



**SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES
(GROUP) CO., LTD.**

SEMI-ANNUAL REPORT 2017

2017-059

August 2017

Section I Important Statements, Contents and Definitions

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

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

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

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

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

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Definitions

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

Section II Corporate Profile and Key Operating Results

I Corporate Information

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

II Contact Information

	Board Secretary	Securities Representative
Name	Mr. Chen Ji	Mr. Luo Yi
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E-mail	spg@163.net	spg@163.net

III Other Information

1. Ways to Contact the Company

Indicate by tick mark whether any changes occur to the registered address, office address and their postal codes, website address and email address of the Company during the Reporting Period.

Applicable Not applicable

No changes occurred to the said information during the Reporting Period, which can be found in the 2016 Annual Report.

2. Information Disclosure Media and Place where this Report is Kept

Indicate by tick mark whether any changes occurred to the information disclosure media and the place where this Report was kept during the Reporting Period.

Applicable Not applicable

The newspapers designated by the Company for information disclosure, the website designated by the CSRC for

disclosing this Report and the location where this Report was placed did not change during the Reporting Period.

The said information can be found in the 2016 Annual Report.

IV Key Consolidated Operating Results

Indicate by tick mark whether the Company needs to retroactively restate any of its accounting data.

Yes No

	Reporting Period	Same period of last year	+/- (%)
Operating revenue (RMB)	731,306,982.03	1,097,886,969.68	-33.39%
Net profit attributable to shareholders of the Company (RMB)	137,226,601.84	134,761,121.51	1.83%
Net profit attributable to shareholders of the Company before exceptional gains and losses (RMB)	137,080,046.11	127,321,586.10	7.66%
Net cash from operating activities (RMB)	-97,700,697.19	426,167,980.76	-122.93%
Basic earnings per share (RMB/share)	0.1356	0.1332	1.80%
Diluted earnings per share (RMB/share)	0.1356	0.1332	1.80%
Weighted average return on equity (%)	5.06%	5.62%	-0.56%
	End of Reporting Period	End of last year	+/- (%)
Total assets (RMB)	3,795,348,770.68	3,785,600,783.23	0.26%
Net assets attributable to shareholders of the Company (RMB)	2,782,523,104.61	2,643,860,443.09	5.24%

V Differences in Accounting Data under Chinese and Foreign Accounting Standards

1. Differences in Net Profit and Net Assets Disclosed in Financial Reports Prepared under Chinese and International Accounting Standards

Applicable Not applicable

Unit: RMB

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	Reporting Period	Same period of last year	Closing amount	Opening amount
According to Chinese accounting standards	137,226,601.84	134,761,121.51	2,782,523,104.61	2,643,860,443.09
Items and amounts adjusted according to international accounting standards				
According to international accounting standards	137,226,601.84	134,761,121.51	2,782,523,104.61	2,643,860,443.09

2. Differences in Net Profit and Net Assets Disclosed in Financial Reports Prepared under Chinese and Foreign Accounting Standards

Applicable Not applicable

Unit: RMB

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	Reporting Period	Same period of last year	Closing amount	Opening amount
According to Chinese accounting standards	137,226,601.84	134,761,121.51	2,782,523,104.61	2,643,860,443.09
Items and amounts adjusted according to foreign accounting standards				
According to foreign accounting standards	137,226,601.84	134,761,121.51	2,782,523,104.61	2,643,860,443.09

3. Reasons for Accounting Data Differences under Chinese and Foreign Accounting Standards

Applicable Not applicable

VI Exceptional Gains/Losses

Applicable Not applicable

Unit: RMB

Item	Reporting Period	Note
Gains/losses on disposal of non-current assets (including offset asset impairment provisions)	-58,187.56	
Other gains/losses that meet definition of exceptional gains/losses	253,595.20	
Less: Income tax effects	48,851.91	
Total	146,555.73	--

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

Applicable Not applicable

No such cases in the Reporting Period.

Section III Business Profile

I Main Business Scope for Reporting Period

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

Yes, because the Company engages in real estate.

The Company concentrated on developing housing real estate, strictly controlled the quality and progress of its products, and made efforts to build exquisite projects. As a result, more and more brand effects have started to show, the operating performance has been improving steadily, and the development and operation of the main business has entered a virtuous cycle.

The Company develops and sells real estate mainly in Shenzhen and Shantou, both cities in the Guangdong province. In regard with projects in Shenzhen, the Cuilinyuan and Tianju Jingtian Apartment Block projects have sealed their roofs atop the concrete and steel frames; the Chuanqi Donghu Mingyuan project has its basement level in construction; the Chuanqishan project has been almost sold out; and there are only a few units left for the Chuanqi Shanglin project. As for projects located in Shantou, Phase I of the Tianyuewan project has finished roof capping on January 9, 2017 and is expected to be completed for acceptance by the end of this year, and design for Phase II has been finished by the end of last year; and all the other projects are mostly underway as scheduled.

II Significant Changes in Main Assets

1. Significant Changes in Main Assets

Main assets	Reason for significant change in Reporting Period
Equity assets	No significant changes
Fixed assets	No significant changes
Intangible assets	No significant changes
Construction in progress	No significant changes
Notes receivable	RMB16,405,895.50 on June 30, 2017, down by RMB4,200,883.41 (20.39%) from opening amount, mainly resulted by decrease in discounted undue trade acceptances
Accounts receivable	RMB183,877,575.95 on June 30, 2017, up by RMB75,579,525.55 (69.79%) from opening amount, mainly resulted by increased mortgaged loans receivable from banks
Prepayments	RMB24,607,282.73 on June 30, 2017, up by RMB8,742,143.40 (55.10%) from opening amount, mainly resulted by increased prepayments for construction

2. Main Assets Overseas

Applicable Not applicable

III Core Competitiveness Analysis

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

Yes, because the Company engages in real estate.

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 Chuanqishan project in Guangming, Shenzhen, the SPG Shanglin Garden project in Longgang, Shenzhen and the project in Shantou, the Company accelerates the establishment of a modern enterprise HR management system and works hard in building a professional and high-quality development team. It also keeps improving the management mechanism and processes for project development. As a result, the professionalism and management capability of the Company have improved significantly; planning, construction, cost control, marketing capability and brand image have been effectively enhanced; and the operational capability in the main business of real estate keeps increasing, along with the core competitiveness.

In 2016, the Company was rated as the Best Faithful Enterprise in Guangdong Province, and one of the Top 500 Enterprises in Guangdong Province by Guangdong Provincial Enterprise Confederation and Guangdong Provincial Association of Entrepreneurs, rated as one of the Top Ten Enterprises with Comprehensive Strength in Shenzhen Real Estate Industry by Shenzhen Real Estate Association, and was rated as a Two-Star Unit in the 1st Social Responsibility Rating Activity in Shenzhen by Shenzhen Municipal Association of Promoting Corporate Social Responsibility.

Section IV Performance Discussion and Analysis

I Summary

(I) Business Review for Reporting Period

2017 marks the second year of the Company's 13th five-year plan for development, as well as a key year for the Company to carry out its significant asset reorganization program. In the first half of the year, the growth slowdown in the macro economy and continued government controls weighed on the real estate sector. Under such circumstances, in addition to proactively and carefully carrying forward its significant asset reorganization program, the Company adhered to the thinking of "Carefully Draw up Development Strategies, Particularly Focus on Main Business, Strictly Control Costs and Continuously Improve Management Capability" and put greater efforts into promoting project construction and marketing, so as to achieve stable development.

In the Reporting Period, the Company made a concerted effort to overcome difficulties and steadily promote project construction. As a result, for this period, the Company achieved, on a consolidated basis, operating revenue of RMB731 million, down 33.39% compared to the same period of last year; a gross profit of RMB184 million, representing a year-on-year growth of 1.86%; and a net profit attributable to shareholders of the Company of RMB137 million, increasing 1.83% from a year earlier. As of June 30, 2017, net assets attributable to shareholders of the Company were equal to RMB2.783 billion, a 5.24% rise compared to the corresponding figure as of the end of last year.

1. 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 Chuanqishan project in Guangming, Shenzhen, the SPG Shanglin Garden project in Longgang, Shenzhen and the project in Shantou, the Company accelerates the establishment of a modern enterprise HR management system and works hard in building a professional and high-quality development team. It also keeps improving the management mechanism and processes for project development. As a result, the professionalism and management capability of the Company have improved significantly; planning, construction, cost control, marketing capability and brand image have been effectively enhanced; and the operational capability in the main business of real estate keeps increasing, along with the core competitiveness. During the reporting period, the key projects of the Company focused on Shenzhen and Shantou, and the construction of projects basically meets expectation. The Company pays close attention to product quality and progress, and timely adjusts marketing strategies. The development and sales of projects are under smooth progress, and the development and operation of the main industry are in good order.

2. The Company further improves the development and management system, focuses on management of safety in production and tightens cost control. For projects in Shenzhen area, roof capping of main structure of the Cuilinyuan project and the Tianju Jingtian Apartment Block project has been completed, and basement of the Chuanqi Donghu Mingyuan project is under construction. Roof capping of main structure of Shantou Tianyuewan Phase I has been completed, and acceptance of the project is expected to be completed by the end of the year; while planning and design of the second phase will be completed before the end of the year.

During the Reporting Period, the main real estate projects under construction of the Company include the Cuilinyuan project (south section of the SPG Shanglin project), the Tianju Jingtian Apartment Block project, the Chuanqi Donghu Mingyuan project, the Shantou Tianyuewan project, etc. The details are as follows:

Project	Location	Type of project	Status	The Company's stake	Covering area (m ²)	Building area with plot ratio (m ²)	Completed building area (m ²)	Total expected investment (RMB'0,000)	Accumulated investment (RMB'0,000)
Cuilinyuan	Shenzhen	Housing	Under construction	100%	16,424.29	60,450	0	57,000	33,890
Tianju Jingtian Apartment Block	Shenzhen	Apartment block	Under construction	49%	4,243.34	42,412	0	24,865	9,969
Shantou Tianyuewan Phase I	Shantou	Housing	Under construction	100%	31,167.50	153,578.51	0	79,801	49,386
Chuanqi Donghu Mingyuan	Shenzhen	Housing	Under construction	100%	5,889.7	45,043.72	0	73,200	14,923

3. Land reserves for future development by the end of the Reporting Period:

Project	Location	Land area (m ²)	Building area with plot ratio (m ²)
Shantou Tianyuewan Phase II	Shantou	33,362	127,661
Shantou Xinfeng Building	Shantou	5,920	26,640
Total		39,282	154,301

Note: The Company's real estate projects do not involve primary land development.

(II) Management Review for First Half of 2017

1. The Company fundamentals remain stable and healthy with reasonable debt structure, good financial condition and ample cash flow. During the reporting period, macro-economy is facing downward pressure, and sustained control of real estate forces the industry to continue to face the pressure of destocking on a national scale. The Company's real estate development and sales mainly concentrate in Shenzhen and Shantou. The sales revenue and profit in the region of Shenzhen, where overall sales are good, accounted for more than 90%. Thus the future destocking pressure mainly exists in Shantou region, of which sales revenue and profit account for a much smaller proportion. Therefore, the future business performance and profitability of the Company are less affected.

(1) Financing of the Company:

① Trade acceptance

Item	Closing balance (RMB'0,000)
Trade acceptance	1,640.59
Pledged loan	11,666.00

As of June 30, 2017, the trade acceptance discounted but not matured is RMB16,405,900, and the balance of related pledged borrowing is RMB16,405,900. When the trade acceptance cannot be

honored when it is mature, the bank has the power to ask the Company to repay the amount un-settled. The Company continues to recognize the carrying amount of the trade acceptance and records the amount of RMB116.66 million received as pledged borrowing because of the transfer, due to the Company's undertaking the main risk, such as credit risk, relating with the trade acceptance.

② Bank borrowing

No.	Financing Category	Term	Currency	Amount (RMB'0,000)			Purpose	Interest Rate Range (%)
				Credit	Drawing	Remaining Principal at End of Reporting Period		
1	Bank borrowing	1 year	RMB	2,960	2,960	2,960	Short-term credit borrowing	4.79-5.44
2	Bank borrowing	3-5 years	RMB	32,000	32,000	15,800	Medium and long-term borrowing	5.235
Total			RMB	34,690	34,690	18,490		

2. The main industry develops in a good order. The Company further improves the development and management system, focuses on management of safety in production and tightens cost control. During the Reporting Period, construction of real estate projects of the Company are under order progress. As for Shenzhen region, external scaffolding of the Cuilinyuan project has been removed; Foundation pit excavation of the Chuanqi Donghu Mingyuan project has been finished, and main structure of basement is under construction; the Tianju Jingtian Apartment Block is currently in the construction phase of installation engineering. As for the Shantou Tianyuewan Phase I project, roof capping has been finished, and acceptance is expected to be completed before the end of the year. Industry, product or regional situation accounting for more than 10% of the Company's operation revenue or operation profit:

Unit: RMB'0,000

	Operation Revenue	Operation Cost	Gross Margin	Operation Revenue Increased or Decreased over the Same Period of Last Year	Operation Cost Increased or Decreased over the Same Period of Last Year	Gross Margin Increased or Decreased over the Same Period Last Year
By industry						
Real estate	39,519	19,799	49.90%	-25.63%	-34.46%	6.75%
Engineering construction	23,007	22,354	2.84%	-51.28%	-50.33%	-1.87%
By product						
House	37,388	19,217	48.60%	-20.82%	-29.93%	6.69%
Shop	2,130	582	72.69%	-64.00%	79.09%	19.70%
By region						
Guangdong province	70,495	46,869	33.51%	-32.96%	-39.32%	6.98%

3. Real estate sales basically meet expectations. The Company is concerned about policy and market dynamics, and adjusts marketing strategies based on regulatory policies and market changes. Project sales basically meet the early year plan. Opening sales of the Cuilinyuan project began in

June in accordance with the schedule of early year plan; the Jinyedao project's remaining suites and the Chuanqi Shanglin project's villas basically achieve the sales target, while sales of the Shantou Yuejing Dongfang project and the Shantou Tianyuewan project is slightly behind schedule.

(1) Carryover and sales of major real estate projects in the Reporting Period

Unit: RMB'0,000

	Region	Operation Revenue	Operation Cost	Operation Margin	Gross Margin (%)
SPG Chuanqishan	Shenzhen	19,397	9,989	9,408	48.50
SPG Shanglin Garden	Shenzhen	17,719	8,149	9,570	54.01
Shantou Jinyedao	Shantou	578	215	363	62.80
Shantou Yuejing Dongfang	Shantou	1,825	1,446	379	20.77
Total		39,519	19,799	19,720	49.90

(2) Sales of real estate projects in the Reporting Period

Unit: square meters

No.	Name of Project	Market Opening	Equity Ratio	Region	Sales Area Available at the Beginning of the Year	Current Sold Area	Current Settlement Area
1	SPG Chuanqishan	November 2012	100%	Shenzhen	625	279	3,969
2	SPG Shanglin Garden	October 2013	100%	Shenzhen	3,852	2,895	5,912
3	Yuejing Dongfang	December 2013	100%	Shantou	5,000	3,648	2,090
4	Jinyedao	July 1996	100%	Shantou	5,000	3,161	600
5	Tianyuewan Phase I	October 2016	100%	Shantou	40,000	2,257	
6	SPG Cuilinyuan	June 2017	100%	Shenzhen	18,000		
Total					72,477	12,240	12,571

4. Real estate rental of the Company is stable with steadily rising rental price as well as good occupancy rate and rental recovery rate. The main rental items are as follows:

Unit: square meters

Region	Name of Building	Rentable Area	Rented Area	Occupancy Rate	Type of Operation	Land Ownership	Equity Ratio
Shenzhen	Real estate Mansion	3,413.88	3,413.88	100%	Commercial Building	The Company	100%
Shenzhen	North Block of Guoshang Mansion	4,819.71	4752.98	98.62%	Commercial Building	The Company	100%
Shenzhen	Petrel Building	22,475.47	22,475.47	100%	Commercial Building	The Company	100%
Shenzhen	SPG Plaza	59774.17	51344.7	86%	Office Building	The Company	100%
Shenzhen	SPG Plaza Podium	21456.72	21456.72	100%	Commercial Building	The Company	100%
Shenzhen	Wenjin Garden	3,531.60	3,531.60	100%	Commercial Building	The Company	100%
Total		115,471.55	106,975.35				

5. Enterprises affiliated strengthen their management and improve their service level to expand the market. The operation management of the enterprises basically meet expected targets in the reporting period.

(III) Outlook of the Company's Future Development

In the second half of 2017, the Company will work hard to overcome the sales pressure brought by the macro-control and adjust the business strategies according to local conditions. Main items for sales include the new buildings of the Cuilinyuan project, remaining villas of the Chuanqishan project, remaining villas and shops of the Chuanqi Shanglin project, as well as Shantou Tianyuewan Phase I, remaining suites of the Jinyedao project and the Yuejing Dongfang project. Working plan of the second half of the year is as follows:

1. Enhance project development, coordinate management and control capacity, promote project construction according to plan, and push forward project construction on the premise of ensuring safety and quality. Acceptance of the Shantou Tianyuewan Phase I project will be completed before the end of year. Construction application and tender of the second phase will be accelerated, and construction will begin according to actual situation. Acceptance of the Tianju Jingtian Apartment Block will be completed before the end of the year. Adjust marketing strategies, strengthen promotion and sales to achieve the expected real estate sales target.
2. Promote the Company's major asset reorganization in accordance with regulatory requirements.
3. Carry out the special governance activities of "inaction", strengthen enterprise management and cost control, and constantly enhance execution of the whole Company.
4. Strengthen financial management, reasonably balance debt structure, prevent and control financial risks and tighten internal control.
5. Enhance rental management, constantly improve rental and platform leasing work, and focus on raising occupancy rate and rental recovery rate.

II Analysis of Main Business

See "I Summary" above.

Year-on-year changes of key consolidated financial data:

Unit: RMB

	Reporting Period	Same period of last year	+/-%	Main reason for change
Operating revenues	731,306,982.03	1,097,886,969.68	-33.39%	Decreased sales of ready houses and construction services
Operating costs	494,949,797.89	816,027,244.11	-39.35%	Decreased sales of ready houses and construction services
Selling expense	6,832,803.76	5,107,741.43	33.77%	Marketing of new houses ready for sale
Administrative expense	24,719,238.69	26,957,331.77	-8.30%	Decreased intermediary fees and adjustments to tax accounting
Finance costs	-2,635,571.58	-7,048,153.64	-62.61%	Decreased interest income and capitalized interest on new real estate projects that began construction
Income taxes	47,173,139.72	46,284,687.48	1.92%	
Net cash from operating activities	-97,700,697.19	426,167,980.76	-122.93%	Decrease in cash generated from sale of goods and rendering of services
Net cash from	424,910.51	-20,267.34	-2,196.53	Decrease in cash paid to acquire fixed assets,

investing activities			%	intangible assets and other long-term assets
Net cash from financing activities	-4,191,437.88	-99,464,268.41	-95.79%	Decreased debt repayments in cash
Net increase in cash and cash equivalents	-101,713,852.56	326,931,012.56	-131.11%	Decrease in cash generated from sale of goods and rendering of services
Business taxes and surtaxes	23,913,311.23	86,368,209.71	-72.31%	Decreased real estate revenue
Asset impairment losses	0.00	-4,800,000.00	-100.00%	Reversal of bad-debt provisions in same period of last year
Non-operating income	317,021.43	5,213,457.94	-93.92%	Legal compensation paid to Luofu Mountain Travel Corp. was reclaimed in same period of last year

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

Applicable Not applicable

No such cases in the Reporting Period.

