



Shenzhen Properties Group

深房集团

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

2012 Annual Report

2013-004

March 2013

Section I. Important Notes, Contents & Explanation

The Board of Directors, the Supervisory Committee, directors, supervisors and senior management staff of Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd. (hereinafter referred to as “the Company”) warrant that this report does not contain any false record or misleading statement or omit any material fact and shall hereby accept, individually and collectively, responsibility for the factuality, accuracy and completeness of the contents carried in this report.

Zhou Jianguo, company principal, Chen Maozheng, GM, Wei Hanping, chief of the accounting work, and Tang Xiaoping, chief of the accounting organ (chief of accounting), hereby confirm that the Financial Report enclosed in this report is factual, accurate and complete.

All directors have attended the board session for reviewing this report.

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

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

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Explanation

Term	Refers to	Contents
Company, the Company, the Group	Refers to	Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd.
The holding company	Refers to	Shenzhen Investment Holdings Co., Ltd.
RSM	Refers to	RSM China Certified Public Accountants LLP
Zhentong Company	Refers to	Shenzhen Zhentong Engineering Co., Ltd.
Shantou Hualin Company	Refers to	Shantou Hualin Real Estate Development Co., Ltd.
Property Management Company	Refers to	Shenzhen Property Management Co., Ltd.

Reminder of Major Risks

The future plans, development strategies and some other forward-looking statements involved in this report shall not be considered as virtual promises of the Company to investors. And investors are kindly reminded to pay attention to possible risks.

Section II. Company Profile

I. Basic information of the Company

Stock abbreviation	SSFA (SSFB)	Stock code	000029 (200029)
Stock exchange listed with	Shenzhen Stock Exchange		
Chinese name of the Company	深圳经济特区房地产(集团)股份有限公司		
Abbr. of the Chinese name of the Company	深房集团		
English name of the Company (if any)	ShenZhen Special Economic Zone Real Estate&Properties (Group).co., Ltd.		
Abbr. of the English name of the Company (if any)	SPG		
Legal representative of the Company	Zhou Jianguo		
Registered address	45/F-48/F, SPG Plaza, Renmin South Road, Shenzhen, Guangdong, P.R.China		
Postal code for the registered address	518001		
Office address	47/F, SPG Plaza, Renmin South Road, Shenzhen, Guangdong, P.R.China		
Postal code for the office address	518001		
Internet website of the Company	http://www.sfjt.com.cn		
Email address	spg@163.net		

II. For Contact

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

III. About information disclosure and where this report is placed

Newspapers designated by the Company for information disclosure	Domestic: Securities Times Overseas: Ta Kung Pao (HK)
Internet website designated by CSRC for disclosing this report	http://www.cninfo.com.cn
Where this report is placed	47/F, SPG Plaza, Renmin South Road, Shenzhen, Guangdong, P.R.China

IV. Change of the registered information

	Registration date	Registration place	Business license No.	Registration code of taxation	Organizational code
Initial registration	8 Jan. 1980	Shenzhen	4403011002426	440300192179585	19217958-5
At the end of the reporting period	31 Dec. 2012	Shenzhen	440301103225878	440300192179585	19217958-5
Change of the Company's main business since listing (if any)	N/A				
Changes of the controlling shareholder (if any)	On 24 Mar. 1999, the controlling shareholder shifted from Shenzhen Investment Management Co., Ltd. to Shenzhen Construction Investment Holdings Co., Ltd. And on 14 Feb. 2006, it shifted to Shenzhen Investment Holdings Co., Ltd.				

V. Other information

The CPAs firm hired by the Company:

Name	RSM China Certified Public Accountants LLP
Office address	3-9 F, West Tower, China Overseas Property Plaza, Building No. 7, Compound No. 8, Xi Binhe Road, Yong Ding Men, Dong Cheng District, Beijing, China
Signing accountants	Li Qiaoyi, Wang Huansen

Sponsor engaged by the Company to conduct consistent supervision during the reporting period

Applicable Inapplicable

Financial consultant engaged by the Company to conduct consistent supervision during the reporting period

Applicable Inapplicable

Section III. Accounting & Financial Highlights

I. Major accounting data and financial indicators

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

Yes No

	2012	2011	Increase or decrease of this year over last year (%)	2010
Operating revenues (RMB Yuan)	1,030,148,729.47	1,026,396,104.51	0.37%	1,021,055,699.61
Net profit attributable to shareholders of the Company (RMB Yuan)	106,814,543.53	101,200,060.65	5.55%	84,760,162.75
Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB Yuan)	101,232,143.75	99,430,051.40	1.81%	73,404,299.20
Net cash flows from operating activities (RMB Yuan)	27,409,819.53	115,154,790.41	-76.2%	-179,051,561.17
Basic EPS (RMB Yuan/share)	0.1056	0.10	5.6%	0.0838
Diluted EPS (RMB Yuan/share)	0.1056	0.10	5.6%	0.0838
ROE (%)	6.75%	6.85%	-0.1%	6.12%
	As at 31 Dec. 2012	As at 31 Dec. 2011	Increase or decrease of this year-end than last year-end (%)	As at 31 Dec. 2010
Total assets (RMB Yuan)	3,712,770,828.30	3,250,580,479.74	14.22%	3,379,090,178.02
Net assets/owners' equity attributable to shareholders of the Company (RMB Yuan)	1,635,376,098.73	1,528,596,536.13	6.99%	1,427,871,870.03

II. Differences between accounting data under domestic and overseas accounting standards

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

Unit: RMB Yuan

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	2012	2011	Closing amount	Opening amount
According to Chinese accounting standards	106,814,543.53	101,200,060.65	1,635,376,098.73	1,528,596,536.13
Items and amounts adjusted according to international accounting standards				

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

Unit: RMB Yuan

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	2012	2011	Closing amount	Opening amount
According to Chinese accounting standards	106,814,543.53	101,200,060.65	1,635,376,098.73	1,528,596,536.13
Items and amounts adjusted according to overseas accounting standards				

