



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

2014 Semi-annual Report

2014-017

August 2014

Section I. Important Reminders, Contents & Definition

The Board of Directors, the Supervisory Committee as well as all directors, supervisors and senior management staff of Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd. (hereinafter referred to as “the Company”) warrant that this report is factual, accurate and complete without any false record, misleading statement or material omission. And they shall be jointly and severally liable for that.

All directors attended the board session in person for reviewing this report except the following:

Name	Position	Reason for not attending the session in person	Name of the proxy
Song Botong	Independent director	Personal reason	Liu Quanmin

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

Zhou Jianguo, Board Chairman, Chen Maozheng, GM, Tang Xiaoping, chief of the accounting work, and Qiao Yanjun, chief of the accounting organ (chief of accounting), hereby confirm that the Financial Report enclosed in this report is factual, accurate and complete.

This report is prepared in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

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Definition

Term	Refers to	Definition
Company, the Company, the Group	Refers to	Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd.
Investment Holdings	Refers to	Shenzhen Investment Holdings Co., Ltd

Section II. Company Profile

I. Basic information of the Company

Stock abbreviation	SSFA (SSFB)	Stock code	000029 (200029)
Stock exchange listed with	Shenzhen Stock Exchange		
Chinese name of the Company	深圳经济特区房地产(集团)股份有限公司		
Abbr. of the Chinese name of the Company (if any)	深房集团		
English name of the Company (if any)	ShenZhen Special Economic Zone Real Estate&Properties (Group).co., Ltd.		
Abbr. of the English name of the Company (if any)	SPG		
Legal representative of the Company	Zhou Jianguo		

II. Contact information

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

III. Other information

1. Ways to contact the Company

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

Applicable Inapplicable

The registered address, office address and their postal codes, website address and email address of the Company did not change during the reporting period. The said information can be found in the 2013 Annual Report.

2. About information disclosure and where this report is placed

Did any change occur to information disclosure media and where this report is placed during the reporting period?

Applicable Inapplicable

The newspapers designated by the Company for information disclosure, the website designated by CSRC for disclosing this report and the location where this report is placed did not change during the reporting period. The said information can be found in the 2013 Annual Report.

3. Change of the registered information

Did any change occur to the registered information during the reporting period?

Applicable Inapplicable

The registration date and place of the Company, its business license No., taxation registration No. and organizational code did not change during the reporting period. The said information can be found in the 2013 Annual Report.

Section III. Highlights of Accounting Data & Financial Indicators

I. Major accounting data and financial indicators

Does the Company adjust retrospectively or restate accounting data of previous years due to change of any accounting policy or correction of any accounting error?

Yes No

	Reporting period	Same period of last year	YoY +/- (%)
Operating revenues (RMB Yuan)	573,074,359.31	320,687,860.60	78.70%
Net profit attributable to shareholders of the Company (RMB Yuan)	34,732,376.73	13,050,340.37	166.14%
Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB Yuan)	34,449,556.67	9,619,800.04	258.11%
Net cash flows from operating activities (RMB Yuan)	200,024,750.32	349,447,741.01	-42.76%
Basic EPS (RMB Yuan/share)	0.0343	0.0129	165.89%
Diluted EPS (RMB Yuan/share)	0.0343	0.0129	165.89%
Weighted average ROE (%)	1.85%	0.79%	1.06%
	As at the end of the reporting period	As at the end of last year	+/- (%)
Total assets (RMB Yuan)	4,389,048,260.74	4,215,099,296.67	4.13%
Net assets attributable to shareholders of the Company (RMB Yuan)	1,897,643,065.42	1,863,347,135.33	1.84%

II. 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 Inapplicable

Unit: RMB Yuan

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	Reporting period	Same period of last year	Closing amount	Opening amount
According to Chinese accounting standards	34,732,376.73	13,050,340.37	1,897,643,065.42	1,863,347,135.33
Items and amounts adjusted according to international accounting standards				

According to international accounting standards	34,732,376.73	13,050,340.30	1,897,643,065.42	1,863,347,135.30
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2. Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards

Applicable Inapplicable

Unit: RMB Yuan

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	Reporting period	Same period of last year	Closing amount	Opening amount
According to Chinese accounting standards	34,732,376.73	13,050,340.37	1,897,643,065.42	1,863,347,135.33
Items and amounts adjusted according to overseas accounting standards				
According to overseas accounting standards	34,732,376.73	13,050,340.37	1,897,643,065.42	1,863,347,135.33

Naught

3. Explain reasons for the differences between accounting data under domestic and overseas accounting standards

Applicable Inapplicable

III. Items and amounts of extraordinary gains and losses

Applicable Inapplicable

Unit: RMB Yuan

Item	Amount	Explanation
Gains/losses on the disposal of non-current assets (including the offset part of asset impairment provisions)	-893.90	
Non-operating income and expenses other than the above	377,987.32	Metro compensation
Less: Income tax effects	94,273.36	
Total	282,820.06	--

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 Inapplicable

No such cases during the reporting period.

Section IV. Report of the Board of Directors

I. Overview

In the first half of 2014, real estate trading was not as active as last year. The floor space of new houses in building in the country, the sales amount and floor space of commodity houses and some other important indicators were not quite good. In face of the severe external environment, according to the general guideline and work plans set at the beginning of the year, i.e. “boost the main business, enlarge the land reserve, enhance cost control, improve the management capability, seize opportunities arising from the thorough and in-depth reform, make use of the favorable conditions, accelerate development and try to bring the profits up to a new level”, we closely followed market movements and adjusted our marketing strategy in a timely manner. As a result, all the operation and management work proceeded smoothly, and objectives were fulfilled.

II. Main business analysis

Overview

For the reporting period, the Company achieved operating revenues of RMB 573,074,400, up 78.70% from the same period of last year; operating profit of RMB 49,708,600, up 217.46% on the year-on-year basis; total profit of RMB 50,085,700, up 162.39% on the year-on-year basis; and net profit attributable to shareholders of the Company of RMB 34,732,400, representing a year-on-year increase of 166.14%.

The sales income carried over from real estate stood at RMB 267,924,000 in the reporting period, representing a year-on-year increase of 303.75%, mainly because the carried-over sales income from the Chuanqi Hill project stood at RMB 235,837,000; the income from construction stood at RMB 207,978,000, up 26.51% year on year; and the income from leasing stood at RMB 36,643,300, up 22.39% year on year.

YoY change of major financial data:

Unit: RMB Yuan

	Reporting period	Same period of last year	YoY +/-%	Main reasons for change
Operating revenues	573,074,359.31	320,687,860.60	78.70%	The carried-over income from the Chuanqi Hill project
Operating costs	432,807,763.70	246,707,002.82	75.43%	The carried-over costs from the Chuanqi Hill project
Selling expenses	14,246,226.29	6,879,545.90	107.08%	The marketing and promotion expenditure and the agent commissions increased.
Administrative expenses	25,596,729.20	27,482,942.29	-6.86%	Cash expenditures decreased.
Financial expenses	9,826,406.41	-575,027.99	1,808.86%	The capitalized interest

				decreased.
Income tax expenses	15,333,005.11	6,019,760.27	154.71%	Total profit increased.
Net cash flows from operating activities	200,024,750.32	349,447,741.01	-42.76%	The taxes and fares paid increased 156.47%.
Net cash flows from investing activities	-1,175,815.00	3,751,823.13	-131.34%	The net cash received from disposal of fixed assets decreased 99.87%.
Net cash flows from financing activities	-167,205,928.61	-223,496,227.17	25.19%	The repaid bank loans decreased 30.69%.
Net increase in cash and cash equivalents	31,721,528.78	129,467,480.64	-75.50%	Net cash flows from operating activities decreased 42.76%.

Major changes to the profit structure or sources of the Company during the reporting period:

Applicable Inapplicable

The profit growth of the Company was mainly because the Chuanqi Hill project carried over as scheduled and the operating revenues increased from the same period of last year.

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

Applicable Inapplicable

The Company did not mention any future planning for the reporting period in its disclosed documents such as share-soliciting prospectuses, offering prospectuses, asset reorganization reports, etc.

Review the progress of any previously disclosed business plan in the reporting period:

Inapplicable

III. Breakdown of main business

Unit: RMB Yuan

	Operating revenues	Operating costs	Gross profit rate (%)	Increase/decrease of operating revenues over the same period of last year (%)	Increase/decrease of operating costs over the same period of last year (%)	Increase/decrease of gross profit rate over the same period of last year (%)
Classified by industry:						
Real estate	267,924,034.00	162,993,544.27	39.16%	303.75%	501.14%	-19.98%
Construction	207,977,984.05	196,385,851.15	5.57%	26.51%	26.08%	0.32%
Leasing	36,643,317.15	17,579,397.00	52.03%	22.39%	49.41%	-8.68%
Property management	46,990,911.75	44,145,924.56	6.05%	0.71%	4.32%	-3.25%
Hotel and other	13,538,112.36	11,703,046.72	13.55%	1.53%	20.11%	-13.37%

services						
Total	573,074,359.31	432,807,763.70	24.48%	78.70%	75.43%	1.41%
Classified by product:						
Housing units	267,924,034.00	162,993,544.27	39.16%	303.75%	501.14%	-19.98%
Other products	305,150,325.31	269,814,219.43	11.58%	19.98%	22.87%	-2.08%
Total	573,074,359.31	432,807,763.70	24.48%	78.70%	75.43%	1.41%
Classified by region:						
Guangdong Province	572,773,895.80	432,807,763.70	24.44%	78.78%	75.43%	1.44%
Overseas	300,463.51		100.00%	-2.57%		0.00%
Total	573,074,359.31	432,807,763.70	24.48%	78.70%	75.43%	1.41%

IV. Core competitiveness analysis

As one of the earliest real estate listed companies in Shenzhen, the Company has a history over 30 years in real estate development in Shenzhen and rich experience in the main business of real estate development. In recent years, thanks to the experience learned from the SPG Chuanqi Hill project in Guangming, Shenzhen, and the SPG Shanglin Garden project in Longgang, Shenzhen, the Headquarters of the Company has been greatly improved in planning, construction, cost control, marketing capability and brand image; and thanks to the projects in Shantou, the offsite development management mode is growing mature; the Company keeps improving the management mechanism and processes for project development so the professionalism and management capability of the Company have improved significantly; the Company also perfects the training system and holds the “Shenzhen Real Estate & Properties Presentation” as well as makes efforts to build learning-oriented enterprise, as the result, the core competitiveness of its main business of real estate development keeps increasing.

V. Investment analysis

1. Investments in equities of external parties

(1) Investments in external parties

Applicable Inapplicable

The Company did not invest in any external party in the reporting period.

(2) Equity-holdings in financial enterprises

Applicable Inapplicable

The Company did not hold any equity in any financial enterprise in the reporting period.

(3) Investment in securities

Applicable Inapplicable

The Company did not invest in any securities in the reporting period.

2. Wealth management entrustment, derivative investments and entrustment loans

(1) Wealth management entrustment

Applicable Inapplicable

The Company did not make any wealth management entrustment in the reporting period.

(2) Derivative investment

Applicable Inapplicable

The Company did not carry out any derivative investment in the reporting period.

(3) Entrustment loans

Applicable Inapplicable

There were no entrustment loans in the reporting period.

3. Use of raised funds

(1) Overview of the use of raised funds

Applicable Inapplicable

(2) Projects invested with raised funds as promised

Applicable Inapplicable

(3) Change of raised-funds-invested projects

Applicable Inapplicable

No change of raised-funds-invested projects during the reporting period.

(4) Projects invested with raised funds

Overview of the project	Disclosure date	Index for the disclosed information
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4. Analysis to main subsidiaries and stock-participating companies

√ Applicable □ Inapplicable

Main subsidiaries and stock-participating companies:

Unit: RMB Yuan

Company name	Company variety	Industry	Main products/services	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Shenzhen Petrel Hotel Co., Ltd.	Subsidiary	Service	Hotel Service	RMB 30 million	41,272,647.44	35,419,201.51	12,424,971.99	411,875.53	308,729.65
Shenzhen Property Management Co., Ltd.	Subsidiary	Service	Property management	RMB 7.25 million	72,353,067.23	15,567,063.44	55,853,813.51	434,297.63	580,998.87
Shenzhen Zhentong Engineering Co., Ltd.	Subsidiary	Service	Fixing and maintenance of projects	RMB 10 million	175,286,102.54	16,863,617.26	232,654,402.19	1,586,279.37	1,398,362.39
Shenzhen Huazhan Construction Supervision Co., Ltd.	Subsidiary	Service	Construction supervision	RMB 8 million	10,949,640.71	8,269,970.44	4,791,203.04	617,566.74	496,369.88
Shenzhen SPG Mini-bus Rent Co., Ltd.	Subsidiary	Service	Rent of mini-bus	RMB 10.29 million	20,724,703.89	16,677,111.82	2,287,202.96	577,604.52	432,938.98
Shantou SEZ, Wellam FTY, Building Development Co., Ltd.	Subsidiary	Real estate	Development of real estate	US\$ 15 million	686,325,402.61	341,579,337.69	32,087,046.00	6,316,243.55	4,202,912.49
Great Wall Estate Co., Inc. (U.S.)	Subsidiary	Real estate	Development of real estate	USD 0.5 million	17,898,705.85	-77,316,272.33	300,463.51	67,850.10	67,850.10
Xin Feng	Subsidiary	Investment	Investment	HKD 1	200,170,81	-390,660,21	121,500.00	-1,968,40	-1,971,264.10

Enterprise Co., Ltd.		managemen t	and managemen t	million	7.55	8.69		0.08	
Shenzhen SPG Longgang Development Co., Ltd.	Subsidiary	Real estate	Developme nt of real estate	RMB 30 million	909,286,45 9.30	-38,502,706 .02		-5,117,88 5.99	-5,069,047.61

5. Significant projects invested with non-raised funds

Applicable Inapplicable

Unit: RMB Ten Thousand Yuan

Project name	Total planed investment	Input for this period	Cumulative actual input as at the period-end	Project progress	Project earnings
SPG Chuanqi Hill	254,545	10,308	227,172	100.00%	Accumulative carried forward sales revenue of RMB 1,509,170,000
SPG Shanglin Garden	140,000	16,176	76,906		
Shantou Yuejing Dongfang	15,000	2,857	15,751		
Shantou Jingzaiwan Project	119,400	2,150	32,014		
Total	528,945	31,491	351,843	--	--

VI. Predict the operating results of Jan.-Sep. 2013

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

Applicable Inapplicable

Prediction: Synthetic and substantial ascent

Type of the predicted data: interval data

	Jan.-Sep. 2014			Jan.- Sep. 2013	+/-			
Predicted accumulative net profit (RMB Ten thousand)	5,000	--	5,800	1,658	Increase	201.57%	--	249.82%
Basic EPS (RMB Yuan/share)	0.0494	--	0.0573	0.0164	Increase	201.22%	--	249.39%

Explanation about the predictions	Sales of the SPG Chuanqi Hill of the Company carried forward normally.
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VII. Explanation by the Board of Directors and the Supervisory Committee about the “non-standard audit report” issued by the CPAs firm for the reporting period

Applicable Inapplicable

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

Applicable Inapplicable

IX. Implementation of profit allocation during the reporting period

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

Applicable Inapplicable

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

X. Preplan for profit distribution and turning capital reserve into share capital for the reporting period

Applicable Inapplicable

The Company planned not to distribute cash dividends or bonus shares or turn capital reserve into share capital for the reporting period.

XI. Researches, visits and interviews received in the reporting period

Applicable Inapplicable

Time	Place	Way of reception	Visitor type	Visitor	Main discussion and materials provided by the Company
9 Jan. 2014	Office	By telephone	Individual	Individual investor	Know of the annual operation situation of the Company, situations such as the progress of the project development and the influences on the operation of the Company of the state and policies, didn't offer written

					materials
6 Mar. 2014	Office	By telephone	Individual	Individual investor	Inquire of the appointed disclosure date of the annual report of the Company and the sales situation of Guangming, Longgang, didn't offer written materials
25 Apr. 2014	Office	By telephone	Individual	Individual investor	Inquire of the operation situation of the Company and the reason that the decrease of the current share price, didn't offer written materials
26 Jun. 2014	Office	By telephone	Individual	Individual investor	Inquire of the progress of the project development of the first half year and the sales situation of the Company, didn't offer written materials

Section V. Significant Events

I. Information about corporate governance

In the reporting period, the Company strictly accorded with requirements of Company Law, Securities Law, Stock Listing Rules and the relevant regulations of other laws and regulations, the Company continuously perfected its corporate governance, and standardized its operation. The actual situation of corporate governance was in line with the requirements of the relevant normative documents, which formed a operation system that decision made by the Board of Directors, execution implemented by management team and supervised by the Board of Supervisors.

(I) The arrangement and opening of the Annual General Meeting of the Company and the disclosure of the solutions of the meetings are both executed according to regulations of the Articles of Association and Rules of Procedure of Shareholders Meeting, with the whole shareholders in equal state than could fully execute the legitimate rights.

(II) The Directors and the Board of Directors: the decision-making right of the Board of Directors exercises normally and the preparation and opening of the board meetings as well as the disclosure of the solutions of the meetings are all executed according to the regulations of Articles of Association and Rules of Procedure of the Board of Directors; special committees such as the strategies, audition, nomination, remuneration and assessment etc., which belong to the Board of Directors, could carry out works positively as well as efficiently; the Directors performed with integrity, loyalty, diligence and responsibility.

(III) The Supervisors and Board of Supervisors: the Board of Supervisors of the Company strictly executes the supervision and inspection on the significant events of the Company, efficiently exercises the supervision right as well as fully exerts the supervision function according to the regulations of the Rules of Procedure of the Board of Supervisors.

(IV) Managers: the managers comprehensively take in charge of the administration work of the production and the operation of the Company, and other senior executives all both could perform with diligence and responsibility. The manager also could efficiently execute the decision of the Board of Directors as well as ensure the efficiency of the supervision and restriction.

II. Significant lawsuit or arbitration

√ Applicable □ Inapplicable

Basic information	Involved amount (RMB 0,000)	Projected liability or not	Progress	Ruling and influence	Execution of ruling	Date of disclosure	Disclosure index
Xi'an Project Lawsuit (For details, see "Note VII"—"Contingent Events"—"1. Contingent liabilities due to pending lawsuits or arbitrations, as well as the financial influence	2,100	No	In execution	① Business Tourism Company had to pay for the compensation RMB 36,620 thousand and the relevant interest (from 14 Sept. 1998 to the payment day) to	The applicant has received RMB 15.20 million. Now Business Tourism Company has no executable properties and Xi'an Joint Commission on	29 Mar. 2014	www.cninfo.com.cn Semi-annual Report

thereof".)				<p>Xi'an Fresh Peak Company within one month after the judgment entering into force. If the Business Tourism Company failed to pay in time, it had to pay double debt interests to Xi'an Fresh Peak Company for the overdue period;</p> <p>② Xi'an Joint Commission on Commerce had jointly and severally obligation of the interests of the compensation; ③ Business Tourism Company shall bear RMB 227,500 of the acceptance fee and the security fee.</p>	Commerce has been refusing to execute the ruling. It is difficult to recover the rest.		
<p>Luofu Hill project Lawsuit (For details, see "Note VII"—"Contingent Events"—"1. Contingent liabilities due to pending lawsuits or arbitrations, as well as the financial influence thereof".)</p>	980	No	In execution	<p>① Luofu Hill Tourism Company has paid back RMB 9.6 million; ② Luofushan Administration Committee had to undertake one third of the debts which Luofushan Tourism was unable to repay; ③ Luofu Hill Tourism</p>	<p>Because the state-owned land resource administration cannot work out the planning key points for the sealed land, the land cannot be auctioned.</p>	29 Mar. 2014	<p>www.cninfo.com.cn Semi-annual Report</p>

				Company shall bear RMB 167,700 of the case acceptance fee and the security fee.			
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III. Media's queries

Applicable Inapplicable

There was no media's common query during the reporting period.

IV. Bankruptcy reorganization

Applicable Inapplicable

No event involving bankruptcy reorganization occurred to the Company in the reporting period.

V. Asset transactions

1. Purchase of assets

Applicable Inapplicable

There was no purchase of asset by the Company during the reporting period.

2. Sale of assets

Applicable Inapplicable

There was no sale of assets by the Company during the reporting period.

3. Business combination

Applicable Inapplicable

No business combination occurred to the Company during the reporting period.

VI. Implementation of equity incentive and its influence

Applicable Inapplicable

The Company did not make or carry out any equity incentive plan during the reporting period.

VII. Significant related-party transactions

1. Related-party transactions concerning routine operation

Applicable Inapplicable

Related transaction party	Relation	Type of the transaction	Contents of the transaction	Pricing principle	Transaction price	Transaction amount (RMB Ten thousand)	Proportion in the total amounts of transactions of the same kind (%)	Method of settlement	Obtainable market price for the transaction of the same kind	Disclosure date	Disclosure index
Shenzhen Jianan Group Co., Ltd.	Under the same control of the Company's controlling shareholder	The related party offered bid for the wholly subsidiary	Construction	Negotiated price	Contractual amount of RMB 40,519,400	100	100.00%	Bank transfer		29 Mar. 2014	
Total				--	--	100	--	--	--	--	--
Details about return of large-amount sales				Naught							
Where the Company classifies and estimates the total amount of routine related-party transactions for the reporting period, explain the actual implementation during the reporting period (if any)				Inapplicable							
Explain why the transaction price is greatly different from the market price				Inapplicable							

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

Applicable Inapplicable

No related-party transaction arising from acquisition or sale of assets occurred to the Company during the reporting period.

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

Applicable Inapplicable

No related-party transaction arising from joint investment in external parties occurred to the Company during the reporting period.

4. Credits and liabilities with related parties

Applicable Inapplicable

Was there any non-operating credit or liability with any related party?

Yes No

The Company was not involved in any non-operating credit or liability with any related party during the reporting period.

5. Other significant related-party transactions

Applicable Inapplicable

No other significant related-party transaction occurred to the Company during the reporting period.

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

Applicable Inapplicable

The controlling shareholder or its related parties did not occupy the Company's funds for non-operating purposes during the reporting period.

IX. Significant contracts and fulfillment thereof**1. Trusteeship, contracting and leasing****(1) Trusteeship**

Applicable Inapplicable

The Company did not make any entrustment in the reporting period.

(2) Contracting

Applicable Inapplicable

The Company was not involved in any contracting in the reporting period.

(3) Leasing

Applicable Inapplicable

The Company was not involved in any leasing in the reporting period.

2. Guarantees provided by the Company

Applicable Inapplicable

Unit: RMB Ten Thousand

Guarantees provided by the company for external parties (excluding those for subsidiaries)								
Guaranteed party	Disclosure date on relevant announcement of guaranteed	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not

	amount							
Total external guarantee line approved during the reporting period (A1)				0	Total actual occurred amount of external guarantee during the reporting period (A2)			0
Total external guarantee line that has been approved at the end of the reporting period (A3)				0	Total actual external guarantee balance at the end of the reporting period (A4)			0
Guarantee provided by the Company for its subsidiaries								
Guaranteed party	Disclosure date of relevant announcement	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not (Yes or no)
Shenzhen SPG Longgang Development Co., Ltd.	31 Mar. 2012	8,840	31 Mar. 2012	8,840	Joint liability guarantee	3 years	No	Yes
Shantou SEZ, Wellam FTY, Building Development Co., Ltd.		13,000	17 Apr. 2013	13,000	Joint liability guarantee	3 years	No	Yes
Total guarantee line approved for the subsidiaries during the reporting period (B1)				0	Total actual occurred amount of guarantee for the subsidiaries during the reporting period (B2)			0
Total guarantee line that has been approved for the subsidiaries at the end of the reporting period (B3)				21,840	Total actual guarantee balance for the subsidiaries at the end of the reporting period (B4)			21,840
Total guarantee amount provided by the Company (total of the above-mentioned two kinds of guarantees)								
Total guarantee line approved during the reporting period (A1+B1)				0	Total actual occurred amount of guarantee during the reporting period (A2+B2)			0
Total guarantee line that has been approved at the end of the reporting period (A3+B3)				21,840	Total actual guarantee balance at the end of the reporting period (A4+B4)			21,840
Proportion of total guarantee amount (A4+B4) to the net assets of the Company								11.51%

Of which:	
Amount of debt guarantee provided for the guaranteed party whose asset-liability ratio is not less than 70% directly or indirectly (D)	8,840
Part of the amount of the total guarantee over 50% of net assets (E)	0
Total amount of the above three guarantees (C+D+E)	8,840
Explanation on possible bearing joint responsibility of liquidation due to immature guarantee	The Company offered staggered joint liability guarantee for the commercial residential building purchaser's mortgage loan, guarantee period from the date of the loan to the completion of mortgage registration date of Shenzhen Real Estate Sales Contract (Pre-sale). If the buyer did not fulfill the debtor during the security responsibility, the Company has the right to withdraw the property sold, thus the guarantee will not cause the actual loss of the Company.
Explanation on provision of guarantees for external parties in violation of the prescribed procedure	N/A

Explanation on particulars about the guarantees by complex ways:

N/A

(1) Illegal provision of guarantees for external parties

Applicable Inapplicable

The Company did not illegally provide any guarantee for any external party in the reporting period.

