration” for deepening and mixing ownership reform, and promoting resource integration and acquisition and reorganization to make a number of state-owned enterprises outstanding, powerful and influential.

(II) Industrial Structure and Trend

Please refer to “Section III Summary of Company Business”

(III) Risks Facing the Company and Measures

(1) Market risks

In 2016, with the stabilization of the macro economy in slow growth and after the ragingly increased property price in the first tier cities in 2015, the government took a series of regulatory measures to inhibit the property price from increasing too fast and constantly stabilize market expectations. However, the second and third tier

cities were still faced with costly inventories and the de-inventory policy continued to be implemented; concentration in the real estate industry sped up with a significant increase in corporate merger and acquisition and enhanced Matthew effect, and as a result, small and medium sized enterprises faced bigger challenges.

The Company watched closely on the market trend, conducted an in-depth study and review of regulatory policies, and grasped market opportunities, timely launching Yangzhou Project Phase II, Xuzhou Project Phase I, etc. Through frequent additional launching of Dongguan Project, the Company made good achievements in the sales of real estate projects. From the perspective of construction, the Company pushed the construction progress of Front Sea Project and joined the partnership in December, ensuring the completion of the annual tasks. The Company will continue to focus on project management, further intensifying and improving real estate project operation and management capability, timely learning about the implementation of real estate project development plans, and ensuring that the Company achieves the target for the developing real estate projects. Meanwhile, the Company will adjust its marketing strategy based on the actual conditions of different markets to promote the projects.

(2) Industry risks

For the real estate industry that has stepped into the silver age, market competitions have further intensified with greater industry investment risks. First is the draconian regulatory policies after the raging increase of property price in the first and second tier cities, especially in 2016. For such first tier cities as Shenzhen, they are faced with the most and strictest regulatory measures after the radical price increase. The implementation of the restricted purchase policy and the government's all-round rectification of the industry have lead to fewer demands and rapid cooling of transactions, making sales of projects more difficult. At the same time, due to the fierce market competitions and soared increase of obtainment costs in the first tier cities, small and medium sized real estate firms show obvious disadvantages in financial strength, management capability and project sources, namely, it is difficult for them to obtain high quality lands in the first and second tier core cities. Second, the inventories in the market in the third and fourth tier cities are still expensive. The market price of land remains at a high level, where the phenomenon of "more costly flour than bread" still exists, leading to increasingly bigger investment risks.

(3) Company's Insufficient Land Reserves

The Company has generally commenced the development of the existing projects and urgently requires land reserves. However, the real estate market heat in recent years has spread to the land market, resulting in fierce competitions in residential lands in the first tier cities and core second tier cities, successive record highs in the price and much higher costs and bigger risks for real estate enterprises to compete for lands; while the third and fourth tier cities are still faced with de-inventory pressure, causing a relatively high investment risk. Currently with the good sales of real estate projects and sufficient funds, the Company will allocate more resources to the land investment by reinforcing the study of cooperative development modes such as acquisition in addition to its focus on land bid invitation, auction and listing information, so as to timely supplement land reserves.

Having gained a profound understanding of the effects of industrial changes on business operation, the Company will deal with related issues from the perspective of business development mode and internal managerial measures. First, to expand the exploration of cooperative development modes, which can both increase the channels of obtaining land and effectively spread risks. Second, to intensify the learning and introduction of the industrial leading management philosophy and technology to improve business operation efficiency. Third, to develop supporting businesses such as property management and house leasing, actively seeking expansion schemes and

increasing the profits from those businesses; property management companies continue to explore pilot areas for decreasing loss and increasing profits from old houses, search for new income generation modes, learn from industrial leading companies, promote corporate informationized construction to realize flat and transparent management, actively undertake properties such as science park and constantly strengthen the momentum for development.

(IV) Company Operation Plan for 2017

In 2017, the Company is going to continue its focus on the construction progress of the real estate projects, push the implementation of the projects according to the plan, further strengthen and improve real estate project operation and management capability, timely learning about the implementation of real estate project development plans, and ensuring that the Company achieves the target for the developing real estate projects. Additionally, based on the different conditions and development trends in different cities, the Company is going to make marketing plans that are tailored to the market, continuously track and analyze market responses and changes, rapidly adjust the sales strategy and promote the project sales. The Company will expand high quality project resources through active engagement in diverse cooperative modes.

Meanwhile, the company will juggle the development of supporting businesses such as property management and house leasing, the Company will actively seek expansion schemes and increase the profits from supporting businesses, for example, property management companies constantly optimize and integrate internal management resources, lower labor costs, improve work efficiency and continue to develop the pilot areas for reforms of decreasing losses and increasing profits in old housing areas.

Key tasks in 2017:

1. To continue to grasp opportunities to promote sales, striving to outperform the annual target

In 2017, the Company will continue to aim at finishing the annual tasks, and starting from the sales strategy, strengthen the construction of marketing and planning teams and capabilities, closely watch on the real estate market changes and policy updates, make full use of new marketing channels to do precise positioning and customer marketing, control contract performance risks, actively work on financial returns, and ensure to complete the sales target, laying a good foundation for the business performance in 2017.

2. To strictly control quality and cost, ensuring the construction progress of developing projects as planned

The Company, in accordance with the refinement requirements in the Real Estate Handbook, will exert strict control on the process and quality for the five projects under development, and based on the requirements of the annual plan, work hard at the construction progress and quality of those projects. The site project department and supervisory organizations need to strengthen the control on the construction process and establish a system of unannounced inspections; to implement the system of monthly operation report, timely eliminate potential project risks and ensure the construction process is as planned.

3. To aim at decreasing losses and increasing profits, which require supporting business companies to actively seek development

Supporting business companies such as property management companies shall continue to actively participate in market competitions and scale up themselves by making breakthroughs in internal management reform and innovation; in addition, they shall focus on lowering human resource management costs, constantly adapt to industrial and market changes and learn from the industrial leading companies by centering around the decrease in

losses and increase in profits; promote corporate informationized construction, reduce the span and level of management and fully consider to seek alternative ways.

4. To accelerate land investigation, closely follow the planning of the municipal SASAC

In 2017, we still need to conduct a site investigation of key areas such as the Pearl River Delta and urban land markets, actively consider the cooperative development opportunities with other municipal state-owned enterprises, and work hard at the development and planning communication for historical sites; meanwhile, to closely follow the planning of the municipal SASAC.

The Company has planned to invest an amount of 2,570,000,000 yuan for 2017, of which 570,000,000 yuan will be allocated to the development of projects under development and 2,000,000,000 yuan will be allocated to land development projects.

The Company needs to guarantee sufficient funds for its existing businesses and for investment projects through the effective combination of internal and external financing, namely, by integrating resources internally and expanding financing channels externally.

X Visits paid to the Company for purposes of research, communication, interview, etc.

1. In this Reporting Period

Applicable Not applicable

Date	Way of visit	Type of visitor	Main inquiry information
05/01/2016	By phone	Individual	About the opening of the Front Sea project.
10/01/2016	By phone	Individual	About the sales of the Front Sea project.
04/02/2016	By phone	Individual	About abnormal changes of the company's stock.
10/03/2016	By phone	Individual	About the date of the company's annual report.
12/04/2016	By phone	Individual	About the distributed profits paid by the company.
18/05/2016	By phone	Individual	About the sales of projects in other cities.
19/05/2016	By phone	Individual	About the current progress of the Xuzhou project.
07/06/2016	By phone	Individual	About the sales of the Dongguan project.
20/07/2016	By phone	Individual	About the sales of the Front Sea project.
17/08/2016	By phone	Individual	About the company's stock performance.
22/08/2016	By phone	Individual	About the progress of the Yangzhou project phase II.

07/09/2016	By phone	Individual	About the influence of Shenzhen's real estate market volatility on the company's projects.
13/09/2016	By phone	Individual	About the current construction progress of the Jinling Holiday Apartment project.
27/09/2016	Other ways	Individual	About the progress of the Meisi case.
11/10/2016	By phone	Individual	About the reforms of state-owned companies and the company's stock performance.
16/11/2016	By phone	Individual	About the company's land reserve.
13/12/2016	By phone	Individual	About the company's stock performance.
22/12/2016	By phone	Individual	About the reforms of state-owned companies.
28/12/2016	Other ways	Individual	About the opening date of the Jinling Holiday Apartment.
Times of visit		150	
Number of visiting institutions		0	
Number of visiting individuals		150	
Number of other visiting entities		0	
Significant undisclosed information disclosed, revealed or leaked		No	

Section V Significant Events

I Profit distribution and converting capital reserve into share capital for common shareholders

Formulation, execution or adjustments of profit distribution policy, especially cash dividend policy, for common shareholders in this Reporting Period

Applicable Not applicable

Plans/proposals for profit distribution and converting capital reserve into share capital for common shareholders for the past three years (including this Reporting Period):

Year	Plans/proposals for profit distribution and converting capital reserve into share capital
2016	A cash dividend of RMB1.80 (tax inclusive) per 10 shares and no share capital increase from capital reserve
2015	A cash dividend of RMB0.80 (tax inclusive) per 10 shares and no share capital increase from capital reserve
2014	A cash dividend of RMB2.20 (tax inclusive) per 10 shares and no share capital increase from capital reserve

Cash dividend distribution of the Company to common shareholders over the past three years (including this Reporting Period)

Unit: RMB

Year	Cash dividends (tax included)	Net profit attributable to common shareholders of the Company in the consolidated statements for the year	Proportion in net profit attributable to common shareholders of the Company in the consolidated statements for the year (%)	Cash dividends in other forms	Ratio of cash dividends in other forms
2016	107,276,236.56	354,857,241.74	30.23%	0.00	0.00%
2015	47,678,327.36	156,819,966.71	30.40%	0.00	0.00%
2014	131,115,400.24	417,498,679.91	31.40%	0.00	0.00%

Indicate by tick mark whether the Company made profit in this Reporting Period and the profit distributable to common shareholders of the Company was positive, but it did not put forward a proposal for cash dividend distribution to its common shareholders

Applicable Not applicable

II Proposal for profit distribution and converting capital reserve into share capital for this Reporting Period

Applicable Not applicable

Bonus shares for every 10 shares (share)	0
Dividend for every 10 shares (RMB) (tax inclusive)	1.80
Total shares as the basis for the profit distribution proposal (share)	595,979,092
Total cash dividends (RMB) (tax included)	107,276,236.56
Distributable profit (RMB)	1,441,632,088.56
Percentage of cash dividends in the total profit to be distributed (%)	100.00%
Cash dividend policy	
If the Company is in a mature development stage and has no plans for any significant expenditure, in profit allocation, the ratio of cash dividends in the profit allocation shall be 80% or above.	
Details about the proposal for profit distribution and converting capital reserve into share capital	
According to the Company's Articles of Association as well as the actual situation of its development and operation, the proposal of the Company for 2016 annual profit distribution is as follows: Based on the total 595,979,092 shares of the Company as at 31 Dec. 2016, a cash dividend of RMB1.80 (tax included) will be distributed to all its shareholders for every 10 shares they hold, with the total cash dividends to be distributed amounting to RMB107,276,236.56. And the retained profits will be carried over for distribution in the future. No capital reserves will be turned into share capital for 2016.	

III Fulfillment of commitments

1. Commitments of the Company's actual controller, shareholders, related parties and acquirer, as well as the Company and other commitment makers, fulfilled in this Reporting Period or ongoing at the period-end

Applicable Not applicable

No such cases in this Reporting Period.

2. Where there had been an earnings forecast for an asset or project and this Reporting Period was still within the forecast period, explain why the forecast has been reached for this Reporting Period.

Applicable Not applicable

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

Applicable Not applicable

No such cases in this Reporting Period.

V Explanations given by the Board of Directors, the Supervisory Board and the independent directors (if any) regarding the “auditor’s non-standard report” issued by the CPAs firm for this Reporting Period

Applicable Not applicable

VI YoY changes in accounting policies, estimations and methods

Applicable Not applicable

No such cases in this Reporting Period.

VII Retroactive restatement due to correction of material accounting errors in this Reporting Period

Applicable Not applicable

No such cases in this Reporting Period.

VIII YoY changes in the scope of the consolidated financial statements

Applicable Not applicable

No such cases in this Reporting Period.

IX Engagement and disengagement of CPAs firm

Current CPAs firm

Name of the domestic CPAs firm	Union Power CPAs Co., Ltd. (LLP)
The Company’s payment for the domestic CPAs firm (RMB’0,000)	52
Consecutive years of the audit service provided by the domestic CPAs firm	14
Names of the certified public accountants from the domestic CPAs firm	Tang Jiajun, Fan Guiming

Indicate by tick mark whether the CPAs firm was changed in this Reporting Period.

Yes No

CPAs firm, financial advisor or sponsor engaged for internal control audit

Applicable Not applicable

In this Reporting Period, the Company engaged Union Power CPAs Co., Ltd. (LLP) for its internal control audit and paid an internal control audit fee of RMB230,000 to it for the year.

X Possibility of listing suspension or termination after disclosure of this Report

Applicable Not applicable

XI Bankruptcy and restructuring

Applicable Not applicable

No such cases in this Reporting Period.

XII Significant litigations and arbitrations

Applicable Not applicable

No such cases in this Reporting Period.

XIII Punishments and rectifications

Applicable Not applicable

No such cases in this Reporting Period.

XIV Credit conditions of the Company as well as its controlling shareholder and actual controller

Applicable Not applicable

XV Implementation of any equity incentive plan, employee stock ownership plan or other incentive measures for employees

Applicable Not applicable

No such cases in this Reporting Period.

XVI Significant related-party transactions**1. Related-party transactions relevant to routine operation**

Applicable Not applicable

No such cases in this Reporting Period.

2. Related-party transactions regarding purchase or sales of assets or equity interests

Applicable Not applicable

No such cases in this Reporting Period.

3. Related-party transitions regarding joint investments

Applicable Not applicable

No such cases in this Reporting Period.

4. Credits and liabilities with related parties

Applicable Not applicable

Indicate by tick mark whether there were any credits and liabilities with related parties for non-operating purposes.

Yes No

Receivable from related parties

Related party	Relationship with the Company	Reason	Capital occupation for non-operating purposes (yes/no)	Opening balance (RMB'0,000)	Increase in this Reporting Period (RMB'0,000)	Recovered amount in this Reporting Period (RMB'0,000)	Interest rate	Interest for this Reporting Period (RMB'0,000)	Closing balance (RMB'0,000)
Anhui Nanpeng Papermaking Co., Ltd.	30% equities held by the Company	Business circulating funds	No	805					890
Shenzhen Wufang Pottery & Porcelain Industrial Co., Ltd.	26% equities held by the Company	Business circulating funds	No	175					175
Shenzhen Guesthouse	Controlled by the parent company of the Company	Intercourse funds	No	91					91
Influence on the Company's operating results and financial condition	Were all within the risks control of the Company and not influenced the operating results and the financial conditions. The changes of Anhui Nanpeng Papermaking Co., Ltd. during this Reporting Period were due to the translation of the foreign currency exchange rate.								

Payable to related parties

Related party	Relationship with the	Reason	Opening balance	Increase in this	Repaid amount in	Interest rate	Interest for this	Closing balance
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	Company		(RMB'0,000)	Reporting Period (RMB'0,000)	this Reporting Period (RMB'0,000)		Reporting Period (RMB'0,000)	(RMB'0,000)
Shenzhen Jifa Warehouse Co., Ltd.	Joint venture	Intercourse funds	2,630					2,630
Shenzhen Tian'an International Building Property Management Co., Ltd.	Joint venture	Intercourse funds	521					521
Influence on the Company's operating results and financial condition	Were all within the risks control of the Company and not influenced the operating results and the financial conditions.							

5. Other significant related-party transactions

Applicable Not applicable

No such cases in this Reporting Period.

XVII Significant contracts and execution

1. Entrustment, contracting and leasing

(1) Entrustment

Applicable Not applicable

No such cases in this Reporting Period.

(2) Contracting

Applicable Not applicable

No such cases in this Reporting Period.

(3) Leasing

Applicable Not applicable

No such cases in this Reporting Period.

2. Significant guarantees

Applicable Not applicable

No such cases in this Reporting Period.

3. Entrusted cash management

(1) Entrusted cash management

Applicable Not applicable

No such cases in this Reporting Period.

(2) Entrusted loans

Applicable Not applicable

No such cases in this Reporting Period.

4. Other significant contracts

Applicable Not applicable

No such cases in this Reporting Period.

XVIII Social responsibilities

1. Targeted measures taken to help people lift themselves out of poverty

Applicable Not applicable

2. Other social responsibilities taken

A. Actively help and care those with difficulties

In 2016, the Group visited six employees with difficulties and serious diseases; the head office visited seven employees who had just delivered babies or were hospitalized, and sent condolence to three employees. SX Company under the Group distributed 286,500 yuan from its Driver Subsidies to help the disabled drivers due to traffic accidents; Shenzhen International Trade Center Car Industry Co., Ltd. under the Group distributed 115,900 yuan from its Driver Subsidies and Labor Union to help the drivers with serious diseases and families of drivers lost due to diseases, and gave the consolation money of 10,000 yuan to the injured taxi driver attacked by gangsters. Shenzhen International Trade Center Car Industry Co., Ltd. and SX Company paid 335 person-time visits to the families of taxi drivers. During holidays, the Group visited 7 staff with difficulties, 6 suffering from critical diseases including cancer and uremia. Besides, Shenzhen International Trade Center Car Industry Co., Ltd. and SX Company also visited 910 and 270 taxi drivers respectively. SX Company even took special care for 4 taxi drivers with difficulties.

B. Vigorously be engaged in public welfare**a. Passionately carry out blood donation**

International Trade Center Management Office and Fumin Xincun Management Office of International Trade Center Property Management Co., Ltd. under the Group, together with Huangcheng Property Company and Shenzhen International Trade Center Car Industry Co., Ltd. carried out 4 times of blood donation by Party members, their staff, taxi drivers and community residents through various themes including Party Member Plan throughout the year, with 163 successfully donating 61,300ml blood in total.

b. Provide free ride service for patients around hospitals and students for National College Entrance Examination

a) On 5 Mar., Shenzhen International Trade Center Car Industry Co., Ltd. launched a series of activities named “Learn from Lei Feng to Show Your Love”. Its Caring Driver Team provided free ride for patients and their families around Shenzhen First People’s Hospital and The University of Hong Kong – Shenzhen Hospital, dispatching 98 times of service cars and offering free services to 196 person-time citizens.

b) On 7 and 8 Jun., the Caring Driver Team of Shenzhen International Trade Center Car Industry Co., Ltd. and SX Company jointly assigned over 100 cars to offer free over 200 times of ride for more than 500 person-time students attending National College Entrance Examination in Shenzhen No.2 Experimental School and Shenzhen Hongling Middle School.

c) The Caring Driver Team of Shenzhen International Trade Center Car Industry Co., Ltd. worked jointly with Futian Street Port Community Service Center to carry out the activity of caring the disabled in the community on 14 May. Shenzhen International Trade Center Car Industry Co., Ltd. dispatched 10 taxis on that morning, offering free ride to 22 disabled people and their relatives attending the activity.

c. Energetically organize volunteers to offer handy service for the public

The Group organized volunteers led by the Party members to carry out the activity of serving passengers at Luohu Coach Station and Futian Coach Station, energetically participate in the volunteering services for large-scale social events such as the International Maker Week, and actively conduct activities such as learning from Lei Feng to protect the environment by doing cleaning, repairing electrical appliances free of charge and promote on civilized pet keeping, with over 80 volunteers and nearly 1,000 hours of volunteering services.

d. Volunteer in environmental protection

a) The Group organized all staff to launch a voluntary donation of the used clothing titled “Green Pioneer”. In this activity, the volunteers sorted out and packed such clothing over 2200 pieces that were all donated to environmental protection organ for donation and recycling.

b) The Group organized all the employees to actively undertake the activity of donating books to Guangdong Heyuan City Longchuan County Beiling Town Mibei Primary School and Shima Library, located in the fixed point poverty alleviation villages of Shenzhen SASAC. A total of 1,626 different kinds of books were collected and entrusted to relevant organizations for the delivery.

e. Maintain social stability and harmony

In view of some taxi drivers’ neglect of duty and off-service during the New Year period in Shenzhen, Shenzhen International Trade Center Car Industry Co., Ltd. vigorously responded to the call of the supervisory department of passenger transportation and organized the Caring Driver Team and the Communist Party Member Demonstration Car to engage in the task of providing fixed-point transportation guarantee in Huanggang Port. A total of 82 taxis were dispatched for 136 times, offering rides to over 400 passengers, which was highly praised by both the supervisory department of passenger transportation and passenger, and the task of providing fixed-point transportation guarantee in Huanggang Port was successfully completed.

C. Win social honors

- a. Mr. Li Qingping, a taxi driver from Shenzhen International Trade Center Car Industry Co., Ltd. won the title of “2013-2015 Moving Transportation People – the Most Virtuous Diligent Transportation Person” granted by Guangdong Communications Department, and was named “2015 Moving Transportation People” jointly by the Ministry of Transport of the People’s Republic of China and All-China Federation of Trade Union.
- b. Shenzhen International Trade Center Car Industry Co., Ltd., International Trade Center Management Office and Fumin Xincun Management Office of International Trade Center Property Management Co., Ltd. under the Group were granted the title of “Shenzhen Excellent Organization in Blood Donation” by Shenzhen Health and Family Planning Commission and Red Cross of China Shenzhen Branch; Jiang Hao, Du Feng, Li Decai and Wang Cheng won the national Gold Award for Blood Donation; Li Decheng and Wang Cheng were awarded with the national Volunteering Service for Blood Donation.
- c. Shenzhen International Trade Center Car Industry Co., Ltd. was granted “5A” Level Integrity Demonstration Enterprise for the 10th consecutive year in the voting activity of 2015 “Guangdong Integrity Demonstration Enterprise” jointly organized by Guangdong Provincial Enterprise Confederation and Guangdong Provincial Association of Entrepreneurs.
- d. Shenzhen International Center Building (“International Trade Center”), under the general contract of the Group, was named “Shenzhen Cultural Name Card” by Shenzhen Municipal Propaganda Department and the City Confederation of Social Science.
- e. The International Trade Center Revolving Restaurant passed the Fourth “Shenzhen Time-Honored Brand” review by SZ-GCC, Shenzhen Media Group and Shenzhen Economic Daily, and once again won the title of “Shenzhen Time-Honored Brand”.

Is Company or any of its subsidiaries a heavily polluting business identified by the environmental protection authorities of China?

No.

Indicate by tick mark whether a social responsibility report is released.

Yes No

XIX Other significant events

Applicable Not applicable

No such cases in this Reporting Period.

XX Significant events of subsidiaries

Applicable Not applicable

Section VI Share Changes and Shareholders' Profile

I Share changes

1. Share changes

Unit: share

	Before		Increase/decrease (+/-)					After	
	Number	Percentage (%)	New issues	Bonus shares	Increase from capital reserve	Other	Subtotal	Number	Percentage (%)

Reasons for any share changes

Applicable Not applicable

Approval of share changes

Applicable Not applicable

Transfer of share ownership

Applicable Not applicable

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

Applicable Not applicable

Other contents that the Company considers necessary or is required by the securities regulatory authorities to disclose

Applicable Not applicable

2. Changes in restricted shares

Applicable Not applicable

II Issuance and listing of securities

1. Securities (excluding preference shares) issued in this Reporting Period

Applicable Not applicable

2. Changes in total shares of the Company and the shareholder structure, as well as the asset and liability structures

Applicable Not applicable

3. Existing employee-held shares

Applicable Not applicable

III Shareholders and actual controller

1. Total number of shareholders and their shareholdings

Unit: share

Total number of common shareholders at the period-end	47,510	Total number of common shareholders at the prior month-end before the disclosure of this Report	45,078	Total number of preference shareholders with resumed voting rights at the period-end (if any) (see note 8)	0	Total number of preference shareholders with resumed voting rights at the prior month-end before the disclosure of this Report (if any) (see note 8)	0	
5% or greater shareholders or the top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	Increase/decrease during this Reporting Period	Number of restricted shares held	Number of non-restricted shares held	Pledged or frozen shares	
							Status	Number
Shenzhen Construction Investment	State-owned corporation	54.33%	323,796,324		293,997,370	29,798,954		

Holdings Corporation								
Shenzhen Investment Management Corporation	State-owned corporation	9.49%	56,582,573		56,582,573	0		
Du Xinye	Domestic individual	0.65%	3,880,800		0	3,880,800		
Zhou Qun	Domestic individual	0.52%	3,115,450		0	3,115,450		
Du Yunfeng	Domestic individual	0.39%	2,323,000		0	2,323,000		
Shenzhen Duty-Free Commodity Enterprises Co., Ltd.	Domestic non-state-owned corporation	0.29%	1,730,300		0	1,730,300		
Mai Furong	Domestic individual	0.25%	1,514,800		0	1,514,800		
Jason Offshore Equipment Co., Ltd.	Domestic non-state-owned corporation	0.23%	1,364,400		0	1,364,400		
Yang Yaochu	Domestic individual	0.22%	1,320,620		0	1,320,620		
Chen Liying	Domestic individual	0.18%	1,076,051		0	1,076,051		
Strategic investors or general corporations becoming top-ten shareholders due to placing of new shares (if any) (see Note 3)	N/A							
Related or acting-in-concert parties among the shareholders above	The first and second principal shareholders of the Company are managed by Shenzhen Investment Holding Corporation, the actual controlling shareholder of the Company. And the Company does not know whether there are related parties or acting-in-concert parties among the other 8 shareholders.							
Shareholdings of the top ten non-restricted shareholders								
Name of shareholder	Number of non-restricted shares held at the period-end		Type of shares					
			Type	Number				
Shenzhen Construction Investment Holdings Corporation	29,798,954		RMB share	common	29,798,954			

Du Xinye	3,880,800	RMB common share	3,880,800
Zhou Qun	3,115,450	RMB common share	3,115,450
Du Yunfeng	2,323,000	RMB common share	2,323,000
Mai Furong	1,514,800	Domestically listed foreign share	1,514,800
Jason Offshore Equipment Co., Ltd.	1,364,400	RMB common share	1,364,400
Yang Yaochu	1,320,620	Domestically listed foreign share	1,320,620
Chen Liying	1,076,051	Domestically listed foreign share	1,076,051
Li Jing	962,440	Domestically listed foreign share	962,440
Zhang Jie	894,988	RMB common share	894,988
Related or acting-in-concert parties among the top ten non-restrictedly tradable share holders and between the top ten non-restrictedly tradable share holders and the top ten shareholders	The first principal shareholder of the Company is managed by Shenzhen Investment Holding Corporation, the actual controlling shareholder of the Company. Other than that, the Company does not know whether there are related parties or acting-in-concert parties among the other 9 shareholders.		
Top ten common shareholders conducting securities margin trading (if any) (see Note 4)	N/A		

Indicate by tick mark whether any of the top ten common shareholders or the top ten non-restricted common shareholders of the Company conducted any promissory repo during this Reporting Period.

Yes No

No such cases in this Reporting Period.

2. Information about the controlling shareholder

Nature of the controlling shareholder: Controlled by the local government

Type of the controlling shareholder: Corporation

Name of controlling shareholder	Legal representative/person in charge	Date of establishment	Credibility code	Main business scope
Shenzhen Investment Holdings Corporation	Peng Haibin	10/13/2004	914403007675664218	To execute the investment, operating and management of the state-owned equities of the wholly-owned, controlling and stock-participating enterprises through the methods such as the restructuring integration, capital operation and assets disposal; to engage in the property development and operation business within the scale of legally acquire the land use right; to execute the policy-based and strategic investment according to the requirements of the SASAC; to provide the guarantee of the municipal state-owned enterprises; other business developed with the authority from the Municipal State-owned Assets Supervision and Administration Commission.
Shareholdings of the controlling shareholder in other listed companies at home or abroad in this Reporting Period	Major wholly-owned or controlled enterprises: 1. Guosen Securities Co., Ltd. 2. Shenzhen Century Science and Technology Investment Co., Ltd. (SIHC) 3. Shenzhen Urban Construction Investment & Development (Group) Co., Ltd 4. Shenzhen Special Economic Zone Real Estate & Property (Group) Co., Ltd 5. Shenzhen High-Tech Investment & Guaranty Co., Ltd. (HTI) 6. Shenzhen Properties & Resources Development (Group) Ltd. (SZPRD) 7. Shenzhen Tongchan Group Co., Ltd. 8. Shenzhen Small & Medium Enterprises Credit Financing Guarantee Group Co., Ltd. (SZCGC) 9. Shenzhen Shenfubao (Group) Co., Ltd. 10. Shenzhen Yue Tong Construction Engineering Co., Ltd. 11. Shenzhen Textile (Holdings) Co., Ltd. 12. Shenzhen Jian (Group) Co., Ltd. 13. Shenzhen Shentou Education Co., Ltd. 14. Shenzhen Investment Holdings Co., Ltd. 15. Shenzhen General Institute of Architectural Design And Research Co., Ltd. (SADI) 16. Shenzhen Convention & Exhibition Center Management Co., Ltd. (SZCEC) 17. China Academy of Science &			

	<p>Technology Development (AST) 18. Shenzhen Silver Lake Resort Hotel Limited 19. Shenzhen International Tendering Co., Ltd. 20. Shenzhen Institute of Building Research Co., Ltd. 21. Shenzhen Shentou Property Management Ltd. 22. Shenzhen Information Pipeline Co., Ltd. 23. Shenzhen Environmental Engineering Science and Technology Center (EETC) 24. The Orchid Conservation & Research Center of Shenzhen 25. Shenzhen 51emap Information Co., Ltd. 26. Shenzhen Foreign Trade and Economic Investment Co., Ltd. 27. Shenzhen Yunhai Villa Hotel Management Ltd. 28. Shenzhen Investment Holdings Co., Ltd Preschool Management Center 29. Li Yuan Hotel Shenzhen 30. SZ Youth 31. Shenzhen Mangrove 32. Shenzhen Port Management Service Center 33. Shenzhen Transportation Service Center 34. Shenzhen Comprehensive Transportation Design Institute 35. Shenzhen Highway Traffic Engineering Inspection & Test Center 36. Shenzhen Cantonese Opera Troupe 37. Shenzhen Grand Theater 38. Shenzhen Concert Hall 40. Shenzhen Road & Bridge Construction Group Co., Ltd. 41. Wuzhou Guest House Shenzhen 42. Shenzhen Sports Center Operating Co., Ltd. 43. Shenzhen Sports Fashion Magazine 44. Special Zone Economy 45. Special Zone Literature 46. Shenzhen Talent Exchange Service Center 47. Shenzhen Municipal People's Congress Cadre Training Center 48. Shenzhen Justice Training Center 49. PPSZ Investigative Techniques Training Base 50. Shenzhen Water Resources Planning & Design Institute 51. Shenzhen Real Estate Management Training Center 52. Housing & Real Estate 53. Shenzhen Shanshui Hotel 54. Shenzhen Urban Transport Planning Center 55. Shenzhen Hazardous Waste Treatment Station 56. Shenzhen Guesthouse 57. Manger 58. China Opening Journal 59. Shenzhen Local Taxation Bureau Dongpeng Printing Plant 60. Shenzhen Foreign Economy & Trade Service Center (FETSC) 61. IT Times 62. Women Magazine 63. Shenzhen Women & Children Development Center 64. Housing and Construction Bureau of Shenzhen Municipality Training Center</p>
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Change of the controlling shareholder during this Reporting Period

Applicable Not applicable

No such cases in this Reporting Period.

3. Information about the actual controller

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

Type of the actual controller: Corporation

Name of actual controller	Legal representative/person in charge	Date of establishment	Credibility code	Main business scope
Shenzhen Municipal State-owned Assets Supervision and Administration Commission	Peng Haibin		N/A	(I) Implementing and practicing state, provincial and municipal laws and regulations related to management on state-owned assets, drafting local laws, regulations, and policies about management on state-owned

			<p>assets, and organizing implementation activities upon approvals. Intending to draft supervision systems and methods about operational state-owned assets, and organizing implementation activities.</p> <p>(II) On the basis of authorization from municipal government, fulfilling duties of investors according to laws and regulations, and protecting the rights and interests of investors for state-owned assets according to laws</p> <p>(III) Taking charge of Party-building work for enterprises in its supervision and organs entrusted</p> <p>(IV) Undertaking the supervision over state-owned assets of municipal enterprises, strengthening management on state-owned assets, further perfecting the management mechanism for state-owned assets with the unification of power, obligation, and duties, as well as the combination of managing assets, people, and affairs</p> <p>(V) Being responsible for hedging and appreciation of the value of state-owned assets of enterprises in its supervision, establishing and perfecting the index system for hedging and appreciation of the value of state-owned assets, setting out assessment standards, supervising on hedging and appreciation of the value of state-owned assets of enterprises</p>
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			<p>in its supervision by statistics, audit, and check, and urging enterprises in its supervision to fulfill social duties</p> <p>(VI) In charge of researching and preparing the general planning for transformation and development of state-owned enterprise in its supervision, guiding and boosting transformation and re-organization of state-owned enterprises, prompting the construction of modern enterprise system, carrying forward operation of state-owned capital, pushing the strategic adjustment on state-owned economy layout and structure, and making state-owned capital play the role in significant industries and key fields including national security, national economy lifeline, etc.</p> <p>(VII) Directing and propelling enterprises in its supervision to perfect company governance structure, intensifying construction of Board and Supervision Committees of enterprises in its supervision, and forming the governance mechanism with specific duties, coordinating operation, and effective counterbalance</p> <p>(VIII) Assuming the management work of income distribution for enterprises in its supervision, and standardizing the income distribution and position-related consumption over people in charge of enterprises in its supervision</p>
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			<p>(IX) In line with rules of municipal Party committee, appointing and dismissing, appraising, as well as, in accordance with business performance, rewarding and punishing people in charge of enterprises in its supervision by applying legal procedures, establishing the mechanism of selecting and choosing candidates meeting the requirements of socialist market economy system and modern enterprise system, and perfecting the incentive and control system for operators</p> <p>(X) Being responsible for appointing or recommending board directors, supervisors, CFOs to enterprises in its supervision, and auditing on economic duties of people in charge of enterprises in its supervision according to rules about management authorization to people in charge of enterprises</p> <p>(XI) In charge of preparing the draft of budgets and final accounts of annual state-owned capital of enterprises in its supervision, including it to the government budget system, organizing the execution upon approvals, and collecting earnings of state-owned capital handed in by enterprises in its supervision</p> <p>(XII) In charge of strategy research, policy formulation, and guidance for transformation, development, and asset management related to</p>
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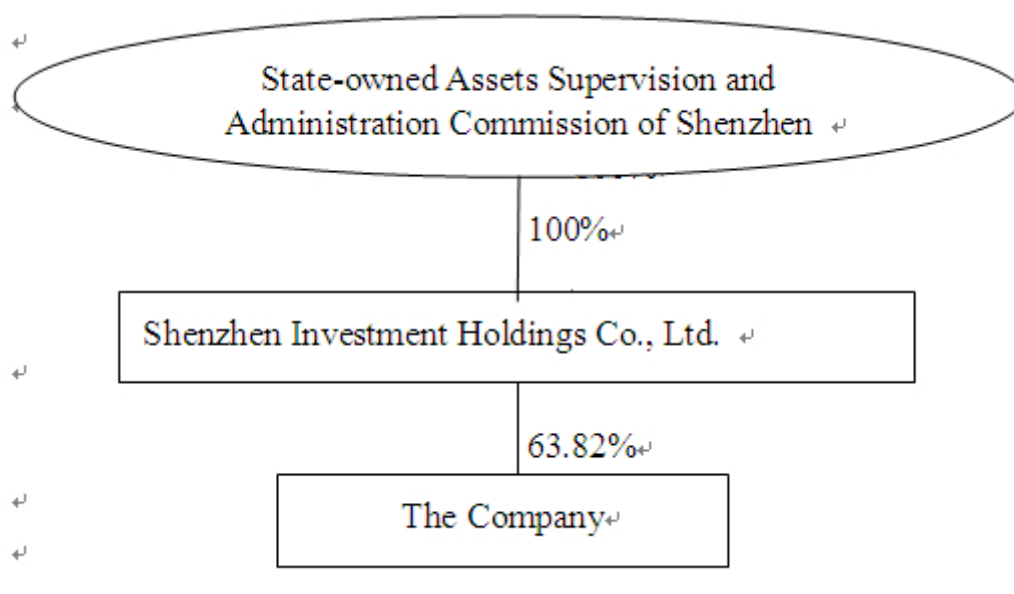
				collectively-owned enterprises (XIII) Assuming other assignments assigned by municipal government and superior departments
Shareholdings of the actual controller in other listed companies at home or abroad in this Reporting Period	Listed companies such as the Shenzhen Airport, YTP, Shenzhen Energy, Shenzhen Zhenye, Shenzhen Tagen, Agricultural Products and SDGI.			

Change of the actual controller during this Reporting Period

Applicable Not applicable

No such cases in this Reporting Period.

Ownership and control relations between the actual controller and the Company



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

Applicable Not applicable

4. 10% or greater corporate shareholders

Applicable Not applicable

5. Limitations on shareholding decrease by the Company’s controlling shareholder, actual controller, reorganizer and other commitment makers

Applicable Not applicable

Section VII Preference Shares

Applicable Not applicable

No preference shares in this Reporting Period.