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

III. Items and amounts of extraordinary gains and losses

Unit: RMB Yuan

Items	2012	2011	2010	Notes
Gain/loss on the disposal of non-current assets (including the offset part of the asset impairment provisions)	-588,399.46	173,176.00	15,274,959.40	Large amounts of fixed assets were disposed.
Gains and losses on change in fair value from tradable financial assets and tradable financial liabilities, as well as investment income from disposal of tradable financial assets and tradable financial liabilities and financial assets available for sales except for effective hedging related with normal businesses of the Company		-14,023.62	307,160.54	
Reversal of provision for impairment that made impairment test independently	6,140,000.00			The bad-debt provision for Shenyang Tongxin was reversed.
Non-operating income and expense other than the above	-130,400.83	2,200,366.50	-776,320.25	Some decoration deposits that should not be paid were carried down last year and there was no such an event this year.
Income tax effects	-161,200.07	589,509.63	3,449,936.14	
Total	5,582,399.78	1,770,009.25	11,355,863.55	--

Explain the reasons if the Company classifies an item as an extraordinary gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Extraordinary Gains and Losses, or classifies any extraordinary gain/loss item mentioned in the said explanatory announcement as a recurrent gain/loss item

Applicable Inapplicable

Section IV. Report of the Board of Directors

I. Overview

2012 marked a key year for the Company to carry out its five-year development strategic planning. In the year, the Company encountered a complicated situation and many challenges. And also in the year, the Company overcame difficulties and gave a remarkable performance. Following the guideline of “making great efforts to build a strong company, striving for progress, seeking progress while maintaining stability and trying to make the Company one of the top”, the Company adhered to the theme of scientific development and the main line of strategic transformation and forged ahead with incredible enthusiasm, successfully fulfilling all tasks for the year.

In the reporting period, the SPG Guangming Chuanqi Mountain, SPG Longgang Shanglin Garden and Shantou Yuejing Dongfang projects all started construction. Sale of the SPG Chuanqi Mountain Phase I project went well. Both of the Company’s revenues and profit increased for a fourth consecutive year, with an improving capability for main business development and operation. The asset-liability structure was further optimized and the financial status became increasingly sound. The internal control mechanism was basically built up, the target cost control mechanism improved gradually and the professionalism and management capability kept improving. Management at all tiers and all the staff became more motivated, hard-working and capable, generating positive energy to promote development of the Company and lay a good foundation for it to achieve “a quality stable growth and a sustainable overall development”.

II. Main business analysis

1. Overview

For the reporting period, the Company achieved operating revenues of RMB 1,030,148,700, up 0.37% over last year; operating profit of RMB 137,976,700, up 5.38% over last year; total profit of RMB 137,257,900, up 2.99% on a year-on-year basis; and net profit of RMB 106,814,500 attributable to shareholders of the Company, representing a year-on-year growth of 5.55%.

Overview of the reporting period progress of development strategies and business plans disclosed in previous periods:

N/A

State the reasons why the Company’s actual business performance is 20% lower or higher than the earning forecast for the reporting period which has been publicly disclosed earlier:

Applicable Inapplicable

2. Revenues

Explanation:

(1) Sales income from real estate stood at RMB 379,619,800, down 25.81% over last year, which was mainly because the subordinate Shantou Hualin Company sold fewer remaining houses of the Jinye Island Residence.

(2) Construction income stood at RMB 468.41 million, up 42.47% over last year, which was mainly because the subordinate Zhentong Company received more engineering projects.

(3) Leasing income stood at RMB 85.11 million, up 15.72% over last year, which was mainly because the first to fourth floors of SPG Plaza (the headquarters) were leased.

(4) Property management income stood at RMB 101.50 million, up 8.11% over last year, which was mainly because the Company input more effort in collecting arrears and received management fees from new buildings.

Is the Company's goods selling revenue higher than the service revenue?

Yes No

Major orders held:

Applicable Inapplicable

Significant change or adjustment of the Company's products or services during the reporting period:

Applicable Inapplicable

Major customers:

Total sales to the top 5 customers (RMB Yuan)	69,787,661.47
Ratio of the total sales to the top 5 customers to the annual total sales (%)	6.77%

Information about the top 5 customers:

Applicable Inapplicable

Serial No.	Name of customer	Sales (RMB Yuan)	Proportion in annual total sales (%)
1	Corporation A	15,078,357.88	1.46%
2	Corporation B	14,737,984.00	1.43%
3	Corporation C	13,972,242.87	1.36%
4	Corporation D	13,500,000.13	1.31%
5	Corporation E	12,499,076.59	1.21%
Total	—	69,787,661.47	6.77%

3. Costs

Classified by industry:

Unit: RMB Yuan

Industry	Item	2012		2011		YoY +/- (%)
		Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	

Real estate		146,516,172.48	21.26%	254,759,053.89	37.90%	-42.49%
Construction		445,160,754.08	64.6%	311,550,480.76	46.35%	42.89%
Leasing		30,961,456.12	4.49%	30,541,919.34	4.54%	1.37%
Property management		86,840,214.99	12.6%	83,921,844.55	12.49%	3.48%
Subtotal		709,478,597.67	102.96%	680,773,298.54	101.28%	4.22%
Minus: internal offset		20,389,951.83	2.96%	8,636,412.40	1.28%	136.09%
Total		689,088,645.84	100%	672,136,886.14	100.00%	2.52%

Classified by product:

Unit: RMB Yuan

Product	Item	2012		2011		YoY +/- (%)
		Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	

Explanation:

N/A

Major suppliers:

Total purchases from the top 5 suppliers (RMB Yuan)	316,291,498.10
Ratio of the total purchases from the top 5 suppliers to the annual total purchases (%)	89.23%

Information about the top 5 suppliers:

 Applicable Inapplicable

4. Expense

(1) Selling expenses stood at RMB 27.54 million, up 154.35% over last year, which was mainly because the advertising expenses on the Chuanqi Mountain project increased.

(2) Administrative expenses stood at RMB 68.12 million, up 4.59% over last year, which was mainly because the taxes increased.

(3) Financial expenses stood at RMB 2.68 million, down 84.08% over last year, which was mainly because the Longgang Shanglin Garden project met the conditions for capitalization of borrowing interest.