3. Other significant contracts

Applicable Inapplicable

There was no other significant contract of the Company in the reporting period.

4. Other significant transactions

Applicable Inapplicable

The Company was not involved in any other significant transaction in the reporting period.

X. Commitments made by the Company or any shareholder holding over 5% of the Company's shares in the reporting period or such commitments carried down into the reporting period

Applicable Inapplicable

No such commitments in the reporting period.

XI. Engagement and disengagement of the CPAs firm

Has the semi-annual financial report been audited?

Yes No

XII. Punishments and rectifications

Applicable Inapplicable

No punishment or rectification in the reporting period.

XIII. Delisting risk due to violation of laws or regulations

Applicable Inapplicable

No such risk in the reporting period.

XIV. Other significant events

Applicable Inapplicable

No other significant event in the reporting period that needs to be explained.

Section VI. Change in Shares & Shareholders

I. Change in shares

Unit: Share

	Before the change		Increase/decrease (+, -)					After the change	
	Number	Percentage	New shares	Bonus shares	Capitalization of capital reserve	Other	Subtotal	Number	Percentage
I. Shares subject to trading moratorium	0	0.00%	0	0	0	0	0	0	0.00%
1. Shares held by the State	0	0.00%	0	0	0	0	0	0	0.00%
2. Share held by state-owned corporation	0	0.00%	0	0	0	0	0	0	0.00%
3. Shares held by other domestic corporation	0	0.00%	0	0	0	0	0	0	0.00%
Among which: shares held by domestic corporation	0	0.00%		0	0	0	0	0	0.00%
Shares held by domestic natural persons	0	0.00%	0	0	0	0	0	0	0.00%
4. Shares held by foreign investors	0	0.00%	0	0	0	0	0	0	0.00%
Among which: Shares held by foreign corporation	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by foreign natural persons	0	0.00%	0	0	0	0	0	0	0.00%
5. Share held by senior management staff	1,011,660,000	100.00%	0	0	0	0	0	1,011,660,000	100.00%
II. Shares not subject to trading moratorium	891,660,000	88.14%	0	0	0	0	0	891,660,000	88.14%
1. Renminbi ordinary shares	120,000,000	11.86%	0	0	0	0	0	120,000,000	11.86%
2. Domestically listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Other	0	0.00%	0	0	0	0	0	0	0.00%
III. Total amount of shares	1,011,660,000	100.00%	0	0	0	0	0	1,011,660,000	100.00%

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Reason for the changes in share capital

Approval for changes in share capital

 Applicable Inapplicable

Transfer for changes in share capital

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

 Applicable Inapplicable

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

II. Total number of shareholders and their shareholdings

Unit: Share

Total number of common shareholders at the end of the reporting period		75,869	Total number of preferred shareholders who had resumed their voting right at the end of the reporting period (if any) (see note 8)	0				
Shareholdings of shareholders holding more than 5% shares or top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Number of shares held at the end of the reporting period	Increase /decrease of shares during the reporting period	Number of restricted shares held	Number of non-restricted shares held	Pledged or frozen shares	
							Status of shares	Number of shares
SHENZHEN INVESTMENT HOLDINGS CO., LTD	State-owned corporation	63.55%	642,884,262	0		642,884,262		
Wen Jianjun	Domestic individual	0.41%	4,169,892	4,169,892		4,169,892		
Li Minggong	Foreign individual	0.23%	2,328,100	2328100		2,328,100		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	0.17%	1,767,650	-12500		1,767,650		
Zhang Jigang	Domestic individual	0.15%	1,480,000	780000		1,480,000		

Qian Chao	Domestic individual	0.12%	1,210,688	258700		1,210,688		
Dacheng Value Growth Fund	State-owned corporation	0.11%	1,123,296	1123296		1,123,296		
Wu Haoyuan	Foreign individual	0.11%	1,109,300	0		1,109,300		
Wang Zhongming	Domestic individual	0.11%	1,095,808	0		1,095,808		
Gao Qiang	Domestic individual	0.10%	987,000	436400		987,000		
corporation becoming a top ten shareholder due to placing of new shares (if any) (See note 3)	Naught							
Explanation on associated relationship or/and persons acting in concert among the above-mentioned shareholders	The Company found no relationship between the shareholders above, and also did not find them belong to the shareholders Listed Company change in shareholding ownership Information Management Approach specified in the act in concert.							
Particulars about shares held by the top ten shareholders holding shares not subject to trading moratorium								
Name of shareholder	Number of tradable shares held at the year-end	Type of share		Number of				
		Type	Number					
SHENZHEN INVESTMENT HOLDINGS CO., LTD	642,884,262	RMB ordinary share						
Wen Jianjun	4,169,892	RMB ordinary share						
Li Minggong	2,328,100	Domestically listed foreign share						
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	1,767,650	Domestically listed foreign share						
Zhang Jigang	1,480,000	RMB ordinary share						
Qian Chao	1,210,688	RMB ordinary share						
Dacheng Value Growth Fund	1,123,296	RMB ordinary share						
Wu Haoyuan	1,109,300	Domestically listed foreign share						
Wang Zhongming	1,095,808	Domestically listed foreign						

		share	
Gao Qiang	987,000	RMB ordinary share	
Explanation on associated relationship or/and persons acting in concert among the top ten tradable shareholders and between the top ten tradable shareholders and the top ten shareholders	The Company found no relationship between the shareholders above, and also did not find them belong to the shareholders Listed Company change in shareholding ownership Information Management Approach specified in the act in concert.		
Explanation on the top 10 shareholders participating in the margin trading business (if any) (see Note 4)	Qian Chao, the sixth of the top ten shareholders held A share of the Company of 1,210,688 shares purchased by securities margin trading. Gao Qiang, the seventh of the top ten shareholders held A share of the Company of 721,400 shares purchased by securities margin trading.		

Did any shareholder of the Company carry out an agreed buy-back in the reporting period?

Yes No

No shareholder of the Company carried out any agreed buy-back in the reporting period.

III. Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the reporting period

Applicable Inapplicable

The controlling shareholder of the Company did not change in the reporting period.

Change of the actual controller in the reporting period

Applicable Inapplicable

The actual controller of the Company did not change in the reporting period.

IV. Any shareholding increase plan proposed or implemented by any shareholder or its act-in-concert party during the reporting period

Applicable Inapplicable

To the best knowledge of the Company, no shareholder or its act-in-concert party proposed or implemented any shareholding increase plan during the reporting period.

Section VII. Preferred Shares

I. Issuance and listing of preferred shares in the reporting period

Applicable Inapplicable

II. Number of preferred share holder and their shareholdings

Applicable Inapplicable

III. Buy-back or conversion of preferred shares

1. Buy-back of preferred shares

Applicable Inapplicable

2. Conversion of preferred shares

Applicable Inapplicable

IV. Resumption and exercise of voting rights of preferred shares

Applicable Inapplicable

V. Accounting policies adopted for preferred shares and reasons

Applicable Inapplicable

Section VIII. Directors, Supervisors & Senior Management Staff

I. Change of shareholdings of directors, supervisors and senior management staff

Applicable Inapplicable

There was no change in the shareholdings of directors, supervisors and senior management staff in the reporting period. For details, please refer to the 2013 Annual Report.

II. Change of directors, supervisors and senior management staff

Applicable Inapplicable

There was no change of the directors, supervisors and senior management staff. For details, please refer to the 2013 Annual Report.

Section IX. Financial Report

1. Audit report

Was the financial report for the six months Ended 30 June 2014 audited?

Yes No

The financial report for the six months Ended 30 June 2014 was not audited.

2. Financial statement

Currency: RMB Yuan

2.1 Consolidated Balance Sheet

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

Currency: RMB Yuan

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	557,103,301.22	525,374,372.44
Deposit reservation for balance		
Lendings to Banks and Other Financial Institutions		
Financial assets held-for-trading		0.00
Note receivables		
Account receivables	16,970,775.27	14,102,124.06
Prepayments	20,603,439.36	12,206,598.30
Draw in insurance fee		
Reinsurance Accounts Receivable		
Receivable Deposit for Duty of Reinsurance		
Interest receivable		
Dividends receivable	1,052,192.76	1,052,192.76
Other receivables	58,196,223.66	54,672,501.81
Buying back the sale of financial assets		0.00
Inventories	3,079,681,780.00	2,967,935,589.04
Non-current asset due within one year		
Other current assets	32,898,944.99	3,451,107.04
Total current assets	3,766,506,657.26	3,578,794,485.45
Non-current assets:		
Issuing of entrusted loans and advances		0.00
Financial assets held-for-trade		0.00
Held-to-maturity investments		0.00
Long-term receivables		0.00

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

Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

Long-term equity investments	75,200,652.59	75,200,652.59
Investment properties	456,245,530.94	466,314,091.90
Fixed assets	57,404,307.21	60,715,687.71
Construction in progress		0.00
Materials for construction		0.00
Disposal of fixed assets		0.00
Bio-assets in production		0.00
Oil and gas assets		0.00
Intangible assets	6,477,396.81	6,753,566.79
Development expenditure		0.00
Goodwill		0.00
Long-term deferred assets	421,255.91	528,352.21
Deferred tax assets	26,792,460.02	26,792,460.02
Other non-current assets		0.00
Total non-current assets	622,541,603.48	636,304,811.22
TOTAL ASSETS	4,389,048,260.74	4,215,099,296.67
Current liabilities:		
Short-term loans	28,000,000.00	23,000,000.00
Borrowings from the Central Bank		
Savings Absorption & Due to Placements with Banks and Other Financial Institutions		
Borrow from Banks and Other Financial Institutions		
Financial liabilities held-for-trade		0.00
Notes payable		
Accounts payable	282,956,580.89	389,345,271.46
Deferral	790,524,957.89	312,967,028.85
Financial Assets Sold for Repurchase		
Handling charges and commissions payable		
Employee benefits payable	32,334,984.72	37,159,445.41
Taxes payable	50,695,921.18	148,006,651.37
Interest payables	16,775,222.47	18,482,515.18
Dividends payable		
Other payables	395,546,532.95	394,687,837.29
Dividend Payable for Reinsurance		
Insurance contract reserve fund		
Receivings from Vicariously Traded Securities		
Receivings from Vicariously Sold Securities		
Non-current liabilities due within one year	351,402,655.08	331,482,489.72
Other current liabilities		
Total current liabilities	1,948,236,855.18	1,655,131,239.28
Non-current liabilities:		
Long-term loans	660,305,474.21	814,213,536.85
Bonds payable		
Long-term payables	11,386,664.29	10,749,885.53

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

Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

Special payables		
Accrued liabilities		
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	671,692,138.50	824,963,422.38
Total liabilities	2,619,928,993.68	2,480,094,661.66
Owners' equity:		
Share capital	1,011,660,000.00	1,011,660,000.00
Capital reserve	978,244,858.10	978,244,858.10
Less: treasury shares		
Special reserve		
Surplus reserve	4,974,391.15	4,974,391.15
General risk reserve		
Undistributed profit	-106,153,757.40	-140,886,134.13
Foreign exchange translation difference	8,917,573.57	9,354,020.21
Total owners' equity attributable to parent company	1,897,643,065.42	1,863,347,135.33
Minority interests	-128,523,798.36	-128,342,500.32
Total owners' equity	1,769,119,267.06	1,735,004,635.01
Total liabilities and owners' equity	4,389,048,260.74	4,215,099,296.67

Legal representative : Zhou Jianguo

Person in charge of accounting: Tang Xiaoping

Person in charge of accounting organ: Qiao Yanjun

2.2 Balance Sheet

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

Currency: RMB Yuan

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	268,564,331.04	362,953,152.47
Financial assets held-for-trade		
Notes receivable		
Accounts receivable	4,413,700.16	4,359,289.23
Prepayments	61,772.50	
Interest receivable		
Dividends receivable		
Other receivables	629,924,184.37	669,806,773.71
Inventories	1,683,314,636.62	1,830,603,734.72
Non-current asset due within one year		
Other current assets		
Total current assets	2,586,278,624.69	2,867,722,950.13
Non-current Assets:		
Financial assets available-for-sale		
Held-to-maturity investments		

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

Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

Long-term receivable		
Long-term equity investments	328,371,367.19	328,371,367.19
Investment properties	398,635,608.45	407,900,089.95
Fixed assets	32,876,047.70	34,263,366.14
Construction in progress		
Materials for construction		
Disposal of fixed assets		
Bio-assets in production		
Oil and gas assets		
Intangible assets	1,218,666.81	1,406,066.79
Development expenditure		
Goodwill		
Long-term deferred assets	104,660.85	132,925.95
Deferred tax assets	3,230,636.28	3,230,636.28
Other non-rent assets		
Total non-current assets	764,436,987.28	775,304,452.30
Total Assets	3,350,715,611.97	3,643,027,402.43
Current liabilities:		
Short-term loans		
Financial liabilities held-for-trade		
Notes payable		
Account payable	287,515,790.18	393,715,301.47
Deferral	89,747,119.00	82,398,193.00
Employee benefits payable	11,510,045.84	11,614,479.62
Taxes payable	57,669,469.58	149,643,182.39
Interest payable	16,535,277.94	18,094,154.07
Dividend payable		
Other payables	643,182,849.45	648,978,988.66
Non-current liability due within one year	351,402,655.08	331,482,489.72
Other current liability		
Total current liabilities	1,457,563,207.07	1,635,926,788.93
Non-current liabilities:		
Long-term loans	427,316,121.98	581,224,184.62
Bonds payable		
Long-term payables		
Special payables		
Accrued liabilities		
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	427,316,121.98	581,224,184.62
Total liabilities	1,884,879,329.05	2,217,150,973.55
Owners' equity:		

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

Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

Share capital	1,011,660,000.00	1,011,660,000.00
Capital reserve	978,244,858.10	978,244,858.10
Less: treasury shares		
Special reserve		
Surplus reserves		
General risk reserve		
Undistributed profit	-524,068,575.18	-564,028,429.22
Foreign currency translation difference		
Total owners' equity attributable to parent company	1,465,836,282.92	1,425,876,428.88
Total liabilities and owners' equity	3,350,715,611.97	3,643,027,402.43

Legal representative : Zhou Jianguo

Person in charge of accounting: Tang Xiaoping

Person in charge of accounting organ: Qiao Yanjun

2.3 Consolidated Income Statement

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

Currency: RMB Yuan

Item	Amount for the current period	Amount for the prior period
I .Total operating income	573,074,359.31	320,687,860.60
Including: Operating income	573,074,359.31	320,687,860.60
Interest Income	0.00	0.00
Premium Income	0.00	0.00
Commission Income	0.00	0.00
II .Total operating Costs	523,365,715.86	305,029,618.82
Including: Operating costs	432,807,763.70	246,707,002.82
Interest Expenses		
Commission Expenses		
Loan Value		
et compensation Expenses		
Appropriation of Deposit for Duty		
Dividend Expenses for The Insured		
Reinsurance Expenses		
Business tax and surcharge	40,888,590.26	24,535,155.90
Selling expenses	14,246,226.29	6,879,545.90
Administrative expense	25,596,729.20	27,482,942.29
Financial expense	9,826,406.41	-575,027.99
Impairment losses of assets		
Add: Gains from changes in fair value ("-" means loss)		
Investment income ("-" means loss)		
Including: Investment income from associates and joint venture		
Exchange gain ("-" means loss)		
III.Operating profit ("-" means loss)	49,708,643.45	15,658,241.78
Add: Non-operating income	497,280.70	3,525,440.59
Less: Non-operating expenses	120,187.28	95,764.32

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

Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

Including: Loss on disposal of non-current assets	1,289.90	6,511.98
IV. Total profit ("-" means loss)	50,085,736.87	19,087,918.05
Less: Income tax expenses	15,333,005.11	6,019,760.27
V. Net profit ("-" means loss)	34,752,731.76	13,068,157.78
Including: The net profits of the merged party which has been realized prior to the combination		
Net attributable to owners of parent company	34,732,376.73	13,050,340.37
Minority interests	20,355.03	17,817.41
VI. Earnings per share	--	--
Basic Earnings per share	0.0343	0.0129
Diluted Earnings per share	0.0343	0.0129
VII. Other comprehensive income	-638,099.71	1,787,893.36
VIII. Total comprehensive income	34,114,632.05	14,856,051.14
Total comprehensive income attributable to owners of parent company	34,295,930.09	14,266,314.22
Total comprehensive income attributable to minority interests	-181,298.04	589,736.92

Legal representative : Zhou Jianguo

Person in charge of accounting: Tang Xiaoping

Person in charge of accounting organ: Qiao Yanjun

2.4 Income Statement

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

Currency: RMB Yuan

Item	Amount for the current period	Amount for the prior period
I . Total operating income	264,492,668.99	25,288,842.36
Less: Operating costs	161,104,051.82	11,056,048.84
Business tax and surcharge	23,639,301.67	4,969,097.32
Selling expenses	5,645,238.88	4,143,678.58
Administrative expense	12,152,575.51	13,204,466.99
Financial expense	8,406,916.10	1,115,568.71
Impairment losses of assets		
Add: Gains from changes in fair value ("-" means loss)		
Investment income ("-" means loss)		
Including: Investment income from associates and joint venture		
II . Operating profit ("-" means loss)	53,544,585.01	-9,200,018.08
Add: Non-operating income	4,000.00	62,002.01
Less: Non-operating expenses	39,000.00	25,644.48
Including: Loss on disposal of non-current assets		4,644.48
III. Total profit ("-" means loss)	53,509,585.01	-9,163,660.55
Less: Income tax expenses	13,549,730.97	
IV . Net profit ("-" means loss)	39,959,854.04	-9,163,660.55
V . Earnings per share:	--	--
Basic Earnings per share	0.0395	-0.009
Diluted Earnings per share	0.0395	-0.009

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

Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

VI. Other comprehensive income		
VII. Total comprehensive income	39,959,854.04	-9,163,660.55

Legal representative : Zhou Jianguo

Person in charge of accounting: Tang Xiaoping

Person in charge of accounting organ: Qiao Yanjun

2.5 Consolidated Cash Flow Statement

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

Currency: RMB Yuan

Items	Amount for the current period	Amount for the prior period
I . Cash Flow from Operating Activities:		
Cash received from sales of goods or rendering of services	1,025,937,501.10	1,038,782,095.16
Refund of taxes and levies		
Net increase of customer deposits and interbank deposit		
Net increase in borrowings from the central bank		
Cash received from the original insurance contract		
Net cash received from reinsurance business		
Net increase in insured deposits and investments		
Net increase in disposal of financial assets		
Interest charges, fees and commissions		
Net increase in capital borrowed		
Net increase in repurchase operations funds		
Refund of taxes and levies		
Cash received relating to other operating activities	60,340,341.96	66,253,051.17
Sub-total of Cash Inflows	1,086,277,843.06	1,105,035,146.33
Cash paid for goods and services	570,363,865.11	551,706,829.05
Net increase in loans and advances		
Net increase on central bank and interbank		
Cash payments on the original insurance contract		
Cash on payment of interest, fee and commissions		
Cash dividends paid to policyholders		
Cash paid to and on behalf of employees	60,459,958.74	60,437,931.14
Cash paid on taxes and levies	183,766,305.94	71,652,121.81
Cash paid relating to other operating activities	71,662,962.95	71,790,523.32
Sub-total of Cash Outflows	886,253,092.74	755,587,405.32
Net Cash Flows from Operating Activities	200,024,750.32	349,447,741.01
II . Cash Flows from Investing Activities:		
Cash received from return of investments		
Cash received investing income		
Net cash received from disposal of fixed assets, intangible assets and other long assets"	6,196.00	4,627,823.89
Net cash flows from disposal subsidiary and other operating unite		
Other cash received relating to investing activities		

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

Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

Sub-total of Cash Inflows	6,196.00	4,627,823.89
Cash paid to acquire fixed assets, intangible assets and other long assets	1,182,011.00	876,000.76
Cash paid on investments		
Net increase in secured loans		
Net cash paid on obtain subsidiary and other operating unite		
Cash paid on other investing activities		
Sub-total of Cash Outflows	1,182,011.00	876,000.76
Net Cash Flows from Investing Activities	-1,175,815.00	3,751,823.13
III. Cash flow from Financing Activities		
Cash received from investments		
Including: Cash received from investments by minority interests of subsidiaries		
Cash received from borrowing	15,000,000.00	17,989,352.23
Cash received from issuing bonds		
Cash received from other financing activities		5,000,000.00
Sub-total of Cash Inflows	15,000,000.00	22,989,352.23
Cash repayments on borrowed amounts	143,987,897.28	207,739,818.50
Cash payments for distribution of dividends or profits	38,218,031.33	38,745,760.90
Including: Dividends or profit paid to minority interests of subsidiaries		
Cash payments on other financing activities		
Sub-total of cash Outflows	182,205,928.61	246,485,579.40
Net cash flows from financing activities	-167,205,928.61	-223,496,227.17
IV. Effect of foreign exchange rate on cash	78,522.07	-235,856.33
V. Net increase in cash and cash equivalents	31,721,528.78	129,467,480.64
Add: cash equivalents at the beginning of the period	519,284,372.44	463,713,702.77
VI. Cash equivalents at the end of the period	551,005,901.22	593,181,183.41

Legal representative : Zhou Jianguo

Person in charge of accounting: Tang Xiaoping

Person in charge of accounting organ: Qiao Yanjun

2.6 Cash Flow Statement

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

Currency: RMB Yuan

Item	Amount for the current period	Amount for the prior period
I . Cash Flow from Operating Activities:		
Cash received from sales of goods or rendering of services	267,401,244.93	682,488,655.33
Refund of taxes and levies		
Cash received relating to other operating activities	64,407,589.38	21,118,477.30
Sub-total of cash inflows	331,808,834.31	703,607,132.63
Cash paid for goods and services	109,365,965.55	182,971,575.16

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

Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

Cash paid to and on behalf of employees	16,400,793.26	17,505,842.40
Cash paid on taxes and levies	130,295,350.06	27,139,693.58
Cash paid relating to other operating activities	6,007,210.58	20,359,831.27
Sub-total of Cash Outflows	262,069,319.45	247,976,942.41
Net Cash Flows from Operating Activities	69,739,514.86	455,630,190.22
II. Cash Flows from Investing Activities:		
Cash received from return of investments		
Cash received investing income		
Net cash received from disposal of fixed assets, intangible assets and other long assets		
Net cash received from disposal of branch and other business unit		
Other cash received relating to investing activities		
Sub-total of Cash Inflows		
Cash paid to acquire fixed assets, intangible assets and other long assets	807,797.00	760,297.76
Cash paid on investments		
Net cash paid to acquire branch and other business unit		
Cash paid on other investing activities		
Sub-total of cash outflows	807,797.00	760,297.76
Net Cash Flows from Investing Activities	-807,797.00	-760,297.76
III. Cash flow from Financing Activities:		
Cash received from investments		
Cash received from borrowing		
Cash received from issuing bonds		
Cash received from other financing activities		5,000,000.00
Sub-total of cash inflows		5,000,000.00
Cash repayments on borrowed amounts	133,987,897.28	187,739,818.50
Cash payments for distribution of dividends or profits	29,332,752.00	31,282,790.40
Cash payments on other financing activities		
Sub-total of cash Outflows	163,320,649.28	219,022,608.90
Net cash flows from financing activities	-163,320,649.28	-214,022,608.90
IV. Effect of foreign exchange rate on cash	109.99	-411.85
V. Net increase in cash and cash equivalents	-94,388,821.43	240,846,871.71
Add: cash equivalents at the beginning of the period	356,953,152.47	190,825,250.83
VI. Cash equivalents at the end of the period	262,564,331.04	431,672,122.54