Section VIII Directors, Supervisors, Executive Officers and Staff

I Changes in shareholdings of directors, supervisors and executive officers

Name	Office title	Incumbent/former	Gender	Age	Starting date of tenure	Ending date of tenure	Opening shareholding (share)	Increase in this Reporting Period (share)	Decrease in this Reporting Period (share)	Other increase/decrease (share)	Closing shareholding (share)
Chen Yugang	Board Chairman	Incumbent	Male	60	06/30/2006		0	0	0	0	0
Wei Zhi	GM	Incumbent	Male	60	07/15/2008		0	0	0	0	0
Liu Guangxin	Director	Incumbent	Male	59	12/22/2007		0	0	0	0	0
Gong Sixin	Director, CFO	Incumbent	Male	49	06/01/2011		0	0	0	0	0
Wen Li	Director	Incumbent	Female	48	12/01/2007		0	0	0	0	0
Guo Liwei	Director	Incumbent	Male	44	06/30/2006		0	0	0	0	0
Li Jianxin	Independent Director	Incumbent	Male	63	10/22/2014		0	0	0	0	0
Liu Ninghua	Independent Director	Incumbent	Male	55	10/22/2014		0	0	0	0	0
Zhang Qi	Independent Director	Incumbent	Male	39	10/22/2014		0	0	0	0	0
Dai Xianhua	Chairman of the Supervisory Board	Incumbent	Male	55	06/03/2011		0	0	0	0	0
Zhang Manhua	Supervisor	Incumbent	Male	42	10/22/2014		0	0	0	0	0
Wang Xiuyan	Supervisor	Incumbent	Female	55	06/03/2011		0	0	0	0	0

Wang Qiuping	Supervisor	Incumbent	Female	47	06/03/2011		0	0	0	0	0
Zhang Gejian	Supervisor, Manager of Cost Control Department	Incumbent	Male	42	06/03/2011		0	0	0	0	0
Wang Hangjun	Vice GM, Person-in- charge of Financial Affairs	Incumbent	Male	51	10/22/2007		0	0	0	0	0
Fan Weiping	Vice GM, Board Secretary	Incumbent	Male	52	02/08/2012		0	0	0	0	0
Total	--	--	--	--	--	--	0	0	0	0	0

II Changes in directors, supervisors and executive officers

Name	Office title	Type of change	Date	Reason
N/A				

III Brief biographies

Professional backgrounds, main working experience and current responsibilities in the Company of the incumbent directors, supervisors and executive officers

Members of the Board of Directors:

Mr. Chen Yugang, was born in Sep. 1957, Postgraduate degree, is senior Political Worker. He gains rich experience in government administrative management and enterprise management over 30years. He held some important posts in many municipal departments. He served as GM and Secretary of the CPC in Shenzhen Shenhua Group Company. Also, he served as GM and Vice Secretary of the CPC in Shenzhen Xianke Enterprise Group, and Deputy General Manager of Shenzhen Investment Holdings Co., Ltd. From May 2006, he has served as Secretary of CPC in the Company. And in June 2006, he was elected as Chairman of the Board of the Company. Now he acts as Secretary of CPC and Chairman of the Board in the Company.

Mr. Wei Zhi, was born in Nov. 1957, Bachelor Degree, senior economist, holds the title of interpreter/translator. He gains rich experience in enterprise management for over 30 years. He ever worked in Shenzhen International Engineering Co., Ltd. as Deputy Manager of Overseas Department, in Shenzhen Zhongshen Overseas Development Company as Manage of Labor Affairs Department and Deputy General Manager, in China Shenzhen International Cooperation (Group) Co., Ltd. in Hong Kong Liyuan Company as Director and General Manager; in Shenzhen Construction Investment Holdings Corporation as Deputy Manager of Overseas

Department, in Shenzhen Construction Investment Holdings Corporation as Deputy Manager of Contract Department, in Shenzhen Tonge (Group) Co., Ltd. as Assistant General Manager and Deputy General Manager, in Tonge Real Estates Development Company as Chairman of the Board and General Manager. Since October 2007, he took the posts of the Vice Secretary of CPC and Standing Deputy General Manager in the Company. Since 20 Dec. 2007, he held the posts of Director, Vice Secretary of CPC and GM of the Company. Since 15 Jul. 2008 to present, he acts as Vice Secretary of CPC, Director and GM of the Company.

Mr. Liu Guangxin, was born in May 1958, College Diploma, is an Economist. He gains experience in enterprise management over 30 years. Since May 1989, he held a job in the Company as Director of the Office in Properties Engineering Development Company, General Manager of International Trade Center Industrial Development Company, General Manager of International Trade Center Food Company, Deputy Director and Director of the GM Office of the Company, as well as Manager of Operation and Management Department of the Company. Since October 2007, he took the posts of Vice Secretary of CPC and Secretary of Discipline Inspection Committee in the Company. Since November 2007, he was appointed as Chairman of the Labor Union of the Company. Now he acts as Vice Secretary of CPC, Director, Secretary of Discipline Inspection Committee as well as Chairman of Labor Union in the Company.

Mr. Gong Sixin, was born in Feb. 1968, Master of Economics, Senior Accountant. He has profound experiences in financial accounting management. He ever took posts of CFO of Shandong Weigao Medical Polymer Company Limited, of CFO of Shenzhen 3Nod Technology Co., Ltd. as well as CFO of Shenzhen Jiehe Technology Co., Ltd. Since Sep. 2010, he kept acting as CFO of the Company. Since June 2011, he is acting as director and CFO of the Company.

Ms. Wen Li, born in Dec. 1969, Postgraduate Degree, Master Degree, is an Economist as well as Engineer. She gains experience in enterprise management over 10 years. She ever worked in Shenzhen Fantasia Investment Development as Assistant of Standing Deputy General Manger, Manager of Project Department, as well as Manager of Market Planning Department. Since July 2005, she worked in Shenzhen Investment Holdings Co., Ltd. She was ever appointed as Deputy Department Director of Investment Department of Shenzhen Investment Holdings Co., Ltd. Now she acts as Vice Director of Management Center of Construction Project of Shenzhen Investment Holdings Co., Ltd., Director of the Company.

Mr. Guo Liwei, was born in Apr. 1973, Postgraduate Degree, is a master of Law. He once successively held the posts in General Department of Ping An Insurance (Group) Company of China as legal consultant, and Shenzhen Investment Management Corporation as Business Manager of Legal Affairs Department. Since October 2004, he worked in Shenzhen Investment Holdings Co., Ltd as Deputy GM of Legal Affairs Department. He now acts as Manager of the First Enterprise Management Department in Shenzhen Investment Holdings Co., Ltd. and Director of the Company.

Independent Directors:

Mr. Li Jianxin, was born in Sep. 1954, University Degree, member of Communist Party of China. He graduated from Zhongnan University of Economics and Law in 1978; Once held the post in Wuhan Bureau of Statistics; Engaged in the scientific research in Hubei Academy of Social Sciences, Institute of Economics in 1980; Acted as Deputy Director of Hubei Academy of Social Sciences, Institute of Agricultural Economics in 1988; Acted as Standing Deputy Director, Associate Professor and Postgraduate Tutor in 1992; Transferred into Shenzhen Newrand Securities Investment Consulting Co., Ltd. and acted as Marketing Manager in 1995; Transferred into Shenzhen Academy of Social Sciences in 1996, and had served successively as Deputy Director, Director, Associate Professor in Institute of Economics. He acted as Independent Director of Shenzhen Kondarl (Group) Co., Ltd. from 2001 to 2006; Acted as Independent Director of Shenzhen Tagen Group Co., Ltd. from 2003 to

2009; Acted as Independent Director of Shenzhen Kondarl (Group) Co., Ltd. from 2009 to present. He recently acted as Chairman and Associate Professor in Shenzhen Academy of Social Sciences, Center of Open Economics, and the Independent Director of the Company.

Mr. Liu Ninghua, born in Jun. 1962, bachelor's degree, engineer, communist. He was once the Shenzhen Investment Banking Vice GM and then GM in China Orient Trust Investment Co., Ltd. And he has been working in the Law Compliance Department in China Galaxy Securities Co., Ltd. since Aug. 2013.

Mr. Zhang Qi, born in Jan. 1978, graduated from the Accounting Faculty in Zhongnan University of Economics and Law, professor, doctor, doctoral supervisor, superintendent of a governmental accounting institution, deputy head of the accounting department, China's leading talent in accounting honored by the Ministry of Finance, registered accountant in China, Hubei New Century High Level Engineering Talent (level 2), correspondence commentator in the National Natural Science Foundation of China, anonymous checker in the <Accounting Research> Magazine, vice chairman of the Government and NPO Accounting Specialized Committee in the Accounting Society of China, director in the National Budget and Accounting Research Institute of China, consultant expert in the Government Accounting Standards Committee under the Ministry of Finance, deputy head of the accounting department and associate professor in Zhongnan University of Economics and Law from 2009 to 2012, and doctor and doctoral supervisor in that university and superintendent of a governmental accounting institution from 2012 till now.

Members of the Supervisory Board:

Mr. Dai Xianhua, was born in April 1962, doctor degree, Party member of CPC. He gains adequate work experience of over 20 years. He worked as a lecturer in School of Business and Economy of Zhongnan University of Economics and Law from 1986 to 1989. He took posts of editor of department of theory and review, assistant director, vice director in Shenzhen Economic Daily from 1992 to 1997; worked in Shenzhen State Assets Administration Committee (hereinafter referred as "Shenzhen SAC") as Vice Section Chief of Assets Department, and Assets Management Department, Vice Director, investigator of Office, and investigator of Appraisal and Distribution Department from 1997 to 2011. Now he is Chairman of the Supervisory Board of the Company.

Ms. Wang Xiuyan, was born in Aug. 1962, MBA degree, is an accountant. From May 1997 to Sep. 2004, she worked in Shenzhen Investment Management Corporation, once acted as secretary of the Supervisory Board Office, Business Manager of Audit Department, Director of Women's Labor Union, Senior Business Manager of Audit Department and Supervision Department; from Oct. 2004 to Dec. 2007, she acted as manager of Supervision and Inspection Department in Shenzhen Investment Holding Co., Ltd.; from Dec. 2007 to present, she is manager of Audit Department (the Supervisory Board Office) in Shenzhen Investment Holding Co., Ltd. Currently, she is the Deputy Head of the Audit & Risk Management Department (Office of the Supervisory Board) in Shenzhen Investment Holding Co., Ltd. as well as a supervisor of the Company.

Mr. Zhang Manhua, born in Feb. 1975, master's degree, studied and taught in Central South University from 1992 to 2004; Business Manager, Senior Manager in the Investment Center of Konka Group and concurrently worked as the Company Secretary for Shenzhen Jvlong Optoelectronic Co., Ltd. from 2004 to 2010; Vice Investment Manager and Investment Manager in Shenchoo Technological Investment Co., Ltd. from 2010 to 2013; and Senior Supervisor in the Enterprise Department I in Shenzhen Investment Holding Co., Ltd. since 2013. He is now the Vice Strategy & Development Manager of Shenzhen Investment Holdings Co., Ltd.

Ms. Wang Qiuping, was born in Jan. 1970, Bachelor degree, is a senior economist. Since 1992, she worked for the Company, she ever took post in GM office, Plan and Finance Department and Operation and Management Department for comprehensive operation and management as well as planning and management as the

Development Manager. Now she is a supervisor of the Company and the Party Committee Secretary of Shenzhen International Trade Center Property Management Co., Ltd.

Mr. Zhang Gejian, was born in September 1975, Bachelor Degree, is an Accountant as well as Auditor. He was engaged in internal auditing work in Audit Department of the Company since July 1997. Now he acts as Supervisor of the Company and concurrently the Cost Control Manager.

Executive officers:

Mr. Wang Hangjun, was born in Nov. 1966, graduated from Zhongnan University of Economics with a master degree of economy. He is a senior auditor and has over 20 years corporate management experience. He ever took post of Deputy Chief of Audit Bureau of Nanshan District, Shenzhen; of Vice Minister, Minister of Audit Department of Shenzhen Investment and Management Company; of Vice Minister, Minister of Supervision Department of Shenzhen Investment and Management Company; of Minister of Audit and Inspection Department of Shenzhen Investment Holding Co., Ltd. He has been Deputy GM of the Company since Oct. 2007.

Mr. Fan Weiping, born in Apr. 1965, graduated from Southwest University of Political Science & Law in 1988, postgraduate degree. He used to work in Shenhua Group successively as the Chief of the Legal Affairs Section in the Supervisory and Audit Department; the Vice Manager and Manager of the Legal Affairs Department; the GM Assistant; and the Chief Legal Adviser. Since Jan. 2009, he has become the Company Secretary and the Chief Legal Adviser for the Company. And he has been a Vice GM, the Company Secretary and the Chief Legal Adviser for the Company since Feb. 2012.

Posts concurrently held in shareholding entities

√ Applicable □ Not applicable

Name	Shareholding entity	Post in shareholding entity	Starting date of tenure	Ending date of tenure	Allowance from the shareholding entity (yes/no)
Wen Li	Shenzhen Investment Holdings Co., Ltd.	Chief of the Enterprise Department I	1 Jul. 2005		Yes
Guo Liwei	Shenzhen Investment Holdings Co., Ltd.	Deputy Head of the Property Ownership Management & Legal Affairs Department	1 Oct. 2004		Yes
Wang Xiuyan	Shenzhen Investment Holdings Co., Ltd.	Deputy Head of the Audit & Risk Management Department (Office of the Supervisory	1 Oct. 2004		Yes

		Board)			
Zhang Manhua	Shenzhen Investment Holdings Co., Ltd.	Senior Supervisor of the Enterprise Department I	1 Mar. 2013		Yes

Posts held concurrently in other entities

Applicable Not applicable

Name	Other entity	Post in other entity	Starting date of tenure	Ending date of tenure	Allowance from the entity (yes/no)
Li Jianxin	Shenzhen Academy of Social Sciences	Research scholar	1 Jan. 1996		Yes
Liu Ninghua	China Galaxy Securities Co., Ltd.	Law Compliance Department	1 Aug. 2013		Yes
Zhang Qi	Zhongnan University of Economics and Law	Professor, doctoral supervisor	1 Jan. 2012		Yes

Punishments imposed in the recent three years by the securities regulators on the incumbent directors, supervisors and executive officers as well as those who left in this Reporting Period

Applicable Not applicable

IV Remuneration of directors, supervisors and executive officers

Decision-making procedure, determination basis and actual remuneration payment of directors, supervisors and executive officers

During this Reporting Period, the board and the management of the Company signed statement of operation objectives responsibility for 2015, conducted appraisal system integrating operation indicators, classification indicators with management objectives. After the end of this Reporting Period, assessment was implemented by the board. Remuneration of senior executives, according to “Management Method of Annual salary System of Directors, Supervisors and Senior Executives”, adopted annual salary system, and need to be implemented after assessment of the board.

Remuneration of directors, supervisors and executive officers in this Reporting Period

Unit: RMB'0,000

Name	Office title	Gender	Age	Incumbent/former	Total before-tax remuneration from the Company	Remuneration from related parties of the Company (yes/no)
Chen Yugang	Chairman of the Board	Male	60	Incumbent	63.87	No

Wei Zhi	General Manager	Male	60	Incumbent	78.51	No
Liu Guangxin	Director, Chairman of Labor Union	Male	59	Incumbent	65.1	No
Gong Sixin	Director, CFO	Male	49	Incumbent	41.88	No
Wen Li	Director	Female	48	Incumbent	0	Yes
Guo Liwei	Director	Male	44	Incumbent	0	Yes
Li Jianxin	Independent Director	Male	63	Incumbent	8	No
Liu Ninghua	Independent director	Male	55	Incumbent	8	No
Zhang Qi	Independent director	Male	39	Incumbent	8	No
Dai Xianhua	Chairman of the Supervisory Board	Male	55	Incumbent	42.88	No
Wang Xiuyan	Supervisor	Female	55	Incumbent	0	Yes
Zhang Manhua	Supervisor	Male	42	Incumbent	0	Yes
Wang Qiuping	Supervisor	Female	47	Incumbent	37.84	No
Zhang Gejian	Supervisor, Manager of Cost Control Department	Male	42	Incumbent	39.16	No
Wang Hangjun	Vice GM, financial head	Male	51	Incumbent	65.1	No
Fan Weiping	Vice GM, Board Secretary	Male	52	Incumbent	65.1	No
Total	--	--	--	--	523.44	--

Equity incentives for directors, supervisors and executive officers in this Reporting Period

Applicable Not applicable

V Employees

1. Number, functions and educational backgrounds of employees

Number of in-service employees of the Company	66
Number of in-service employees of main subsidiaries	2,714
Total number of in-service employees	2,780

Total number of employees with remuneration in this Reporting Period	2,780
Number of retirees to whom the Company or its main subsidiaries need to pay retirement pension	265
Functions	
Function	Number of employees
Production	1,703
Sales	182
Technical	611
Financial	113
Administrative	171
Total	2,780
Educational backgrounds	
Educational background	Number of employees
Doctors	2
Masters	36
Bachelors	263
College graduates	402
Technical secondary school graduates	717
High school graduates and below	1,360
Total	2,780

2. Employee remuneration policy

As required by corporate development strategy, based on actual situation to insist the internal industrialization and the marketization among the industry of the remuneration principles of the Group and our Company adopts a differentiated management on different industries to satisfy market demands by appropriately increasing the remuneration distance to better attract and retain talents. In HQ and real estate enterprises, position type management idea is introduced, with all positions divided into Leader Group, Management Group, Professional Group, Business Group and Service Group at different remuneration levels. Meanwhile, the remuneration for professional technicians and that for medium-level management are kept overlapped. In this way, remuneration and career development are provided at the same time. To some extent, the remuneration is a little bit favorable for professionals in real estate development industry. With regard to other enterprises under the Company group, market reference is applied, but the key is to appropriately adjust remuneration for key positions or some positions with lower remuneration than market level.

3. Employee training plans

In 2017, based on the overall requirements of the Company to establish a learning organization and carry out business development, as well as the survey on training needs, the Company is going to reinforce training in specialized real estate courses, comprehensive caliber, expertise knowledge and team building with an aim of

further increasing the comprehensive knowledge and improving the professional competence and skills of the team, seeking synchronized development between the Company and its employees and achieving the sustainable and sound development of the Company. The major contents of the training will include specialized real estate courses, comprehensive management capabilities, team development, professional skills, etc, with a combination of internal and external training to be conducted in a planned way, and all the employees will attend the training in different groups throughout the year.

4. Labor outsourcing

Applicable Not applicable

Section IX Corporate Governance

I Basic situation of corporate governance

During this Reporting Period, in accordance with the requirement of the Company Law, Securities Law, Code of Corporate Governance for Listed Companies in China and Stock Listing Rules of Shenzhen Stock Exchange as well as relevant laws and statutes of CSRC, the Company continuously regulated and perfected corporate governance structure, established and perfected internal management and control system and investigated in management activities of the Company, which promoted the Company's standard management level.

As to the end of this Reporting Period, the internal control system of the Company is complete, accomplished and defined that in accordance with Company Law, Articles of Association and other laws and regulations as well as requirements of regulatory documents. The convene of Shareholders' General Meeting, the Board of Directors and Supervisory Board are strictly in accordance with relevant rules and regulations, all directors and supervisors earnestly and diligently commit their responsibilities. Corporate structure of the Company is complete and the operation of the Company is standardized.

With the goal of constructing a standard management structure, the Company has established related regulations on Shareholders' Meeting, Board of Directors and Board of Supervisors, to ensure effective rights to decision-making, execution and supervision respectively.

The Shareholders' Meeting shall have the highest right to review and make decision on major issues, including the Company's business idea, investment plan, major trading items, capital changes, appointment and dismissal of directors and supervisors, within the legal scope as defined by laws, regulations and rules like the *Company Law* and *Articles of Corporation*. The Company has established and strictly followed various regulations, including Rules of Procedure of Shareholders' Meeting, to ensure all shareholders' rights.

The Board of Directors has the right to business decision-making, responsible for the establishment and effective execution of the Company's internal control as well. Besides, it further sets up four special committees, namely, Strategic Development & Investment Committee, Remuneration and Assessment Committee, Audit Committee and Nomination Committee, to improve its operating efficiency based on corresponding work rules.

The Board of Supervisors acts as a supervising organ for the Company. It checks the Company's finance, and supervises all jobs of the Company's directors and senior management. Also, it is responsible for and reports to the Shareholders' Meeting.

The business management have the right to execution. They are appointed by the Board of Directors, and responsible for daily running of business management and internal control.

Based on the principle of science, simplicity and efficiency, the Company has established such functional departments as Office for Board of Directors, General Manager's Office, Cost Control Department, Planning Design Department, Human Resources Department, Development Management Department, Financial Management Department, Audit Department (Office for Board of Supervisors), Law and Risk Control Department, Lease Center, and Party Work Office. These departments perform their specific functions and carry out work in accordance with regulations on internal control, to ensure the Company's healthy running.

The Company always pays attention to standardize the management for inside information, such as promulgating the Management Rules for Insiders, making clear about the contents of inside information, making the scope of insiders and accountability system for inside dealings. After reporting and submitting non-published information to the controlling shareholders, the Company all registered the relevant information of insiders and then submitted

to securities regulatory authorities, as well as strictly controlled the transmission scope of inside information, further strengthened the security work of inside information. Upon Self-inspection, during this Reporting Period, there were no particulars about insiders took advantages of inside information to purchase or sell shares of the Company before the disclosure of major sensitive information that shall have an impact on the share price of the Company, nor any investigation and punishment as well as rectification from the regulatory authority. From now on, the Company will continuously strengthen to learn relevant rules and laws, scrupulously execute the Management Rules for Insider Information and Insiders, standardize the corporate governance of the Company, do well the work of preventing inside dealings.

Any significant incompliance with the regulatory documents issued by the CSRC governing the governance of listed companies

Yes No

No such cases in this Reporting Period.

II Independence of businesses, personnel, asset, organizations and finance which are separate from the controlling shareholder

The Company was independent from the controlling shareholder in business, personnel, assets, organization and finance to realize that independent personnel, independent finance, complete assets, independent organization and independent business.

1. In aspect of business: The Company was independent from the controlling shareholder with independent and complete business and independent operation capability. There was no business which was same or competitive with the controlling shareholder.

2. In aspect of personnel: The Company was complete independent from the controlling shareholder in terms of labor and personnel, management on remuneration. All Senior Executives drew the remuneration from the Company, and none held a post concurrently in shareholders' company. Personnel of the Company are independent, all ones signed labor contract with the Company. The Company was independent from the shareholders or other related parties in personnel management, social security, salary etc.

3. In aspect of asset: The Company's assets were complete and independent, the property relationship was clear. There was no capital occupation by controlling shareholder, and assets of the Company were completely independent from controlling shareholder.

4. In aspect of organization: The Company's organization was independent, and the Company implemented rules and regulations as well as responsibilities for all departments, formed independent responsibilities and rights, scientific and rational internal control system. Independence of the Company on operation and management is free from impact from controlling shareholders and other subordinated units. There were no controlling shareholders intervene organization of the Company.

5. In aspect of finance: The Company's finance was independent with independent finance department. The Company established the independent finance settling system and financial management system, had its own finance account and paid the tax in line with laws, run finance decision-making independently.

The controlling shareholder of the Company performed normatively with no conduct that intervened with the operation decision-making and operation activities directly or indirectly over the shareholders' general meeting, however, the controlling shareholder could influence on the significant decision-making through the shares

holding.

III Horizontal competition

Applicable Not applicable

IV Annual and special meetings of shareholders convened during this Reporting Period

1. Meetings of shareholders convened during this Reporting Period

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Index to disclosed information
2015 Annual Meeting of Shareholders	Annual	63.95%	04/22/2016	04/22/2016	Announcement No. 2016-10 on the Resolutions of the 2015 Annual Meeting of Shareholders disclosed on www.cninfo.com.cn , Securities News and Ta Kung Pao

2. Special meetings of shareholders convened at the request of preference shareholders with resumed voting rights

Applicable Not applicable

V Performance of independent directors in this Reporting Period

1. Attendance of independent directors in board meetings and meetings of shareholders

Attendance of independent directors in board meetings						
Independent director	Due presence in this Reporting Period (times)	Presence on site (times)	Presence by telecommunication (times)	Presence through a proxy (times)	Absence (times)	Absent for two consecutive times
Li Jianxin	5	2	3	0	0	No
Liu Ninghua	5	2	3	0	0	No
Zhang Qi	5	2	3	0	0	No
Attendance of independent directors in meetings of shareholders as non-voting delegates (times)						1

Notes to any absence for two consecutive times:

N/A

2. Objections raised by independent directors on issues of the Company

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

Yes No

No such cases in this Reporting Period.

3. Other details about the performance of duties by independent directors

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

Yes No

Suggestions from independent directors adopted or not adopted by the Company:

With attitude of credibility and diligence to the Company and all shareholders, independent directors was diligent and responsible, reviewed all resolutions, and in line with their professional knowledge and capability, made independent, objective and fair judgment away from influence from the Company and principal shareholders of the Company. Also, independent directors expressed independent, objective and fair opinion on relevant events, which made practical efforts to safeguard interests of the Company and minority shareholders.

VI Performance of duties by specialized committees under the Board during this Reporting Period

The four special committees under the board—the Strategic Development and Investment Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Audit Committee—according to “Governance Principle of listed Company”, “Articles of Association”, “and Rules of Procedure of the Board of Directors” and implementation rules of special committee, earnestly performed their duties.

1. Duty performance of strategic development and investment committee

During this Reporting Period, strategic development and investment committee paid attention to authorization of the board to project development and financing, kept good contact with the management and had a good knowledge of matters within their power.

2. Duty performance of remuneration and assessment committee

During this Reporting Period, remuneration and assessment committee earnestly performed their duties, kept good contact with the management and conducted several communication with the management for relevant matters.

3. Duty performance of audit committee

During this Reporting Period, audit committee held on-the-spot working conference twice, listened to report of Union Power CPAs Co., Ltd. (LLP) on audit work, deliberate preliminary audit opinion issued by Union Power CPAs Co., Ltd. (LLP) and proposed their opinions about 2015 Financial Statement of the Company.

VII Performance of duties by the Supervisory Board

Indicate by tick mark whether the Supervisory Board found any risks to the Company during its supervision in this Reporting Period.

Yes No

The Supervisory Board raised no objections in this Reporting Period.

VIII Appraisal and incentive for executive officers

Within this Reporting Period, the annual operating target plan 2016 was went forth to the management team by the Board of Directors, of which the Company adopted appraisal method by the score combination of operation index, category index and administrative goal. At the end of the fiscal year, the Board of Directors examined the final score. For senior executives of the Company, the Company adopted annual salary system in accordance with Management Measure for Annual Salary System of Directors, Supervisors and Senior Executives, which shall be implemented after the Board of Directors completing fiscal examination.

IX Internal control

1. Serious internal control defects found in this Reporting Period

Yes No

2. Internal control self-evaluation report

Disclosure date of the internal control self-evaluation report	03/31/2017	
Index to the disclosed internal control self-evaluation report	http://www.cninfo.com.cn	
Total assets of the evaluated entities as a percentage in the consolidated total assets	99.00%	
Operating revenues of the evaluated entities as a percentage in the consolidated operating revenues	100.00%	
Defect identification standards		
Type	Financial-report related	Non-financial-report related
Nature standard	Indications of the serious defect of the financial report were including: (1) to execute the misstatement correction of the great defect occurred on the reported and disclosed financial report by the Company; (2) the audit institution discovered the	If the following situation occurred, could be recognized as the serious defect and other situation should be recognized as the important defect or the common defect respectively according to the influenced degree: (1) the

	<p>current financial report had great defect while the internal control of the Company didn't found out during the operating process; (3) the supervision of the Company's Audit and Risk Committee and the internal audit department on the internal control was invalid; (4) there was significant corrupt practice among the Directors, Supervisors or Senior Management. Indications of the important defect of the financial report were including: (1) didn't abide by the universally acknowledged accounting standard to choose and apply the accounting policies; (2) had not built up the anti-fraud process and the control measures; (3) had not built up the corresponding control mechanism or had not executed the corresponding compensating control for the accounting treatment which was unconventional or with special transaction; (4) the control during the process of the financial report at the period-end existed one or multiple defects that could not guarantee the compile of the financial report reach the goal of being real and complete. Common defect: refers to the other control defect except for the above great defect and significant defect.</p>	<p>decision-making of the significant events of the Company lacked of the collective democratic decision-making process or the collective democratic decision-making process was not normative; (2) the decision-making of the Company was not scientific or the decision-making occurred serious mistakes; (3) the operating or the decision-making seriously violated the national laws and regulations; (4) the Company occurred serious environmental pollution or other events seriously effected the social public interests; (5) the media frequently occurred the significant negative news; (6) lacked of the important business management system or the systematicness of the system operation was invalid; (7) the constantly outflow of the key management personnel and technical personnel of the Company; (8) the great or significant internal control defect of the Company could not be timely modified; (9) the Company constantly or plentifully occurred the significant internal control defects; (10) other situation may lead the Company to seriously deviate from the control target.</p>
Quantitative standard	<p>Serious defect: potential misstatement of the operating income $\geq 1\%$ of the operating income of the consolidated statements of the current year, potential misstatement of the total assets amount $\geq 0.25\%$ of the total amount of the consolidated statements of the current year. Important defect: 0.75% of the operating income of the consolidated statements of the current year \leq misstatement $< 1\%$ of the operating income of the consolidated statements of the current year; 0.2% of the total amount of the consolidated statements of the current year \leq misstatement $< 0.25\%$ of the total amount of the consolidated statements of the current</p>	<p>The Company compared the magnitude of the direct property losses amount with the net assets amount of the last fiscal year to confirm the quantitative criteria of the internal control as the follows: serious defect: amount of the direct property losses $\geq 0.5\%$ of the net assets amount of the last fiscal year; important defect: 0.4% of the net assets amount of the last fiscal year \leq losses amount $< 0.5\%$ of the net assets amount of the last fiscal year; common defect: losses amount $< 0.4\%$ of the net assets amount of the last fiscal year</p>

	year. Common defect: misstatement of the operating income<0.75% of the operating income of the consolidated statements of the current year, misstatement of the total assets amount<0.2 of the total assets amount of the consolidated statements of the current year	
Number of serious financial-report-related defects		0
Number of serious non-financial-report-related defects		0
Number of important financial-report-related defects		0
Number of important non-financial-report-related defects		0

X Auditor's report on internal control

Applicable Not applicable

Opinion paragraph in the auditor's report on internal control	
We believe that Shenzhen Properties & Resources Development (Group) Ltd. maintained efficient internal control of financial reports in all significant aspects according to "Basic Standards of Corporate Internal Control" and relevant regulations.	
Auditor's report on internal control disclosed or not	Disclosed
Disclosure date	03/31/2017
Index to the disclosed auditor's report on internal control	http://www.cninfo.com.cn
Type of the auditor's opinion	Standard unqualified opinion
Serious non-financial-report-related defects	None

Indicate by tick mark whether any modified opinions are expressed by the CPAs firm in its auditor's report on the Company's internal control.

Yes No

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

Yes No

Section X Corporate Bonds

Are there any corporate bonds publicly offered and listed on the stock exchange, which were undue before the approval date of this Report or were due but could not be redeemed in full?

No.

Section XI Financial Report

I Auditor's report

Type of auditor's opinion	Standard unqualified opinion
Date of signing the auditor's report	03/30/2017
Name of the auditor	Union Power CPAs Co., Ltd. (LLP)
No. of the auditor's report	Union Power Audit Report (2017) No. 010526
Name of CPA	Tang Jiajun, Fan Guiming

Text of the Auditor's Report

All shareholders of Shenzhen Properties & Resources Development (Group) Ltd.,

We have audited the accompanying financial statements of ShenZhen Properties & Resources Development (Group) Ltd. (the "Company"), which comprise the Company's and consolidated balance sheets as at December 31, 2016, the Company's and consolidated income statements, the Company's and consolidated cash flow statements, the Company's and consolidated statements of changes in shareholders' equity for the year then ended, as well as the notes to the financial statements.

1. The management's responsibility for the financial statements

The management of the Company is responsible for the preparation and fair presentation of these financial statements. Such a responsibility includes: (1) preparing financial statements according to the Accounting Standards for Business Enterprises and make them a fair presentation; and (2) designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

2. Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the Audit Standards for Chinese Registered Accountants, which require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks

assessments, the auditor considers the internal control related to the preparation of the financial statements so as to design proper audit procedures. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate, which provides a basis for us to express auditing opinion.

3. Auditor's opinion

In our opinion, the financial statements of the Company have been prepared according to the Accounting Standards for Business Enterprises in all material aspects, which give a fair view of the Company's and consolidated financial positions as at December 31, 2016 and the Company's and consolidated operating results and cash flows for the year then ended.

II Financial statements

Currency unit for the financial statements: RMB

1. Consolidated balance sheet

Prepared by ShenZhen Properties & Resources Development (Group) Ltd.

December 31, 2016

Unit: RMB

Item	December 31, 2016	December 31, 2015
Current assets:		
Monetary funds	2,869,755,216.85	945,739,975.77
Settlement reserve		
Interbank lendings		
Financial assets at fair value through profit/loss		
Derivative financial assets		
Notes receivable		
Accounts receivable	31,564,219.86	38,772,146.41
Accounts paid in advance	120,532,275.38	28,415,733.43
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserve		
Interest receivable		

Dividends receivable		
Other accounts receivable	9,542,311.30	11,619,503.47
Financial assets purchased under agreements to resell		
Inventories	2,585,658,521.65	2,466,342,278.85
Assets held for sale		
Non-current assets due within one year		
Other current assets	10,977,557.15	174,382,120.00
Total current assets	5,628,030,102.19	3,665,271,757.93
Non-current assets:		
Loans and advances to customers		
Available-for-sale financial assets	17,503,714.14	14,500,000.00
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investments	36,751,891.12	34,526,177.41
Investment property	427,800,613.03	237,260,788.82
Fixed assets	73,932,007.89	85,929,516.37
Construction in progress		
Engineering materials		
Disposal of fixed assets	85,556.34	
Productive living assets		
Oil-gas assets		
Intangible assets	85,487,580.95	92,640,083.99
R&D expenses		
Goodwill		
Long-term deferred expenses	1,496,391.11	2,024,722.07
Deferred tax assets	375,997,063.33	240,335,370.51
Other non-current assets	7,271,224.00	7,275,069.00
Total non-current assets	1,026,326,041.91	714,491,728.17
Total assets	6,654,356,144.10	4,379,763,486.10
Current liabilities:		
Short-term borrowings		8,000,000.00
Borrowings from the Central Bank		
Money deposits accepted and		

inter-bank deposits		
Interbank borrowings		
Financial liabilities at fair value through profit/loss		
Derivative financial liabilities		
Notes payable		
Accounts payable	419,926,139.39	191,524,938.54
Accounts received in advance	2,231,321,227.65	652,369,778.20
Financial assets sold for repurchase		
Fees and commissions payable		
Payroll payable	67,340,897.51	63,791,816.49
Taxes payable	1,254,999,384.73	833,797,372.43
Interest payable		479,413.09
Dividends payable		
Other accounts payable	132,082,174.54	128,243,079.68
Reinsurance premiums payable		
Insurance contract reserve		
Payables for acting trading of securities		
Payables for acting underwriting of securities		
Liabilities held for sale		
Non-current liabilities due within one year		121,243,352.00
Other current liabilities		
Total current liabilities	4,105,669,823.82	1,999,449,750.43
Non-current liabilities:		
Long-term borrowings		144,840,006.83
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Long-term accounts payable		
Long-term payroll payable		
Special payables		
Provisions	5,201,315.32	834,999.50
Deferred income	16,379,403.41	19,072,625.05

Deferred tax liabilities	14,487.51	23,985.24
Other non-current liabilities	115,794,291.23	114,773,265.38
Total non-current liabilities	137,389,497.47	279,544,882.00
Total liabilities	4,243,059,321.29	2,278,994,632.43
Owners' equity:		
Share capital	595,979,092.00	595,979,092.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserve	119,951,533.93	119,951,533.93
Less: Treasury shares		
Other comprehensive income	-697,548.70	-4,046,603.46
Special reserve		
Surplus reserve	253,569,569.96	154,664,631.59
Provisions for general risks		
Retained earnings	1,441,632,088.56	1,233,358,112.55
Equity attributable to owners of the Company	2,410,434,735.75	2,099,906,766.61
Minority interests	862,087.06	862,087.06
Total owners' equity	2,411,296,822.81	2,100,768,853.67
Total liabilities and owners' equity	6,654,356,144.10	4,379,763,486.10

Legal representative: Chen Yugang

Accounting head for this Report: Wang Hangjun

Head of the accounting department: Shen Xueying

2. Balance sheet of the Company

Unit: RMB

Item	December 31, 2016	December 31, 2015
Current assets:		
Monetary funds	1,566,655,340.88	296,196,656.86
Financial assets at fair value through profit/loss		
Derivative financial assets		
Notes receivable		
Accounts receivable	554,834.29	979,569.49
Accounts paid in advance	34,080,739.67	
Interest receivable		

Dividends receivable	350,000,000.00	
Other accounts receivable	1,387,640,781.32	1,766,392,354.21
Inventories	473,719,042.17	530,588,344.24
Assets held for sale		
Non-current assets due within one year		
Other current assets	1,241,108.66	174,382,120.00
Total current assets	3,813,891,846.99	2,768,539,044.80
Non-current assets:		
Available-for-sale financial assets	3,234,214.14	230,500.00
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investments	283,309,153.10	281,083,438.39
Investment property	352,884,137.98	157,390,561.34
Fixed assets	8,696,554.63	9,828,388.19
Construction in progress		
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets		
R&D expenses		
Goodwill		
Long-term deferred expenses	1,124,345.13	1,297,321.41
Deferred tax assets	163,663,557.65	29,561,006.63
Other non-current assets		
Total non-current assets	812,911,962.63	479,391,215.96
Total assets	4,626,803,809.62	3,247,930,260.76
Current liabilities:		
Short-term borrowings		
Financial liabilities at fair value through profit/loss		
Derivative financial liabilities		
Notes payable		
Accounts payable	162,541,223.07	25,436,021.13

Accounts received in advance	931,886,153.43	311,717,646.30
Payroll payable	9,532,230.14	11,467,533.06
Taxes payable	551,593,062.41	62,939,128.44
Interest payable		858,385.21
Dividends payable		
Other accounts payable	758,082,233.48	1,163,240,004.88
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	2,413,634,902.53	1,575,658,719.02
Non-current liabilities:		
Long-term borrowings		404,840,006.83
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payable		
Special payables		
Provisions	5,201,315.32	834,999.50
Deferred income		
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	5,201,315.32	405,675,006.33
Total liabilities	2,418,836,217.85	1,981,333,725.35
Owners' equity:		
Share capital	595,979,092.00	595,979,092.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserve	94,057,859.68	94,057,859.68
Less: Treasury shares		
Other comprehensive income		
Special reserve		
Surplus reserve	252,912,759.52	154,007,821.15

Retained earnings	1,265,017,880.57	422,551,762.58
Total owners' equity	2,207,967,591.77	1,266,596,535.41
Total liabilities and owners' equity	4,626,803,809.62	3,247,930,260.76

3. Consolidated income statement

Unit: RMB

Item	2016	2015
1. Operating revenues	2,059,204,077.18	1,077,418,500.93
Including: Sales income	2,059,204,077.18	1,077,418,500.93
Interest income		
Premium income		
Fee and commission income		
2. Operating costs	1,566,730,359.40	1,037,507,557.45
Including: Cost of sales	872,534,223.43	648,572,894.10
Interest expenses		
Fee and commission expenses		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium		
Taxes and surtaxes	471,132,933.89	159,676,120.22
Selling expenses	47,306,701.76	41,941,165.94
Administrative expenses	99,528,601.79	102,968,126.79
Finance costs	-22,407,438.75	-7,514,689.31
Asset impairment loss	98,635,337.28	91,863,939.71
Add: Profit on fair value changes ("-" means loss)		
Investment income ("-" means loss)	2,225,713.71	7,738,371.09
Including: Share of profit/loss of associates and joint ventures	2,225,713.71	1,637,238.00
Exchange gains ("-" means loss)		
3. Operating profit ("-" means loss)	494,699,431.49	47,649,314.57
Add: Non-operating income	1,476,298.90	171,619,115.05
Including: Profit on disposal of non-current assets		33,279.06

Less: Non-operating expense	4,968,073.06	2,876,737.49
Including: Loss on disposal of non-current assets	182,886.11	601,245.35
4. Total profit (“-” means loss)	491,207,657.33	216,391,692.13
Less: Corporate income tax	136,350,415.59	59,571,725.42
5. Net profit (“-” means loss)	354,857,241.74	156,819,966.71
Net profit attributable to owners of the Company	354,857,241.74	156,819,966.71
Minority interests’ income		
6. Other comprehensive income net of tax	3,349,054.76	-40,461.93
Other comprehensive income net of tax attributable to owners of the Company	3,349,054.76	-40,461.93
6.1 Other comprehensive income that will not be reclassified into profit/loss		
6.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
6.1.2 Share of other comprehensive income of investees that cannot be reclassified into profit/loss under the equity method		
6.2 Other comprehensive income to be subsequently reclassified into profit/loss	3,349,054.76	-40,461.93
6.2.1 Share of other comprehensive income of investees that will be reclassified into profit/loss under the equity method		
6.2.2 Profit/loss on fair value changes of available-for-sale financial assets		-2,933,175.45
6.2.3 Profit/loss on reclassifying held-to-maturity investments into available-for-sale financial assets		
6.2.4 Effective profit/loss on cash flow hedges		
6.2.5 Currency translation differences	3,349,054.76	2,892,713.52
6.2.6 Other		

Other comprehensive income net of tax attributable to minority interests		
7. Total comprehensive income	358,206,296.50	156,779,504.78
Attributable to owners of the Company	358,206,296.50	156,779,504.78
Attributable to minority interests		
8. Earnings per share		
8.1 Basic earnings per share	0.5954	0.2631
8.2 Diluted earnings per share	0.5954	0.2631

Where business mergers under the same control occurred in this Reporting Period, the net profit achieved by the merged parties before the business mergers was RMB0.00, with the corresponding amount for the last period being RMB0.00.