Breakdown of main business:

Unit: RMB

	Operating revenue	Operating cost	Gross profit margin	Operating revenue: YoY +/-%	Operating cost: YoY +/-%	Gross profit margin: YoY +/-%
By business segment						
Real estate	395,186,856.68	197,989,501.67	49.90%	-25.63%	-34.46%	6.75%
Construction service	230,070,127.94	223,538,547.75	2.84%	-51.28%	-50.33%	-1.87%
Rental service	39,832,678.73	13,767,769.29	65.44%	0.49%	-23.02%	10.55%
Property management service	69,319,461.17	64,661,883.21	6.72%	26.51%	26.89%	-0.28%
Other	13,457,954.75	9,935,401.97	26.17%	-13.49%	-0.26%	-9.80%
Subtotal	747,867,079.27	509,893,103.89	31.82%	-32.84%	-38.63%	6.43%
Less: offset internal transactions	-16,560,097.24	-14,943,306.00	9.76%	5.38%	0.50%	4.38%
Total	731,306,982.03	494,949,797.89	32.32%	-33.39%	-39.35%	6.65%
By product						
Housing units	373,881,925.68	192,171,413.67	48.60%	-20.82%	-29.93%	6.69%
Shops	21,304,931.00	5,818,088.00	72.69%	-64.00%	-79.09%	19.70%
Other products	352,680,222.59	311,903,602.22	11.56%	-39.43%	-41.02%	2.38%
Subtotal	747,867,079.27	509,893,103.89	31.82%	-32.84%	-38.63%	6.43%
Less: offset internal transactions	-16,560,097.24	-14,943,306.00	9.76%	5.38%	0.50%	4.38%
Total	731,306,982.03	494,949,797.89	32.32%	-33.39%	-39.35%	6.65%

By geographic segment						
Guangdong Province	704,953,389.43	468,691,762.92	33.51%	-32.96%	-39.32%	6.98%
Other regions in China	42,609,599.62	41,201,340.97	3.31%	-31.09%	-29.50%	-2.19%
Overseas	304,090.22		100.00%	6.25%		0.00%
Subtotal	747,867,079.27	509,893,103.89	31.82%	-32.84%	-38.63%	6.43%
Less: offset internal transactions	-16,560,097.24	-14,943,306.00	9.76%	5.38%	0.50%	4.38%
Total	731,306,982.03	494,949,797.89	32.32%	-33.39%	-39.35%	6.65%

III Non-Core Business Analysis

Applicable Not applicable

IV Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	End of Reporting Period		End of same period of last year		Change in percentage (%)	Main reason for significant change
	Amount	As a percentage of total assets (%)	Amount	As a percentage of total assets (%)		
Monetary funds	1,164,343,471.84	30.68%	1,502,687,318.92	33.56%	-2.88%	
Accounts receivable	183,877,575.95	4.84%	158,963,445.82	3.55%	1.29%	
Inventories	1,765,951,891.14	46.53%	2,031,681,084.13	45.38%	1.15%	
Investment property	405,102,784.35	10.67%	425,276,998.07	9.50%	1.17%	
Long-term equity investments	37,447,267.61	0.99%	57,705,013.77	1.29%	-0.30%	
Fixed assets	42,507,617.00	1.12%	49,014,628.32	1.09%	0.03%	
Short-term borrowings	143,560,032.01	3.78%	122,284,378.21	2.73%	1.05%	
Long-term borrowings	114,000,000.00	3.00%	325,399,708.82	7.27%	-4.27%	

2. Assets and Liabilities Measured at Fair Value

Applicable Not applicable

3. Restricted Asset Rights as of End of the Reporting Period

Item	Closing book value	Reason for restriction
------	--------------------	------------------------

Monetary funds	290,033.83	See item 1 under Note 7
Notes receivable	16,405,895.50	As pledges for short-term borrowings
Inventories		
Fixed assets		
Intangible assets		
Accounts receivable	100,079,290.62	As pledges for short-term borrowings
Investment property (Petrel Building)	64,969,223.83	As mortgages for long-term borrowings
Investment property (SPG Plaza)	223,598,885.86	As mortgages for long-term borrowings
Total	405,343,329.64	--

V Investment Analysis

1. Total Investments Made

Applicable Not applicable

2. Significant Equity Investments Made in This Reporting Period

Applicable Not applicable

3. Significant Non-equity Investments Ongoing in This Reporting Period

Applicable Not applicable

4. Financial Investments

(1) Securities Investments

Applicable Not applicable

No such cases in this Reporting Period

(2) Investment in Derivative Financial Instruments

Applicable Not applicable

No such cases in this Reporting Period

VI Sale of Major Assets and Equity Interests

1. Sale of Major Assets

Applicable Not applicable

No such cases in this Reporting Period.

2. Sale of Major Equity Interests

Applicable Not applicable

VII Main Controlled and Joint Stock Companies

Applicable Not applicable

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

Unit: RMB

Company name	Relationship with the Company	Main business scope	Industry	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Shenzhen Petrel Hotel Co., Ltd.	Subsidiary	Service	Hotel Service	RMB30 million	43,909,349.44	40,396,352.24	745,380.36	1,023,013.38	574,847.86
Shenzhen Property Management Co., Ltd.	Subsidiary	Service	Property management	RMB7.25 million	91,540,659.83	20,974,283.58	70,143,625.24	1,480,264.97	1,227,419.40
Shenzhen Zhentong Engineering Co., Ltd.	Subsidiary	Service	Fixing and maintenance of projects	RMB 10 million	454,224,394.85	22,236,242.51	230,533,085.34	2,112,888.75	1,747,489.32
Shenzhen Huazhan Construction Supervision Co., Ltd.	Subsidiary	Service	Construction supervision	RMB 8 million	8,945,940.98	8,494,269.19	1,983,012.12	25,370.40	19,027.80
Shenzhen SPG Mini-bus Rent Co., Ltd.	Subsidiary	Service	Rent of mini-bus	RMB 10.29 million	16,095,251.14	13,748,669.46	1,696,526.31	269,011.10	162,295.31
Xin Feng Real Estate Co., Ltd	Subsidiary	Investment management	Investment and management	HKD1 million	292,515,241.57	34,418,681.22	24,031,254.66	1,671,461.99	1,443,271.32
Great Wall Estate Co., Inc. (U.S.)	Subsidiary	Real estate	Development of real estate	USD0.5 million	19,300,969.94	-85,550,349.70	304,090.22	-89,772.94	-89,772.94
Xin Feng Enterprise Co., Ltd.	Subsidiary	Investment management	Investment and management	HKD1 million	151,207,730.62	-416,674,804.18	26,100.00	2,572,159.05	2,569,037.00
Shenzhen SPG Longgang Development Co., Ltd.	Subsidiary	Real estate	Development of real estate	RMB 30 million	666,667,720.73	109,038,040.46	177,187,569.11	81,048,138.44	62,574,498.41
Shantou Huafeng Real Estate Development	Subsidiary	Real estate	Development of real estate	RMB 30 million	684,600,535.02	4,860,619.16		-3,379,381.86	-2,534,536.39

Co., Ltd.									
-----------	--	--	--	--	--	--	--	--	--

Subsidiaries obtained or disposed in this Reporting Period

Applicable Not applicable

Information about the main controlled and joint stock companies

1. The subordinate subsidiaries engaged in real estate development mainly include: Shenzhen SPG Longgang Development Co., Ltd., Shantou SEZ, Wellam FTY, Building Development, Co., Ltd. and Shantou Huafeng Real Estate Development Co., Ltd. The Longgang Company was responsible for the development of the SPG Shanglin Garden Project with the carried forward sales of the first half year of 2017 of RMB0.177 billion for the north area, and the proportion of the operating income to that of the Group Company of 24.23% as well as the proportion of the net profits which was of RMB 0.063 billion to that of the Group Company of 45.61%. Shantou Wellam Company took the responsibility of developing the projects such as the Jinyedao and Yuejing Dongfang, with the first half year of 2017 carried forward sales of the Yuejing Dongfang Project of RMB 0.018 billion, and the carried forward sales of the remaining building of Jinyedao of RMB 0.006 billion. Shantou Huafeng Company took the responsibility of developing the Tianyuewan Project (namely the Shantou Jingzaiwan Project), of which the Phase I was capped, and is expected to be completed before the end of the year. Its operating profit of RMB-3.38 million was because the sales revenue has not been carried forward yet.
2. Shenzhen Zhentong Engineering Co., Ltd. was engaged in the business of building installation and maintenance with the first half year of 2017 operating income of RMB0.23 billion, and of 31.52% to the operating income of the Group Company.
3. The first half year of 2017 operating income of Shenzhen Property Management Co., Ltd. was of RMB0.07 billion that was of 9.59% to the operating income of the Group Company.
4. The first half year of 2017 net profits of Xin Feng Enterprise Co., Ltd. was of RMB2.57 million which mainly due to the profits or losses of the exchange rate changes

VIII Structured Bodies Controlled by the Company

Applicable Not applicable

IX Performance Forecast for January-September 2017

Warning of possible loss or considerable YoY change in the accumulative net profit made during the period-beginning to the end of the next reporting period, as well as the reasons:

Applicable Not applicable

Forecast: Considerable decrease at the same direction

Type of the forecast data: Interval number

	January-September 2017			January-September 2016	+/- (%)			
Forecast accumulative net profit (RMB'0,000)	13,000	--	15,000	23,686	Decrease	36.67%	--	45.12%
Basic earnings per share (RMB/share)	0.1285	--	0.1483	0.2341	Decrease	36.66%	--	45.11%
Notes to the forecast	The sales of carry forward of the real estate of the Company decreased from the year earlier in the Reporting Period.							

X Risks Facing the Company and Countermeasures

Risks facing the Company:

(I) The impact of macroeconomic policies and situation on the Company. In a certain time of the future, it is expected that the global economic situation is still complex and serious, and the recovery is slow. The effectiveness of domestic supply side reform and economic restructuring will become the new normal. The economic downward pressure is difficult to be alleviated in short term. These factors pose a pressure on the Company's sustained and stable development.

(II) From the real estate industry, macro-control policies result in a certain impact on the Company's main business development and sales. Overall, the Continuous implementation of real estate purchasing and credit limitation policies, and the management's clear statement of "house is for living instead of speculating", to a considerable extent inhibit investment demand. Moreover, the recent introduction of "rental right" policy has aroused widespread concern. These policies play a positive role to regulate the real estate market and meanwhile increase the watch-and-wait and rational sentiment of customers, thus form pressure to the Company in further destocking and revenue achievement.

(III) Potential risks associated with major assets reorganization. Major assets reorganization of the Company involves in the reform of state-owned enterprises in Shenzhen with proposed purchase of large-scale assets and complex transaction structure. It is a major precedent of certain particularity in the acquisition of asset size and scope. The Company has its share suspended for more than 11 months since Sep 14, 2016. During the suspension, the Company actively promote audit, assessment, legal and other work concerning the reorganization, and discloses the progress and applies for delay of trading resumption in accordance with regulatory requirements. Due to long-term share suspension of the Company, investors, all circles in the society and regulators are very concerned about the progress of reorganization, and there is still a lot of uncertainty about the subject.

Countermeasures:

First, the Company will carefully study and assess the macroeconomic situation to formulate flexible coping strategies. Secondary, the Company will strengthen enterprise management and internal control, increase efforts to promote main business development and sales efforts to ensure the stability of company fundamentals. Thirdly, the Company will tighten financial management and fund management to maintain good debt structure and financial situation and enhance risk resistance capacity. Fourthly, the Company will communicate actively with regulators and investors in accordance with regulatory requirements to promote asset reorganization. Fifthly, the Company will scale up party building and staff ideological and political work to ensure staff stability of the Company.

XI Researches, Visits and Interviews Received in the Reporting Period

√ Applicable □ Not applicable

Time	Place	Way of reception	Visitor type	Visitor	Main discussion and materials provided by the Company
01/16/2017	Office of the Company	By telephone	Individual	Individual investor	Inquired of the basic information and the progress of assets reorganization and didn't offer written materials.
02/08/2017	Office of the Company	By telephone	Individual	Individual investor	Inquired of the sales progress of projects development, the progress of assets reorganization and didn't offer written materials
02/28/2017	Office of the Company	By telephone	Individual	Individual investor	Inquired of annual operating conditions of the Company, estimated disclosed time of annual

		e			report, and the progress of assets reorganization, estimated relisting time and didn't offer written materials
03/09/2017	Office of the Company	By telephone	Individual	Individual investor	Inquired of the relisting time of assets reorganization and relevant matters of explanation session of investors and didn't offer written materials
03/28/2017	Office of the Company	By telephone	Individual	Individual investor	Inquired of the progress of assets reorganization and relisting time and didn't offer written materials
04/11/2017	Office of the Company	By telephone	Individual	Individual investor	Inquired of the progress of assets reorganization and relisting time and didn't offer written materials
04/14/2017	Office of the Company	By telephone	Individual	Individual investor	Inquired of the progress of assets reorganization and relisting time and didn't offer written materials
04/20/2017	Office of the Company	By telephone	Individual	Individual investor	Inquired of the relevant matters of Annual Meetings of Shareholders and didn't offer written materials
05/10/2017	Office of the Company	By telephone	Individual	Individual investor	Inquired of the progress of assets reorganization and relisting time and didn't offer written materials
05/25/2017	Office of the Company	By telephone	Individual	Individual investor	Inquired of the progress of assets reorganization and relisting time and didn't offer written materials
06/09/2017	Office of the Company	By telephone	Individual	Individual investor	Inquired of the progress of assets reorganization and relisting time and didn't offer written materials
06/22/2017	Office of the Company	By telephone	Individual	Individual investor	Inquired of the progress of assets reorganization and relisting time and didn't offer written materials
06/30/2017	Office of the Company	By telephone	Individual	Individual investor	Inquired of semi-annual operating conditions of the Company, the progress of assets reorganization, relisting time and didn't offer written materials

Section V Significant Events

I Annual and Special Meetings of Shareholders Convened during the Reporting Period

1. Meetings of Shareholders Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Index to disclosed information
2016 Annual Meeting of Shareholders	Annual Meeting of Shareholders	63.55%	04/25/2017	04/26/2017	Resolutions of 2016 Annual Meeting of Shareholders disclosed on www.cninfo.com.cn

2. Special Meetings of Shareholders Convened at Request of Preference Shareholders with Resumed Voting

Rights

Applicable Not applicable

II Proposal for Profit Distribution and Converting Capital Reserve into Share Capital for the Reporting Period

Applicable Not applicable

For the Reporting Period, the Company plans not to distribute cash dividends or bonus shares or convert capital reserve into share capital.

III Commitments of the Company's Actual Controller, Shareholders, Related Parties and Acquirer, as well as the Company and Other Commitment Makers, Fulfilled in the Reporting Period or still Ongoing at Period-End

Applicable Not applicable

No such cases in the Reporting Period.

IV Engagement and Disengagement of CPAs Firm

Has the semi-annual financial report been audited?

Yes No

This Semi-Annual Report is unaudited.

V Explanations Given by Board of Directors and Supervisory Board Regarding "Modified Auditor's Report" Issued by CPAs Firm for the Reporting Period

Applicable Not applicable

VI Explanations Given by Board of Directors Regarding “Modified Auditor’s Report” Issued for Last Year

Applicable Not applicable

VII Bankruptcy and Restructuring

Applicable Not applicable

No such cases in the Reporting Period.

VIII Legal Matters

Significant lawsuits or arbitrations:

Applicable Not applicable

No such cases in the Reporting Period.

Other legal matters:

Applicable Not applicable

Lawsuit/arbitration	Amount involved (RMB'0,000)	Estimated liabilities or not	Progress	Decision and influence	Execution of decision	Disclosure date	Index to disclosed information
Xi'an Project Lawsuit	2,100	No	In execution	① Business Tourism Company had to pay for the compensation RMB36.62 million and the relevant interest (from September 14, 1998 to the payment day) to Xi'an Fresh Peak Company within one month after the judgment entering into force. If the Business Tourism Company failed to pay in time, it had to pay double debt interests to Xi'an Fresh Peak Company for the overdue period; ② Xi'an Joint Commission on Commerce had jointly and severally obligation of the interests of the compensation; ③ Business Tourism Company shall bear RMB227,500 of the acceptance fee and the security fee.	The applicant has received RMB15.20 million. Now Business Tourism Company has no executable properties and Xi'an Joint Commission on Commerce has been refusing to execute the ruling. It is difficult to recover the rest.	03/30/2017	Annual Report 2016 (full text) on www.cninfo.com.cn

IX Punishments and Rectifications

Applicable Not applicable

No such cases in the Reporting Period.

X Credit Conditions of the Company as well as its Controlling Shareholder and Actual Controller

Applicable Not applicable

XI Equity Incentive Plans, Employee Stock Ownership Plans or Other Incentive Measures for Employees

Applicable Not applicable

No such cases in the Reporting Period.

XII Significant Related Transactions**1. Related Transactions Relevant to Routine Operations**

Applicable Not applicable

2. Related Transactions Regarding Purchase or Sales of Assets or Equity Interests

Applicable Not applicable

No such cases in the Reporting Period.

3. Related Transactions Regarding Joint Investments in Third Parties

Applicable Not applicable

No such cases in the Reporting Period.

4. Credits and Liabilities with Related Parties

Applicable Not applicable

No such cases in the Reporting Period.

5. Other Significant Related Transactions

Applicable Not applicable

No such cases in the Reporting Period.

XIII. Particulars about the Non-operating Occupation of Funds by the Controlling Shareholder and Other Related Parties of the Company

Applicable Not applicable

The Company was not involved in the non-operating occupation of funds by the controlling shareholder and other related parties during the Reporting Period.

XIV. Significant Contracts and Execution

1. Entrustment, Contracting and Leasing

(1) Entrustment

Applicable Not applicable

No such cases in the Reporting Period.

(2) Contracting

Applicable Not applicable

No such cases in the Reporting Period.

(3) Leasing

Applicable Not applicable

No such cases in the Reporting Period.

2. Significant Guarantees

Applicable Not applicable

No such cases in the Reporting Period.

3. Other Significant Contracts

Applicable Not applicable

No such cases in the Reporting Period.

XV. Social Responsibilities

1. Targeted Measures Taken to Help People Lift Themselves Out of Poverty

(1) Outline of Targeted Measures in the Reporting Period

(2) List of Targeted Measures of Listed Companies in the Reporting Period

Indicator	Measurement	Number/Progress
-----------	-------------	-----------------

	unit	
I. General condition	——	——
II. Itemized investment	——	——
1. Out of poverty by industrial development	——	——
2. Out of poverty by transferring employment	——	——
3. Out of poverty by relocating	——	——
4. Out of poverty by education	——	——
5. Out of poverty by improving health	——	——
6. Out of poverty by protecting ecological environment	——	——
7. Subsidy for the poorest	——	——
8. Social poverty alleviation	——	——
9. Other items	——	——
III. Received awards(contents and rank)	——	——

(3) Subsequent Targeted Measure Plans

2. Significant Environmental Protection

Indicate by tick mark whether the Company or any of its subsidiaries is a heavily polluting business identified by the environmental protection authorities of China

No

XVI. Other Significant Events

Applicable Not applicable

Because Shenzhen Investment Holdings Co., Ltd., the controlling shareholder of ShenZhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd. (“SPG” or the “Company”), were planning a significant event that involved the Company, the Company’s stock (A-stock: stock name: SPG A, stock code: 000029; B-stock: stock name: SPG B, stock code: 200029) has been suspended since the opening of September 14, 2016. On September 30, 2016, the Company disclosed the *Announcement on Share Trading Suspension Due to Significant Asset Reorganization* (No. 2016-025), and continued the suspension due to major assets reorganization since the market opening on September 30, 2016.

The Company is organizing relevant intermediaries to conduct supplementary due diligence on the parties to the reorganization of assets and trading, carry out supplementary audit and evaluation work, and update the major asset restructuring plan or report (draft) and other relevant documents. The major assets reorganization of the Company involves in the reform of state-owned enterprises in Shenzhen with proposed purchase of large-scale assets and complex transaction structure. It is a major precedent of certain particularity in the acquisition of asset size and scope. Thus, related job requirements of the reorganization are high, and the Company still needs to communicate with regulatory authorities for further discussion, demonstration and improvement. On the specific circumstances of reorganization of the Company, please keep an eye on the Company's follow-up announcements.

During the continued suspension, the Company will keep promoting the work of this major asset reorganization with parties concerned, paying full attention to the progress of the issue and fulfilling the obligation of timely information disclosure in strict accordance with the provisions and requirements of relevant laws and regulations, that is, the Company will disclose the progress of related matters at least every five trading days.

There is considerable uncertainty for the major assets restructuring prepared by the Company. Investors are kindly reminded to pay attention to investment risk.