Legal representative : Zhou Jianguo

Person in charge of accounting: Tang Xiaoping

Person in charge of accounting organ: Qiao Yanjun

2.7 CONSOLIDATED STATEMENT OF CHANGES IN OWNER'S EQUITY

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

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

Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

Amount for the current period

Currency: RMB Yuan

Items	Amount for the current period									
	Attribute to the equity of parent company								Minority interests	Total owners' equity
	Share capital	Capital reserve	Less: Treasury shares	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others		
1. Balance at the End of Last Period	1,011,660,000.00	978,244,858.10			4,974,391.15		-140,886,134.13	9,354,020.21	-128,342,500.32	1,735,004,635.01
Add: Changes of accounting policies										
Prior year adjustments										
Other										
2. Balance at the Beginning of the Year	1,011,660,000.00	978,244,858.10			4,974,391.15		-140,886,134.13	9,354,020.21	-128,342,500.32	1,735,004,635.01
3. Increase/Decrease movements in this Year ("-" means loss)							34,732,376.73	-436,446.64	-181,298.04	34,114,632.05
(I) Net Profit							34,732,376.73		20,355.03	34,752,731.76
(II) Gain/Loss to Owners' Equity Directly								-436,446.64	-201,653.07	-638,099.71
Subtotal of (I) and (II)							34,732,376.73	-436,446.64	-181,298.04	34,114,632.05
(III) Capital Injected and Reduced by Owners										
a. Capital injected by owners										
b. Payment for shares included in owners' equity										
c. Others										
(IV) Profit Distribution										
a. Withdrawal surplus reserve										
b. Withdraws of general risk reserve										
c. Distribution to owners (or shareholders)										
d. Others										
(V) Internal transfers of owners' equity										
a. Capitalisation of Additional share capital; (or share capital)										
b. Capitalization of surplus reserve (or share capital)										
c. Making up losses of surplus reserve										
d. Others										

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

Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

(VI) Special Reserve										
a. Withdrawal of special reserve										
b. Use of special reserve										
(VII) Others										
4. Balance at the end of the period	1,011,660,000.00	978,244,858.10			4,974,391.15		-106,153,757.40	8,917,573.57	-128,523,798.36	1,769,119,267.06

Amount for the prior period

Currency: RMB

Yuan

Items	Amount for the prior period									
	Attributable to equity holders of the Company								Minority interests	Total owners' equity
	Share capital	Capital reserve	Less: Treasury shares	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others		
1. Balance at the End of Last Period	1,011,660,000.00	978,244,858.10			4,974,391.15		-369,154,405.36	9,651,254.84	-128,264,600.95	1,507,111,497.78
Add: retroactive adjustment of enterprise merger Under the same control										
Changes of accounting policies										
Error correction of the previous period										
Other										
2. Balance at the Beginning of the Year	1,011,660,000.00	978,244,858.10			4,974,391.15		-369,154,405.36	9,651,254.84	-128,264,600.95	1,507,111,497.78
3. Increase/Decrease movements in this Year ("-" means loss)							13,050,340.37	1,215,973.85	589,736.92	14,856,051.14
(I) Net Profit							13,050,340.37		17,817.41	13,068,157.78
(II) Other comprehensive income								1,215,973.85	571,919.51	1,787,893.36
Subtotal of (I) and (II)							13,050,340.37	1,215,973.85	589,736.92	14,856,051.14
(III) Capital Injected and Reduced by Owners										
a. Capital injected by owners										
b. Payment for shares included in owners' equity										
c. Others										
(IV) Profit Distribution										
a. Withdraws of surplus reserve										
b. Withdraws of general risk reserve										

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

Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

c. Distribution to owners (or shareholders)										
d. Others										
(V) Internal transfers of owners' equity										
a. Capitalisation of Additional share capital; (or share capital)										
b. Capitalization of surplus reserve (or share capital)										
c. Making up losses of surplus reserve										
d. Others										
(VI) Special Reserve										
a. Withdrawal of special reserve										
b. Use of special reserve										
(VII) Others										
4. Balance at the end of the period	1,011,660,000.00	978,244,858.10			4,974,391.15		-356,104,064.99	10,867,228.69	-127,674,864.03	1,521,967,548.92

Legal representative : Zhou Jianguo

Person in charge of accounting: Tang Xiaoping

Person in charge of accounting organ: Qiao Yanjun

2.8 STATEMENT OF CHANGES IN OWNER'S EQUITY

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

Amount for the current period

Currency: RMB Yuan

Item	Amount for the current period							
	Share capital	Capital reserve	Less: Treasury shares	Special reserve	Surplus reserves	General risk reserve	Undistributed profit	Total owners' equity
1. Balance at the end of last year:	1,011,660,000.00	978,244,858.10					-564,028,429.22	1,425,876,428.88
Add: Changes of accounting policy								
Error correction of the previous period								
Others								
2. Balance at the beginning of the year	1,011,660,000.00	978,244,858.10					-564,028,429.22	1,425,876,428.88
3. Change in equity for the year							39,959,854.04	39,959,854.04
(I) Net profit							39,959,854.04	39,959,854.04
(II) Others								
Subtotal of (I) and (II)							39,959,854.04	39,959,854.04
(III) Shareholders' contributions and decrease of capital								

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

Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

a. Capital injected by owners								
b. Payment for shares included in owners' equity								
c. Others								
(IV) Profit distribution								
a. Withdraws of surplus reserve								
b. Withdraws of general risk reserve								
c. Distribution to owners (or shareholders)								
d. Others								
(V) Internal transfers of owners' equity								
a. Capitalisation of Additional share capital; (or share capital)								
b. Capitalisation of surplus reserve (or share capital)								
c. Making up losses of surplus reserve								
d. Others								
(VI) Special Reserve								
a. Withdrawal of current period								
b. Use of special reserve								
(VII) Others								
4. Balance at the end of the period	1,011,660,000.00	978,244,858.10					-524,068,575.18	1,465,836,282.92

Amount for the prior period

Currency: RMB Yuan

Item	Amount for the prior period							
	Share capital	Capital reserve	Less: Treasury shares	Special reserve	Surplus reserves	General risk reserve	Undistributed profit	Total owners' equity
1. Balance at the end of last year:	1,011,660,000.00	978,244,858.10					-770,201,814.08	1,219,703,044.02
Add: Changes of accounting policy								
Error correction of the previous period								
Others								
2. Balance at the beginning of the year	1,011,660,000.00	978,244,858.10					-770,201,814.08	1,219,703,044.02
3. Change in equity for the year							-9,163,660.55	-9,163,660.55
(1) Net profit							-9,163,660.55	-9,163,660.55
(2) Others								
Sub-total (1)& (2)							-9,163,660.55	-9,163,660.55
(3) Shareholders' contributions and								

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

Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

decrease of capital								
a. Contributions by shareholders								
b. Equity settled share-based payment								
c. Others								
(4) Distribution of profits								
a. Withdraws of surplus reserve								
b. Withdraws of general risk reserve								
c. Distribution to owners (or shareholders)								
d. Others								
(5) Transfers within equity								
a. Share capital increased by capital reserve transfer								
b. Share capital increased by surplus reserve transfer								
c. Remedying loss with profit surplus								
d. Others								
(6) Special reserves								
a. Extracted this year								
b. Used this year								
(7) Others								
4. Balance at the end of the year report period	1,011,660,000.00	978,244,858.10					-779,365,474.63	1,210,539,383.47

Legal representative : Zhou Jianguo

Person in charge of accounting: Tang Xiaoping

Person in charge of accounting organ: Qiao Yanjun

3. General information

3.1 Corporate introduction

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

On 13 October 2004, according to the document No.(2004) 223 "Decision on establishing Shenzhen investment Holding Co., Ltd." issued by State-Owned Assets Supervision and Administration Commission of Shenzhen Municipal Government, Former major shareholder – Shenzhen Construction Investment Holding Company with two other assets

management companies merged to form the Shenzhen Investment Holding Co., Ltd. By the State-owned Assets Supervision and Administration Commission of the state council, and quasi-exempt obligations tender offer as approved by China Security Regulatory Committee with document No.(2005)116, this issue of consolidated has been authorized and the registration changing had been done on 15 February 2006. As at the end of the reporting period, Shenzhen Investment Holding Limited holds 642,884,262 shares of the Company (63.55% of the total share capital). The shares are all selling unrestricted shares.

3.2 Corporate Information

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

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

3.3 Change of Corporate transaction

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

3.4 Financial statements publish approver & date

The Financial statement published on Aug 22th, 2014, which approved by Group's Board of Directors.

4.Important Accounting Principles and Accounting Estimates

4.1Basis of Preparation

The financial statements of the Group have been prepared on the basis of going concern in conformity with Chinese Accounting Standards for Business Enterprises and the Accounting Systems for Business Enterprises issued by the Ministry of Finance of People's Republic of China in February 2006, and Accounting Standards (order No.38 of the Ministry of Finance) and Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.15—General Provisions on Financial Reports (2010 Revision) issued by the China Securities Regulatory Commission (CSRC)

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

with relevant requirements.

4.2 Statement of Compliance with Enterprise Accounting Standards

The financial statements of the Group comply are recognized and measured in accordance with the regulations in the Chinese Accounting Standards for Business Enterprises and they give a true and fair view of the financial position, business result and cash flow of the Group as of 31 December 2013. In addition, the financial statements of the and the Group comply, in all material respects, with the revised disclosing requirements for financial statements and the notes " Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.15—General Provisions on Financial Reports (2010 Revision) issued by China Securities Regulatory Commission (CSRC) in 2010.

4.3 Accounting period

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

4.4 Monetary Unit

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

4.5 Accounting treatment under common/non common control

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

(1) Business combination involving entities under common control

A business combination involving enterprises under common control is a business

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

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

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

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

(2) Business combination involving entities under non common control

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

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

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

The transaction cost arose from issuing of equity securities or liability securities shall be

initially recognized as equity securities or liability securities.

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

For a business combination achieved in stages that involves multiple exchange transactions, the equity interest in the acquiree previously held before the acquisition date re-assessed at the fair value at the acquisition date, with any difference between its fair value and its carrying amount is recorded as investment income. The other comprehensive income of the acquiree before the acquisition date relating to the previously held interest in the acquiree is transferred to investment income.

Combination cost is the aggregate of the carrying amount of the equity interest held in the acquiree prior to the acquisition date and the fair value of the cost of the additional investment at the acquisition date.

Combination cost of the acquirer's interest and identifiable net assets of the acquirer acquired through the business combination shall be measured by the fair value at the acquisition date. Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference shall be recognized as goodwill. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference shall be accounted for according to the following requirements: (i) the acquirer shall reassess the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination; (ii) if after that reassessment, the cost of combination is still less than the acquirer's interest in the fair values of the acquiree's identifiable net assets, the acquirer shall recognize the remaining difference immediately in profit or loss for the current period.

Where the temporary difference obtained by the acquirer was not recognized due to inconformity with the conditions applied for recognition of deferred income tax, if, within the 12 months after acquisition, additional information can prove the existence of related information at acquisition date and the expected economic benefits on the acquisition date arose from deductible temporary difference by the acquiree can be achieved, relevant income tax assets can be recognized, and goodwill offset. If the goodwill is not sufficient, the difference shall be recognized as profit of the current period.

Apart from above, the differences shall be taken into profit or loss of the current period if the recognition of deferred income tax assets is related to the combination.

4.6 Specific accounting policy about lose control step by step

(1) Principle judgments of package deal

Several transactions should be accounted for as a package deal if conditions and the economic impact of disposal of investments in subsidiaries are in compliance with one or more of the following circumstances: ① These transactions are considered simultaneously or ② these transactions as a whole in order to reach a complete business results; another case of the occurrence of the impact of entering into a transaction depends ③ had at least one other transaction; ④ see a transaction alone is not economical, but, Other transactions are taken into account when the economy.

(2) Accounting treatment of package deal

Disposal of the equity investment until the loss of control of a subsidiary of the transactions belonging to a package deal, the transaction will be accounted as a disposal of a subsidiary and the loss of control; However, before losing control, the difference between the price and share in the net assets of the subsidiary's should be recognized as other comprehensive income. When losing control, it will be transferred into profit/loss.

(3) Accounting treatment of non-package deal

For a non-package deal, each of the transaction is separately accounted in accordance with: partial disposal of long-term equity investment in a subsidiary without losing control (See Note 2, 13, (2) ④) or; loss of control of a subsidiary due to the disposal of partial equity investments or other reasons " (See Note 4, 7) principles applicable accounting treatment.

4.7. Preparation of consolidated financial statements

(1) The scope of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities. The scope of consolidation includes the Group and all of the subsidiaries. Subsidiary is an enterprise or entity under the control of the Group.

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

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

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

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements. The results of operations and cash flow are included in the consolidated balance sheet and the consolidated income statement, respectively, based on their carrying amounts, from the date that common control was established, and the opening balances and the comparative figures of the consolidated financial statements are restated.

When the accounting period or accounting policies of a subsidiary are different from those of the Group, the Group makes necessary adjustments to the financial statements of the subsidiary based on the Group's own accounting period or accounting policies. Where a subsidiary was acquired during the reporting period through a business combination not under common control, the financial statements was reconciled on the basis of the fair value of identifiable net assets at the date of acquisition. Intra-group balances and transactions, and any unrealized profit or loss arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

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

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

When the Group loses control of a subsidiary due to the disposal of a portion of an equity investment or other reasons, the remaining equity investment is re-measured at its fair value at the date when control is lost. The difference between 1) the total amount of consideration received from the transaction that resulted in the loss of control and the fair value of the remaining equity investment and 2) the carrying amounts of the interest in the former subsidiary's net assets immediately before the loss of the control is recognized as investment income for the current period when control is lost. The amount recognized in other comprehensive income in relation to the former subsidiary's equity investment is reclassified as investment income for the current period when control is lost. The retained interest is subsequently measured according to the rules stipulated in the "Chinese Accounting Standards for Business Enterprises No.2—Long-term equity investment" or "Chinese Accounting Standards for Business Enterprises No.22—Determination and measurement of financial instruments" (see note 4.13).

2) On the same unit of buying and selling stakes in two consecutive fiscal year to buy or sell the required to make disclosure of the relevant accounting methods

4.8. **Cash and cash equivalent**

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

4.9. **Foreign exchange**

(1) Translation in foreign exchange transactions

The foreign currency transactions are recorded, on initial recognition in the functional currency, by applying [the spot exchange rate on the date of the transaction / an exchange rate that approximates the actual spot exchange rate on the date of transaction]. The exchange of foreign currency and transactions related to the foreign exchange are translated at the spot exchange rate.

At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. All the exchange differences thus resulted are taken to profit or loss, except for **j** those relating to foreign currency borrowings specifically for construction and acquisition of qualifying assets, which are capitalized in accordance with the principle of capitalization of borrowing costs. For hedging accounting, the exchange difference related to hedging instruments for the purpose of net overseas operating investment is recorded in the comprehensive income till the date of disposal and recognized in profit or loss of the period; **l** The exchange difference from changes of other account balance of foreign currency monetary items available-for-trade is recorded into profit or loss except for amortized cost.

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

(2) The translation of financial statement in foreign currency

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

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

- 1) Assets and liabilities in the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; All equity items except for retained earnings are translated at the spot exchange rates at the dates on which such items occur;
- 2) Income and expenses in income statement are translated at the spot exchange rates at the date of transaction.
- 3) The opening undistributed profit is the closing undistributed profit of the last period after translation.
- 4) The closing balance of undistributed profit is calculated and presented in the basis of each translated income statements and profit distribution item.

5) The difference arising between the assets and liabilities and shareholder's shall be booked as translation difference of foreign currency statements, and shall be presented as a separate component of equity in the balance sheet.

6) On a loss of control over Group's oversea operation due to disposal, the Group transfers the accumulated or proportionate share of the accumulated exchange difference arising on translation of financial statements of this oversea operation attributable to the owners' equity of the Group and presented under shareholder's equity, to profit or loss in the period in which the disposal occurs.

Foreign currency cash flows and cash flow of oversea subsidiaries are translated at the spot exchange rates. The effect of exchange rate changes on cash is separately presented as an adjustment item in the cash flow statement.

The opening and actual amount of last year are presented in the financial statement after translation

4.10. Financial instruments

(1) Classification of financial assets

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

(2) Recognition and measurement of financial assets

A financial asset is recognized initially at fair value. In the case of financial assets at fair value through profit or loss, relevant transaction costs are immediately charged to the profit and loss of the current period; transaction costs relating to financial assets of other categories are included in the amount initially recognized.

1) Financial assets at fair value through profit or loss:

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

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

A. the financial asset is acquired for the purpose of selling it in a short term;

B. the financial asset is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits;

C. the financial asset is a derivative, except for a derivative that is designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured. For such kind of financial assets, fair values are adopted for subsequent measurement.

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

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

B. a group of financial instruments is managed and its performance is evaluated on a fair value basis, and is reported to the enterprise's key management personnel. Formal documentation regarding risk management or investment strategy has prepared.

Financial assets at fair value through profit or loss are subsequently measured at the fair value. Any gains or losses arising from changes in the fair value and any dividends or interest income earned on the financial assets are recognized in the profit or loss.

2) Investment held-to maturity

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

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

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

3) Loans and receivables

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

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

4) Financial assets available-for-trade

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

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

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

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

1) Financial liabilities measured by the fair value and the changes recorded in profit or loss

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

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

2) Other financial liabilities

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

3) Financial guarantee contracts

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

(3) Recognition and measurement of financial assets transfer

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

- 1) the rights to receive cash flows from the asset have expired;
- 2) the enterprise has transferred its rights to receive cash flows from the asset to a third party under a “pass-through” arrangement; or
- 3) the enterprise has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, (a). the carrying amount of the financial asset transferred; and (b) the sum of the consideration

received from the transfer and any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

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

(4) Derecognition

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

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

When the Group derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

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

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

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

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

2) Impairment loss on available-for-trade financial assets

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

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

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

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

(7) Will not expire held-to-maturity investment heavy classified as available for sale financial assets, that holds the basis of intent or ability to change

4.11 Account receivables

The account receivable by the Group includes account receivables, and other receivables.

(1) Criteria for recognition of bad debts:

The Group carries out an inspection on the balance sheet date. Where there is any objective evidence proving that the receivables have been impaired, an impairment provision shall be made:

- 1) A serious financial difficulty occurs to the issuer or debtor;
- 2) The debtor breaches any of the contractual stipulations, for example, fails to pay or delays the payment of interests or the principal, etc.;
- 3) The debtor will probably become bankrupt or carry out other financial reorganizations;
- 4) Other objective evidences showing the impairment of the receivables.

(2) Method for bad debts provision

- 1) Provisions of bad debts in account receivables that is individually significant.

The Group treats account receivables over RMB 5,000,000.00 (including 5,000,000.00) as individually significant item.

For an account receivable that is individually significant, the asset is individually assessed for impairment, and the amount of impairment is recognized in profit or loss if there is objective evidence of impairment is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. An account receivable for which an impairment loss is individually recognized is not included in a group of account receivables with similar credit risk characteristics and collectively assessed for impairment.

- 2) Provisions of bad debts that is individually insignificant.

For the account receivables not individually significant, the Group assesses the account receivables individually for impairment when are of following characteristics: if there is objective evidence indicating the impairment, the impairment loss is recognized at the difference between the present value of future cash flow less the carrying amount, and provision is made accordingly.

4.12 Inventories

(1) Classification of inventory

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

(2) Valuation method of inventories upon delivery

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

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

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

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

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

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

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

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

4.13. Long-term equity investments

(1) Determination of Investment cost

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

For a business combination not involving enterprise under common control, the combination cost including the sum of fair value, at the acquisition date, of the assets given,

liabilities incurred or assumed, and equity securities issued by the acquirer. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services etc and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

The transaction cost for the equity securities or liability securities issued by the acquirer in the business combination shall be recognized as initial amount of equity security or liability. The equity investments other than the long-term equity through combination shall be initially measured by cost. The cost shall be recognized to the difference in the way of acquisition of long-term equity investment. These ways include the cash purchase price the Group actually paid, the fair value of equity security issued by the Group, value specified in the investment contract or agreement, the fair value or carrying value of the asset out in the transaction of non-monetary asset exchanges, and the fair value of the long-term equity investment.

Expenses, taxes and other necessary expenditures directly attributable to the acquisition of long-term equity investment are taken into investment cost.

(2) Subsequent Measurement

Cost method shall be adopted in a long-term equity investment where the investing enterprise does not have common control or significant influence over the investee, the investment is not quoted in an active market and its fair value cannot be measured reliably. Where an investing enterprise can exercise common control or significant influence over the investee, a long-term investment shall be accounted for using the equity method.

When an investing enterprise can no longer exercise joint control or common control nor significant influence over the investee, and its fair value cannot be measured reliably, a long-term investment shall be counted as financial asset ready-for trade.

A long-term equity investment where cost method is adopted in the Company's financial statements can exercise controls over the investee.

1) Cost method of accounting for long-term equity investments

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

2) Equity method of accounting for long-term equity investments

Where the initial investment cost of a long-term equity investment exceeds the investing enterprise's interest in the fair values of the investee's identifiable net assets at the time of acquisition, no adjustment shall be made to the initial investment cost.

Where the initial investment cost of a long-term equity investment is less than the investing enterprise's interest in the fair values of investee's identifiable net assets at the time of acquisition, the difference shall be charged to profit or loss for the current period, and the cost of the long-term equity investment shall adjusted accordingly.

Under the equity method, the Group recognizes its share of the net profit or loss of the investee for the period as investment income or loss for the period. The Group recognizes its share of the investee's net profit or loss based on the fair value of the investee's individual separately indentible assets, etc at the acquisition date after making appropriate adjustments to confirm with the Group's accounting policies and accounting period. Unrealized profits or losses resulting from the Group's transactions with its associates and joint ventures are recognized as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealized losses resulting from the Group's transactions with its investees on the transferred assets, in accordance with "Accounting Standards for Enterprises No. 8 - Impairment of Assets", are not eliminated. Changes in owners' equity of the investee other than net profit or loss are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized as other compressive income which is included in the capital reserve.

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

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

3) Acquisition of minority interest

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

4) Disposal of long-term equity investment

Where the parent company disposes long-term investment in a subsidiary without a change in control, the difference in the net asset between the amount of disposed long-term investment and the amount of the consideration paid or received is adjusted to the owner's equity. If the disposal of long-term investment in a subsidiary involves loss of control over the subsidiary, the related accounting policies in Note 4.4 applies.

On disposal of a long-term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognized in profit or loss for the period. For long-term equity investment accounted for using the equity method, the amount included in the shareholders' equity attributable to the percentage interest disposed is transferred to profit or loss for the period.

For any retained interest, it shall be subsequently measured according to the related accounting policies in regard of long-term equity investments or financial assets as described above if its carrying amount is recognized as long-term equity investments or other related financial assets. Retroactive adjustment is made on the basis of relevant policies if the retained interests are settled from cost method to equity method.

(3) Recognition of investee under common control or significant influence

Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities.

Common control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee held by the investing enterprise or other parties that are currently exercisable or convertible shall be considered.

(4) Impairment testing methods and recognition of impairment provision

The company assesses the long-term equity investment at the balance sheet date whether there is any indication of impairment. If any indication exists that an asset may be impaired, the enterprise shall estimate its recoverable value of the asset. If the recoverable value of the asset is less than its carrying amount, a provision for impairment loss of the asset is recognized accordingly.

Once an impairment loss is recognized, it shall not be reversed in a subsequent period.

4.14 Investment properties

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

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

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

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

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

Where an investment property is disposed or no longer in use permanently and no

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

4.15 Fixed assets

(1) The conditions of recognition

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

(2) Recognition and measurement of financial lease

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

(3) The method for depreciation

Fixed assets are stated at cost and consider the impact of expected costs of abandoning the initial measurement. From the following month of state of intended use, depreciation method of the straight-line method is used for different categories of fixed assets to take depreciation. The recognition of the classification, useful life and estimated residual rate are as follows:

Category	Expected useful life	Estimated residual value (%)	Depreciation (%)
Building & construction	30	5.00%	3.17
Machines & equipments	7	5.00%	13.57
Vehicles	5	5.00%	19.00
Electronic appliances	6	5.00%	15.83

Expected net residual value of fixed assets is the balance of the Group currently obtained from the disposal of the asset less the estimated costs of disposal amount, assuming the asset is out of useful life and state the expected service life in the end.

(4) Measurement and recognition of fixed assets impairment

Fixed assets should be estimated the recoverable amount if there is an indication. The recoverable amount is according to the high one of net value of fair value minus the disposal with the present value of the future cash flows. The estimation should be based on individual assets, if it is difficult to estimate the recoverable amount, change into estimating the group of assets it belongs to. Once provision for impairment, it could not be reversed in

later accounting period.

(5) Others

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

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

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

4.16 Construction in progress

Construction in progress is measured at its actual cost. The actual costs include various construction expenditures during the construction period and other relevant costs. Construction in progress is transferred to a fixed asset when it is ready for intended use.

On the balance sheet day, estimation should be made for the impairment of the long-term suspension project that will not be re-started in three years. The impairment estimated is book value minus the recoverable amount. Once provision for impairment, it could not be reversed in later accounting period.

4.17 Borrowing costs

Borrowing costs include interest, amortization of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings.