5. R&D expenses

N/A

6. Cash flows

Unit: RMB Yuan

Item	2012	2011	YoY +/- (%)
Subtotal of cash inflows from operating activities	1,190,424,578.41	927,288,178.45	28.38%

Subtotal of cash outflows from operating activities	1,163,014,758.88	812,133,388.04	43.2%
Net cash flows from operating activities	27,409,819.53	115,154,790.41	-76.2%
Subtotal of cash inflows from investing activities	688,282.91	414,282.40	66.14%
Subtotal of cash outflows from investing activities	18,682,841.12	7,974,285.87	134.29%
Net cash flows from investing activities	-17,994,558.21	-7,560,003.47	-138.02%
Subtotal of cash inflows from financing activities	1,036,000,000.00	20,000,000.00	5,080%
Subtotal of cash outflows from financing activities	906,909,123.76	172,009,491.49	427.24%
Net cash flows from financing activities	129,090,876.24	-152,009,491.49	184.92%
Net increase in cash and cash equivalents	138,746,516.91	-46,291,626.52	399.72%

Reasons for any over-30% YoY movement of the data above:

Applicable Inapplicable

Item	2012	2011	YoY +/- (%)	Notes
Subtotal of cash outflows from operating activities	1,163,014,758.88	812,133,388.04	43.20%	Increased input for real estate projects
Net cash flows from operating activities	27,409,819.53	115,154,790.41	-76.20%	
Subtotal of cash inflows from investing activities	688,282.91	414,282.40	66.14%	Cash received as investment gains increased.
Subtotal of cash outflows from investing activities	18,682,841.12	7,974,285.87	134.29%	Investment in Shantou Small-and Medium Enterprise Financing Guarantee Co., Ltd.
Net cash flows from investing activities	-17,994,558.21	-7,560,003.47	-138.02%	
Subtotal of cash inflows from financing activities	1,036,000,000.00	20,000,000.00	5080.00%	New bank borrowings
Subtotal of cash outflows from financing activities	906,909,123.76	172,009,491.49	427.24%	Mature bank borrowings were repaid.
Net cash flows from financing activities	129,090,876.24	-152,009,491.49	184.92%	New bank borrowings
Net increase in cash and cash equivalents	138,746,516.91	-46,291,626.52	399.72%	

Reasons for a big difference between the operating cash flows and the net profit:

Applicable Inapplicable

III. Breakdown of main business

Unit: RMB Yuan

	Operating revenues	Operating costs	Gross profit rate (%)	Increase/decrease of operating revenues over last year (%)	Increase/decrease of operating costs over last year (%)	Increase/decrease of gross profit rate over last year (%)
Classified by industry:						
Real estate	379,619,819.21	146,516,172.48	61.4%	-25.81%	-42.49%	11.19%
Construction	468,407,774.16	445,160,754.08	4.96%	42.47%	42.89%	-0.27%
Leasing	85,107,142.96	30,961,456.12	63.62%	15.72%	1.37%	5.15%
Property management	101,495,483.27	86,840,214.99	14.44%	8.1%	3.48%	3.82%
Minus: internal offset	-22,653,694.39	-20,389,951.83	9.99%	62.49%	136.09%	-28.06%

Classified by product:						
Residences	343,588,384.21	134,375,462.54	60.89%	-28.99%	-44.51%	10.93%
Shops	36,031,435.00	12,140,709.94	66.31%	29.61%	-3.77%	-54.62%
Other products	655,010,400.39	562,962,425.19	14.05%	32%	32.15%	-0.09%
Minus: internal offset	-22,653,694.39	-20,389,951.83	9.99%	62.49%	136.09%	-28.06%
Classified by region:						
Domestic						
Guangdong Province	972,965,703.54	651,456,584.54	33.04%	-1.54%	-1.69%	0.1%
Other	61,047,686.11	58,022,013.13	4.96%	221.44%	219.99%	0.43%
Overseas:	616,829.95		100%	-7.56%		
Minus: internal offset	-22,653,694.39	-20,389,951.83	9.99%	62.49%	136.09%	-28.06%

Where the Company's accounting standard of the main business data above changed during the reporting period, give the main business data of the latest year adjusted according to the accounting standard at the end of the reporting period:

Applicable Inapplicable

IV. Asset and liability analysis

1. Major changes of asset items

Unit: RMB Yuan

	As at 31 Dec. 2012		As at 31 Dec. 2011		Proportion change (%)	Explain any major change
	Amount	Proportion in total assets (%)	Amount	Proportion in total assets (%)		
Monetary funds	496,805,905.01	13.38%	333,469,243.72	10.26%	3.12%	New bank borrowings were received and house advances increased.
Accounts receivable	24,413,187.02	0.66%	19,139,800.22	0.59%	0.07%	
Inventories	2,431,754,464.54	65.50%	2,132,760,206.58	65.61%	-0.11%	Inventories increased by 14.02% over last year due to the development expenses on the Chuanqi Mountain, Shanglin Garden and Shantou Yuejing Dongfang projects.
Investing real estate	487,373,443.43	13.13%	508,001,693.51	15.63%	-2.50%	
Long-term equity investment	75,225,969.30	2.03%	63,346,188.26	1.95%	0.08%	Long-term equity investment increased by 18.75% over last year, which was mainly because the Company made a new investment of RMB 12 million in Shantou Small-and Medium Enterprise Financing Guarantee Co., Ltd. and thus held a stake of 10% in it.
Fixed assets	63,204,808.66	1.70%	60,918,611.65	1.87%	-0.17%	

2. Major changes of liability items

Unit: RMB Yuan

	2012		2011		Proportion change (%)	Explain any major change
	Amount	Proportion in total assets (%)	Amount	Proportion in total assets (%)		
Short-term borrowings	96,000,000.00	2.59%	20,000,000.00	0.62%	1.97%	A new entrustment borrowing of RMB 70,000,000.00
Long-term borrowings	849,636,078.25	22.88%	299,621,374.64	9.22%	13.66%	New bank borrowings

3. Assets and liabilities measured at fair value

Unit: RMB Yuan

Item	Opening amount	Gain/loss on fair value change in the reporting period	Cumulative fair value change recorded into equity	Impairment provisions in the reporting period	Purchased amount in the reporting period	Sold amount in the reporting period	Closing amount
Financial assets							
1. Financial assets measured at fair value and of which changes are recorded into current gains/losses (excluding derivative financial assets)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Derivative financial assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Available-for-sale financial assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal of financial assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investing real estate					0.00	0.00	
Productive biological assets					0.00	0.00	
Other	0.00				0.00	0.00	0.00
Total of the above	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial liabilities	0.00	0.00	0.00	0.00			0.00

Did any significant change occur to the attribute of the Company's main asset measurement during the reporting period?