XVII. Significant Events of Subsidiaries

Applicable Not applicable

Section VI Share Changes and Shareholders' Profile

I. Share Changes

1. Share Changes

Unit: share

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

Reason for the change in shares

 Applicable Not applicable

Approval of the change in shares

 Applicable Not applicable

Transfers in share changes

 Applicable Not applicable

Influence of share changes towards financial indexes in the latest year and latest period such as basic EPS and

diluted EPS, and net assets per share belonging to shareholder with ordinary share

Applicable Not applicable

Other contents that the Company thinks necessary or is asked by securities regulators to be disclosed

Applicable Not applicable

2. Changes in Restricted Shares

Applicable Not applicable

II. Issuance and Listing of Securities

Applicable Not applicable

III. Total Number of Shareholders and Their Shareholdings

Unit: share

Total number of shareholders at the Reporting Period		76,442		Total number of preferred stockholder with vote right restored (if any) (refer to note 8)			0	
Shareholding of common shareholders holding more than 5% shares or the top 10 of common shareholders								
Name of shareholder	Nature of shareholder	Holding percentage (%)	Number of shareholding at the end of the Reporting Period	Increase and decrease of shares during Reporting Period	Number of shares held subject to trading moratorium	Number of shares held subject to trading moratorium	Pledged or frozen shares	
							Status of shares	Amount
Shenzhen Investment Holdings Co., Ltd	State-owned corporation	63.55%	642,884,262			642,884,262		
Shandong Gold Financial Holding Capital Management Co., Ltd. — Shandong Gold Financial Holding Sustaining Fund 1	Domestic non-state-owned corporation	1.02%	10,300,000			10,300,000		
Lu Zhigao	Domestic individual	0.32%	3,246,949			3,246,949		
Tan Shiqing	Domestic individual	0.13%	1,286,701			1,286,701		
Yang Shuilian	Domestic individual	0.13%	1,273,700			1,273,700		

Yang Jianxiong	Domestic individual	0.12%	1,255,750			1,255,750		
Central Huijin Asset Management Co., Ltd.	State-owned corporation	0.12%	1,165,500			1,165,500		
Peng Wei	Domestic individual	0.11%	1,129,082			1,129,082		
Wu Haoyuan	Foreign individual	0.11%	1,109,300			1,109,300		
Guotai Junan Securities (Hong Kong) Limited	Foreign corporation	0.10%	1,015,683			1,015,683		
Strategic investors or the general legal person due to the placement of new shares become the top 10 common shareholders (if any) (note 3)	N/A							
Explanation on associated relationship or/and persons	The Company has found no related parties or act-in-concert parties as defined in the Administrative Measures for Shareholding Changes in Listed Companies among the shareholders above.							
Particulars about shares held by top 10 common shareholders not subject to trading moratorium								
Name of shareholder	Number of shares held not subject to trading moratorium at the end of the period	Type of share						
		Type of share	Amount					
Shenzhen Investment Holdings Co., Ltd	642,884,262	RMB ordinary shares	642,884,262					
Shandong Gold Financial Holding Capital Management Co., Ltd. — Shandong Gold Financial Holding Sustaining Fund 1	10,300,000	RMB ordinary shares	10,300,000					
Lu Zhigao	3,246,949	RMB ordinary shares	3,246,949					
Tan Shiqing	1,286,701	RMB ordinary shares	1,286,701					
Yang Shuilian	1,273,700		1,273,700					
Yang Jianxiong	1,255,750	Domestically listed foreign share	1,255,750					
Central Huijin Asset Management Co., Ltd.	1,165,500	RMB ordinary shares	1,165,500					
Peng Wei	1,129,082	RMB ordinary shares	1,129,082					
Wu Haoyuan	1,109,300	Domestically listed foreign shares	1,109,300					
Guotai Junan Securities (Hong Kong) Limited	1,015,683	Domestically listed foreign shares	1,015,683					
Explanation on associated relationship among the top ten shareholders of tradable share not subject to trading moratorium, as well as among	The Company has found no related parties or act-in-concert parties as defined in the Administrative Measures for Shareholding Changes in Listed Companies among the shareholders above.							

the top ten shareholders of tradable share not subject to trading moratorium and top ten shareholders, or explanation on acting-in-concert	
Particular about shareholder participate in the securities lending and borrowing business (if any) (note 4)	Shareholder No. 4 holds all his shares in the Company in his account of collateral securities for margin trading. Shareholder No.3 holds some of his shares in the Company in such an account.

Whether the shareholders of a company conducted the transaction of repurchase under the agreement during the Reporting Period

Yes No

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

IV. Change of the Controlling Shareholder or the Actual Controller

Change of the controlling shareholder during the Reporting Period

Applicable Not applicable

The controlling shareholder did not change during the Reporting Period.

Change of the actual controller during the Reporting Period

Applicable Not applicable

The actual controller did not change during the Reporting Period.

Section VII Preference Shares

Applicable Not applicable

No preference shares in the Reporting Period.

Section VIII Directors, Supervisors and Senior Management

I Changes in Shareholdings of Directors, Supervisors and Senior Management

Applicable Not applicable

No such cases in the Reporting Period. For details, see Annual Report 2016.

II Changes in Directors, Supervisors and Senior Management

Applicable Not applicable

Name	Position	Type	Date	Reason
Feng Hongwei	Employee supervisor	Elected	03/02/2017	Elected by the congress of workers and staff
Xiong Xingnong	Employee supervisor	Leave office	03/02/2017	Passed away because of illness

Section IX Corporate Bonds

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

No

Section X Financial Report

Note 1.Audit Report

The semi annual report has not been audited.

Note 2.Financial Statements

The units in the financial statements are: RMB yuan

Consolidated Balance Sheet

As of 30 June 2017

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

Currency: RMB Yuan

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	1,164,343,471.84	1,266,057,324.40
Notes receivable	16,405,895.50	20,606,778.91
Account receivables	183,877,575.95	108,298,050.40
Prepayments	24,607,282.73	15,865,139.33
Dividends receivable	1,052,192.76	1,052,192.76
Other receivables	81,089,530.53	67,514,794.65
Inventories	1,765,951,891.14	1,734,553,042.10
Other current assets	14,568,268.07	13,358,714.45
Total current assets	3,251,896,108.52	3,227,306,037.00
Non-current assets		
Available- for- sale financial assets	17,464,240.74	17,464,240.74
Long-term equity investments	37,447,267.61	37,447,267.61
Investment properties	405,102,784.35	416,227,686.30
Fixed assets	42,507,617.00	45,531,813.41
Intangible assets	4,891,710.00	5,146,080.00
Long-term deferred assets	661,163.81	695,720.30
Deferred tax assets	35,377,878.65	35,781,937.87
Other non-current assets	--	--
Total non-current assets	543,452,662.16	558,294,746.23
TOTAL ASSETS	3,795,348,770.68	3,785,600,783.23

Consolidated Balance Sheet

As at 30 June 2017

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

Currency: RMB Yuan

Item	Closing balance	Opening balance
Current liabilities:		
Short-term loans	143,560,032.01	111,709,916.44
Notes payable	--	--
Accounts payable	104,379,487.80	168,614,299.95
Deferral	221,308,424.08	325,851,112.54
Employee benefits payable	31,237,063.39	38,949,995.06
Taxes payable	81,953,235.13	65,765,997.90
Interest payables	16,535,277.94	17,142,210.94
Other payables	373,768,457.86	358,208,718.03
Non-current liabilities due within one year	44,000,000.00	37,234,933.67
Total current liabilities	1,016,741,978.21	1,123,477,184.53
Non-current liabilities:		
Long-term loans	114,000,000.00	136,000,000.00
Long-term payables	9,388,738.81	10,156,728.82
Total non-current liabilities	123,388,738.81	146,156,728.82
Total liabilities	1,140,130,717.02	1,269,633,913.35
Owners' equity:		
Share capital	1,011,660,000.00	1,011,660,000.00
Capital reserve	978,244,910.11	978,244,910.11
Less: treasury shares		
Other comprehensive income	12,088,591.37	10,652,531.69
Surplus reserve	59,394,668.24	59,394,668.24
Undistributed profit	721,134,934.89	583,908,333.05
Total owners' equity attributable to parent company	2,782,523,104.61	2,643,860,443.09
Minority interests	-127,305,050.95	-127,893,573.21
Total owners' equity	2,655,218,053.66	2,515,966,869.88
Total liabilities and owners' equity	3,795,348,770.68	3,785,600,783.23

Legal representative: Zhou Jianguo

Person in charge of accounting: Tang Xiaoping

Person in charge of accounting organ: Qiao Yanjun

Balance Sheet
As at 30 June 2017

Currency: RMB Yuan

Item	Closing balance	Opening balance
Current assets		
Monetary funds	808,062,651.48	818,261,250.52
Accounts receivable	53,660,340.96	7,327,250.98
Prepayments	21,794.87	--
Dividends receivable	169,393,952.18	
Other receivables	853,696,899.50	844,149,690.07
Inventories	469,776,083.61	538,828,597.52
Other current assets	92,644.87	1,884,516.01
Total current assets	2,354,704,367.47	2,210,451,305.10
Non-current Assets:		
Available-for-sale financial assets	12,000,000.00	12,000,000.00
Long-term equity investments	297,461,748.63	297,461,748.63
Investment properties	351,416,063.75	360,712,864.13
Fixed assets	25,550,230.11	26,785,752.21
Intangible assets	165,600.00	331,200.00
Long-term deferred assets	539,643.12	623,881.08
Deferred tax assets	3,313,320.43	3,313,320.43
Other non-current assets	--	--
Total non-current assets	690,446,606.04	701,228,766.48
Total Assets	3,045,150,973.51	2,911,680,071.58

Balance Sheet (Continued)

As at 30 June 2017

Currency: RMB Yuan

LIABILITIES AND OWNERS' EQUITY	Closing balance	Opening balance
Current liabilities:		
Short-term loans	--	--
Account payable	20,457,214.77	32,687,289.94
Deferral	93,435.00	96,638,512.60
Employee benefits payable	14,232,241.65	16,433,909.11
Taxes payable	38,999,069.56	30,504,993.33
Interest payable	16,535,277.94	17,142,210.94
Other payables	229,599,552.03	232,434,218.15
Non-current liability due within one year	44,000,000.00	37,234,933.67
Other current liability	--	--
Total current liabilities	363,916,790.95	463,076,067.74
Non-current liabilities:		
Long-term loans	114,000,000.00	136,000,000.00
Total non-current liabilities	114,000,000.00	136,000,000.00
Total liabilities	477,916,790.95	599,076,067.74
Owners' equity:		
Share capital	1,011,660,000.00	1,011,660,000.00
Capital reserve	978,244,910.11	978,244,910.11
Surplus reserve	36,265,054.83	36,265,054.83
Undistributed profit	541,064,217.62	286,434,038.90
Total owners' equity attributable to parent company	2,567,234,182.56	2,312,604,003.84
Total liabilities and owners' equity	3,045,150,973.51	2,911,680,071.58

Consolidated Income Statement
For the First half year of 2017

Currency: RMB Yuan

Item	Amount for the current period	Amount for the prior period
I . Total operating income	731,306,982.03	1,097,886,969.68
Including: Operating income	731,306,982.03	1,097,886,969.68
II . Total operating Costs	547,779,579.99	922,612,373.38
Including: Operating costs	494,949,797.89	816,027,244.11
Tax and surcharge	23,913,311.23	86,368,209.71
Selling expenses	6,832,803.76	5,107,741.43
Administrative expense	24,719,238.69	26,957,331.77
Financial expense	-2,635,571.58	-7,048,153.64
Impairment losses of assets	--	-4,800,000.00
Add: Gains from changes in fair value ("-" means loss)	--	--
Investment income ("-" means loss)	650,000.00	625,209.41
Including: Investment income from associates and joint venture		-63,790.59
III. Operating profit ("-" means loss)	184,177,402.04	175,899,805.71
Add: Non-operating income	317,021.43	5,213,457.94
Including: Gains from disposal of non-current assets	--	--
Less: Non-operating expenses	121,613.79	100,577.40
Including: Loss on disposal of non-current assets	58,187.56	2,647.50
IV .Total profit ("-" means loss)	184,372,809.68	181,012,686.25
Less: Income tax expenses	47,173,139.72	46,284,687.48
V . Net profit ("-" means loss)	137,199,669.96	134,727,998.77
Net attributable to owners of parent company	137,226,601.84	134,761,121.51
Minority interests	-26,931.88	-33,122.74
VI . After-tax net of other comprehensive incomes	2,051,513.82	-2,241,980.77
After-tax net of other comprehensive incomes owned by owner of the parent company	1,436,059.68	-1,569,386.54
(I)Other comprehensive incomes that cannot be classified into profit and loss in the future	--	--
(II)Other comprehensive incomes that would be classified into profit and loss in the future	1,436,059.68	-1,569,386.54
1.Loss and profit of change in fair value of available-for-sale financial assets	--	--
2.Loss and profit of held-to-maturity investments reclassifying into available-for-sale financial assets	--	--
3.Translation difference in the foreign currency financial statement	1,436,059.68	-1,569,386.54
Net of tax from other comprehensive incomes owned by minority stockholders	615,454.14	-672,594.23
VII . Total comprehensive income	139,251,183.78	132,486,018.00
Total comprehensive income attributable to owners of parent company	138,662,661.52	133,191,734.97

Item	Amount for the current period	Amount for the prior period
Total comprehensive income attributable to minority interests	588,522.26	-705,716.97
VIII .Earnings per share	--	--
Basic Earnings per share	0.1356	0.1332
Diluted Earnings per share	0.1356	0.1332

The net profit realized by the merged party before the merger is 0 yuan. In the event of business combination under the same control during this period, net profit realized by the merged party on the previous period is 0 yuan.

Legal representative: Zhou Jianguo

Person in charge of accounting: Tang Xiaoping

Person in charge of accounting organ: Qiao Yanjun

Income Statement
For the First half year of 2017

Currency: RMB Yuan

Item	Amount for the current period	Amount for the prior period
I. Total operating income	229,557,159.39	312,137,584.07
Less: Operating cost	111,270,162.44	180,246,091.18
Tax and surcharge	5,845,366.82	33,549,009.04
Selling expenses	964,585.37	2,389,189.40
Administrative expense	11,294,643.69	13,326,156.37
Financial expense	-12,619,614.38	-10,461,577.56
Impairment losses of assets	--	-4,800,000.00
Add: Gain from changes in fair value ("-" means loss)	--	--
Investment income ("-" means loss)	170,043,952.18	625,209.41
Including: Investment income from associates and joint venture	--	-63,790.59
II. Operating profit ("-" means loss)	282,845,967.63	98,513,925.05
Add: Non-operating income	2.69	5,011,250.66
Including: gains from disposal of non-current assets	--	--
Less: Non-operating expenses	12,574.69	19,500.00
Including: Loss from disposal of non-current assets	--	--
III. Total profit ("-" means loss)	282,833,395.63	103,505,675.71
Less: Income tax expenses	28,203,216.91	25,727,865.80
IV. Net profit ("-" means loss)	254,630,178.72	77,777,809.91
V. Other comprehensive income	--	--
VI. Total comprehensive income	254,630,178.72	77,777,809.91
VIII. Earnings per share		
Basic Earnings per share	0.2517	0.0768
Diluted Earnings per share	0.2517	0.0768

Consolidated Cash Flow Statement

For the First half year of 2017

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	620,215,163.04	1,212,918,536.86
Refund of taxes and levies		--
Cash received relating to other operating activities	25,245,970.46	44,769,823.54
Sub-total of Cash Inflows	645,461,133.50	1,257,688,360.40
Cash paid for goods and services	510,142,331.49	564,049,988.12
Cash paid to and on behalf of employees	77,473,040.09	72,485,115.73
Cash paid on taxes and levies	85,002,656.01	157,912,370.17
Cash paid relating to other operating activities	70,543,803.10	37,072,905.62
Sub-total of Cash Outflows	743,161,830.69	831,520,379.64
Net Cash Flows from Operating Activities	-97,700,697.19	426,167,980.76
II . Cash Flows from Investing Activities:		
Cash received from return of investments	--	--
Cash received investing income	650,000.00	689,000.00
Net cash received from disposal of fixed assets, intangible assets and other long assets"	14,976.00	-2,100.00
Net cash flows from disposal subsidiary and other operating unite	--	--
Other cash received relating to investing activities	--	--
Sub-total of Cash Inflows	664,976.00	686,900.00
Cash paid to acquire fixed assets, intangible assets and other long assets	240,065.49	707,167.34
Cash paid on investments	--	--
Net cash paid on obtain subsidiary and other operating unite	--	--
Cash paid on other investing activities	--	--
Sub-total of Cash Outflows	240,065.49	707,167.34
Net Cash Flows from Investing Activities	424,910.51	-20,267.34
III. Cash flow from Financing Activities		
Cash received from investments	--	--
Including: Cash received from investments by minority interests of subsidiaries	--	--
Cash received from borrowing	20,900,000.00	12,000,000.00
Cash received from issuing bonds	--	--
Other cash received relating to Financing activities	--	--
Sub-total of Cash Inflows	20,900,000.00	12,000,000.00
Cash repayments on borrowed amounts	20,216,016.22	96,321,590.52
Cash payments for distribution of dividends or profits	4,875,421.66	15,142,677.89
Including: Dividends or profit paid to minority interests of subsidiaries	--	--
Cash payments on other financing activities	--	--
Sub-total of cash Outflows	25,091,437.88	111,464,268.41
Net cash flows from financing activities	-4,191,437.88	-99,464,268.41
IV. Effect of foreign exchange rate on cash	-246,628.00	247,567.55
V . Net increase in cash and cash equivalents	-101,713,852.56	326,931,012.56
Add: cash equivalents at the beginning of the period	1,265,767,290.57	1,169,756,306.36
VI. Cash equivalents at the end of the period	1,164,053,438.01	1,496,687,318.92

Cash Flow Statement

For the First half year of 2017

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	98,370,357.73	397,674,177.93
Refund of taxes and levies		--
Cash received relating to other operating activities	11,306,698.94	192,943,696.66
Sub-total of cash inflows	109,677,056.67	590,617,874.59
Cash paid for goods and services	35,773,557.77	55,812,480.05
Cash paid to and on behalf of employees	20,853,392.88	17,319,567.98
Cash paid on taxes and levies	36,541,949.79	80,736,138.65
Cash paid relating to other operating activities	7,663,760.55	95,666,930.78
Sub-total of Cash Outflows	100,832,660.99	249,535,117.46
Net Cash Flows from Operating Activities	8,844,395.68	341,082,757.13
II . Cash Flows from Investing Activities:		
Cash received from return of investments	--	--
Cash received investing income	650,000.00	689,000.00
Net cash received from disposal of fixed assets, intangible assets and other long assets	--	--
Other cash received relating to investing activities	--	--
Sub-total of Cash Inflows	650,000.00	689,000.00
Cash paid to acquire fixed assets, intangible assets and other long assets	48,675.00	21,395.00
Cash paid on investments	--	--
Cash paid on other investing activities	--	--
Sub-total of cash outflows	48,675.00	21,395.00
Net Cash Flows from Investing Activities	601,325.00	667,605.00
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	--	--
Sub-total of cash inflows	--	--
Cash repayments on borrowed amounts	15,216,016.22	81,321,590.52
Cash payments for distribution of dividends or profits	4,413,190.66	14,396,606.42
Cash payments on other financing activities	--	--
Sub-total of cash Outflows	19,629,206.88	95,718,196.94
Net cash flows from financing activities	-19,629,206.88	-95,718,196.94
IV. Effect of foreign exchange rate on cash	-15,112.84	14,432.03
V. Net increase in cash and cash equivalents	-10,198,599.04	246,046,597.22
Add: cash equivalents at the beginning of the period	818,261,250.52	852,492,165.42
VI. Cash equivalents at the end of the period	808,062,651.48	1,098,538,762.64

CONSOLIDATED STATEMENT OF CHANGE IN OWNER'S EQUITY

For the First half year of 2017

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

Currency: RMB Yuan

Items	The amount in current year								Minority interests	Total owners' equity
	Attribute to the equity of parent company									
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Generic risk reserve	Undistributed profit		
I. Balance at the end of last period	1,011,660,000.00	978,244,910.11	--	10,652,531.69	--	59,394,668.24	--	583,908,333.05	-127,893,573.21	2,515,966,869.88
Add: Changes of accounting policies	--	--	--	--	--	--	--	--	--	--
Prior year adjustments	--	--	--	--	--	--	--	--	--	--
Corporate combination under common control	--	--	--	--	--	--	--	--	--	--
Others	--	--	--	--	--	--	--	--	--	--
II. Balance at the Beginning of the Year	1,011,660,000.00	978,244,910.11	--	10,652,531.69	--	59,394,668.24	--	583,908,333.05	-127,893,573.21	2,515,966,869.88
III. Increase/Decrease movements in this Year ("-" means loss)	--	--	--	1,436,059.68	--	--	--	137,226,601.84	588,522.26	139,251,183.78
(I) Total comprehensive income	--	--	--	1,436,059.68	--	--	--	137,226,601.84	588,522.26	139,251,183.78
(II) Capital paid in and reduced by the shareholders	--	--	--	--	--	--	--	--	--	--
(III) Profit distribution	--	--	--	--	--	--	--	--	--	--
1. Draw statutory surplus reserve	--	--	--	--	--	--	--	--	--	--
2. Draw generic risk reserve	--	--	--	--	--	--	--	--	--	--
3. Distribution to shareholders	--	--	--	--	--	--	--	--	--	--
4. Others	--	--	--	--	--	--	--	--	--	--
(IV) Internal carry-forward of shareholders' equity	--	--	--	--	--	--	--	--	--	--
(V) Special Reserve	--	--	--	--	--	--	--	--	--	--
(VI) Others	--	--	--	--	--	--	--	--	--	--
IV. Balance at the end of the period	1,011,660,000.00	978,244,910.11	--	12,088,591.37	--	59,394,668.24	--	721,134,934.89	-127,305,050.95	2,655,218,053.66