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. The amounts of other borrowing costs incurred are recognized as an expense in the period in which they are incurred. Qualifying assets are asset (fixed assets, investment property and inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

Where funds are borrowed for a specific-purpose, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest

earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds.

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

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

Assets qualified for capitalization are the fixed assets, investment properties or inventories which need a long time of construction or production activities before ready for intended used or sale.

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

18、 Biological assets

19、 Oil assets

4.20 Intangible assets

(1) Recognition and calculation of intangible asset

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

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

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

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

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

(2) Research and development expenditure

The Group classifies the expenditure on an internal research and development project into expenditure on the research phase and expenditure on the development phase.

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

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

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

5) the expenditure attributable to the intangible asset during its development phase can be reliably measured.

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

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

On balance sheet day, make impairment test for the uncertain life of intangible assets.

If there is an indication of impairment on balance sheet day for intangible assets with the finite useful life, estimate the recoverable amount. If the amount is lower than the book value, the carrying value of intangible assets will be written down to its recoverable amount. And the cut amount recognized as impairment losses, included in the current profit and loss period. Once provision for impairment, it could not be reversed in later accounting period.

4.21 Long-term deferred assets

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

4.22A repurchase assets transfer conditions

4.23. Accrued liabilities

Accrued liabilities (or Provisions) are recognized when following obligations related to a contingency are satisfied simultaneously. They are (a) such obligation is the present obligation of the Group, (b) it is probable that an outflow of economic benefits will be required to settle the obligation, and (c) the amount of the obligation can be measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as risks, uncertainties and time value of money.

Where all or some of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received, and the amount of reimbursement recognized does not exceed the carrying amount of the provision.

(1) Onerous contracts

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

(2) Restructuring Obligation

The amount of a restructuring provision shall be recognized by the total direct expenditures arising from the restructuring when the enterprise has a detailed, formal plan for the restructuring, and a public announcement of the plan has been made for restructuring and above requirements for the provision mentioned above are satisfied.

[For the restructuring obligation carried for the portion of business for sale, the obligation related to the restructuring can only be recognized when the Group has committed for the sales of portion of the business (signing the selling agreement with termination)]

24、 Share-based payment and equity instruments

(1) The kinds of share-based payment

(2) Method for the confirmation of the fair value of equity instruments

(3) Confirm the basis of a best estimate vested equity instruments

(4) Implement, modify, terminate the relevant accounting treatment share-based payment plan

25、 Repurchase shares the company

4.26 Revenue

(1) Revenue from sales of goods

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

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

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

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

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

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

(2) Revenue from rendering service

When the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction is recognized using the percentage of completion method, or otherwise, the revenue is recognized to the extent of costs incurred that are expected to be recoverable. The stage of completion of a transaction for rendering services is determined based on [survey of work performed / services performed to the date of as a percentage of total services to be performed / the proportion that costs incurred to date bear to the estimated total costs of the transaction]

The outcome of a transaction involving rendering of services can be estimated reliably when all of the following conditions are satisfied:

- 1) the amount of revenue can be measured reliably;
- 2) it is probable that the associated economic benefits will flow to the Group;
- 3) the stage of completion of the transaction can be measured reliably;
- 4) the costs incurred and to be incurred for the transaction can be measured reliably.

If the outcome of a transaction involving rendering of services cannot be estimated reliably, the revenue is recognized by the cost incurred and estimated compensation, and the actual cost is booked into profit and loss. No revenue is recognized if the cost incurred cannot be recovered.

For contract or agreement entered between the Group and other enterprises with sales of goods and rendering services, if part of goods selling and the part of rendering service can be separated and measured individually, they are settled separately. If the part of goods selling and the part of rendering service cannot be separated or they can be separated but cannot be measured individually, the parts in the contract shall be treated as goods of selling.

(3) Revenue from construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognized using the percentage of completion method at the balance sheet date. The stage of completion of a contract is determined using the proportion that actual contract costs incurred to date bears to the estimated total contract costs.

The outcome of a construct contract can be measured reliably when the following conditions are met:

- (1) the total revenue of the contract can be measured reliably;
- (2) it is probable that the associated economic benefits will flow to the enterprise;
- (3) the actual cost of the contract incurred can be determined and measured reliably;
- (4) the stage of completion of the contract and the costs to be incurred associated with the completion of the contract can be measured reliably.

Where the outcome of a construction contract cannot be estimated reliably, (1) if contract costs are expected to be recoverable, contract revenue is recognized to the extent of contract costs that are expected to be recoverable; and contract costs are recognized as expenses in the period in which they are incurred; (2) if contract costs are not expected to be recoverable, they are recognized as expenses immediately when incurred and contract revenue is not recognized. When the uncertainties that prevented the outcome of the construction contract from being estimated reliably no longer exist, revenue and expenses associated with the construction contract are recognized using the percentage of completion method.

If the estimated total contract costs exceed total contract revenue, the expected loss is recognized immediately as an expense for the period.

4.27 Government Grants

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

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

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

compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the period.

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

4.28 Deferred income tax assets and deferred income tax liabilities

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, according to the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects at the balance sheet date, to recover the assets or settle the liabilities.

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

For temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

For taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, no deferred income tax liability related is recognized except where the Group is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

All deferred income tax liabilities arising from taxable temporary differences except the ones mentioned above are recognized.

For temporary deductible differences associated with the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset is recognized.

For taxable temporary deductible differences associated with investments in subsidiaries

and associates, and interests in joint ventures, no deferred income tax asset related is recognized if it is impossible to reversal the temporary difference in the foreseeable future, or it is not probable to obtain taxable income which can be used for the deduction of the temporary difference in the future.

Except mentioned above, the Group recognizes other deferred income tax assets that can deduct temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

For the deductible losses and tax credit that can be carried forward, deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates according to tax laws, that are expected to apply in the period in which the asset is realized or the liability is settled.

At the balance sheet date, the Group reviews the carrying amount of deferred tax assets. If it is no longer probable that sufficient taxable profit will be available in future periods to allow the benefits of the deferred tax assets to be used, the Group reduces the carrying amount of deferred tax assets. The amount of such reduction is reversed when it becomes probable that sufficient taxable profit will be available.

4.29 Leases

(1) Operating Lease

①The Group as Lessee under Operating Lease

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

②The Group as Leaser under Operating Lease

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

(2)Financing Lease

①The Group as Lessee under Operating Lease

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

The net amount of minimum lease payment deducted by the unrecognized finance shall be separated into long-term liabilities and long-term liability within one year for presentation.

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

②The Group as Leaser under Operating Lease

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

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

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

(3) Sale and leaseback of accounting treatment

4.30 Assets ready-for-sale

The Group has made decision on disposal of some non-current assets, and signed irrecoverable transferring agreements with buyers. The transaction is probably to be completed with one year. If so, the non-current asset shall be counted as an asset ready-for-sale, not depreciated or amortized, and shall be measured by the lower of carrying amount and fair value less net value of disposal expenses. Non-current assets ready-for-sale includes individual asset and disposal group. If disposal group is an asset group, and has allocated goodwill acquired during the combination according to the Accounting Standard for Business Enterprises No. 8 - Impairment, or the disposal group is

an operation in the asset group, the disposal group includes goodwill in the business combination.

Where an asset or a disposal group is classified as held-for-trade, but cannot satisfy the condition of non-current asset ready-for-trade, the Group shall derecognize it as held-for-trade, and measure it by the lower of the followings:

- (1) the carrying amount of the asset or disposal group before it is classified as held-for-trade, the value after the adjustment of depreciation, amortization or impairment recognized under the assumption that it is not classified as held-for-trade;
- (2) the recoverable value on the date when decided not to trade any more.

4.31、 Asset securitization

4.32、 Hedging accounting

4.33、 Changes in major accounting policies and accounting estimates

(1) Changes of accounting estimates

There were no changes of accounting policies that affected the Company during the period.

(2) Changes of accounting estimates

There were no changes of accounting estimation that affected the Company during the period.

4.34、 Correction of previous accounting errors

There was no previous accounting errors correction that affected the Company during the period.

4.35 Other major account policies, accounting estimates and preparation of financial statements

During the accounting period of an employee' providing services to the Group, the Group recognizes the compensation payable as liabilities.

The Group participates in the employees social security system set up by government agencies, including pensions, medical insurance, housing fund and other social security system, and the corresponding expenditures are included in the cost of related assets or the profit or loss.

When an enterprise terminates the employment relationship with employees before the end of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, a provision shall be recognized for the compensation arising from termination of employment relationship with employees, with a corresponding charge to the profit or loss for the current period. The enterprise cannot unilaterally withdraw from the termination plan or the redundancy offer.

The early retirement plan adopts the same principles of termination benefits. Salaries and social insurance from the date of ceasing services to the date of normal retirement are paid by the Group, subject to the conditions to be recognized in profit or loss (termination

benefits).

5. Principal Taxes Applied

5.1 Taxes and their rates

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

*The rate of domestic enterprises is 25%, and the rate of HK enterprises is 16.5%.

5.2 Tax breaks and approval

5.3 Other instructions

6. Business Combination & Consolidated Financial Statements

6.1 Information of subsidiaries

(1) Subsidiaries established or acquired through investment

Currency: RMB yuan

Name of the subsidiary	Types	Reg. place	Biz nature	Reg. captl (in ten thousand Yuan)	Biz scope	Actual capital contribution at the end of the period(in Yuan)	Balance of other items that in substance constitutes net investment	(%) of share	Voting (%)	Consolidated or not	Minority interest	Amount of minority interest used to absorb profits or losses attributable to minority interests	The excess of the minority shareholders' share of the opening balance of owners' equity of the subsidiary is allocated against owners' equity of parent company
Shenzhen Petrel Hotel Co. Ltd.	Wholly-owned subsidiary	shenzhen	Services	30,000,000.00	Hotel	30,000,000.00		100.00%	100.00%	Yes			
Shenzhen City Property Management Ltd.	Wholly-owned subsidiary	shenzhen	Services	7,250,000.00	Property management	7,250,000.00		100.00%	100.00%	Yes			
Shenzhen Zhen Tung Engineering Ltd.	Wholly-owned subsidiary	shenzhen	Services	10,000,000.00	Fitting-out contracting and	10,000,000.00		100.00%	100.00%	Yes			

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

Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

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Shenzhen City We Gen Construction Management Ltd.	Wholly-owned subsidiary	shenzhen	shenzhen	8,000,000.00	Construction project management	8,000,000.00		100.00%	100.00%	Yes			
Shenzhen City Car Rental Ltd.	Wholly-owned subsidiary	shenzhen	shenzhen	10,290,000.00	Construction project management	10,290,000.00		100.00%	100.00%	Yes			
Shenzhen Shenfang Car Park Ltd.	Wholly-owned subsidiary	shenzhen	shenzhen	42,500,000.00	Develop and operate car park	42,500,000.00		100.00%	100.00%	Yes			
Shenzhen City Shenfang Investment Ltd.	Wholly-owned subsidiary	shenzhen	Investment	10,000,000.00	Investment and management	10,000,000.00		100.00%	100.00%	Yes			
Shenzhen City Shenfang Free Trade Trading Ltd.	Wholly-owned subsidiary	shenzhen	Commercial trade	5,000,000.00	Trading of Import and Export	5,000,000.00		100.00%	100.00%	Yes			
Shenzhen City SPG Long Gang Development Ltd.	Wholly-owned subsidiary	shenzhen	Real estate	30,000,000.00	Property development	30,000,000.00		100.00%	100.00%	Yes			
Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Property and Estate Co., Ltd.	Wholly-owned subsidiary	Guangzhou	Real estate	20,000,000.00	Property development	20,000,000.00		100.00%	100.00%	Yes			
Beijing fresh peak property development management limited company	Wholly-owned subsidiary	BeiJing	Real estate	US\$10,000,000.00	Operating of Real estate	76,710,000.00		100.00%	100.00%	Yes			
Beijing SPG Property Management Limited	Wholly-owned subsidiary	BeiJing	Services	500,000.00	Property management	500,000.00		100.00%	100.00%	Yes			
Shenzhen ShenWu Elevator Co., Ltd	Wholly-owned subsidiary	shenzhen	Services	3,500,000.00	Elevator sales and service	3,500,000.00		100.00%	100.00%	Yes			
Shenzhen Lian Hua Industry and Trading Co. Ltd.	Wholly-owned subsidiary	shenzhen	Services	10,000,000.00	Installation of mechanical and electrical equipm	10,000,000.00		100.00%	100.00%	Yes			

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

Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

					ent								
Fresh Peak Holding Ltd.	Wholly-owned subsidiary	HongKong	Investment and management	HKD1,000,000.00	Investment and management	1,000,470.00		100.00%	100.00%	Yes			
Wellam Ltd.	Wholly-owned subsidiary	HongKong	Investment holding	HKD10,000.00	Investment holding	10,000.00		100.00%	100.00%	Yes			
Shantou SEZ Wellam Fty Bldg., Dev. Co.	Wholly-owned subsidiary	ShanTou	Real estate	US\$15,000,000.00	Property development	91,226,100.00		100.00%	100.00%	Yes			
Shantou Huafeng Estate Dev.Co.	Wholly-owned subsidiary	ShanTou	Real estate	30,000,000.00	Property development	30,000,000.00		100.00%	100.00%	Yes			
Great Wall Estate Co., Inc	Subsidiary of holding company	USA	Real estate	USD500,000.00	Property development	2,051,100.00	101,380,000.00	70.00%	70.00%	Yes	-21,767,700.00	36,400.00	
Fresh Peak Holdings Ltd.	Wholly-owned subsidiary	HongKong	Investment and management	HKD1,000,000.00	Investment and management	502,300.00	564,980,000.00	100.00%	100.00%	Yes			
Fresh Peak Investment Ltd.	Subsidiary of holding company	HongKong	Investment	HKD1,000,000.00	Properties investment	1,004,700.00		55.00%	55.00%	Yes	-104,552,600.00	-2,200.00	
Openice Ltd.	Wholly-owned subsidiary	HongKong	Investment and management	HKD1,000,000.00	Investment and management	1,004,700.00		100.00%	100.00%	Yes			
Barenie Co. Ltd.	HongKong	HongKong	Investment	HKD10,000.00	Properties investment	10,000.00		80.00%	80.00%	Yes	-2,022,300.00	15,400.00	
Keyear Development Ltd.	Wholly-owned subsidiary	HongKong	Investment	HKD1,000,000.00	Investment holding	1,004,700.00		100.00%	100.00%	Yes			
Guangzhou Huangpu Xizun real estate limited company	Wholly-owned subsidiary	GuangZhou	Real estate	HKD39,800,000.00	Property development	28,457,000.00		100.00%	100.00%	Yes			
Fresh Peak Real Estate Dev. Construction (Wuhan) Co. Ltd.*①	Wholly-owned subsidiary	WuHan	Real estate	US\$4,000,000.00	Property development	22,920,000.00		55.00%	55.00%	Yes			
Shenzhen Shenfeng Department Store Co. Ltd.*②	Wholly-owned subsidiary	shenzhen	Commercial trade	10,000,000.00	Commercial goods supplier	10,000,000.00		100.00%	100.00%	No			
Shenzhen CyberPort Co., Ltd.*③	Wholly-owned subsidiary	shenzhen	Consultant	20,000,000.00	Information Technol	14,000,000.00		70.00%	70.00%	No			

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

Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

Shenzhen City SPG Bao An Development Ltd.* ^④	Wholly-owned subsidiary	shenzhen	Real estate	20,000,000.00	Property development	20,000,000.00		100.00%	100.00%	No			
Shenzhen Real Estate Consolidated Service Co., Ltd.* ^⑤	Wholly-owned subsidiary	shenzhen	Integrated Services	13,710,000.00	Construction material, consume goods	5,960,000.00		100.00%	100.00%	No			
Shenzhen Shen Fang Industrial Development Co., Ltd.* ^⑥	Wholly-owned subsidiary	shenzhen	Investment	3,000,000.00	Investment in industrial projects	4,500,000.00		100.00%	100.00%	No			
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd.* ^⑦	Wholly-owned subsidiary	shenzhen	Services	2,210,000.00	Construction and decoration	8,180,000.00		100.00%	100.00%	No			
Bekaton Property Limited* ^⑧	Subsidiary of holding company	Australia	Real estate	US\$200,000.00	Property Development	910,000.00	12,560,000.00	60.00%	60.00%	No			
Canada Great Wall (Vancouver)* ^⑧	Subsidiary of holding company	Canada	Real estate	CAD 1,000.00	Property Development	4,500.00	89,040,000.00	75.00%	75.00%	No			
Paklid Limited* ^⑧	Wholly-owned subsidiary	HongKong	Commercial trade	HKD500,000.00	Property construction and trading of construction materials	200,000.00	11,070,000.00	100.00%	100.00%	No			
Shenzhen City Shenfang Construction and Decoration Materials Ltd* ^⑨	Wholly-owned subsidiary	shenzhen	Commercial trade	2,680,000.00	Construction materials	2,680,000.00		100.00%	100.00%	No			
Shenzhen ZhongGang Haiyan Enterprise Ltd.* ^⑩	Subsidiary of holding company	shenzhen	Integrated Services	19,000,000.00	Tourism Restaurant	12,940,000.00		68.00%	68.00%	No			
Shenzhen Xing Dongfang Store Ltd.* ^⑪	Wholly-owned subsidiary	shenzhen	Commercial trade	20,000,000.00	Domestic commercial goods supply	18,500,000.00		100.00%	100.00%	No			

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

Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd *12	Subsidiary of holding company	FengKai in GuangD ong Provinc e	Manufact ure	US\$8, 000,00 0.00	Manufa cturing and trading in cement product s	121,260 ,000.00		90.00%	90.00%	No			
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*① Fresh Peak Real Estate Dev. Construction (Wuhan) Co. Ltd

The Company holds 100% equity of the corporation through the Subsidiary – fresh peak investment limited which the Company held 55% equity.

*② Shenzhen Shenfang Department Store Co. Ltd

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

*③ Shenzhen CyberPort Co., Ltd

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

*④ Shenzhen City SPG Bao An Development Ltd.

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

*⑤ Shenzhen Real Estate Consolidated Service Co., Ltd.

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

*⑥ Shenzhen Shen Fang Industrial Development Co., Ltd

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

*⑦ Shenzhen Tefa Real Estate Consolidated Service Co., Ltd

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

*⑧ Bekaton Property Limited and Paklid Limited

These 3 subsidiaries were set up overseas in early times. The board of directors passed a resolution to terminate the corporations' business.

*⑨ Shenzhen City Shenfang Construction and Decoration Materials Ltd

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

*⑩ Shenzhen ZhongGang Haiyan Enterprise Ltd

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

*11 Shenzhen Xin Dongfang Store Ltd

The operating period of this corporation is from 7 June 1983 to 7 June 1998. And this company has ceased operations for many years. And the corporation had been terminated its licenses by law at 10 January 2001 because of failing to take part in annual inspection.

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

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

Except for *②, *③, *④, *12, the above subsidiaries which are not included the company's consolidated financial statement had ceased operations for many years. And the entities of the corporations didn't exist. And the Company has no control over its subsidiaries' businesses. According to the principle of "Enterprise Accounting Standards No.33- the Consolidation Financial Statement", the corporation will not be included in the Company's consolidated financial statement. The book value of the investment account of the Company is zero.

(2) Subsidiaries acquired through business combination under common control

There were not subsidiaries acquired through business combination under common control.

(3) Subsidiaries acquired through business combination not under common control

Currency: RMB Yuan

Name of the subsidiary	Types	Reg. place	Biz nature	Reg. capital	Biz scope	Actual capital contribution at the end of the period (ten thousand)	Balance of other items that in substance constitutes net investment	(%) of share	Voting (%)	Consolidated or not	Minority interest	Amount of minority interest used to absorb profits or losses attributable to minority interests	The excess of the minority shareholders' share of the opening balance of owners' equity of the subsidiary is allocated against owners' equity of parent company
Shan Tou Special Economic Zone Real Estate Ltd.	Wholly-owned subsidiary	Shantou	Services	HKD30,000,000	Property development	21,080,000.00		100.00%	100.00%	Yes			

6.2 Special purpose entities or operational entities whose control power are formed through entrusted operation or lease.

There are no Special purpose entities or operational entities whose control power are formed through entrusted operation or lease.

6.3. The explanation for merge scope modification

Whether there was change for the consolidated scope during report period.

suitability unsuitability

6.4. The entity newly merged into the scope and the main body not merged into scope for this period

There are no entity newly merged into the scope and the main body not merged into scope for this period

6.5. Merger of enterprises under the same controller

There is no merger of enterprises under the same controller during the reporting period.

6.6 Merger of enterprises not under the same controller

There is no merger of enterprises not under the same controller during the reporting period.

6.7. Subsidiaries not included in the scope of consolidation because of not being controlled through sale

There are no subsidiaries not included in the scope of consolidation because of not being controlled through sale during the reporting period.

6.8 Reverse purchase occurred during the reporting period

There is no reverse purchase occurred during the reporting period.

6.9 Merger occurred during the reporting period

There is no merger occurred during the reporting period.

6.10 Exchange rates for translating major financial statement items of foreign operations

Items	Assets and liabilities	
	June 30, 2014	December 31, 2013
Great Wall Estate Co., Inc	USD1 = RMB 6.1543	USD1 = RMB 6.0969
Items	Revenue, expenses and cash flow	
	1-6/2014	1-6/2013
Great Wall Estate Co., Inc	USD1 = RMB 6.1543	USD1 = RMB 6.1797

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

Financial report for the six months ended 30 June 2013

7 Notes to the Consolidated Financial Statements

7.1 Monetary funds

Unit: Yuan

	Closing balance			Opening balance		
	Foreign currency	Exchange rate	Amount in RMB	Foreign currency	Exchange rate	Amount in RMB
Cash on hand	--	--	175,196.27	--	--	185,502.41
RMB	--	--	164,117.86	--	--	172,180.27
USD	100.00	6.1543	615.43	100.09	6.0969	610.24
HKD	13,178.72	0.79393	10,462.98	16,168.79	0.7862	12,711.90
Cash in bank	--	--	550,830,704.95	--	--	519,098,870.03
RMB	--	--	541,483,979.05	--	--	509,911,429.21
USD	146,539.10	6.1543	901,845.57	137,953.58	6.0969	841,089.20
HKD	10,517,149.28	0.79393	8,349,880.33	10,616,066.68	0.7862	8,346,351.62
Other monetary funds	--	--	6,097,400.00	--	--	6,090,000.00
RMB	--	--	6,097,400.00	--	--	6,090,000.00
HKD						
Total			557,103,301.22			525,374,372.44

Note: (1) Cash in bank above includes RMB 6,097,400.00 ownership restricted (opening balance: RMB 6,090,000.00). Among the other monetary funds, there is RMB 97,400.00 tender bonds margin, RMB 6,000,000.00 was deposited in the Company's rent escrow account for the Company's borrowings.

(2)The fund with use restrictions, which is being kept in a foreign country, is RMB 9,251,725.90 (opening balance: RMB 9,187,440.82).

7.2 Dividends receivables

Unit: Yuan

Item	Opening balance	Increase	Decrease	Closing balance	Reasons for uncollected amounts	Whether the amount is impaired
Aged within 1 year	1,052,192.76	--	--	1,052,192.76	delay	No
Total	1,052,192.76	--	--	1,052,192.76		

7.3 Accounts receivables

Unit: Yuan

(1) Accounts receivable by categories

Category	Closing balance			
	Carrying amount		Bad debt provision	
	Amount	(%)	Amount	(%)

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Accounts receivable of which provision for Portfolio	--	--	--	--
Accounts receivable of which provision for bad debts is of individually insignificant	36,111,894.38	100.00	19,141,119.11	53.01
Total	36,111,894.38	100.00	19,141,119.11	53.01

(Continued)

Category	Opening balance			
	Carrying amount		Bad debt provision	
	Amount	(%)	Amount	(%)
Accounts receivable of which provision for Portfolio	--	--	--	--
Accounts receivable of which provision for bad debts is of individually insignificant	33,243,243.17	100.00	19,141,119.11	57.58
Total	33,243,243.17	100.00	19,141,119.11	57.58

Note to categories of account receivable

Accounts receivable of which provision for bad debts is of individually significant

√suitability □ unsuitability

Portfolio 1 by Aging analysis

□suitability √unsuitability

Portfolio 2 by percentage

□suitability √unsuitability

Portfolio 3 by other methods

□suitability √unsuitability

Provisions of bad debts that is individually insignificant

√suitability □ unsuitability

Unit: Yuan

Content of accounts receivable	Carrying amount	Amount of bad debt	Proportion of provision (%)	Reasons for the provision
Receivables of import and export agency business	11,574,556.00	11,574,556.00	100.00	A separate provision is established according to the recoverability of each receivables with long aging and little retrievability.
House pay to be collected	10,811,709.25	6,968,694.02	64.46	
Engineering construction funds and others	13,725,629.13	597,869.09	4.36	
Total	36,111,894.38	19,141,119.11		--

(2) There were no any account receivables which had been accrued fully or large proportion provision transferred back in this accounting year.