Legal representative: Chen Yugang

Accounting head for this Report: Wang Hangjun

Head of the accounting department: Shen Xueying

4. Income statement of the Company

Unit: RMB

Item	2016	2015
1. Operating revenues	1,409,651,839.78	61,440,361.37
Less: Operating costs	331,649,548.84	14,568,381.71
Taxes and surtaxes	446,918,517.54	7,657,509.70
Selling expenses	20,375,728.55	917,956.69
Administrative expenses	34,668,653.91	41,050,329.06
Finance costs	-15,516,555.93	-7,854,726.72
Asset impairment loss	-753,026.41	-31,370,041.72
Add: profit on fair value changes (“-” means loss)		
Investment income (“-” means loss)	531,825,713.71	7,571,676.55
Including: Share of profit/loss of associates and joint ventures	2,225,713.71	1,637,238.00
2. Operating profit (“-” means loss)	1,124,134,686.99	44,042,629.20
Add: Non-operating income	400,181.78	169,812,889.47
Including: Profit on disposal of non-current assets		
Less: Non-operating expense	4,385,760.80	1,323,166.82
Including: Loss on disposal of non-current assets		103,611.83

3. Total profit (“-” means loss)	1,120,149,107.97	212,532,351.85
Less: Corporate income tax	131,099,724.25	31,798,364.35
4. Net profit (“-” means loss)	989,049,383.72	180,733,987.50
5. Other comprehensive income net of tax		-2,933,175.45
5.1 Other comprehensive income that will not be reclassified into profit and loss		
5.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
5.1.2 Share of other comprehensive income of investees that cannot be reclassified into profit/loss under the equity method		
5.2 Other comprehensive income to be subsequently reclassified into profit/loss		-2,933,175.45
5.2.1 Share of other comprehensive income of investees that will be reclassified into profit/loss under the equity method		
5.2.2 Profit/loss on fair value changes of available-for-sale financial assets		-2,933,175.45
5.2.3 Profit/loss on reclassifying held-to-maturity investments into available-for-sale financial assets		
5.2.4 Effective profit/loss on cash flow hedges		
5.2.5 Currency translation differences		
5.2.6 Other		
6. Total comprehensive income	989,049,383.72	177,800,812.05
7. Earnings per share		
7.1 Basic earnings per share	1.6595	0.3033
7.2 Diluted earnings per share	1.6595	0.3033

5. Consolidated cash flow statement

Unit: RMB

Item	2016	2015
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1. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	3,738,338,252.83	1,696,592,242.82
Net increase in money deposits from customers and interbank placements		
Net increase in loans from the Central Bank		
Net increase in funds borrowed from other financial institutions		
Cash received from premium of original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits of policy holders and investment fund		
Net increase in disposal of financial assets at fair value through profit/loss		
Interest, fees and commissions received		
Net increase in interbank borrowings		
Net increase in funds in repurchase business		
Tax refunds received		
Cash received from other operating activities	31,716,157.80	14,524,590.42
Subtotal of cash inflows from operating activities	3,770,054,410.63	1,711,116,833.24
Cash paid for goods and services	624,777,127.52	574,324,242.80
Net increase in loans and advances to customers		
Net increase in funds deposited in the Central Bank and interbank placements		
Cash paid for claims of original insurance contracts		
Interest, fees and commissions paid		
Cash paid as policy dividends		
Cash paid to and for employees	314,804,865.42	308,224,325.62
Taxes paid	497,236,549.74	450,753,009.58
Cash paid for other operating activities	81,194,684.53	68,047,625.58
Subtotal of cash outflows due to	1,518,013,227.21	1,401,349,203.58

operating activities		
Net cash flows from operating activities	2,252,041,183.42	309,767,629.66
2. Cash flows from investing activities:		
Cash received from retraction of investments		7,091,672.64
Cash received as investment income		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	139,247.90	966,686.25
Net cash received from disposal of subsidiaries or other business units		
Cash received from other investing activities		
Subtotal of cash inflows from investing activities	139,247.90	8,058,358.89
Cash paid to acquire fixed assets, intangible assets and other long-term assets	4,654,746.40	38,285,548.55
Cash paid for investment		
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Subtotal of cash outflows due to investing activities	4,654,746.40	38,285,548.55
Net cash flows from investing activities	-4,515,498.50	-30,227,189.66
3. Cash flows from financing activities:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received as borrowings	15,441,282.23	216,470,006.83
Cash received from issuance of bonds		
Cash received from other financing activities		
Subtotal of cash inflows from financing activities	15,441,282.23	216,470,006.83
Repayment of borrowings	289,524,641.06	225,000,000.00

Cash paid for interest expenses and distribution of dividends or profit	52,830,940.85	149,289,115.57
Including: dividends or profit paid by subsidiaries to minority interests		
Cash paid for other financing activities		104,500.00
Sub-total of cash outflows due to financing activities	342,355,581.91	374,393,615.57
Net cash flows from financing activities	-326,914,299.68	-157,923,608.74
4. Effect of foreign exchange rate changes on cash and cash equivalents	3,403,855.84	2,757,607.83
5. Net increase in cash and cash equivalents	1,924,015,241.08	124,374,439.09
Add: Opening balance of cash and cash equivalents	933,337,815.77	808,963,376.68
6. Closing balance of cash and cash equivalents	2,857,353,056.85	933,337,815.77

6. Cash flow statement of the Company

Unit: RMB

Item	2016	2015
1. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	2,063,440,554.67	334,263,329.67
Tax refunds received		
Cash received from other operating activities	10,669,811.91	6,463,891.82
Subtotal of cash inflows from operating activities	2,074,110,366.58	340,727,221.49
Cash paid for goods and services	144,727,665.19	124,296,158.78
Cash paid to and for employees	23,303,772.00	22,684,201.36
Taxes paid	292,134,706.66	51,447,302.07
Cash paid for other operating activities	60,900,433.58	164,209,242.83
Subtotal of cash outflows due to operating activities	521,066,577.43	362,636,905.04
Net cash flows from operating activities	1,553,043,789.15	-21,909,683.55
2. Cash flows from investing activities:		
Cash received from retraction of investments		6,736,638.10
Cash received as investment income	179,600,000.00	

Net cash received from disposal of fixed assets, intangible assets and other long-term assets		4,980.00
Net cash received from disposal of subsidiaries or other business units		
Cash received from other investing activities		
Subtotal of cash inflows from investing activities	179,600,000.00	6,741,618.10
Cash paid to acquire fixed assets, intangible assets and other long-term assets	464,355.20	82,194.00
Cash paid for investment	1.00	
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Subtotal of cash outflows due to investing activities	464,356.20	82,194.00
Net cash flows from investing activities	179,135,643.80	6,659,424.10
3. Cash flows from financing activities:		
Cash received from capital contributions		
Cash received as borrowings	15,441,282.23	128,470,006.83
Cash received from issuance of bonds		
Cash received from other financing activities		
Subtotal of cash inflows from financing activities	15,441,282.23	128,470,006.83
Repayment of borrowings	420,281,289.06	
Cash paid for interest expenses and distribution of dividends or profit	56,862,943.75	154,883,075.03
Cash paid for other financing activities		
Sub-total of cash outflows due to financing activities	477,144,232.81	154,883,075.03
Net cash flows from financing activities	-461,702,950.58	-26,413,068.20
4. Effect of foreign exchange rate changes on cash and cash equivalents	-17,798.35	-176,125.01
5. Net increase in cash and cash equivalents	1,270,458,684.02	-41,839,452.66

Add: Opening balance of cash and cash equivalents	296,196,656.86	338,036,109.52
6. Closing balance of cash and cash equivalents	1,566,655,340.88	296,196,656.86

7. Consolidated statement of changes in owners' equity

2016

Unit: RMB

Item	2016												
	Equity attributable to owners of the Company											Total owners' equity	
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings		Minority interests
Preference shares		Perpetual bonds	Other										
1. Balance at the end of the prior year	595,979,092.00				119,951,533.93		-4,046,603.46		154,664,631.59		1,233,358,112.55	862,087.06	2,100,768,853.67
Add: Changes in accounting policies													
Correction of errors in prior periods													
Business mergers under the same control													
Other													
2. Balance at the beginning of the year	595,979,092.00				119,951,533.93		-4,046,603.46		154,664,631.59		1,233,358,112.55	862,087.06	2,100,768,853.67
3. Increase/decrease in the period ("-" means decrease)							3,349,054.76		98,904,938.37		208,273,976.01		310,527,969.14
3.1 Total comprehensive income							3,349,054.76				354,857,241.74		358,206,296.50
3.2 Capital increased and reduced by owners													
3.2.1													

Ordinary shares increased by shareholders													
3.2.2 Capital increased by holders of other equity instruments													
3.2.3 Amounts of share-based payments charged to owners' equity													
3.2.4 Other													
3.3 Profit distribution								98,904,938.37			-146,583,265.73		-47,678,327.36
3.3.1 Appropriation to surplus reserve								98,904,938.37			-98,904,938.37		
3.3.2 Appropriation to general risk provisions													
3.3.3 Appropriation to owners (or shareholders)											-47,678,327.36		-47,678,327.36
3.3.4 Other													
3.4 Internal carry-forward of owners' equity													
3.4.1 New increase of capital (or share capital) from capital reserve													
3.4.2 New increase of capital (or share capital) from surplus reserve													
3.4.3 Surplus reserve for making													

up loss													
3.4.4 Other													
3.5 Special reserve													
3.5.1 Withdrawn for the period													
3.5.2 Used in the period													
3.6 Other													
4. Closing balance	595,97 9,092. 00				119,951 ,533.93		-697,54 8.70		253,569 ,569.96		1,441,6 32,088. 56	862,087 .06	2,411,2 96,822. 81

2015

Unit: RMB

Item	2015												
	Equity attributable to owners of the Company											Minorit y interest s	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasur y shares	Other compre hensive income	Specific reserve	Surplus reserve	General risk reserve	Retaine d earnings		
Prefer ence shares		Perpet ual bonds	Other										
1. Balance at the end of the prior year	595,97 9,092. 00				119,951 ,533.93		-4,006,1 41.53		136,591 ,232.84		1,225,7 26,944. 83	862,087 .06	2,075,1 04,749. 13
Add: Changes in accounting policies													
Correction of errors in prior periods													
Business mergers under the same control													
Other													
2. Balance at the beginning of the year	595,97 9,092. 00				119,951 ,533.93		-4,006,1 41.53		136,591 ,232.84		1,225,7 26,944. 83	862,087 .06	2,075,1 04,749. 13
3. Increase/ decrease in the period (“-” means decrease)							-40,461. 93		18,073, 398.75		7,631,1 67.72		25,664, 104.54

3.1	Total comprehensive income											-40,461.93					156,819,966.71				156,779,504.78	
3.2	Capital increased and reduced by owners																					
3.2.1	Ordinary shares increased by shareholders																					
3.2.2	Capital increased by holders of other equity instruments																					
3.2.3	Amounts of share-based payments charged to owners' equity																					
3.2.4	Other																					
3.3	Profit distribution										18,073,398.75							-149,188,798.99				-131,115,400.24
3.3.1	Appropriation to surplus reserve									18,073,398.75								-18,073,398.75				
3.3.2	Appropriation to general risk provisions																					
3.3.3	Appropriation to owners (or shareholders)																	-131,115,400.24				-131,115,400.24
3.3.4	Other																					
3.4	Internal carry-forward of owners' equity																					
3.4.1	New increase of capital (or share capital) from capital reserve																					

3.4.2 New increase of capital (or share capital) from surplus reserve													
3.4.3 Surplus reserve for making up loss													
3.4.4 Other													
3.5 Special reserve													
3.5.1 Withdrawn for the period													
3.5.2 Used in the period													
3.6 Other													
4. Closing balance	595,979,092.00				119,951,533.93		-4,046,603.46		154,664,631.59		1,233,358,112.55	862,087.06	2,100,768,853.67

8. Statement of changes in owners' equity of the Company

2016

Unit: RMB

Item	2016										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Other							
1. Balance at the end of the prior year	595,979,092.00				94,057,859.68				154,007,821.15	422,551,762.58	1,266,596,535.41
Add: Changes in accounting policies											
Correction of errors in prior periods											
Other											
2. Balance at the beginning of the year	595,979,092.00				94,057,859.68				154,007,821.15	422,551,762.58	1,266,596,535.41
3. Increase/									98,904,93	842,466	941,371,0

decrease in the period (“-” means decrease)									8.37	,117.99	56.36
3.1 Total comprehensive income										989,049,383.72	989,049,383.72
3.2 Capital increased and reduced by owners											
3.2.1 Ordinary shares increased by shareholders											
3.2.2 Capital increased by holders of other equity instruments											
3.2.3 Amounts of share-based payments charged to owners’ equity											
3.2.4 Other											
3.3 Profit distribution									98,904,938.37	-146,583,265.73	-47,678,327.36
3.3.1 Appropriation to surplus reserve									98,904,938.37	-98,904,938.37	
3.3.2 Appropriation to owners (or shareholders)										-47,678,327.36	-47,678,327.36
3.3.3 Other											
3.4 Internal carry-forward of owners’ equity											
3.4.1 New increase of capital (or share capital) from capital reserve											
3.4.2 New											

increase of capital (or share capital) from surplus reserve											
3.4.3 Surplus reserve for making up loss											
3.4.4 Other											
3.5 Special reserve											
3.5.1 Withdrawn for the period											
3.5.2 Used in the period											
3.6 Other											
4. Closing balance	595,979,092.00				94,057,859.68				252,912,759.52	1,265,017,880.57	2,207,967,591.77

2015

Unit: RMB

Item	2015										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Other							
1. Balance at the end of the prior year	595,979,092.00				94,057,859.68		2,933,175.45		135,934,422.40	391,006,574.07	1,219,911,123.60
Add: Changes in accounting policies											
Correction of errors in prior periods											
Other											
2. Balance at the beginning of the year	595,979,092.00				94,057,859.68		2,933,175.45		135,934,422.40	391,006,574.07	1,219,911,123.60
3. Increase/decrease in the period ("-" means decrease)							-2,933,175.45		18,073,398.75	31,545,188.51	46,685,411.81

3.1 Total comprehensive income										-2,933,175.45						180,733,987.50	177,800,812.05	
3.2 Capital increased and reduced by owners																		
3.2.1 Ordinary shares increased by shareholders																		
3.2.2 Capital increased by holders of other equity instruments																		
3.2.3 Amounts of share-based payments charged to owners' equity																		
3.2.4 Other																		
3.3 Profit distribution																18,073,398.75	-149,188,798.99	-131,115,400.24
3.3.1 Appropriation to surplus reserve																18,073,398.75	-18,073,398.75	
3.3.2 Appropriation to owners (or shareholders)																	-131,115,400.24	-131,115,400.24
3.3.3 Other																		
3.4 Internal carry-forward of owners' equity																		
3.4.1 New increase of capital (or share capital) from capital reserve																		
3.4.2 New increase of capital (or share capital) from surplus																		

reserve											
3.4.3 Surplus reserve for making up loss											
3.4.4 Other											
3.5 Special reserve											
3.5.1 Withdrawn for the period											
3.5.2 Used in the period											
3.6 Other											
4. Closing balance	595,979,092.00				94,057,859.68				154,007,821.15	422,551,762.58	1,266,596,535.41

III Company profile

Shenzhen Properties & Resources Development (Group) Ltd. (hereinafter referred to as “Company” or “the Company”) was incorporated based on the reconstruction of Shenzhen Properties & Resources Development Co., Ltd. after obtaining approval of ZFBF [1991] No. 831 from People’s Government of Shenzhen Municipality. The registration number of Business License for Enterprises as Legal Person is ZQFZ No. 440301103570124. And the credibility code for the Company after the business license reform is 91440300192174135N.

The registered capital of the Company was RMB541,799,175 after bonus issue of shares on the basis of one share for every existing 10 shares based on existing paid-in capital of the Company in 1996 and it changes to RMB595,979,092 after bonus issue of shares on the basis of one share for every existing 10 shares based on previous paid-in capital of RMB541,799,175 in 2009.

Up to 31 Dec. 2016, the registered capital of the Company was RMB595,979,092 and the paid-in capital was RMB595,979,092.

1. Registered office, organization form and headquarter address of the Company

Organization form: joint-stock company with limited liability

Registered office: Shenzhen Municipal, Guangdong Province, PRC

Headquarter address: 39th and 42nd Floor, International Trade Center, Renmin South Road, Shenzhen.

2. Nature of the business and main business scope of the Company

The business scope of the Company and its subsidiaries includes development and sale of commodity premises, construction and management of buildings, lease of properties, supervision of construction, domestic trading and materials supply and marketing (excluding exclusive dealing and monopoly sold products and commodities under special control to purchase).

The Company and the subsidiary (hereinafter referred to as “the Group” in total) mainly operates the development of real estate; property management; buildings and the building devices maintainance, gargen afforest and cleaning service; houses and building leasing; passenger traffits and leasing of motor vehicles; supervise and management of the engineering; retails of the Chinese food, Western-style food and wines.

3. About the controlling shareholder of the Company and the Group

The parent company of the Company is Shenzhen Investment Holdings Co., Ltd., a solely state-funded limited

company. As a government department, Shenzhen State-owned Assets Supervision and Administration Bureau manages Shenzhen Investment Holdings Co., Ltd. on behalf of People's Government of Shenzhen Municipality. Thus, the final controller of the Company is Shenzhen State-owned Assets Supervision and Administration Committee of Shenzhen Government.

4. Authorization and date of issuing the financial statements

The financial statements were approved and authorized for issue by the 13th Session of the 8th Board of the Directors on 30 Mar. 2017.

Up to the end of this Reporting Period, there were 26 subsidiaries included in the consolidation financial statement, and for the details, please refer to Note (IX) 1 herein.

For the changes of consolidation financial statement scope of this Reporting Period, please refer to Note (VIII) herein.

IV Basis for the preparation of financial statements

1. Preparation basis

The Company recognizes and measures transactions occurred according to Chinese Accounting Standards – Basic standard and other related accounting standards, prepares the financial statements based on accrual accounting and the underlying assumption of going concern.

2. Continuation

There will be no such events or situations in the 12 months from the end of this Reporting Period that will cause material doubts as to the continuation capability of the Company.

V Important accounting policies and estimations

Is the Company subject to any disclosure requirements for special industries?

Yes, for the Company engages in real estate.

Indication of specific accounting policies and estimations:

1. Statement of compliance with Enterprise accounting standards

The company's financial statements comply with the requirements of Accounting Standards; the company's financial position, operating results, changes in shareholder's equity and cash flow, and other relevant information are truly and completely disclosed in financial statements.

2. Fiscal period

The Group's fiscal year starts on 1 Jan. and ends on 31 Dec. of every year according to the Gregorian calendar.

3. Operating cycle

A normal operating cycle refers to a period from the Group purchasing assets for processing to realizing cash or cash equivalents. As for the construction of the real estate projects of the Group with rather long period, the normal operating period more than 1 year owing to the industry characteristics, and although the relevant assets be discounted, sold or consumed more than 1 year, should still be divided into the circulating assets; as for the operating liabilities projects during the normal operation period even be liquidated over 1 year after the balance sheet date, should be divided into the circulation liabilities. Besides, the normal operating period of other business of the Group is shorter than 1 year. As for the normal operating period shorten than 1 year and the assets discounted since the balance sheet date or the liabilities should be liquidated due within 1 year since the balance sheet date, should be classified as the circulating assets or liabilities.

4. Recording currency

The Company and the domestic subsidiaries regard the Renminbi as the recording currency. The Hong Kong subsidiary of the Company confirms the Hong Kong dollar as its recording currency according to the major economic environment of the currency of its office place. When compiling the financial statements, the currency the Company adopted was the Renminbi.

5. Accounting method of business combination under the common control and not under the common control

(1) The Group adopts equity method for business combination under common control. The assets and liabilities that the combining party obtained in a business combination shall be measured on their carrying amount in the combined party on the combining date. The difference between the carrying amount of net assets acquired by the combining party and the carrying amount of the consideration paid by it (or the total par value of the shares issued) shall be adjusted to capital surplus. If the capital surplus is not sufficient for adjustment, retained earning is adjusted respectively. The business combination costs that are directly attributable to the combination, such as audit fees, valuation fees, and legal service fees and so on are recognized in profit or loss during the current period when they occurred. The bonds issued for a business combination or the handling fees, commissions and other expenses for bearing other liabilities shall be recorded in the amount of initial measurement of the bonds or other debts. The handling fees, commissions and other expenses for the issuance of equity securities for the business combination shall be credited against the surplus of equity securities; if the surplus is not sufficient, the retained earnings shall be offset. Where a relationship between a parent company and a subsidiary company is formed due to a business combination, the parent company shall, on the combining date, prepare consolidated financial statements according to the accounting policy of the Company; the period of the adjustment of the compared data of the consolidation financial statement should earlier than the later time under the control of the ultimate control party of the combine party and the combined party.

(2) The Company adopts acquisition method for business combination not under common control. The acquirer shall recognize the initial cost of combination under the following principles: ①When business combination is achieved through a single exchange transaction, the cost of a business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree; ②For the business combination involved more than one exchange transaction, accounting treatments will be carried out separately on individual and consolidated financial statements as the followings:

A. In the individual financial statements, the initial investment cost changed to be measured by the cost method of the particular project will be the sum of book value of equity in the entity before the date of acquisition and the newly added investment cost; the other comprehensive revenues recognized by adopting the equity method of the equity investment before the purchase date, should be executed accounting treatments based on the same basic of the relevant assets or liabilities directly disposed by the purchasers when disposing the investment. The equity investment held before the purchase date which is executed the accounting treatments according to the relevant regulations of No. 22 ASBE-Recognition and Measurement of the Financial Instruments, the accumulative fair value changes originally included into the other comprehensive income should be transferred into the current gains and losses by adopting the cost method.

B. In the consolidated financial statements, the share equity in the acquired entity before the date of acquisition is recalculated upon the fair value of the equity at the date of acquisition. The balance between the fair value and book value shall be accounted into current investment income account; when the share equity before the date of acquisition involves with other integrated gains, such gains are transferred into investment income account of the period when it occurred. Within the notes of financial statement, the Company shall be disclosed the fair value (on the merger date) of the shareholdings of the bargainer hold and profits or losses recognized by the revaluation.

③Agency expenses and other administrative expenses such as auditing, legal consulting, or appraisal services occurred relating to the merger of entities are accounted into current income account when occurred; the transaction fees of equity certificates or liability certificates issued by the purchaser for payment for the acquisition are accounted at the initial amount of the certificates. ④Where a business combination contract or agreement provides for a future event which may adjust the cost of combination, the Group shall include the amount of the adjustment in the cost of the combination at the acquisition date if the future event leading to the adjustment is probable and the amount of the adjustment can be measured reliably.

The Group shall, on the acquisition date, measure the assets given and liabilities incurred or assumed by an enterprise for a business combination in light of their fair value, and shall record the balances between them and their carrying amounts into the profits and losses at the current period.

The acquirer shall distribute the combination costs on the acquisition date, and shall recognize all identifiable assets, liabilities and contingent liabilities it obtains from the acquiree. (1) the acquirer shall recognize the difference that the combination costs are over the fair value of the identifiable net assets obtained from acquiree as goodwill; (2) if the combination costs are less than the fair value of the identifiable net assets obtained from acquiree, the acquirer shall reexamine the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities obtained from the acquiree as well as the combination costs; and then after the reexamination, the result is still the same, the difference shall be recorded in the profit and loss of the current period.

Where a relationship between a parent company and a subsidiary company is formed due to a business combination, the parent company shall prepare accounting books for future reference, which shall record the fair value of the identifiable assets, liabilities and contingent liabilities obtained from the subsidiary company on the acquisition date. When preparing consolidated financial statements, it shall adjust the financial statements of the subsidiary company on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities

determined on the acquisition date according to the Group's accounting policy of "Consolidated financial statement".

6. Methods for preparing consolidated financial statements

(1) Consolidation scope

The consolidation scope for financial statements is determined on the basis of control, including the annual financial statement up to 31 Dec. 2016 of the Company and whole subsidiaries. The consolidated financial statements comprise the financial statements of the Group and its subsidiaries. A subsidiary is an enterprise or entity controlled by the Group (including the segmental part among the enterprises and investees as well as the structuralized main bodies etc.) The term "control" is the power of the Group upon an investee, with which it can take part in relevant activities of the investee to obtain variable returns and is able to influence the amount of returns.

(2) Methods for preparing the consolidated financial statements

The Company compiles the consolidation financial statement according to other relevant materials based on the financial statement of itself and its subsidiaries.

The Company regards the whole enterprise group as an accounting main body when compiling the consolidation financial statement to reflect the whole financial conditions, operation results and cash flows according to the requirements of the recognition, measurement and presentation of the relevant ASBE and the unitize accounting polices.

The financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Group during the preparation of the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Group and subsidiaries. For a subsidiary acquired from a business combination not under the same control, the individual financial statements of the subsidiary are adjusted based on the fair value of the identifiable net assets at the acquisition date.

(3) Statement of minority interests and profits or losses

The portion of the equity of the subsidiaries that are not owned by the parent is presented as minority interest in the consolidated balance sheet.

The portion of the profit or loss of the subsidiaries that are not owned by the parent is presented as minority interest in the consolidated income statement.

(4) Accounting treatment of excess losses

When the share of losses attributable to the minor shareholders has exceeded their shares in the shareholders' equity at the beginning of term, the shareholders' equity shall be deducted thereof.

(5) Accounting treatment on increase or decrease of the subsidiaries during this Reporting Period

For any subsidiary acquired by the Company through business combination under the common control, when the consolidated balance sheet for the current period are being prepared, the amount at the beginning of the period in the consolidated balance sheet is made corresponding modification. For addition business combination not under common control during this Reporting Period, the Company makes no adjustment for the amount at the beginning of the period in the consolidated balance sheet. When disposing subsidiary during this Reporting Period, the Company makes no adjustment for the amount at the beginning of the period in the consolidated balance sheet.

For any subsidiary acquired by the Company through business combination under the common control, when the consolidated income statement for the current period are being prepared, revenue, expense and profit for the period from the beginning of the consolidated period to the year end of this Reporting Period are included in the consolidated income statement, and included the consolidate cash flow from the period-begin to the period-end of

the subsidiary into the consolidated cash flow statement. For addition business combination not under common control during this Reporting Period, revenue, expense and profit for the period from acquisition date to the year end of this Reporting Period is included in the consolidated income statement and included the consolidated cash flow from the purchasing date to the period-end of the subsidiary into the consolidated cash flow statement. When disposing subsidiary during this Reporting Period, revenue, expense and profit for the period from the beginning to the disposal date are included in the consolidated income statement.

When losing the control right of the original subsidiary owing to the disposing of party equity investment or other reasons, for the remaining equity investment after the disposing, should be remeasured according to the fair value of the date of losing the control right. The amount of the sum between the consideration of disposing the equity and the fair value of the remaining equity that minus the balance between the shares of net assets that gained from the original subsidiaries by continuously calculation according the original shareholding ratio since the purchasing date should accrued into the current investment benefits of losing the control right. The other comprehensive benefits related to the equity investment of the original subsidiaries should be transferred into the current investment benefits when losing the control right.

The balance between the newly gained long-term equity investment owing to the purchasing of the minority equities and the net identifiable assets enjoyed from the subsidiaries according to the newly increased shareholding ratio, and the balance between the dispose of remuneration which gained from the partly dispose of the equity investment of the subsidiaries under the situation of not losing the control right and the corresponding shares of net assets from the subsidiaries when disposing the long-term equity investment, should both adjust the share premium of the capital surplus of the consolidated balance sheet. If the share premium of the capital surplus is not sufficient for adjustment, retained earning is adjusted respectively.

(6) Disposal on consolidation statement of disposing the equity step by step till lose the control right

If the each transaction of disposing the equity investment of the subsidiaries till lose the control right which belongs to package deal, each transaction would be executed accounting treatment as a transaction of disposing the subsidiaries that lose the control right; however, before losing the control right, for the balance between each disposal of the remuneration and the corresponding shares of net assets of investing the subsidiary, would be confirmed as other comprehensive benefits in the consolidated financial statement and would be transferred into the current gains and losses of losing the control right when losing it. If not belongs to the package deal, before losing the control right, or when losing it, should execute the accounting treatment according to the aforesaid situation of not losing the control right to dispose party equity investment of the subsidiaries as well as according to the accounting policy of losing the control right of the original subsidiaries.

If the regulations, conditions and its economic influences of each deal of disposing the equity investment of the subsidiary met with following one or more kinds of situations, it indicated that the multiple transactions would consolidate as package deal for accounting treatment: ①these transactions are formatted under the situation of contemporary or considering of the mutual influences; ②only the entirety of these transactions could achieve a complete commercial result; ③the happen of one transaction depends on at least the happen of other one transaction; ④to see independently of one transaction is not economic while to considered with other transactions are economic.

Execute the accounting treatment of the several financial statements of disposing the equity step by step till lose the control right according to the accounting policy of disposing the long-term equity investment.

7. Classification of joint arrangements and accounting treatment of joint operations

(1) Category of joining arrangements

A joint arrangement refers to an arrangement jointly controlled by two participants or above. The Group classifies joint arrangements into joint operations and joint ventures according to its rights and duties in the joint arrangements. A joint operation refers to a joint arrangement where the Group enjoys assets and has to bear liabilities related to the arrangement. A joint venture refers to a joint arrangement where the Group is only entitled to the net assets of the arrangement.

The joint arrangement achieves not through the individual main body should be divided as joint operation. Individual main body refers to the entity owns individual distinguishable financial structure, including the individual legal entities and the entities without legal entity qualification but gains the legal permits. The joint arrangement achieves through individual main body is usually divided into the joint venture, but for the joint arrangement with definite evidence indicants that meet with any condition of the followings and meet with the regulations of the relevant laws and regulations should be divided into joint operation; the legal form of other joint arrangement indicates that, the jointly owned party respectively enjoys the rights and burdens the obligations of the relevant assets and liabilities among the arrangement; the clauses of the contacts of the joint arrangement agrees that, the jointly owned party respectively enjoys the rights and burdens the obligations of the relevant assets and liabilities among the arrangement; other relevant facts and situation indicates that, the jointly owned party respectively enjoys the rights and burdens the obligations of the relevant assets and liabilities among the arrangement, for example, the jointly owned party enjoys almost all of the output related to the joint arrangement and the liquidation of the liabilities of the arrangement constantly depends on the support of the jointly owned party. It's forbidden to regard the jointly owned party which provides the liabilities for the joint arrangement as it has the responsibility to bear the relevant liabilities. For the jointly owned party takes the responsibility to pay the contributive obligations for the joint arrangement, not be considered to undertake the relevant liabilities related to the arrangement. For the relevant facts and the changes of the situation leads the rights enjoyed and the liabilities undertook amount the joint arrangement change, the Group should re-assess the category of the joint arrangement. For the structure agreement setting various joint arrangements for achieving different activities, the Group respectively recognizes each category of the joint arrangement.

For the details of the basis of recognizing the joint control and the accounting policies of the measurement of the joint venture, please refer to Notes (V) 13.

(2) Accounting treatment of joint operations

The following projects related to the interests portion among the joint operation recognized by the Group and be executed according to the regulations of the relevant ASBE: recognizes the assets held alone and the assets joint held by recognizing according to the portion; recognizes the jointly-held assets and jointly-borne liabilities according to the Group's stake in the joint operation; recognizes the income from sale of the Group's share in the output of the joint operation; recognizes the income from sale of the joint operation's outputs according to the Group's stake in it; and recognizes the expense solely incurred to the Group and the expense incurred to the joint operation according to the Group's stake in it.

When the Group, as a joint operator, transfers or sells assets (except for the assets constituting business) to the joint operation, before the assets are sold to a third party, the Group only recognizes the share of the other joint operators in the gains and losses arising from the sale. Where impairment occurs to the assets as prescribed in <The Accounting Standard No. 8 for Business Enterprises—Asset Impairment>, the Group shall fully recognize the loss. When the Group, purchases assets from the joint operation (except for the assets constituting business) to the joint operation, before the assets are sold to a third party, the Group only recognizes the share of the other joint operators in the gains and losses arising from the sale. Where impairment occurs to the assets as prescribed in <The Accounting Standard No. 8 for Business Enterprises—Asset Impairment>, the Group shall fully recognize the loss according to its stake in the joint operation for a purchase of assets from the joint operation.

If the Group attributes to the participate party without joint control on the joint operation,if enjoys the relevant assets and undertakes the relevant liabilities of the joint operation, should execute accounting treatment according to the above principles; otherwise, should execute the accounting treatment according to the accounting policies of the measurement of the financial instruments or the long-term equity investment formulated by the Group.

8. Recognition standard for cash and cash equivalents

In the Group's understanding, cash and cash equivalents include cash on hand, any deposit that can be used for cover, and short-term (usually due within 3 months since the day of purchase) and high circulating investments, which are easily convertible into known amount of cash and whose risks in change of value are minimal.

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

The foreign currency transactions are both discounted as recording currency according to the spot rate on the trading date (usually refers to the middle price of the foreign exchange quotation on that very date issued by People's Bank of China, similarly hereinafter).

(1) Treatment of foreign currency exchange difference

On balance sheet date, the Group accounts for monetary and non-monetary items denominated in foreign currencies as follows: a) monetary items denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Foreign exchange gains and losses arising from the difference between the balance sheet date exchange rate and the exchange rate ruling at the time of initial recognition or the exchange rate ruling at the last balance sheet date are recognized in income statement; b) Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the current exchange rates ruling at the transaction dates. Non-monetary items denominated in foreign currencies that are stated at fair value are translated using the current exchange rates ruling at the dates the fair value was determined, the difference between the amount of functional currency after translation and the original amount of functional currency is treated as part of change in fair value (including change in exchange rate) and recognized in income statement. During the capitalization period, exchange differences arising from foreign currency borrowings are capitalized as part of the cost of the capitalized assets.

(2) Translations of financial statements in foreign currencies

The Group translates the financial statements of its foreign operation in accordance with the following provisions: a) the asset and liability items in the balance sheets shall be translated at a spot exchange rate ruling at the balance sheet date. Among the owner's equity items, except the ones as "retained earnings", others shall be translated at the spot exchange rate ruling at the time when they occurred; b) The income and expense items in the income statements shall be translated at an exchange rate which is determined in a systematic and reasonable way and is approximate to the spot exchange rate (calculated by the average of starting rate and closing rate on this Reporting Period) ruling at the transaction date. The foreign exchange difference arisen from the translation of foreign currency financial statements shall be presented separately under the owner's equity in the balance sheet. The translation of comparative financial statements shall be subject to the aforesaid provisions.

10. Financial instruments

(1) Recognition of the financial instruments

The Group recognizes a financial asset or financial liability on its balance sheet when, and only when, the Company becomes a party to the contractual provisions of the instrument.

(2) Category and measurement of the financial assets

① The Group based on the reasons such as risks management, investment strategies and objective of holding the financial assets, classifies the financial assets into the following four categories: a) financial assets at fair value through profit or loss; b) held-to-maturity investments; c) loans and receivables; and d) available-for-sale financial assets.

A. Financial assets measured by fair value and its changes included in the current gains and losses

Financial assets measured by fair value and its changes included in the current gains and losses, including trading financial assets and the financial assets appointed to be measured by fair value with its changes included in the current gains and losses of the initial recognition.

The financial assets meeting any of the following requirements shall be classified as transactional financial assets:

A. The purpose to acquire the said financial assets is mainly for selling them in the near future; B. Forming a part of the identifiable combination of financial instruments which are managed in a centralized way and for which there are objective evidences proving that the enterprise may manage the combination by way of short-term profit making in the near future; C. Being a derivative instrument, excluding the designated derivative instruments which are effective hedging instruments, or derivative instruments to financial guarantee contracts, and the derivative instruments which are connected with the equity instrument investments for which there is no quoted price in the active market, whose fair value cannot be reliably measured, and which shall be settled by delivering the said equity instruments.