CONSOLIDATED STATEMENT OF CHANGE IN OWNER'S EQUITY

For the First half year of 2017

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

Currency: RMB Yuan

Items	The amount brought from the previous year								Minority interests	Total owners' equity
	Attribute to the equity of parent company									
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Generic risk reserve	Undistributed profit		
I. Balance at the end of last period	1,011,660,000.00	978,244,910.11	--	10,063,591.61	--	40,823,841.35	--	290,911,773.00	-128,256,319.64	2,203,447,796.43
Add: Changes of accounting policies	--	--	--	--	--	--	--	--	--	--
Prior year adjustments	--	--	--	--	--	--	--	--	--	--
Corporate combination under common control	--	--	--	--	--	--	--	--	--	--
Others	--	--	--	--	--	--	--	--	--	--
II. Balance at the Beginning of the Year	1,011,660,000.00	978,244,910.11	--	10,063,591.61	--	40,823,841.35	--	290,911,773.00	-128,256,319.64	2,203,447,796.43
III. Increase/Decrease movements in this Year ("-" means loss)	--	--	--	-1,569,386.54	--	--	--	134,761,121.51	-705,716.97	132,486,018.00
(I) Total comprehensive income	--	--	--	-1,569,386.54	--	--	--	134,761,121.51	-705,716.97	132,486,018.00
(II) Capital paid in and reduced by the shareholders	--	--	--	--	--	--	--	--	--	--
(III) Profit distribution	--	--	--	--	--	--	--	--	--	--
1. Draw statutory surplus reserve	--	--	--	--	--	--	--	--	--	--
2. Draw generic risk reserve	--	--	--	--	--	--	--	--	--	--
3. Distribution to shareholders	--	--	--	--	--	--	--	--	--	--
4. Others	--	--	--	--	--	--	--	--	--	--
(IV) Internal carry-forward of shareholders' equity	--	--	--	--	--	--	--	--	--	--
(V) Special Reserve	--	--	--	--	--	--	--	--	--	--
(VI) Others	--	--	--	--	--	--	--	--	--	--
IV. Balance at the end of the period	1,011,660,000.00	978,244,910.11	--	8,494,205.07	--	40,823,841.35	--	425,672,894.51	-128,962,036.61	2,335,933,814.43

Statement of Changes in Owners' Equity

For the First half year of 2017

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

Currency: RMB Yuan

Items	The amount in current year							
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensiv e income	Surplus reserve	Generic risk reserve	Undistributed profit	Total owners' equity
I Balance at the End of Last Period	1,011,660,000.00	978,244,910.11	--	--	36,265,054.83		286,434,038.90	2,312,604,003.84
Add: Changes of accounting policies	--	--	--	--	--	--	--	--
Prior year adjustments	--	--	--	--	--	--	--	--
Corporate combination under common control	--	--	--	--	--	--	--	--
Others	--	--	--	--	--	--	--	--
II. Balance at the Beginning of the Year	1,011,660,000.00	978,244,910.11	--	--	36,265,054.83		286,434,038.90	2,312,604,003.84
III. Increase/Decrease movements in this Year ("- means loss)	--	--	--	--	--	--	254,630,178.72	254,630,178.72
(I) Total comprehensive income	--	--	--	--	--	--	254,630,178.72	254,630,178.72
(II) Capital paid in and reduced by the shareholders	--	--	--	--	--	--	--	--
(III) Profit distribution	--	--	--	--	--	--	--	--
1.Draw statutory surplus reserve	--	--	--	--	--	--	--	--
2.Draw generic risk reserve	--	--	--	--	--	--	--	--
3.Distribution to shareholders	--	--	--	--	--	--	--	--
4.Others	--	--	--	--	--	--	--	--
(IV)Internal carry-forward of shareholders' equity	--	--	--	--	--	--	--	--
(V) Special Reserve	--	--	--	--	--	--	--	--
(VI) Others	--	--	--	--	--	--	--	--
IV. Balance at the end of the period	1,011,660,000.00	978,244,910.11	--	--	36,265,054.83		541,064,217.62	2,567,234,182.56

Statement of Changes in Owners' Equity

For the First half year of 2017

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

Currency: RMB Yuan

Items	The amount brought from the previous year							
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Generic risk reserve	Undistributed profit	Total owners' equity
I Balance at the End of Last Period	1,011,660,000.00	978,244,910.11	--	--	17,694,227.94	--	119,296,596.91	2,126,895,734.96
Add: Changes of accounting policies	--	--	--	--	--	--	--	--
Prior year adjustments	--	--	--	--	--	--	--	--
Corporate combination under common control	--	--	--	--	--	--	--	--
Others	--	--	--	--	--	--	--	--
II. Balance at the Beginning of the Year	1,011,660,000.00	978,244,910.11	--	--	-17,694,227.94	--	119,296,596.91	2,126,895,734.96
III. Increase/Decrease movements in this Year ("-" means loss)	--	--	--	--	--	--	77,777,809.91	77,777,809.91
(I) Total comprehensive income	--	--	--	--	--	--	77,777,809.91	77,777,809.91
(II) Capital paid in and reduced by the shareholders	--	--	--	--	--	--	--	--
(III) Profit distribution	--	--	--	--	--	--	--	--
1. Draw statutory surplus reserve	--	--	--	--	--	--	--	--
2. Draw generic risk reserve	--	--	--	--	--	--	--	--
3. Distribution to shareholders	--	--	--	--	--	--	--	--
4. Others	--	--	--	--	--	--	--	--
(IV) Internal carry-forward of shareholders' equity	--	--	--	--	--	--	--	--
(V) Special Reserve	--	--	--	--	--	--	--	--
(VI) Others	--	--	--	--	--	--	--	--
IV. Balance at the end of the period	1,011,660,000.00	978,244,910.11	--	--	-17,694,227.94	--	197,074,406.82	2,204,673,544.87

Note 3 General information

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

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

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

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

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

The Financial statement published on Aug 29th, 2017, which approved by Group's Board of Directors. 27 units were consolidated into the Group for the first half year of 2017, detailed in this note. "Equities in other entities". The company did not change the range of consolidation this year compared with last year.

Note 4 The Basis of Preparation of Financial Statements

The financial statements of the Group have been prepared on the basis of going concern in conformity with the Chinese Accounting Standards for Business Enterprises –The basic standards(Issued by order No.33 of the Ministry of Finance, Revised by order No.76 of the Ministry of Finance), the 41 specified Accounting Standards for Business Enterprise issued and revised by the Ministry of Finance of People's Republic of China on 15 February, 2006 and thereafter, the guidance for the application of the

Accounting Standards for Business Enterprise, the explanation for the Accounting Standards for Business Enterprise and other relevant regulations(thereafter referred as “Accounting Standards for Business Enterprises”) and Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.15—General Provisions on Financial Reports (2014 Revision) issued by the China Securities Regulatory Commission (CSRC).

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

Note 5 Important Accounting Policy And Accounting Estimates 3.1 Basis of Preparation

The company and its subsidiaries engaged in real estate development business. According to the actual operational characteristics and the relevant enterprise accounting standards,the company and its subsidiaries made a number of specific accounting policies and accounting estimates about transactions and events in revenue recognition.For detail refer to Note 5.28 "revenue". For description of significant accounting judgements and estimates made by management, refer to notes 5.34 for "major accounting decisions and estimates".

5.1 Statement of Compliance with Accounting Standards

The financial statements of the Group are recognized and measured in accordance with the regulations of 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 30 June 2017. In addition, the financial statements of the Group comply, in all material respects, with the revised disclosure requirements for financial statements and the notes of Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.15—General Provisions on Financial Reports (2014 Revision) issued by China Securities Regulatory Commission (CSRC).

5.2 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 June 30.

5.3 Operating cycle

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

5.4 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.

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

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

(2) Business combination involving entities under non common control

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

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

For a business combination not involving enterprise under common control, the combination cost including the sum of fair value, on the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer. The intermediary expenses incurred by the

acquirer in respect of auditing, legal services, valuation and consultancy services etc. and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

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

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

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

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

For a business combination achieved in stages that involves multiple exchange transactions, according to the "No.5 Inform of Printing and Distributing the Explanation of Accounting Standards issued by the Finance of Ministry (Caikuai [2012] No.19)"and Article 51of "Chinese Accounting Standards for Business Enterprises No.33- Consolidated financial statement", relating with the judgment standards of package deal(refer to note 5.6(2)), a judgment about whether it is package deal or not should be made. If it is package deal, please refer to the note 5.14 - Long-term equity investment for accounting treatment; if it is not package deal, distinguish them as individual financial statement and consolidated financial statement for accounting treatment.

For the individual financial statements, the book value of the long-term equity investment held before the acquisition date plus the newly added equity investment on the acquisition date, and then sum should be recorded as the original investment cost; the long-term equity investment involved with other comprehensive income held before the acquisition date, the way to deal with the investment will be the

same with the way the acquiree directly dispose the related assets and liabilities (i.e., under the equity method, beside the portion caused by the acquiree's recalculated defined benefit plan's net assets and net liabilities, the rest are transferred into investment income).

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

5.6 Preparation of consolidated financial statements

(1)The standards of determining the scope of consolidation

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

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

(2)The method of preparing the consolidated financial statements

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

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

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

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements. The results of operations and its cash flow are appropriately

included in the consolidated balance sheet and the consolidated income statement, respectively, from the beginning of the year to the date of acquisition and the comparative figures of the consolidated financial statements are restated.

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

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

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

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

When the Group loses control of a subsidiary due to the disposal of a portion of an equity investment or other reasons, the remaining equity investment is re-measured at its fair value on the date when control is lost. The difference between 1) the total amount of consideration received from the transaction that resulted in the loss of control and the fair value of the remaining equity investment and 2) the carrying amounts of the interest in the former subsidiary's net assets immediately before the loss of the control is recognized as investment income for the current period when control is lost. The amount recognized in other comprehensive income in relation to the former subsidiary's equity investment is reclassified as investment income for the current period when control is lost. The retained interest is subsequently measured according to the rules stipulated in the "Chinese Accounting Standards for Business Enterprises No.2—Long-term equity investment" or "Chinese Accounting Standards for Business Enterprises No.22—Determination and measurement of financial instruments" (see note 5.14-Long-term equity investment and 5.10-Financial instruments).

The Group's losing control of subsidiaries through multistep transactions of disposing of the long-term equity investment, need to indentify whether every transaction, involving with disposing of the investment in subsidiary until losing the control, is belonging to package deal. Several transactions should be accounted for as a package deal if conditions and the economic impact of disposal of investments in subsidiaries are in compliance with one or more of the following circumstances: ① These transactions are considered simultaneously or ② these transactions as a whole in order to

reach a complete business results; another case of the occurrence of the impact of entering into a transaction depends ③ had at least one other transaction; ④ see a transaction alone is not economical, but, it is economical when other transactions are taken into account. If it is not package deal, every transaction of the non-package deals is treated according to the applicable accounting standards of “partly disposing of the long-term equity investment without losing control ”(refer to 5.14(2) ④ for detail) and “losing the control to subsidiary due to partly disposing the equity investment or other reasons ” (see the former paragraph for details). When every transaction involving with disposing of equity investment in subsidiary until losing control is a package deal, they will be treated as a single deal of disposing of the investment in subsidiary until losing control for accounting treatment. But, before the control are lost, the difference between each receipt of every transaction and the related shared proportion of indentified net assets are recognized as other comprehensive income. The other comprehensive income will be transferred into profit and loss in the period when losing control.

5.7 Joint venture arrangement classification& mutual office account treatment

Joint venture arrangement is referred to the arrangement that are under common control of two or more participating parties. The Group classifies the joint venture arrangement into mutual office and joint venture, according to the rights shared and obligation undertaken in the joint venture arrangement. Mutual office represents the joint venture arrangement that the Group shares the assets related with arrangement and undertakes the obligations related with the arrangement. Joint venture is referred to the joint venture arrangement that the Group only have the right to the net assets of the arrangement. The Group measures the joint venture investment using the equity method. Please refer to accounting policies listed on note 5.14 (2) ②-long-term equity investment measured using the equity method.

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

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

according to the share percentage by the Group.

5.8 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.

5.9 Foreign exchange

(1) Translation in foreign exchange transactions

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

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

On the balance sheet date, foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. All the exchange differences thus resulted are taken into profit or loss, except for ① 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; ② The exchange difference from changes of other account balance of foreign currency monetary items available-for-trade is recorded into other comprehensive income except for amortization cost.

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

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

(3) The translation of financial statement in foreign currency

When the consolidated financial statements include foreign 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” are recognized in other comprehensive income, and in profit or loss for the period upon disposal of the foreign operation.

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

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

joint venture, the translation difference of translating foreign currency financial statements should be transferred to the current period profit and loss according to the percentage of oversea operation disposal.

5.10 Financial instruments

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

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

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

(2) Classification of financial assets

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

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

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

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

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

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

C. The financial asset is a derivative, except for a derivative that is designated and effective hedging

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

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

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

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

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

2) Investment held-to maturity

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

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

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

3) Loans and receivables

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

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

loss.

4) Financial assets available-for-sell

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

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

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

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

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

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

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

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

The financial assets measured by cost or amortized cost write down their carrying value by the estimated present value of future cash flow. The difference is recorded as impairment loss. If there is objective evidence to indicate the recovery of value of financial assets after impairment, and it is related with subsequent event after recognition of loss, the impairment loss recorded originally can be reversed. The carrying value of financial assets after impairment loss reversed shall not exceed the amortized

cost of the financial assets without provisions of impairment loss on the reserving date.

2) Impairment loss on available-for-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.

(4) Recognition and measurement of financial assets transfer

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

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

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

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

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

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

(5) Classification of the financial liabilities and measurement

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

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

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

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

2) Other financial liabilities

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

current period.

3) Financial guarantee contracts

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

(6) Derecognition

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

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

5.11 Account receivables

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

The judgment basis or standard of a single amount 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.
The method for calculating the provision of bad debts in account receivables that is individually significant	For an account receivable that is individually significant, it will be individually subject to an impairment test. If there is objective evidence indicating that the asset is impaired. The impairment loss is recognized in the profit and loss at the excess of carrying value over its predicted future cash flow (excluding the non-incurred future credit loss) discounted with original actual interest rate.

2) Provisions of bad debts in account receivables that is combined by credit risk characteristics

In combination, provision for bad debts by the aging analysis:

applicable Not applicable

In combination, provision for bad debts by using the balance percentage method :

applicable Not applicable

In combination, provision for bad debts by other means :

applicable Not applicable

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

The reason for individual provision of bad debt	Signs indicated the impairment, such as long-aging, having a dispute with the obligator or obligator suffering serious financial difficulties.
The method for calculating the provision of bad debts	Individually test for impairment.

5.12 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.

(6) Cost of land constitutes land development costs for pure land development project.

Together with the overall development of the property, its cost is included in housing costs generally based on the actual area.

(7)Public Facilities Fee: The cost is the actual construction cost incurred. If several estate projects

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

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

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

5.13 Held-for-sale assets

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

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

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

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

5.14 Long-term equity investments

The long-term equity investment mentioned in this section is about the equity investment of which the Group has control, common control or significant influences over the investee. For the investments that the Group has no control, common control or significant influences over the investee, they will be recorded as available-for-sale or financial instrument assets measured at fair value with its changes into profit and loss. Please refer to note 5.10-Financial instruments for detail.

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

(1) Determination of investment cost

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

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

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

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

(2) Subsequent measurement

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

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

Under the cost method, a long-term equity investment is measured at initial investment cost. Except for cash dividends or profits declared but not yet paid that are included in the price or consideration

actually paid upon acquisition of the long-term equity investment, investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

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

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

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

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

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

combination.

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

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

3) Acquisition of minority interest

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

4) Disposal of long-term equity investment

Where the parent company disposes long-term investment in a subsidiary without a change in control, the difference in the net asset between the amount of disposed long-term investment and the amount of the consideration paid or received is adjusted to the owner's equity. If the disposal of long-term investment in a subsidiary involves loss of control over the subsidiary, the related accounting policies in Note 5.6 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 its profit or loss for the period.

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

For long-term equity investment accounted for using the cost method, when the rest of the long-term equity investment is still accounted for using the cost method after disposal, other comprehensive income recognized using the equity method or the method of recognizing and measuring the financial instruments before obtaining the control over the investee should be dealt with as the same way with investee's direct disposing of its assets and liabilities and be proportionately taken into profit and loss;

The other investee equity changes caused beside the net profit, other comprehensive income and profit distribution should be proportionately transferred into current year profit and loss.

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

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

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

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

5.15 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.

The detailed of impairment test methods for investment property and the methods for preparing impairment reserves are in notes 5. 22.

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.

5.16 Fixed assets

(1) The conditions of recognition

Fixed assets refers to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management and their useful life is in excess of one fiscal year. From the following month of state of intended use, depreciation method of the straight-line method is used for different categories of fixed assets to take depreciation. Expected net residual value of fixed assets is the balance of the Group currently obtained from the disposal of the asset less the estimated costs of disposal amount, assuming the asset is out of useful life and state the expected

service life in the end. The recognition of the classification, useful life and estimated residual rate are as follows:

(2) The method for depreciation

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

(3) Impairment test method for fixed assets and method for preparing impairment reserves and others

The details of method for Impairment test and preparing impairment reserves about fixed assets refer to No 5.22-Long-term assets impairment.

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

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

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

5.17 Construction in progress

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

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

The method of testing the impairment loss for the construction in progress and the way to accrue the provision for the impairment loss is detailed listed on the note 5.22-"long-term assets impairment".

5.18 Borrowing costs

Borrowing costs include interest on loans, amortization of discounts or premiums, ancillary costs, and exchange differences arising from borrowing from foreign currencies. Borrowing costs capitalization begins when its meet the circumstance that capital expenditure has occurred, borrowing costs have

already occurred and the purchase, construction or production activities necessary to enable the asset to reach its intended, available or marketable status have started. The assets constructed or produced stop capitalization when it in a predetermined state of use or in a marketable state. The remaining borrowing costs are recognised as expenses during the current period.

The amount of interest charged for the actual borrowing of the current period shall be deducted on the amount of the investment income obtained from the interest earned in the bank or the temporary investment obtained from the unused loan funds. The occupied general borrowing is multiplied by the capitalization rate which is determined by the weighted average of the asset expenditures of the accumulated asset expenditure over the specific borrowing portion. The capitalization rate is calculated according to the weighted average interest rate of the general borrowing.

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 that meet capitalization requirements refer to assets such as fixed assets, investments, real estate and inventories that require a considerable period of purchase or construction or production activities to achieve the intended use or sale.

If the qualified assets in the acquisition and construction or production process is interrupted abnormally, and the interruption lasts for more than 3 months, the capitalization of borrowing costs suspended until the assets of the acquisition and construction or production activities starts.

5.19 Biological assets

5.20 Oil and gas assets

5.21 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) The estimation of the useful life of the indefinite intangible assets

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

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

The periods of which the intangible assets can bring benefits to the Group cannot be reasonably determined, the intangible assets will be classified as indefinite intangible assets.

(4) The expenditure of internal research and development project is divided into research stage, expenditure and development stage.

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.

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

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

5.22 Long-term assets impairment

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

The result of impairment test demonstrates that the recoverable amount is less than its carrying amount, the difference will be recorded as provision for impairment and debited as impairment loss. The recoverable amount equals to the greater of 1) fair value less disposal expenses and 2) present value of the predicted future cash flows.

The fair value of the assets is determined by the sale contract price of fair trade; When there are no sale contracts but exist active market, the fair value will be determined with the quotation from the buyer; When there exist neither sale contracts nor active market, the assets fair value will be determined by the best information available.

The disposal expenses include the legal expenses, related taxes, delivery fees and other direct fees incurred for making the assets reach the salable condition. The present value of the predicted future cash flows is calculated according to the predicted future cash flows generated from the continuous use of the assets and final disposal discounted with the applicable discounted rate. The provision for impairment

test should be recognized based on the individual asset. If it is hard to estimate the recoverable amount to individual asset, the recoverable amount of the assets group of which the individual assets are included should be determined. Assets group is the smallest unit that can independently generate the cash inflow.

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

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

5.23 Long-term deferred assets

Long-term deferred assets represent expenses incurred that should be borne 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.

5.24 Employee Benefits

(1) The accounting method of short-term benefits

The benefits of employees in the Group include short-term benefits, welfare after demission, demission welfare and other long-term welfare.

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

(2) The accounting method of Welfare after demission

Welfare after demission mainly includes basic pension insurance, unemployment insurance and annuities. Welfare after demission includes the defined contribution plan. For the defined contribution plan, the appropriate amount to be deposited shall be included in the relevant asset costs or current profits and losses at occurrence.

(3) The accounting method of termination benefits

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

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

(4) Others

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

5.25 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)]

5.26 Share-based Payment

5.27 Other financial instruments, such as preferred stock, perpetual debt, etc.

5.28 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.

5.29 Government Grants

- (1) the judgment basis and accounting methods of government grants related to assets;

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.

Government grants related to assets are government grants that are acquired and used to build or form long-term assets in other ways by the company. 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.

- (2) the judgment basis and accounting methods of government grants related to income;

Income related government grants are the government grants that the company receives to compensate for the costs and losses incurred or would be incurred in the future. 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.

5.30 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.

5.31 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.

5.32 Changes in other accounting policies and accounting estimates

There were no changes of other accounting policies and accounting estimations during this period.

5.33 Changes in major accounting policies and accounting estimates

(1) Changes in accounting policies

Applicable Not applicable

(2) Changes in main accounting estimations

Applicable Not applicable

5.34 Others

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

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

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

(1) The classification of lease

The lease are classified into operating lease and finance lease, according to the "Accounting Standards

for Business Enterprise No.21-Lease” .When making the classification, the management need to make analysis and judgment about whether all risk and reward related with the ownership of assets leased out have been substantially transferred to the lessee or not ,or whether all risk and reward related with the ownership of the assets leased have substantially assumed by the Group.