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(3) There were no any significant account receivables which had been written off in this accounting year.

(4) No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of accounts receivable.

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

Unit: Yuan

Name of entity	Relationship with the Group	Amount	Age	Proportion of the amount to the total AR (%)
Corporate unit No.1	Un-related party	1,803,947.90	3 年以上	5.00
Individual No.1	Un-related party	1,200,000.00	3 年以上	3.32
Corporate unit No.2	Association	1,092,432.91	3 年以上	3.03
Individual No.2	Un-related party	876,864.11	3 年以上	2.43
Individual No.3	Un-related party	800,588.69	3 年以上	2.22
Total	--	5,773,833.61	--	16.00

(5) Receivables due from related parties

Unit: Yuan

Name of entity	Relationship with the Group	Amount	Proportion of the amount to the total AR (%)
Shenzhen Fresh Peak Property Consultant Co.,Ltd	Association	1,092,432.91	3.03%
Total	--	1,092,432.91	3.03%

7.4 Other receivables

(1) Other receivables by categories

Unit: Yuan

Category	Closing balance			
	Carrying amount		Bad debt provision	
	Amount	(%)	Amount	(%)
Other receivables of which provision for bad debts is of individually significant	162,353,277.54	68.67	148,800,824.62	91.65
Other receivable of which provision for Portfolio				
Other receivables of which provision for bad debts is of individually insignificant	74,083,469.81	31.33	29,439,699.07	39.74
Total	236,436,747.35	--	178,240,523.69	--

(Continued)

Category	Opening balance	
	Carrying amount	Bad debt provision

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	Amount	(%)	Amount	(%)
Other receivables of which provision for bad debts is of individually significant	162,299,084.48	69.70	148,744,256.33	91.65
Other receivable of which provision for Portfolio				
Other receivables of which provision for bad debts is of individually insignificant	70,540,348.70	30.30	29,422,675.04	41.71
Total	232,839,433.18	--	178,166,931.37	--

Note to categories of other receivable

Other receivable of which provision for bad debts is of individually significant

suitability unsuitability

Unit: Yuan

Content of accounts receivable	Carrying amount	Amount of bad debt	Proportion of bad debt (%)	Reasons for the provision
Other receivables between subsidiaries that are not included in the consolidated statement	128,350,317.89	128,347,388.92	99.99	A separate provision is established according to the recoverability of each receivables with long aging and little retrievability
Others	34,002,959.65	20,453,435.70	60.15	
Total	162,353,277.54	148,800,824.62	--	

Portfolio 1 by Aging analysis

suitability unsuitability

Portfolio 2 by percentage

suitability unsuitability

Portfolio 3 by other methods

suitability unsuitability

Provisions of bad debts that is individually insignificant

suitability unsuitability

Unit: Yuan

Content of other receivables	Carrying amount	Proportion of provision	Amount of bad debt (%)	Reasons for the provision
Other receivables between subsidiaries that are not included in the consolidated statement	1,324,136.04	1,116,316.04	84.31	A separate provision is established according to the recoverability of each receivables with long aging and little retrievability
Others	72,759,333.77	28,323,383.03	38.93	
Total	74,083,469.81	29,439,699.07		

(2) There were no any account receivables which had been accrued fully or large proportion provision transferred back during the current period.

(3) There were no any other material receivables written off during the current period.

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(4) There were no any other receivables due from shareholders at least 5% of the Group's shares with voting power during the current period.

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

Unit: Yuan

Name of entity	Relationship with the Group	Amount	Age	Proportion of the amount to the total OR (%)
Canada Great Wall(Vancouver) Co.,Ltd *	Subsidiary	89,035,748.07	3 年以上	37.66
Paklid Limited *	Subsidiary	18,482,291.59	3 年以上	7.82
Bekaton property Limited *	Subsidiary	12,559,290.58	3 年以上	5.31
Guangdong province Huizhou Luofu Hill Mineral Water Co.,Ltd	Joint venture	10,465,168.81	3 年以上	4.43
Corporate unit No.1	Un- related party	9,600,000.00	3 年以上	4.06
Total		140,142,499.05	--	59.28

(6) Receivables due from related parties

Unit: Yuan

Name of entity	Relationship with the Group	Amount	Proportion of the amount to the total OR (%)
Guangdong Province Huizhou Luofu Hill Mineral Water Co.,Ltd	Joint venture	10,465,168.81	4.43
Shenzhen Runhua Automobile Trading Co.,Ltd	Association	3,072,764.42	1.30
Canada GreatWall (Vancouver) Co.,Ltd	Subsidiary	89,035,748.07	37.66
Bekaton Property Limited	Subsidiary	12,559,290.58	5.31
Paklid Limited	Subsidiary	18,482,291.59	7.82
Shenzhen Shenfang Department Store Co. Ltd.	Subsidiary	237,648.82	0.10
Shenzhen Real Estate Consolidated Service Co., Ltd.	Subsidiary	1,086,487.22	0.46
Shenzhen City Shenfang Construction and Decoration Materials Ltd.	Subsidiary	8,327,180.71	3.52
Shenzhen RongHua JiDian Co.,Ltd	Association	475,223.46	0.20
Xi'an Fresh Peak property management& Trading Co.,Ltd	Joint venture	8,419,205.19	3.56
Total		152,161,008.87	64.36

7.5 Prepayments

(1) Aging analysis

Unit: Yuan

Aging	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)
Within 1 year	18,525,465.83	89.91	12,101,114.11	99.14
1-2 years	1,460,050.96	7.09	100,002.35	0.82

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2-3 years	617,372.57	3.00	196.84	0.00
Over 3 years	550.00		5,285.00	0.04
Total	20,603,439.36	--	12,206,598.30	--

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

Unit: Yuan

Name of entities	Relationship with the Group	Amount	Timing	Reasons for unsettlement
Project 1	Un-related party	4,078,554.62	Within 1 year	The un-settled prepayment of engineering materials
Project 2	Un-related party	3,055,510.00	Within 1 year	The un-settled prepayment of engineering materials
Project 3	Un-related party	2,602,867.12	Within 1 year	The un-settled prepayment of engineering materials
Project 4	Un-related party	2,336,995.56	Within 1 year	The un-settled prepayment of selling expenses
Project 5	Un-related party	959,170.00	Within 1 year	The un-settled prepayment of engineering materials
Total		13,033,097.30		

(3) No prepayments to shareholders at least 5% of the Group's shares with voting power during the current period.

(4) Prepayments in the balance sheet had RMB 20,603,439.36 as the closing balance at June 30, 2014, 68.79% of increase than the opening of the year. The reason for such increase is: the un-settled prepayment of engineering materials.

7.6 Inventory

(1) Categories of inventory

Unit: Yuan

Item	Closing balance		
	Carrying amount	Provision for decline in value of inventories	Net carrying amount
Raw materials	891,402.26		891,402.26
Finished products	626,455.22	278,891.91	347,563.31
Real estate developing products	1,083,605,871.88	47,584,499.31	1,036,021,372.57
Real estate developed products	1,610,292,749.15		1,610,292,749.15
Real estate which are going to be developed	320,137,762.54		320,137,762.54
Low-value consumable products	409,084.92		409,084.92
Construction in progress	111,581,845.25		111,581,845.25
Total	3,127,545,171.22	47,863,391.22	3,079,681,780.00

(Continued)

Item	Opening balance
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	Carrying amount	Provision for decline in value of inventories	Net carrying amount
Raw materials	515,963.06		515,963.06
Finished products	582,298.50	278,891.91	303,406.59
Real estate developing products	890,317,408.57	47,584,499.31	842,732,909.26
Real estate developed products	1,773,322,833.86		1,773,322,833.86
Real estate which are going to be developed	298,632,911.82		298,632,911.82
Low-value consumable products	41,821.30		41,821.30
Construction in progress	52,385,743.15		52,385,743.15
Total	3,015,798,980.26	47,863,391.22	2,967,935,589.04

(2) Provision for movement in value of inventories

Unit: Yuan

Item	Opening balance	Increase	Decrease		Closing balance
			Reversals	Write-off	
Finished products	278,891.91	--	--	--	278,891.91
Real estate developing products	47,584,499.31	--	--	--	47,584,499.31
Total	47,863,391.22	--	--	--	47,863,391.22

(3) Real estate developed products

	Finished time	Opening balance	Additions	Redutions	Closing balance
Jinye Island Multi-tier villa	1997	38,933,768.09			38,933,768.09
Jinye Island villa No.6	2007	2,961,996.22			2,961,996.22
Jinye Island villa No.10	2010	47,182,628.45		8,441,781.93	38,740,846.52
Jinye Island villa No.11	2008	17,891,536.90		4,532,203.60	13,359,333.30
HuangPuXinChun No.1	1994	121,283.88			121,283.88
HuangPuXinChun No.2	2007	228,961.81			228,961.81
HuaFeng Building	2000	1,631,743.64			1,631,743.64
XingHu Garden Multi-tier	2003	156,848.69			156,848.69
BeiJing Fresh Peak Buliding		671,820.67			671,820.67
Wenjin warehouse 1-5 floor		13,507,895.61			13,507,895.61
Real Estate building		11,025,444.77			11,025,444.77
Wenjing Garden	2013	3,818,939.87			3,818,939.87
Shenfang Chuanqishan		1,635,189,965.26		150,056,099.18	1,485,133,866.08
Total		1,773,322,833.86		163,030,084.71	1,610,292,749.15

The reason for such increase in the period is repurchase of some Real estate developed products.

(4)Real estate developing products

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	Starting time	Finished time	Estimated total investment	Opening balance	Closing balance
DongHuDiJing Building				130,652,182.51	133,419,183.59
ShanTou Yuejing Dongfang	2008	2014	150,000,000.00	128,934,749.12	157,506,120.11
Shengfang Shanglin Garden	2007	2014	1,400,000,000.00	607,303,194.82	769,061,164.78
ShanTou Fresh Peak Building				23,427,282.12	23,619,403.40
Total				890,317,408.57	1,083,605,871.88

(5) Real estate which are going to be developed

	Opening balance	Additions	Redutions	Closing balance
Shantou Jingzaiwan	298,632,911.82	21,504,850.72		320,137,762.54
Total	298,632,911.82	21,504,850.72		320,137,762.54

(6) Capitalized borrowing cost at year end is RMB 145,067,376.21.

7.7 Other current assets

Unit: Yuan

Item	Closing balance	Opening balance
Value added tax	3,971,151.72	3,451,107.04
Business tax	25,702,706.86	
City construction surcharge	1,848,270.22	
Education surcharge	740,100.17	
Local education surcharge	467,038.96	
Embankment Protection Fee	169,677.06	
Total	32,898,944.99	3,451,107.04

Note: other current assets had RMB 32,898,944.99 as the closing balance at June 30, 2014, 853.29% of increase than the opening balance of the year. The reason for such increase is that the taxation for pre-sale payments and receipts for projects was paid during the current period.

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7.8 Investments in joint ventures and associates

Unit: Yuan

Name of investee	Proportion of ownership interest (%)	Proportion of voting power in the investee (%)	Total assets at the end of year	Total liabilities at the end of year	Total net assets at the end of year	Total operating income for the current period	Net profit for the current period
1) Joint ventures							
Guangdong province Huizhou Luofu Hill mineral water Co.,Ltd*①							
Fengkai Xinhua Hotel*②							
Jiangmen Xinjian Real Estate Co. Ltd.*③							
Xi'an Fresh Peak Building Co. Ltd.*③							
DongYi Property Co.,Ltd.*③							
2) Associates							
Shenzhen Ronghua JiDian Co.,Ltd	25	25					
Shenzhen Fresh Peak Property Consultant Co.,Ltd	20	20					
Shenzhen Runhua Automobile Trading Co.,Ltd①	50	50					
Shenzhen Dongfang New world Store Co.,Ltd②	50	50					

1) Joint ventures

Name of investee	Type of enterprise	Registered place	Legal representative	Nature of business	Registered capital(the thousands yuan)	Proportion of ownership interest (%)	Proportion of voting power in the investee (%)
Guangdong province Huizhou Luofu Hill mineral water Co., Ltd	Cooperative Enterprises	Guangdong Boluo	YangHuaiYu	Water and other products	602	Co-operation	Co-operation
Fengkai Xinhua Hotel	Cooperative Enterprises	Guangdong Feng kai		Tourism, Restaurant		Co-operation	Co-operation
Jiangmen Xinjian Real Estate Co. Ltd.	Cooperative Enterprises	Guangdong Jiangmen	LuoJinXing	Property developing and sales	USD660	Co-operation	Co-operation
Xi'an Fresh Peak Building Co. Ltd	Cooperative Enterprises	Xi'an	LiangWeiGuo	Developing and operating Xi'an trade building	HKD3,000	Co-operation	Co-operation
DongYi Property Co., Ltd	Private Enterprises	Hong kong		Property development and sales	HKD100	Co-operation	Co-operation

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①Guangdong province Huizhou Luofu Hill mineral water Co., Ltd

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

②Fengkai Xinghua Hotel

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

③Jiangmen Xinjian Real Estate Co. Ltd., Xian Fresh Peak Building Co. Ltd, DongYi Property Co., Ltd

The above corporations were the joint ventures set up with the local partners for the properties developing projects. Consider the projects had been stopped, and the joint ventures had closed operating activities for many years with no preparation of financial statements. Already the corresponding provision for the investment of these joint ventures was accrued. Refer to Notes5.8. (5) for details

2) Associates

Name of investee	Type of enterprise	Registered place	Legal representative	Nature of business	Registered capital(the thousands yuan)	Proportion of ownership interest (%)	Proportion of voting power in the investee (%)
Shenzhen Ronghua JiDian Co.,Ltd	Limited liability company	Shen zhen	Zheng Zhong qing	Elevator, air-condition, water-electricity fixing and sales	500	25	25
Shenzhen Fresh Peak Property Consultant Co.,Ltd	Limited liability company	Shen zhen	Zhong XinFa	Property sales and rental	300	20	20
Shenzhen Runhua Automobile Trading Co.,Ltd	Limited liability company	Shen zhen	LiXue Min	Domestic car sales(not includen little car), motor	500	50	50
Shenzhen Dongfang New world Store Co.,Ltd	Limited liability company	Shen zhen	PengNaiDian	Domestic trade/material supply	3000	50	50

①Shenzhen Runhua Automobile Trading Co., Ltd

The operating period of this corporation was from Feb 24, 1992 to Feb 24, 1997, and it had ceased operations because of operating loss for many years. Besides, it had been terminated its licenses by law because it failed to pass the annual inspection and no financial statement was prepared afterwards. As the

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end of the year, the book value of the investment account of the company is zero. According to the associate agreement, the company didn't have the obligation to bear the additional loss.

② Shenzhen Dongfang New world store Co., Ltd

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

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7.9 Long-term equity investments

Details of long-term equity investments

Unit: Yuan

Name of investee	Accounting method	Investment cost	Opening balance	Changes [Increase /decrease]	Closing balance
Shenzhen Ronghua JiDian Co.,Ltd	Equity method	1,250,000.00	1,378,532.26	--	1,378,532.26
Shenzhen Runhua Automobile Trading Co.,Ltd*①	Equity method	1,445,425.56	1,445,425.56	--	1,445,425.56
Guangdong province Huizhou Luofu Hill mineral water Co.,Ltd*②	Equity method	9,969,206.09	9,969,206.09	--	9,969,206.09
Fengkai Xinhua Hotel*③	Equity method	9,455,465.38	9,455,465.38	--	9,455,465.38
Jiangmen Xinjian Real Estate Co. Ltd.*④	Equity method	9,037,070.89	9,037,070.89	--	9,037,070.89
Xi'an Fresh Peak Building Co. Ltd	Equity method	32,840,729.61	32,840,729.61	--	32,840,729.61
DongYi Property Co.,Ltd	Equity method	30,376,084.89	30,376,084.89	--	30,376,084.89
Shenzhen Shen Fang Industrial Development Co., Ltd	Cost method	4,500,000.00	4,500,000.00	--	4,500,000.00
Shenzhen ZhongGang Haiyan Enterprise Ltd	Cost method	12,940,900.00	12,940,900.00	--	12,940,900.00
Shenzhen Real Estate Consolidated Service Co., Ltd.	Cost method	5,958,305.26	5,958,305.26	--	5,958,305.26
Paklid Limited	Cost method	201,100.00	201,100.00	--	201,100.00
Bekaton Property Limited	Cost method	906,630.00	906,630.00	--	906,630.00
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd	Cost method	8,180,003.63	8,180,003.63	--	8,180,003.63
Shenzhen Xin Dongfang Store Ltd	Cost method	18,500,000.00	18,500,000.00	--	18,500,000.00
Shenzhen City Shenfang Construction and Decoration Materials Ltd.	Cost method	2,680,000.00	2,680,000.00	--	2,680,000.00
Shenzhen Shenfang Department Store Co. Ltd.	Cost method	10,000,000.00	10,000,000.00	--	10,000,000.00
Shenzhen CyberPort Co., Ltd	Cost method	14,000,000.00	7,613,507.96	--	7,613,507.96
YunNan KunPeng Flight service Co.,Ltd	Cost method	5,464,240.74	5,464,240.74	--	5,464,240.74
ShenZhen ShenFang BaoAn developmentCo.,Ltd	Cost method	20,000,000.00	20,379,525.68	--	20,379,525.68
Shantou Fresh Peak Building	Cost method	68,731,560.43	58,547,652.25	--	58,547,652.25
Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd.	Cost method	121,265,000.00	56,228,381.64	--	56,228,381.64
Shantou Small&medium Enterprises Finacing Guarantee Co. Ltd.	Cost method	12,000,000.00	12,000,000.00	--	12,000,000.00
Total		399,701,722.48	318,602,761.84	--	318,602,761.84

(Continued)

Name of investee	Proportion of ownership interest held (%)	Proportion of voting power in the investee (%)	Explanation of the inconsistency between these two proportions	Provision for impairment losses	Provision for impairment losses for the period	Cash dividend for the period
Shenzhen Ronghua JiDian Co.,Ltd	25	25		1,076,954.64	--	--

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Name of investee	Proportion of ownership interest held (%)	Proportion of voting power in the investee (%)	Explanation of the inconsistency between these two proportions	Provision for impairment losses	Provision for impairment losses for the period	Cash dividend for the period
Shenzhen Runhua Automobile Trading Co.,Ltd	50	50		1,445,425.56	--	--
Guangdong province Huizhou Luofu Hill mineral water Co.,Ltd				9,969,206.09	--	--
Fengkai Xinhua Hotel				9,455,465.38	--	--
Jiangmen Xinjian Real Estate Co. Ltd.				912,537.16	--	--
Xian Fresh Peak Building Co. Ltd				20,673,831.77	--	--
DongYi Property Co.,Ltd				21,225,715.87	--	--
Shenzhen Shen Fang Industrial Development Co., Ltd	100	100		4,500,000.00	--	--
Shenzhen ZhongGang Haiyan Enterprise Ltd	68	68		12,940,900.00	--	--
Shenzhen Real Estate Consolidated Service Co., Ltd.	100	100		5,958,305.26	--	--
Paklid Limited	100	100		201,100.00	--	--
Bekaton Property Limited	60	60		906,630.00	--	--
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd	100	100		8,180,003.63	--	--
Shenzhen Xin Dongfang Store Ltd	100	100		18,500,000.00	--	--
Shenzhen City Shenfang Construction and Decoration Materials Ltd.	100	100		2,680,000.00	--	--
Shenzhen Shenfang Department Store Co. Ltd.	100	100		10,000,000.00	--	--
Shenzhen CyberPort Co., Ltd	70	70		--	--	--
YunNan KunPeng Flight service Co.,Ltd*	25	25		--	--	--
ShenZhen ShenFang BaoAn developmentCo.,Ltd	100	100		--	--	--
Shantou Fresh Peak Building	100	100		58,547,652.25	--	--
Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd.	90	90		56,228,381.64	--	--
Shantou Small&medium Enterprises Finacing Guarantee Co. Ltd.	10	10		--	--	--
Total	--	--		243,402,109.25	--	--

Note:

①the proportion of ownership interest in YunNan KunPeng Flight service Co., Ltd held by the Group is 25%. Because the Group neither have control nor have significant influence over the investee, the equity investment is accounted for using the cost method.

②Guangdong province Huizhou Luofu Hill mineral water Co., Ltd

The operating period of the company was from June 5, 1991 to June 4, 2001. And the company had ceased operations because of operating loss for many years. And the Company had been terminated its licenses by law at July 6, 2001 because it failed to pass the annual inspection. Besides, the

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corporation stopped preparing the financial statement. As of the end of the year, the book value of the investment account of the Company is zero. According to the joint venture agreement, the Company didn't have the obligation to bear the additional loss.

③Fengkai Xinghua Hotel

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

④Jiangmen Xinjian Real Estate Co. Ltd., Xian Fresh Peak Building Co. Ltd, DongYi Property Co., Ltd

The above corporations were the joint ventures set up with the local partners for the properties developing projects. Consider the projects had been stopped, and the joint ventures had closed operating activities for many years with no preparation of financial statements. Already the corresponding provision for the investment of these joint ventures was accrued. Refer to Notes5.8. (5) for details.

7.10 Investment properties

Investment properties measured at cost

Unit: Yuan

Item	Opening balance	Increase	Decrease	Closing balance
I. Total original carrying amount	842,951,492.33	761,435.35	--	843,712,927.68
Including: Buildings	748,891,106.42		--	748,891,106.42
Land use rights	94,060,385.91	761,435.35	--	94,821,821.26
II. Total accumulated depreciation and amortization	285,309,108.18	10,205,050.80	--	295,514,158.98
Including: Buildings	285,309,108.18	10,205,050.80	--	295,514,158.98
Land use rights	--	--	--	--
III. Total net book value	557,642,384.15	-9,443,615.45	--	548,198,768.70
Including: Buildings	463,581,998.24	-10,205,050.80	--	453,376,947.44
Land use rights	94,060,385.91	761,435.35	--	94,821,821.26
IV. Total provision for impairment	91,328,292.25	624,945.51	--	91,953,237.76
Including: Buildings	14,128,544.62		--	14,128,544.62
Land use rights	77,199,747.63	624,945.51	--	77,824,693.14
V. Total carrying amounts	466,314,091.90	-10,068,560.96	--	456,245,530.94
Including: Buildings	449,453,453.62	-10,205,050.80	--	439,248,402.82
Land use rights	16,860,638.28	-208,776.39	--	16,997,128.12

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	Amount for the current period
Depreciation	10,205,050.80
provision for impairment	624,945.51

7.11 Fixed assets

Details of fixed assets

Unit: Yuan

Item	Opening balance	Increase		Decrease	Closing balance
I. Total original cost	139,588,987.90	804,888.80		597,973.45	139,795,903.25
Including: building& construction	106,068,689.59	--			106,068,689.59
Machines & equipments	15,932,028.71	232,092.38		25,798.00	16,113,707.71
Vehicles	17,588,269.60	572,796.42		571,822.50	17,589,243.52
	Opening balance	Additions	Accrual	Decrease	Closing balance
II. Total accumulated depreciation	78,873,300.19	--	4,062,796.75	544,500.90	82,391,596.04
Including: building& construction	55,206,608.19	--	2,435,192.05	--	57,641,800.24
Machines & equipments	11,214,609.27	--	564,775.75	24,508.10	11,736,876.92
Vehicles	12,452,082.73	--	1,062,828.95	519,992.80	12,994,918.88
	Opening balance				Closing balance
III.Total net book value	60,715,687.71				57,404,307.21
Including: building& construction	50,862,081.40				48,426,889.35
Machines & equipments	4,717,419.44				4,376,830.79
Vehicles	5,136,186.87				4,594,324.64
IV. Total impairment provision	--	--	--	--	--
Including: building& construction	--	--	--	--	--
Machines & equipments	--	--	--	--	--
Vehicles	--	--	--	--	--
V.Total carrying amount	60,715,687.71				57,404,307.21
Including: building& construction	50,862,081.40				48,426,889.35
Machines & equipments	4,717,419.44				4,376,830.79
Vehicles	5,136,186.87				4,594,324.64

Note: (1) The depreciation for the current year is RMB 4,062,796.75.

There were no original amount of construction in progress was transferred to fixed assets during the period.