The financial assets meeting any of the following requirements shall be designated as financial assets which are measured at their fair values and the variation of which is recorded into the profits and losses of the current period for initial recognition: A. the designation can eliminate or significantly reduce the difference of relevant gains and losses between recognition and measurement causing from different bases for measurement of financial assets; B. The official written documents for risk management and investment strategies of the enterprise have clearly stated that it shall, manage, evaluate and report to important management personnel based on the fair value, about the financial assets group or the group of financial assets which the financial assets are belong to.

For the equity instruments investment without quotation in the active market and the fair value could not be reliable measured, should not be appointed as the financial assets measured by the fair value with its changes included in the current gains and losses.

B. Held-to-maturity investment

The term "held-to-maturity investment" refers to a non-derivative financial asset with a fixed date of maturity, a fixed or determinable amount of repo price and which the enterprise holds for a definite purpose or the enterprise is able to hold until its maturity.

C. Loans and the accounts receivables

Loans and the accounts receivables refer to non-derivative financial assets, which there is no quotation in the active market, with fixed recovery cost or recognizable.

D. Available-for-sale financial assets

Available-for-sale financial assets refer to the non-derivative financial assets which appointed available for sale when initially recognizes and the financial assets except for the above category of the financial assets.

After the Group classifies certain financial assets as the financial assets measured by fair value and included its changes in the current gains and losses when initially recognized, should not re-classified as other financial assets; other financial assets also should not be re-classified as the financial assets measured by fair value with its changes be included in the current gains and losses.

② The financial assets are initially recognized at fair value. Gains or losses arising from a change in the fair value of a financial asset at fair value through profit or loss is recognized in profit or loss when it incurred and relevant transaction costs are recognized as expense when it incurred. For other financial assets, the transaction costs are recognized as costs of the financial assets.

③ Subsequent measurement of financial assets

A. A financial asset at fair value through profit or loss includes financial assets held for trading and financial assets designated by the Group as at fair value through profit or loss. The Group subsequently measures the financial asset at fair value through profit or loss at fair value and recognizes the gain or loss arising from a change in the fair value of a financial asset at fair value through profit or loss as profit or loss in the current period.

B. Held-to-maturity investments are measured at amortized cost using the effective interest method. A gain or loss is recognized in profit or loss during the current period when the financial asset is derecognized or impaired and through the amortization process.

C. Loans and receivables are measured at amortized cost using the effective interest method. A gain or loss is recognized in profit or loss during the current period when the financial asset is derecognized or impaired and through the amortization process.

D. Available-for-sale financial assets are measured at fair value and the gain or loss arising from a change in the fair value of available-for-sale financial assets is recognized as capital reserve which is transferred into profit or loss when it is impaired or derecognized. Interests or cash dividends during the holding period are recognized in profit or loss for the current period. For the equity instruments investment without quotation in the active market and the fair value could not be reliable measured and the derivative financial assets linked up with the equity instruments and should be settled through handing over to the equity instruments, should be measured according to the cost.

④ Impairment provision of the financial assets

A. The Group assesses the carrying amount of the financial assets except the financial asset at fair value through profit or loss at each balance sheet date, if there is any objective evidence that a financial asset or group of financial assets is impaired, the Group shall recognize impairment loss.

B. The objective evidences that the Group uses to determine the impairment are as follows:

- a) significant financial difficulty of the issuer or obligor;
- b) a breach of contract, such as a default or delinquency in interest or principal payments;
- c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- d) it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- e) the disappearance of an active market for that financial asset because of financial difficulties;
- f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including: (i) Adverse changes in the payment status of borrowers in the group or (ii) an increase in the unemployment rate in the geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area, or adverse changes in industry conditions that affect the borrowers.
- g) significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the borrower operates, and indicates that the cost of the investment in the equity instrument may not be recovered;
- h) a significant or non-temporary decrease in fair value of equity investment instruments;

i) other objective evidences showing the impairment of the financial assets.

C. Measurement of impairment loss of financial assets

a) held-to-maturity investments, loans and receivables

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the loss is recognized in profit or loss of the current period.

The Group assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The Group performs impairment test for receivables and provide bad debt provisions at the balance sheet date. For the individually significant receivables and not individually significant receivables, the impairment tests are both carried on individually. If there is objective evidence that an impairment loss on loans and receivables, the Group provides provision for impairment loss for the amount which is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss of financial asset measured at amortized cost is be reversed. The amount of the reversal is recognized in profit or loss of the current period.

b) Available-for-sale financial assets

The Group takes the individual investment of impairment test for available-for-sale financial assets. On the balance sheet date, it could judge whether the fair value of available-for-sale financial assets are seriously or non-temporary decline: if the decline of the fair value of the individual available-for-sale financial assets exceeds 50% of the cost, or had continuously declined for over 12 months, should be recognized the available-for-sale financial assets had decreased and should recognized the impairment losses according to the impairment provision for the balance between the cost and the fair value. The cost at the period-end of available-for-sale financial assets is the amortized cost which is initially measured according to the investment cost when receiving and is calculated by the weighted average method when selling.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity, the cumulative loss that had been recognized directly in equity is removed from equity and recognized in profit or loss even though the financial asset has not been derecognized.

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are recognized in the profit or loss of the current period.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed, with the amount of the reversal recognized in profit or loss of the current period.

Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available for

sale is not reversed through profit or loss. For impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the impairment loss is not reversed through profit or loss.

(3) Classification and measurement of financial liabilities

① The financial liabilities held by the Group are divided into the financial liabilities measured at fair values and whose changes are recorded in current gains and losses and other financial liabilities.

Financial liabilities measured by fair value and its changes included in the current gains and losses, including trading financial liabilities and the financial liabilities appointed to be measured by fair value with its changes included in the current gains and losses of the initial recognition.

The financial liabilities meeting any of the following requirements shall be classified as transactional financial liabilities: A. The purpose to acquire the said financial liabilities is mainly for selling them in the near future; B. Forming a part of the identifiable combination of financial instruments which are managed in a centralized way and for which there are objective evidences proving that the enterprise may manage the combination by way of short-term profit making in the near future; C. Being a derivative instrument, excluding the designated derivative instruments which are effective hedging instruments, or derivative instruments to financial guarantee contracts, and the derivative instruments which are connected with the equity instrument investments for which there is no quoted price in the active market, whose fair value cannot be reliably measured, and which shall be settled by delivering the said equity instruments.

The financial liabilities meeting any of the following requirements shall be designated as financial liabilities which are measured at their fair values and the variation of which is recorded into the profits and losses of the current period for initial recognition: A. the designation can eliminate or significantly reduce the difference of relevant gains and losses between recognition and measurement causing from different bases for measurement of financial assets; B. The official written documents for risk management and investment strategies of the enterprise have clearly stated that it shall, manage, evaluate and report to important management personnel based on the fair value, about the financial liabilities group or the group of financial liabilities which the financial liabilities are belong to; for the blender instruments including one or more items of derivative instruments, unless there no significant changes of the cash flow of the blender instruments by the embedded derivatives, or the embedded derivative instruments parentally should be stripped off from the relevant blender instruments; including the blender instruments that embedded into the derivative instruments needed to be stripped out but failed to execute individual measurement when acquired or on the follow-up balance sheet date.

After the Group classifies certain financial liabilities as the financial liabilities measured by fair value and included its changes in the current gains and losses when initially recognized, should not re-classified as other financial liabilities; other financial liabilities also should not be re-classified as the financial liabilities measured by fair value with its changes be included in the current gains and losses.

② Financial liabilities are initially measured at fair value. For the financial liability at fair value through profit or loss at its fair value, relevant transaction costs are recognized as expense when it incurred. For the other financial liabilities, relevant transaction costs are recognized as costs.

③ Subsequent measurement of financial liabilities

A. The Group recognizes a financial liability at fair value through profit or loss at its fair value. A gain or loss of change in fair value is recognized in the profit or loss of the current period.

B. Other financial liabilities are measured by amortized cost using effective interest rate.

(4) Recognition and measurement for transfer of financial assets

The Group derecognizes financial assets when the Group transfers substantially all the risks and rewards of

ownership of the financial assets. On derecognizing of a financial asset in its entirety, the difference between the follows is recognized in profit or loss of the current period.

- ① the carrying amount of transferring financial assets;
- ② the sum of the consideration received and any cumulative gain or loss that had been recognized directly in equity (including financial assets transferred to available for sale category).

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognizing in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between the follows is recognized in profit or loss of the current period.

- ① the carrying amount allocated to the part derecognized;
- ② the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized directly in equity (including financial assets transferred to available for sale category).

A cumulative gain or loss that had been recognized in equity is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts.

If a transfer does not qualify for derecognizing, the Group continues to recognize the transferred asset in its entirety and shall recognize a financial liability for the consideration received.

When the Group continues to recognize a financial asset to the extent of its continuing involvement, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

(5) De-recognition of financial liabilities

If the whole or partly of the current obligation of the financial liabilities of the Group is relieved, should derecognize the financial liabilities or partly of it. The Group signs an agreement with the creditors is of the method by undertaking the new financial liabilities to replace the current financial liabilities. if the new financial liabilities are different from the current one on the essence of contract terms, should derecognize the current financial liabilities and recognize the new one at the same time.

If the whole or partly of the financial liabilities had derecognized, should derecognize balance between partly of the book value and the paid consideration (including the turned out non-cash assets or the new financial liabilities) and accrued into the current gains and losses.

(6) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset. As for the financial assets and financial liabilities satisfy the following conditions at the same time, should be listed as the net amount within the balance sheet after the mutual offset: the Group had the legal right of the offset recognized amount and the right was executable for the moment; the Group planed to settle by net amount or at the same time discounted the financial assets and liquidated the financial liabilities. For the transfer of the financial assets not satisfy the de-recognition conditions, the transfer-out party should not offset the transfer financial assets and the relevant liabilities.

11. Receivables

(1) Accounts receivable with significant single amount for which the bad debt provision is made individually

Judgement basis or monetary standards of provision for bad	Accounts receivable with individual amount of more than 2
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debts of the individually significant accounts receivable	million (including 2 million).
Method of individual provision for bad debts of the individually significant accounts receivable	The Group made an independent impairment test on receivables with significant single amounts; if there was objective evidence indicated that the impairment had occurred should recognize the impairment losses and should withdraw the bad debt provision. The financial assets without impairment by independent impairment test should be included in financial assets portfolio with similar credit risk to take the impairment test.

(2) Accounts receivable which the bad debt provision is withdrawn by credit risk characteristics

Name of portfolios	Bad debt provision method
Portfolios 1 (accounts receivable among the companies within the consolidated scope of the Group)	Other method
Portfolios 2 (accounts receivable except for the portfolios 1 which had not been impaired after the independent test, and the Company analyzed and recognized the ratio of the withdrawal of the bad debt provision combined with the current situation and based on the actual losses rate of the accounts receivable group which possessed the similar credit risk characteristics divided according to the aging phase that were the same as or similar to the previous years)	Aging of accounts

In the groups, adopting aging analysis method to withdraw bad debt provision:

Applicable Not applicable

Age	Withdrawal proportion for accounts receivable	Withdrawal proportion for other accounts receivable
Within 1 year (including 1 year)	3.00%	3.00%
1-2 years	10.00%	10.00%
2-3 years	30.00%	30.00%
3-4 years	50.00%	50.00%
4-5 years	80.00%	80.00%
Over 5 years	100.00%	100.00%

In the groups, adopting balance percentage method to withdraw bad debt provision:

Applicable Not applicable

In the groups, adopting other methods to withdraw bad debt provision:

Applicable Not applicable

Name of portfolios	Withdrawal proportion for accounts receivable	Withdrawal proportion for other accounts receivable
Portfolios 1	0.00%	0.00%

(3) Accounts receivable with an insignificant single amount but for which the bad debt provision is made individually

Reason of individually withdrawing bad debt provision	The Group made independent impairment test on receivables with insignificant amount but with special impairment indicated by objective evidence.
Withdrawal method for bad debt provision	The impairment test is carries out individually, the Company recognizes provision for impairment loss for the amount which is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, and withdraws relevant bad debts provision.

12. Inventory

Is the Company subject to any disclosure requirements for special industries?

Yes, for the Company engages in real estate.

(1) Classification of inventory: inventory of the Group including the finished products or commodities held in the daily activities for sales, the unfinished products in the production process, the materials consumed in the production process or the process of providing the labor etc. Which are specific divided as: raw materials, finished goods, and low-value consumption goods, land use right held for real estate development, properties under development and completed properties for sale.

(2) Reorganization of inventory: the Company confirms the inventory when meeting the following conditions at the same time:

- ① the economic benefits related to the inventory possibility would flow into the enterprise;
- ② the cost of the inventory could be reliably calculated.

(3) Valuation method of inventories acquiring and issuing: Property inventories are measured at actual cost incurred, comprising the borrowing cost designated for real estate development before completion of developing properties. Completed saleable property inventories are measured using average unit area cost method. Other kinds of inventories are measured at actual cost incurred, and when the inventories are transferred out or issued for use, cost of the inventories is determined using weighted average cost method.

(4) Amortization method of low-value consumption goods and wrappage: the low-value consumption goods and wrappage should adopt the one time amortization according to the actual situation when requiring.

(5) Measurement of the inventories at the period-end: on the balance sheet date, the inventory should be measured according to the lower one between the cost and the net realizable value, if the inventory cost higher than the net realizable value, should withdraw the falling provision of the inventory and include in the current gains and losses.

- ① Estimation of net realizable value:

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. These estimates take into consideration the purpose for which the inventory is held and the influence of post balance sheet events.

Materials and other supplies held for use in the production are measured at cost if the net realizable value of the finished goods in which they will be incorporated is higher than their cost. However, when a decline in the price of materials indicates that the cost of the finished products will exceed their net realizable value, the materials are

measured at net realizable value.

The net realizable value of inventories held to satisfy sales or service contracts is generally based on the contract price.

If the quantity specified in sales contracts is less than the inventory quantities held by the Company, the net realizable value of the excess shall be based on general selling prices.

② The Company generally provides provision for impairment of inventory individually.

For large quantity and low value items of inventories, cost and net realizable value are determined based on categories of inventories.

Where certain items of inventory have similar purposes or end uses and relate to the same product line produced and marketed in the same geographical area, and therefore cannot be practicably evaluated separately from other items in that product line, costs and net realizable values of those items may be determined on an aggregate basis.

(6) The perpetual inventory system is maintained for stock system.

13. Divided as assets held for sale

(1) Recognition criteria of the assets held for sale

The Group recognizes the enterprise compose part (or the non-current assets, similarly hereinafter) that simultaneously meets with the following conditions as assets held for sale:

- ① The compose part must be immediately sold only according to the usual terms of selling the compose part of this kind under the current conditions;
- ② The relevant power institutions of the Group had made agreement on disposing the compose part, if receive the approval from the shareholders according to the rules, which equals to had received the approved of the Annual General Meeting or the corresponding power institution;
- ③ The Group has signed the irrevocable transfer agreement with the assignee;
- ④ The sale transaction is highly probable to be completed within one year

(2) Accounting treatments of the assets held for sale

Non-current assets held for sale include single-item assets and disposal groups. Where a disposal group is an asset group and the goodwill obtained in the business combination is apportioned to the asset group according to the "Accounting Standard No. 8 for Business Enterprises—Asset Impairment", or a disposal group is an operation in such an asset group, the disposal group shall include the goodwill in the business combination.

As for the non-current assets and disposal group which be classified held for sale by the Group, shall be measured at the lower one of the net amounts of the book value and the fair value after deducting the disposal expense. If the net amount the fair value minus the disposal expenses is lower than the original book value, the difference should be included in the current gains and losses as the assets impairment losses; if the held for sale is the disposal group, the assets impairment losses should be firstly distributed to the goodwill and then included in the current gains and losses by amortized according to the proportion and attributed to the other non-current assets within the held for sale assets scope. The deferred income tax assets, the financial assets standardized by No. 22 of ASBE-Recognition and Measurement of Financial Instruments, investment property and biological asstes measured by fair value, contacts rights occurred from the insurance contacts and the assets occurred from the employee benefits are not suit for the held for sale measurement, but be individually measured or be measured by being regarding as part of certain disposal group according to the relevant criterion or the relevant accounting policies formulated by the Group.

An asset or an disposal group was classified as held for sale before, but if it couldn't meet the recognition conditions for held-for-sale non-current asset later, the Company shall cease to classify it as held for sale, and

measure it by the lower amount of the followings: (1) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or impairment before the asset (or disposal group) being classified as held for sale; or (2) its recoverable amount on the date of the subsequent decision not to sell.

14. Long-term equity investments

Long-term equity investment including the equity investment on the subsidiaries, joint ventures and associated enterprises.

(1) Initial measurement

The Group initially measures long-term equity investments under two conditions:

① For long-term equity investment arising from business combination, the initial cost is recognized under the following principles.

A. If the business combination is under the common control and the acquirer obtains long-term equity investment in the consideration of cash, non-monetary asset exchange or bearing acquiree's liabilities, the initial cost is the carrying amount of the proportion of the acquiree's owner's equity at the acquisition date. The difference between cash paid, the carrying amount of the non-monetary asset exchanged and the acquiree's liabilities beard and the initial cost of the long-term equity investment should be adjusted to capital surplus. If the capital surplus is not sufficient for adjustment, retained earning is adjusted respectively. The business combination costs that are directly attributable to the combination, such as audit fees, valuation fees, legal service fees and so on are recognized in profit or loss during the current period when they occurred.

If the acquirer issuing equity securities as consideration, the initial cost is the carrying amount of the proportion of the acquiree's owner's equity at the acquisition date. Amount of share capital equal to the par value of the shares issued. The difference between initial cost of the long-term equity investment and the par value of shares issued is adjusted to capital surplus. If the capital surplus is not sufficient for adjustment, retained earning is adjusted respectively. The costs of issuing equity securities occurred in business combination such as charges of security issuing and commissions are deducted from the premium of equity securities. If the premium is not sufficient for deducting, retained earning is adjusted respectively.

B. If the business combination is not under the common control, the acquirer recognizes the initial cost of combination under the following principles.

a) When business combination is achieved through a single exchange transaction, the cost of a business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree;

b) For a business combination that involves more than one exchange transaction, the initial investment cost is the summation of the book value of the equity interests of the acquiree held by the Company before the acquisition date and the new investment cost on the acquisition date;

c) The fees incurred for audit, legal consultation, valuation services and other management expenses are to be recognized in profit or loss at the time such costs incurred. The transaction costs incurred by the acquirer for issuing equity securities or debt securities as the consideration of the acquisition are to be recognized as the initial

amount of such equity security or debt security.

d) Where a business combination contract or agreement provides for a future event which may adjust the cost of combination, the Company shall include the amount of the adjustment in the cost of the combination at the acquisition date if the future event leading to the adjustment is probable and the amount of the adjustment can be measured reliably.

② For long-term equity investment obtained in any method other than business combination, the initial cost is recognized under the following principles.

A. If the long-term equity investment is acquired in cash consideration, the initial cost is the actual payment which includes direct expenses paid to acquire the long-term equity investment, taxes and other necessary expense.

B. If the long-term equity investment is acquired by issuing equity securities, the initial cost is the fair value of the equity securities issued. However, cash dividends or profits that are declared but unpaid shall not be included in the initial cost. Transaction costs arising from issuing or obtaining the Company's own equity instruments, if directly attributable to equity transactions, are deducted from equities.

C. For the long-term equity investment acquired through non-monetary asset exchange, the initial cost is recognized according to "Accounting Standards for Business Enterprises No. 7-Non-monetary transactions".

D. For the long-term equity investment acquired through debt restructuring, the initial cost is recognized according to "Accounting Standards for Business Enterprises No. 12-Debt restructuring".

③ If there are cash dividends or profits that are declared but unpaid included in the consideration paid, the cash dividends or profits declared but unpaid shall be recognized as receivables separately rather than as part of initial cost of long-term equity instruments no matter through which method the long-term equity investment is acquired.

(2) Subsequent measurement

The cost method is used among the individual financial statement when the long-term equity investment could execute control on the investees. The equity method is used when the Company has joint control or significant influence over the investee enterprise.

① The price of a long-term equity investment measured by adopting the cost method shall be included at its initial investment cost and append as well as withdraw the cost of investing and adjusting the long-term equity investment. As for the cash bonus or the profits be declared for distribution by the investees should be recognized as the current investment income.

② If the initial cost of a long-term equity investment is more than the Company's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted. If the initial cost of a long-term equity investment is less than the Company's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be included in the current profits and losses and the cost of the long-term equity investment shall be adjusted simultaneously.

After acquired the long-term equity investment, respectively recognize investment income and other comprehensive income according to the net gains and losses as well as the portion of other comprehensive income which should be enjoyed or be shared, and at the same time adjust the book value of the long-term equity investment; corresponding reduce the book value of the long-term equity investment according to profits which be declared to distribute by the investees or the portion of the calculation of cash dividends which should be enjoyed; for the other changes except for the net gains and losses, other comprehensive income and the owners' equity

except for the profits distribution of the investees, should adjust the book value of the long-term equity investment as well as include in the owners' equities. The investing enterprise shall, on the ground of the fair value of all identifiable assets of the invested entity when it obtains the investment, recognize the attributable share of the net profits and losses of the invested entity after it adjusts the net profits of the invested entity. If the accounting policies adopted by the investees is not accord with that of the Group, should be adjusted according to the accounting policies of the Group and the financial statement of the investees during the accounting period and according which to recognize the investment income as well as other comprehensive income. The Group shall recognize the net losses of the invested enterprise until the book value of the long-term equity investment and other long-term rights and interests which substantially form the net investment made to the invested entity are reduced to zero. However, if the Group has the obligation to undertake extra losses, it shall be recognized as the estimated liabilities in accordance with the estimated duties and then recorded into investment losses at current period. If the invested entity realizes any net profits later, the Group shall, after the amount of its attributable share of profits offsets against its attributable share of the un-recognized losses, resume recognizing its attributable share of profits.

For equity investments of the Group in associates, some of which are indirectly held by the Group through venture capital institutions, mutual funds, trust companies, investment-linked insurance funds or other similar subjects, whether or not these subjects have significant influence over such investments, the Group measures these indirectly held investments at their fair value and records the changes in their fair value into profits and losses, and measures other investments adopting the equity method as per the "Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments".

When calculating and recognizing the net gains and losses enjoyed or be burdened by the investees, the part attributed to the Group which measured according to the enjoyed proportion from the unrealized internal transactions with the joint ventures and associated enterprises should be written off and be recognized as investment income on the basis. As for the unrealized internal transactions losses attributed to the assets impairment losses occurred between the Group and the investees, should be recognized in full amount.

③ When the Group disposing the long-term equity investment, as for the difference between the book value and the actual required price, should be included in the current gains and losses. As for the long-term equity investment measured by equity method, when disposing the investment, should execute the accounting treatment on the part which be originally included in the other comprehensive income according to the corresponding proportion based on the same basic of the relevant assets or liabilities be directly disposed by the investees.

④ Where any other investor increases its investment in a subsidiary of the Group, causing a decreased shareholding of the Group in the subsidiary and the cease of the Group's control over the subsidiary, but the Group is still able to execute joint control or have significant influence over the subsidiary, the measurement method of the said long-term equity investment of the Group in the subsidiary shall change from the cost method to the equity method in the individual financial statements. Firstly, the difference between the share of the Group in the increment in the subsidiary's net assets as per the Group's new shareholding percentage in the subsidiary and the former book value of the said long-term equity investment associated with the shareholding decrease that should be carried forward shall be recorded into the current profits and losses; and then the said long-term equity investment shall be restated as per the Group's new shareholding percentage in the subsidiary as if the equity method had been adopted in the measurement of the said long-term equity investment since it was obtained by the Group.

(3) Basic of recognizing the joint control and significant influences on the investees

Joint control, refers to the control jointly owned according to the relevant agreement on an arrangement by the Group and the relevant activities of the arrangement should be decided only after the participants which share the

control right make consensus. Significant influence refers to the power of the Group which could anticipate in the finance and the operation polices of the investees, but could not control or jointly control the formulation of the policies with the other parties.

(4) Impairment test method and withdrawal method of impairment provision

The impairment test method and the withdrawal method of impairment provision of long-term equity investment are executed according to the accounting polices of “Long-term assets impairment” formulated by the Group.

15. Investment real estates

Measurement mode of investment real estates

Measurement of cost method

Depreciation or amortization method

(1) Investment properties of the Company are properties held to earn rentals or for capital appreciation or both, mainly comprising:

- ① Land use right which has already been rented;
- ② Land use right which is held for transfer out after appreciation;
- ③ Property that has already been rented.

(2) Investment property shall be recognized as an asset when the following conditions are satisfied:

- ① It is probable that the future economic benefits that are associated with the investment property will flow to the Company;
- ② The cost of the investment property can be measured reliably.

(3) Initial measurement

An investment property is measured initially at its cost.

- ① The cost of a purchased investment property comprises its purchase price, related tax expenses and any directly attributable expenditure.
- ② The cost of a self-constructed investment property comprises all necessary construction expenditures incurred before the property is ready for its intended use.
- ③ The cost of a property acquired by other means shall be recognized according to relevant accounting standards.

(4) Subsequent measurement

After initial recognition, the Company adopts the cost model to measure its investment properties. The Company amortizes or depreciates its investment properties measured using cost model in the same way as fixed assets and intangible assets

If the Group had definite evidence indicated the usage of the property had changed, when transferring the self-used real estate or the inventories as the investment real estate or transferring the investment real estate as the self-used real estate, the book value before the transfer should be regarded as the entry value after transfer.

The Group values the investment property measured using cost model at the lower of its cost and its recoverable amount at the end of the period. Where the cost exceeds the recoverable amount, the difference shall be recognized as impairment loss. Once a provision for impairment loss is made, it cannot be reversed.

16. Fixed assets

(1) Recognized standard

Fixed assets are tangible assets that: 1) are held for use in the production or supply of goods or services, for rental

to others, or for administrative purposes; and 2) have useful life more than one year. A fixed asset shall be initially recognized at cost when the following conditions are satisfied: ① It is probable that future economic benefits associated with the assets will flow to the Company; ② The cost of the assets can be measured reliably.

(2) Depreciation methods

Category of fixed assets	Depreciation method	Depreciation year	Salvage ratio	Annual deprecation ratio
Housing and building	Straight-line depreciation	20-25	5-10%	3.8-4.5%
Transportation vehicle	Straight-line depreciation	5	5%	19%
Electronic and other equipments	Straight-line depreciation	5	5%	19%
Decoration of fixed assets	Straight-line depreciation	5	0%	20%

Subsequent expenditure related to the fixed assets should accrued into the cost of fixed assets if met with the stipulated reorganization conditions of fixed assets; if not, should accrued directly into the current gains and losses when occurred.

The Group will execute reexamine for the service life, estimated net salvage and the depreciation method of the fixed assets after each accounting year. If there was difference between the service life and the original estimated number, should adjust the useful life of the fixed assets; if there was difference between the estimated net salvage and the original estimated number, should adjust the estimated net salvage; if there were significant changes of the realization method of the economic benefits related to the fixed assets, should changes the depreciation method of the fixed assets. The changes of the useful life, estimated net salvage and the depreciation method of the fixed assets should be regarded as the accounting estimate changes.

Impairment of fixed asset refers to accounting policy "Long-term assets impairment" of the Group.

(3) Recognition basis, pricing and depreciation method of fixed assets by finance lease

The "finance lease" shall refer to a lease that has transferred in substance all the risks and rewards related to the ownership of an asset. Its ownership may or may not eventually be transferred. The fixed assets by finance lease shall adopt the same depreciation policy for self-owned fixed assets. If it is reasonable to be certain that the lessee will obtain the ownership of the leased asset when the lease term expires, the leased asset shall be fully depreciated over its useful life. If it is not reasonable to be certain that the lessee will obtain the ownership of the leased asset at the expiry of the lease term, the leased asset shall be fully depreciated over the shorter one of the lease term or its useful life.

17. Construction in progress

Is the Company subject to any disclosure requirements for special industries?

Yes, for the Company engages in real estate.

(1) The valuation of the construction in progress: recognizes the engineering cost according to the cost actual occurred. The cost of construction in progress also includes the borrowing expenses and exchange gains and losses which should be capitalized.

(2) The Company should transfer the construction in progress into fixes assets when the construction in progress is

ready for their intended use. If the built construction had reached the state ready for intended use but had not settled the fixed assets of completion settlement, should recognized as fixed assets according to the estimated value as well withdrew and depreciated; after execute the completion settlement procedure, it should adjust the original provisional estimate value according to the actual cost but not the original withdrew depreciation amount.

(3) Impairment of construction in progress refers to accounting policy “Long-term assets impairment” of the Group.

18. Borrowing costs

(1) Recognition principles for capitalization of borrowing costs and capitalization period

The costs of borrowings designated for acquisition or construction of qualifying assets should be capitalized as part of the cost of the assets. Capitalization of borrowing costs starts when

- ① The capital expenditures have incurred;
- ② The borrowing costs have incurred;
- ③ The acquisition and construction activities that are necessary to bring the asset to its expected usable condition have commenced.

Other borrowing costs that do not qualify for capitalization should be expensed off during current period.

Capitalization of borrowing costs should be suspended during periods in which the acquisition or construction is interrupted abnormally, and the interruption period is three months or longer. These borrowing costs should be recognized directly in profit or loss during the current period. However, capitalization of borrowing costs during the suspended periods should continue when the interruption is a necessary part of the process of bringing the asset to working condition for its intended use.

Capitalization of borrowing costs ceases when the qualifying asset being acquired or constructed is substantially ready for its intended use. Subsequent borrowing costs should be expensed off during the period in which they are incurred.

The term “assets eligible for capitalization” refers to the fixed assets, investment real estate, inventories and other assets, of which the acquisition and construction or production may take quite a long time to get ready for its intended use or for sale.

(2) Calculation method of capitalized amount of borrowing costs

To the extent that funds are borrowed specifically for the purpose of acquiring or constructing a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset is determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of the borrowing.

To the extent that funds are borrowed generally and used for the purpose of acquiring or constructing a qualifying asset, the amount of borrowing costs eligible for capitalization shall be determined by applying a capitalization rate to the weighted average of excess of accumulated expenditures on qualifying asset over that on specific purpose borrowing. The capitalization rate is the weighted average rate of the general borrowings.

During the period of capitalization, the exchange balance on foreign currency special borrowings shall be capitalized; the exchange balance on foreign currency general borrowings shall be recorded into current profits and losses.

19. Biological assets

Not applicable

20. Oil-gas assets

Not applicable

21. Intangible assets

(1) Pricing method, useful life and impairment test

The term "intangible asset" refers to the identifiable non-monetary assets possessed or controlled by enterprises which have no physical shape.

Recognition of intangible asset:

The Company recognizes an intangible asset when that intangible asset fulfills both of the following conditions:

- ① It is probable that the economic benefits associated with that asset will flow to the Company;
- ② The cost of that asset can be measured reliably.

Measurement of intangible assets

- ① An intangible asset is measured initially at its cost.
- ② Subsequent measurement of intangible assets

A. For an intangible asset with finite useful life, the Company estimates its useful life at the time of acquisition and amortizes it during its useful life in a reasonable and systematic way. The amount of amortization is allocated to relevant costs and expenses according to the nature of beneficial items. The Company does not amortize intangible asset with infinite useful life.

At the end of period, the Group shall check the service life and amortization method of intangible assets with finite service life, if there is any change, it shall be regarded as a change of the accounting estimates. Besides, the Group shall check the service life of intangible assets without certain service life, if there is any evidence showing that the period of intangible assets to bring the economic benefits to the enterprise can be prospected, it shall be estimated the service life and amortized in accordance with the amortization policies for intangible assets with finite service life.

B. Impairment of the intangible assets should be executed according to the accounting policies of "Long-term assets impairment" formulated by the Group.

(2) Accounting polices of internal R & D expenses

Not applicable

22. Impairment of long-term assets

Following indications indicate that there occurs the impairment:

- (1) The current market price of the assets greatly decreased with the range of a price drop obviously higher than the estimated decline owing to the passage of time or the normal employ.
- (2) The environment the economy, technology and laws of the Group involved, and the market the assets involved, if there are significant changes occur in the current period or in recent period, would cause harmful influences on the Group.

- (3) The market interests rate or other market investment return rate had improved in the current period, thus influenced and the discount rate for calculating the estimated current value of the future cash flow of the assets by the enterprises, which would led to the sharply decrease of the recoverable amount.
- (4) There are evidences indicate the assets are of obsolescence or the entity had been damaged.
- (5) The assets had been or will be left unused, cease using or planed to dispose in advance.
- (6) The evidence of the internal report of the Group indicant that the economy performance had been lower or would be lower than estimations, for example, the net cash flow or the operation profits (or losses) realized were far lower than the estimated amount etc.
- (7) Other assets indicate there are indications there occurs the impairment.

The Group judges each assets such as the long-term equity investment, fixed assets, engineering materials, intangible assets (except for those with uncertain usage life) which adapt to the No. 8 of ASBE-Assets Impairment on the balance sheet date and executes the recover by impairment test-estimations when there are impairment indications. The recoverable amount is recognized through the fair value of the assets which minus the higher one between the net amount after disposal and the current value of the assets estimated future cash flow. If the recoverable amount lower than the book value of the assets, the book value should be written down as the recoverable amount with the written-down amount be recognized as the assets impairment losses and included in the current gains and losses and at the same time withdraw the assets impairment provision.

If there are indications indicate any asset occur impairment, the Group usually estimates its recoverable amount base on the individual asset. If it is difficult to estimate the recoverable amount of the individual asset, which asset group it belongs to should be recognized the recoverable amount base on the asset group.

The asset group is the smallest asset group that could be recognized by the Group, and its cash inflow is basically independent of other asset or asset group. The asset group is composed by the relevant assets which create the cash inflow. The recognition of the asset group is based on whether the main cash inflow caused by the asset group is independent of the cash inflow of the other assets or the asset group.

The Group executes the impairment test every year on the goodwill formed by the enterprise combination and the intangible assets with uncertain service life no mater there are impairment indications or not. The impairment test of the goodwill is executed by combining with the relevant asset group or the asset group combination.

Once the assert impairment losses had been recognized, should not be reversed in the accounting period afterwards.

23. Amortization method of long-term deferred expenses

The Company recognizes all expenses which have occurred during the period but shall be amortized beyond one year, such as improvement expenditures of operating leased fixed assets, as long-term deferred expenses. The Company amortizes long-term deferred expenses using straight-line method according to relevant beneficial periods.

24. Payroll

(1) Accounting treatment of short-term compensation

Employee compensation refers to the reward or compensation of various modes provided by the Group which wants to receive the service offering by the employees or to execute the release of the labor relationship. The employee compensation including the short-term salary, departure benefits, demission benefits and other

long-term employee benefits. The Group provides the benefits for the spouses, children, supported families of the employees, the members of the deceased's employees and other beneficiaries, which are also employee compensations.

The short-term compensation actually happened during the accounting period when the active staff offering the service for the Group should be recognized as liabilities and is included in the current gains and losses or relevant assets cost except for those be required or permitted to included in the assets cost by other ASBE.

(2) Accounting treatment of the welfare after demission

The Group divides the departure benefits plan into defined contribution plans and defined benefit plans. Benefits plan of after demission refer to the agreement between the Group and employees on the departure benefits, or the regulations or methods formulated by the Group for providing welfares after demission for the employees. Of which, defined contribution plans refers to the departure benefits plan that the Group no more undertake the further payment obligations after the payment and deposit of the fixed expenses for the independent funds; defined benefit plans refers to the departure benefits plan except for the defined contribution plans.

A. Defined contribution plans

During the accounting period when providing the service for the employees, the Group will recognize the deposited amount as the liabilities which measured by defined contribution plans and include in the current gains and losses or the relevant assets cost.

B. Defined benefit plans

Other long-term employee benefits the Group had not executed the defined contribution plans or met with the conditions of defined benefit plans.

(3) Accounting treatment of the demission welfare

When the Company is unable to unilaterally withdraw the plan on the cancellation of labor relationship or the layoff proposal, or when recognizing the costs or expenses (the earlier one between the two) related to the reorganization of paying the demission welfare, should recognize the payroll liabilities from the demission welfare and include in the current gains and losses.

(4) Accounting treatment of the welfare of the long-term employees

The Group provides the other long-term employee benefist for the employess, and for those met with the defined contribution plans, should be disposed according to the above accounting polices of the defined contribution plans; the for the others except for the former, should be recognized according to above accounting polices of the defined benefit plans and measure the net liabiilties or net assets of other long-term employee benefits.

25. Estimated liabilities

(1) Recognition criteria of estimated liabilities

The Group should recognize the related obligation as a provision for liability when the obligation meets the following conditions:

- ① That obligation is a present obligation of the enterprise;
- ② It is probable that an outflow of economic benefits from the enterprise will be required to settle the obligation;

③A reliable estimate can be made of the amount of the obligation.

(2) Measurement of estimated liabilities

To fulfill the present obligations, which initially measured by the best estimate of the expenditure required to settle the liability. Where there is a continuous range of possible amounts of the expenditure required to settle the liability, as all kinds of possibilities are at same level, the best estimate should be determined according to the average of the lower and upper limit of the range. In other cases, the best estimate should be determined in accordance with the following methods:

①Where the contingency involves a single item, the best estimate involves a single item, the best estimate should be determined according to the most likely outcome;

②Where the contingency involves several items; The best estimate should be determined by weighting all possible outcomes by their associated probabilities of occurrence.

To determine the best estimate, it should be considered with factors such as: related contingency risks, uncertain matters and time value of currency. If time value of currency has a significant impact, the best estimate should be measured at its converted present value through the relevant future cash outflows.

Where some or all of the expenditures are expected to be reimbursed by a third party, the reimbursement should be separately recognized as an asset only when it is virtually received. The amount of the reimbursement should not exceed the carrying amount of the liability recognized.

At balance sheet date, the Group should review book value of provision for liabilities. If there is strong evidence that the book value does not truly indicate the current best estimate, it should be adjusted in accordance with the current best estimate.

26. Share-based payment

Not applicable

27. Other financial instruments such as preferred shares and perpetual capital securities

Not applicable

28. Revenue

Is the Company subject to any disclosure requirements for special industries?

Yes, for the Company engages in real estate.

The revenue of the Group including the commodities sales revenue, real estate sales revenues, property leasing revenues, labor revenues and the revenues from the using of the assets of the Company by others.

(1) Commodities sales revenues

The Group had transferred the major risks and the remunerations of the ownership of the commodities to the buyers and neither remained the continuous management right that usually related to the ownership nor executed the efficient control of the sold commodities. As for the revenues amount and the relevant costs occurred or will occur which could be reliable measured, should confirm the revenues of the sales of the commodities when the relevant economic benefits would probably flow into the enterprise.