(2) The provision for allowance for bad debt

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

(3) Provision for inventory

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

(4) The fair value of financial instrument

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

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

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

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

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

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

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

(6) Depreciation and amortization

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

(7) Deferred tax asset

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

(8) Income tax

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

Note 6 Principal Taxes Applied

Taxes and their rates

Category	Taxable basis	Tax rate
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Category	Taxable basis	Tax rate
Value added tax ("VAT")	Proceeds from sales of properties, leasing income, property management income, Construction, installation income	5%, 3%, 6%
Construction tax	Turnover tax	7%
Income tax*	Income tax payable	25% & 16.5%
Education surcharge(Local Education surcharge)	Turnover tax	5%
Land appreciation tax	Sales revenue of properties	Progressive rates ranging from 30%-60%
Property tax	The residual value	1.2%

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

The main products or services provided: commodity housing, property leasing and management, hotel service, construction and installation service etc. As the inform No.36—pilot about business tax replacing with VAT popularized (2016 Revision) issued by Finance and Taxation Ministry, the categories and rates of VAT about The Group and its subsidiaries are as follow.

Category of income	The way of tax calculation	Tax rate	Tax rate before Business Tax Replacing with VAT
Sales of properties	Simply filling return	5%	5%
Construction, installation income	Simply filling return	3%	3%
Rental income of Property	Simply filling return	5%	5%
Income of Property Management	Filling return generally	6%	5%

Note 7 Notes to the Consolidated Financial Statements

7.1 Monetary funds

Item	Closing balance	Opening balance
Cash on hand	57,189.68	33,954.55
Cash in bank	1,163,996,248.33	1,265,733,336.02
Other monetary funds	290,033.83	290,033.83
Total	1,164,343,471.84	1,266,057,324.40
Including amount deposited in the foreign countries	8,923,194.68	9,274,974.64

Note: (1) Other monetary funds that the Group's ownership are the deposits about letter of guarantee setting up by bank.

7.2 Financial instrument assets measured at fair value with its changes into profit and loss

7.3 Derivative financial assets

□ Applicable Not Applicable

7.4 Note receivables

(1) Note receivables by types

Item	Closing balance	Opening balance
Bank acceptance	--	--
Trade acceptance	16,405,895.50	20,606,778.91
Total	16,405,895.50	20,606,778.91

(2) Note receivables pledged at the end of term

At the end of term, there were no any note receivables which had been pledged.

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

Item	Amt. derecognized at year end	Amt. not derecognized at year end
Bank acceptance	--	--
Trade acceptance	--	16,405,895.50
Total	--	16,405,895.50

Note: As of June 30, 2017, the trade acceptance discounted but not matured is RMB16,405,895.50, the balance of related pledged borrowing is 16,405,895.50 (referring to the note 7.31).

When the trade acceptance cannot be honored when it is mature, the bank has the power to ask the Group to repay the amount un-settled. The Group continues to recognize the carrying amount of the trade acceptance and records the amount received as pledged borrowing because of the transfer, due to the Group's undertaking the main risk, such as credit risk, relating with the trade acceptance.

(4) There are no situations of reclassifying the note receivables to the accounts receivables, because of the issuer dishonoring.

7.5 Accounts receivables

(1) Accounts receivable by categories

Category	Closing balance				
	Carrying amount		Bad debt provision		book value
	Amount	(%)	Amount	(%)	
Accounts receivable of which provision for bad debts is of individually significant	--	--	--	--	
Accounts receivable of which provision for bad debts is of individually insignificant	203,121,233.46	100.00%	19,243,657.51	9.45%	183,877,575.95
Total	203,121,233.46	100.00%	19,243,657.51	9.45%	183,877,575.95

(Continued)

Category	Carrying amount		Opening balance		book value
	Amount	(%)	Bad debt provision		
			Amount	(%)	
Accounts receivable of which provision for bad debts is of individually significant	--	--	--	--	--
Accounts receivable of which provision for bad debts is of individually insignificant	127,541,707.91	100.00	19,243,657.51	15.09	108,298,050.40
Total	127,541,707.91	100.00	19,243,657.51	15.09	108,298,050.40

(2) There were no any account receivables which had been accrued fully or large proportion provision but had been fully collected or reversed back in this period.

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

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

Name of entity	Relationship with the Group	Amount	Age	Proportion of the amount to the total AR (%)
Corporate unit No.1	Un-related party	53,824,539.46	Within 1 year	26.50
Corporate unit No.2	Un-related party	26,618,769.11	Within 1 year	13.10
Corporate unit No.3	Un-related party	21,747,051.94	Within 1 year	13.10
Individual No.1	Un-related party	12,410,000.00	Within 1 year	6.11
Individual No.2	Un-related party	9,550,000.00	Within 1 year	4.70
Total		124,150,360.51		63.52

(5) There were no any account receivables due to termination of the transfer of financial assets during this period.

(6) There were non transferred accounts receivable and continued involvement in the formation of assets and liabilities during this period.

Details of pledge of accounts receivable are as follows: Note 7.77 and Note 10.2

7.6 Prepayments

(1) Aging analysis

Aging	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)
Within 1 year	24,606,521.28	100.00%	15,864,377.88	100.00
1-2 years	--	--	--	--
2-3 years	--	--	--	--

Over 3 years	761.45	--	761.45	--
Total	24,607,282.73	--	15,865,139.33	--

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

Name of entities	Relationship with the Group	Amount	Timing	Reasons for unsettlement
Project 1	Un-related party	9,903,967.12	Within 1 year	The un-settled prepayment of engineering materials and materials un-warehousing
Project 2	Un-related party	1,939,611.38	Within 1 year	The un-settled prepayment of engineering materials and materials un-warehousing
Project 3	Un-related party	1,769,955.00	Within 1 year	The un-settled prepayment of engineering materials and materials un-warehousing
Project 4	Un-related party	1,739,932.43	Within 1 year	The un-settled prepayment of engineering materials and materials un-warehousing
Project 5	Un-related party	1,016,389.50	Within 1 year	The un-settled prepayment of engineering materials and materials un-warehousing
Total		16,369,855.43		

7.7 Interest receivable

7.8 Dividends receivable

(1) Details of dividends receivable

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

(2) Dividends receivable aging over 1year

Item(Or name of investee)	Closing balance	Aging	Reasons for uncollected amounts	Whether the amount is impaired and the base of judgment
Yunnan KunPeng Flight service Co., Ltd	1,052,192.76	4-5 years	Delay to pay	No
Total	1,052,192.76			

7.9 Other receivables

(1) Other receivables by categories

Category	Closing balance				Book value
	Carrying amount		Bad debt provision		
	Amount	(%)	Amount	(%)	
Other receivables of which provision for bad debts is of individually significant	153,393,321.71	57.85	153,237,764.83	99.90	155,556.88
Other receivables of which provision for bad debts is of individually insignificant	111,747,084.57	42.15	30,813,110.92	27.57	80,933,973.65
Total	265,140,406.28	100.00	184,050,875.75	69.42	81,089,530.53

(Continued)

Category	Closing balance				Book value
	Carrying amount		Bad debt provision		
	Amount	(%)	Amount	(%)	
Other receivables of which provision for bad debts is of individually significant	153,572,058.35	61.05	153,237,764.83	99.78	334,293.52
Other receivables of which provision for bad debts is of individually insignificant	97,993,612.05	38.95	30,813,110.92	31.44	67,180,501.13
Total	251,565,670.40	100.00	184,050,875.75	73.16	67,514,794.65

Bad debt provision of other receivables which is of individually significant

Content of accounts receivable	Carrying amount	Amount of bad debt	Proportion of provision	Reasons for the provision
Other receivables between subsidiaries that are not included in the consolidated statement	129,039,776.11	129,039,776.11	100.00%	A separate provision is established according to the recoverability of each receivables with long aging and little retrievability
Others	24,353,545.60	24,197,988.72	99.36%	
Total	153,393,321.71	153,237,764.83	--	

(2) There were no other receivables had been fully collected or reversed back during the current period.

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

(4) Other receivables by nature

Nature	Closing balance	Opening balance
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Other receivables between subsidiaries that are not included in the consolidated statement	129,039,776.11	131,022,651.26
Others	136,100,630.17	120,543,019.14
Total	265,140,406.28	251,565,670.40

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

Name of entity	Nature	Amount	Age	Proportion of the amount to the total OR (%)	Provision for bad debt at year end
Canada Great Wall(Vancouver) Co.,Ltd *	current account	89,035,748.07	Above 5 years	33.58	89,035,748.07
Paklid Limited *	current account	19,299,472.87	Above 5 years	7.28	19,299,472.87
Bekaton property Limited *	current account	12,559,290.58	Above 5 years	4.74	12,559,290.58
Guangdong province Huizhou Luofu Hill Mineral Water Co.,Ltd	current account	10,465,168.81	Above 5 years	3.95	10,465,168.81
ShenFang Construction and Decoration Co.,Ltd	current account	8,327,180.71	Above 5 years	3.14	8,327,180.71
Total		139,686,861.04		52.68	139,686,861.04

(6) There were no any other receivables about government subsidies that have been involved.

(7) There were no any other receivables due to the transfer of financial assets that have been derecognized.

(8) There were no any other receivables which had transferred to continued involvement in assets or liabilities.

7.10 Inventory

(1) Categories of inventory

Item	Closing balance		Net carrying amount
	Carrying amount	Provision for inventories	
Real estate development projects			
Real estate developing products	1,266,820,026.47	--	1,266,820,026.47
Real estate developed products	429,302,593.86	715,234.71	428,587,359.15
Non real estate development projects			
Raw materials	877,232.66	--	877,232.66
Finished products	365,059.56	278,891.91	86,167.65
Low-value consumable products	--	--	--

Item	Closing balance		Net carrying amount
	Carrying amount	Provision for inventories	
Construction in progress	69,581,105.21		69,581,105.21
Total	1,766,946,017.76	994,126.62	1,765,951,891.14

(Continued)

Item	Opening balance		Net carrying amount
	Carrying amount	Provision for inventories	
Real estate development projects			
Real estate developing products	1,073,019,786.16	--	1,073,019,786.16
Real estate developed products	628,939,860.63	3,170,419.94	625,769,440.69
Non real estate development projects			
Raw materials	877,232.66	--	877,232.66
Finished products	365,059.56	278,891.91	86,167.65
Low-value consumable products	--	--	--
Construction in progress	34,800,414.94	--	34,800,414.94
Total	1,738,002,353.95	3,449,311.85	1,734,553,042.10

Real estate developing products and its Capitalization

	Starting time	Finished time	Estimated total investment	Opening balance	Increase (Real estate developing products)	Closing balance	Accumulated amount of interest capitalization	Among: Capitalization of interest in this period	Funds provided
ChuanQi DongHu Building(Former DongHuDiJing Building)	2016.06.20	2018.12.21	73,200.00	132,866,426.21	16,365,861.19	149,232,287.40	4,811,327.74	--	Bank Loan; other
JingTian	2017.12.3		24,685.00	84,830,62	14,856,5	99,687,1	1,408.81	--	Bank

	Starting time	Finished time	Estimated total investment	Opening balance	Increase (Real estate developing products)	Closing balance	Accumulated amount of interest capitalization	Among: Capitalization of interest in this period	Funds provided
Heaven International Apartment	5.09.28	1	0	4.67	42.10	66.77	9.10		Loan; other
Shengfang CuiLin Building	2015.12.10	2018.03.18	57,000.00	264,012,563.15	74,886,328.23	338,898,891.38	7,970,354.61	4,776,388.91	Other
TianYue Bay No.1	2015.07.17	2017.12.31	79,801.00	406,736,828.44	87,120,650.60	493,857,479.04	13,869,194.88	10,675,229.18	Other
TianYue Bay No.2	2018.01.01		65,275.40	159,731,369.75	570,858.19	160,302,227.94	--	--	Other
ShanTou Fresh Peak Building				24,841,973.94	--	24,841,973.94	--	--	Other
Total			299,958.40	1,073,019,786.16	193,800,240.31	1,266,820,026.47	28,059,696.33	15,451,618.09	—

Real estate developed products

Name of project	Finished time	Opening balance	Additions	Reductions	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	18,490.73	--	2,980,486.95
Jinye Island villa No.10	2010	21,314,854.70	--	1,569,546.81	19,745,307.89
Jinye Island villa No.11	2008	12,378,814.65	87,966.33	--	12,466,780.98
YueJing dongfang Project	2014	54,478,152.69	--	14,865,723.84	39,612,428.85
Wenjing Garden		3,648,312.01	--	--	3,648,312.01
Real Estate building		10,593,039.36	--	--	10,593,039.36

Name of project	Finished time	Opening balance	Additions	Reductions	Closing balance
HuaFeng Building		1,631,743.64	--	--	1,631,743.64
HuangPuXinCun		289,802.88	439,627.12	--	729,430.00
XingHu Garden		156,848.69	--	--	156,848.69
Chuanqishan Project	2013	304,062,761.98	--	99,965,506.24	204,097,255.74
Shenfang Shanglin Garden	2014	178,185,208.67	--	83,782,574.06	94,402,634.61
BeiJing Fresh Peak Bulding		304,557.05	--	--	304,557.05
Total		628,939,860.63	546,084.18	200,183,350.95	429,302,593.86

(2) Movement of Provision of inventories

Provision of inventories by Nature

Item	Opening balance	Increase		Decrease		Closing balance
		Provision	other	Reversals	Write-off	
Real estate developed products	3,170,419.94	--	--	2,455,185.23	--	715,234.71
Finished products	278,891.91	--	--	--	--	278,891.91
Total	3,449,311.85	--	--	2,455,185.23	--	994,126.62

Provision of inventories by Project

Item	Opening balance	Increase		Decrease		Closing balance
		Provision	other	Reversals	Write-off	
Shenfang Shanglin Garden	3,170,419.94	--	--	2,455,185.23	--	715,234.71
Finished products	278,891.91	--	--	--	--	278,891.91
Total	3,449,311.85	--	--	2,455,185.23	--	994,126.62

(3) The capitalization rate of borrowing costs in the ending balance of inventories

Capitalized borrowing cost at year end is RMB 45,782,070.06. The capitalization and capitalization rates of each project are as follow:

Project	Opening balance	Additions	Reductions	Closing balance	Capitalization rate
YueJing dongfang Project	1,100,799.33	--	166,585.85	934,213.48	1.49
Chuanqishan Project	4,034,969.06	--	2,882,120.76	1,152,848.30	5.66
Shenfang Shanglin Garden	5,157,897.45	--	3,870,364.19	1,287,533.26	7.10
Shengfang CuiLin Building	3,193,965.70	4,776,388.91	--	7,970,354.61	3.02
TianYue Bay No.1	26,074,291.68	10,675,229.18	--	36,749,520.86	3.41
ChuanQi DongHu	4,811,327.74	--	--	4,811,327.74	3.62

Project	Opening balance	Additions	Reductions	Closing balance	Capitalization rate
Building(Former DongHuDiJing Building)					
JingTian Heaven International Apartment	1,408,819.10	--	--	1,408,819.10	1.66
合计	45,782,070.06	15,451,618.09	6,919,070.81	54,314,617.34	5.33

(4)Restricted inventory

(5)Completed and unsettled assets resulting from the construction contract at the end of the period

Item	Amount
Accumulated cost incurred	128,735,949.00
Accumulated gross profit	6,531,580.19
Amount already settled	50,206,445.85
Completed outstanding assets formed by the construction contract	85,061,083.34

The company don't comply with the disclosure requirements of the Shenzhen stock exchange industry information disclosure guideline No. fourth - listed companies engaged in seed industry and planting business.

7.11Assets classified as held for sale

7.12Non current assets expiring within one year

7.13Other current assets

Item	Closing balance	Opening balance
Value added tax	9,098,639.10	6,960,582.51
Business tax	1,596,382.82	1,404,931.73
City construction surcharge	688,723.62	441,450.97
Education surcharge	347,643.21	162,693.21
Local education surcharge	234,420.65	154,330.63
Embankment Protection Fee	14,240.46	947,804.87
Increment tax on land value	2,588,218.21	1,286,920.53
Financial products of trust	--	2,000,000.00
Total	14,568,268.07	13,358,714.45

7.14Available-for-sale financial assets

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

Item	Closing balance	Opening balance
------	-----------------	-----------------

	Book balance	Impairment	Book value	Book balance	Impairment	Book value
Available-for-sale debt instrument	--	--	--	--	--	--
Available-for-sale equity instrument	17,464,240.74	--	17,464,240.74	17,464,240.74	--	17,464,240.74
Including: measured by fair value	--	--	--	--	--	--
Measured by cost	17,464,240.74	--	17,464,240.74	17,464,240.74	--	17,464,240.74
Others	--	--	--	--	--	--
Total	17,464,240.74	--	17,464,240.74	17,464,240.74	--	17,464,240.74

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

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

Note: The Group's shareholding proportion to Yunnan Kunpeng Flight service Co., Ltd is 25%. Because the Group have no participating right to its finance and operating policies, the Group cannot exercise the significant influence on the investee.

7.15 Held-to-maturity investment

7.16 Long-term receivables

7.17 Long-term equity investments

(1) Long-term equity investments by types

Invested company	Opening balance	Change amount of this year				
		Additional investment	Negative investment	Profit and loss on investments confirmed with equity method	Other comprehensive income adjustment	Other equity change
I. Joint ventures						
Guangdong province Huizhou Luofu Hill Mineral Water Co., Ltd	9,969,206.09	--	--	--	--	--
Fengkai Xinhua Hotel	9,455,465.38	--	--	--	--	--

Invested company	Opening balance	Change amount of this year				
		Additional investment	Negative investment	Profit and loss on investments confirmed with equity method	Other comprehensive income adjustment	Other equity change
Jiangmen Xinjiang Real Estate Co., Ltd	9,037,070.89	--	--	--	--	--
Xi'an Fresh Peak Property Trading Co., Ltd	32,840,729.61	--	--	--	--	--
Dongyi Real Estate Co., Ltd	30,376,084.89	--	--	--	--	--
Subtotal	91,678,556.86	--	--	--	--	--
II. Affiliated enterprises						
Shenzhen Ronghua JiDian Co., Ltd	1,468,913.70	--	--	--	--	--
Shenzhen Runhua Automobile trading Co., Ltd	1,445,425.56	--	--	--	--	--
Subtotal	2,914,339.26	--	--	--	--	--
III. Other equity investments						
Subtotal	186,256,480.74	--	--	--	--	--
Total	280,849,376.86	--	--	--	--	--

(Continued)

Invested company	Invested company	Change amount of this year		Ending balance	Provision for impairment balance at year end
		Change amount of this year	Ending balance		
I. Joint ventures					
Guangdong province Huizhou Luofu Hill Mineral Water Co., Ltd	--	--	--	9,969,206.09	9,969,206.09
Fengkai Xinhua Hotel	--	--	--	9,455,465.38	9,455,465.38
Jiangmen Xinjiang Real Estate Co., Ltd	--	--	--	9,037,070.89	912,537.16
Xi'an Fresh Peak Property Trading Co., Ltd	--	--	--	32,840,729.61	20,673,831.77

Dongyi Real Estate Co., Ltd	--	--	--	30,376,084.89	21,225,715.87
Subtotal	--	--	--	91,678,556.86	62,236,756.27
	Change amount of this year			Ending balance	Provision for impairment balance at year end
Invested company	Invested company	Change amount of this year	Ending balance		
II.Affiliated enterprises					
Shenzhen Ronghua JiDian Co.,Ltd	--	--	--	1,468,913.70	1,076,954.64
Shenzhen Runhua Automobile trading Co.,Ltd	--	--	--	1,445,425.56	1,445,425.56
Subtotal	--	--	--	2,914,339.26	2,522,380.20
III.Other equity investments	--	--	--	186,256,480.74	178,642,972.78
Subtotal	--	--	--	186,256,480.74	178,642,972.78
Total	--	--	--	280,849,376.86	243,402,109.25

The details of other equity investments are listed on note 9.1-Equity in subsidiaries.

Investee	Accounting Method	Investment cost	Opening balance	Changes	Closing balance	Impairment provision
Shenzhen Shen Fang Industrial Development Co., Ltd	Cost Method	4,500,000.00	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	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	5,958,305.26
Paklid Limited	Cost Method	201,100.00	201,100.00	--	201,100.00	201,100.00
Bekaton Property Limited	Cost Method	906,630.00	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	8,180,003.63
Shenzhen Xing Dongfang Store Ltd	Cost Method	18,500,000.00	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	2,680,000.00
Shenzhen Shenfang Department Store Co. Ltd	Cost Method	10,000,000.00	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	--
Shantou Huafeng Building	Cost Method	68,731,560.43	58,547,652.25	--	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	56,228,381.64
Total		267,863,499.32	206,636,006.42	-20,379,525.68	186,256,480.74	178,642,972.78

7.18 Investment properties

Investment properties measured at cost.