7.12 Intangible assets

Details of Intangible assets

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Unit: Yuan

Item	Opening balance	Increase	Decrease	Closing balance
I. Carrying amount	8,609,800.00			8,609,800.00
Software	2,241,800.00			2,241,800.00
Taxi license	6,368,000.00			6,368,000.00
II. Total accumulated amortization	1,856,233.21	276,169.98		2,132,403.19
Software	795,893.21	192,379.98		603,513.23
Taxi license	1,060,340.00	83,790.00		976,550.00
III. Total book value	6,753,566.79	-276,169.98		6,477,396.81
Software	1,445,906.79	-192,379.98		1,253,526.81
Taxi license	5,307,660.00	-83,790.00		5,223,870.00
IV. Total provision for impairment	--	--	--	--
Software	--	--	--	--
Taxi license	--	--	--	--
V. Total net carrying amount	6,753,566.79	-276,169.98		6,477,396.81
Software	1,445,906.79	-192,379.98		1,253,526.81
Taxi license	5,307,660.00	-83,790.00		5,223,870.00

Note: The amortization for the current period is RMB 276,169.98.

7.13 Long-term deferred assets

Unit: Yuan

Item	Opening balance	Increase	Amortization	Other reductions	Closing balance	Reason for other reductions
Renovation costs	380,435.47		78,831.20		301,604.27	
Others	147,916.74		28,265.10		119,651.64	
Total	528,352.21		107,096.30		421,255.91	--

7.14 Deferred tax assets and liabilities

(1) Deferred tax assets and deferred tax liabilities are disclosed individually

Recognized deferred tax assets

Unit: Yuan

Item	Closing balance	Opening balance
Deferred tax assets:		
Provision for impairment losses of assets	11,896,124.83	11,896,124.83
Deductible loss	6,539,335.08	6,539,335.08
Dismission welfare	764,437.76	764,437.76
Advertising expense	1,291,717.89	1,291,717.89

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Expected profit for advances from customers	6,300,844.46	6,300,844.46
Total	26,792,460.02	26,792,460.02

Details of unrecognized deferred tax assets

Unit: Yuan

Item	Closing balance	Opening balance
Deductible losses	10,768,552.19	10,768,552.19
Bad debt provision	49,327,012.62	49,327,012.62
Provision for decline in value of inventories	69,722.98	69,722.98
Provision for impairment of long-term investments	60,850,527.31	60,850,527.31
Provision for impairment of investment properties	22,832,073.06	22,832,073.06
Total	143,847,888.16	143,847,888.16

Deductible losses, for which no deferred tax assets are recognized, will expire in the following years

Unit: Yuan

Year	Closing balance	Opening balance	Remarks
2014	36,309,943.43	36,309,943.43	
2015	2,662,914.18	2,662,914.18	
2016	1,008,640.93	1,008,640.93	
2017	150,392.58	150,392.58	
2018	2,942,317.62	2,942,317.62	
Total	43,074,208.74	43,074,208.74	

Details of taxable differences and deductible differences

Unit: Yuan

Item	temporary differences	
	Closing balance	Opening balance
deductible differences:		
Provision for impairment losses of assets	47,584,499.31	47,584,499.31
Dismission welfare	3,057,751.04	3,057,751.04
Deductible loss	26,157,340.32	26,157,340.32
<u>Advertising expense</u>	5,166,871.56	5,166,871.56
Expected profit for advances from customers	25,203,377.84	25,203,377.84
Total	107,169,840.07	107,169,840.07

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(2) The net amount of deferred tax assets offset against deferred tax liability is disclosed

Unit: Yuan

Items	Closing balance (deferred tax assets offset against deferred tax liability)	Closing balance (Deductible offset against taxable temporary differences)	Opening balance (deferred tax assets offset against deferred tax liability)	Opening balance (Deductible offset against taxable temporary differences)
Deferred tax assets	26,792,460.02	107,169,840.07	26,792,460.02	107,169,840.07

7.15 Details of provision for impairment of assets

Unit: Yuan

Item	Opening balance	Increase	Decrease		Closing balance
			Reversals	Write-off	
1. Bad debt provision	197,308,050.48	73,592.32			197,381,642.80
2. Provision for decline in value of inventories	47,863,391.22				47,863,391.22
3. Provision for impairment of long-term investments	243,402,109.25				243,402,109.25
4. Provision for impairment of investment properties	91,328,292.25	624,945.51			91,953,237.76
Total	579,901,843.20	698,537.83			580,600,381.03

Note: the variation of impairment provision of assets is due to the fluctuation of rate used in translation of foreign currencies.

7.16 Short-term loans

Unit: Yuan

Item	Closing balance	Opening balance
Loan on credit	28,000,000.00	23,000,000.00
Total	28,000,000.00	23,000,000.00

Note: Short-term loans had RMB 28,000,000.00 as the closing balance at June 30, 2014, 21.74% of increase than the opening of the year. The reason for such increase is that new loans were borrowed during the current period.

7.17 Accounts payable

(1) Details of accounts payable

Unit: Yuan

Item	Closing balance	Opening balance
Within one year	275,150,144.88	347,527,527.67
Over one year	7,806,436.01	41,817,743.79
Total	282,956,580.89	389,345,271.46

(2) There were no any accounts payable to shareholders holding at least 5% of the Group's shares with

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voting power or to related parties in the reporting period.

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

7.18 Advances from customers

(1) Details of advances from customers

Unit: Yuan

Item	Closing balance	Opening balance
Within one year	731,016,974.86	289,325,916.04
Over one year	59,507,983.03	23,641,112.81
Total	790,524,957.89	312,967,028.85

(2) There were no any advances from customers to shareholders holding at least 5% of the Group's shares with voting power or to related parties in the reporting period.

(3) Significant advances from customers aged more than one year is the RMB 1,560 million engineering construction funds and RMB 4,358 million advance payment from housing buyers, as such receipts have not been transferred to income at the end of the year.

Advance from customers had RMB 790,524,957.89 as the closing balance at June 30, 2014, 152.59% of increase than the opening of the year. The reason for such increase is advance payment from housing buyers during the current period.

(4) Details of advances from customers

Item	Closing balance	Opening balance	Estimated time of completion
Jinye Island villa No.6	6,500,000.00	6,500,000.00	Completed
Jinye Island villa No.10	36,396,673.00	32,853,668.00	Completed
Jinye Island villa No.11	687,624.00	12,535,317.00	Completed
Shenfang Chuanqishan	89,653,684.00	82,398,193.00	Completed
Shenfang Shanlin Garden	439,517,827.00	123,407,161.00	2014
Yuejing dongfang	106,047,481.00	12,172,080.00	2014
Total	678,803,289.00	269,866,419.00	

7.19 Employee benefits payable

Unit: Yuan

Item	Opening balance	Increase	Decrease	Closing balance
I. Salary, bonus, allowances and subsidies	30,809,935.61	44,992,560.61	49,980,513.96	25,821,982.26
II. Staff welfare		2,606,386.29	2,606,236.29	150.00
III. Social security contributions	2,372,324.68	8,009,601.55	7,833,062.70	2,548,863.53

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Item	Opening balance	Increase	Decrease	Closing balance
Including:				
1. Medical insurance premium	1,093,804.76	1,531,680.15	1,532,273.73	1,093,211.08
2. Pension insurance premium	1,250,798.81	4,021,023.99	4,007,369.76	1,264,453.04
3. Annuity premium	26,731.64	1,959,173.74	1,803,836.63	182,068.75
4. Unemployment insurance premium	114.92	248,961.83	245,329.60	3,747.15
5. Employment injury insurance	672.12	99,822.26	97,391.54	3,102.84
6. Maternity insurance	202.43	148,939.58	146,861.44	2,280.57
IV. Housing fund	4,140.10	2,615,539.47	2,608,217.17	11,462.40
V. Termination benefits	3,057,751.04			3,057,751.04
VI. Others	915,293.98	1,055,572.89	1,076,091.38	894,775.49
Total	37,159,445.41	59,279,660.81	64,104,121.50	32,334,984.72

Note:①The overdue employee benefits payable is RMB 0.

②Union running costs and employee education costs are RMB 1,055,572.89, non-monetary benefits are RMB 0, and compensations to employees for termination of employment relationship are RMB 0.

③ At the end of the year, most of the salary payable to employees is accrued wages and bonuses, which would be paid in July,2014.

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7.20 Taxes payable

Unit: Yuan

Item	Closing balance	Opening balance
Business tax	29,600,114.28	43,433,203.80
Corporate income tax	11,753,324.00	67,471,436.36
Individual income tax	517,565.78	777,703.15
Construction tax	1,984,516.85	2,930,393.52
Property tax	1,731,372.02	1,763,706.34
Land appreciation tax	3,604,745.05	28,852,426.99
Education surcharge	1,504,283.20	2,287,014.31
Others	--	490,766.90
Total	50,695,921.18	148,006,651.37

Taxes payable had RMB 50,695,921.18 as the closing balance at June 30, 2014, 65.75% of decrease than the opening of the year. The reason for such decrease is final settlement of corporate income tax of 2013.

7.21 Interest payable

Unit: Yuan

Item	Closing balance	Opening balance
Interest of long-term loans with interest payable by installments and principle payable on maturity	--	1,947,237.24
Interest payable on short-term loans	239,944.53	--
Others	16,535,277.94	16,535,277.94
Total	16,775,222.47	18,482,515.18

Note: The balance of other interests payable due to Shenzhen Investment Holdings Co., Ltd. were accrued from the loans, refer to note 6.6.(2).

7.22 Other payables

(1) Details of other payables

Unit: Yuan

Item	Closing balance	Opening balance
Land appreciation tax accrued	109,233,937.07	109,138,661.21
Payable to related parties	93,340,761.01	93,340,761.01
Cash pledge	40,866,476.11	46,711,864.34
Others	152,105,358.76	145,496,550.73
Total	395,546,532.95	394,687,837.29

(1) Other payables to shareholders holding at least 5% of the Group's shares with voting power or to related parties in the reporting period.

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Name	Closing balance	Opening balance
Shenzhen Investment Holding Co.,Ltd	58,848,819.24	58,848,819.24
Total	58,848,819.24	58,848,819.24

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

Name	Closing balance	Reason for overdue
Tax accrued- land appreciation tax	109,233,937.07	Unexpired
Shenzhen Investment Holding Co.,Ltd	58,848,819.24	Unsettled
Total	168,082,756.31	

(3) Description for significant balances of other payables

The Group made provision for LAT, according to Guo Shui Fa [2006] No. 187 "LAT liquidation management issues of real estate development enterprises made by the State Administration of Taxation on ". As at June 30, 2014, the closing balance is RMB 109,233,937.07.

7.23 Non-current liabilities due within one year

(1) Details of non-current liabilities due within one year

Unit: Yuan

Item	Closing balance	Opening balance
Long-term loans due within one year (Note 7.26)	351,402,655.08	331,482,489.72
Total	351,402,655.08	331,482,489.72

(2) Long-term loan due within one year

Details of Long-term loan due within one year

Unit: Yuan

Item	Closing balance	Opening balance
Loan with mortgage	351,402,655.08	331,482,489.72
Total	351,402,655.08	331,482,489.72

There is no extension loan from long-term loans due within one year overdue.。

Top 5 long-term loans due within one year

Unit: Yuan

Lender	Inception date of loans	Maturity date	Currency	Closing balance	Opening balance
Shenzhen Rural Commercial Bank (Shenzhen Branch)	2012.06.14	2015.06.14	RMB	90,000,000.00	98,181,818.16
Huashang Bank (Shenzhen Branch)	2012.12.06	2015.12.05	RMB	75,000,000.02	50,000,000.00
ICBC (Guangming Branch)	2012.08.24	2014.10.17	RMB	61,428,572.00	61,428,572.00
Bank of Shanghai (Shenzhen Branch)	2013.12.27	2016.12.26	RMB	48,000,000.00	48,000,000.00

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Huaxia Bank (Buji Branch)	2012.9.29	2017.9.28	RMB	20,000,000.00	20,000,000.00
Total				294,428,572.02	277,610,390.16

Note: Amounts repaid after the balance sheet date are RMB 24,685,000.00. The rates of above borrowing depend on the benchmark interest rate of the People's Bank of China for the same period and have a certain proportion floating of the benchmark interest rate.

7.24 Long-term loans

(1) Long-term loans categories

Unit: Yuan

Item	Closing balance	Opening balance
Loan with mortgage	660,305,474.21	814,213,536.85
Total	660,305,474.21	814,213,536.85

(2) Top 5 significant long-term loans

Unit: Yuan

Lending party	Inception date	Maturity date	Currency	Closing balance		Opening balance	
				Foreign currency	Domestic currency	Foreign currency	Domestic currency
China Construction Bank (Shenzhen Branch)	2012.08.29	2015.08.06	RMB		200,000,000.00		200,000,000.00
China Zheshang Bank (Shenzhen Branch)	2013.08.23	2018.08.22	RMB		103,000,000.00		113,000,000.00
Shenzhen Rural Commercial Bank	2013.08.29	2018.08.28	RMB		85,800,000.00		92,400,000.00
Bank of Shanghai (Shenzhen Branch)	2013.12.27	2016.12.26	RMB		78,000,000.00		102,000,000.00
ICBC (Guangming Branch)	2012.10.24	2017.10.23	RMB		50,000,000.00		60,000,000.00
Total					516,800,000.00		567,400,000.00

The rates of above borrowing depend on the benchmark interest rate of the People's Bank of China for the same period and have a certain proportion of the benchmark interest rate.

7.25 Long-term payables

Details of long-term payables

Unit: Yuan

Item	Closing balance	Opening balance
Maintenance fund	11,386,664.29	10,749,885.53
Total	11,386,664.29	10,749,885.53

7.26 Share capital

Unit: Yuan

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Item	Opening balance	Changes for the period					Closing balance
	Amount	New issue of share	Bonus issue	Capitalization of surplus reserve	Other	Subtotal	Amount
Total shares	1,011,660,000.00	--	--	--	--	--	1,011,660,000.00

7.27 Capital reserve

Unit: Yuan

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium	557,433,036.93	--	--	557,433,036.93
Including: Capital contributed by investors	557,433,036.93	--	--	557,433,036.93
Other capital reserve	420,811,821.17	--	--	420,811,821.17
Including: Transfer from capital reserve under the previous accounting system	420,811,821.17	--	--	420,811,821.17
Total	978,244,858.10	--	--	978,244,858.10

7.28 Surplus reserve

Unit: Yuan

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	4,974,391.15	--	--	4,974,391.15
Total	4,974,391.15	--	--	4,974,391.15

7.29 Undistributed profit

Unit: Yuan

Item	Amount for the current period	Proportion of appropriation
Before adjustment: Undistributed profits at the end of prior year	-140,886,134.13	--
After adjustment: Undistributed profits at beginning of year	-140,886,134.13	--
Add: Net profit attributable to owners of the Company for the period	34,732,376.73	--
Undistributed profits at the end of period	-106,153,757.40	--

Adjustment of undistributed profits at beginning of year

(1) "Enterprise Accounting Standards" and its related new regulations on retroactive adjustment had no effect on the beginning undistributed profits.

(2) Changes in accounting policies had no effect on the beginning undistributed profits.

(3) Significant accounting errors correct had no effect on the beginning undistributed profits.

(4) Changes of the scope of consolidation under the same control had no effect on the beginning undistributed profits.

(5) Other adjustment had no effect on the beginning undistributed profits.

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7.30 Operating income and costs

(1) Operating income and operating costs

Unit: Yuan

Item	Amount for the current period	Amount for the prior period
Operating income	573,074,359.31	320,687,860.60
Operating costs	432,807,763.70	246,707,002.82

(2) Principal operating activities (classified by industries)

Unit: Yuan

Name of industry	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Real estate	267,924,034.00	162,993,544.27	66,359,365.82	27,114,240.91
Construction	207,977,984.05	196,385,851.15	164,394,128.55	155,763,939.80
Leasing	36,643,317.15	17,579,397.00	29,939,505.23	11,765,821.32
Property management	46,990,911.75	44,145,924.56	46,661,107.77	42,319,068.55
The hotel and other services	13,538,112.36	11,703,046.72	13,333,753.23	9,743,932.24
Total	573,074,359.31	432,807,763.70	320,687,860.60	246,707,002.82

(1) Principal operating activities (classified by product)

Unit: Yuan

Name of industry	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Real estate	267,924,034.00	162,993,544.27	66,359,365.82	27,114,240.91
Others	305,150,325.31	269,814,219.43	254,328,494.78	219,592,761.91
Total	573,074,359.31	432,807,763.70	320,687,860.60	246,707,002.82

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

Unit: Yuan

Name of geographical area	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
GuangDong Province	572,773,895.80	432,807,763.70	320,379,472.95	246,707,002.82
Overseas:	300,463.51		308,387.65	
Total	573,074,359.31	432,807,763.70	320,687,860.60	246,707,002.82

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

Unit: Yuan

	Amount for the current period

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	Total operating income	Proportion to total operating income of the Company (%)
Corporation NO. 1	11,049,404.56	1.92%
Corporation NO. 2	9,492,962.54	1.66%
Corporation NO. 3	8,600,000.00	1.50%
Corporation NO. 4	5,688,349.69	0.10%
Natural person	5,803,799.00	0.10%
Total	40,634,515.79	5.28%

Note: Operating income had RMB 573,074,359.31 during the period in 2014, 78.70% of increase than the same period in the prior year. The reason for such increase is that revenue of Chuanqishan Project has been recognized in 2014.

7.31 Business taxes and surcharges

Unit: Yuan

Item	Amount for the current period	Amount for the prior period
Business tax	26,486,953.63	13,310,744.75
City construction and maintenance tax	1,844,728.33	925,609.78
Education surcharges	1,310,268.71	631,031.96
Property tax	3,147,535.56	3,147,535.56
Land appreciation tax	7,888,879.25	6,267,826.96
Embankment Protection Fee	210,224.78	252,406.89
Total	40,888,590.26	24,535,155.90

Note: business taxes and surcharges had RMB 40,888,590.26 during the period in 2014, 66.65% of increase than the same period in the prior year. The reason for such increase is that operating income increased.

7.32 Selling expenses

Unit: Yuan

Item	Amount for the current period	Amount for the prior period
Employee benefits	1,409,837.69	1,225,569.17
Advertising expenses	6,573,434.00	3,094,555.50
Entertainment expenses	243,073.00	370,904.00
selling commission	2,186,632.33	579,212.40
Others	3,833,249.27	1,609,304.83
Total	14,246,226.29	6,879,545.90

7.33 Administrative expenses

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Unit: Yuan

Item	Amount for the current period	Amount for the prior period
Employee benefits	14,606,929.51	13,865,948.06
Taxes	1,080,363.33	1,142,696.64
Depreciation	1,923,998.68	2,361,519.58
Entertainment expenses	1,603,284.50	1,856,649.72
Intermediary fee	395,583.12	752,717.03
Travel expense	277,541.82	341,890.10
Administrative expenses	517,476.07	621,405.88
Repair charge	375,352.00	561,242.55
Water and electricity charges	562,917.26	567,906.60
Other amortization	364,037.08	336,449.97
Others	3,889,245.83	5,074,516.16
Total	25,596,729.20	27,482,942.29

7.34 Financial expenses

Unit: Yuan

Item	Amount for the current period	Amount for the prior period
Interest expenses	39,714,444.44	39,833,608.89
Less: Interest income	-5,356,386.45	-1,811,234.33
Less: capitalized interest expenses	-24,659,313.11	-39,031,075.56
Exchange differences	-105,580.28	304,319.17
Others	233,241.81	129,353.84
Total	9,826,406.41	-575,027.99

7.35 Non-operating income

Details of non-operating income

Unit: Yuan

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the period
Total gains on disposal of non-current assets	396.00	3,454,738.58	396.00
Including: Gains on disposal of fixed assets	--	3,454,738.58	--
Gains on penalty	--	--	--
Others	496,884.70	70,702.01	496,884.70
Total	497,280.70	3,525,440.59	497,280.70

Note: Non-operating income had RMB 497,280.70 during the period in 2014,85.89% of decrease than the same period in the prior year. The reason for such decrease is that the Company disposed of the

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Cheuk Nang Center Building located in No.9 Hillwood Road, Kowloon, Hong Kong, which belonged to the Company's wholly-owned subsidiary --- Fresh Peak Holdings Ltd in 2013

7.36 Non-operating expenses

Unit: Yuan

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the period
Total losses on disposal of non-current assets	1,289.90	6,511.98	1,289.90
Including: Losses on disposal of fixed assets	1,289.90	6,511.98	1,289.90
Donations to third parties		45,000.00	
Penalty expense	1,320.95	5,210.00	1,320.95
Compensation	53,000.00	34,562.34	53,000.00
Others	64,576.43	4,480.00	64,576.43
Total	120,187.28	95,764.32	120,187.28

7.37 Income tax expenses

Unit: Yuan

Item	Amount for the current period	Amount for the prior period
Current tax expense calculated according to tax laws and relevant requirements	15,333,005.11	6,019,760.27
Total	15,333,005.11	6,019,760.27

7.38 Basic earnings per share and diluted earnings per share

The basic earning per share is calculated by having the current net profit attributable to the share of the Group divided by weighted average of the ordinary shares. The number of new ordinary shares issued is, according to the specific terms in the contract, is calculated from the date of consideration receivable (normally the issuing date).

The numerator of diluted earning per share is determined by the net profit in the current period attributable to the ordinary shares of the Group after adjustment of following factors:

- 1) the interest of dilutive potential ordinary shares recognized as expense of the current period;
- 2) the income or expense during the conversion of dilutive potential ordinary shares; and
- 3) the income tax effect of above adjustment related.

The denominator of diluted earning per share is the sum of followings:

- 1) weighted average of ordinary shares issued by the parent company in the basic earning per share; and
- 2) weighted average number of ordinary shares that would have been issued assuming the conversion of dilutive potential ordinary shares into ordinary shares.

When calculating the number of ordinary shares that would have been issued assuming the conversion

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of dilutive potential ordinary shares into ordinary shares, the dilutive potential ordinary shares issued in the prior period is assumed as conversion in the beginning of this year, while the dilutive potential ordinary shares issued in the current year is assumed as conversion at the issuing date.

(1) Amount for basic earnings per share and diluted earnings per share in periods are as follows:

Profits for the period	Amount for the current period		Amount for the prior period	
	Basic earnings per share	Diluted earnings per share	Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	0.0343	0.0343	0.0129	0.0129
Net profit attributable to ordinary shareholders of the Company after deduction non-recurring profit or loss	0.0341	0.0341	0.0095	0.0095

(2) Calculation process of basic earnings per share and diluted earnings per share
During the reporting period, the Group had no underlying diluted ordinary shares, so the diluted earnings per share is the same with the basic earnings per share.

1) For the purpose of calculating basic earnings per share, net profit for the current period attributable to ordinary shareholders is as follows:

Item	Amount for the current period	Amount for the prior period
Net profit for the current period attributable to ordinary shareholders	34,732,376.73	13,050,340.37
Including: Net profit from continuing operations	34,732,376.73	13,050,340.37
Net profit from discontinued operations	--	--
Net profit attributable to ordinary shareholders after non recurring profit and loss	34,449,556.67	9,619,800.04
Including: Net profit from continuing operations	34,449,556.67	9,619,800.04
Net profit from discontinued operations	--	--

2) For the purpose of calculating basic earnings per share, the denominator is the weighted average number of outstanding ordinary shares and its calculation process is as follows:

Item	Amount for the current period	Amount for the prior period
Number of ordinary shares outstanding at the beginning of year	1,011,660,000.00	1,011,660,000.00
Add: Weighted average number of ordinary shares issued during the period	--	--
Less: Weighted average number of ordinary shares repurchased during the period	--	--
Number of ordinary shares outstanding at the end of year	1,011,660,000.00	1,011,660,000.00

7.39 Other comprehensive income

Unit: Yuan

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Item	Amount for the current period	Amount for the prior period
Translation differences of financial statements denominated in foreign currencies	-638,099.71	1,787,893.36
Total	-638,099.71	1,787,893.36

Note: the reason of the decrease of other comprehensive income is that exchange rate fluctuated.