The revenues of the sales of the commodities of the Group were mainly the sales revenues of the commercial residential buildings. The sales of the properties of the Group had executed completion acceptance that had

transferred to the buyers or be regarded as had transferred to the buyers according to the sales contracts as well as confirmed the realization of the revenues when executing the liquidation of the sales amount of the commercial residential buildings (the mortgage purchase way of the buildings were the receipted down payment and the bank mortgage amount).

(2) Provide labor income

The labor income provided by the Group mainly comes from property management income, project supervision service income and catering service income.

Property management income: the property management income is realized when the property management service has been provided and the service fee as agreed with the owner is able to flow into the enterprise.

Other labor income: the labor income is realized when the labor service has been provided and the related economic interest is able to flow into the enterprise and related cost is able to be reliably measured.

(3) Income from transferring asset use right

The income from transferring asset use right includes property lease income, taxi income, interest income and other use right income.

Property lease income: the property lease income is realized by the method of straight line as agreed in the lease contract or agreement signed with the leasee. If there are lease periods free of any rent, the lessor shall distribute the total rent, not deducting the rent during those periods free of any rent, within the entire lease period by the method of straight line or other reasonable means. During the periods free of any rent, the lessor shall recognize the lease income.

Taxi income: the taxi income is recognized as the contract amount agreed under the contracting contract or agreement signed with the contractor.

Interest income: the interest income is recognized by the duration you use the Company's cash and the applicable interest rate. The fee income is recognized by the charging time and method as regulated in related contract or agreement.

Income from other use right: the income from transferring asset use right is recognized when the income amount is able to be reliably measured and related economic interest is possible to flow into the enterprise.

29. Government subsidies

(1) Judgment basis and accounting treatment of government subsidies related to assets

The government subsidies divides into the government subsidies related to the assets and the government subsidies related to the profits. The government subsidies pertinent to assets mean the government assets that are obtained by enterprises used for purchase or construction, or forming the long-term assets by other ways. The government subsidies pertinent to income refer to all the government subsidies except those pertinent to assets. If the government subsidies documents had not definitely confirm the subsidy targets, the Group should divide them as the government subsidies related to profits except for those be indicated by the clear evidence that belongs to the government subsidies related to assets.

(1) Recognition of the government subsidies

If the government subsidies meet with the following conditions at the same, should be recognized:

- ① The entity will comply with the condition attaching to them;
- ② The grants will be received from government.

(2) Measurement of the government subsidies:

- ① If monetary grants are received, it recognized at actual received or receivable amount. If non-monetary grants

are received, it recognized at fair value, replacing with nominal amount while fair value is not reliable.

② The Capital approach for government grants, the grant is recognized as deferred income when it is acquired. Since the related assets achieve its intended using status, the deferred income is amortized and recognized in profit and loss during asset's using period. If related assets were disposed before using period ended, undistributed deferred income shall be shift to current profit and loss at once.

The Income approach for government grants, to retrieve expense or loss of the Company in further period, the government grants is recognized as deferred income, and shall be recorded in profit and loss when that expense or loss occurred. To retrieve expense or loss of the Company in current period, the government grants shall be recorded directly in current profit and loss.

③ As for the confirmed repayment of government grants should be handled respectively according to the following situation:

A. When deferred income exists, the repayment write-downs closing balance of deferred income, and the exceed part shall be recognized in current profit and loss;

B. When no deferred income exists, the repayment shall be recognized directly in current profit and loss.

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B. When no deferred income exists, the repayment shall be recognized directly in current profit and loss.

30. Deferred income tax assets/deferred income tax liabilities

The Company executes the accounting treatments of the income tax by adopting the balance sheet liability method.

(1) Deferred income tax assets

① Where there are deductible temporary differences between the carrying amount of assets or liabilities in the balance sheet and their tax bases, a deferred tax asset shall be recognized for all those deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax assets arising from deductible temporary differences should be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

② At the balance sheet date, where there is strong evidence showing that sufficient taxable profit will be available against which the deductible temporary difference can be utilized, the deferred tax asset unrecognized in prior period shall be recognized.

③ The Company assesses the carrying amount of deferred tax asset at the balance sheet date. If it's probable that sufficient taxable profit will not be available against which the deductible temporary difference can be utilized, the Company shall write down the carrying amount of deferred tax asset, or reverse the amount written down later when it's probable that sufficient taxable profit will be available.

(2) Deferred income tax liabilities

A deferred tax liability shall be recognized for all taxable temporary differences, which are differences between the carrying amount of an asset or liability in the balance sheet and its tax base, and measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

31. Lease

(1) Accounting treatment of operating lease

Lessee in an operating lease shall treat the lease payment under an operating lease as a relevant asset cost or the current profit or loss on a straight-line basis over the lease term. The initial direct costs incurred shall be recognized as the current profit or loss; Contingent rents shall be charged as expenses in the periods in which they are incurred.

Lessors in an operating lease shall present the assets subject to operating leases in the relevant items of their balance sheet according to the nature of the asset. Lease income from operating leases shall be recognized as the current profit or loss on a straight-line basis over the lease term; Initial direct costs incurred by lessors shall be recognized as the current profit or loss; Lessors shall apply the depreciation policy for the similar assets to depreciate the fixed assets in the operating lease; For other assets in the operating lease, lessors shall adopt a reasonable systematical method to amortize; Contingent rents shall be charged as expenses in the periods in which they are incurred.

(2) Accounting treatments of financial lease

For the lessee, a fixed asset acquired under finance lease shall be valued at the lower of the fair value of the leased asset and the present value of the minimum lease payments at the inception of lease. The minimum lease payments as the entering value in long-term account payable, the difference as unrecognized financing charges;

The initial direct costs identified as directly attributable to activities performed by the lessee during the negotiation and signing of the finance lease such as handling fees, legal fees, travel expenses, stamp tax shall be counted as lease asset value; the unrecognized financing charges shall be apportioned at each period during the lease term and adopt the effective interest rate method to calculate and confirm the current financing charge; Contingent rents shall be charged as expenses in the periods in which they are incurred.

When the lessee calculates the present value of the minimum lease payments, for that lessee who can obtain the interest rate implicit in the lease, the discount rate shall be the interest rate implicit in the lease; otherwise the discount rate shall adopt the interest rate specified in the lease agreement. If the lessee can not get the interest rate implicit in the lease and there is no specified interest rate in the lease agreement, the discount rate shall adopt the current bank loan interest rate.

Lessees shall depreciate the leased assets with the depreciation policy which is consistent with the normal depreciation policy for similar assets. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the depreciation shall be allocated to the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be depreciated over the shorter of the lease term and its useful life.

On the initial date of financial lease, lessee of the financial lease shall record the sum of the minimum lease payments and initial direct costs as the financing lease accounts receivable, and also record the non-guaranteed residual value; recognize the difference between the total minimum lease payments, initial direct costs, non-guaranteed residual value and sum of the present value as the unrealized financing income; the unrealized financing income shall be distributed to each period over the lease term; adopt the actual interest rate to calculate the current financial income; Contingent rents shall be charged as expenses in the periods in which they are incurred.

32. Other significant accounting policies and estimates

(1) Measurement of fair value

Fair value refers to the price received from selling any asset or paid for transferring any liability in the orderly transactions that occur on the measurement date of the market participants. The Group should consider the characteristics of the assets or liabilities when measuring the relevant assets or liabilities by fair value; to suppose the transactions of selling or transferring the assets on the measurement date by the market participants is the orderly transactions under the conditions of the current market; to suppose the orderly transaction of selling or transferring the assets is executing in the market of the relevant assets or liabilities; to suppose the transaction is executing in the most favorable market of the relevant assets or liabilities if there is no any main market. The Group adopts the advice used when pricing the assets or liabilities for realizing the maximum of the economy benefits by the market participants.

The Group judges the fair value of initial recognition whether is equal to the transaction price according to the characteristics of the relevant assets or liabilities with transaction nature etc.; if the transaction price and fair value is not equal, should include the relevant gains or losses in the current gains and losses except for those stipulated by other relevant ASBE.

The Group adopts the assessment technology which adapt to the current conditions with sufficient available data and other information support, and the assessment technology mainly including the market method, equity method and cost method. In the application of the assessment technology, the Group should prefer the relevant observable input value and only when the relevant observable input value could not be required or required the not feasible value, could use the not observable input value.

The input value used for the fair value measurement is divided into three levels and the first level of the input value is initially used, then come to the second level and the third one the last. The first level input value is the quotation acquired from the active market of the same assets or liabilities that had not be adjusted; the second input value is the input value could be directly or indirectly observed of the relevant assets or liabilities except for the first level input value; the third level input value is the not observable input value of the relevant assets or liabilities.

The Group measures the non-financial assets by fair value by considering the ability of the market participants when using the assets for the best purpose for causing the economy benefits or the ability to sell the assets to the other market participants which can use them with the best purpose for causing the economy benefits. The Group supposes to transfer the liabilities to other market participants on the measurement date and the liabilities would be continue to exist after the transfer as well as to be as the market participants of the transferees to execute the obligation when measuring the liabilities by fair value. The Group supposes to transfer the self equity instruments to other market participants on the measurement date and the self equity instruments would be continue to exist after the transfer as well as to acquire the relevant rights and to undertake the relevant obligations as the market participants of the transferees.

(2) Operation termination

Operation termination refers to the compose part that meet with one of the following conditions which had been disposed by the Group or be classified to held-to-sold as well as could be individually distinguished in operating and compiling the financial statement: ① the compose part represents an individual main business or a main operation area; ② the compose part is a part intends to dispose and plan an individual main business or a main operation area; ③ the compose part is a subsidiary which be acquired only for resold.

(3) Segmental report

The Group recognizes the operating segments according to the internal organization structure, the management requirements and the internal report system and recognizes the reporting segments and discloses the segmental information according base on the operating segments.

Operating segments refer to the compose parts of the Group which meet with the following conditions at the same time: (1) the compose part could cause revenues and expenses in the daily activities; (2) the management layer could periodically evaluate the operation results of the compose part and base which to distribute the resources and evaluate the performance;(3) the Group could acquire the relevant accounting information of the financial conditions, operation results and the cash flows of the compose part. If two or more operating segments own the similar economy characteristics and meet with certain conditions, could be combining as an operating segment.

(4) Quality margin

According to the regulations of the construction contract, the Group should execute the retention of the quality margin for construction organizations and should include which into the “accounts payable” and to pay according to the actual situation and the contacts agreement after the guarantee period.

(5) Maintenance funds

The received public maintenance funds for the entrusted management of the owner from the property management company of the Group should be included in the “non-current liabilities”, which were specially used for the maintenance and updating for the residential common areas, common equipments and the communal facilities of the realty management area.

33. Changes in main accounting policies and estimates**(1) Change of accounting policies**

Applicable Not applicable

(2) Change of main accounting estimates

Applicable Not applicable

34. Other

Not applicable

VI. Taxation**1. Main taxes and tax rate**

Category of taxes	Tax basis	Tax rate
VAT	Operating revenue	3%, 5%, 6%, 11%, 17%
Urban maintenance and construction tax	Turnover tax payable	1%, 7%
Enterprise income tax	Taxable income	15%, 16.5%, 20%, 25%
Business tax	Operating revenue	3%, 5%
Education surtax	Turnover tax payable	3%
Local education surtax	Turnover tax payable	2%
Levee fee	Operating revenue	0.01%
Land value appreciation tax	Added amount from transfer of real property	Four progressive levels with the tax rate ranging from 30% to 60%

Notes of the disclosure situation of the taxpaying bodies with different enterprises income tax rate

Name	Income tax rate
Chongqing Shenzhen International Trade Center Property Management Co., Ltd.	15%
Chongqing Aobo Elevator Co., Ltd.	20%
Subsidiaries registered in Hong Kong area	16.5%
Other taxpaying bodies within the consolidated scope	25%

2. Tax preference

According to the regulations of No. 2, Property Service of No. 37, Commercial Service among the encouraging category of the Guidance Catalogue of Industry Constructure Adjustment (Y2011), the western industry met with

the conditions should be collected the corporate income tax according to 15% of the tax rate. The subsidiary of the Group Chongqing Shenzhen International Trade Center Property Management Co., Ltd. had be regarded as the western enterprise of the property service by Local Taxation Bureau of Chongqing Jiulong District on 4 May 2014, and had be collected the corporate income tax according to 15% of the tax rate.

According to the regulations of the notice of the income tax preferential policies of the small low-profit enterprises issued by SAT of CS [2015] No. 34, from 1 Jan. 2015 to 31 Dec. 2017, as for those small low-profit enterprises with the annual after-tax amount lower than RMB0.2 million (including RMB0.2 million), of which 50% of the revenues should be included into the taxable income and should be collected the corporate income tax according to 20% of the tax rate.

3. Other

As per the Notice on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner, the said replacement took place on May 1, 2016. Since then, the business tax that had been levied on the Group's operating revenue from real estate has been replaced with the VAT.

VII. Notes on major items in consolidated financial statements of the Company

1. Monetary funds

Unit: RMB Yuan

Item	Closing balance	Opening balance
Cash on hand	190,709.43	208,170.99
Bank deposits	2,856,051,614.77	930,987,796.17
Other monetary funds	13,512,892.65	14,544,008.61
Total	2,869,755,216.85	945,739,975.77
Of which: the total amount deposited overseas	53,978,178.36	50,515,270.67

Other notes

RMB 12,402,160.00 of the restricted L/G deposits used at the period-end was the cash deposits paid by the subsidiary of the Company-Dongguan International Trade Center Changsheng Property Development Co., Ltd. by entrusting the commercial bank to issue the Commercial Housing Quality Guarantee Letter. Owning the subsidiary of the Company-Dongguan International Trade Center Changsheng Property Development Co., Ltd. was the real estate development enterprise with provisional qualification, when handling the application of the pre-sale permit of the commercial residential housing should submit the quality guarantee letter of the commercial residential housing after the liquidation situation such as the enterprise bankruptcy and dissolution. The guarantee letter was the irrevocably commercial residential quality guarantee letter, of which the guarantee period of RMB 1,468,870.00 was from 30 Jun. 2015 to 31 Dec. 2020 and the guarantee period of the remained RMB 10,933,290.00 was from 1 Jul. 2015 to 31 Dec. 2020.

The balance at the end of period increased by 203.44% compared with that at the beginning of the period, which was mainly due to the increase in sales expenses.

2. Financial assets measured by fair value and the changes be included in the current gains and losses

Unit: RMB Yuan

Item	Closing balance	Opening balance
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Other notes:

3. Derivative financial assets Applicable Not applicable**4. Notes receivable****(1) Notes receivable listed by category**

Unit: RMB Yuan

Item	Closing balance	Opening balance
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(2) Notes receivable pledged by the Company at the period-end

Unit: RMB Yuan

Item	Amount
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(3) Notes receivable which had endorsed by the Company or had discounted and had not due on the balance sheet date at the period-end

Unit: RMB Yuan

Item	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
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(4) Notes transferred to accounts receivable because drawer of the notes fails to executed the contract or agreement

Unit: RMB Yuan

Item	Amount of the notes transferred to accounts receivable at the period-end
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Other notes

5. Accounts receivable**(1) Accounts receivable disclosed by category**

Unit: RMB Yuan

Category	Closing balance	Opening balance
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	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable with significant single amount with bad debt provision separately accrued	102,216,173.89	74.08%	102,216,173.89	100.00%		102,216,173.89	70.30%	102,216,173.89	100.00%	
Accounts receivable withdrawn bad debt provision according to credit risks characteristics	33,877,060.01	24.55%	2,312,840.15	6.83%	31,564,219.86	41,288,506.76	28.40%	2,516,360.35	6.09%	38,772,146.41
Accounts receivable with insignificant single amount for which bad debt provision separately accrued	1,884,022.38	1.37%	1,884,022.38	100.00%		1,884,022.38	1.30%	1,884,022.38	100.00%	
Total	137,977,256.28	100.00%	106,413,036.42	77.12%	31,564,219.86	145,388,703.03	100.00%	106,616,556.62	73.33%	38,772,146.41

Accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end:

√Applicable □ Not applicable

Unit: RMB Yuan

Accounts receivable (classified by units)	Closing balance			
	Accounts receivable	Bad debt provision	Proportion	Reason
Shenzhen Jiyong Properties & Resources Development Company	93,811,328.05	93,811,328.05	100.00%	Involved in lawsuit and no executable property, and see details in Notes XIV. 2 of Section XI
Shenzhen Tewe Industry Co., Ltd.	2,836,561.00	2,836,561.00	100.00%	Uncollectible for a long period
Shenzhen Lunan Industry Development Co., Ltd.	2,818,284.84	2,818,284.84	100.00%	Poor operating conditions, uncollectible for a long period
Zhou Tanjin	2,750,000.00	2,750,000.00	100.00%	Uncollectible for a long period
Total	102,216,173.89	102,216,173.89	--	--

In the groups, accounts receivable adopting aging analysis method to withdraw bad debt provision:

Applicable Not applicable

Unit: RMB Yuan

Aging	Closing balance		
	Accounts receivable	Bad debt provision	Withdrawal proportion
Sub-item within 1 year			
Within 1 year	29,347,371.60	880,421.15	3.00%
Subtotal within 1 year	29,347,371.60	880,421.15	3.00%
1 to 2 years	2,719,495.98	271,949.60	10.00%
2 to 3 years	166,766.15	50,029.85	30.00%
3 to 4 years	1,020,565.62	510,282.81	50.00%
4 to 5 years	113,519.59	90,815.67	80.00%
Over 5 years	509,341.07	509,341.07	100.00%
Total	33,877,060.01	2,312,840.15	6.83%

Notes of the basis of recognizing the group:

The basic of recognizing the group refers to Notes V. 11 of Section XI of the report.

In the groups, accounts receivable adopting balance percentage method to withdraw bad debt provision

Applicable Not applicable

In the groups, accounts receivable adopting other methods to accrue bad debt provision:

Not applicable

(2) Accounts receivable withdraw, reversed or collected during this Reporting Period

The withdrawal amount of the bad debt provision during this Reporting Period was of RMB -201,094.25; the amount of the reversed or collected part during this Reporting Period was of RMB0.00.

Unit: RMB Yuan

Name of the units	Reversed or collected amount	Method
Total	0.00	--

(3) The actual write-off accounts receivable

Unit: RMB Yuan

Item	Amount
Receivables property management fee	2,425.95

Of which the significant actual write-off accounts receivable:

Unit: RMB Yuan

Name of the units	Nature	Amount	Reason	Process	Whether occurred
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					from the related transactions
Total	--	0.00	--	--	--

Notes of the write-off the accounts receivable:

(4) Top 5 of the closing balance of the accounts receivable collected according to the arrears party

Name of units	Closing balance	Proportion of the total end balance of the accounts receivable (%)	Closing balance of bad debt provision
Shenzhen Jiyong Properties & Resources Development Company	93,811,328.05	67.99	93,811,328.05
Huawei Technologies Co Ltd	3,145,682.28	2.28	94,370.47
Shenzhen Tewe Industry Co., Ltd.	2,836,561.00	2.06	2,836,561.00
Shenzhen Lunan Industry Development Co., Ltd.	2,818,284.84	2.04	2,818,284.84
Zhou Tanjin	2,750,000.00	1.99	2,750,000.00
Total	105,361,856.17	76.36	102,310,544.36

Receivable Zhou Tanjin of Shenzhen Shenxin Taxi Co., Ltd. belongs to Shenzhen Investment Holding Co., Ltd., which is the divestiture assets.

(5) Account receivable which terminate the recognition owing to the transfer of the financial assets

Not applicable

(6) The amount of the assets and liabilities formed by the transfer and the continues involvement of accounts receivable

Not applicable

Other notes:

Not applicable

6. Prepayment

(1) List by aging analysis:

Unit: RMB Yuan

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	93,372,946.66	77.47%	20,734,383.56	72.97%

1 to 2 years	19,637,116.05	16.29%	6,602,570.30	23.24%
2 to 3 years	6,602,570.30	5.48%	1,070,523.28	3.77%
Over 3 years	919,642.37	0.76%	8,256.29	0.02%
Total	120,532,275.38	--	28,415,733.43	--

Notes of the reasons of the prepayment ages over 1 year with significant amount but failed settled in time:

(2) Top 5 of the closing balance of the prepayment collected according to the prepayment target

Top 5 of the closing balance of the prepayment were as follows:

Name of the unit	Closing balance	Proportion of the total end balance of the accounts receivable (%)
Prepayment of taxes	110,574,294.77	91.74
Prepayment construction social security fee	7,537,235.95	6.25
State Grid Chongqing Electric Power Co., Ltd	475,000.00	0.39
Shenzhen Jianqiao Design Decoration Engineering Co., Ltd	283,414.20	0.24
Shenzhen Tianfu Fire Engineering Co., Ltd	266,000.00	0.22
Total	119,135,944.92	98.84

Notes 1: According to the regulations of the Enforcement Regulation of the Provisional Regulations of the Business Tax to transfer the land use right or to sell the real estate, and for those adopting the prepayment (including receiving the deposits in advance) method, the occurrence time of the rateability was the date receiving the prepayments. The surplus prepay taxes of the Company was the taxes such as the property prepayments had not reached the revenue recognition conditions and the business taxes, urban construction taxes, education surtaxes that paid in advance.

Notes 2: Social security charges in building industry refer to the social security expenses the construction enterprises pay for the employees such as the endowment insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance (including Individual pay part). Take the engineering project as unit, to execute the unified payment standard, to collect uniformly from the construction units and uniformly settled by the construction enterprises.

Note 3: Compared with the opening balance, the closing balance increased by RMB 92,116,541.95, an increase of 324.17%, mainly caused by the increased prepayment of taxes.

7. Interest receivable

(1) Category of interest receivable

Unit: RMB Yuan

Item	Closing balance	Opening balance
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(2) Significant overdue interest

Borrower	Closing balance	Overdue time	Reason	Whether occurred impairment and its judgment basis
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Other notes:

Not applicable

8. Dividend receivable**(1) Dividend receivable**

Unit: RMB Yuan

Item (or investees)	Closing balance	Opening balance
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(2) Significant dividend receivable aged over 1 year

Unit: RMB Yuan

Item (or investees)	Closing balance	Aging	Reason	Whether occurred impairment and its judgment basis
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Other notes:

Not applicable

9. Other accounts receivable**(1) Other accounts receivable disclosed by category**

Unit: RMB Yuan

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable with significant single amount with bad debt provision separately accrued	34,970,067.20	53.19%	34,970,067.20	100.00%		90,718,739.20	75.46%	87,150,317.92	96.07%	3,568,421.28
Accounts receivable	21,071,0	32.05%	11,528,7	54.71%	9,542,311	19,789,	16.46%	11,738,34	59.32%	8,051,082.1

withdrawn bad debt provision according to credit risks characteristics	30.28		18.98		.30	422.31		0.12		9
Accounts receivable with insignificant single amount for which bad debt provision separately accrued	9,709,533.34	14.76%	9,709,533.34	100.00%		9,711,262.51	8.08%	9,711,262.51	100.00%	
Total	65,750,630.82	100.00%	56,208,319.52	85.49%	9,542,311.30	120,219,424.02	100.00%	108,599,920.55	90.33%	11,619,503.47

Other accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end

√ Applicable □ Not applicable

Unit: RMB Yuan

Other accounts receivable (classified by units)	Closing balance			
	Other accounts receivable	Bad debt provision	Withdrawal proportion	Reason
Anhui Nanpeng Papermaking Co., Ltd.	8,899,040.00	8,899,040.00	100.00%	Unrecoverable for a long term
Shenzhen Shengfenglu, Guomao Jewel & Gold Co., Ltd.	6,481,353.60	6,481,353.60	100.00%	No executable finance and difficult to recover
Shanghai Yutong Real estate development Co., Ltd.	5,676,000.00	5,676,000.00	100.00%	Difficult to recover the lawsuit judgment
Wuliangye Restaurant	5,523,057.70	5,523,057.70	100.00%	Unrecoverable for a long term
Hong Kong Yueheng Development Co., Ltd.	3,271,837.78	3,271,837.78	100.00%	Unrecoverable for a long term
Dameisha Tourism Center	2,576,445.69	2,576,445.69	100.00%	Projects construction ceased
Elevated Train Project	2,542,332.43	2,542,332.43	100.00%	Projects construction ceased
Total	34,970,067.20	34,970,067.20	--	--

In the groups, other accounts receivable adopting aging analysis method to accrue bad debt provision:

√ Applicable □ Not applicable

Unit: RMB Yuan

Aging	Closing balance
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	Other accounts receivable	Bad debt provision	Withdrawal proportion
Sub-item within 1 year			
Within 1 year (including 1 year)	6,314,022.00	189,420.65	3.00%
Subtotal within 1 year	6,314,022.00	189,420.65	3.00%
1 to 2 years	2,174,698.83	217,469.88	10.00%
2 to 3 years	1,183,850.00	355,155.01	30.00%
Over 3 years	1,069,422.02	534,711.01	50.00%
3 to 4 years	95,380.55	76,304.44	80.00%
4 to 5 years	10,715,458.05	10,715,458.05	100.00%
Over 5 years	19,789,422.31	11,738,340.12	59.32%

Notes of the basis of recognizing the group:

The basis recognizing the group refers to Notes V. 11 of Section XI of the report.

In the groups, other accounts receivable adopting balance percentage method to withdraw bad debt provision

Applicable Not applicable

In the groups, other accounts receivable adopting other methods to accrue bad debt provision:

Applicable Not applicable

(2) Accounts receivable withdraw, reversed or collected during this Reporting Period

The withdrawal amount of the bad debt provision during this Reporting Period was of RMB 401,956.68; the amount of the reversed or collected part during this Reporting Period was of RMB0.00.

Unit: RMB Yuan

Name of units	Reversed or collected amount	Method
Total	0.00	--

The withdrawal amount of bad debt provision in current period is RMB 401,956.68; the exchange rate translation for the foreign-currency loans withdrawal amount of bad debt provision receivable and foreign-currency financial statement translation increased bad debt provision is RMB 865,021.01. As the reorganization plan of Shenzhen Gintian Industry (Group) Co., Ltd., ruled by the court, was executed in February 2016, an amount of RMB 53,658,578.72 together with the original value was transferred to other current assets.

(3) The actual write-off other accounts receivable

Unit: RMB Yuan

Item	Amount

Of which the significant write-off other accounts receivable:

Unit: RMB Yuan

Name of units	Nature	Amount	Reason	Process	Whether occurred from the related

					transactions
Total	--	0.00	--	--	--

Notes of write-off other accounts receivable:

There was no write-off other accounts receivable.

(4) Other accounts receivable classified by the nature of accounts

Unit: RMB Yuan

Nature	Closing book balance	Opening book balance
Margin	12,050,550.05	12,540,024.90
Pretty cash borrowing	394,894.05	772,557.45
Accounts receivable of the related companies	11,556,264.65	10,704,936.65
Accounts receivable of the non-related companies	41,748,922.07	96,201,905.02
Total	65,750,630.82	120,219,424.02

(5) Top 5 of the closing balance of the other accounts receivable collected according to the arrears party

Unit: RMB Yuan

Name of units	Nature	Closing balance	Aging	Proportion of the total end balance of the accounts receivable (%)	Closing balance of bad debt provision
Anhui Nanpeng Papermaking Co., Ltd.	Accounts receivable of the related companies	8,899,040.00	Over 5 years	13.53%	8,899,040.00
Shenzhen Shengfenglu, Guomao Jewel & Gold Co., Ltd.	Accounts receivable of the non-related companies	6,481,353.60	Over 5 years	9.86%	6,481,353.60
Shanghai Yutong Real estate development Co., Ltd.	Accounts receivable of the non-related companies	5,676,000.00	Over 5 years	8.63%	5,676,000.00
Shenzhen Wuliangye Restaurant	Accounts receivable of the non-related companies	5,523,057.70	Over 5 years	8.40%	5,523,057.70
Hong Kong Yueheng	Accounts receivable	3,271,837.78	Over 5 years	4.98%	3,271,837.78

Development Co., Ltd.	of the non-related companies				
Total	--	29,851,289.08	--	45.40%	29,851,289.08

(6) Accounts receivable involved with government subsidies

Unit: RMB Yuan

Name of units	Project of government subsidies	Closing balance	Closing age	Estimated received time, amount and basis
Total	--	0.00	--	--

Not applicable

(7) Other account receivable which terminate the recognition owing to the transfer of the financial assets

Not applicable

(8) The amount of the assets and liabilities formed by the transfer and the continues involvement of other accounts receivable

Not applicable

Other notes:

Not applicable

10. Inventory

Whether the Company needs to comply with the disclosure requirements of the real estate industry

Yes

(1) Classification of Inventory

The Company needs to comply with the disclosure requirements of *Guideline No. 3 of the Shenzhen Stock Exchange on the Industrial Information Disclosure about Listed Companies' Engagement in Real Estate Business*

Classified by nature:

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Falling price reserves	Book value	Book balance	Falling price reserves	Book value
Costs of development	1,602,135,700.14	23,285,718.43	1,578,849,981.71	2,256,190,243.28	106,545,780.63	2,149,644,462.65
Developing properties	1,187,426,583.83	181,738,984.75	1,005,687,599.08	315,453,876.53		315,453,876.53

Raw materials	1,230,918.63	484,743.69	746,174.94	1,602,571.24	529,191.39	1,073,379.85
Inventory good	64,935.50		64,935.50	54,087.62		54,087.62
Low-value consumption goods	309,830.42		309,830.42	116,472.20		116,472.20
Total	2,791,167,968.52	205,509,446.87	2,585,658,521.65	2,573,417,250.87	107,074,972.02	2,466,342,278.85

Classification of the “Costs of development” and the capitalization rate of the interests in the following format:

Unit: RMB Yuan

Name of project	Date of commencement	Estimated date of completion	Estimated total investment	Opening balance	Shifted developing properties for this period	Other decreased sums for this period	Closing balance	Accumulative amount of capitalized interests	Of which: amount of capitalized interests for this period	Capital resources
Shenzhen Properties & Resources• Banshanyujing Phase I	01/09/2011	31/12/2016	660,150,000.00	498,973,613.05	635,013,998.40	0.00	0.00	27,205,315.95	0.00	Others
Shenzhen Properties & Resources• Hupanyujing Phase II	01/08/2015	31/12/2017	662,710,400.00	440,834,282.15	0	0.00	546,486,849.54	0.00	0.00	Others
Shenzhen Properties & Resources• Front Sea Harbor	01/02/2014	31/10/2016	767,310,000.00	448,310,252.81	744,009,968.18	0.00	0.00	14,633,486.15	3,689,131.18	Bank loans; others
Shenzhen Properties & Resources• Jinling Holiday	01/03/2014	31/12/2018	1,071,390,000.00	146,379,982.82	0	0.00	236,415,319.90	3,858,872.36	0.00	Others
Shenzhen	01/01/201	30/09/201	851,570,00	600,621,41	0	0.00	698,021,23	30,539,392	0.00	Bank

Properties & Resources• Songhu Langyuan	2	7	0.00	4.48			2.73	.65		loans; others
Hainan Qiongsan Land				6,648,404.13	0	0.00	6,648,404.13			Others
Fuchang Phase II Land	01/12/2019			5,940,627.11	0	0.00	5,940,627.11			Others
Shenhui Garden Land	01/12/2020			36,824,440.89	0	0.00	36,966,040.89			Others
Shenzhen Properties & Resources• Banshan Yujing Phase II Land	01/12/2020			71,657,225.84	0	0.00	71,657,225.84			Others
Total	--	--	4,013,130.40	2,256,190.24	1,379,023.96	0.00	1,602,135.70	76,237,067.11	3,689,131.18	--

Classification of item disclosure “Developing properties” in the following format:

Unit: RMB Yuan

Name of project	Date of completion	Opening balance	Increase	Decrease	Closing balance
International Trade Center Plaza	31/12/1995	7,372,250.95			7,372,250.95
Huangyuyuan A Area	30/06/2001	790,140.58			790,140.58
Podium Building of Fuchang Building	30/11/1999	645,532.65			645,532.65
Shenzhen Properties & Resources•Xihua Town	30/06/2010	692,134.84			692,134.84

Shenzhen Properties & Resources•Langqiao International	31/12/2012	27,154,592.60			27,154,592.60
Shenzhen Properties & Resources•Hupan Yujing Phase I	30/06/2015	276,048,491.88		192,950,853.75	83,097,638.13
Shenzhen Properties & Resources•Front Sea Harbor Garden	31/10/2016		744,009,968.18	314,342,936.73	429,667,031.45
Shenzhen Properties & Resources•Banshan Yujing Phase I	30/11/2016		635,013,998.40		635,013,998.40
Other projects	31/12/2004	2,750,733.03	242,531.20		2,993,264.23
Total	--	315,453,876.53	1,379,266,497.78	507,293,790.48	1,187,426,583.83

Classification of “Developing properties with the collection of payments in installments”, “Renting developing properties” and “Temporary Housing”:

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
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(2) Falling provision of Inventory

Disclosure of falling provision withdrawal of inventory in the following format:

Classified by nature:

Unit: RMB Yuan

Item	Opening balance	Increased amount		Decreased amount		Closing balance	Remarks
		Withdrawal	Others	Write-off	Others		
Costs of development	106,545,780.63	16,637,314.30			99,897,376.50	23,285,718.43	
Developing properties		81,841,608.25	99,897,376.50			181,738,984.75	
Raw materials	529,191.39	-44,447.70				484,743.69	
Total	107,074,972.02	98,434,474.85	99,897,376.50		99,897,376.50	205,509,446.87	--

Classification by project:

Unit: Yuan

Name of project	Opening balance	Increased amount		Decreased amount		Closing balance	Remarks
		Withdrawal	Others	Write-off	Others		
Hainan Qiongsan Land	6,648,404.13					6,648,404.13	
Shenzhen Properties & Resources•Banshan Yujing Phase I	99,897,376.50	79,738,328.55				179,635,705.05	
Shenzhen Properties & Resources•Hupan Yujing Phase I		2,103,279.70				2,103,279.70	
Shenzhen Properties & Resources•Banshan Yujing Phase II		16,637,314.30				16,637,314.30	
Total	106,545,780.63	98,478,922.55				205,024,703.18	--

(3) Rate of borrowing capitalization in closing balance of the inventory

The closing balance of the inventory included a total amount of the capitalized borrowings of 68,306,133.41 yuan.

(4) Inventory Limit

Disclosure of inventory limit by project:

Unit: RMB Yuan

Name of project	Opening balance	Closing balance	Reason for the Limit
Total	0.00	0.00	--

(5) Completed unsettled assets formed from the construction contract at the period end

Unit: RMB Yuan

Project	Amount

Other notes:

Whether the Company needs to comply with the disclosure requirements of *Guideline No. 4 of the Shenzhen Stock Exchange on the Industrial Information Disclosure about Listed Companies' Engagement in Seed Industry and Planting Industry*

11. Assets divided as held-to-sold

Unit: RMB Yuan

Item	Closing book value	Fair value	Estimated disposal expense	Estimated disposal time
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Other notes:

Not applicable

12. Non-current assets due within 1 year

Unit: RMB Yuan

Item	Closing balance	Opening balance
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Other notes:

Not applicable

13. Other current assets

Unit: RMB Yuan

Item	Closing balance	Opening balance
1. Property receivable of F14, F15 of Longyuan Chuangzhan Building		174,382,120.00
2. Original value of the assets group held to distribute to the owners-Hainan Xinda	69,437,140.28	69,437,140.28
Impairment provision of the assets group held to distribute to the owners-Hainan Xinda	-69,437,140.28	-69,437,140.28
3. Original value of the assets group held to cancel after verification	6,034,625.03	6,034,625.03
Depreciation reserves of the assets group held to cancel after verification	-6,034,625.03	-6,034,625.03
4. Original value of the assets group held to cancel after verification	53,658,578.72	
Depreciation reserves of the assets group held to cancel after verification	-53,658,578.72	
5. Pre-paid VAT	10,727,007.94	
6. Deducted input tax	250,549.21	
Total	10,977,557.15	174,382,120.00

Other notes:

Assets group held to distribute to the owners-Hainan Xinda were the assets from the calculation of the original long-term equity investment and the other accounts receivable of the Company after the 2014 bankruptcy liquidation process of the original subsidiary

of the Company-Hainan Xinda Development Corporation and had reported as the other current assets since 2014 with the specific assets list as follows:

Original calculation subjects	Original value	Depreciation reserves	Net value
Long-term equity investment	20,000,000.00	20,000,000.00	
Other accounts receivable	49,437,140.28	49,437,140.28	
Total	69,437,140.28	69,437,140.28	

In 13 Feb. 2017, Hainan Xinda Development Corporation ruled bankruptcy according to law, see (XIV) 2, the company write-off procedures have not yet completed.

Notes 2: Assets group held to cancel after verification were the long-term equity investment and the other accounts receivable of the original associated enterprise-Shenzhen International Trade Center Industrial Development Co., Ltd. The enterprise had been written off by the bankruptcy and liquidation administrator in Apr. 2015 and owing to the cancellation and verification process had not been complete, the above assets were reported as the other current assets since 2015 with the specific assets list as follows:

Original calculation subjects	Original value	Depreciation reserves	Net value
Long-term equity investment	3,682,972.55	3,682,972.55	
Other accounts receivable	2,351,652.48	2,351,652.48	
Total	6,034,625.03	6,034,625.03	

Note 3: Assets held to cancel were the Company's other receivables from Shenzhen Gintian Industry (Group) Co., Ltd. As the reorganization plan of Shenzhen Gintian Industry (Group) Co., Ltd., ruled by the court, was executed in February 2016 and as the Company did not complete the procedure for cancelling the assets, they were reported as other liquidity assets.

Note 4: Compared with the opening balance, the closing balance decreased by RMB 163,404,562.85, which was mainly from the actual receipt of assets of Dragon Garden Development Building F14, F15, caused by the Company's leasing of the assets that was counted into investment properties.