 Yes No

V. Core competitiveness analysis

With a history over 30 years in real estate development in Shenzhen, the Company has rich experience in the main business of real estate development and has developed over 3 million square meters of commercial residences and office buildings in Shenzhen. It is one of the earliest real estate listed companies in Shenzhen and has a high brand value in Shenzhen. In recent years, with

the Chuanqi Mountain and Shanglin Garden projects as an opportunity, the Company attaches great importance to talent attraction and development. It has cultivated and trained a professional team for the main business of real estate development, formulated and improved a set of sound management mechanisms and processes for project development, and significantly improved its professionalism and management capability. The brand effects of the Company are further demonstrated and the core competitiveness keeps rising.

VI. Investment analysis

1. Investments in equities of external parties

(1) Investments in external parties

Investments in external parties		
Investment amount in 2012 (RMB Yuan)	Investment amount in 2011 (RMB Yuan)	+/-%
12,000,000.00	0.00	0%
Particulars about investees		
Name of investee	Main business	Proportion of the Company's investment in the investee's total equity interests (%)
Shantou Small-and Medium Enterprise Financing Guarantee Co., Ltd.	Providing enterprises and individuals with financing guarantees such as loan guarantees, bill acceptance guarantees, trade financing guarantees, project financing guarantees and L/C guarantees; financing consulting service, financial consultant service and other guarantee-related intermediary services; making investments with its own funds (The financing guarantee agency license will expire on 4 Feb. 2018.) [Where a license is required for a business, it shall be obtained before operation.]	10%

(2) Equity-holdings in financial enterprises

Enterprise name	Enterprise variety	Initial investment cost (RMB Yuan)	Opening equity-holdings (share)	Opening equity-holding ratio (%)	Closing equity-holdings (share)	Closing equity-holding ratio (%)	Closing book value (RMB Yuan)	Gain/loss in the reporting period (RMB Yuan)	Accounting title	Equity source
Total		0.00	0	--	0	--	0.00	0.00	--	--

(3) Securities investments

Variety of securities	Code of securities	Name of securities	Initial investment cost (RMB Yuan)	Number of shares held at period-begin	Shareholding percentage at period-begin	Number of shares held at period-end	Shareholding percentage at period-end	Closing book value (RMB Yuan)	Gain/loss for reporting period (RMB Yuan)	Accounting title	Source of stock
Total			0.00	0	--	0	--	0.00	0.00	--	--

Explain equity-holdings in other listed companies:

N/A

2. Wealth management entrustment, derivative investments and entrustment loans

(1) Wealth management entrustment

Unit: RMB 0,000

Name of trustee	Amount	Beginning date	Ending date	Payment determination	Principal actually recovered	Actual gain in the reporting period	Actual gain	Through legal procedure or not	Impairment provision	Related-party transaction or not	Related-party relation
Total	0	--	--	--	0	0	0	--	0	--	--
Cumulative overdue principals and gains											0
Lawsuit (if applicable)				N/A							
Explain the wealth management entrustment				N/A							

Explanation:

N/A

(2) Derivative investments

Position holdings of derivative investments at the end of the reporting period:

Applicable Inapplicable

Explanation:

N/A

(3) Entrustment loans

Unit: RMB 0,000

Borrower	Related party or not	Amount of loan	Interest rate	Guarantor or pawn	Usage of loan by borrower	Extension, overdue loan or lawsuit	Countermeasures against risks of extension, overdue loan or lawsuit
Total	--	0	--	--	--	--	--

Explanation:

N/A

3. Use of raised funds

(1) Overview of the use of raised funds

Unit: RMB 0,000

Total raised capital	0
Total raised capital input in the reporting period	0
Accumulative raised capital input	0
Total raised capital of which the use was changed in the reporting period	0

Accumulative raised capital of which the use was changed	0
Proportion of accumulative raised capital of which the use was changed	0%
Overview of the use of raised funds	
N/A	

(2) Projects promised to be invested with raised funds

Unit: RMB 0,000

Projects invested with raised capital as promised and investments with over-raised capital	Project changed or not (including partially changed)	Raised capital input as promised	Investment after adjustment (1)	Input in the reporting year	Accumulative input up to the period-end (2)	Investment progress up to the period-end (%) (3) = (2)/(1)	Date when the project reaches the expected usable condition	Profit generated in the reporting period	Reach the expected profit or not	Material change in the project feasibility or not
Projects invested with raised capital as promised										
Investments of over-raised capital										
Total	--	0	0	0	0	--	--	0	--	--
Reason for failing to reach scheduled progress or projected income (explain one project by one project)	Naught									
Explanation on significant changes in feasibility of projects	Naught									
Amount, usage and usage progress of over-raised capital	N/A									
	Naught									
Change of the implementation location of any raised funds investment project	N/A									
Adjustment of the implementation method of any raised funds investment project	N/A									
Advance input and exchange of any raised funds investment project	N/A									
Idle raised capital for temporarily supplementing working capital	N/A									
Outstanding raised funds in project implementation and reasons	N/A									

(3) Change of projects invested with raised funds

Unit: RMB 0,000

Project after change	Project before change	Total raised funds planned to be input for the project after change (1)	Actual input for reporting period	Actual cumulative input by period-end (2)	Investment progress up to the period-end (%) (3) = (2)/(1)	Date when the project reaches the expected usable condition	Profit generated in the reporting period	Reach the expected profit or not	Material change in the after-change project feasibility or not
Total	--	0	0	0	--	--	0	--	--
Reasons for change, decision-making procedure and relevant information disclosure (explain one project by one project)			N/A						
Reason for failing to reach scheduled progress or projected income (explain one project by one project)			N/A						
Explanation on significant changes in feasibility of projects after change			N/A						

4. Analysis to main subsidiaries and stock-participating companies

Particulars about main subsidiaries and stock-participating companies:

Company name	Company variety	Industry	Main products/services	Registered capital	Total assets (RMB Yuan)	Net assets (RMB Yuan)	Operating revenues (RMB Yuan)	Operating profit (RMB Yuan)	Net profit (RMB Yuan)
Shenzhen Petrel Hotel Co., Ltd.	Subsidiary	Service	Hotel Service	RMB 30 million	42,545,216.86	34,731,616.71	23,069,409.85	864,923.70	-253,711.12
Shenzhen Property Management Co., Ltd.	Subsidiary	Service	Property management	RMB 7.25 million	65,979,296.92	14,301,546.73	110,445,353.50	4,410,707.93	3,549,147.03
Shenzhen Zhentong Engineering Co., Ltd.	Subsidiary	Service	Fixing and maintenance of projects	RMB 10 million	104,380,713.65	13,417,413.71	470,864,085.21	2,302,779.73	1,637,322.31
Shenzhen Huazhan Construction Supervision Co., Ltd.	Subsidiary	Service	Construction supervision	RMB 8 million	8,190,105.29	7,588,692.14	4,475,398.78	156,426.56	117,319.92
Shenzhen SPG Mini-bus Rent Co., Ltd.	Subsidiary	Service	Rent of mini-bus	RMB 10.29 million	19,231,306.21	15,657,395.96	4,499,095.09	733,842.86	566,783.67
Shantou Hualin Real Estate Development Co., Ltd.	Subsidiary	Real estate	Development of real estate	US\$ 15 million	571,465,231.98	315,807,519.68	326,076,439.49	111,003,299.27	82,918,876.79
Great Wall Estate Co., Inc. (U.S.)	Subsidiary	Real estate	Development of real estate	USD 0.5 million	18,118,892.40	-79,226,047.33	616,829.95	169,292.85	169,292.85
Xin Feng Enterprise Co., Ltd.	Subsidiary	Investment management	Investment and management	HKD 1 million	196,719,755.67	-396,448,187.72	3,573,750.00	9,889,307.23	9,887,346.06
Shenzhen SPG Longgang Development Co., Ltd.	Subsidiary	Real estate	Development of real estate	RMB 30 million	464,717,732.58	-25,483,915.43		-856,971.82	-967,434.71

Explain particulars about main subsidiaries and stock-participating companies:

Subsidiaries acquired or disposed during the reporting period:

Applicable Inapplicable

5. Significant projects invested with non-raised funds

Unit: RMB Ten thousand

Project name	Total investment	Input for this year	Cumulative actual input as at the period-end	Project progress	Project earnings
SPG Chuanqi Mountain East	160,000	22,234	107,570		
SPG Chuanqi Mountain West	110,000	11,834	60,647		
SPG Shanglin Garden	140,000	9,988	34,610		
Shantou Yuejing Dongfang	15,000	1,538	7,880		
Total	425,000	45,594	210,707	--	--
Notes to significant projects invested with non-raised funds					
<p>(1) Guangming SPG Chuanqi Mountain project: Up to 31 Dec. 2012, the main work of Building No. 6, No. 7, No. 11 and No. 12 in the eastern district was completed and the presale license was obtained on 2 Nov. 2012. Building No. 8, No. 9 and No. 10 in the eastern district were going through reinforcement assembling of the last couple of floors and the western district was going through construction of the reinforced concrete structure.</p> <p>(2) Longgang Shanglin Garden project: Up to 31 Dec. 2012, the earthwork excavation and the foundation pit & concrete tube pile bracing were all completed. All buildings were going through concrete beam and slab placement. The beam & slab model installation and the reinforcement assembling for the second floor of the club were 100% finished. And the beam & slab frame setting up for the second floor of the kindergarten was 70% finished.</p> <p>(3) Shantou Yuejing Dongfang project: Up to 31 Dec. 2012, the foundation pit bracing structure adopted double bored cast-in-place pile retaining + treble cement mixed pile water retaining + partially reinforcement within the pit. The total designed bored cast-in-place piles were completed 84.7%; the total designed cement mixed piles were completed 81%; and the total designed engineering and bored cast-in-place piles were completed 62.6%.</p>					

VII. Entities controlled by the Company for special purposes

N/A

VIII. Outlook of the Company's future development

Judging from the macro-economic situation, 2013 marks the first year after the 18th National Congress of CPC. Various reform measures will be fully carried out, the economy will maintain a good growth and urbanization will bring new opportunities for development of the real estate sector. However, the new "five real estate macro-control policies of the State Council" signals its determination to "firmly stick to the macro-control policy with no relaxation" again. As such, real estate macro-control will be usual in the coming future, with the sector in face of new challenges.

General guideline for the work in 2013: The Company should work hard to boost the main business, enlarge the land reserve, enhance cost control and improve the management capability. It should

also further increase its professionalism, optimize the new corporate culture, work hard to beef up development, and strive for the thorough materialization of its five-year development strategic planning.

(1) Operating plan for 2013

The Company will make itself more competitive, beef up its development and proactively promote a quality stable growth and a sustainable overall development. Firstly, it should enhance the sense of urgency for development acceleration and keep increasing its soft strength in terms of professionalism, management capability, corporate culture, etc. Secondly, the basic philosophy of “create wealth for the society, give returns to shareholders and create opportunities for employees” should be established and the Company should try to resume the financing ability in the capital market. Thirdly, the Company should create conditions to enlarge its land reserve and try to make substantive progress in land acquisition or new project expansion in the year. Finally, the Company should further strengthen corporate governance and enterprise management, keep increasing its professionalism and management capability and enhance its core competitiveness.

The Company will go all out to fulfill all goals. Firstly, it will work on the progress, quality and safety of construction in process. Secondly, it will work on marketing to ensure the accomplishment of the sales tasks for the year. Thirdly, it will work on property management to secure stable cash inflows. Finally, it will promote a steady development and implementation of operating responsibilities of the subordinate companies and bring the operating objectives of the subordinates into the big picture of the Company’s overall development.

The Company will solidify its basis, unite all employees and continue to work on the team and corporate culture development. Firstly, it will build up a professional management team. Secondly, it will greatly promote the doer spirit of “work hard in a proactive, bold, fast and clever manner” and create an excellent atmosphere for work. Thirdly, it will continue to promote the corporate culture of “professionalism, devotion, solidity and honesty”, promote the theme, gather positive energy and build up a good enterprise image.

(II) Possible risks and countermeasures

Policy risk: 2013 will see a complicated economic situation. The State Council has unveiled the new “five real estate macro-control policies”, not only reiterating its determination to adhere to the macro-control policy with limited purchase and credit as its core, but also putting forward special

limited-purchase measures for cities with house prices rising too fast, the accountability mechanism to stabilize house prices, etc. In view of that, the macro-control policy will not loose a bit in a certain period of time.

Operating risk: In face of the severe market situation, the Company encounters great challenges in terms of real estate sales. This may affect the Company in fulfilling the revenue and profit objectives for 2013 and obtaining new land. Meanwhile, the accumulative loss is huge. As a listed company, the Company loses the ability to finance in the capital market. In the long run, these will adversely affect the implementation of the Company's five-year development planning.