7.40 Notes to items in the cash flow statements

(1) Other cash receipts relating to operating activities

Unit: Yuan

Item	Amount for the current period
Interest income	11,115,905.09
Cash pledge and security deposits	7,059,143.48
intercourse funds	20,272,909.22
Maintenance fund	2,136,966.14
Others	19,755,418.03
Total	60,340,341.96

(2) Other cash receipts relating to operating activities

Unit: Yuan

Item	Amount for the current period
Cash paid to general and administrative expenses	6,111,923.53
Cash paid to operating expenses	3,424,691.38
Cash pledge and security deposits	7,975,771.32
Property license fee and survey fee	3,103,926.86
intercourse funds	22,003,798.94
Others	29,042,850.92
Total	71,662,962.95

7.41 Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Unit: Yuan

Item	Amount for the current period	Amount for the prior period
I.Reconciliation of net profit to cash flows from operating activities:		
Net profit	34,752,731.76	13,068,157.78
Add: Provision for impairment loss of assets	--	--
Depreciation of fixed assets, bio-assets, and natural gas	14,267,847.55	13,114,164.23
Amortization of intangible assets	276,169.98	261,189.98
Amortization of long-term deferred expenses	107,096.30	101,179.74

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Item	Amount for the current period	Amount for the prior period
Losses on disposal of fixed assets, intangible assets and other long-term assets(deduct: gains)	--	3,454,738.58
Losses on scrapping of fixed assets (deduct: gains)		4,644.48
Loss of fair value variation (deduct: gains)	--	--
Financial expenses (deduct: gains)	15,055,131.33	931,887.17
Losses from investments (deduct: gains)	--	--
Decrease in inventories (deduct: increase)	-141,746,190.96	-340,530,563.66
Decrease in operating receivables (deduct: increase)	-14,789,214.12	-40,324,329.07
Increase in operating payables (deduct: decrease)	292,101,178.48	699,366,671.78
Others	--	--
Net cash flows from operating activities	200,024,750.32	349,447,741.01
II. Investing and financing activities that do not affect cash receipt and payment	--	--
III. Net increase in cash and cash equivalents:		
Cash at the end of the period	551,005,901.22	593,181,183.41
Less: cash at the beginning of the period	519,284,372.44	463,713,702.77
Net increase in cash and cash equivalents	31,721,528.78	129,467,480.64

(2)Information of cash and cash equivalents

Unit: Yuan

Item	Amount for the current period	Amount for the prior period
I. Cash	551,005,901.22	519,284,372.44
Including: Cash on hand	175,196.27	380,826.22
Bank deposits available for payment at any times	550,830,704.95	592,668,899.47
Other monetary funds available for payment at any times		131,457.72
II. Closing balance of cash and cash equivalents	551,005,901.22	519,284,372.44

8. Related party relationships and transactions

8.1 Parent of the Company

Name of the parent	Related party relationship	Type of the entity	Place of incorporation	Legal representative	Business Nature
Shenzhen Investment Shareholding Co. Ltd	Parent of the Group	State-owned Enterprises	Guangdong province Shenzhen	Fan Mingchun	Investment, Real estate development, Guarantee

(Continued)

Name of the parent	Registered capital	Proportion of the Company's ownership interest held by the parent (%)	Proportion of the Company's voting power held by the parent (%)	Ultimate controlling party of the Company	Organization code
Shenzhen Investment	RMB 10.92billion	63.55	63.55	State-owned assets management	76756642-1

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Shareholding Ltd	Co.				committee	
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8.2 Subsidiaries of the Company

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Name of the subsidiary	Types	Reg. place	Legal representative	Biz scope	Reg. captl (in ten thousands yuan).	(%) of share	Voting (%)	Organization code
Shenzhen Petrel Hotel Co. Ltd.	Wholly-owned subsidiary	shenzhen	Yang Jiayong	Hotel	3,000	100	100	618858316
Shenzhen City Property Management Ltd.	Wholly-owned subsidiary	shenzhen	Chen Jiafa	Property management	725	100	100	192176034
Shenzhen Zhen Tung Engineering Ltd.	Wholly-owned subsidiary	shenzhen	Ye Haibo	Fitting-out contracting and maintenance	1,000	100	100	618861371
Shenzhen City We Gen Construction Management Ltd.	Wholly-owned subsidiary	shenzhen	Yang Huajian	Construction project management	800	100	100	192294487
Shenzhen City Car Rental Ltd.	Wholly-owned subsidiary	shenzhen	Yang Jiayong	Car rental	1,029	100	100	279277356
Shenzhen Shenfang Car Park Ltd.	Wholly-owned subsidiary	shenzhen	Wang Xiaolv	Develop and operate car park	4,250	100	100	618893285
Shenzhen City Shenfang Investment Ltd.	Wholly-owned subsidiary	shenzhen	Chen Maozheng	Investment and management	1,000	100	100	279381305
Shenzhen City Shenfang Free Trade Trading Ltd.	Wholly-owned subsidiary	shenzhen	Yang Jiayong	Trading of Import and Export	500	100	100	192269708
Shenzhen City SPG Long Gang Development Ltd.	Wholly-owned subsidiary	shenzhen	Liu Xiaodong	Property development	3,000	100	100	279522091
Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Property and Estate Co., Ltd.	Wholly-owned subsidiary	GuangZhou	Huang Changyue	Property development	2,000	100	100	190521252
Beijing fresh peak property development management limited company	Wholly-owned subsidiary	BeiJing	Liang Song	Operating of Real estate	US\$1,000	100	100	600013366
Beijing SPG Property Management Limited	Wholly-owned subsidiary	BeiJing	Xu Dingjun	Property management	50	100	100	633652922
Shenzhen ShenWu elevator Co.,Ltd	Wholly-owned subsidiary	shenzhen	Zhou Xiaobing	Elevator sales and service	350	100	100	665889991
Shenzhen Lain Hua Industry and Trading Co. Ltd.	Wholly-owned subsidiary	shenzhen	Yang Jiayong	Installation of mechanical	1,000	100	100	192184309

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Name of the subsidiary	Types	Reg. place	Legal representative	Biz scope	Reg. captl (in ten thousands yuan).	(%) of share	Voting (%)	Organization code
				and electrical equipment				
Fresh Peak Holding Ltd.	Wholly-owned subsidiary	HongKong	Yang Jiayong	Investment and management	HKD100	100	100	
Wellam Ltd.	Wholly-owned subsidiary	HongKong	Yang Jiayong	Investment holding	HKD1	100	100	
Shantou SEZ Wellam Fty Bldg., Dev. Co.	Wholly-owned subsidiary	ShanTou	Nie Liming	Property development	USD1500	100	100	617534045
Shantou Huafeng Estate Dev.Co	Wholly-owned subsidiary	ShanTou	Yang kaiwei	Property development	3,000	100.00	100.00	073515208
Shan Tou Special Economic Zone Real Estate Ltd.	Wholly-owned subsidiary	ShanTou	Yang Kaiwei	Property development	HKD300	100	100	617537537
Great Wall Estate Co., Inc	Subsidiary of holding company	USA	Chen Mao zheng	Property development	USD50	70	70	
Fresh Peak Holdings Ltd.	Wholly-owned subsidiary	HongKong	Chen Mao zheng	Investment and management	HKD100	100	100	
Fresh Peak Investment Ltd.	Subsidiary of holding company	HongKong	Yang Jiayong	Properties investment	HKD100	55	55	
Openice Ltd.	Wholly-owned subsidiary	HongKong	Chen Mao zheng	Investment and management	HKD100	100	100	
Barenie Co. Ltd.	Subsidiary of holding company	HongKong	Chen Mao zheng	Properties investment	HKD1	80	80	
Keyear Development Ltd.	Wholly-owned subsidiary	HongKong	Chen Mao zheng	Investment holding	HKD100	100	100	
Guangzhou Huangpu Xizun real estate limited company	Wholly-owned subsidiary	GuangZhou	Luo Zichao	Property development	HKD3980	100	100	618436826

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Name of the subsidiary	Types	Reg. place	Legal representative	Biz scope	Reg. captl (in ten thousands yuan).	(%) of share	Voting (%)	Organization code
Fresh Peak Real Estate Dev. Construction (Wuhan) Co. Ltd.*①	Wholly-owned subsidiary	WuHan	Shen Yuesheng	Property development	USD400	55	55	616415810
Shenzhen Shenfang Department Store Co. Ltd.*②	Wholly-owned subsidiary	shenzhen	Yang Zhikai	Commercial goods supplier	1,000	100	100	708410080
Shenzhen CyberPort Co., Ltd *③	Wholly-owned subsidiary	shenzhen	Yang Jiayong	Information Technology Advisory	2,000	70	70	723003141
Shenzhen City SPG Bao An Development Ltd.*④	Wholly-owned subsidiary	shenzhen	Song Gongli	Property development	2,000	100	100	192185179
Shenzhen Real Estate Consolidated Service Co., Ltd *⑤	Wholly-owned subsidiary	shenzhen	Wu Chaoliang	Construction material, consume goods	1,371	100	100	
Shenzhen Shen Fang Industrial Development Co., Ltd.*⑥	Wholly-owned subsidiary	shenzhen	Lin Mingxian	Investment in industrial projects	300	100	100	
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd.*⑦	Wholly-owned subsidiary	shenzhen	Wang Jupei	Construction and decoration	221	100	100	
Bekaton Property Limited *⑧	Subsidiary of holding company	Australia		Property Development	USD20	60	60	
Canada Great Wall (vancouver) *⑧	Subsidiary of holding company	Canada		Property Development	JOD 0.1	75	75	
Paklid Limited *⑧	Wholly-owned subsidiary	HongKong	Chen Mao zheng	Property construction and trading of construction materials	HKD50	100	100	
Shenzhen City Shenfang Construction and Decoration Materials Ltd *⑨	Wholly-owned subsidiary	shenzhen	Zhang Lemin	Construction materials	268	100	100	192183509
Shenzhen ZhongGang Haiyan Enterprise Ltd.*⑩	Subsidiary of holding company	shenzhen	Luo Jinxing	Tourism Restaurant	1,900	68	68	618813265
Shenzhen Xing Dongfang Store Ltd.* ⑪	Wholly-owned subsidiary	shenzhen	Pei Naidian	Domestic commercial	2,000	100	100	

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Name of the subsidiary	Types	Reg. place	Legal representative	Biz scope	Reg. captl (in ten thousands yuan).	(%) of share	Voting (%)	Organization code
				goods supply				
Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd *12	Subsidiary of holding company	FengKai in GuangDong Province	Chen Jincai	Manufacturing and trading in cement products	USD800	90	90	617845521

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8.3 Associates and joint ventures of the entity

Name of investee	Types	Reg. place	Legal representative	Biz scope	Reg. captl(in ten thousands yuan)	(%) of share	Voting (%)	Relationship with the Group	Organization code
(1)Joint ventures									
Guangdong province Huizhou Luofu Hill mineral water Co.,Ltd	Cooperative Enterprises	Guangdong Boluo	YangHuaiYu	Water and other products	602				
Fengkai Xinhua Hotel	Cooperative Enterprises	Guangdong Feng kai		Tourism, Restaurant					
Jiangmen Xinjian Real Estate Co. Ltd.	Cooperative Enterprises	Guangdong Jiangmen	LuoJinXXing	Property developing and sales	USD660				
Xi'an Fresh Peak Building Co. Ltd.	Cooperative Enterprises	Xi'an	LiangWeiGuo	Developing and operating Xi'an trade building	HK3000				
DongYi Property Co.,Ltd.	Private Enterprises	Hong kong		Property development and sales	HKD100				
(2)Associates									
Shenzhen Ronghua JiDian Co.,Ltd	Limited liability company	Shenzhen	Zheng Zhongqing	Elevator, air-condition, water-electricity fixing and sales	500	25	25		19219691-6
Shenzhen Fresh Peak Property Consultant Co.,Ltd	Limited liability company	Shenzhen	Zhong Xinfa	Property sales and rental	300	20	20		19221684-1
Shenzhen Runhua Automobile Trading Co.,Ltd	Limited liability company	Shenzhen	Li Xuemin	Domestic car sales(not includen little car), motor	500	50	50		19220483-2
Shenzhen Dongfang New world Store Co.,Ltd	Limited liability company	Shenzhen	Peng Naidian	Domestic trade/material supply	3,000	50	50		19222948-2

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8.4 Other related parties of the Company

Name of other related party	Relationship between other related parties and the Company	Organization code
Shenzhen Jian'an Group Co., Ltd.	The same controlling shareholders	19219737X
Shenzhen Environmental Engineering Science Tech Center Co., Ltd.	The same controlling shareholders	668538441
Shenzhen General Institute of Architectural Design and Research CO.,LTD	The same controlling shareholders	192244260
Shenzhen Institute of Building Research Co., Ltd.	The same controlling shareholders	665899831
Shenzhen Water Planning & Design Institute	The same controlling shareholders	672999996
Shenzhen Small & Medium Enterprises Credit Financing Guarantee Group CO.LTD	The same controlling shareholders	670019325

8.5 Related party transactions

(1) Contracting with related parties

Name of main contract issuing party	Name of contractor	Type of assets under contracting	Reception date of contracting	Expiration date of contracting	Basis of pricing of contracting income	Contracting income recognized in the current year
The Group	Shenzhen Jian'an Group Co., Ltd.	Construction	2012-2-1		Biding	1,000,000.00

(2) Guarantees with related parties

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
The Group	Shenzhen ShenFang Group LongGang Development Co.,Ltd	88,400,000.00	2012.3.31	2015.3.31	No
The Group	Shantou Hualin Estate Dev. Co	130,000,000.00	2013.4.17	2016.4.16	No

The Company provided joint and several liability of credit guarantee for its subsidiary, Shenzhen ShenFang Group LongGang Development Co., Ltd.

The Company provided the maximum amount of guarantee for all the main contracts by its subsidiary, Shantou Hualin Estate Dev. Co and Bank of Communications (Shantou Guoxin Branch) from 17 April 2013 to 16 April 2016. The maximum amount of debt guaranteed by the Company is RMB 130,000,000.00.

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Renminbi Yuan

8.6 Amounts due from / to related parties

Amounts due from related party

Unit: Yuan

Item	Name of related parties	Closing balance		Opening balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable					
	Shenzhen Fresh Peak property consultant Co.,Ltd	1,092,432.91	--	1,084,758.36	--
	Total	1,092,432.91	--	1,084,758.36	--
Other receivables					
	Guangdong Province Huizhou Luofu Hill Mineral Water Co.,Ltd	10,465,168.81	10,465,168.81	10,465,168.81	10,465,168.81
	Shenzhen Runhua Automobile Trading Co.,Ltd	3,072,764.42	3,072,764.42	3,072,764.42	3,072,764.42
	Canada GreatWall (vancouver) Co.,Ltd	89,035,748.07	89,035,748.07	89,035,748.07	89,035,748.07
	Bekaton Property Limited	12,559,290.58	12,559,290.58	12,559,290.58	12,559,290.58
	Paklid Limited	18,631,565.47	18,628,734.59	18,631,565.47	18,628,734.59
	Shenzhen Shenfang Department Store Co. Ltd.	237,648.82	189,179.82	237,648.82	189,179.82
	Shenzhen Real Estate Consolidated Service Co., Ltd.	1,086,487.22	927,136.22	1,086,487.22	927,136.22
	Shenzhen City Shenfang Construction and Decoration Materials Ltd.	8,327,180.71	8,327,180.71	8,327,180.71	8,327,180.71
	Shenzhen RongHua JiDian Co.,Ltd	475,223.46	--	475,223.46	--
	Xi'an Fresh Peak property management& Trading Co.,Ltd	8,419,205.19	--	8,419,205.19	--
	Total	152,310,282.75	143,205,203.22	152,310,282.75	143,205,203.22

Amounts due to related party

Unit: Yuan

Item	Name of related parties	Closing balance	Opening balance
Other payables:			
	Shenzhen Tefa Real Estate Consolidated Service Co., Ltd.	598,012.16	598,012.16
	Shenzhen Shen Fang Industrial Development Co., Ltd	1,534,854.91	1,534,854.91
	Shenzhen ZhongGang Haiyan Enterprise Ltd.	135,853.52	135,853.52
	Shenzhen Dongfang New world store Co.,Ltd	902,974.64	902,974.64
	Shenzhen Xin Dongfang Store Ltd.	1,394,704.21	1,394,704.21
	Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd.	1,867,348.00	1,867,348.00
	Shenzhen Cyber Port Co., Ltd	7,964,749.26	7,964,749.26

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

Notes to the Financial Statements

for the six months ended 30 June 2013 (unaudited) (English translation is for reference only) :

Renminbi Yuan

	Shenzhen Shenfang Group BaoAn Developing Co.,Ltd	20,093,445.07	20,093,445.07
	Shenzhen Investment Holding Co.,Ltd	58,848,819.24	58,848,819.24
	Total	93,340,761.01	93,340,761.01
Interest payable:			
	Shenzhen Investment Holding Co.,Ltd	16,535,277.94	16,535,277.94
	Total	16,535,277.94	16,535,277.94

9 Contingencies

9.1 Contingencies arising from pending litigations or arbitrations and their financial effects

Contingencies arising from pending litigations or arbitrations and their financial effects

① Xi'an project Lawsuit

Xi'an Fresh Pead Holding limited company (hereinafter referred to as "Fresh Peak

Company”) was sino-foreign joint venture set up in Xi’an city. The shareholder of the Fresh Peak Company – Hongkong Fresh Peak Co., Ltd was the wholly owned subsidiary of the company. And the Hongkong Fresh Peak Co., Ltd contributed 84% of the Fresh Peak Company’s share- capital in cash. And Xi’an trade building which was the enterprise under the Xi’an Joint Commission on Commerce and Trade contributed 16% of the Fresh Peak Company’s share- capital with the land-use right. The core business was property development. And the project was Xi’an Trade Building. The project was started on 1995-11-28. But the project had been stopped in 1996 because of the two parties differences on the operating policy of the project.

In 1997, the Xi’an government withdrew the Xi’an Fresh Peak investment project compulsively and assigned the project to Xi’an Business Tourism Co., Ltd (hereinafter referred to as “Business Tourism Company”). But the two parties had insulted a lawsuit on compensation. The ShanXi Province High Peoples Court made a judgement “(2000) SJ-CZ No.25”. The judgement was as follows: 1. Business Tourism Company had to pay for the compensation Rmb 36,620 thousand to Xi’an Fresh Peak Company after the judgment entering into force. If the Business Tourism Company failed to pay in time, it had to pay double debt interests to Xi’an Fresh Peak Company. 2. Xi’an Joint Commission on Commerce had jointly and severally obligation of the interests of the compensation.

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

As at 30 June 2014, the book value of the investment of Xi’an Fresh Peak Company was Rmb 12,166,897.84. The provision for investment was Rmb 20,673,831.77. And the amount of debt was Rmb 8,419,205.19.

② Luofu Hill project Lawsuit

The company cooperated with Luofu Hill Tourism Company (hereinafter referred to as “Tourism Company”) on Luofu Hill Tourism project in early years. The company instituted legal proceedings against Tourism Company because the Tourism Company failed to carry out the agreement. The judgement which issued by GuangDong Province High Peoples Court on 2007-12-21 was as follows:

① Tourism Company had to pay for Rmb 9,600 thousand to the company in 10 days after the judgment entering into force.

② Tourism Company should paid the interests for the occupation of Rmb 9,600 thousands with The People’s Bank of China similar loans rate in 10 days after the judgment entering into force. Of which, the interests for the occupation of Rmb 4,400 thousand were caluated from 1986-5-1 to the day the Tourism company paid off the debt. The interests for the occupation of Rmb 4100 thousand were

caluated from 1988-2-1 to the day the Tourism Company paid off the debt. The interests for the occupation of Rmb 1,100 thousand were caluated from 1989-6-15 to the day the Tourism Company paid off the debt. The interest of Rmb 8,580 thousand that the Tourism Company had paid for to the company can be deducted from the interest payable.

③ Luofushan Administration Committee had to undertake one third of the debts which Luofushan Tourism was unable to repay;

④ Interest of debts would be double if the Tourism Company and Luofushan Administration Committee failed to fulfill their obligations within the designated period of this judgment;

⑤ Tourism company undertaked all the litigation fees (RMB 167,710.00). The expense of first instance and the second instance had to pay to the company during the duration of payment.

There was no any new substantive progress after the judgement announced. The Company applied the GuangDong Province High People's Court to supervise implementation on December 17, 2009. The GuangDong Province High people's Court issued a document "(2009) YGYZDZ No. 67 to Huizhou intermediate people's court and asked the Huizhou intermediate people's court to close this case in 3 months after receiving the document. Until 17 Mar 2010, Huizhou intermediate people's court had finished the evaluation of the land use right of the executor. On 13th October 2010, the land-use right was acutioned by the national resource department at the price of RMB 51,200 thousand.

According to the relevant provisions of the Huizhou local authorities, auction of land should be approved by local department of land and be implemented in real estate trading center set up under Land Branch. Huizhou Intermediate Court has issued an official letter to inform Boluo Land Bureau of its decision, and notify the relevant assistance. Boluo Land Bureau replied the Huizhou Intermediate Court that the land for aution would be surveyed and mapped (different from land evaluation), new planning point would be made by them as the conditions of auction. Boluo Land Bureau have surveyed and mapped Luofu Hill Tourism site that was sealed. The cadastral map and land red line chart were submitted to Huizhou Municipal Intermediate People's Court in June 2011. Detailed regulation is deemed as the basis for the development of planning points, while the preparation of detailed regulation relies on Luofushan Administration Committee. Because the planning points were not made, the land failed to be auctioned.

As at 30 June 2014, the book value of the Company's creditor rights on Tourism Company was Rmb 9,600,000.00. The provision for bad debt was Rmb 4,800,000.00.

9.2 Contingent liabilities arising from providing debt guarantees to other entities and their financial effects

The company provided debt guarantees for its related parties, please refer to note 8.5 (2)。

10 Commitments

10.1 Significant commitments

Item	Amount for the current period	Amount for the prior period
Capital commitments that have been entered into but have not been recognized in the financial statements		
- Significant outsourcing contracts	198,875,929.73	349,491,097.84
Total	198,875,929.73	349,491,097.84

10.2 Fulfillment progress of previous commitments

The amount of significant outsourcing contracts is RMB 150,615,168.11, which was paid during the report period and has been entered into the prior period but has not been recognized in the financial statements.

11 Events after Balance Sheet Date

In the early 2014, the Ministry of Finance issued Cai Kuai [2014] No. 6, 7, 8, 10, 11, 14, released these provision: "Enterprise Accounting Standards No. 39 - measured at fair

value, Accounting Standard for Business Enterprises No. 30 - Presentation of financial statements (revised 2014)", "Accounting Standard for Business Enterprises No. 9 – Employee compensation (revised 2014)", "enterprise Accounting Standards No. 33 - Consolidated Financial Statements (revised 2014) "and" enterprise accounting Standards No. 40 - the joint venture arrangement ".According to these provision ,all enterprises enterprise-wide accounting standards are required to implement them from July 1, 2014, and the enterprises listed overseas to go into effect in advance.

The Company will perform the above criteria from July 1, 2014, and change related accounting policies in accordance with them. The expected results of the main effects are as follows:

(1) Accounting Standard for Business Enterprises No. 9 – Employee compensation (revised 2014) has completely specified the accounting treatment of post-employment benefits, and the employment benefit plans are classified as defined contribution plans and defined benefit plans. Under a defined contribution plans, entity put fixed contributions into a fund, but has no legal or constructive obligation to make further payments; Under a defined benefit plan, these are post-employment benefit plans other than a defined contribution plans. For defined contribution plans, the amount recognized in the period is the contribution payable in exchange for service rendered

by employees during the period; for defined benefit plans, the measurement of a net defined benefit liability or assets requires the application of an actuarial valuation method, the attribution of benefits to periods of service, and the use of actuarial assumptions. The present value of an entity's defined benefit obligations and related service costs is determined using the 'projected unit credit method. In addition, the revised standard also enriches accounting treatment of short-term remuneration and termination benefits, introduces other long-term employee benefits, and completely standardizes the accounting treatment of employee benefits. Adoption of this standard is not expected to have a material impact on the Company's financial statements.

(2) Accounting Standard for Business Enterprises No. 30 - Presentation of financial statements (revised 2014) further standardizes the presentation of financial statements, revises and improves the presentation of going concern assessment, the normal operating cycle, enrich note disclosures and so on. The amendment has supplementary information of income statement as a mandatory disclosure, where expenses are classified in accordance with the nature. The standard requires that other comprehensive income should be divided into two categories for the presentation: ① subsequent projects will not be reclassified to profit or loss; ② in case that certain conditions are met, the follow-up may be reclassified to profit or loss. The Company will change the presentation of financial statement in line with the revised guidelines.

(3) Enterprise Accounting Standards No. 33 - Consolidated Financial Statements (revised 2014) established control as the basis for determined which entities are consolidated in the consolidated financial statements. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The criteria give more guidance than the original one for defining the principle of control. In accordance with the guidelines, the management teams are required to make important judgments whether entity can control over the investee. The Company's management believes that the Company's prior year judgment meet the revised standards, so this change will not place a material impact on the Company's financial statements.

(4) Enterprise Accounting Standards No. 40 - the joint venture arrangement, standardize the identification, classification and measurement of common control by two or more participating parties. The standards set out the accounting for an entity's

interests in various forms of joint ventures: jointly controlled operations, and jointly controlled entities. Jointly controlled operations involve the use of assets and undertake of liability. For jointly controlled entity, the joint venture has only the rights to the arrangement of the net assets of the joint venture. The standard permits jointly controlled entities to be accounted for using the equity method. The standards require that the venturer should recognize in its financial statements the assets (including its share of any joint assets), liabilities (including its share of any liabilities incurred jointly with the other venturers), the expenses and the income (including expenses incurred directly in respect of its interest in the joint venture) by the joint venture. Adoption of the guidelines is not expected to have a material impact on the financial statements.