Item	House& building	Land-use right	Construction in progress	Total
I.Original carrying value				
1.Opening balance	757,560,363.04	106,924,635.73	--	864,484,998.77
2.Increase in the year	--	--	--	--
3.Decrease in the year	--	2,506,262.91	--	2,506,262.91
(1) Disposing	--	--	--	--
(2) Other roll out	--	--	--	--
(3) Others	--	2,506,262.91	--	2,506,262.91
4.Closing balance	757,560,363.04	104,418,372.82	--	861,978,735.86
II.Accumulative depreciation& amortization				
1.Opening balance	346,370,730.15	--	--	346,370,730.15
2.Increase in the year	10,675,645.95	--	--	10,675,645.95
(1) Withdrawing or amortization	10,675,645.95	--	--	10,675,645.95
(2) Carried over from assets	--	--	--	--
3.Decrease in the year	--	--	--	--
4. Closing balance	357,046,376.10	--	--	357,046,376.10
III.Provision for impairment				
1.Opening balance	14,128,544.62	87,758,037.70	--	101,886,582.32
2.Increase in the year	--	--	--	--
3.Decrease in the year	--	2,057,006.91	--	2,057,006.91
(1) Disposing	--	--	--	--
(2) Other roll out	--	--	--	--
(3) Others	--	2,057,006.91	--	2,057,006.91
4.Closing balance	14,128,544.62	85,701,030.79	--	99,829,575.41
IV. Book value				
1.Closing book value	386,385,442.32	18,717,342.03	--	405,102,784.35
2.Opening book value	397,061,088.27	19,166,598.03	--	416,227,686.30

Note:(a) Current year depreciation and amortization is RMB 10,675,645.95;

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

(c) Among the investment properties, there were house & building with carrying value RMB 288,568,109.69 that were used as mortgage of long-term loans (including the long-term loans that will mature within one year), referring to note 7.76 for details.

7.19 Fixed assets

Item	Houses & Buildings	Transportation equipment	Electronic equipment and others	Total
I. Original carrying value				
1. Opening balance	107,110,751.42	16,955,508.53	14,700,628.05	138,766,888.00
2. Increase in the year	--	--	250,648.72	250,648.72
(1) Purchasing	--	--	250,648.72	250,648.72
(2) Transferred from the construction in progress	--	--	--	--
3. Decrease in the year	--	1,350,270.00	47,134.45	1,397,404.45
(1) Disposal or discard as useless	--	1,350,270.00	47,134.45	1,397,404.45
(2) Decrease of cooperation combination	--	--	--	--
(3) Transferred to investment property	--	--	--	--
4. Closing balance	107,110,751.42	15,605,238.53	14,904,142.32	137,620,132.27
II. Accumulated depreciation				
1. Opening balance	68,954,824.16	12,886,994.04	11,393,256.39	93,235,074.59
2. Increase in the year	1,499,771.45	520,385.74	1,181,524.37	3,201,681.56
Including: withdrawing	1,499,771.45	520,385.74	1,181,524.37	3,201,681.56
3. Decrease in the year	--	1,279,463.15	44,777.73	1,324,240.88
(1) Disposal or discard as useless	--	1,279,463.15	44,777.73	1,324,240.88
(2) Decrease of corporate combination	--	--	--	--
(3) Transferred to investment property	--	--	--	--
4. Closing balance	70,454,595.64	12,127,916.59	12,530,003.04	95,112,515.27
III. Provision for Impairment				
1. Opening balance	--	--	--	--
2. Increase in the year	--	--	--	--
Including: Withdrawing	--	--	--	--
3. Decrease in the year	--	--	--	--
4. Closing balance	--	--	--	--
IV. Book value				
1. Ending book value	36,656,155.78	3,477,321.94	2,374,139.28	42,507,617.00

Item	Houses& Buildings	Transportation equipment	Electronic equipment and others	Total
2. Beginning book value	38,155,927.26	4,068,514.49	3,307,371.66	45,531,813.41

Note: (1)The depreciation for the current year is RMB 3,201,681.56. The disposal of fixed asset is RMB 1,397,404.45.

(2) There was no any fixed assets whose ownership are restricted.

(3) There was no any fixed assets lying idle temporary.

7.20 Construction in process

7.21 Construction materials

7.22 Liquidation of fixed assets

7.23 Biological assets

7.24 Oil and gas assets

7.25 Intangible assets

Item	Software	Taxi license	Total
I. Carrying value			
1. Opening balance	2,241,800.00	6,368,000.00	8,609,800.00
2. Increase in the year	-	-	--
(1) Purchased	-	-	--
(2) Internally developed	-	-	--
(3) Increase of corporate combination	-	-	--
3. Decrease in the year	-	-	--
(1) Disposal	-	-	--
(2) Decrease of corporate combination	-	-	--
4. Closing balance	2,241,800.00	6,368,000.00	8,609,800.00
II. Accumulated amortization			
1. Opening balance	1,900,640.00	1,563,080.00	3,463,720.00
2. Increase in the year	170,580.00	83,790.00	254,370.00
Including: withdrawing	170,580.00	83,790.00	254,370.00
3. Decrease in the year	-	-	--
(1) Disposal	-	-	--
(2) Decrease of corporate combination	-	-	--
4. Closing balance	2,071,220.00	1,646,870.00	3,718,090.00
III. Provision for impairment			--

Item	Software	Taxi license	Total
1. Opening balance	-	-	--
2. Increase in the year	-	-	--
Including: withdrawing	-	-	--
3. Decrease in the year	--	--	--
4. Closing balance	-	-	--
IV. Book value			
1. Ending book value	170,580.00	4,721,130.00	4,891,710.00
2. Beginning book value	341,160.00	4,804,920.00	5,146,080.00

7.26 Development expenditure

7.27 Goodwill

7.28 Long-term deferred assets

Item	Opening balance	Increase	Amortization	Other reductions	Closing balance
Renovation costs	623,881.00	87,751.34	114,610.79	-	597,021.63
Others	71,839.22	--	7,697.04	-	64,142.18
Total	695,720.30	87,751.34	122,307.83	-	661,163.81

7.29 Deferred tax assets/Deferred tax Liability

(1) Recognized deferred tax assets

Item	Closing balance		Opening balance	
	Deferred tax assets	Deductible or taxable temporary differences	Deferred tax assets	Deductible or taxable temporary differences
Provision for impairment losses of assets	3,170,419.92	792,604.98	3,170,419.92	792,604.98
Eliminated unrealized profit when consolidating financial statement	4,991,161.76	1,247,790.44	4,995,618.75	1,248,904.69
Deductible loss	38,519,586.27	9,629,896.57	30,139,792.64	7,534,948.16
Expected profit for advances from customers	14,118,236.27	3,529,559.07	24,109,809.80	6,027,452.45
Provision for land appreciation tax liquidation reserves	80,712,110.35	20,178,027.59	80,712,110.35	20,178,027.59
Total	141,511,514.57	35,377,878.65	143,127,751.46	35,781,937.87

(2) Details of unrecognized deferred tax assets

Item	Reciprocal amount of deferred income tax assets and liabilities at the terminal	Ending balance of deferred income tax assets or liabilities after offsetting	Reciprocal amount of deferred income tax assets and liabilities at the beginning	Opening balance of deferred income tax assets or liabilities after offsetting
Deferred tax assets	--	35,377,878.65	--	35,377,878.65

(3) Details of unrecognized deferred tax assets

Item	Closing balance	Opening balance
Deductible operating losses	2,295,692.70	2,295,692.70
Bad debt provision	49,203,437.93	49,203,437.93
Provision for impairment of long-term investments	60,850,527.31	60,850,527.31
Provision for impairment of investment properties	25,471,645.58	25,471,645.58
Total	137,821,303.52	137,821,303.52

(4) Unrecognized deductible losses of deferred tax assets will be expire at the end of following years

Year	Closing balance	Opening balance
2017	150,392.58	150,392.58
2018	1,665,661.89	1,665,661.89
2019	124,125.69	124,125.69
2020	9,717,123.98	9,717,123.98
2021	13,457,192.98	13,457,192.98
2022	--	--
Total	25,114,497.12	25,114,497.12

7.30 Other non-current assets

7.31 Short-term loans

Item	Closing balance	Opening balance
Entrusted loan	--	--
Credit Loan	26,900,000.00	18,000,000.00
Mortgage Loan	--	--
Pledged Loan	116,660,032.01	93,709,916.44
合计	143,560,032.01	111,709,916.44

Note:(1) Refer to note 7.4-Notes receivable for the details of pledged loan and note 7.76.

(2)There was no short term loan overdue which had not repaid

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

7.33 Derivative financial liabilities

7.34 Notes payable

7.35 Accounts payable

(1) Details of accounts payable

Item	Closing balance	Opening balance
Within 1 year	2,981,113.71	29,598,921.11
Over 1 year	101,398,374.09	139,015,378.84
Total	104,379,487.80	168,614,299.95

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

Closing balance is RMB 104,379,487.80 which decreased by 38.10% comparing with the beginning balance, mainly for the settlement of account payable about the developed product.

7.36 Advances from customers

(1) Details of advances from customers

Item	Closing balance	Opening balance
Within one year	148,565,089.08	307,957,346.19
Over one year	72,743,335.00	17,893,766.35
Total	221,308,424.08	325,851,112.54

(2) Significant advances from customers aged more than one year is the import and export agency business payment and advanced payment from housing buyers, as such receipts have not been transferred to income at the end of the year.

(3) Completed and unsettled assets resulting from the construction contract at the end of the period

Item	Amount
Accumulated cost incurred	128,735,949.00
Accumulated gross profit	6,531,580.19
Amount already settled	50,206,445.85
Completed outstanding assets formed by the construction contract	85,061,083.34

Details of advances from customers

Item	Closing balance	Opening balance	Estimated time of completion
Jinye Island villa No.6	7,452,380.95	7,452,380.95	Completed
Jinye Island villa No.10	20,744,471.97	12,655,156.17	Completed
Jinye Island villa No.11	9,163,200.21	6,216,792.91	Completed
Shenfang Chuangqishan	--	96,545,077.60	Completed
Shenfang Shanlin Garden	693,109.00	71,252,710.00	Completed
TianYue Bay No.1	58,768,910.07	25,882,870.91	2017

Yuejing dongfang	25,603,053.20	12,322,575.19	Completed
Total	122,425,125.40	232,327,563.73	

7.37 Employee benefits payable

(1) Details of employee benefits payable

Item	Opening balance	Increase	Decrease	Closing balance
I.Short-term remuneration	38,751,315.00	73,517,555.89	81,067,788.11	31,201,082.78
II.Post-employment benefit-defined benefit plans	198,680.06	7,197,625.83	7,360,325.28	35,980.61
III.Severance welfares	--	--	--	--
IV. Other benefits due within 1 year	--	--	--	--
Total	38,949,995.06	80,715,181.72	88,428,113.39	31,237,063.39

(2) Details of short-term remuneration

Item	Opening balance	Increase	Decrease	Closing balance
I.Salary, bonus, allowance and subsidies	36,873,428.94	67,119,856.94	74,414,501.88	29,578,784.00
II. Employee welfare	--	--	--	--
III. Social insurance premium	1,103,162.47	2,238,967.13	2,239,571.68	1,102,557.92
Including: Medical insurance premium	1,102,449.06	1,951,400.04	1,952,357.32	1,101,491.78
Industries insurance premium	591.04	104,673.03	105,076.70	187.37
Maternity insurance premium	122.37	182,894.06	182,137.66	878.77
IV. Housing fund	93,186.50	3,033,960.03	3,126,172.03	974.50
V. Union expenses and employee education expenditure	681,537.09	1,124,771.79	1,287,542.52	518,766.36
VI. Short-term paid absence	--	--	--	--
VII. Short-term profit share plan	--	--	--	--
Total	38,751,315.00	73,517,555.89	81,067,788.11	31,201,082.78

(3) The details of defined contribution plans

Item	Opening balance	Increase	Decrease	Closing balance
I. Basic endowment insurance premium	99,801.11	5,012,980.17	5,108,183.22	4,598.06
II. Unemployment insurance premium	520.80	174,152.46	173,908.86	764.40
III. Company annuity payment	98,358.15	2,010,493.20	2,078,233.20	30,618.15
Total	198,680.06	7,197,625.83	7,360,325.28	35,980.61

Note: The Group participates in the basic endowment insurance and unemployment plan sponsored by the government according to the regulations. Beside the monthly payment mentioned above, the Group undertakes no further payment obligation. The related expenses are recognized in profit and loss or the cost of relevant asset in the current period incurred.

7.38 Taxes payable

Item	Closing balance	Opening balance
VAT	9,932,902.45	2,295,383.33
Corporate income tax	47,476,169.22	46,310,814.92
Individual income tax	676,681.46	1,063,872.01
Construction tax	724,667.81	140,826.84
Business tax	431,696.78	117,565.81
Property tax	1,742,011.80	1,707,091.48
Land appreciation tax	19,613,653.40	13,611,992.49
Education surcharge	409,164.34	93,226.93
Local Education surcharge	208,856.69	34,770.45
Others	737,431.18	390,453.64
Total	81,953,235.13	65,765,997.90

7.39 Interest payable

Item	Closing balance	Opening balance
Interest of long-term loans with interest payable by installments and principle payable on maturity	--	606,933.00
Interest payable on short-term loans	--	--
Others	16,535,277.94	16,535,277.94
Total	16,535,277.94	17,142,210.94

Note: The balance of "Other" interests payable due to Shenzhen Investment Holdings Co., Ltd., being accrued for the loans interest. Please refer refer to note 12.6 (2).

7.40 Dividends payable

7.41 Other payables

(1) Details of other payables

Item	Closing balance	Opening balance
Land appreciation tax accrued	171,207,827.06	164,866,771.56
Payable to related parties	14,398,496.70	14,398,496.70
Deposits	83,126,753.11	83,026,568.62
Others	105,035,380.99	95,916,881.15
Total	373,768,457.86	358,208,718.03

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

Name of entity	Amount	Reason for overdue
Tax accrued- land appreciation tax	171,207,827.06	Unexpired
Total	171,207,827.06	

(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 ". As at June 30, 2017, the closing balance is RMB 171,207,827.06.

7.42 Liabilities are held for sale

7.43 Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term loans due within one year (Note 6.24)	44,000,000.00	37,234,933.67
Total	44,000,000.00	37,234,933.67

Details of non-current liabilities due within one year

Lender	The inception of loans	Maturity date	Currency	Closing balance	Opening balance
Huashang Bank (Shenzhen Branch)	2015.5.7	2020.5.6	RMB	20,000,000.00	10,000,000.00
Shenzhen Rural Commercial Bank	2014.11.12	2019.11.11	RMB	24,000,000.00	24,000,000.00
Nanyang Commercial Bank (Shenzhen Branch)	2007.5.29	2017.5.29	RMB	--	3,234,933.67
Total				44,000,000.00	37,234,933.67

7.44 Other current liabilities

7.45 Long-term loans

(1) Long-term loans categories

Item	Closing balance	Opening balance
Loan with mortgage	114,000,000.00	136,000,000.00
Total	114,000,000.00	136,000,000.00

(2) Top 5 significant long-term loans

Lender	The inception of loans	Maturity date	Currency	Closing balance	Opening balance
Huashang Bank (Shenzhen Branch)	2015.5.7	2020.5.6	RMB	80,000,000.00	90,000,000.00
Shenzhen Rural Commercial Bank	2014.11.12	2019.11.11	RMB	34,000,000.00	46,000,000.00
Total				114,000,000.00	136,000,000.00

Note: ① The rates of above loans depend on the benchmark interest rate of the People's Bank of China for the same period adding a certain floating proportion of the benchmark interest rate.

② The closing balance is RMB 114,000,000.00, which deducted 16.18% compared with the beginning balance, mainly for the return of long-term borrowings at maturity.

7.46 Bonds payable

7.47 Long-term payables

Details of long-term payables

Item	Closing balance	Opening balance
Maintenance fund	9,388,738.81	10,156,728.82
Total	9,388,738.81	10,156,728.82

7.48 Long-term Employee benefits payable

7.49 Account payable special funds

7.50 Accrued liabilities

7.51 Deferred income

7.52 Other non current liabilities

7.53 Share capital

Item	Opening balance	Changes for the period (+, -)					Closing balance
		Newly issued shares	Bonus issued	Capitalization of surplus reserve	Other	Subtotal	
Total shares	1,011,660,000.00	--	--	--	--	--	1,011,660,000.00
							0

7.54 Other equity instruments

7.55 Capital surplus

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium	557,433,036.93	--	--	557,433,036.93

Other capital reserve	420,811,873.18	--	--	420,811,873.18
Total	978,244,910.11	--	--	978,244,910.11

7.56 Treasury stock

7.57 Other comprehensive income

Item	Opening balance	Amount incurred this year					Closing balance
		Accrual before income tax this year	Less: previous years' OCI transferred to P&L in current. period	Less: income tax	Attributable to parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive income that could not be classified into profit and loss in the future	--	--	--	--	--	--	--
II. Other comprehensive income that would be classified into profit and loss in the future including: the difference of foreign currency financial statement translation	10,652,531.69	2,051,513.82	--	--	1,436,059.68	615,454.14	12,088,591.37
Total	10,652,531.69	2,051,513.82	--	--	1,436,059.68	615,454.14	12,088,591.37

7.58 Special reserve

7.59 Surplus reserve

Item	Opening balance	Increase	Decrease	Closing balance
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Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	59,394,668.24	--	--	59,394,668.24
Total	59,394,668.24	--	--	59,394,668.24

Note: According to the company law and articles of association, the company reserves legal surplus fund by 10% of the net profit. The statutory surplus reserve could not be withdrawn if the accumulated amount of it is more than 50% of the registered capital of the company.

The company may withdraw any surplus reserve fund after the withdrawal of the statutory surplus reserve fund. An approved surplus fund may be used to make up for prior year losses or increase equity.

7.60 Undistributed profit

Item	Amount for the current period	Amount for the prior period	Proportion of appropriation
Before adjustment: Undistributed profits at the end of prior year	583,908,333.05	290,911,773.00	
After adjustment: Undistributed profits at beginning of year	583,908,333.05	290,911,773.00	
Plus: net profit attributable to the shareholders of the parent company in the period	137,226,601.84	134,761,121.51	
Undistributed profit at the end of the period	721,134,934.89	425,672,894.51	

7.61 Operating income and costs

(1) Operating income and operating costs

Item	Amount for the current period		Amount for the prior period	
	income	costs	income	costs
Principal operating	727,183,146.15	493,647,637.36	1,082,674,647.12	806,066,310.73
Other operating	4,123,835.88	1,302,160.53	15,212,322.56	9,960,933.38
Total	731,306,982.03	494,949,797.89	1,097,886,969.68	816,027,244.11

7.62 Taxes and surcharges

Item	Amount for the current period	Amount for the prior period
City construction and maintenance tax	2,255,618.74	3,064,682.10
Education surcharges	996,755.33	1,433,871.60
Property tax	3,327,020.32	3,067,735.56
Vehicle and vessel usage tax	6,000.00	--
Stamp duty	24,463.50	--
Business tax	859,907.11	44,633,179.90
Land appreciation tax	15,825,612.34	33,110,656.95
Local education surcharges	606,413.00	871,353.80

Item	Amount for the current period	Amount for the prior period
Embankment Protection Fee	11,520.89	186,729.80
Total	23,913,311.23	86,368,209.71

Note: Details of business taxes and surcharges please refer to Note 11.6 Taxation.

7.63 Selling expenses

Item	Amount for the current period	Amount for the prior period
Employee benefits	1,707,531.15	1,949,636.81
Advertising expenses	3,847,364.06	873,616.00
Cost of operation	448,735.60	346,619.50
Sales agency fees and commissions	56,665.76	1,469,750.06
Others	772,507.19	468,119.06
Total	6,832,803.76	5,107,741.43

Note: The amount for the current period 6,832,803.76 yuan increased by 33.77% comparing with the prior period, mainly for the raise of Advertising expenses.

7.64 Administrative expenses

Item	Amount for the current period	Amount for the prior period
Employee benefits	13,427,835.61	13,493,611.11
Taxes	642,583.97	1,878,051.29
Depreciation	1,544,544.45	1,640,917.98
Entertainment expenses	1,099,378.23	1,234,043.90
Intermediary fee	850,413.87	1,606,081.53
Travel expense	205,266.91	268,286.15
Administrative expenses	436,364.81	611,089.04
Repair charge	443,258.96	394,372.96
Water and electricity charges	180,904.51	335,834.38
Other amortization	391,561.10	348,472.10
Others	5,497,126.27	5,146,571.33
Total	24,719,238.69	26,957,331.77

7.75 Financial expenses

Item	Amount for the current period	Amount for the prior period
Interest expenses	19,728,425.13	26,540,177.38
Less: Interest income	7,399,712.00	18,885,542.00
Less: capitalized interest expenses	15,451,618.09	14,548,928.60
Exchange differences	333,780.08	-334,107.73

Less: Capitalized exchange differences	--	--
Others	153,553.30	180,247.31
Total	-2,635,571.58	-7,048,153.64

Note: The amount of Financial expenses is RMB -2,635,571.58 for the current period decreased 62.61% comparing with the prior period, mainly for interest capitalization of project and the deduction of Interest income.