Countermeasures: Marketing is the top priority among all tasks of the Company in 2013. The Company will keep enhancing policy study, accurately predict the market and formulate detailed countermeasures so that the sales goal for the year can be fulfilled. Meanwhile, it will try to increase the capital operation efficiency to ensure capital supply for the main business of project development and land resource acquisition, as well as creating conditions to enlarge the land reserve. It will also continue to improve its management capability and development ability for the main business, continue to strengthen cost control in project development and increase the profitability.

IX. Explanation of the Board of Directors concerning the “non-standard audit report” issued by the CPAs firm for the reporting period

N/A

X. Explain change of the accounting policy, accounting estimate and measurement methods as compared with the financial reporting of last year

N/A

XI. Explain retrospective restatement due to correction of significant accounting errors in the reporting period

N/A

XII. Explain change of the consolidation scope as compared with the financial reporting of last year

N/A

XIII. Profit allocation and dividend distribution

Formulation, execution or adjustment of the Company's profit distribution policy, especially the cash dividend policy, during the reporting period:

According to the CSRC Notice on Further Implementing Matters Related to Cash Dividend Distribution of Listed Companies and the CSRC Shenzhen Bureau Notice on Seriously Implementing Relevant Requirements of the Notice on Further Implementing Matters Related to Cash Dividend Distribution of Listed Companies (Shen-Zheng-Ju-Gong-Si Zi [2012] No. 43), the Company formulated the Work Plan on Further Implementing Matters Related to Cash Dividend Distribution of Listed Companies on 25 Jun. 2012, and established a special team, with the Chairman of the Board of Directors as the team leader to preside over the work on cash dividend distribution plan and the amendment of the Articles of Association. The "Return for Shareholder Plan for the Coming Three Years (2012-2014)" and the "Verification Report on Return for Shareholder Plan for the Coming Three Years (2012-2014)" were reviewed and approved at the 5th Session of the 7th Board of Directors held on 13 Aug. 2012 and the "Proposal on Revising the Articles of Association" was reviewed and approved at the 2nd Special Shareholders' General Meeting for 2012 held on 30 Aug. 2012. (For details, see the announcements disclosed on <http://www.cninfo.com.cn> dated 14 Aug. 2012 and 31 Aug. 2012 respectively.)

The conditions and procedures for revising the Return for Shareholder Plan and the Articles of Association of the Company at this time are compliant and transparent, which content is line with relevant laws, rules and the requirements of CSRC as well as the needs for operation and future development of the Company, thus protect the legal rights of minority shareholders. The revised criteria and proportion for dividend distribution is specific and clear, relevant decision-making procedures and mechanism are complete. The independent directors diligently fulfill their duties, and issue their independent opinion on the cash dividend distribution policy of the Company.

The Company's preplans for profit distribution and turning capital reserve into share capital for the reporting period were in compliance with relevant rules such as the Company's Articles of Association.

The Company's preplans or plans for profit distribution and turning capital reserve into share capital for the recent three years (including the reporting year):

As audited by RSM China Certified Public Accountants LLP, the Company achieved, in 2012, a net profit of RMB 106,814,543.53 attributable to owners of the Company (without subsidiaries).

According to relevant laws and regulations, as well as the Articles of Association of the Company, the net profit in 2012 will be used for covering the deficit of the previous years. And thus no profit distribution or capitalization of capital reserves will be conducted. After the loss make-up, the Company's retained profit will stand at RMB -369,154,405.36.

Since the Company still has a huge amount of uncovered loss for now, it has not distributed cash dividends for the previous three years and this year. As its operating situation improves, the Company will try to give cash returns to investors as soon as possible in strict compliance with its Articles of Association and other relevant requirements.

Cash dividend distribution of the Company over the recent three years:

Unit: RMB Yuan

Year	Amount of cash dividend (tax included)	Net profit attributable to shareholders of the Company in the consolidated statement for the year	Ratio the amount of cash dividend to the net profit attributable to shareholders of the Company in the consolidated statement (%)
2012	0.00	106,814,543.53	0%
2011	0.00	101,200,060.65	0%
2010	0.00	84,760,162.75	0%

The Company (including its subsidiaries) made profit in the reporting period and the retained profit of the Company (without subsidiaries) was positive, but it did not put forward a preplan for cash dividend distribution:

Applicable Inapplicable

XIV. Social responsibilities

The Company is not a heavy-pollution listed company stipulated by the environmental protection department of the government. It attaches great importance to performing its social responsibilities, proactively protecting legal rights and interests of the creditors, employees, consumers, suppliers, the communities and other stakeholders. In the reporting period, the Company made a total donation of RMB 0.8196 million to the poor and those in difficulty. It also input great efforts in pollution prevention, ecological protection, social security protection, etc. The Chuanqi Mountain project developed by the Company was granted the Green Construction State Two Star Grade and the Shenzhen Golden Grade. Adhering to a quality stable growth and a sustainable overall development, the Company was honored in the reporting period as the "Most Honest Enterprise of Guangdong Province for 2012" and the "Demonstration Enterprise of Shenzhen for Honesty and Law Compliance". Meanwhile, the Shantou branch of the Company was honored as the "A-Grade Tax Payer of the Taxation Credit Rating of Guangdong" and the "Green Residence of Guangdong Province". The property subordinate won the titles of "Excellent Member with Outstanding Contribution of Shenzhen Property Management Association" and "30 Advanced Enterprises of the House Owner Satisfaction Sampling Survey of Property Management Association". The Company has always attached great importance to production safety. And there was no major production

safety accident during the reporting period.