(5) Enterprises Accounting Standards No. 39 -Fair value measurement defines fair value, set out a framework definitely for measuring fair value, establishes a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value, and makes specific requirements about disclosure of related information. However, the standard does not change the provisions of other accounting Standards under which whether fair value measurement should be used. The management of the Company believes that adoption of this standard will result in amendments to policies and procedures associated with the fair value measurement, and wider disclosure of fair value information. In addition, the adoption of this standard is not expected to have a significant impact on the recognition and measurement of the Company's financial statements.

12 Notes to Items in the Financial Statements of the Company

12.1 Accounts receivable

(1) Accounts receivable

Unit:Yuan

Category	Closing balance			
	Carrying amount		Bad debt provision	
	Amount	(%)	Amount	(%)
Accounts receivable of which provision for bad debts is made according to Portfolio	--	--	--	--
Accounts receivable of which provision for bad debts is of individually insignificant	11,382,394.18	100.00%	6,968,694.02	61.22%
Total	11,382,394.18	--	6,968,694.02	--

(Continued)

Category	Opening balance	
	Carrying amount	Bad debt provision

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

Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

	Amount	(%)	Amount	(%)
Accounts receivable of which provision for bad debts is made according to Portfolio	--	--	--	--
Accounts receivable of which provision for bad debts is of individually insignificant	11,327,983.25	100.00%	6,968,694.02	61.52%
Total	11,327,983.25	--	6,968,694.02	--

Accounts receivable of which provision for bad debts is of individually significant

suitability unsuitability

Portfolio 1 by Aging analysis

suitability unsuitability

Portfolio 2 by percentage

suitability unsuitability

Portfolio 3 by other methods

suitability unsuitability

Provisions of bad debts that is individually insignificant

suitability unsuitability

Content of accounts receivable	Carrying amount	Amount of bad debt	Proportion of provision (%)	Reasons for the provision
House pay to be collected	11,109,420.18	6,968,694.02	62.73%	A separate provision is established according to the recoverability of each receivables with long aging and little retrievability.
Rental to be collected	272,974.00			
Total	11,382,394.18	6,968,694.02	--	

(2) No any significant reversals and collections during the current period

(3) There were no any significant accounts receivables written off in the current period.

(4) No amount due from shareholders at least 5% of the Company's shares with voting power in the reporting period

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

Unit: Yuan

Name of entity	Relationship with the Group	Amount	Age	Proportion of the amount to the total AR (%)
Corporation No.1	Un-related party	1,803,947.90	Over 3 years	15.85%
Individual No.1	Un-related party	1,200,000.00	Over 3 years	10.54%
Corporation No.2	Associate	1,092,432.91	Over 3 years	9.60%
Individual No.2	Un-related party	876,864.11	Over 3 years	7.70%
Individual No.3	Un-related party	800,588.69	Over 3 years	7.03%
Total		5,773,833.61		50.72%

(6) Receivables due from related parties

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

Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

Unit: Yuan

Name of entity	Relationship with the Group	Amount	(%) in receivables
Shenzhen Fresh Peak property consultant Co.,Ltd	Associate	1,095,272.50	8.56
Total		1,095,272.50	8.56

(7) There were no any accounts receivables which had been terminated recognition.

12.2 Other receivables

(1) Other receivables

Unit: Yuan

Category	Closing balance			
	Carrying amount		Bad debt provision	
	Amount	(%)	Amount	(%)
Other receivables of which provision for bad debts is of individually significant	1,437,107,043.17	98.36%	818,545,417.98	56.96%
Other receivable of which provision for bad debts is of individually significant				
Other receivables of which provision for bad debts is of individually insignificant	23,991,125.12	1.64%	12,628,565.94	52.64%
Total	1,461,098,168.29	--	831,173,983.92	--

(Continued)

Category	Opening balance			
	Carrying amount		Bad debt provision	
	Amount	(%)	Amount	(%)
Other receivables of which provision for bad debts is of individually significant	1,474,220,614.49	98.22%	818,545,417.98	55.52%
Other receivable of which provision for bad debts is of individually significant				
Other receivables of which provision for bad debts is of individually insignificant	26,760,143.14	1.78%	12,628,565.94	47.19%
Total	1,500,980,757.63	--	831,173,983.92	--

Bad debt provision of other receivables which is of individually significant

√suitability □ unsuitability

Unit: Yuan

Content of accounts receivable	Carrying amount	Amount of bad debt	Proportion of provision (%)	Reasons for the provision
Other receivables between subsidiaries that are included in consolidated statement	1,290,583,162.22	677,154,231.02	52.47%	A separate provision is established according to the recoverability of each receivales with long aging and little retrievability
Other receivables between subsidiaries that are not included in consolidated statement	120,994,319.55	120,994,319.55	100.00%	
Others	25,529,561.40	20,396,867.41	79.90%	

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

Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

Total	1,437,107,043.17	818,545,417.98	--	
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Portfolio 1 by Aging analysis

suitability unsuitability

Portfolio 2 by percentage

suitability unsuitability

Portfolio 3 by other methods

suitability unsuitability

Provisions of bad debts that is individually insignificant

suitability unsuitability

Unit: Yuan

Content of other receivables	Carrying amount	Amount of bad debt	Proportion of provision (%)	Reasons for the provision
Other receivables between subsidiaries that are included in consolidated statement	4,699,621.70			A separate provision is established according to the recoverability of each receivables with long aging and little retrievability
Other receivables between subsidiaries that are not included in consolidated statement	1,324,136.04	1,116,316.04	84.31%	
Others	17,967,367.38	11,512,249.90	64.07%	
Total	23,991,125.12	12,628,565.94	--	

- (2) There were no any reversals and collections during the current period .
- (3) There were no any other significant receivables Written off for in the current period.
- (4) There were no any other receivables due from shareholders at least 5% of the Company's shares with voting power in the reporting period
- (5) Top 5 entities with the largest balances of other receivables

Unit: Yuan

Name of entity	Relationship with the Group	Amount	Age	Proportion of the amount to the total OR (%)
Fresh Peak Enterprise Co., Ltd	Subsidiary	1,604,029.55	Within 1 year	0.11
		2,427,841.50	1-2 years	0.17
		1,035,548.35	2-3 years	0.07
		558,681,359.12	Over 3 years	38.24
Shenzhen ShenFang Group LongGang Development Co.,Ltd	Subsidiary	50,061,816.12	Within 1 year	3.43
		56,919,668.93	1-2 years	3.90
		36,622,593.18	2-3 years	2.51
		159,719,696.84	Over 3 years	10.93
Shantou Huafeng estate dev.co.	Subsidiary	267,670,000.00	Within 1 yea	18.32

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

Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

American Great Wall Co.,Ltd	Subsidiary	101,379,954.81	Over 3 years	6.94
Canada Great Wall(vancouver) Co.,Ltd	Subsidiary	89,035,748.07	Over 3 years	6.09
Total		1,325,158,256.47		90.71

(6) Receivables due from related parties

Unit: Yuan

Name of entity	Relationship with the Group	Amount	(%) in receivables
Fresh Peak Enterprise Co., Ltd.	Subsidiary	563,748,778.52	38.58%
Shenzhen ShenFang Group LongGang Development Co.,Ltd	Subsidiary	303,323,775.07	20.76%
American Great Wall Co.,Ltd	Subsidiary	101,379,954.81	6.94%
Canada Great Wall(vancouver) Co.,Ltd	Subsidiary	89,035,748.07	6.09%
Shenzhen City Shenfang Free Trade Trading Ltd.	Subsidiary	32,392,459.91	2.22%
Shenzhen Lain Hua Industry and Trading Co. Ltd.	Subsidiary	16,170,762.46	1.11%
Bekaton Property Limited	Subsidiary	12,559,290.58	0.86%
Paklid Limited	Subsidiary	11,072,100.19	0.76%
Guangdong province Huizhou Luofu Hill Mineral Water Co.,Ltd	Joint venture	10,465,168.81	0.72%
Shenzhen City Shenfang Construction and Decoration Materials Ltd.	Subsidiary	8,327,180.71	0.57%
Shenzhen City Shenfang Investment Ltd.	Subsidiary	5,897,431.45	0.40%
Shenzhen Runhua Automobile trading Co.,Ltd	Associate	3,072,764.42	0.21%
Shenzhen Real Estate Consolidated Service Co., Ltd.	Subsidiary	1,086,487.22	0.07%
Shenzhen Ronghua JiDian Co.,Ltd	Associate	475,223.46	0.03%
Shenzhen Shenfang Department Store Co. Ltd	Subsidiary	237,648.82	0.02%
Shenzhen Zhen Tung Engineering Ltd	Subsidiary	4,189,766.49	0.29%
Shantou Huafeng estate dev.co.	Subsidiary	267,670,000.00	18.32%
Shantou Hualin estate dev.co.	Subsidiary	849,885.73	0.06%
Shantou Songshan estate dev.co	Subsidiary	3,130,395.08	0.21%
Total		1,435,084,821.80	98.22%

(7) There were no any other receivables which had been terminated recognition in the accounting year.

12.3 Long-term equity investments

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

Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

(2) Details of long-term equity investments

Name of investee	Accounting method	Investment cost	Opening balance	Changes [(Increase /decrease)]	Closing balance
Shenzhen City Property Management Ltd.	Cost method	12,821,791.52	12,821,791.52	--	12,821,791.52
Shenzhen Petrel Hotel Co. Ltd.	Cost method	20,605,047.50	20,605,047.50	--	20,605,047.50
Shenzhen City Shenfang Investment Ltd.	Cost method	9,000,000.00	9,000,000.00	--	9,000,000.00
Fresh Peak Enterprise Ltd.	Cost method	556,500.00	556,500.00	--	556,500.00
Fresh Peak Holdings Ltd.	Cost method	20,824,545.77	22,717,697.73	--	22,717,697.73
Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Property and Estate Co., Ltd.	Cost method	20,000,000.00	20,000,000.00	--	20,000,000.00
Shenzhen Zhen Tung Engineering Ltd	Cost method	11,332,321.45	11,332,321.45	--	11,332,321.45
American Great wall Co.,Ltd	Cost method	1,435,802.00	1,435,802.00	--	1,435,802.00
Shenzhen City Shenfang Free Trade Trading Ltd.	Cost method	4,750,000.00	4,750,000.00	--	4,750,000.00
Shenzhen City Hua Zhan Construction Management Ltd.	Cost method	6,000,000.00	6,000,000.00	--	6,000,000.00
Shenzhen City Car Rental Ltd.	Cost method	11,809,500.00	6,495,225.00	--	6,495,225.00
QiLu Co.,Ltd	Cost method	212,280.00	212,280.00	--	212,280.00
Beijing Shenfang Property Management Ltd.	Cost method	500,000.00	500,000.00	--	500,000.00
Shenzhen Lain Hua Industry and Trading Co. Ltd.	Cost method	13,458,217.05	13,458,217.05	--	13,458,217.05
Shenzhen City SPG Long Gang Development Ltd.	Cost method	30,850,000.00	30,850,000.00	--	30,850,000.00
Beijing Fresh Peak Property Development Management Limited Company	Cost method	64,183,888.90	64,183,888.90	--	64,183,888.90
Shenzhen Shenfang Car Park Ltd.	Cost method	29,750,000.00	29,750,000.00	--	29,750,000.00
Guangdong province Huizhou Luofu Hill Mineral Water Co.,Ltd	Equity method	9,969,206.09	9,969,206.09	--	9,969,206.09
Fengkai Xinhua Hotel	Equity method	9,455,465.38	9,455,465.38	--	9,455,465.38
Shenzhen Runhua Automobile trading Co.,Ltd	Equity method	1,445,425.56	1,445,425.56	--	1,445,425.56
Shenzhen Ronghua JiDian Co.,Ltd	Equity method	1,250,000.00	1,378,532.26	--	1,378,532.26
Shenzhen Shen Fang Industrial Development Co., Ltd	Cost method	4,500,000.00	4,500,000.00	--	4,500,000.00

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

Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

Name of investee	Accounting method	Investment cost	Opening balance	Changes [Increase /decrease]	Closing balance
Shenzhen ZhongGang Haiyan Enterprise Ltd.	Cost method	12,940,900.00	12,940,900.00	--	12,940,900.00
Shenzhen Real Estate Consolidated Service Co., Ltd.	Cost method	5,958,305.26	5,958,305.26	--	5,958,305.26
Paklid Limited	Cost method	201,100.00	201,100.00	--	201,100.00
Bekaton Property Limited	Cost method	906,630.00	906,630.00	--	906,630.00
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd.	Cost method	8,180,003.63	8,180,003.63	--	8,180,003.63
Shenzhen Xin Dongfang Store Ltd.	Cost method	18,500,000.00	18,500,000.00	--	18,500,000.00
Shenzhen City Shenfang Construction and Decoration Materials Ltd.	Cost method	2,680,000.00	2,680,000.00	--	2,680,000.00
Shenzhen Shenfang Department Store Co. Ltd.	Cost method	9,500,000.00	9,500,000.00	--	9,500,000.00
Shenzhen CyberPort Co., Ltd	Cost method	14,000,000.00	12,401,018.42	--	12,401,018.42
ShenZhen ShenFang BaoAn developmentCo.,Ltd	Cost method	19,000,000.00	19,000,000.00	--	19,000,000.00
Shantou Fresh Peak Building	Cost method	68,731,560.43	58,547,652.25	--	58,547,652.25
Shantou Small&medium Enterprises Finacing Guarantee Co. Ltd.	Cost method	12,000,000.00	12,000,000.00	--	12,000,000.00
Shantou Huafeng estate dev.co.	Cost method	30,000,000.00	30,000,000.00	--	30,000,000.00
Total		487,308,490.54	472,233,010.00		472,233,010.00

SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) Co., Ltd.
Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

(Continued)

Name of investee	Proportion of ownership interest held (%)	Proportion of voting power in the investee (%)	Explanation of the inconsistency between these two proportions	Provision for impairment losses	Provision for impairment losses for the period	Cash dividend for the period
Shenzhen City Property Management Ltd.	95	95		--	--	--
Shenzhen Petrel Hotel Co. Ltd.	68.10	68.10		--	--	--
Shenzhen City Shenfang Investment Ltd.	90	90		--	--	--
Fresh Peak Enterprise Ltd.	100	100		--	--	--
Fresh Peak Holdings Ltd.	100	100		--	--	--
Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Property and Estate Co., Ltd.	100	100		--	--	--
Shenzhen Zhen Tung Engineering Ltd	73	73		--	--	--
American Great wall Co.,Ltd	70	70		--	--	--
Shenzhen City Shenfang Free Trade Trading Ltd.	95	95		--	--	--
Shenzhen City Hua Zhan Construction Management Ltd.	75	75		--	--	--
Shenzhen City Car Rental Ltd.	55	55		--	--	--
QiLu Co.,Ltd	20	20		--	--	--
Beijing Shenfang Property Management Ltd.	10	10		--	--	--
Shenzhen Lian Hua Industry and Trading Co. Ltd.	95	95		--	--	--
Shenzhen City SPG Long Gang Development Ltd.	95	95		--	--	--
Beijing Fresh Peak Property Development Management Limited Company	75	75		--	--	--
Shenzhen Shenfang Car Park Ltd.	70	70		--	--	--
Guangdong province Huizhou Luofu Hill Mineral Water Co.,Ltd	Co-operation	Co-operation		9,969,206.09	--	--
Fengkai Xinhua Hotel	Co-operation	Co-operation		9,455,465.38	--	--
Shenzhen Runhua Automobile trading Co.,Ltd	50	50		1,445,425.56	--	--
Shenzhen Ronghua JiDian Co.,Ltd	25	25		1,076,954.64	--	--
Shenzhen Shen Fang Industrial Development Co., Ltd	100	100		4,500,000.00	--	--

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Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

Name of investee	Proportion of ownership interest held (%)	Proportion of voting power in the investee (%)	Explanation of the inconsistency between these two proportions	Provision for impairment losses	Provision for impairment losses for the period	Cash dividend for the period
Shenzhen ZhongGang Haiyan Enterprise Ltd.	68	68		12,940,900.00	--	--
Shenzhen Real Estate Consolidated Service Co., Ltd.	100	100		5,958,305.26	--	--
Paklid Limited	100	100		201,100.00	--	--
Bekaton Property Limited	60	60		906,630.00	--	--
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd.	100	100		8,180,003.63	--	--
Shenzhen Xin Dongfang Store Ltd.	100	100		18,500,000.00	--	--
Shenzhen City Shenfang Construction and Decoration Materials Ltd.	100	100		2,680,000.00	--	--
Shenzhen Shenfang Department Store Co. Ltd.	95	95		9,500,000.00	--	--
Shenzhen CyberPort Co., Ltd	70	70		--	--	--
ShenZhen ShenFang BaoAn developmentCo.,Ltd	95	95		--	--	--
Shantou Fresh Peak Building	100	100		58,547,652.25	--	--
Shantou Small&medium Enterprises Finacing Guarantee Co. Ltd.	10	10		--	--	--
Shantou Huafeng estate dev.co.	100	100		--	--	--
Total				143,861,642.81	--	--

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

Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

12.4 Operating income and costs

(1) Operating income and operating costs

Unit: Yuan

Item	Amount for the current period	Amount for the prior period
Principal operating income	264,492,668.99	25,288,842.36
Total of operating income	264,492,668.99	25,288,842.36
Operating costs	161,104,051.82	11,056,048.84

(2) Principal operating activities (classified by industries)

Unit: Yuan

Name of industry	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Real estate	235,836,988.00	150,056,099.18		
Leasing	27,610,856.48	10,600,774.85	24,002,260.93	10,728,917.84
Others	1,044,824.51	447,177.79	1,286,581.43	327,131.00
Total	264,492,668.99	161,104,051.82	25,288,842.36	11,056,048.84

(3) Principal operating activities (classified by product)

Unit: Yuan

Name of industry	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Real estate	235,836,988.00	150,056,099.18		
Others	28,655,680.99	11,047,952.64	25,288,842.36	11,056,048.84
Total	264,492,668.99	161,104,051.82	25,288,842.36	11,056,048.84

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

Unit: Yuan

Name of geographical area	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Shenzhen	264,492,668.99	161,104,051.82	25,288,842.36	11,056,048.84
Total	264,492,668.99	161,104,051.82	25,288,842.36	11,056,048.84

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

Unit: Yuan

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Name of customers	Operating income for the current period	Proportion to total operating income of the Company (%)
Individual No.1	5,491,490.00	2.08%
Individual No.2	5,710,754.00	2.16%
Individual No.3	5,434,703.00	2.05%
Individual No.4	5,803,799.00	2.19%
Individual No.5	6,084,462.00	2.30%
Total	28,525,208.00	10.78%

12.5 Supplementary information to the cash flow statement

Unit: Yuan

Item	Amount for the current period	Amount for the prior period
(1) Reconciliation of net profit to cash flows from operating activities:		
Net profit	39,959,854.04	-9,163,660.55
Add: Depreciation of fixed assets, bio-assets, and natural gas	11,010,082.33	10,632,989.38
Amortization of intangible assets	187,399.98	113,799.98
Amortization of long-term deferred expenses	28,265.10	28,265.10
Losses on disposal of fixed assets, intangible assets and other long-term assets(deduct: gains)		4,644.48
Financial expenses (deduct: gains)	27,773,875.87	6,795,730.37
Decrease in inventories (deduct: increase)	147,289,098.10	-197,342,844.65
Decrease in operating receivables (deduct: increase)	39,766,405.91	3,607,115.56
Increase in operating payables (deduct: decrease)	-196,275,466.47	640,954,150.55
Net cash flows from operating activities	69,739,514.86	455,630,190.22
(2) Investing and financing activities that do not affect cash receipt and payment	--	--
(3)Net increase in cash and cash equivalents:	--	
Cash at the end of the period	268,564,331.04	431,672,122.54
Less: cash at the beginning of the period	362,953,152.47	190,825,250.83
Net increase in cash and cash equivalents	-94,388,821.43	240,846,871.71

13. Supplementary Materials

13.1 Breakdown non-recurring profit or loss

Unit: Yuan

Items	Amount for the current period	Remarks
Profit or loss on disposal of non-current assets	-893.90	
Other non-operating income or expenses other than the above	377,987.32	payments from the metro construction
Less: tax effects	94,273.36	
Total	282,820.06	

The Group defines items as non-recurring profit or loss items according to "Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No.1---Non-recurring Profit or Loss"(CSRC No.[2008]43)

□ suitability √unsuitability

13.2 Date differences between domestic and foreign accounting standards

(1) Differences between amounts prepared under international accounting standards and China Accounting Standards (CAS)

	Net profit		Net assets	
	Amount for the current period	Amount for the prior period	Closing balance	Opening balance
In accordance with CASs	34,732,376.73	13,050,340.37	1,897,643,065.42	1,863,347,135.33
Adjusted items and amount in accordance with IFRS				
In accordance with IFRS	34,732,376.73	13,050,340.30	1,897,643,065.42	1,863,347,135.30

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

	Net profit		Net assets	
	Amount for the current period	Amount for the prior period	Closing balance	Opening balance
In accordance with CASs	34,732,376.73	13,050,340.37	1,897,643,065.42	1,863,347,135.33
Adjusted items and amount in accordance with FAS				
In accordance with FAS	34,732,376.73	13,050,340.37	1,897,643,065.42	1,863,347,135.33

13.3 Return on net assets and earning per share (EPS)

Units:Yuan

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

Notes to the Financial Statements for the year 2013 (In RMB yuan except for otherwise specified)

Profit for the reporting period	Weighted average returned on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	1.85%	0.0343	0.0343
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	1.83%	0.0341	0.0341

13.4 Abnormal financial statements items and description of reasons

(1) Items in the balance sheet

Prepayments in the balance sheet had RMB20,603,439.36 as the closing balance at June 30, 2014, 68.79% of increase than the opening of the year. The reason for such increase is advance payment for material.

Other current assets had RMB 32,898,944.99 as the closing balance at June 30, 2014, 853.29% of increase than the opening of the year. The reason for such increase is that the taxation for pre-sale payments and receipts for projects was paid during the current period.

Accounts payable had RMB 282,956,580.89 as the closing balance at June 30, 2014, 27.33% of decrease than the opening of the year. The reason for such decrease is payment for projects during the current period.

Advance from customers had RMB 790,524,957.89 as the closing balance at June 30, 2014, 152.59% of increase than the opening of the year. The reason for such increase is advance payment from housing buyers during the current period

Taxes payable had RMB 50,695,921.18 as the closing balance at June 30, 2014, 65.75% of decrease than the opening of the year. The reason for such decrease is final settlement of enterprise income tax of 2013.

(2) Items in the Income Statement, Cash Flow Statement

Operating income had RMB 573,074,359.31 during the current period, 78.70% of increase than the prior period. The reason for such increase is that income from Shenfang Chuanqishan Project was carried over during the current period.

Business tax and surcharge had RMB 40,888,590.26 during the current period, 66.65% of increase than the prior period. The reason for such increase is the increased turnover tax caused by increased income during the current period.

Selling expenses had RMB 14,246,226.29 during the current period, 107.08% of increase than the prior period. The reason for such increase is advertisement fees and commission of the current period.

Financial expense had RMB9,826,406.41 during the current period, 1808.86% of increase than the prior period. The reason for such increase is the decreased capitalization of interest during the current period.

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Non-operating income had RMB 497,280.70 during the current period, 85.89% of decrease than the prior period. The reason for such decrease is disposal of fixed assets during the prior period.

Income tax expenses had RMB 15,333,005.11 during the current period, 154.71% of increase than the prior period. The reason for such increase is increased profit during the current period

other comprehensive income had RMB -638,099.71 during the current period, the reason of the decrease of other comprehensive income is that exchange rate fluctuated

Net cash inflow from Operating Activities had RMB 200,024,750.32 during the current period 42.76% of decrease than the prior period. The reason for such decrease is more cash paid on taxes and levies during the current period than the prior period

Net cash flow from investing activities had RMB -1,175,815 during current period, 131.34% of decrease than the prior period. The reason for such decrease is that the Company disposed the office Building.in the prior period

Net cash flow from financing activities had RMB -167,205,928.61 during current period, 25.19% of increase than the prior period. The reason for such increase is mainly that the Company repaid less borrowing during the current period

Net increase in cash and cash equivalents had RMB 31,721,528.78 元 during current period, 75.50% of decrease than the prior period. The reason for such decrease is that the decrease I from f Operating Activities during the current period

Section X. Documents Available for Reference

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