14. Available-for-sale financial assets

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

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Available-for-sale equity instruments	35,801,912.64	18,298,198.50	17,503,714.14	32,501,237.68	18,001,237.68	14,500,000.00
Measured by fair value	3,003,714.14		3,003,714.14			
Measured by cost	32,798,198.50	18,298,198.50	14,500,000.00	32,501,237.68	18,001,237.68	14,500,000.00
Total	35,801,912.64	18,298,198.50	17,503,714.14	32,501,237.68	18,001,237.68	14,500,000.00

(2) Available-for-sale financial assets measured by fair value at the period-end

Unit: RMB Yuan

Category	Available-for-sale equity instruments	Available-for-sale debt instruments		Total
Cost of the equity instruments/amortized cost of the liabilities instruments	3,003,714.14			3,003,714.14
Fair value	3,003,714.14			3,003,714.14

(3) Available-for-sale financial assets measured by cost at the period-end

Unit: RMB Yuan

Investee	Book balance				Impairment provision				Shareholding proportion among the investees	Cash bonus of this Reporting Period
	Period-begin	Increase	Decrease	Period-end	Period-begin	Increase	Decrease	Period-end		
North Machinery (Group) Co., Ltd.	3,465,000.00			3,465,000.00	3,465,000.00			3,465,000.00	12.66%	
Guangdong Huayue Real Estate Co., Ltd.	8,780,645.20			8,780,645.20	8,780,645.20			8,780,645.20	8.47%	
Shenzhen International Trade Center Petroleum Company Limited	8,500,000.00			8,500,000.00					100.00%	
Guangzhou Lishifeng Automobile Co., Ltd.	6,000,000.00			6,000,000.00					30.00%	
Sanya East Travel	1,350,000.00			1,350,000.00	1,350,000.00			1,350,000.00	0.28%	

Co., Ltd.	00			00	00			00		
Shensan Co., Ltd.	17,695.09			17,695.09	17,695.09			17,695.09		
Macao Huashen Enterprise Co., Ltd.	81,339.81	5,504.85		86,844.66	81,339.81	5,504.85		86,844.66	10.00%	
Chongqing Guangfa Real estate development Co., Ltd.	2,468,143.72	167,037.18		2,635,180.90	2,468,143.72	167,037.18		2,635,180.90	27.25%	
Saipan Project	1,838,413.86	124,418.79		1,962,832.65	1,838,413.86	124,418.79		1,962,832.65	30.00%	
Total	32,501,237.68	296,960.82		32,798,198.50	18,001,237.68	296,960.82		18,298,198.50	--	

(4) Changes of the impairment of the available-for-sale financial assets during this Reporting Period

Unit: RMB Yuan

Category	Available-for-sale equity instruments	Available-for-sale debt instruments	Foreign currency statement translation	Total
Balance of the withdrawn impairment at the period-begin	18,001,237.68			18,001,237.68
Withdrawal amount	296,960.82			296,960.82
Balance of the withdrawn impairment at the period-end	18,298,198.50			18,298,198.50

(5) Relevant notes of the fair value of the available-for-sale equity instruments which seriously fell or temporarily fell but not withdrawn the impairment provision

Unit: RMB Yuan

Item of available-for-sale equity instruments	Investment cost	Fair value of the period-end	Falling range of the fair value against the cost	Continued falling time (month)	Withdrawn amount of impairment	Reason of not withdrawn the impairment
Total	0.00	0.00	--	--	0.00	--

Other notes

Notes 1: The reason of the changes of the long-term equity investment of Macau Huashen Investment Co., Ltd., Saipan Project and Chongqing Guangfa Housing Development Co., Ltd. and the impairment provision was occurred owing to the discount of the foreign currency statement.

Notes 2: The Company had not dispatched any personnel to serve in Guangzhou Lishifeng Automobile Co., Ltd., Chongqing Guangfa Housing development Co., Ltd. and Saipan Company, although the share holding proportion was more than 20% but lower than 50%, it had no any significant influence and be recognized as the available for sale financial assets according to the cost measurement.

Notes 3: In Jan. 2008, Shenzhen International Trade Center Automobile Industry Co., Ltd. and Shenzhen Guanghong Investment Co., Ltd. signed the Operation Contacts of the Gas Station Leasing, which agreed to the leasing the assets and equity as well as the operating management power such as the land of the gas station, refueling tent, operating houses, dormitory and facility instrument of gas station of the Shenzhen International Trade Center Petroleum Co., Ltd. (Shenzhen International Trade Center Automobile Industry Co., Ltd. held 100% equity of it) by Shenzhen Guanghong Investment Co., Ltd. and be operated by the later with the leasing period of 15 years. Since the starting date of the operating and leasing, the Company no more execute the control on Shenzhen International Trade Center Petroleum Co., Ltd., and thus no more include it in the scope of the consolidation financial statement according to the regulations of the ASBE.

Notes 4: The available-for-sale financial assets measured in fair value held by the Company were based on the final execution of *The Reorganization Plan of Gintian Industry (Group) Co., Ltd.*, the Company received 772,717 tradable A shares, 412,123 non-tradable A shares and 447,217 B shares distributed by Gintian Industry on 26 January 2016. Counted on the price issued on the last trading date before the trading suspension of Gintian Industry (10 Dec. 2014), RMB 2.09 per A share and RMB 1.04 per B share, the initial costs shall be RMB 2,941,421.28. The increased original book value due to changes in exchange rate at the period end was RMB 62,292.86.

15. Investment held-to-maturity

(1) List of investment held-to-maturity

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value

(2) Significant held-to-maturity investment at the period-end

Unit: RMB Yuan

Bond item	Par value	Nominal interest rate	Actual interest rate	Due date

(3) Re-classified held-to-maturity investment during this Reporting Period

Not applicable

Other notes

Not applicable

16. Long-term accounts receivable**(1) List of long-term accounts receivable**

Unit: RMB Yuan

Item	Closing balance			Opening balance			Discount rate range
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	

(2) Long-term accounts receivable which terminate the recognition owing to the transfer of the financial assets

Not applicable

(3) The amount of the assets and liabilities formed by the transfer and the continues involvement of long-term accounts receivable

Not applicable

Other notes

Not applicable

17. Long-term equity investment

Unit: RMB Yuan

Investees	Opening balance	Increase/decrease								Closing balance	Closing balance of impairment provision	
		Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other			
I. Joint ventures												
Jifa Warehouse Co., Ltd.	30,789,341.98			1,473,898.63							32,263,240.61	
Shenzhen Tian'an International Building	3,736,835.43			751,815.08							4,488,650.51	

Property Management Co., Ltd.											
Subtotal	34,526,177.41			2,225,713.71						36,751,891.12	
II. Associated enterprises											
Shenzhen Wufang Pottery & Porcelain Industrial Co., Ltd.	18,983,614.14									18,983,614.14	18,983,614.14
Anhui Nanpeng Papermaking Co., Ltd.	13,824,000.00									13,824,000.00	13,824,000.00
Subtotal	32,807,614.14									32,807,614.14	32,807,614.14
Total	67,333,791.55			2,225,713.71						69,559,505.26	32,807,614.14

Other notes

18. Investment property**(1) Investment property adopted the cost measurement mode**

√ Applicable □ Not applicable

Unit: RMB Yuan

Item	Houses and buildings	Land use right	Construction in progress	Total
I. Original book value				
1. Opening balance	463,309,590.49	7,969,954.40		471,279,544.89
2. Increased amount of the period	208,554,987.67			208,554,987.67

(1) Outsourcing				
(2) Transfer of inventory\fixed assets\project under construction	32,999,398.81			32,999,398.81
(3) Increased from enterprise merger				
(4) Other disposal	175,555,588.86			175,555,588.86
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Closing balance	671,864,578.16	7,969,954.40		679,834,532.56
II. Accumulative depreciation and accumulative amortization				
1. Opening balance	228,649,493.40	5,369,262.67		234,018,756.07
2. Increased amount of the period	17,506,018.34	509,145.12		18,015,163.46
(1) Withdrawal or amortization	17,506,018.34	509,145.12		18,015,163.46
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Closing balance	246,155,511.74	5,878,407.79		252,033,919.53
III. Depreciation reserves				
1. Opening balance				
2. Increased amount of the period				
(1) Withdrawal				
3. Decreased				

amount of the period				
(1) Disposal				
(2) Other transfer				
4. Closing balance				
IV. Book value				
1. Closing book value	425,709,066.42	2,091,546.61		427,800,613.03
2. Opening book value	234,660,097.09	2,600,691.73		237,260,788.82

(2) Investment property adopted fair value measurement mode

Applicable Not applicable

The Company needs to comply with the disclosure requirements of *Guideline No. 3 of the Shenzhen Stock Exchange on the Industrial Information Disclosure about Listed Companies' Engagement in Real Estate Business*

Investment properties measured in fair value by project disclosure:

Unit: RMB Yuan

Name of project	Geographical location	Building area	Lease income during this Reporting Period	Opening fair value	Closing fair value	Range of fair value changes	Reason for fair value changes and report index

Whether the Company has new investment properties measured in fair value

(3) Details of investment properties with unaccomplished certification of property

Unit: RMB Yuan

Project	Book value	Reason

Other notes

Compared with the balance at the beginning of the year, the closing balance increased by 80.31%, which was mainly caused by the receipt of assets of Dragon Garden Development Building F14, F15 for leasing and leasing properties, caused by the Company's leasing of the assets that was counted into investment properties. Please refer to Supplementary Note VII 13 Note 4 for the property shift of assets of Dragon Garden Development Building F14, F15 in other liquidity assets.

19. Fixed assets

(1) List of fixed assets

Unit: RMB Yuan

Item	Houses and buildings	Transportation equipment	Electronic and other equipment	Decoration of the fixed assets	Total
1. Opening balance					
2. Increased amount of the period	111,018,369.27	63,389,075.59	34,408,787.73	6,451,403.79	215,267,636.38
(1) Purchase	362,256.02	3,358,149.40	905,062.06		4,625,467.48
(2) Transfer of project under construction		3,358,149.40	905,062.06		4,263,211.46
3. Decreased amount of the period					
4. Closing balance					
1. Opening balance	362,256.02				362,256.02
2. Increased amount of the period		3,713,162.62	374,708.82		4,087,871.44
(1) Withdrawal		3,713,162.62	374,708.82		4,087,871.44
3. Decreased amount of the period					
(1) Disposal or Scrap	111,380,625.29	63,034,062.37	34,939,140.97	6,451,403.79	215,805,232.42
4. Closing balance					
1. Opening balance	77,541,162.76	18,170,689.23	28,226,688.96	5,323,861.90	129,262,402.85
4. Closing balance	3,025,839.01	11,176,397.24	1,631,701.18	386,776.97	16,220,714.40
1. Closing book value	2,728,454.47	11,176,397.24	1,631,701.18	386,776.97	15,923,329.86
2. Opening book value	297,384.54				297,384.54
1. Opening balance		3,333,134.22	352,475.66		3,685,609.88
2. Increased amount of the period		3,333,134.22	352,475.66		3,685,609.88
(1) Purchase					

(2) Transfer of project under construction	80,567,001.77	26,013,952.25	29,505,914.48	5,710,638.87	141,797,507.37
3. Decreased amount of the period					
4. Closing balance			75,717.16		75,717.16
1. Opening balance					
2. Increased amount of the period					
(1) Withdrawal					
3. Decreased amount of the period					
(1) Disposal or Scrap					
4. Closing balance					
1. Opening balance			75,717.16		75,717.16
4. Closing balance					
1. Closing book value	30,813,623.52	37,020,110.12	5,357,509.33	740,764.92	73,932,007.89
2. Opening book value	33,477,206.51	45,218,386.36	6,106,381.61	1,127,541.89	85,929,516.37

(2) List of temporarily idle fixed assets

Unit: RMB Yuan

Item	Original book value	Accumulative depreciation	Impairment provision	Book value	Notes
Houses and buildings	4,059,207.77	2,308,114.25		1,751,093.52	

(3) Fixed assets leased in from financing lease

Unit: RMB Yuan

Item	Original book value	Accumulative	Impairment provision	Book value
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		depreciation		
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(4) Fixed assets leased out from operation lease

Unit: RMB Yuan

Item	Closing book value
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(5) Details of fixed assets failed to accomplish certification of property

Unit: RMB Yuan

Item	Book value	Reason
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Other notes:

20. Construction in progress**(1) List of construction in progress**

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value

(2) Changes of significant construction in progress

Unit: RMB Yuan

Name of item	Estimated number	Opening balance	Increase amount	Amount that transferred to fixed assets of the period	Other decreased amount of the period	Closing balance	Proportion estimate of the project accumulative input	Project progress	Accumulative amount of capitalized interests	Of which: the amount of the capitalized interests of the period	Capitalization rate of the interests of the period	Capital resources
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(3) List of the withdrawal of the impairment provision of the construction in progress

Unit: RMB Yuan

Item	Withdrawn amount	Reason
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Other notes:

Not applicable

21. Engineering material

Unit: RMB Yuan

Item	Closing balance	Opening balance
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Notes:

Not applicable

22. Liquidation of fixed assets

Unit: RMB Yuan

Item	Closing balance	Opening balance
Transportation equipment cleaning	85,556.34	
Total	85,556.34	

Notes:

23. Productive biological assets**(1) Productive biological assets adopted cost measurement mode** Applicable Not applicable**(2) Productive biological assets adopted fair value measurement mode** Applicable Not applicable**24. Oil and gas assets** Applicable Not applicable**25. Intangible assets****(1) List of intangible assets**

Unit: RMB Yuan

Item	Land use right	Patent right	Non-patent right	Business license of the taxies	Software	Total
I. Original book value						
1. Opening				170,866,146.80	18,260.00	170,884,406.80

balance						
2. Increased amount of the period						
(1) Purchase						
(2) Internal R&D						
(3) Enterprise combination increase						
3. Decreased amount of the period					18,260.00	18,260.00
(1) Disposal					18,260.00	18,260.00
4. Closing balance				170,866,146.80		170,866,146.80
II. Accumulated amortization						
1. Opening balance				78,226,062.81	18,260.00	78,244,322.81
2. Increased amount of the period				7,152,503.04		7,152,503.04
(1) Withdrawal				7,152,503.04		7,152,503.04
3. Decreased amount of the period					18,260.00	18,260.00
(1) Disposal					18,260.00	18,260.00
4. Closing balance				85,378,565.85		85,378,565.85
III. Depreciation reserves						
1. Opening balance						

2. Increased amount of the period						
(1) Withdrawal						
3. Decreased amount of the period						
(1) Disposal						
4. Closing balance						
IV. Book value						
1. Closing book value				85,487,580.95		85,487,580.95
2. Opening book value				92,640,083.99		92,640,083.99

The proportion of the intangible assets formed from the internal R&D through the Company amount the balance of the intangible assets at the period-end was 0.00%.

(2) Details of fixed assets failed to accomplish certification of land use right

Unit: RMB Yuan

Item	Book value	Reason
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Notes:

26. R&D expenses

Unit: RMB Yuan

Item	Opening balance	Increased amount	Decrease	Closing balance
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Other notes:

Not applicable

27. Goodwill

(1) Original book value of goodwill

Unit: RMB Yuan

Name of the investees or the events formed goodwill	Opening balance	Increase	Decrease	Closing balance
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(2) Impairment provision of goodwill

Unit: RMB Yuan

Name of the investees or the events formed goodwill	Opening balance	Increase	Decrease	Closing balance
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Notes of the testing process of goodwill impairment, parameters and the recognition method of goodwill impairment losses:

Not applicable

Other notes:

Not applicable

28. Long-term unamortized expenses

Unit: RMB Yuan

Item	Opening balance	Increased amount	Amortization amount	Decrease	Closing balance
Facilities reconstruction expense	1,297,321.41		172,976.28		1,124,345.13
Renovation costs	727,400.66		355,354.68		372,045.98
Total	2,024,722.07		528,330.96		1,496,391.11

Other notes:

29. Deferred income tax assets/deferred income tax liabilities**(1) Deferred income tax assets had not been off-set**

Unit: RMB Yuan

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets impairment	125,379,771.44	31,287,140.16	57,759,280.17	14,401,252.75

provision				
Unrealized internal sales gain and loss	49,673,467.80	12,418,366.95	39,385,119.40	9,846,279.85
Deductible losses	29,134,805.61	7,283,701.41	30,376,338.54	7,594,084.64
Accrued land VAT	1,004,734,891.74	251,183,722.93	738,683,130.69	184,670,782.67
Estimated profit calculated at pre-sale revenue of property enterprises	289,951,359.60	72,487,839.90	93,163,091.00	23,290,772.75
Payroll payable unpaid but withdrawn	143,852.61	35,963.15	1,293,791.92	323,447.97
Accrued liabilities	5,201,315.32	1,300,328.83	834,999.50	208,749.88
Total	1,504,219,464.12	375,997,063.33	961,495,751.22	240,335,370.51

(2) Deferred income tax liabilities had not been off-set

Unit: RMB Yuan

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
The book value of fixed assets is larger than tax basis	57,950.04	14,487.51	95,940.98	23,985.24
Total	57,950.04	14,487.51	95,940.98	23,985.24

(3) Deferred income tax assets or liabilities listed by net amount after off-set

Unit: RMB Yuan

Item	Mutual set-off amount of deferred income tax assets and liabilities at the period-end	Amount of deferred income tax assets or liabilities after off-set at the period-end	Mutual set-off amount of deferred income tax assets and liabilities at the period-begin	Amount of deferred income tax assets or liabilities after off-set at the period-begin
Deferred income tax assets	375,997,063.33		240,335,370.51	375,997,063.33
Deferred income tax liabilities	14,487.51		23,985.24	14,487.51

(4) List of unrecognized deferred income tax assets

Unit: RMB Yuan

Item	Closing balance	Opening balance
Deductible loss	146,287,359.19	136,744,244.51
Impairment of assets	423,062,905.20	390,888,503.31
Expected profit of the real estate business pre sale income calculation	3,948,406.50	45,000.00
Unrealized profit of internal transaction	22,979,696.86	29,202,247.96
Total	596,278,367.75	556,879,995.78

(5) Deductible losses of unrecognized deferred income tax assets will due the following years

Unit: RMB Yuan

Years	Closing amount	Opening amount	Notes
2016		9,954,037.39	2011 deductible loss
2017	6,311,349.73	6,311,349.73	2012 deductible loss
2018	10,672,025.10	10,672,025.10	2013 deductible loss
2019	9,167,690.00	9,167,690.00	2014 deductible loss
2020	100,639,142.29	100,639,142.29	2015 deductible loss
2021	19,497,152.07		2016 deductible loss
Total	146,287,359.19	136,744,244.51	--

Notes:

30. Other non-current assets

Unit: RMB Yuan

Item	Closing balance	Opening balance
Housing purchase prepayment	7,271,224.00	7,275,069.00
Total	7,271,224.00	7,275,069.00

Notes:

31. Short-term loans

(1) Category of short-term loans

Unit: RMB Yuan

Item	Closing balance	Opening balance
Mortgage and guaranteed loan		8,000,000.00
Total		8,000,000.00

Notes of short-term loans category

(2) List of the short-term loans overdue but not return

The total amount of the overdue but not return short-term borrowings at the period-end was of RMB 0.00, of which the situation of the significant overdue but not return short-term borrowings as follows:

Unit: RMB Yuan

Entity	Closing balance	Borrowing rate	Overdue time	Overdue rate
Total	0.00	--	--	--

Notes:

32. Financial liabilities measured by fair value and the changes included in the current gains and losses

Unit: RMB Yuan

Item	Closing balance	Opening balance
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Notes:

Not applicable

33. Derivative financial liabilities

Applicable Not applicable

34. Notes payable

Unit: RMB Yuan

Category	Closing balance	Opening balance
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The total amount of the due but not pay notes payable at the period-end was of RMB0.00.

35. Accounts payable

(1) List of accounts payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	298,389,610.44	102,357,186.61
1 to 2 years (including 2 years)	44,826,093.11	10,999,069.54
2 to 3 years (including 3 years)	9,793,533.80	20,968,866.58
3 to 4 years (including 4 years)	12,899,987.95	29,208,688.99
4 to 5 years (including 5 years)	26,356,677.30	1,054,522.02

Over 5 years	27,660,236.79	26,936,604.80
Total	419,926,139.39	191,524,938.54

(2) Notes of the accounts payable aging over one year

Unit: RMB Yuan

Item	Closing balance	Unpaid/ Un-carry-over reason
Shenzhen Luohu District Land and Resources Bureau	25,000,000.00	Unsettled
Jiangsu Hanjian Group Co., Ltd	20,025,581.03	Unsettled
Hunan Construction Engineering Group	12,887,087.00	Unsettled
Zhanjiang West Guangdong Construction Engineering Co., Ltd.	6,900,257.48	Unsettled
Shenzhen Yuanpeng Decoration Group Co., Ltd.	3,763,729.00	Unsettled
Total	68,576,654.51	--

Other notes:

Compared with opening balance, the closing balance increased 119.25%, mainly caused by the increase of project payments that met the settlement conditions in the period.

36. Advance from customers**(1) List of advance from customers**

Unit: RMB Yuan

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	1,828,477,521.99	650,027,894.78
1 to 2 years (including 2 years)	401,822,962.96	1,802,283.71
2 to 3 years (including 3 years)	663,372.58	218,445.69
3 to 4 years (including 4 years)	36,216.10	950.00
4 to 5 years (including 5 years)	950.00	
Over 5 years	320,204.02	320,204.02
Total	2,231,321,227.65	652,369,778.20

(2) Significant advance from customers aging over one year

Unit: RMB Yuan

Item	Closing balance	Unpaid/ Un-carry-over reason
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SZPRD-Qianhai Gangwan Garden	95,068,490.00	Unsettled
SZPRD-Songhu Langyuan	304,579,451.00	Unsettled
Total	399,647,941.00	--

(3) Particulars of settled but unfinished projects formed by construction contract at period-end.

Unit: RMB Yuan

Item	Amount
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Other notes:

Compared with the opening balance, the closing balance of advance increased by 242.03%, it mainly caused by the increase of prepayment of houses.

The significant advance aging over one year in the Company was due to the fact that the prepayment of houses from the Songhulangyuan Project and the Front Sea Harbor Garden Project was not counted into the income.

Prepayment of sale of real estate projects

Item	Aging	Closing balance	Estimate finished time
SZPRD-Front Sea Harbour Garden Project	Within 1 year, 1-2 years	931,748,242.00	Completed
SZPRD-Dongguang Songhulangyuan Project	Within 1 year, 1-2 years	1,034,997,112.00	Sept. 2017
SZPRD-Hupan Yujing (II)	Within 1 year	206,946,357.00	Dec. 2017
Total		2,173,691,711.00	

37. Payroll payable**(1) List of Payroll payable**

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
I. Short-term salary	63,264,379.19	289,729,712.71	286,627,340.80	66,366,751.10
II. Post-employment benefit-defined contribution plans	424,363.30	27,983,599.03	27,836,889.92	571,072.41
III. Termination benefits	103,074.00	773,937.78	473,937.78	403,074.00
Total	63,791,816.49	318,487,249.52	314,938,168.50	67,340,897.51

(2) List of Short-term salary

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
1. Salary, bonus, allowance, subsidy	57,289,492.04	252,563,278.96	250,120,413.76	59,732,357.24
2. Employee welfare		9,521,678.21	9,521,678.21	
3. Social insurance	50,673.60	9,972,099.41	9,957,237.09	65,535.92
Including: 1. Medical insurance premiums	42,228.00	8,339,296.66	8,324,628.40	56,896.26
Work-related injury insurance	2,484.00	617,583.84	617,672.21	2,395.63
Maternity insurance	5,961.60	802,472.56	802,190.13	6,244.03
Other social insurance		212,746.35	212,746.35	
4. Housing fund	1,124,577.90	9,541,150.66	9,786,572.80	879,155.76
5. Labor union budget and employee education budget	4,799,635.65	7,912,784.99	7,022,718.46	5,689,702.18
8. Non-monetary benefits		218,720.48	218,720.48	
Total	63,264,379.19	289,729,712.71	286,627,340.80	66,366,751.10

(3) List of drawing scheme

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
Basic pension benefits	414,427.30	22,335,657.34	22,185,001.31	565,083.33
Unemployment insurance		933,826.10	927,837.02	5,989.08
Annuity	9,936.00	4,714,115.59	4,724,051.59	
Total	424,363.30	27,983,599.03	27,836,889.92	571,072.41

Notes:

The demission welfare withdrawn by relieving the labor relationship was of RMB 773,937.78 and the unpaid amount at the period-end was of RMB 403,074.00.

38. Taxes payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
VAT	4,222,996.14	684,049.71

Corporate income tax	222,564,198.00	78,927,414.58
Personal income tax	748,140.79	742,060.64
Urban maintenance and construction tax	75,644.46	576,383.19
Business tax		8,092,058.86
Stamp tax		24,807.75
Education Surcharge	39,326.29	250,010.86
Local education surtax	25,127.18	167,498.25
Land VAT	1,025,601,114.80	742,704,599.09
Property tax	1,153,374.78	1,125,407.71
Levee fee	2,534.58	451.42
Other	566,927.71	502,630.37
Total	1,254,999,384.73	833,797,372.43

Notes:

Compared to the opening balance, the closing balance increased by 50.52%, which was mainly from the increase of corporate income tax and land value increment tax caused by the income from the Front Sea Harbor Garden Project with high transferred gross profits.

39. Interest payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Long-term loan interest of installment payment of interest and repay the due capital		467,184.76
Interest paid for short-term loans		12,228.33
Total		479,413.09

Particulars of significant overdue unpaid interest:

Unit: RMB Yuan

Entity	Overdue amount	Overdue reason

Notes:

40. Dividends payable

Unit: RMB Yuan

Item	Closing balance	Opening balance

Note: Including significant unpaid dividends payable over one year, the unpaid reason shall be disclosed:

41. Other accounts payable**(1) Other accounts payable listed by nature of the account**

Unit: RMB Yuan

Item	Closing balance	Opening balance
Margin	34,768,894.12	35,877,241.66
Accounts receivable of the related companies	31,511,011.04	31,511,011.04
Accounts receivable of the non-related companies	49,280,571.06	44,937,756.84
Other	16,521,698.32	15,917,070.14
Total	132,082,174.54	128,243,079.68

(2) Other significant accounts payable with aging over one year

Unit: RMB Yuan

Item	Closing balance	Unpaid/ Un-carry-over reason
Shenzhen Jifa Warehouse Co., Ltd.	26,296,665.14	Come-and-go accounts without specific amortization period
Guangzhou Lishifeng Automobile Co., Ltd.	15,344,017.08	Come-and-go accounts without specific amortization period
Shenzhen International Trade Center Petroleum Company Limited	7,196,769.67	Come-and-go accounts without specific amortization period
Tianan International Building Property Management Company of Shenzhen	5,214,345.90	Come-and-go accounts without specific amortization period
Rainbow Department Store Co., Ltd	2,380,000.00	Margin within the leasing period
Total	56,431,797.79	--

Other notes:

42. Liabilities classified as holding for sale

Unit: RMB Yuan

Item	Closing balance	Opening balance
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Notes:

43. Non-current liabilities due within 1 year

Unit: RMB Yuan

Item	Closing balance	Opening balance
Long-term loans due within 1 year		121,243,352.00
Total		121,243,352.00

Notes:

44. Other current-liabilities

Unit: RMB Yuan

Item	Closing balance	Opening balance
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Changes on short term bonds payable:

Unit: RMB Yuan

Name of the bond	Book value	Issue date	Period	Issue amount	Opening balance	The current issue	Withdraw interest at par	Overflow discount amortization	Pay in current period		Closing balance
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Notes:

45. Long-term loan**(1) Category of long-term loan**

Unit: RMB Yuan

Item	Closing balance	Opening balance
Guaranteed loan		144,840,006.83
Total		144,840,006.83

Notes of short-term loans category:

Other notes including interest rate range:

46. Bonds payable**(1) Bonds payable**

Unit: RMB Yuan

Item	Closing balance	Opening balance
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(2) Changes on bonds payable (not including other financial instrument classified as preferred stock and perpetual capital securities of financial liabilities)

Unit: RMB Yuan

(3) Note to conditions and time of share transfer of convertible bonds**(4) Note to other financial instrument classified as financial liabilities**

Basic information of preferred stock, perpetual capital securities and other financial instruments outstanding issued at period-end

Change list of preferred stock, perpetual capital securities and other financial instruments outstanding issued at period-end

Unit: RMB Yuan

Financial instruments outstanding issued	Opening period		Increase		Decrease		Closing period	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Notes to the basis of other financial instrument classified as financial liabilities

Other notes:

47. Long-term payable**(1) Long-term payable listed by nature of the account**

Unit: RMB Yuan

Item	Closing balance	Opening balance

Notes:

48. Long term payroll payable**(1) List of long term payroll payable**

Unit: RMB Yuan

Item	Closing balance	Opening balance

(2) Changes of defined benefit plans

Present worth of defined benefit plans obligation:

Unit: RMB Yuan

Item	Reporting period	Same period of last year

Plan assets:

Unit: RMB Yuan

Item	Reporting period	Same period of last year

Net liabilities (net assets) of defined benefit plans

Unit: RMB Yuan

Item	Reporting period	Same period of last year

Notes to the influence of the content and related risk of defined benefit plans to the future cash flows, time and uncertainty of the

Company:

Notes to analysis results of major actuarial assumptions and sensibility of defined benefit plans

Notes:

49. Special payable

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance	Formation reasons
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Notes:

50. Accrued liabilities

Unit: RMB Yuan

Item	Closing balance	Opening balance	Formation reasons
Pending litigation	5,201,315.32	834,999.50	For details, please refer to Section XI. Financial Report XIV. 2
Total	5,201,315.32	834,999.50	--

Other notes, including related important assumptions and estimates of accrued liabilities:

51. Deferred income

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance	Formation reasons
Operating license plate rental income held to carry forward	8,802,625.05		1,293,221.64	7,509,403.41	Operating license plate rental
International Trade Center petroleum rental income held to carry forward	10,270,000.00		1,400,000.00	8,870,000.00	Rental of International Trade Center Petroleum Co., Ltd.
Total	19,072,625.05		2,693,221.64	16,379,403.41	--

Items involved in government subsidies:

Unit: RMB Yuan

Item	Opening balance	Amount of newly subsidy	Amount accrued in non-business income	Other changes	Closing balance	Related to the assets/ income
Total		0.00	0.00	0.00		--

Notes:

52. Other non-current liabilities

Unit: RMB Yuan

Item	Closing balance	Opening balance
Utility specific fund	237,163.45	237,163.45
Housing principle fund	15,096,884.76	13,764,771.61
House warming deposit	7,770,164.12	7,784,938.18
Electric Equipment Maintenance fund	4,019,415.44	4,019,415.44
Deputed Maintenance fund	27,476,957.21	26,667,849.33
Taxi Deposit	41,606,566.60	41,042,500.00
Equity of stripping the assets	18,253,188.54	19,771,409.10
Other	312,925.26	1,418,615.65
Total	114,773,265.38	114,706,662.76

Notes:

53. Share capital

Unit: RMB Yuan

	Opening balance	Increase/decrease (+/-)					Closing balance
		Newly issue share	Bonus shares	Capitalization of public reserves	Other	Subtotal	
The sum of shares	595,979,092.00						595,979,092.00

Notes:

54. Other equity instruments**(1) Basic information of preferred stock, perpetual capital securities and other financial instruments outstanding issued at period-begin****(2) Change list of preferred stock, perpetual capital securities and other financial instruments outstanding issued at period-begin**

Unit: RMB Yuan

Financial instruments outstanding issued	Opening period		Increase		Decrease		Closing period	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Changes, reason of change and basis of relevant accounting treatment of other equity instruments in reporting period:

Notes:

55. Capital reserves

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium	38,450,087.51			38,450,087.51
Other capital reserves	81,501,446.42			81,501,446.42
Total	119,951,533.93			119,951,533.93

Other notes, including changes and reason of change:

56. Treasury stock

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance

Other notes, including changes and reason of change:

57. Other comprehensive income

Unit: RMB Yuan

Item	Opening balance	Reporting period					Closing balance
		Amount incurred before income tax	Less: Amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period	Less: income tax expense	After-tax attribute to the parent company	After-tax attribute to minority shareholder	
II. Other comprehensive reclassified into profits or losses	-4,046,603.46	3,349,054.76			3,349,054.76		-697,548.70
Converted difference of the foreign currency financial statement	-4,046,603.46	3,349,054.76			3,349,054.76		-697,548.70
total	-4,046,603.46	3,349,054.76			3,349,054.76		-697,548.70

Other notes, including the adjustment of the recognition of initial amount of effective part of the cash flow hedging gains and losses transfer into arbitrated items:

58. Special reserves

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
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Other notes, including changes and reason of change:

59. Surplus reserves

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	154,664,631.59	98,904,938.37		253,569,569.96
Total	154,664,631.59	98,904,938.37		253,569,569.96

Other note, including changes and reason of change:

The increase of the surplus reserves of this Reporting Period was due to the 10% withdrawal of the net profits of the parent company.

60. Retained profits

Unit: RMB Yuan

Item	Reporting period	Last period
Opening balance of retained profits before adjustments	1,233,358,112.55	1,225,726,944.83
Opening balance of retained profits after adjustments	1,233,358,112.55	1,225,726,944.83
Add: Net profit attributable to owners of the Company	354,857,241.74	156,819,966.71
Less: Withdrawal of statutory surplus reserves	98,904,938.37	18,073,398.75
Dividend of common stock payable	47,678,327.36	131,115,400.24
Closing retained profits	1,441,632,088.56	1,233,358,112.55

List of adjustment of opening retained profits:

- 1) RMB0.00 opening retained profits was affected by retrospective adjustment conducted according to the Accounting Standards for Business Enterprises and relevant new regulations.
- 2) RMB0.00 opening retained profits was affected by changes on accounting policies.
- 3) RMB0.00 opening retained profits was affected by correction of significant accounting errors.
- 4) RMB0.00 opening retained profits was affected by changes in combination scope arising from same control.
- 5) RMB0.00 opening retained profits was affected totally by other adjustments.

61. Revenues and operating costs

Unit: RMB Yuan

Item	Reporting period		Same period of last year	
	Revenue	Operating costs	Revenue	Operating costs
Main operations	2,007,281,361.26	859,628,761.18	1,025,534,654.51	631,134,598.38
Other operations	51,922,715.92	12,905,462.25	51,883,846.42	17,438,295.72
Total	2,059,204,077.18	872,534,223.43	1,077,418,500.93	648,572,894.10

62. Business tax and surcharges

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Urban maintenance and construction tax	7,015,709.80	3,835,248.14
Education Surcharge	3,005,932.21	1,710,450.62
Property tax	4,219,993.35	3,531,389.54
Land use tax	791,671.61	726,610.67
Business tax	51,018,681.65	52,898,669.75
Local education surtax	2,003,032.54	1,035,781.13
Levee fee		1,034.51
Land VAT	401,830,883.57	95,776,519.92
Other	1,247,029.16	160,415.94
Total	471,132,933.89	159,676,120.22

Notes:

The taxes and associated charges for this period increased by 195.06% compared to those for the last period, which was caused by the increase in the withdrawal of land value increment tax of transferred projects with high value increment ratio.

63. Sales expenses

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Employee's remuneration	4,610,951.37	4,562,356.24
Office expenses of operating institutions	5,916,032.75	6,755,310.83
Sales agency fee, advertising expense and general publicity expense	34,623,514.58	28,521,950.60
Other	2,156,203.06	2,101,548.27
Total	47,306,701.76	41,941,165.94

Notes:

64. Administrative expenses

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Employee's remuneration	61,868,797.26	62,531,485.31
Administrative office cost	24,229,550.40	21,137,197.32
Assets amortization and depreciation expense	5,346,052.13	4,717,738.87
Litigation costs	271,461.06	2,497,654.50
Taxes	477,624.60	2,867,555.63
Other	7,335,116.34	9,216,495.16
Total	99,528,601.79	102,968,126.79

Notes:

65. Financial expenses

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Interest expenses		
Less: Interest income	22,856,495.15	8,509,056.15
Net losses of exchange	-205,761.64	591.36
Other	654,818.04	993,775.48
Total	-22,407,438.75	-7,514,689.31

Notes:

The amount of the financial expenses of the period decrease over the last period was mainly due to the decrease of the agreement deposit and the 7-days notice deposit.