XV. Particulars about researches, visits and interviews received in this reporting period

Time of reception	Place of reception	Way of reception	Visitor type	Visitor	Main discussion and materials provided by the Company
10 Jan. 2012	Office	By telephone	Individual	Individual investor	The Company's business structure, didn't offer written materials
13 Mar. 2012	Office	By telephone	Individual	Individual investor	Inquiry about disclosure time of annual report of the Company and effect of macro-control policies on main business of the Company, didn't offer written materials
10 Apr. 2012	Office	Written inquiry	Individual	Individual investor	Inquiry about development and operation project of the Company, didn't offer written materials
24 May 2012	Office	By telephone	Individual	Individual investor	Inquiry about process of Guangming project, didn't offer written materials
20 Jun. 2012	Office	By telephone	Individual	Individual investor	Inquiry about semi-annual operation particulars of the Company, didn't offer written materials
18 Jul. 2012	Office	By telephone	Individual	Individual investor	Inquiry about effect of macro-control policies on operation of the Company, particulars of semi-annual operation, appointed disclosure time of semi-annual report, didn't offer written materials
19 Jul. 2012	Office	By telephone	Individual	Individual investor	Operation of the Company for the first half of the year, with no written materials provided
31 Aug. 2012	Office	By telephone	Individual	Individual investor	Information about the semi-annual report, with no written materials provided
5 Sept. 2012	Office	By telephone	Individual	Individual investor	Data in the semi-annual report and progress of the investment projects, with no written materials provided
28 Sept. 2012	Office	By telephone	Individual	Individual investor	Progress and pre-sale time of the SPG Chuanqi Mountain project, with no written materials provided
1 Nov. 2012	Office	By telephone	Individual	Individual investor	Information about the 3 rd quarterly report, with no written materials provided
30 Nov. 2012	Office	By telephone	Individual	Individual investor	Pre-sale of the SPG Chuanqi Mountain project, with no written materials provided
28 Dec. 2012	Office	By telephone	Individual	Individual investor	Operation in the year and development project progress, with no written materials provided

Section V. Report of the Supervisory Committee

In 2012, according to the Company Law and the Company's Articles of Association, with great support from the Company's Board of Directors, its management team and shareholders, the Supervisory Committee proactively safeguarded the rights and interests of all the shareholders and faithfully performed its duty of supervision.

I. Work of the Supervisory Committee

The Supervisory Committee effectively exercised its rights of supervision at all relevant decision-making meetings. Keeping its supervision focus on the compliant operation of the Company's core assets and major capital as well as significant projects, the Supervisory Committee managed to strengthen and improve the supervisory and disciplinary mechanism and internal control system, create a new mode of internal supervision, and integrate the supervisory resources, as well as carry out the supervisory joint session system. As a result, expenses and asset risks were effectively controlled. The Supervisory Committee carried forward transparent corporate operation and democratic decision-making, supervised the standardization and effectiveness of the rules and procedures for decision-making, as well as supervised daily major operation activities. Meanwhile, it conducted various specific supervisions and examination, carried out examination and disposal of investments in other places, strengthened the attention and settlement on lawsuit cases, supervised various project bidding activities timely, and carried out the checks on execution of various resolutions made by the Company. It also gave play to its function of internal audit and supervision by performing post appraisal and audit on performance appraisal, operation management, capital management and financial incomes and expense. It enhanced supervision on information disclosure. According to the prescribed procedure, the Supervisory Committee conducted examinations on the reports disclosed by the Company and its Board of Directors, so as to ensure the factuality, accuracy, completeness and timeliness of the information disclosed.

II. Sessions convened by the Supervisory Committee

(I) The 12th Session of the 6th Supervisory Committee was convened on 29 Mar. 2012, at which reviewed and approved the 2011 Annual Report and Its Summary, Profit Distribution preplan for Y2011 and 2011 Annual Report of Supervisory Committee, the Proposal on 2011 Annual Self-appraisal Report on Internal Control, the Proposal on Explanation of the Supervisory Committee on the Change in Accounting Policy and the Retroactive Adjustment, the Proposal on Re-election of the Supervisory Committee. Five supervisors attended the session, and the voting result of the session was as follows: 5 votes for, 0 against, and 0 abstention.

(II) The 1st Session of the 7th Supervisory Committee was convened on 17 Apr. 2012, at which the 1st Quarterly Report for 2012 and its Abstract was reviewed and approved and Zhuang Quan was elected as the Chairman for the 7th Supervisory Committee. Five supervisors attended the session, and the voting result of the session was as follows: 5 votes for, 0 against, and 0 abstention.

(III) The 2nd Session of the 7th Supervisory Committee was convened on 30 Aug. 2012, at which the 2012 Semi-annual Report and its Abstract was reviewed and approved. Five supervisors attended the session, and the voting result of the session was as follows: 5 votes for, 0 against, and 0 abstention.

(IV) The 3rd Session of the 7th Supervisory Committee was convened on 30 Oct. 2012, at which the 3rd Quarterly Report for 2012 and its Abstract was reviewed and approved. Five supervisors attended the session, and the voting result of the session was as follows: 5 votes for, 0 against, and 0 abstention.

III. Independent opinions on relevant matters by the Supervisory Committee

(I) About the Company's operation according to laws: In 2012, members of the Supervisory Committee sat in on all the board sessions. Chairman of the Supervisory Committee Zhuang Quan sat in on deliberative sessions of the Company's management, sessions of GM and other important sessions. Considering the various rules, the Supervisory Committee was of the opinion that the Company made decisions in accordance with relevant laws and regulations, as well as the Company's Articles of Association, with no behaviors harmful to shareholder interests; that the internal management mechanism and the control system were further improved; and that the directors and senior executives diligently, responsibly and compliantly performed their duties, with no behaviors in violation of the laws, rules and Articles of Association or harmful to the interest of the Company.

(II) About the Company's financial status: During the reporting period, the Supervisory Committee conscientiously performed its duty of supervisory the Company's financial status, monitored the operation and risks and issued its review opinion on all regular reports. The Supervisory Committee was of the opinion that the financial report with the standard unqualified audit opinion issued by RSM China Certified Public Accountants LLP upon audit was a factual and objective reflection of the Company's financial status and operating results for 2012.

(III) In the reporting period, the Company did not raise any funds.

(IV) In the reporting period, the related-party transactions and guarantees of the Company were as follows:

1. In the reporting period, the Company paid RMB 162.82 million to the related party Shenzhen Jianan Group Co., Ltd. for contracting the Chuanqi Mountain East District Project.

2. In the reporting period, the Company paid a total of RMB 747,000 to the related parties Shenzhen Environment Engineering Science and Tech Center Co., Ltd., Shenzhen Institute of Building Research, Shenzhen Water Resources Planning & Design Institute and Shenzhen General Institute of Architectural Design and Research for environment supervision, design, consulting, etc. concerning the Chuanqi Mountain and Dong Hu Ding Jing projects.

3. On 26 Jul. 2012, due to the construction engineering need, the Company secured an intra-Group borrowing of RMB 70 million from its related party Shenzhen General Institute of Architectural Design and Research. And the Company paid RMB 1,985,700 as interest in the reporting period.