7.76 Impairment losses of assets

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

Note: There was no Impairment losses of assets during this period. The amount for the prior period was brought form reversing the provision for uncollectible accounts at the end of Luofu Hill Travelling Corporation's lawsuit.

7.77 Income from changes in fair value

7.78 Investment income

(1) Details of investment income

Item	Amount for the current period	Amount for the prior period
Investment income from long-term investments under equity method	--	-63,790.59
Investment income for the sale of financial assets during the holding period	650,000.00	689,000.00
Total	650,000.00	625,209.41

(2) Income from long-term investments under equity method

Name of investee	Amount for the current period	Amount for the prior period	Reasons for changes
Shenzhen Ronghua JiDian Co.,Ltd	--	57,988.93	Investee's operating profit
Total	--	57,988.93	

(3) Income for the sale of financial assets during the holding period

Name of investee	Amount for the current period	Amount for the prior period	Reasons for changes
Shantou Small &Medium Enterprises Financing Guarantee Co., Ltd	650,000.00	689,000.00	Profit for the year
Total	650,000.00	689,000.00	

7.79 Other gains

7.80 Non-operating income

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the period
Gains on penalty	74,635.68	175,149.92	74,636.68
Others	242,385.75	5,038,308.02	242,385.75
Total	317,021.43	5,213,457.94	317,021.43

Note: The amount for the current period 317,021.43 yuan decreased 93.92% comparing with the prior period, mainly for the gain of execution lawsuit about Luofu Hill Travelling Corporation for the prior period.

7.81 Non-operating expenses

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	58,187.56	2,647.50	58,187.56
Including: Losses on disposal of fixed assets	58,187.56	2,647.50	58,187.56
Donations to third parties	20,851.54	19,500.00	20,851.54
Penalty expense	10,000.00	--	10,000.00
Compensation expense	10,000.00	6,115.17	10,000.00
Others	22,574.69	72,314.73	22,574.69
Total	121,613.79	100,577.40	121,613.79

7.82 Income tax expenses

(1) Details of income tax expenses

Item	Amount for the current period	Amount for the prior period
Current Income Tax Expense	48,017,985.19	47,293,403.64
Deferred Income Tax Expense	-844,845.47	-1,008,716.16
Total	47,173,139.72	46,284,687.48

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

Item	Incurring in the current year
Consolidated profit this year	184,372,809.68
Income tax calculated at legal or applicable tax rate	46,093,202.42
Impact of non-taxable income	2,324.75
Impact of non-deductible cost, expense and loss	503,689.37
Impact of the deductible temporary differences or deductible loss of unconfirmed deferred tax assets of this year.	573,923.18
Income taxes	47,173,139.72

7.83 Other comprehensive income

Note: Please refer to note 7.57.

7.84 Notes to items in the cash flow statements

(1) Other cash receipts relating to operating activities

Item	Amount for the current period	Amount for the prior period
Interest income	10,938,611.05	11,295,056.29
Cash pledge and security deposits	4,169,257.32	10,370,363.90
The collecting on another's behalf	1,963,519.00	183,644.67
Others	8,174,583.09	22,920,758.68
Total	25,245,970.46	44,769,823.54

Note: The amount of other cash receipts relating to operating activities for the current period decreased by 43.61% comparing with the prior period, mainly for the reduction of Cash pledge and security deposits and others.

(2) Other cash payments relating to operating activities

Item	Amount for the current period	Amount for the prior period
Cash paid to general and administrative expenses	11,613,292.21	16,286,386.18
Cash paid to operating expenses	3,233,124.58	3,080,233.10
Cash pledge and security deposits	4,557,072.05	10,701,125.01
The collecting and paying on another's behalf	724,088.98	1,077,699.15
Others	50,416,225.28	5,927,462.18
Total	70,543,803.10	37,072,905.62

Note: The amount Other cash payments relating to operating activities for the current period 70,543,803.10 yuan increased 90.28% comparing with the prior period, mainly for the raise of engineering funds payment of Muqiang Company.

(3) Other cash receipts relating to investment activities

(4) Other cash payments relating to investment activities

(5) Other cash receipts relating to financing activities

(6) Other cash payment relating to financing activities

7.85 Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Item	Amount for the current period	Amount for the prior period
I.Reconciliation of net profit to cash flows from operating activities:		
Net profit	137,199,669.96	134,727,998.77
Add: Provision for asset impairment	--	-4,800,000.00

Item	Amount for the current period	Amount for the prior period
Depreciation of fixed assets, bio-assets, and natural gas	12,436,112.05	13,626,249.37
Amortization of intangible assets	254,370.00	254,370.00
Amortization of long-term deferred expense	1,147,347.42	127,522.43
Losses on disposal of fixed assets, intangible assets and other long-term assets(deduct: gains)	24,018.05	--
Losses on scrapping of fixed assets (deduct: gains)	264.47	1,934.79
Loss of fair value variation (deduct: gains)	--	--
Financial expenses (deduct: gains)	4,276,807.04	18,699,884.75
Losses from investments (deduct: gains)	-650,000.00	-625,209.41
Decrease in deferred tax assets (deduct: increase))	-844,845.47	1,688,845.85
Increase in deferred tax liabilities (deduct: decrease)	--	--
Decrease in inventories (deduct: increase)	-13,302,973.16	298,465,327.85
Decrease in operating receivables (deduct: increase)	-93,695,521.42	73,591,766.23
Increase in operating payables (deduct: decrease)	-144,604,199.24	-109,590,709.87
Others	58,253.11	--
Net cash flows from operating activities	-97,700,697.19	426,167,980.76
II. Investing and financing activities that do not affect cash receipt and payment		
Liabilities converted capital	--	--
Reclassify convertible bonds to be expired within one year as current liability	--	--
Fixed assets subject to finance leases	--	--
III. Net increase in cash and cash equivalents:		
Cash at the end of the period	1,164,053,438.01	1,496,687,318.92
Less: cash at the beginning of the period	1,265,767,290.57	1,169,756,306.36
Add: cash equivalents at the end of the period	--	--
Less: cash equivalents at the beginning of the period	--	--
Net increase in cash and cash equivalents	-101,713,852.56	326,931,012.56

(2) Net cash flow received from subsidiaries for the current period

(3) Net cash flow received from disposal subsidiaries of the current period

(4) Information of cash and cash equivalents

Item	Amount for the current period	Amount for the prior period
I. Cash	1,164,053,438.01	1,265,767,290.57
Including: Cash on hand	57,189.68	33,954.55
Bank deposits	1,163,996,248.33	1,265,733,336.02

Item	Amount for the current period	Amount for the prior period
Other monetary funds	--	--
Deposits with the central bank	--	--
Deposits made with other banks	--	--
Placements with banks	--	--
II. Cash equivalents	--	--
Including: Investments in debt securities due within three months	--	--
III. Closing balance of cash and cash equivalents	1,164,053,438.01	1,265,767,290.57

7.77 Ownership or use-right restricted assets

Categories of assets	Item	Closing balance	The reasons for restriction
Monetary fund		290,033.83	Refer to note 7.1
Notes receivable		16,405,895.50	Short-term loan mortgaged
Accounts receivable		100,079,290.62	Short-term loan mortgaged
Investment property	Shenfang Square	64,969,223.83	Long-term loan mortgaged
Investment property	GuoShang North 2 floor	223,598,885.86	Long-term loan mortgaged
Total		405,343,329.64	

7.78 The items of foreign currency

(1) Details of items of foreign currency

Item	Balance of foreign currency at year end	Exchange rate	Balance of RMB converted
Monetary fund			
Including: USD	86,195.49	6.7742	583,909.70
HKD	10,164,120.40	0.8724	8,867,472.73
HKD	4,905,150.10	0.8724	4,279,394.87
Other accounts receivable			
Including: USD	--	--	--
HKD	25,524,951.11	0.8724	22,268,705.90
Other accounts payable			
Including: USD	--	--	--
HKD	20,097,370.62	0.8724	17,533,527.63

(2) Oversea operating entities

The Group's significant oversea operating entities are American Great Wall Co., Ltd and Fresh Peak Investment Co., Ltd. American Great Wall Co., Ltd chooses the USD as the its functional currency, for its main operating activities are in the USA; Fresh Peak Investment Co., Ltd. chooses the RMB as its functional currency, for it is a investment company and its main operating activities are in the mainland

of China.

7.78 Hedging

7.79 Others

Note 8 The changes of the scope of consolidation

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

Note 9 Equities in other entities.

9.1 Equities in the subsidiaries

(1) The formation of the Group

Name of the subsidiary	Main operating area	Reg. place	Business nature	Shareholding proportion (%)		Method of acquiring
				Direct	Indirect	
Shenzhen Petrel Hotel Co. Ltd.	Shenzhen	Shenzhen	Services	68.10	31.90	Acquiring through establishment or investment
Shenzhen City Property Management Ltd.	Shenzhen	Shenzhen	Services	95.00	5.00	Acquiring through establishment or investment
Shenzhen Zhen Tung Engineering Ltd.	Shenzhen	Shenzhen	Services	73.00	27.00	Acquiring through establishment or investment
Shenzhen City We Gen Construction Management Ltd.	Shenzhen	Shenzhen	Services	75.00	25.00	Acquiring through establishment or investment
Shenzhen City Car Rental Ltd.	Shenzhen	Shenzhen	Services	55.00	45.00	Acquiring through establishment or investment
Shenzhen Shenfang Car Park Ltd.	Shenzhen	Shenzhen	Services	70.00	30.00	Acquiring through establishment or investment
Shenzhen City Shenfang Investment Ltd.	Shenzhen	Shenzhen	Investment	90.00	10.00	Acquiring through establishment or investment
Shenzhen City Shenfang Free Trade Trading Ltd.	Shenzhen	Shenzhen	Commercial trade	95.00	5.00	Acquiring through establishment or investment
Shenzhen City SPG Long Gang Development Ltd.	Shenzhen	Shenzhen	Real estate	95.00	5.00	Acquiring through establishment or investment
Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Property and Estate Co., Ltd.	Guangzhou	Guangzhou	Real estate	100	--	Acquiring through establishment or investment

Name of the subsidiary	Main operating area	Reg. place	Business nature	Shareholding proportion (%)		Method of acquiring
				Direct	Indirect	
Beijing fresh peak property development management limited company	Beijing	Beijing	Real estate	75.00	25.00	Acquiring through establishment or investment
Beijing SPG Property Management Limited	Beijing	Beijing	Services	10.00	90.00	Acquiring through establishment or investment
Shenzhen ShenWu Elebator Co.,Ltd	Shenzhen	Shenzhen	Services	--	100.00	Acquiring through establishment or investment
Shenzhen Lain Hua Industry and Trading Co. Ltd.	Shenzhen	Shenzhen	Services	95.00	5.00	Acquiring through establishment or investment
Fresh Peak Holding Ltd.	HongKong	HongKong	Investment and management	100.00	--	Acquiring through establishment or investment
Wellam Ltd.	HongKong	HongKong	Investment holding	100.00	--	Acquiring through establishment or investment
Shantou SEZ Wellam Fty Bldg., Dev. Co.	ShanTou	ShanTou	Real estate	--	100.00	Acquiring through establishment or investment
Shantou Huafeng Estate Dev.Co.	ShanTou	ShanTou	Real estate	100.00	--	Acquiring through establishment or investment
Great Wall Estate Co., Inc	USA	USA	Real estate	70.00	--	Acquiring through establishment or investment
Fresh Peak Holdings Ltd.	HongKong	HongKong	Investment and management	100.00	--	Acquiring through establishment or investment
Fresh Peak Investment Ltd.	HongKong	HongKong	Investment	--	55.00	Acquiring through establishment or investment
Openice Ltd.	HongKong	HongKong	Investment and management	20.00	80.00	Acquiring through establishment or investment
Barenie Co. Ltd.	HongKong	HongKong	Investment	--	80.00	Acquiring through establishment or investment
Keyear Development Ltd.	HongKong	HongKong	Investment	--	100.00	Acquiring through establishment or investment
Guangzhou Huangpu Xizun real	GuangZhou	GuangZhou	Real estate	--	100.00	Acquiring through

Name of the subsidiary	Main operating area	Reg. place	Business nature	Shareholding proportion (%)		Method of acquiring
				Direct	Indirect	
estate limited company						establishment or investment
Fresh Peak Real Estate Dev. Construction (Wuhan) Co. Ltd.*	WuHan	WuHan	Real estate	--	100.00	Acquiring through establishment or investment
Shantou Special Economic Zone Real Estate (Group) Songshan Property and Estate Co., Ltd.	Shantou	Shantou	Real estate	--	100.00	Subsidiary acquired through emerge under non-common control
Shenzhen Shenfeng Department Store Co. Ltd.* ①	Shenzhen	Shenzhen	Commecial trade	95.00	5.00	Acquiring through establishment or investment
Shenzhen CyberPort Co., Ltd * ②	Shenzhen	Shenzhen	Consultant	70.00	--	Acquiring through establishment or investment
Shenzhen City SPG Bao An Development Ltd.* ③	Shenzhen	Shenzhen	Real estate	95.00	5.00	Acquiring through establishment or investment
Shenzhen Real Estate Consolidated Service Co., Ltd * ③	shenzhen	shenzhen	Integrated Services	100.00	--	Acquiring through establishment or investment
Shenzhen Shen Fang Industrial Development Co., Ltd.* ④	Shenzhen	Shenzhen	Investment	100.00	--	Acquiring through establishment or investment
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd.* ⑤	Shenzhen	Shenzhen	Services	100.00	--	Acquiring through establishment or investment
Bekaton Property Limited *⑥	Australia	Australia	Real estate	60.00	--	Acquiring through establishment or investment
Canada Great Wall (Vancouver) *⑥	Canada	Canada	Real estate	--	60.00	Acquiring through establishment or investment
Paklid Limited *⑥	HongKong	HongKong	Commecial trade	100.00	--	Acquiring through establishment or investment
Shenzhen City Shenfeng Construction and Decoration Materials Ltd *⑦	Shenzhen	Shenzhen	Commecial trade	100.00	--	Acquiring through establishment or investment
Shenzhen ZhongGang Haiyan Enterprise Ltd. *⑧	Shenzhen	Shenzhen	Integrated Services	68.00	--	Acquiring through establishment or investment

Name of the subsidiary	Main operating area	Reg. place	Business nature	Shareholding proportion (%)		Method of acquiring
				Direct	Indirect	
Shenzhen Xing Dongfang Store Ltd.* ⑨	Shenzhen	Shenzhen	Commercial trade	100.00	--	Acquiring through establishment or investment
Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd *⑩	Guangdongfengkai	Guangdongfengkai	Manufacture	--	90.00	Acquiring through establishment or investment

*① Shenzhen Shenfang Department Store Co. Ltd

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

*② Shenzhen CyberPort Co., Ltd

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

*③ Shenzhen 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.

*④ 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.

*⑤ 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.

* ⑥Bekaton Property Limited ,Canada Great Wall (Vancouver)and Paklid Limited

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

*⑦ 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.

*⑧ 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.

*⑨ Shenzhen Xin Dongfang Store Ltd

The operating period of this corporation is from 14 November 1995 to 14 November 2025. And this company has ceased operations for many years. And the corporation had been terminated its licenses by law at 1999 because of failing to take part in annual inspection.

*⑩ Guangdong Province Fengkai Lian Feng Cement Manufacturing Co., Ltd

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

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

Investee	Accounting Method	Investment cost	Opening balance	Changes	Closing balance
Shenzhen Shen Fang Industrial Development Co., Ltd	Cost Method	4,500,000.00	4,500,000.00	--	4,500,000.00
Shenzhen ZhongGang Haiyan Enterprise Ltd	Cost Method	12,940,900.00	12,940,900.00	--	12,940,900.00
Shenzhen Real Estate Consolidated Service Co., Ltd	Cost Method	5,958,305.26	5,958,305.26	--	5,958,305.26
Paklid Limited	Cost Method	201,100.00	201,100.00	--	201,100.00
Bekaton Property Limited	Cost Method	906,630.00	906,630.00	--	906,630.00
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd	Cost Method	8,180,003.63	8,180,003.63	--	8,180,003.63
Shenzhen Xing Dongfang Store Ltd	Cost Method	18,500,000.00	18,500,000.00	--	18,500,000.00
Shenzhen City Shenfang Construction and Decoration Materials Ltd	Cost Method	2,680,000.00	2,680,000.00	--	2,680,000.00
Shenzhen Shenfang Department Store Co. Ltd	Cost Method	10,000,000.00	10,000,000.00	--	10,000,000.00
Shenzhen CyberPort Co., Ltd	Cost Method	14,000,000.00	7,613,507.96	--	7,613,507.96
Shantou Huafeng 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
Total		267,863,499.32	186,256,480.74	--	186,256,480.74

(Continued)

Investee	Provision for impairment	Increased current year provision for impairment	Current year cash dividends	Remarks
Shenzhen Shen Fang Industrial Development Co., Ltd	4,500,000.00	--	--	
Shenzhen ZhongGang Haiyan Enterprise Ltd	12,940,900.00	--	--	
Shenzhen Real Estate Consolidated Service Co., Ltd	5,958,305.26	--	--	
Paklid Limited	201,100.00	--	--	
Bekaton Property Limited	906,630.00	--	--	
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd	8,180,003.63	--	--	

Investee	Provision for impairment	Increased current year provision for impairment	Current year cash dividends	Remarks
Shenzhen Xing Dongfang Store Ltd	18,500,000.00	--	--	
Shenzhen City Shenfang Construction and Decoration Materials Ltd	2,680,000.00	--	--	
Shenzhen Shenfang Department Store Co. Ltd	10,000,000.00	--	--	
Shenzhen CyberPort Co., Ltd	--	--	--	
Sahntou Huafeng Building	58,547,652.25	--	--	
Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd	56,228,381.64	--	--	
Total	178,642,972.78	--	--	

(2) Significant non-wholly owned subsidiary

Name of subsidiary	Minority interest share proportion (%)	Current year profit and loss attributable to minority interest shareholders	Current year dividends distributed to minority interest shareholders	Minority interest equity balance at the end of the year
Great Wall Estate Co., Inc	30.00	-26,931.88	--	-25,665,104.91
Fresh Peak Investment Ltd.	45.00	-3,631.56	--	-99,605,914.00
Barenie Co. Ltd.	20.00	-3,400.92	--	-2,034,032.04

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

Name fo subsidiary	Closing balance					
	Current assets	Non-current assets	Total Assets	Current liabilities	Non-current liabilities	Total liabilities
Great Wall Estate Co., Inc	583,627.91	18,717,342.03	19,300,969.94	104,851,319.64	--	104,851,319.64
Fresh Peak Investment Ltd.	220,030,092.62	24,793,206.35	244,823,298.97	254,717,812.42	--	254,717,812.42
Barenie Co. Ltd.	1,016.78	30,373,713.87	30,374,730.65	32,781,363.48	--	32,781,363.48

(Continued)

Name of subsidiary	Opening balance					
	Current assets	Non-current assets	Total Assets	Current liabilities	Non-current liabilities	Total liabilities
Great Wall Estate Co., Inc	689,285.57	19,166,598.03	19,855,883.60	107,367,974.19	--	107,367,974.19
Fresh Peak	220,030,112.41	24,793,206.35	244,823,318.76	254,709,762.07	--	254,709,762.07

Name of subsidiary	Opening balance				
Investment Ltd.					
Barenie Co. Ltd.	1,043.34	30,373,713.87	30,374,757.21	32,775,171.39	- 32,775,171.39

(Continued)

Name of subsidiary	Incurred in current year				Incurred in previous year			
	Operating income	Net profit	Total of comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total of comprehensive income	Cash flow from operating activities
Great Wall Estate Co., Inc	204,090.22	-89,772.94	1,961,740.89	-89,839.36	286,203.33	-110,409.13	-2,352,389.90	-110,476.29
Fresh Peak Investment Ltd.	--	-8,070.14	-8,070.14	--	--	-762.09	-762.09	--
Barenie Co. Ltd.	--	-6,812.65	-6,812.65	--	--	-2,520.76	-2,520.76	--

9.2 Transactions of a subsidiary that the owner's equity share change but still domination

9.3 Equities in joint ventures or associated enterprises

(1) Insignificant joint ventures or associated enterprises

Item	Closing balance/Incurred this year	Opening balance/Incurred last year
Joint ventures* ^① :		
Total investment book value	29,441,800.59	29,441,800.59
Totals of the following items calculated per respective shareholding proportion	--	--
—Net profit	--	--
—Other comprehensive income	--	--
—Total comprehensive income	--	--
Associated enterprises* ^② :		
Total investment book value	270,179.54	270,179.54
Totals of the following items calculated per respective shareholding proportion	--	--
—Net profit	--	-63,790.59
—Other comprehensive income	--	--
—Total comprehensive income	--	--

*^① All of the Group's joint ventures are insignificant. For details of the joint ventures, please refer to 7.17, including:

1) Guangdong 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.