66. Asset impairment loss

Unit: RMB Yuan

Item	Reporting period	Same period of last year
I. Bad debt loss	200,862.43	-8,020,498.14
II. Inventory falling price loss	98,434,474.85	99,884,437.85
Total	98,635,337.28	91,863,939.71

Notes:

67. Gains on the changes in the fair value

Unit: RMB Yuan

Source	Reporting period	Same period of last year
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Notes:

68. Investment income

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Long-term equity investment income accounted by equity method	2,225,713.71	1,637,238.00
Investment income received from disposal of available-for-sale financial assets		5,709,098.20
Others		392,034.89
Total	2,225,713.71	7,738,371.09

Notes:

69. Non-operating gains

Unit: RMB Yuan

Item	Reporting period	Same period of last year	Recorded in the amount of the non-recurring gains and losses
Total gains from disposal of non-current assets		33,279.06	
Including: Gains from disposal of fixed assets		33,279.06	
Government subsidies		153,795.84	
Confiscated income	253,480.41	153,231.52	253,480.41
Other	1,222,818.49	171,278,808.63	1,176,124.36
Total	1,476,298.90	171,619,115.05	1,429,604.77

Government subsidies recorded into current profits and losses

Unit: RMB Yuan

Item	Distribution entity	Distribution reason	Nature/type	Whether influence the profits or losses of the year or not	Whether Special subsidy or not	Reporting period	Same period of last year	Related to the assets/ income
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Note:

70. Non-operating expenses

Unit: RMB Yuan

Item	Reporting period	Same period of last year	Recorded in the amount of the non-recurring gains and losses
Loss on disposal of non-current assets	182,886.11	601,245.35	
Including: Loss on disposal of fixed assets	182,886.11	601,245.35	182,886.11
Taxes overdue payment fines and other fines	394,408.71	1,410,492.64	394,408.71
Accrued liabilities losses	4,366,315.82	834,999.50	4,366,315.82
Other	24,462.42	30,000.00	24,462.42
Total	4,968,073.06	2,876,737.49	4,968,073.06

Notes:

71. Income tax expense**(1) Lists of income tax expense**

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Current income tax expense	272,021,606.14	83,330,320.09
Deferred income tax expense	-135,671,190.55	-23,758,594.67
Total	136,350,415.59	59,571,725.42

(2) Adjustment process of accounting profit and income tax expense

Unit: RMB Yuan

Item	Reporting period
Total profits	491,207,657.33
Current income tax expense accounted by tax and relevant regulations	122,801,914.33
Influence of different tax rate suitable to subsidiary	-81,519.52
Influence of income tax before adjustment	1,030,482.40
Influence of non taxable income	-556,428.43
Influence of not deductible costs, expenses and losses	1,558,146.06
Influence of deductible losses of deferred income tax assets	-17,132,127.59

derecognized used in previous period	
Influence of deductible temporary difference or deductible losses of deferred income tax assets derecognized in reporting period.	28,729,948.34
Income tax expense	136,350,415.59

Other notes:

72. Other comprehensive income

Refer to the Note. 57

73. Supplementary information to cash flow statement

(1) Other cash received relevant to operating activities

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Large current funds received		1,100,000.00
Interest income	22,856,495.15	8,509,056.15
Net margins, security deposit and various special funds received	3,735,622.19	
Net amount of utilities, miscellaneous fees and accident fee and other receivables on behalf	3,585,295.28	3,881,747.21
Other small receivables	1,538,745.18	1,033,787.06
Total	31,716,157.80	14,524,590.42

Notes:

(2) Other cash paid relevant to operating activities

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Paying administration expenses in cash	32,688,077.92	30,726,090.13
Paying sales expenses in cash	48,106,186.66	26,398,187.28
Net margins, security deposit and various special funds paid		9,405,053.02
Other small payments	400,419.95	1,518,295.15
Total	81,194,684.53	68,047,625.58

Notes:

(3) Other cash received relevant to investment activity

Unit: RMB Yuan

Item	Reporting period	Same period of last year
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Notes:

(4) Other cash paid relevant to investment activity

Unit: RMB Yuan

Item	Reporting period	Same period of last year
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Notes:

(5) Other cash received relevant to financing activities

Unit: RMB Yuan

Item	Reporting period	Same period of last year
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Notes:

(6) Other cash paid relevant to financing activities

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Handling charges of significant loans		104,500.00
Total		104,500.00

Notes:

74. Supplementary information to cash flow statement**(1) Information of net profit to net cash flows generated from operating activities**

Unit: RMB Yuan

Supplementary materials	Reporting period	Last period
1. Reconciliation of net profit to net cash flows generated from operating activities	--	--
Net profit	354,857,241.74	156,819,966.71
Add: Provision for impairment of assets	98,635,337.28	91,863,939.71
Depreciation of fixed assets, of oil-gas assets, of productive biological assets	34,235,877.86	31,793,964.69
Amortization of intangible assets	7,152,503.04	7,152,503.04
Long-term unamortized expenses	528,330.96	528,330.96

Losses on disposal of fixed assets, intangible assets and other long-term assets (gains: negative)	182,886.11	567,966.29
Financial cost (gains: negative)	-62,292.86	275,874.59
Investment loss (gains: negative)	-2,225,713.71	-7,738,371.09
Decrease in deferred income tax assets (gains: negative)	-135,661,692.82	-23,782,579.91
Increase in deferred income tax liabilities (“-” means decrease)	-9,497.73	23,985.24
Decrease in inventory (gains: negative)	-250,568,299.21	-230,356,245.15
Decrease in accounts receivable from operating activities (gains: negative)	-91,868,723.73	-12,169,078.01
Increase in payables from operating activities (decrease: negative)	2,236,845,226.49	484,005,911.67
Other		-189,218,539.08
Net cash flows generated from operating activities	2,252,041,183.42	309,767,629.66
2. Investing and financing activities that do not involving cash receipts and payment:	--	--
3. Net increase in cash and cash equivalents	--	--
Closing balance of cash	2,857,353,056.85	933,337,815.77
Less: Opening balance of cash	933,337,815.77	808,963,376.68
Net increase in cash and cash equivalents	1,924,015,241.08	124,374,439.09

(2) Net Cash paid of obtaining the subsidiary

Unit: RMB Yuan

	Amount
Of which:	--
Of which:	--
Of which:	--

Notes:

(3) Net Cash receive of disposal of the subsidiary

Unit: RMB Yuan

	Amount
Of which:	--

Of which:	--
Of which:	--

Notes:

(4) Cash and cash equivalents

Unit: RMB Yuan

Item	Closing balance	Opening balance
I. Cash	2,857,353,056.85	933,337,815.77
Including: Cash on hand	190,709.43	208,170.99
Bank deposit on demand	2,856,051,614.77	930,987,796.17
Other monetary funds on demand	1,110,732.65	2,141,848.61
III. Closing balance of cash and cash equivalents	2,857,353,056.85	933,337,815.77

Notes:

Cash and cash equivalents do not include the cash and cash equivalents of RMB 12,402,160.00 with restricted use in the parent company or the subsidiaries in the group. Please refer to Supplementary Note VII 1 for more details.

75. Note of statement of changes in the owner's equity

Explain "other" project name and adjustment amount of the adjustment of closing balance in previous year, etc.:

Not applicable

76. The assets with the ownership or use right restricted

Unit: RMB Yuan

Item	Closing book value	Restricted reason
Monetary capital	12,402,160.00	Guarantee deposit, for details, please refer to Section XI Financial Report XIV. 2
Total	12,402,160.00	--

Notes:

77. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB Yuan

Item	Closing foreign currency balance	Exchange rate	Closing convert to RMB balance
Monetary capital	--	--	54,131,152.52

HKD	60,515,542.22	0.8945	54,131,152.52
Other accounts receivable			527,398.54
Of which: HKD	76,026.89	6.9370	527,398.54
Available-for-sale financial assets			311,825.61
Of which: USD	348,603.25	0.8945	311,825.61
Accounts payable			50,092.00
Of which: HKD	56,000.00	0.8945	50,092.00

Notes:

(2) Note to oversea entities including: for significant oversea entities, shall disclose main operating place, recording currency and selection basis, if there are changes into recording currency, shall also disclose the reason.

Applicable Not applicable

Item	Main operating place	Recording currency	Basis for selection
Shum Yip Properties Development Co., Ltd. and its subsidiary	Hong Kong	HKD	Located in HK, settled by HKD

78. Arbitrage

According to arbitrage category to disclose arbitrage item, relevant arbitrage tools and been arbitrated risk qualitative and quantitative information:

Not applicable

79. Other

Not applicable

VIII. Changes of merge scope

1. Business merger not under same control

(1) Business merger not under same control in reporting period

Unit: RMB Yuan

Name of	Time and	Cost of	Proportion of	Way to gain	Purchase date	Recognition	Income of	Net profits of
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acquiree	place of gaining the stock rights	gaining the stock rights	stock rights	the stock rights		basis of purchase date	acquiree during the purchase date to period-end	acquiree during the purchase date to period-end
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Notes:

Not applicable

(2) Combined cost and goodwill

Unit: RMB Yuan

Combination cost	
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Note to determination method, consideration and changes of fair value of combined cost:

Not applicable

The main formation reason for the large goodwill:

Not applicable

Notes:

Not applicable

(3) The identifiable assets and liabilities of acquiree at purchase date

Unit: RMB Yuan

	Fair value on purchase date	Book value on purchase date
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The recognition method of the fair value of identifiable assets and liabilities

Not applicable

Contingent liability of acquiree undertaken by business merger

Not applicable

Notes:

Not applicable

(4) The profit or loss from equity held by the date before acquisition in accordance with the fair value measured again

Whether there is a transaction that through multiple transaction step by step to realize enterprises merger and gaining the control during this Reporting Period

Yes No

(5) Note to merger could not be determined reasonable consideration or Identifiable assets, Fair value of liabilities of the acquiree at acquisition date or closing period of the merge

Not applicable

(6) Other notes

There was no change in this Reporting Period.

2. Business combination under the same control

(1) Business combination under the same control during this Reporting Period

Unit: RMB Yuan

Combined party	Proportion of the profits	Basis	Combination date	Recognition basis of combination date	Income from the period-begin to the combination date of the combination	Net profits from this Reporting Period to the combination date of the combination	Income during the period of comparison	Net profits during the period of comparison

Notes:

Not applicable

(2) Combination cost

Unit: RMB Yuan

Combination cost	
------------------	--

Note to contingent consideration or other changes:

Not applicable

Notes:

Not applicable

(3) The book value of the assets and liabilities of the combined party at combining date

Unit: RMB Yuan

	Combination date	Period-end of last period

Contingent liabilities of the combined party undertaken in combination

Not applicable

Notes:

Not applicable

3. Counter purchase

Basic information of trading, the basis of transactions constitute counter purchase, the retain assets , liabilities of the listed companies whether constituted a business and its basis, the determination of the combination costs, the amount and calculation of adjusted rights and interests in accordance with the equity transaction process.

4. The disposal of subsidiary

Whether there is a single disposal of the investment to subsidiary and lost control

Yes No

Whether there are multiple transactions step by step dispose the investment to subsidiary and lost control in reporting period

Yes No

5. Other reasons for the changes in combination scope

Notes to reasons for the changes in combination scope (Newly established subsidiary and subsidiary of liquidation) and relevant information:

6. Other

IX. Equity in other entities

1. Equity in subsidiary

(1) The structure of the enterprise group

Name of the subsidiary	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Shenzhen Huangcheng Real Estate Co., Ltd.	Shenzhen	Shenzhen	Property development	95.00%	5.00%	Set-up
Szprd Real Estate Development Co., Ltd.	Shenzhen	Shenzhen	Property development	95.00%	5.00%	Set-up
Prd Group Xuzhou Dapeng Real Estate Development	Xuzhou	Xuzhou	Property development	100.00%		Set-up

Co.,Ltd.						
Dongguan International Trade Center Changsheng Real Estate Development Co., Ltd.	Dongguan	Dongguan	Property development	100.00%		Set-up
Prd Yangzhou Real Estate Development Co., Ltd.	Yangzhou	Yangzhou	Property development	100.00%		Set-up
Shenzhen International Trade Center Property Management Co., Ltd.	Shenzhen	Shenzhen	Property management	95.00%	5.00%	Set-up
Shenzhen Huangcheng Real Estate Management Co., Ltd.	Shenzhen	Shenzhen	Property management		100.00%	Set-up
Shandong Shenzhen International Trade Center Property Management Co., Ltd.	Jinan	Jinan	Property management		100.00%	Set-up
Chongqing Shenzhen International Trade Center Property Management Co., Ltd.	Chongqing	Chongqing	Property management		100.00%	Set-up
Chongqing Ao'Bo Elevator Co., Ltd.	Chongqing	Chongqing	Service		100.00%	Set-up
Shenzhen Tianque Elevator	Shenzhen	Shenzhen	Service		100.00%	Set-up

Technology Co., Ltd.						
Shenzhen International Trade Center Property Management Engineering Equipment Co., Ltd.	Shenzhen	Shenzhen	Service		100.00%	Set-up
Shenzhen International Trade Center Food Co., Ltd.	Shenzhen	Shenzhen	Catering service	100.00%		Set-up
Shenzhen Property Construction Supervision Co., Ltd.	Shenzhen	Shenzhen	Project supervision		100.00%	Set-up
Shenzhen Real Estate Exchange	Shenzhen	Shenzhen	Service	100.00%		Set-up
Shenzhen International Trade Center Vehicles Industry Co., Ltd.	Shenzhen	Shenzhen	Service	90.00%	10.00%	Set-up
Shenzhen International Trade Center Motor Rent Co., Ltd.	Shenzhen	Shenzhen	Service		100.00%	Set-up
Shenzhen Tesu Vehicle Driver Training Center Co., Ltd.	Shenzhen	Shenzhen	Service		100.00%	Set-up
Shenzhen International Trade Plaza	Shenzhen	Shenzhen	Trading	95.00%	5.00%	Set-up
Sichuan Tianhe Industry Co., Ltd.	Chengdu	Chengdu	Trading		100.00%	Set-up
Zhanjiang	Zhanjiang	Zhanjiang	Property	100.00%		Set-up

Shenzhen Real Estate Development Co., Ltd.			development			
Shenzhen Shenxin Taxi Co., Ltd.	Shenzhen	Shenzhen	Service	100.00%		Business combination under the same control
Shum Yip Properties Development Co., Ltd.	Hong Kong	Hong Kong	Property development	100.00%		Set-up
Wayhang Development Co., Ltd.	Hong Kong	Hong Kong	Property development		100.00%	Set-up
Chief Link Properties Co., Ltd.	Hong Kong	Hong Kong	Property development		70.00%	Set-up
Syndis Investment Co., Ltd.	Hong Kong	Hong Kong	Property development		100.00%	Business combination not under the same control

Notes: holding proportion in subsidiary different from voting proportion:

Naught

Basis of holding half or less voting rights but still been controlled investee and holding more than half of the voting rights not been controlled investee:

Naught

Significant structure entities and controlling basis in the scope of combination:

The Company and controlling shareholders in Shenzhen Investment Holdings Co., Ltd. (hereinafter referred to as "SIH") entered into Asset Replacement Agreement in Sep. 2010, agreeing that the Company replaces Moon Bay T102-0237 land and 100% equity of Shenzhen Shenxin Taxi Co., Ltd. (hereinafter referred to as "SX Company") possessed by SIH with parts of house property owned by the Company and wholly-owned subsidiary Shenzhen Huangcheng Real Estate Co., Ltd. In order to optimize structure of replaced asset, SIH agrees that assets and liabilities which are not suitable to be included into the listed company such as non-market commodity house and non-performing loans and debts owned by SX Company and shown in No. [2010] 103 file of SIH (hereinafter referred to as "Divestiture Assets of SX Company" or "Divestiture Assets") will not be incorporated into scope of replacement and will be divested. In principle, Divestiture Assets shall handle procedures of registration of transfer and transfer of credit and debt. SIH, Shenzhen Foreign Economy & Trade Investment Co., Ltd. (hereinafter referred to as FET Company") and SX Company signed Contract on Transfer of Divestiture Assets in Jun. 2012.

According to agreement of the Contract, SIH requires SX Company to transfer Divestiture Assets to FET Company for management.

Since there are legal impediments in partial transfer of Divestiture Assets, FET Company and SX Company concluded and signed Contract on Entrusted Management of Divestiture Assets and Liabilities, promising that FET Company has entrusted SX Company to liquidate, manage and dispose of Divestiture Assets. The entrusted period ends on Dec. 31, 2014. Since there are legal impediments in partial transfer of Divestiture Assets, FET Company and SX Company concluded and signed Supplement Contract on Entrusted Management of Divestiture Assets and Liabilities, promising that FET Company has entrusted SX Company to liquidate, manage and dispose of Divestiture Assets. The entrusted period ends on Sept. 30, 2016. SX Company paid for FET Company with RMB313,000 income obtained from assets operation from Jun. 1, 2012 to Dec. 31, 2012. Since then SX Company will pay RMB626,000 to FET Company each year and the remaining incomes gained from assets operation will be possessed by SX Company.

Balance of Divestiture Assets as of December 31, 2015 in consolidated statements is as follows:

Item	Amount	Item	Amount
Other accounts receivable	50.00	Other account payable	682,423.08
Investment property	8,580,490.93	Other non-current liabilities	16,736,122.98
Fixed assets	8,709,125.23		
Long-term unamortized expenses	128,879.90		
Total assets	17,418,546.06	Total liabilities and owners' equity	17,418,546.06

Notes: other non-current liabilities shall belong to equity of SIH Divestiture Assets.

Through the above Contract on Entrusted Management of Divestiture Assets and Liabilities, the Company has actually controlled SX Company's Divestiture Assets which become a business entity with control rights by entrusted business mode.

Basis of determine whether the Company is the agent or the principal:

Naught

Notes:

As of the end of reporting period, the balance of minority shareholders was RMB 862,087.06; there was no significant non-wholly owned subsidiary in the Company.

(2) Significant not wholly owned subsidiary

Unit: RMB Yuan

Name of the subsidiary	Shareholding proportion of minority shareholder	The profits and losses arbitrate to the minority shareholders	Declaring dividends distribute to minority shareholder	Balance of minority shareholder at closing period

Holding proportion of minority shareholder in subsidiary different from voting proportion:

Naught

Notes:

Naught

(3) The main financial information of significant not wholly owned subsidiary

Unit: RMB Yuan

Name of the subsidiary	Closing balance						Opening balance					
	current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities	current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities

Unit: RMB Yuan

Name of the subsidiary	Reporting period				Same period of last year			
	Operation revenue	Net profit	Total comprehensive income	Operating cash flow	Operation revenue	Net profit	Total comprehensive income	Operating cash flow

Notes:

Naught

(4) Significant restrictions of using enterprise group assets and pay off enterprise group debt

Naught

(5) Provide financial support or other support for structure entities incorporate into the scope of consolidated financial statements

Naught

Notes:

Naught

2. The transaction of the Company with its owner's equity share changed but still controlling the subsidiary**(1) Note to owner's equity share changed in subsidiary**

Naught

(2) The transaction's influence to equity of minority shareholders and attributable to the owner's equity of the parent company

Unit: RMB Yuan

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Other notes:

Naught

3. Equity in joint venture arrangement or associated enterprise

(1) Significant joint venture arrangement or associated enterprise

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Accounting treatment of the investment of joint venture or associated enterprise
				Directly	Indirectly	
Shenzhen Jifa Warehouse Co., Ltd.	Shenzhen	Shenzhen	Warehouse serve	50.00%		Equity method
Tianan International Building Property Management Company of Shenzhen	Shenzhen	Shenzhen	Property management	50.00%		Equity method

Notes to holding proportion of joint venture or associated enterprise different from voting proportion:

The Company's long term equity investment had withdrawn bad debt provision for the associate enterprise of Shenzhen Wufang Pottery & Porcelain Industrial Co., Ltd., Shenzhen International Trade Center Industrial Development Co., Ltd. and Anhui Nanpeng Papermaking Co., Ltd. Now the aforesaid companies' financial statement cannot be obtained, thus, the Company believed that they were insignificant associate enterprises.

Basis of holding less than 20% of the voting rights but has a significant impact or holding 20% or more voting rights but does not have a significant impact:

Naught

(2) Main financial information of significant joint venture

Unit: RMB Yuan

	Closing balance/ reporting period		Opening balance /last period	
	Tianan International Building Property Management Company	Shenzhen Jifa Warehouse Co., Ltd.	Tianan International Building Property Management Company	Shenzhen Jifa Warehouse Co., Ltd.

	of Shenzhen		of Shenzhen	
Current Assets	42,814,855.50	9,064,341.43	38,895,590.21	5,555,289.81
Of Which: Cash And Cash Equivalence	31,101,797.08	8,288,829.43	27,170,290.21	5,279,230.56
Non-Current Assets	42,161.35	58,229,659.74	112,137.15	59,395,951.93
Total Assets	42,857,016.85	67,464,960.84	39,007,727.36	64,951,241.74
Current Liabilities	17,556,069.50	2,938,479.66	14,868,217.22	3,372,557.80
Non-Current Liability	16,323,646.35		16,665,839.28	
Total Liabilities	33,879,715.85	2,938,479.66	31,534,056.50	3,372,557.80
Equity Attributable To Owners Of Parent Company	8,977,301.00	64,526,481.18	7,473,670.86	61,578,683.94
Portion Of Net Assets Calculated According To Proportion Of Shareholdings	4,488,650.50	32,263,240.59	3,736,835.43	30,789,341.97
Book Value Of Equity Investment To Joint Venture	4,488,650.51	32,263,240.61	3,736,835.43	30,789,341.97
Operation Revenue	17,250,530.88	7,200,424.80	18,022,357.14	6,676,118.83
Financial Expenses	101,183.88	-18,780.31	87,226.94	-8,792.28
Income Tax Expense	502,951.30	717,183.63	494,157.26	599,795.60
Net Profit	1,503,630.15	2,947,797.24	1,457,548.83	1,816,927.18
Total Comprehensive Income	1,503,630.15	2,947,797.24	1,457,548.83	1,816,927.18

Other notes:

Naught

(3) Main financial information of significant associated enterprise

Unit: RMB Yuan

	Closing balance/ reporting period	Opening balance /last period

Other notes:

The Company's long term equity investment had withdrawn bad debt provision for the associate enterprise of Shenzhen Wufang Pottery & Porcelain Industrial Co., Ltd., Shenzhen International Trade Center Industrial Development Co., Ltd. and Anhui Nanpeng Papermaking Co., Ltd. Now the aforesaid companies' financial statement cannot be obtained, thus, the Company believed that they were insignificant associate enterprises.

(4) Summary financial information of insignificant joint venture or associated enterprise

Unit: RMB Yuan

	Closing balance/ reporting period	Opening balance /last period
Joint venture:	--	--
The total of following items according to the shareholding proportions	--	--
Associated enterprise:	--	--
The total of following items according to the shareholding proportions	--	--

Other notes:

Naught

(5) Note to the significant restrictions of the ability of joint venture or associated enterprise transfer funds to the Company

Naught

(6) The excess loss of joint venture or associated enterprise

Unit: RMB Yuan

Name	The cumulative recognized losses in previous accumulatively derecognized	The derecognized losses or the share of net profit in reporting period	The noncumulative unrecognized losses in reporting period

Other notes:

Naught

(7) The unrecognized commitment related to joint venture investment

Naught

(8) Contingent liabilities related to joint venture or associated enterprise investment

Naught

4. Significant common operation

Name	Main operating place	Registration place	Nature of business	Proportion /share portion

				Directly	Indirectly
--	--	--	--	----------	------------

Notes to holding proportion or share portion in common operation different from voting proportion:

Naught

Basis of common operation as a single entity, classify as common operation

Naught

Other notes:

Naught

5. Equity of structure entity not including in the scope of consolidated financial statements

Related notes to structure entity not including in the scope of consolidated financial statements

Naught

6. Other

Naught

X. The risk related financial instruments

The financial instruments of the Group include: monetary fund, the available for sale financial assets, loan, accounts receivable and notes receivable, accounts payable and notes payable, etc, for details, see disclosure in each note.

1. Credit risk

Credit risk was one party of the contract failed to fulfill the obligations and causes loss of financial assets of the other party.

The Group manages the credit risk according to the combination of credit risk classification; the credit risk mainly occurred in bank deposit, account receivable and other account receivables. The source of credit risk of financial assets was the default of the other party. The biggest risk exposure was equivalent to book value of the instruments.

The Group's working capital was in bank with higher credit rating, so there was no significant credit risk, nor significant losses due to the default of other entity.

There were lots of account receivables withdrawn individually in the Group and had withdrawn bad debt provision, which fully reveal the existence of credit risk. Amount of balance of account receivables was RMB 33.8771 million except the aforesaid had withdrawn bad debt provision, mainly was the account receivable of property management, of which was account receivable RMB 3.1457 million of Huawei Technologies Co., Ltd. was the total property management costs of several serve district of Huawei Technology Center. Other client receivables were widely dispersed owners and tenants. The Group conducted continuous supervisor to the account receivables to ensure the Group not facing significant bad debt risk.

For the quantized data of credit risk exposure incurred by account receivables and other account receivables, see 2, Note (VII) and 4, Note (VII).

2. Liquidity risk

Liquidity risk was referred to the risk of incurring capital shortage when performing settlement obligation in the way of cash payment or other financial assets.

The subsidiary of the Group monitor the cash flow and the need of itself, the headquarters of the finance department combine the cash flow of each subsidiary, continue to monitor the short term or long term capital needs to ensure maintain plenty of cash flow. Besides, according to the actual capital need of the Group, provided commitment of adequate emergency capital to meet the short term and long term capital need.

The analysis of maturity term made by the Group's financial liabilities in line with non discount cash flow of the contracts:

3. Market risk

Market risk was referred to risk of the fair value or future cash flow of financial instrument changed due to the change of market price, including: exchange rate risk, interest rate risk and other price risk.

(1) Exchange rate risk

Exchange rate risk is referred to the fair value and future cash flow of financial instruments change due to the change of foreign exchange rate.

Sensitive analysis of foreign exchange risk was as followed.

Reflecting under the hypothesis of other variables constant, listed the reasonable and possible change of foreign exchange, due to the fair value of the monetary assets and monetary liabilities changes will impact on net income and shareholders' equity

Item	Reporting period		Last year	
	Influence to the profits	Influence to equity of shareholders	Influence to the profits	Influence to equity of shareholders
RMB down 2% against HKD	4,178.87	-1,074,320.99	17,907.03	-1,010,786.30
RMB up 2% against HKD	-4,178.87	1,074,320.99	-17,907.03	999,629.25
RMB down 2% against USDD	-10,547.97	-10,547.97		
RMB up 2% against USD	10,547.97	10,547.97		

Notes 1: the above-mentioned expressed as a positive number increase, a negative number decrease.

Notes 2: the above-mentioned expressed as changes in shareholder's equity does not include retained earnings

(2) Interest rate risk

Interest rate risk was referred to risk of the fair value or future cash flow of financial instrument changed due to the change of market interest risk.

The interest risk of the Group incurred from bank loan, interest rate risk of a floating interest rate of financial liabilities that lead to the group facing cash flow interest rate risk, financial liabilities with a fixed interest rate lead to the group facing cash flow interest rate risk. The Group's interest-bearing debt situation was as followed:

Type	Closing balance	Opening balance
Interest-bearing debt from fixed interest rate	144,840,006.83	144,840,006.83
Of which: short term loan		
Non-current liabilities due within one years		

Long-term borrowings	144,840,006.83	144,840,006.83
Interest-bearing debt from floating interest rate	129,243,352.00	129,243,352.00
Of which: short term loan	8,000,000.00	8,000,000.00
Non-current liabilities due within one years	121,243,352.00	121,243,352.00
Long-term borrowings		
Total	274,083,358.83	274,083,358.83

The management conducting sensitive analysis, the change of 25 BP increase or decrease was considered as reasonable reflection of possible range of interest rate. Base on the assumption of aforesaid floating interest rate of long-term borrowing paid by the due date, and in a full accounting year will not be required to pay, under the situation of other variable remain constant, the influence of interest rate increase / decrease 25 BP to net profits and shareholders:

Item	Reporting period		Last period	
	Influence to the profits	Influence to equity of shareholders	Influence to the profits	Influence to equity of shareholders
Increase 25 BP			-6,314.76	
Decrease 25 BP			6,314.76	

Notes 1: the above-mentioned expressed as a positive number increase, a negative number decrease.

Notes 2: the above-mentioned expressed as changes in shareholder's equity does not include retained earnings

1. Fair value

See note (XI) for details.

XI. The disclosure of the fair value

1. Closing fair value of assets and liabilities calculated by fair value

Unit: RMB Yuan

Item	Closing fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
(II) Available-for-sale financial assets	3,003,714.14			3,003,714.14
(2) equity instrument investment	3,003,714.14			3,003,714.14
The total amount of assets measured at fair value	3,003,714.14			3,003,714.14
II. Inconsistent fair value	--	--	--	--

measurement				
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2. Market price recognition basis for consistent and inconsistent fair value measurement items at level 1

Transferred the systematic closing price among the stock of small and medium sized enterprises nationwide on 31 Dec.2016

3. Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level 2

Not applicable

4. Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level 3

Not applicable

5. Sensitiveness analysis on unobservable parameters and adjustment information between opening and closing book value of consistent fair value measurement items at level 3

Not applicable

6. Explain the reason for conversion and the policy governing when the conversion happens if conversion happens among consistent fair value measurement items at different levels

Not applicable

7. Changes in the valuation technique in the current period and the reason for change

Not applicable

8. Fair value of financial assets and liabilities not measured at fair value

Not applicable

9. Other

Not applicable

XII. Related party and related Transaction

1. Information related to parent company of the Company

Name of parent company	Registration place	Nature of business	Registered capital	Proportion of share held by parent company against the Company (%)	Proportion of voting rights owned by parent company against the Company (%)
Shenzhen Investment Holdings Co., Ltd	Shenzhen	Managing state-owned assets	RMB 21.45 billion	63.82%	63.82%

Notes: Information on the parent company:

The Company's actual controlling shareholder is Shenzhen Investment Holdings Co., Ltd., and also is a sole state-funded limited company. As a government department, Shenzhen State-owned Assets Supervision and Administration Bureau manage Shenzhen Investment Holdings Co., Ltd. on behalf of People's Government of Shenzhen Municipality.

Thus, the final controller of the Company is Shenzhen State-owned Assets Supervision and Administration Committee of Shenzhen Government.

Notes:

2. Subsidiaries of the Company

See details to Notes IX. 1

3. Information on the joint ventures and associated enterprises of the Company

See details to Notes IX. 3

Information on other joint venture and associated enterprise of occurring related party transactions with the Company in reporting period, or form balance due to related party transactions in previous period:

Name	Relationship
------	--------------

Other notes:

4. Information on other related parties of the Company

Name	Relationship
Shenzhen Guesthouse Restaurant	Under the same control of the parent company of the Company
Shenzhen Foreign Economy & Trade Investment Co., Ltd.	Under the same control of the parent company of the Company
Shenzhen Investment Holdings Co., Ltd.	Under the same control of the parent company of the Company

Other notes:

5. List of related-party transactions**(1) Information on acquisition of goods and reception of labor service (unit: ten thousand Yuan)**

Information on acquisition of goods and reception of labor service (unit: ten thousand Yuan)

Unit: RMB Yuan

Related-party	Content	Reporting period	The approval trade credit	Whether exceed trade credit or not	Same period of last year
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Information of sales of goods and provision of labor service

Unit: RMB Yuan

Related-party	Content	Reporting period	Same period of last year
Shenzhen Investment Holdings Co., Ltd.	Provision of labor service	0.00	259,084.80

Notes:

(2) Related trusteeship/contract

Lists of related trusteeship/contract:

Unit: RMB Yuan

Name of the entruster/contractee	Name of the trustee/contractor	Type	Initial date	Due date	Pricing basis	Income recognized in this Reporting Period
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Notes:

Lists of entrust/contractee

Unit: RMB Yuan

Name of the entruster/contractee	Name of the trustee/contractor	Type	Initial date	Due date	Pricing basis	Charge recognized in this Reporting Period
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Notes:

(3) Information of related lease

The Company was lessor:

Unit: RMB Yuan

Name of lessee	Category of leased assets	The lease income confirmed in this year	The lease income confirmed in last year
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The Company was lessee:

Unit: RMB Yuan

lessor	Category of leased assets	The lease income confirmed in this year	Category of leased assets
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Shenzhen Investment Holdings Co., Ltd.	Rental	351,692.04	344,842.92
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Notes:

(4) Related-party guarantee

The Company was guarantor:

Unit: RMB Yuan

Secured party	Guarantee amount	Start date	End date	Execution accomplished or not
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The Company was Secured party

Unit: RMB Yuan

Guarantor:	Guarantee amount	Start date	End date	Execution accomplished or not
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Notes:

(5) Inter-bank lending of capital of related parties:

Unit: RMB Yuan

Related-party	Amount borrowed and loaned	Initial date	Due date	Explanation
Borrowed				
Loaned				

(6) Related party asset transfer and debt restructuring

Unit: RMB Yuan

Related-party	Content	Reporting period	Same period of last year
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(7) Rewards for the key management personnel

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Total rewards for the key management personnel(tax included)	5,823,200.00	5,985,900.00

(8) Other related-party transactions

Related party entrusted operating

In Nov. 2012, Shenzhen Foreign Economy & Trade Investment Co., Ltd. (hereinafter referred to as FET Company”) and Shenzhen Shenxin Taxi Co., Ltd. (hereinafter referred to as “SX Company”) concluded and signed Contract on Entrusted Management of

Divestiture Assets and Liabilities, promising that FET Company has entrusted SX Company to liquidate, manage and dispose of Divestiture Assets, see 2, Section X Financial Report, IX, 1. According to the Contract on Entrusted Management, during reporting period, SX Company paid the assets operating income of RMB 626,000 to FET Company.

During the entrusted operating period in 2016, the situation of divestiture assets was as followed:

Item	Amount
Operation revenue	2,654,689.17
Operation cost	2,285,299.11
Business tax and surcharges	141,071.76
Administrative expenses	809,871.73
Total profits	-581,553.43
Income tax expense	-145,388.36
Net profit	-436,165.07

Notes: the management costs included paying operation income of RMB 626,000 to FET Company.

6. Receivables and payables of related parties

(1) Receivables

Unit: RMB Yuan

Name of item	Related-party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Other accounts receivable	Anhui Nanpeng Papermaking Co., Ltd.	8,899,040.00	8,899,040.00	8,047,712.00	8,047,712.00
Other accounts receivable	Shenzhen Wufang Pottery & Porcelain Industrial Co., Ltd.	1,747,264.25	1,747,264.25	1,747,264.25	1,747,264.25
Other accounts receivable	Shenzhen Guesthouse Restaurant	909,960.40	909,960.40	909,960.40	909,960.40

(2) Payables

Unit: RMB Yuan

Name of item	Related-party	Closing book balance	Opening book balance
Other account payable	Shenzhen Jifa Warehouse Co., Ltd.	26,296,665.14	26,296,665.14

Other account payable	Tianan International Building Property Management Company of Shenzhen	5,214,345.90	5,214,345.90
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7. Related party commitment

No such case in reporting period.

8. Other

Not applicable

XIII. Stock payment**1. The Stock payment overall situation**

Applicable Not applicable

2. The Stock payment settled by equity

Applicable Not applicable

3. The Stock payment settled by cash

Applicable Not applicable

4. Modification and termination of the stock payment

Naught

5. Other

Naught

XIV. Commitments**1. Significant commitments**

Significant commitments at balance sheet date

Item	Closing amount
Large amount contract of real estate development project signed but derecognized in	732,120,001.81

financial statements.	
Total	732,120,001.81

2. Contingency

(1) Significant contingency at balance sheet date

A. About transferring Jiabin Building contentious matter (Now rename as: Longyuan Development Building; former name Jinlihua Commercial Plaza)

In 1993, the Company signed Right of Development Transfer Contract of Jiabin Building (name of Jiabin Building has been changed to Jinlihua Commercial Plaza) with Shenzhen Haibin Property Development Co., Ltd. (name of which has been changed to Shenzhen Jiyong Property Development Co., Ltd., hereinafter referred to as Jiyong Company). In January 1999, Jiyong Company sued the company to Guangdong Higher People's Court (hereinafter referred to as "Guangdong Higher Court") for termination of the transfer contract and refund of the transfer consideration and construction payment paid on the ground that the area of premises was in discrepancy with the contract. With respect to this, the Company counterclaimed the opposing party to pay back the rest transfer consideration and applied for sealing up their property with an area of 28,000 square meters.

On July 29, 2001, Guangdong Higher Court issued *Civil Court Judgment* YGFM (1999) No. 3 (hereinafter referred to as Judgment No. 3) to judge that ① the Company should transfer the title of land use right specified in the transfer contract to Jiyong Company within 30 days from the date the judgment taking into effect and ② Jiyong Company should pay off the transfer consideration amounting to RMB143, 860,000.00 within 60 days from the date the Company transferred the title of land use right. On November 27, 2001, the Company applied to Guangdong Higher Court for forcible execution, however Guangdong Higher Court adjudicated to release the sealing property of Jiyong Company approximately 10,000 square meters since Industrial & Commercial Bank of China Zhejiang Branch disagree to seal the properties.

The Company thought the applicable law of the decision was error, and raised an objection to High Court of Guangdong province.

In Sep.2005, the High Court of Guangdong province delivered unlocked decision to the Departments of Land and House Property Registers of Shenzhen. The aforesaid about ten thousand square meters of real estate was officially unlocked.

In January 2006, Guangdong Higher Court issued *Civil Court Judgment* YGFZ (2002) No. 1 and adjudicated because that ① the Company has not yet transferred the title of land use right specified in the transfer contract to Jiyong Company and ② Jiyong Company cannot provide other properties available for execution and the Company also cannot provide the property available for execution, the second judgment of the Judgment No. 3 - "Jiyong Company should pay off the transfer consideration amounted RMB143,860,000 within 60 days from the date the Company transferred the title of land use right" is terminated for execution. When the conditions causing termination for execution of the second judgment are eliminated, the second judgment should still be executed.

In March 2006, according to the ordain of Guangdong Higher People's Court, the properties in Jiabin Building that have been sealed up in this case have been released automatically. On September 2009, company received YGFZ (2002) No. 1-1 Resume Execution Notice from Guangdong Province Higher Court claimed to resume execution the case that the transfer money owed by Jiyong company about Jiabin building project.

In October 2009, the Company received (Verdict YGFZ (2002) No. 1-2) from Guangdong Higher Court. The verdict claimed: The resume execution of this case is according to the "The requirements for the Guangdong Higher Court to concentrate the implementation of accumulated cases" Through the investigation conducted by Guangdong Higher Court to Shenzhen department of motor vehicles, Shenzhen Securities Registration and Settlement Organizations, Shenzhen Land resources and real estate

administration and the opening bank of the executed party, the executed party – Jiyong Company does not have any executable property. For these, Guangdong Higher Court adjudicated: ① Terminate the executive procedure of Verdict YGFZ (2002) No. 1② When the execution conditions are satisfied, the applicant can apply for resume execution.

According to note (VII) 3, Shenzhen Longyuan-Kaili-Hengfeng Real Estate Co., Ltd. (hereinafter as the “Longyuan-Kaili”) and Shenzhen Huaneng-Jindi Property Co., Ltd. (hereinafter as the “Huaneng Property”) plan to conduct reconstructions to the plaza, On 3 mar. 2011, the Company, The First Administration Under Shenzhen Planning And Land Resources Committee Directly and Longyuan-Kaili had registered the land of Jin Lihua Building to its name according to SDHZ (1992) No. 0228 *Second Supplementary Agreement of Shenzhen Grant Contract of Land Use Right signed in 2011 and Meeting Summary about Research of Dealing with Problem Building Issued* (No. 481) by Shenzhen Municipal Government.

In April 2012, the Company raised the subrogation right lawsuit to Shenzhen Luohu District People's Court, based on the creditor's right for Jiyong Company decided by the Civil Ruling Paper YGFMC (1999) No. 3, prosecuting the obligor of Jiyong Company—Shenzhen Zongli Investment Co., Ltd. (hereinafter referred to as “Zongli Company”), which was required to compensate for the Company within its debt range for Jiyong Company. Meanwhile, due to it was highly similar in the management level of Shenzhen Huaneng-Jindi Property Co., Ltd. (hereinafter referred to as “Huaneng-Jindi Company”) and Zongli Company, the Company believed that there was significant related-party relationship between Huaneng-Jindi Company and Zongli Company, therefore, the Company also prosecuted Huaneng-Jindi Company, which was required to undertake the joint liability for the debts born by Zongli Company. On 11 Sep. 2013 Shenzhen Luohu District People's Court issued (2012) SLFMECZ No. 1150paper of civil judgment; the decision rejected the Company's claims. The Company refused to accept the verdict, has instituted an appeal to the Shenzhen Intermediate People's Court, In Mar. 2015, Shenzhen Intermediate People's Court made Civil Judgment (2014) SZFSZZ No. 400, the decision to reject the appeal of the Company, and maintain the original judgment.

As the executable property are not found in the case so far, the Company withdraw bad debt provision for Shenzhen Jiyong Properties & Resources Development Company's transfer amount of Jin Lihua Commercial Plaza. In Aug. 2015, the Company as a creditor applied to Shenzhen Intermediate People's Court for the bankruptcy and insolvency of Shenzhen Jiyong Properties & Resources Development Company, now the Company is waiting for acceptance and inspection.

B. Lawsuit item about land approval of Meisi Company

In June 2004, Shenzhen Meisi Industrial Co., Ltd. (hereinafter referred to as “Meisi Company”) prosecuted Shenzhen Luohu Economic Development Co., Ltd and the Company to Shenzhen Intermediate People's Court(hereinafter referred to as “Shenzhen Intermediate Court”) for illegal use of land owned by Meisi Company and request for ceasing the infringing act and receiving a compensation amounted RMB8 million. In March 2005, Shenzhen Intermediate Court issued Civil Ruling Paper SZFMCZ (2004) No. 108 and adjudicated that the Company should return the land with an area of 4,782 square meters to Meisi Company within 3 months and other claims of Meisi Company were overruled. The Company refused to accept the verdict and appealed to Guangdong Higher Court. On November 25, 2005, Guangdong Higher Court adjudicated that the Civil Ruling Paper SZFMCZ (2004) No. 108 issued by Shenzhen Intermediate Court should be cancelled and the prosecution of Meisi Company were overruled.

During the process of trial of second instance, Meisi Company applied to Registration Center for Property of Real Estate of Shenzhen Municipality for revoking Property Ownership Certificates SFDZ No. 3000320987 and No. 300119899 owned by the Company. On July 7, 2005, Registration Center for Property of Real Estate of Shenzhen Municipality issued the reply of SFDH (2005) No. 84 to Meisi Company and judged that aforesaid certificates are legal and effective and should not be revoked. Meisi Company disagreed with this judgment and applied the administrative reconsideration to the People's Government of Shenzhen Municipality. On October 8, 2005, the People's Government of Shenzhen Municipality issued Decision on Administrative Reconsideration SFFJ (2005) No. 294 and judged that aforesaid 2 certificates were registered illegally and should be revoked, reply of SFDH (2005) No. 84 was canceled accordingly.

The Company refused to accept Decision on Administrative Reconsideration SFFJ (2005) No. 294 and prosecuted an administrative litigation to Shenzhen Intermediate Court on October 20, 2005. Shenzhen Intermediate Court issued Administrative Judgment SZFXCZ (2005) No. 23 and adjudicated that Decision on Administrative Reconsideration SFFJ (2005) No. 294 is sustained. The Company disagreed with this administrative judgment and appealed to Guangdong Higher Court on August 2, 2006. Guangdong Higher Court issued Administrative Judgment YGFXZZ (2006) No. 154 in which the appeal was rejected and Administrative Judgment SZFXCZ (2005) No. 23 was sustained. According to this Judgment, Shenzhen Municipal Bureau of Land Resources and Housing Management would reconsider the request of Meisi Company to revoke the Property Ownership Certificates SFDZ No. 3000320987 and No. 3000119899 of the Company.

On May 15, 2007, Registration Center for Property of Real Estate of Shenzhen Municipality issued Decision on Revoking the Property Ownership Certificates SFDZ No. 3000320987 and No. 3000119899 (SFZ (2007) No. 27). Registration Center for Property of Real Estate of Shenzhen Municipality decided to revoke property ownership certificates SFDZ No. 3000320987 and No. 3000119899 owned by the Company that indicating the ownership of occupied property of Meilin Workshop, Comprehensive Building and the land use right of 11,500 square meters and restore the registration of the ownership of occupied property of Meilin Workshop, Comprehensive Building and the land use right of certificates of SFDZ No. 0103142 and No. 0103139. The Company had the ownership of occupied property of Meilin Workshop, Comprehensive Building and the land use right of 11,500 square meters according to original property ownership certificates.

On July 9, 2007, the Company applied the administrative reconsideration to the Administrative Reconsideration Office of the People's Government of Shenzhen Municipality, which considered that those action that Registration Center for Property and Real Estate of Shenzhen Municipality revoked property ownership certificate SFDZ No. 3000320987 and No. 3000119899 owned by the Company and restore the registration of Meilin Workshop, Comprehensive Building and land use right violated the provisions of the Decision on Strengthening Land Market Management and further Enlivening and Standardizing Real Estate Market (SF (2001) No. 94) promulgated by People's Government of Shenzhen Municipality, and requested People's Government of Shenzhen Municipality to rescind the Decision. On September 6, 2007, the People's Government of Shenzhen Municipality issued Decision on Administrative Reconsideration SFFJ (2007) No. 255 to sustain the administrative decision of Shenzhen Municipal Bureau of Land Resources and Housing Management.

In November 2007, Shenzhen Municipal Bureau of Land Resources and Housing Management rejected the application of Meisi Company for revoking Property Ownership Certificates SFDZ No. 0103142 and No. 0103139. Meisi Company prosecuted an administrative litigation to Shenzhen Futian People's Court (hereinafter referred as to "Futian Court") to ask for revoking the administrative decision of Shenzhen Municipal Bureau of Land Resources and Housing Management. The Company was involved as third party. Court session started on January 8, 2008 with litigation number of (2008) SFFXCZ No. 10 (hereinafter referred as to "No.10 Case"). On January 2008, Meisi Company prosecuted an administrative litigation to Futian Court for revoking the above administrative decision of Shenzhen Municipal Bureau of Land Resources and Housing Management, revoking Property Ownership Certificates SFDZ No. 0103142 and No. 0103139, and restoring the land use right to Meisi Company with the litigation number of SFFX (2008) No. 70 (hereinafter referred as to "No.70 Case"). On May 2008, the Futian Court made adjudication to No. 70 Case in which the property ownership certificates SFDZ No. 0103142 and No. 0103139 owned by the Company were revoked and Shenzhen Municipal Bureau of Land Resources and Housing Management were required to re-investigate the application of Meisi Company. The company, the Shenzhen Municipal Bureau of Land Resources and Housing Management as well as Meisi Company refused to accept the verdict and made an appeal. On July 2008, the Company has received the Administrative Ruling Paper from Futian Court in which the trial of No. 10 Case was terminated.

On December 2008, Shenzhen Intermediate Court issued the Administrative Ruling Paper SZFXZZ (2008) No. 223, in which the final adjudication of appeal No. 70 Case was made and the original verdict was sustained. Moreover, the final adjudication stated that the controversy over the land use right in this case between Meisi Company and the Company should be settled through civil procedures; the Bureau of Land Resources and Housing Management of Shenzhen Municipality should not proceed the registration procedure until the controversy is final settled.

On Feb. 11, 2009, the Company received the Civil Complaint from Futian Court; Meisi Company has made a civil prosecution against the Company and Shenzhen Luohu Commercial Development Co., Ltd. for the confirmation of Meisi Company's land use right and the buildings in original Property Ownership Certificates SFDZ No., 0103142 and No., 0103139. Furthermore, Meisi Company requests that return of related land use right and a compensation of RMB7.5 Million. The Company has submitted an objection to jurisdiction. On March 4, 2009, Futian Court sent the Notice to the Company to inform that this case has been transferred to Shenzhen Intermediate Court for adjudication.

On 22 December 2009, the Company received court ruling delivered by the Guangdong Higher Court. After investigated by Guangdong Higher Court, it is considered that the retrial application to Shenzhen Intermediate Court Judgment SZFZ (2008) No. 223 by the company is compiled to the law, and adjudicated: ① Arraign by Guangdong Highest People's Court ② suspended the execution of the original verdict during the retrial.

On 15 Aug. 2011, the Company received the Administrative Ruling Paper (YGFSJZ Zi (2010) No. 8) from the Guangdong Higher Court, which maintained the Administrative Ruling Paper (SZFXZ Zi (2008) No. 223), and it believed that the dispute on the land ownership for both parties was civil right confirmation, and both parties should find other legal way to solve.

The Company received the ruling of Shenzhen Medium People's Court in Oct. 2012, at which the court approved legally Meisi Company's application on canceling the lawsuit towards the Company. After receiving the above ruling, due to the Administrative Ruling Paper SZFXZ Zi (2008) No. 223 had clearly ruled that the dispute on Meilin land between the Company and Meisi Company should be settled through civil law procedures, therefore, the Company raised the civil lawsuit to Meisi Company and Luoqingfa Company, requiring to recognize the ownership of the above involved land for the Company, and the court has accepted the above mentioned lawsuit. Then, Meisi Company raised the counterclaim towards the Company, requiring recognizing its ownership of the above involved land. And the two cases were combined for public trial on 1 Mar. 2013, and now it's waiting for ruling.

The Company believes that the land use right and ownership of above building should be legally confirmed to the Company. The Company will secure its own legal rights through all legal means, and the above issues do not have significant impact on the Company's financial position.

C. Shenzhen Hetaiheng prosecuted the Company to undertake joint liability for the debts for Shenzhen International Trade Center Industry Development Co., Ltd.

On 31 July 2015, Shenzhen Luohu District People's Court issued (2015) SLFMECZ No. 2499 paper of civil judgment. It decided the Company and China (Shenzhen) Education Business Shares Co., Ltd. ("China Education Company") shall undertake the joint liability for the debts for Shenzhen International Trade Center Industry Development Co., Ltd. ("International Trade Center Company") declared under (2002) SLFJYCZ No. 582 paper of civil judgment.

According to (2002) SLFJYCZ No. 582 paper of civil judgment, Shenzhen Xinguang Industry Co., Ltd. ("Xinguang Company") shall, within ten days after the effectiveness of such paper, clean off 2.21 million of principal and interest thereon (such interest shall be counted from 22 Dec. 2000 to the date when the debts are paid off based on related regulations by the People's Bank of China as agreed under Loan Contract) to Shenzhen Shendong Branch of Industrial and Commercial Bank of China ("Shendong Branch of ICBC"); and International Trade Center Company shall undertake joint liability for cleaning off such debts.

After the effectiveness of (2002) SLFJYCZ No. 582 paper of civil judgment, Shendong Branch of ICBC has only been paid off 31,551, and then the creditor's right has been transferred to Shenzhen Office of China Orient Asset Management Corporation, who has applied for execution by force to the People's Court, but received no more payment. On 22 May 2008, Shenzhen Office of China Orient Asset Management Corporation further transferred the creditor's right to Dongfu Asset Management Corporation. On 24 Oct. 2010, Dongfu Asset Management Corporation again transferred such right to Shenzhen Hetaiheng Investment Co., Ltd., which has been paid 700,000 during the execution of this paper.

In 2013, International Trade Center Company was under bankruptcy liquidation. On 17 Dec. 2014, Shenzhen Intermediate People's Court issued (2013) SZFPZ No. 24-3 paper of civil judgment to end the bankruptcy proceeding on International Trade Center

Company due to its liquidation failure since the Company's address was unknown and management failed to take over the Company's property and financial data. On 1 Apr.2015, the management of International Trade Center Company dissolved the company.

Under (2015) SLFMECZ No. 2499 paper of civil judgment, Shenzhen Hetaiheng Investment Co., Ltd. claimed that the Company and China Education Company shall undertake the joint liability for paying off the debts under (2002) SLFJYCZ No. 582 paper of civil judgment (By 31 Mar. 2015, 2,178,449.00 of principal, with the interest counted from the date as regulated by the law to the date when the debts are paid off).

It is decided in the first-instance judgment by Shenzhen Luohu District People's Court that the two sharing companies of International Trade Center Industry Company, namely the Company and China Education Company, as well as Shicai Company though not involved in this case, shall undertake the joint liability for the debts of International Trade Center Company under (2002) SLFJYCZ No. 582 paper of civil judgment since they failed to perform the liquidation liability and to provide accounting books during bankruptcy proceedings of International Trade Center Company, which led to the failure of an overall liquidation; as for the debt amount, this Court did not make any decision since such amount may be changed with the performance of paying off the debts under (2002) SLFJYCZ No. 582 paper of civil judgment by parties involved.

The Company refuses to accept the above judgment and has appealed against such decision.

During this Reporting Period, the Company estimated about 834,999.50 of debts based on (2015) SLFMECZ No. 2499 paper of civil judgment and its actual holding 38.33% of the shares of International Trade Center Company.

On 28 Nov. 2016, Shenzhen Intermediate People's Court issued (2015) SZFSZZ No. 2837 paper of civil judgment, changing (2015) SLFMECZ No. 2499 of civil judgment to: the Company and China Education Company shall undertake the joint compensation liability for the debts for Shenzhen International Trade Center Industry Development Co., Ltd. declared under (2002) SLFJYCZ No. 582 paper of civil judgment (the RMB 1,314,719.00 paid off to Shenzhen Hetaiheng Investment Co., Ltd. and Shendong Branch of Industrial and Commercial Bank of China shall be deducted).

In 2016, the Company would need to pay off an estimated amount of RMB 6,009,255.74 based on (2015) SZFSZZ No. 2837 paper of civil judgment and the estimated debt of RMB 2,303,948.65 was confirmed based on its actual holding 38.34% of the shares of International Trade Center Company. After the confirmed estimated debt of RMB 834,999.50 in 2015 was deducted, the added estimated debt for this Reporting Period is RMB 1,468,949.15. Shenzhen Hetaiheng Investment has applied for execution by force to the Court, demanding that the Company fulfil the obligations stated in (2015) SZFSZZ No. 2837 paper of civil judgment.

Currently, the Company is answering the issue of compensated amount to the execution court and communicating with relevant parties on the execution of the paper.

D. Huizhou Dongfang Lianhe Industry Co., Ltd. prosecuted the Company to undertake joint liability for the debts for Shenzhen International Trade Center Industry Development Co., Ltd.

In Dec. 2016, Huizhou Dongfang Lianhe Industry Co., Ltd. prosecuted the Company on account of the liability of shareholder's infringement of creditor's interests, demanding that the Company undertake joint settlement liability for the debt of RMB 8,359,288.40 (as of 31 March 2015) under (2000) SFFJCZ No. 854 paper of civil judgment.

Based on (2000) SFFJCZ No. 854 paper of civil judgment: Shenzhen Shengping Industry Development Co., Ltd. ("Shengping Company") shall, within ten days after the effectiveness of such paper, pay 2.5 million of principal and interests thereon (including penalty, which is RMB 310,100.00 counted until 20 Mar. 2000, and the interests thereafter shall be counted based on the loan interest rate for the same period stipulated by the People's Bank of China, until the date payable confirmed by the judgment). In the case of overdue payments, debt interests shall be paid in double for the period of deferred execution. Shenzhen International Trade Center Industry Development Co., Ltd. undertakes joint settlement liability for the debts of Shengping Company under the judgment.

Upon the effectiveness of (2000) SFFJCZ No. 854 paper of civil judgment, Shenzhen Development Bank Changcheng Building Branch applied for execution by force, but did not receive payment. Then it transferred the creditor's right to China Huarong Asset

Management Co., Ltd. Shenzhen Office (“Huarong Company”). Huarong Company transferred the right to Huizhou Dongfang Lianhe Industry Co., Ltd. In December 2016, Huizhou Dongfang Lianhe Industry Co., Ltd. prosecuted the Company.

In 2013, International Trade Center Company applied for bankruptcy liquidation. On 17 Dec. 2014, Shenzhen Intermediate People’s Court issued (2013) SZFPZ No. 24-3 paper of civil judgment to end the bankruptcy proceeding on International Trade Center Company due to its liquidation failure since the Company’s address was unknown and management failed to take over the Company’s property and financial data. On 1 Apr. 2015, the management of International Trade Center Company dissolved the company. The Company is preparing to respond to the prosecution and the first trial was heard in Luohu District People’s Court on 16 Mar. 2017.

Based on (2000) SFFJCZ No. 854 Paper of Civil Judgment and (2015) SZFSZZ No. 2837 Paper of Civil Judgment, the Company deems that there is a greater possibility for the assumption of the joint liability for the debt under (2000) SFFJCZ No. 854 Paper of Civil Judgment, and based on the estimated compensation of RMB 7,557,033.56 and the 38.34% of the shares of International Trade Center Company held by the Company, the withdrawal of estimated debt is RMB 2,897,366.67.

(2) Guarantee

A. The Company’s subsidiary Dongguan International Trade Center Changsheng Real Estate Development Co., Ltd. belongs to provisional qualification real estate development enterprise, when dealing with the application of approval of the presale of houses, the commercial housing quality guarantee after the liquidations of enterprise bankruptcy, dissolution, Dongguan International Trade Center Changsheng Real Estate Development Co., Ltd. submitted guarantee RMB12,402,160.00 to Bank of Communications, Duanguang, Dalang Branch, the bank issue 9 Guarantee Letter for irrevocable goods, of which one guarantee of RMB1,468,870.00, from 30Jun. 2015 to 31 Dec. 2020, and the remained were RMB10,933,290.00 from 1 Jul. 2015 to 31 Dec. 2020.

B. Guarantee for the owners: the Company and its subsidiaries are the purchasers providing mortgage guarantee for the bank, As of 31 Dec. 2015, the unsettled guarantee amount was RMB220.91 million, the guarantee event was provided by real estate developer for small owners’ purchases of commercial houses of the Company, which was the common phenomenon in the industry

(2) The Company have no significant contingency to disclose, also should be stated

There was no significant contingency in the Company.

3. Other

Naught

XV. Events after balance sheet date

1. Significant events had not adjusted

Unit: RMB Yuan

Item	Content	Influence number to the financial position and operating results	Reason of unable to estimate influence number

2. Profit distribution

Unit: RMB Yuan

Planning allocation of profits or dividends	107,276,236.56
Profits or dividends approved, reviewed and issue by the declaration	107,276,236.56

3. Sales return

Naught

4. Notes of other significant events

Assets held to cancel: on 13 Feb. 2017, based on Hainan Haikou Intermediate People's Court (2014) HZFPZ No. 1-1 judgment: Hainan Xinda Development Corporation ("Hainan Xinda") is declared bankrupt, and the Company shall cancel its long-term equity investment of RMB 20,000,000.00 to Hainan Xinda after verification. Other receivables are RMB 49,437,140.28. As the withdrawal of bad debt provision has been done for the above assets, there will be no effect on the Company's business achievements.

XVI. Other significant events**1. The accounting errors correction in previous period****(1) Retrospective restatement**

Unit: RMB Yuan

Content	Processing program	Name of the influenced report items during comparison period	Cumulative impact
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(2) Prospective application

Content	Processing program	Reason of adopting prospective application
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2. Debt restructuring

Not applicable

3. Replacement of assets**(1) Non-monetary assets exchange**

Not applicable

(2) Other assets replacement

Not applicable

4. Pension plan

Not applicable

5. Discontinuing operation

Unit: RMB Yuan

Item	Revenue	Expense	Total profits	Income tax expense	Net profit	Termination of the business profits attributable to the parent company owner

Other notes:

Not applicable

6. Segment information**(1) Recognition basis and accounting policies of reportable segment**

The Group's business includes real estate business, housing lease management, transportation, catering services, and other business (including: mechanical and electrical professional maintenance business, mechanics, engineering supervision, parking lot, because of the above businesses income are small, approve them being merged), etc. The Group separately organized and managed according to the business and the properties of products and services provided. Each business division of the Group was a business group, provided the facing risk and obtained rewards and products different from other division.

A. Real estate business divisions: real estate development, sales and rental

B. The property management business divisions: building management

C. Transportation business division: operating passenger car

D. Diet services: catering service

E. Other business: operating mechanical and electrical professional maintenance business, mechanics, engineering supervision business, and parking lot

The management considering the decision of resources and evaluation of performance separately manage the operating results of each unit of business.

(2) The financial information of reportable segment

Unit: RMB Yuan

Item	Real estate	Property management	Transportation	Catering service	Others	Undistributed	Offset in segment	Total
Operation revenue	1,587,991,743.51	370,834,093.86	57,409,314.27	31,177,527.67	11,791,397.87			2,059,204,077.18
Trading revenues between divisions	3,455,723.25	13,982,049.98	205,500.01	1,162,441.49	5,635,657.43		-24,441,372.16	
Sales expenses	47,971,052.13						-664,350.37	47,306,701.76
Investments in associated companies and joint ventures						2,225,713.71		2,225,713.71
Asset impairment loss	101,295,883.21	266,407.88	5,192.45	-1,701.64	18,882.87		-2,949,327.49	98,635,337.28
Depreciation and amortization charges	20,198,662.67	1,289,163.82	20,460,993.35	336,256.83	41,715.54		-410,080.35	41,916,711.86
Total profits (losses)	991,186,805.39	31,621,883.78	7,334,540.31	1,548,223.36	-36,368.78	41,022,596.59	-581,470,023.32	491,207,657.33
Total assets	8,907,263,020.79	497,572,593.99	219,302,530.56	6,558,093.16	7,917,928.25	2,216,416,440.82	-5,200,674,463.47	6,654,356,144.10
Total liabilities	6,958,757,294.72	348,642,615.17	126,524,335.46	4,951,451.79	6,686,626.22	1,635,901,490.13	-4,838,404,492.19	4,243,059,321.29
Leong term equity investments in associated companies and joint ventures						36,751,891.12		36,751,891.12
Increase amount of non-current	208,192,275.79	1,481,863.83	3,146,845.40	42,764.91				212,863,749.93

assets except long term equity investment								
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(3) There was no reportable segment, or the total amount of assets and liabilities of each part of reportable segment, shall disclose the reason.

Not applicable

(4) Other notes

A. Income of foreign trade of production and labor serve

Item	Reporting period	Last period
Real estate	1,587,991,743.51	595,657,932.90
Property management	370,834,093.86	383,726,480.02
Transportation	57,409,314.27	60,914,047.94
Catering service	31,177,527.67	31,014,702.89
Other	11,791,397.87	6,105,337.18
Total	2,059,204,077.18	1,077,418,500.93

B. Geography information

Distribution of foreign trade income:

Item	Reporting period	Last period
Mainland of China	2,058,999,124.73	1,076,951,837.08
Countries and regions outside the Chinese mainland	204,952.45	466,663.85
Total	2,059,204,077.18	1,077,418,500.93

Distribution of total non-current assets liabilities:

Item	Closing balance	Opening balance
Mainland of China	630,919,971.30	457,200,691.14
Countries and regions outside the Chinese mainland	1,905,293.14	2,455,666.52
Total	632,825,264.44	459,656,357.66

C. Customers information

the customers of the Group were rather dispersed; there was no individual transaction over 10%.

7. Other important transactions and events have an impact on investors decision-making

Not applicable

8. Other

Not applicable

XVII. Notes of main items in the financial statements of the Company**1. Accounts receivable****(1) Accounts receivable classified by category**

Unit: RMB Yuan

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable with insignificant single amount for which bad debt provision separately accrued	96,647,889.05	98.81%	96,647,889.05	100.00%		96,647,889.05	98.08%	96,647,889.05	100.00%	
Accounts receivable withdrawal of bad debt provision of by credit risks characteristics:	1,111,427.71	1.14%	556,593.42	50.08%	554,834.29	1,828,824.21	1.86%	849,254.72	46.44%	979,569.49
Accounts receivable with insignificant single amount for which bad debt provision separately accrued	54,380.35	0.05%	54,380.35	100.00%		54,380.35	0.06%	54,380.35	100.00%	
Total	97,813,697.11	100.00%	97,258,862.82	99.43%	554,834.29	98,531,093.61	100.00%	97,551,524.12	99.01%	979,569.49

Accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end

Applicable Not applicable

Unit: RMB Yuan

Accounts receivable (entity)	Closing balance			
	Account receivable	Bad debt provision	Withdrawal proportion	Withdrawal reason
Shenzhen Jiyong Properties & Resources Development Company	93,811,328.05	93,811,328.05	100.00%	Involved in lawsuit and no executable property, please refer to Section X. Financial Report XIV. 2, (1)
Shenzhen Tewe Industry Co., Ltd.	2,836,561.00	2,836,561.00	100.00%	Uncollectible for a long period
Total	96,647,889.05	96,647,889.05	--	--

In the groups, accounts receivable adopting aging analysis method to withdraw bad debt provision:

Applicable Not applicable

Unit: RMB Yuan

Aging	Closing balance		
	Account receivable	Bad debt provision	Withdrawal proportion
Subentry within 1 year			
Within 1 year (including 1 year)	157,657.00	4,729.71	3.00%
Subtotal of within 1 year	157,657.00	4,729.71	3.00%
2 to 3 years	803,814.00	401,907.00	50.00%
Over 5 years	149,956.71	149,956.71	100.00%
Total	1,111,427.71	556,593.42	50.08%

Notes:

For details, please refer to Section X. Financial Report V. 11

In the groups, accounts receivable adopting balance percentage method to withdraw bad debt provision:

Applicable Not applicable

In the groups, accounts receivable adopting other methods to withdraw bad debt provision:

(2) Bad debt provision withdrawal, reversed or recovered in the report period

The withdrawal amount of the bad debt provision during this Reporting Period was of RMB-292,661.30; the amount of the reversed or collected part during this Reporting Period was of RMB0.00.

Significant amount of reversed or recovered bad debt provision:

Unit: RMB Yuan

Name of the entity	Amount	Method
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Total	0.00	--
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(3) Particulars of the actual verification of accounts receivable during this Reporting Period

Unit: RMB Yuan

Item	Amount
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Of which: significant actual verification of accounts receivable

Unit: RMB Yuan

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of related party transactions
Total	--	0.00	--	--	--

Notes:

No such case in reporting period.

(4) Top five of account receivable of closing balance collected by arrears party

Name of the entity	Closing balance	Proportion (%)	Closing balance of bad debt provision
Shenzhen Jiyong Properties & Resources Development Company	93,811,328.05	95.91	93,811,328.05
Shenzhen Tewe Industry Co., Ltd.	2,836,561.00	2.90	2,836,561.00
Rainbow Department Store Co., Ltd	953,770.71	0.97	551,863.71
Shenzhen Zhongmei QJH-S International Art Exhibition Service Co., Ltd	157,611.00	0.16	4,728.33
Luohu District Economic Development Co., Ltd.	54,380.35	0.06	54,380.35
Total	97,813,651.11	100.00	97,258,861.44

(5) Derecognition of account receivable due to the transfer of financial assets

Naught

(6) The amount of the assets and liabilities formed by the transfer and the continues involvement of accounts receivable

Naught

Notes:

Naught

2. Other accounts receivable**(1) Other account receivable classified by category**

Unit: RMB Yuan

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Other accounts receivable with insignificant single amount for which bad debt provision separately accrued	139,256,094.17	9.70%	37,124,339.53	26.66%	102,131,754.64	188,204,157.06	10.08%	89,137,842.62	47.36%	99,066,314.44
Other accounts receivable withdrawn bad debt provision according to credit risks characteristics	1,294,375,620.67	90.14%	8,866,593.99	0.69%	1,285,509,026.68	1,676,949,946.25	89.79%	9,623,906.48	0.57%	1,667,326,039.77
Other accounts receivable with insignificant single amount for which bad debt provision separately accrued	2,415,326.23	0.16%	2,415,326.23	100.00%		2,415,326.23	0.13%	2,415,326.23	100.00%	
Total	1,436,047,041.07	100.00%	48,406,259.75	3.37%	1,387,640,781.32	1,867,569,429.54	100.00%	101,177,075.33	5.42%	1,766,392,354.21

Other accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end

√ Applicable □ Not applicable

Unit: RMB Yuan

Other accounts receivable (unit)	Closing balance			
	Other accounts receivable	Bad debt provision	Withdrawal proportion	Withdrawal reason

Shum Yip Properties Development Co., Ltd.	109,809,084.67	7,677,330.03	6.99%	Uncollectible for a long period
Anhui Nanpeng Papermaking Co., Ltd.	8,899,040.00	8,899,040.00	100.00%	Irrecoverable for long time
Advances the shopping mall gold business utilities	6,481,353.60	6,481,353.60	100.00%	The Company was enforced to conduct, irrecoverable
Shanghai Yutong Real estate development Co., Ltd.	5,676,000.00	5,676,000.00	100.00%	Judgments, irrecoverable
Wuyao Company	3,271,837.78	3,271,837.78	100.00%	Irrecoverable for long time
Dameisha Tourism Center	2,576,445.69	2,576,445.69	100.00%	Suspend of projects
Elevated Train Project	2,542,332.43	2,542,332.43	100.00%	Project son hold irrecoverable
Total	139,256,094.17	37,124,339.53	--	--

In the groups, other accounts receivable adopting aging analysis method to withdraw bad debt provision:

Applicable Not applicable

Unit: RMB Yuan

Aging	Closing balance		
	Other accounts receivable	Bad debt provision	Withdrawal proportion
Subentry within 1 year			
Within 1 year (including 1 year)	58,637.08	1,759.11	3.00%
Subtotal of within 1 year	58,637.08	1,759.11	3.00%
1 to 2 years	9,600.00	960.00	10.00%
2 to 3 years	340,200.00	102,060.00	30.00%
Over 5 years	8,761,814.88	8,761,814.88	100.00%
Total	9,170,251.96	8,866,593.99	96.69%

Notes:

For details, please refer to Section X. Financial Report V. 11.

In the groups, other accounts receivable adopting balance percentage method to withdraw bad debt provision

Applicable Not applicable

In the groups, other accounts receivable adopting other methods to withdraw bad debt provision:

Applicable Not applicable

(2) Bad debt provision withdrawal, reversed or recovered in the report period

The withdrawal amount of the bad debt provision during this Reporting Period was of RMB -460,365.11; the amount of the reversed

or collected part during this Reporting Period was of RMB 0.00.

Significant amount of reversed or recovered bad debt provision

Unit: RMB Yuan

Name of the entity	Reversed or collected amount	Method
Total	0.00	--

The amount of bad debt provision was RMB-460,365.11; the increase of amount of bad debt provision of foreign currency of creditor's rights receivable after exchange was RMB 1,348,128.25. In Feb. 2016, due to Gintian Industrial (Group) Co., Ltd.'s original transfer of bad debt provision of RMB 53,658,578.72 to other current assets were canceled.

(3) Particulars of the actual verification of other accounts receivable during this Reporting Period

Unit: RMB Yuan

Item	Amount
------	--------

Of which: significant actual verification of other accounts receivable

Unit: RMB Yuan

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of related party transactions
Total	--	0.00	--	--	--

Notes of write-off other accounts receivable:

(4) Other account receivable classified by account nature

Unit: RMB Yuan

Nature	Closing book balance	Opening book balance
Margin	2,404,664.08	3,204,898.13
Pretty cash advance	85,500.00	47,200.00
Account receivable to subsidiary	1,394,246,757.56	1,769,778,048.64
Account receivable to affiliated company	10,646,304.25	9,794,976.25
Account receivable non-affiliated company	28,663,815.18	84,744,306.52
Total	1,436,047,041.07	1,867,569,429.54

(5) Top 5 of the closing balance of the other accounts receivable collected according to the arrears party

Unit: RMB Yuan

Name of the entity	Nature	Closing balance	Aging	Proportion%	Closing balance of bad debt provision
PRD Yangzhou Real Estate Development	Account receivable to subsidiary	605,048,221.77	Within 4 years	42.13%	

Co., Ltd.					
PRD Group Xuzhou Dapeng Real Estate Development Co., Ltd.	Account receivable to subsidiary	537,369,836.60	Within 4 years	37.42%	
Shum Yip Properties Development Co., Ltd.	Account receivable to subsidiary	109,809,084.67	Over 5 years	7.65%	7,677,330.03
Shenzhen Huangcheng Real Estate Management Co., Ltd.	Account receivable to subsidiary	81,410,000.00	Within 3 years	5.67%	
Dongguan International Trade Center Changsheng Real Estate Development Co., Ltd.	Account receivable to subsidiary	56,541,793.00	Within 1 year	3.94%	
Total	--	1,390,178,936.04	--	96.81%	7,677,330.03

(6) Account receivable involving government subsidies

Unit: RMB Yuan

Name of the entity	Project of government subsidies	Closing balance	Closing aging	Estimated recovering time, amount and basis
Total	--	0.00	--	--

Naught

(7) Other account receivable derecognized due to the transfer of financial assets

Naught

(8) Amount of transfer other account receivable and assets and liabilities formed by its continuous involvement

Naught

Notes:

Naught

3. Long-term equity investment

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Investment to the subsidiary	278,521,261.98	31,964,000.00	246,557,261.98	278,521,260.98	31,964,000.00	246,557,260.98
Investment to joint ventures and associated enterprises	69,559,505.26	32,807,614.14	36,751,891.12	67,333,791.55	32,807,614.14	34,526,177.41
Total	348,080,767.24	64,771,614.14	283,309,153.10	345,855,052.53	64,771,614.14	281,083,438.39

(1) Investment to the subsidiary

Unit: RMB Yuan

Investee	Opening balance	Increase	Decrease	Closing balance	Withdrawn impairment provision in this Reporting Period	Closing balance of impairment provision
Shenzhen Huangcheng Real Estate Co., Ltd.	28,500,000.00			28,500,000.00		
SZPRD Real Estate Development Co., Ltd.	30,950,000.00			30,950,000.00		
PRD Yangzhou Real Estate Development Co., Ltd.	50,000,000.00			50,000,000.00		
Dongguan International Trade Center Changsheng Real Estate Development Co., Ltd.	20,000,000.00			20,000,000.00		
Shenzhen International Trade	29,850,000.00			29,850,000.00		

Center Vehicles Industry Co., Ltd.						
Shenzhen International Trade Center Property Management Co., Ltd.	20,000,000.00			20,000,000.00		
Shenzhen Shenxin Motor Rent Co., Ltd.	12,877,260.98			12,877,260.98		
Shenzhen International Trade Center Food Co., Ltd.	1,600,000.00	1.00		1,600,001.00		1,600,000.00
Shenzhen Property Construction Supervision Co., Ltd.	3,000,000.00			3,000,000.00		
Shenzhen International Trade Plaza	12,000,000.00			12,000,000.00		12,000,000.00
Shenzhen Real Estate Exchange	1,380,000.00			1,380,000.00		
Zhanjiang Shenzhen Real Estate Development Co., Ltd.	2,530,000.00			2,530,000.00		2,530,000.00
Shum Yip Properties Development Co., Ltd.	15,834,000.00			15,834,000.00		15,834,000.00
PRD Group Xuzhou Dapeng Real Estate Development Co., Ltd.	50,000,000.00			50,000,000.00		
Total	278,521,260.98	1.00		278,521,261.98		31,964,000.00

(2) Investment to joint ventures and associated enterprises

Unit: RMB Yuan

Investee	Opening balance	Increase/decrease in reporting period								Closing balance	Closing balance of impairment provision
		Additional investment	Negative investment	Investment profit and loss recognized under the equity method	Adjustment of other comprehensive income	Other equity changes	Declaration of cash dividends or profits	Withdrawal impairment provision	Other		
I. Joint ventures											
Shenzhen Jifa Warehouse Co., Ltd.	30,789,341.98			1,473,898.63						32,263,240.61	
Tianan International Building Property Management Company of Shenzhen	3,736,835.43			751,815.08						4,488,650.51	
Subtotal	34,526,177.41			2,225,713.71						36,751,891.12	
II. Associated enterprises											
Shenzhen Wufang Pottery & Porcelain Industrial Co., Ltd.	18,983,614.14									18,983,614.14	18,983,614.14
Anhui Nanpeng Papermaking Co., Ltd.	13,824,000.00									13,824,000.00	13,824,000.00

Subtotal	32,807,61 4.14									32,807,61 4.14	32,807,61 4.14
Total	67,333,79 1.55			2,225,713 .71						69,559,50 5.26	32,807,61 4.14

(3) Other notes**4. Revenues and operating costs**

Unit: RMB Yuan

Item	Reporting period		Same period of last year	
	Revenue	Operating costs	Revenue	Operating costs
Main operations	1,409,651,839.78	331,649,548.84	61,440,361.37	14,568,381.71
Total	1,409,651,839.78	331,649,548.84	61,440,361.37	14,568,381.71

Notes:

5. Investment income

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Long-term equity investment income accounted by equity method	529,600,000.00	
Investment income arising from disposal of long-term equity investments	2,225,713.71	1,637,238.00
Investment income received from disposal of available-for-sale financial assets		5,709,098.20
Others		225,340.35
Total	531,825,713.71	7,571,676.55

6. Other

Not applicable

XVIII. Supplementary materials**1. Items and amounts of extraordinary gains and losses**

√ Applicable □ Not applicable

Unit: RMB Yuan

Item	Amount	Explanation
Gains/losses on the disposal of non-current assets	-182,886.11	
Profits or losses incurred from contingency of non-operating business.	-4,366,315.82	The non-operating revenue was increased of 3363.25% over the last period was mainly due to the recognition of assets of Dragon Garden Development Building F14, F15, RMB174,382,120.00, For details, please refer to Section X Financial Report (XIV) 2, (2).
Other non-operating income and expenses other than the above	1,010,733.64	
Less: Income tax effects	-876,365.89	
Total	-2,662,102.40	--

Explain the reasons if the Company classifies an item as an extraordinary gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Extraordinary Gains and Losses, or classifies any extraordinary gain/loss item mentioned in the said explanatory announcement as a recurrent gain/loss item

Applicable Not applicable

2. Return on equity (ROE) and earnings per share (EPS)

Profit as of reporting period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to common shareholders of the Company	15.79%	0.5954	0.5954
Net profit attributable to common shareholders of the Company after deduction of non-recurring profit and loss	15.91%	0.5999	0.5999

3. Differences between accounting data under domestic and overseas accounting standards

(1) Differences of net profit and net assets disclosed in financial reports prepared under international and Chinese accounting standards

Applicable Not applicable

Unit: RMB Yuan

	Net profit		Net asset	
	Reporting period	Same period of last year	Closing balance	Opening balance
According to Chinese	354,857,241.74	156,819,966.71	2,410,434,735.75	2,099,906,766.61

accounting standards				
Items and amounts adjusted according to international accounting standards				
According to international accounting standards	354,857,241.74	156,819,966.71	2,410,434,735.75	2,099,906,766.61

(2) Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards

Applicable Not applicable

Name of foreign accounting standard

Unit: RMB Yuan

	Net profit		Net asset	
	Reporting period	Same period of last year	Closing balance	Opening balance
According to Chinese accounting standards	354,857,241.74	156,819,966.71	2,410,434,735.75	2,099,906,766.61
Items and amounts adjusted according to international accounting standards				
According to international accounting standards	354,857,241.74	156,819,966.71	2,410,434,735.75	2,099,906,766.61

(3) Explain reasons for the differences between accounting data under domestic and overseas accounting standards, for audit data adjusting differences had been foreign audited, should indicate the name of the foreign institutions

No difference

4. Other

Naught

Section XII Documents Available for Reference

- I. Accounting statements with the signatures and seals of the Legal Representative and the Chief Financial Officer;**
- II. Original of the Auditor's Report with the seal of the CPAs firm as well as the signatures and seals of the certified public accountants; and**
- III. Originals of all the Company's announcements and documents disclosed on the designated media during this Reporting Period.**