2) Fengkai Xinghua Hotel

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

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

The above corporations were the joint ventures set up with the local partners for the properties developing projects. Consider the projects had been stopped, and the joint ventures had closed operating activities for many years with no preparation of financial statements. Already the corresponding provision for the investment of these joint ventures was accrued. Refer to Note 7.17 for details.

*② All associated enterprises of the Group are insignificant. For details of associated enterprises, please refer to note 7.17, including:

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

2) Shenzhen Dongfang New World Store Co., Ltd

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

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

Name of the joint ventures or associated enterprises	Accumulated unrecognized losses as of the end of last year	Unrecognized losses this year (or shared net profit this year)	Accumulated unrecognized losses as of the end of this year
Shenzhen Fresh Peak property consultant Co., Ltd	777,216.47	--	777,216.47

Note 10 The risk associated with financial instruments

The company's major financial instruments, including equity investments, loans, accounts receivable, accounts payable, etc., the detailed description of the financial instruments are shown in note six. The risks which associated with these financial instruments and the risk management policies adopted by the company to reduce these risks are described below. The management of the company is responsible for the management and monitoring of these exposures to ensure that these risks are in a limited amount of scope.

The company uses sensitivity analysis techniques to analyze the impact of reasonable and possible changes in the risk variables on current profit or loss or shareholder equity. As risk variables rarely occur in isolation, and affect the changes of correlation between these variables for a variable amount of risk will have a significant effect ultimately, so the content is on the assumption that the changes in each variable is in the condition of independence.

10.1 Risk management objectives and policies

The aim that company engaged in the risk management is to achieve the right balance between risk and return. It reduce the negative impact on the risk of the company's operating performance to the lowest level and maximize shareholder interests and other interests of investors. The aim that risk management based on the basic strategy of company's risk management is to identify and analyze various risks faced by the company. Establishment of appropriate risk limits and risk management, as well as to monitor all kinds of risks that control it in a limited scope timely and reliably.

(1) Credit risk

The company's credit risk is mainly reflected in the uncollectible accounts receivable. In order to reduce credit risk, the company set up a team wresponsible for determining the credit limit, credit approval, and other monitoring procedures to ensure that the necessary measures to recover overdue debt. In addition, the company reviews the recovery of each individual account receivable on each balance sheet date to ensure that the uncollectible accounts are fully prepared. Therefore, the company's management believes that the company's credit risk has been greatly reduced.

The company's liquidity is deposited in a bank with a higher credit rating, so the liquidity of the credit risk is low.

(2) Liquidity risk

In the management of liquidity risk, the company maintains the concept of management that adequate cash and cash equivalents, monitoring it to meet the company's business needs and reducing the impact of cash flow fluctuations.

10.2 The transfer of financial assets

Financial assets that have been transferred but not wholly terminated

Notes receivable, as of 30 June, 2017, has been discounted commercial acceptance of the maturity 16,405,895.50 yuan, the cash consideration of RMB 16,405,895.50. The bank have the right to require the company to pay off the outstanding balance if the commercial acceptance is not acceptable at maturity. Because the company still bear the main risk of the credit risk associated with the draft of these commercial acceptance bills receivable, the company continues to fully recognize the carrying amount of the notes receivable due to the transfer of payments received and will confirm it as pledge loan.

As of 30 June, 2017, the company declared factoring business 100,079,290.62 yuan to the bank in accounts receivable, got RMB 100,079,290.62 yuan of equal value. The bank have the right to recourse to the company's account if it fails to collect the corresponding account from the account receivable. Because the company still bear with these accounts receivable related credit risk, the company should continue to fully recognize the carrying amount of the accounts receivable due to the transfer of payments received and will confirm it as pledge loan.

Note 11 Disclosure of fair value

Note 12 Related party relationships and transactions

12.1 Parent of the Company

Name of the parent	Place of incorporation	Type of the entity	Registered capital	Proportion of the Company's ownership interest held by the parent (%)	Proportion of the Company's voting power held by the parent (%)
Shenzhen Investment Shareholding Co. Ltd	Guangdong province Shenzhen	State-owned Enterprises	RMB 10.926 billion	63.55	63.55

12.2 Subsidiaries of the Company

Please refer to Note 9.1.

12.3 Associates and joint ventures of the entity

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

12.4 Other related parties of the Company

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

12.5 Related party transactions

(1) Purchasing and selling goods, providing and accepting labor services with related parties

(2) Contracting with related parties

List of outsourcing item

Name of main contract issuing party	Name of contractor	Type of assets under outsourcing	Reception date of contracting	Expiration date of contracting	Basis of pricing of contracting income	Contracting income recognized in the current year
Shenzhen Jian'an Group Co., Ltd.	Shenzhen Zhen Tung Engineering Ltd	Construction	2012-6-1		Negotiations	365,500.77
Shenzhen City SPG Long Gang Development Ltd.	Shenzhen Jian'an Group Co., Ltd.	Construction	2015-9-16		Negotiations	69,155,316.14

(3) Leasing with related parties

(4) 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	Shantou Hualin Estate Dev. Co.	130,000,000.00	2013.4.17	2016.4.16	No

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. As of Dec.31,2016, the loans balance of Shantou Hualin Estate Dev. Co at the Bank is zero.

(5) Borrowing from related party

Item	Carrying amount	Reception date	Expiration date	Statement
Borrowing from:				
Shenzhen Investment Shareholding Co. Ltd	16,535,277.94	2006.11.9	2016.12.22	Principal RMB 28,848,819.24 was repaid In 22 December , 2016, Group owed Shenzhen Investment Shareholding Co.Ltd 16,535,277.94 yuan loan interest at the end this period.

(6) Assets transfer and debt recombination with related parties

(7) Compensation for key management personal

Item	Amount for the current period	Amount for the prior period
Total	3,614,401.00	3,387,750.00

(8) Other

12.6 Amounts due from / to related parties

(1) Amounts due from related party

Item	Closing balance		Opening balance	
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable				
Shenzhen Fresh Peak property consultant Co.,Ltd	1,203,374.10	--	1,203,374.10	--
Total	1,203,374.10	--	1,203,374.10	--
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	19,299,472.87	19,299,472.87	19,299,472.87	19,299,472.87
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	8,419,205.19	8,419,205.19
Total	152,978,190.15	152,295,146.69	152,978,190.15	152,295,146.69

(2) Amounts due to related party

Item	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
Total	14,398,496.70	14,398,496.70
Interest payable:		
Shenzhen Investment Holding Co.,Ltd	16,535,277.94	16,535,277.94
Total	16,535,277.94	16,535,277.94

12.7 Related parties' commitment

12.8 Other

Note 13 Share payment

Note 14 Commitments and Contingencies

14.1 Significant commitments

(1) Capital commitment

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	637,259,322.72	766,438,175.20
Total	637,259,322.72	766,438,175.20

(2) There is no any other commitment during this period.

14.2 Contingencies

(1) Contingencies arising from pending litigations or arbitrations and their financial effects

Xi'an project Lawsuit

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

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

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 2017, 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. The book balance of assets was Rmb 8,419,205.19 which has been taken full provision for impairment loss.

(2)Contingent liabilities arising from providing debt guarantees to other entities and their financial effects

① The company provided debt guarantees for its related parties, please refer to note 12.4 (2) .

②The Company provided loan guarantees for purchaser of real estate. As at 30 June 2017, the amount and duration of the unsettled guarantee is as follows:

Items	Duration	Unsettled amount (ten thousand)
Shenfang Chuanqishan	From real estate license granted and mortgaged	429.00
Shenfang Shanglin Garden	From real estate license granted and mortgaged	372.00
Total		801.00

(3) Contingent liabilities Related to the equity joint venture or consortium investment

Refer to Note 9"Equities in other entities".

Note 15 Events after Balance Sheet Date

Note 16 Other material facts

On 14 September, 2016, the Group plan the reorganization of material assets.The Group announced it intended to buy 100% stock equity of Evergrande real estate group co., LTD by issue shares or cash payment on 14 October, 2016.Guangzhou chiron real estate co., LTD will become the controlling shareholder of the company after the acquisition

The reorganization of material assets still in process as scheduled as at 30 June 2017.

Note 17 Notes to Items in the Financial Statements of the Company

17.1 Accounts receivable

(1) Accounts receivable by categories

Category	Closing balance				Book Value
	Carrying amount		Bad debt provision		
	Amount	(%)	Amount	(%)	
Accounts receivable of which provision for bad debts is of individually significant	--	--	--	--	--
Accounts receivable of which provision for bad debts is of individually insignificant	60,629,034.98	100.00	6,968,694.02	11.49	53,660,340.96
Total	60,629,034.98	100.00	6,968,694.02	11.49	53,660,340.96

(Continued)

Category	Closing balance				Book Value
	Carrying amount		Bad debt provision		
	Amount	(%)	Amount	(%)	
Accounts receivable of which provision for bad debts is of individually significant	--	--	--	--	--
Accounts receivable of which provision for bad debts is of individually insignificant	14,295,945.00	100.00	6,968,694.02	48.75	7,327,250.98
Total	14,295,945.00	100.00	6,968,694.02	48.75	7,327,250.98

(2) There were no any account receivables that had been fully or at a great proportion rate accrued for bad debt but had been fully collected or reversed back in the current period.

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

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

Name of entity	Relationship with the Group	Amount	Age	Proportion of the amount to the total AR (%)	Bad debt provision
Individual No.1	Un-related party	12,410,000.00	Within 1year	20.47	--
Individual No.2	Un-related party	9,550,000.00	Within 1year	15.75	--
Individual No.3	Un-related party	8,380,000.00	Within 1year	13.82	--
Individual No.4	Un-related party	7,540,000.00	Within 1year	12.44	--
Individual No.5	Un-related party	6,860,000.00	Within 1year	11.31	--
Total		44,740,000.00		73.79	--

All of them are Mortgage loans which banks loan are not yet available in late June.

(5) There were no any account receivables which had been derecognized.

(6) There were non transferred accounts receivable and continued involvement in the formation of assets and liabilities during this period.

17.2 Other receivables

(1) Other receivables by categories

Category	Closing balance				Book Value
	Carrying amount		Bad debt provision		
	Amount	(%)	Amount	(%)	
Accounts receivable of which provision for bad debts is of individually significant	1,632,452,204.30	98.27	794,718,692.30	48.68	837,733,512.00
Accounts receivable of which provision for bad debts is of individually insignificant	28,751,304.44	1.73	12,787,916.94	44.48	15,963,387.50
Total	1,661,203,508.74	100.00	807,506,609.24	48.61	853,696,899.50

(Continued)

Category	Closing balance				Book Value
	Carrying amount		Bad debt provision		
	Amount	(%)	Amount	(%)	
Accounts receivable of which provision for bad debts is of individually significant	1,622,454,224.30	98.23	794,718,692.30	48.98	827,735,532.00
Accounts receivable of which provision for bad debts is of individually insignificant	29,202,075.01	1.77	12,787,916.94	43.79	16,414,158.07
Total	1,651,656,299.31	100.00	807,506,609.24	48.89	844,149,690.07

Bad debt provision of accounts receivable which is of individually significant

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	1,493,208,287.31	658,127,505.34	44.07	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	122,318,455.59	120,994,319.55	98.92	
Others	16,925,461.40	15,596,867.41	92.15	
Total	1,632,452,204.30	794,718,692.30	—	

(2) There were no other receivables had been fully collected or reversed back during the current period.

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

(4) Other receivables by nature

Content of accounts receivable	Carrying amount	Amount of bad debt
Other receivables between subsidiaries that are included in consolidated statement	1,493,208,287.31	1,498,630,840.42
Other receivables between subsidiaries that are not included in consolidated statement	122,318,455.59	122,318,455.59
Others	45,676,765.84	30,707,003.30
Total	1,661,203,508.74	1,651,656,299.31

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

Name of Entity	Relationship with the Group	Amount	Age	Proportion of the amount to the total OR (%) (%)	Bad debt provision
Fresh Peak Enterprise Co., Ltd	Subsidiary	6,011,155.71	Within 1 year	0.36	--
		7,993,662.28	1-2 years	0.48	--
		918,538.43	2-3 years	0.06	--
		514,476,945.20	Over 3 years	30.97	508,377,320.74
Shantou Huafeng Estate Development Co., Ltd	Subsidiary	181,500,461.49	Within 1 year	10.93	--
		43,722,391.26	1-2 years	2.63	--
		23,384,385.37	2-3 years	1.41	--
Shenzhen ShenFang Group LongGang Development Co., Ltd	Subsidiary	260,000,000.00	Over 3 years	15.65	--
		135,544,085.27	Within 1 year	8.16	--
American Great Wall Co., Ltd	Subsidiary	70,000,000.00	1-2 years	4.21	--
		101,379,954.81	Over 3 years	6.10	101,379,954.81
		1,355,137.87	Within 1 year	0.08	--
Fresh Peak Holding Ltd.	Subsidiary	2,054,534.17	1-2 years	0.12	--
		86,051,073.24	Over 3 years	5.18	--
Total		1,434,392,325.10		86.35	609,757,275.55

(6) There were no any other receivables about government subsidies that have been involved.

(7) There were no any other receivables due to the transfer of financial assets that have been derecognized.

(8) There were no any other receivables which had transferred to continued involvement in assets or

liabilities.

17.3 Long-term equity investments

(1) Long-term equity investments by types

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	418,984,380.71	121,914,591.14	297,069,789.57	418,984,380.71	121,914,591.14	297,069,789.57
Investment in associates and joint ventures	22,339,010.73	21,947,051.67	391,959.06	22,339,010.73	21,947,051.67	391,959.06
Total	441,323,391.44	143,861,642.81	297,461,748.63	441,323,391.44	143,861,642.81	297,461,748.63

(2) investment in subsidiaries

Name of investee	Opening balance	Curr. year Increase	Curr. year decrease	Closing balance	Curr. year impairment provision	Closing balance of impairment provision
Shenzhen City Property Management Ltd.	12,821,791.52	--	--	12,821,791.52	--	--
Shenzhen Petrel Hotel Co. Ltd.	20,605,047.50	--	--	20,605,047.50	--	--
Shenzhen City Shenfang Investment Ltd.	9,000,000.00	--	--	9,000,000.00	--	--
Fresh Peak Enterprise Ltd.	556,500.00	--	--	556,500.00	--	--
Fresh Peak Zhiye Co., Ltd.	22,717,697.73	--	--	22,717,697.73	--	--
Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Property and Estate Co., Ltd.	20,000,000.00	--	--	20,000,000.00	--	--
Shenzhen Zhen Tung Engineering Ltd	11,332,321.45	--	--	11,332,321.45	--	--
American Great Wall Co., Ltd	1,435,802.00	--	--	1,435,802.00	--	--
Shenzhen City Shenfang Free Trade Trading Ltd.	4,750,000.00	--	--	4,750,000.00	--	--
Shenzhen City Hua Zhan Construction Management Ltd.	6,000,000.00	--	--	6,000,000.00	--	--
Shenzhen City Car Rental Ltd.	6,495,225.00	--	--	6,495,225.00	--	--
QiLu Co.,Ltd	212,280.00	--	--	212,280.00	--	--
Beijing Shenfang Property Management Co., Ltd.	500,000.00	--	--	500,000.00	--	--
Shenzhen Lain Hua Industry and Trading Co., Ltd.	13,458,217.05	--	--	13,458,217.05	--	--
Shenzhen City SPG Long Gang Development Ltd.	30,850,000.00	--	--	30,850,000.00	--	--
Beijing Fresh Peak Property Development Management Limited Company	64,183,888.90	--	--	64,183,888.90	--	--
Shenzhen Shenfang Car Park Ltd.	29,750,000.00	--	--	29,750,000.00	--	--

Name of investee	Opening balance	Curr. year Increase	Curr. year decrease	Closing balance	Curr. year impairment provision	Closing balance of impairment provision
Shantou City Huafeng Real Estate Devepment Co., Ltd	30,000,000.00	--	--	30,000,000.00	--	--
Shenzhen Shen Fang Industrial Development Co., Ltd	4,500,000.00	--	--	4,500,000.00	--	4,500,000.00
Shenzhen ZhongGang Haiyan Enterprise Ltd.	12,940,900.00	--	--	12,940,900.00	--	12,940,900.00
Shenzhen Real Estate Consolidated Service Co., Ltd.	5,958,305.26	--	--	5,958,305.26	--	5,958,305.26
Paklid Limited	201,100.00	--	--	201,100.00	--	201,100.00
Bekaton Property Limited	906,630.00	--	--	906,630.00	--	906,630.00
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd.	8,180,003.63	--	--	8,180,003.63	--	8,180,003.63
Shenzhen Xin Dongfang Store Ltd.	18,500,000.00	--	--	18,500,000.00	--	18,500,000.00
Shenzhen City Shenfang Construction and Decoration Materials Ltd.	2,680,000.00	--	--	2,680,000.00	--	2,680,000.00
Shenzhen Shenfang Department Store Co. Ltd.	9,500,000.00	--	--	9,500,000.00	--	9,500,000.00
Shenzhen CyberPort Co., Ltd	12,401,018.42	--	--	12,401,018.42	--	--
Shantou Fresh Peak Building	58,547,652.25	--	--	58,547,652.25	--	58,547,652.25
Total	418,984,380.71	--	--	418,984,380.71	--	121,914,591.14

(3) Investment in associates and joint ventures

Name of investee	Opening balance	Changes in this period				
		Add investment	Reduce investment	Investment income under equity method	Adjustments of other comprehensive income	Change of other equity
I. Joint ventures						
Guangdong Huizhou Luofu Hill Mineral Water Co., Ltd	9,969,206.09	--	--	--	--	--
Fengkai Xinghua Hotel	9,455,465.38	--	--	--	--	--
Subtotal	19,424,671.47	--	--	--	--	--
II. Associates						
Shenzhen Runhua Automobile Trading Co., Ltd	1,445,425.56	--	--	--	--	--
Shenzhen Ronghua Jidian Co., Ltd	1,468,913.70	--	--	--	--	--
Subtotal	2,914,339.26	--	--	--	--	--
Total	22,339,010.73	--	--	--	--	--

(Continued)

Name of investee	Changes in this period			Closing balance	Closing balance of impairment provision
	Cash dividend or profit declared	Provision for impairment	Others		
I. Joint ventures					
Guangdong Huizhou Luofu Hill Mineral Water Co., Ltd	--	--	--	9,969,206.09	9,969,206.09
Fengkai Xinghua Hotel	--	--	--	9,455,465.38	9,455,465.38
Subtotal	--	--	--	19,424,671.47	19,424,671.47
II. Associates					
Shenzhen Runhua Automobile Trading Co., Ltd	--	--	--	1,445,425.56	1,445,425.56
Shenzhen Ronghua Jidian Co., Ltd	--	--	--	1,468,913.70	1,076,954.64
Subtotal	--	--	--	2,914,339.26	2,522,380.2
Total	--	--	--	22,339,010.73	21,947,051.67

17.4 Operating income and costs

Operating income and operating costs

Item	Amount for the current period		Amount for the prior period	
	income	costs	income	costs
Principal operating	229,557,159.39	111,270,152.44	312,137,584.07	180,246,091.18
Total	229,557,159.39	111,270,152.44	312,137,584.07	180,246,091.18

17.5 Investment income

(1) Details of investment income

Item	Amount for the current period	Amount for the prior period
Investment income from long-term investments under cost method	169,393,952.18	-63,790.59
Investment income from Held-to-maturity investment during the holding period	650,000.00	689,000.00
Total	170,043,952.18	625,209.41

Note 18. Supplementary Materials

18.1 Breakdown non-recurring profit or loss

Items	Amount for the current period	Statement
Profit or loss on disposal of non-current assets	-58,187.56	--
Other non-operating income or expenses other than the above	253,595.20	--
Tax effects	48,851.91	--
Total	146,555.73	--

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)

18.2 Return rate of net assets and earning per share

Profit the in the reporting year	Weighted return rate of net assets(%)	Earning per share (yuan / stock) (元/股)	
		Basic EPS	Diluted EPS
Net profit attributable to common stockholders	5.06	0.1356	0.1356
Net profit attributable to common stockholders after deducting non-recurring gains and losses	5.05	0.1355	0.1355

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

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

	Net profit attributable to shareholders of listed companies t		Net assets_attributable to shareholders of listed companies	
	Amount for the current period	Amount for the prior period	Amount for the current period	Amount for the prior period
In accordance with CASs	137,226,601.84	134,761,121.51	2,782,523,104.61	2,643,860,443.09
In accordance with IFRS	137,226,601.84	134,761,121.51	2,782,523,104.61	2,643,860,443.09

Section XI Documents Available for Reference

1. Financial statements carrying personal signatures and seals of the Legal Representative, the accounting head for this Report and the head of the accounting department; and
2. Originals of all the documents and announcements disclosed by the Company on Securities Times, China Securities Journal and Ta Kung Pao during the Reporting Period.