4. On 2 Nov. 2012, the Company, its related party Shenzhen Small & Medium Enterprises Credit Financing Guarantee Group Co., Ltd. (CGC) and other four companies (Shantou Industrial Economic Zone Investment and Construction Co., Ltd., Shantou Dayang Group, Shantou Chaoyang Five Stars Industry Co., Ltd. and Shantou Interstellar Commerce and Trade Co., Ltd.) signed the “Shantou Small & Medium Enterprises Financing Guarantee Co., Ltd. Investment Agreement”. The said six parties jointly incorporated Shantou Small & Medium Enterprises Financing Guarantee Co., Ltd. with investments, with the Company and CGC making a cash contribution of RMB 12 million respectively.

5. On 31 Mar. 2012, the Company provided a joint-liability credit guarantee of RMB 88.40 million for the engineering payment payable by its subsidiary Shenzhen SPG Longgang Development Co., Ltd..

(V) During the reporting period, the Company’s related-party transactions were fair and compliant with laws and regulations. Independent directors all expressed their independent opinion on these transactions and the related directors stepped aside in relevant voting. And no harm was done to interests of some shareholders or the Company.

(VI) Opinion about the Company’s self-appraisal on its internal control: In 2012, the Company continued enhancing risk control and internal control standardization. The internal control system could cover basically all aspects and links of the Company’s operation. Key internal control activities were conducted according to the Company’s rules on internal control, with no major defects. In the reporting period, according to the internal control standardization requirements, the Company adopted some necessary measures to remedy some ordinary defects and revised various management mechanisms and business processes. And the Company’s self-appraisal report on its internal control was in line with the actual condition of the Company.

Section VI. Significant Events

I. Significant lawsuit or arbitration

√ Applicable □ Inapplicable

Basic information	Involved amount (RMB 0,000)	Projected liability or not	Progress	Ruling and influence	Execution of ruling	Date of disclosure	Disclosure index
Guoxing Building Lawsuit (For details, see “Note VII” — “Contingent Events” — “1. Contingent liabilities due to pending lawsuits or arbitrations, as well as the financial influence thereof”.)	1,800	No	In execution	① BaoXing Company shall make an ownership transfer payment of RMB 98.95 million and pay the relevant interest to the Company within 10 days since the ruling takes effect, or this case shall be handled according to Article 232 of the Law of Civil Procedure. ② BaoXing Company shall bear RMB 620,000 of the counter-action fee and 40,000 of the survey fee.	About RMB 81 million has been recovered and it is difficult to recover the rest.	31 Aug. 2012	2012 Semi-annual Report on www.cninfo.com.cn
Xi’an Project Lawsuit (For details, see “Note VII” — “Contingent Events” — “1. Contingent liabilities due to pending lawsuits or arbitrations, as well as the financial influence thereof”.)	2,100	No	In execution	① Business Tourism Company had to pay for the compensation Rmb 36,620 thousand and the relevant interest (from 14 Sept. 1998 to the payment day) to 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	The applicant has received RMB 15.20 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.	31 Aug. 2012	2012 Semi-annual Report on www.cninfo.com.cn

				Commerce had jointly and severally obligation of the interests of the compensation; .③ Business Tourism Company shall bear RMB 227,500 of the acceptance fee and the security fee.			
Luofu Hill project Lawsuit (For details, see “Note VII” — “Contingent Events” — “1. Contingent liabilities due to pending lawsuits or arbitrations, as well as the financial influence thereof”.)	980	No	In execution	① Luofu Hill Tourism Company has paid back RMB 9.6 million; ② Luofushan Administration Committee had to undertake one third of the debts which Luofushan Tourism was unable to repay; ③ Luofu Hill Tourism Company shall bear RMB 167,700 of the case acceptance fee and the security fee.	Because the state-owned land resource administration cannot work out the planning key points for the sealed land, the land cannot be auctioned.	31 Aug. 2012	2012 Semi-annual Report on www.cninfo.com.cn

Media’s questions

Applicable Inapplicable

There was no media’s question during the reporting period.

II. Occupation of the Company’s capital by the controlling shareholder and its related parties for non-operating purposes

Name of shareholder or related party	Time of occupation	Reason for occupation	Opening amount (RMB Ten thousand)	Newly occupied amount in reporting period (RMB Ten thousand)	Total repaid amount in reporting period (RMB Ten thousand)	Closing amount (RMB Ten thousand)	Expected way of repayment	Expected repaid amount (RMB Ten thousand)	Expected time for repayment (month)	
Total			0	0	0	0	--	0	--	
Proportion of the closing total amount in net assets (%)										0%

III. Bankruptcy and reorganization

N/A

IV. Asset transactions

1. Asset acquisition

Transaction party or ultimate controller	Asset acquired or bought in	Transaction price (RMB Ten thousand)	Progress	Net profit contributed to the Company from the acquisition date to the period-end (RMB Ten thousand) (applicable for business combinations not under the same control)	Net profit contributed to the Company from the year-begin to the period-end (RMB Ten thousand) (applicable for business combinations under the same control)	Ratio of the net profit contributed by the asset to the Company to the total profit (%)	Related-party transaction or not	Relationship between the transaction party and the Company (applicable for related-party transactions)	Disclosure date	Disclosure index

Overview of asset acquisition:

N/A

2. Sale of assets

Transaction party	Asset sold	Date of sale	Transaction price (RMB Ten thousand)	Net profit contributed by the asset from the period-begin to the date of sale (RMB Ten thousand)	Gain/loss on sale (RMB Ten thousand)	Ratio of the net profit contributed to the Company by the asset sale to the total profit (%)	Pricing principle	Related-party transaction or not	Relationship between the transaction party and the Company (applicable for related-party transactions)	Whether or not the ownership of the asset involved has been fully transferred	Whether or not the creditor's right and liabilities involved have been fully transferred	Disclosure date	Disclosure index

Overview of sale of assets:

N/A

3. Business combination

N/A

V. Implementation and influence of equity incentive plan of the Company

N/A

VI. Significant related-party transactions

1. Related-party transactions concerning routine operation

Related transaction party	Relationship	Type of the related-party transaction	Contents of the related-party transaction	Pricing principle of the related-party	Transaction price	Transaction amount (RMB 0,000)	Proportion in same kind of transactions	Settlement method of the related-party	Market price	Date of disclosure	Index of disclosure

		n	n	transactio				transactio			
Shenzhen Jianan Group Co., Ltd.	Under the same control of the Company's controlling shareholder	Contracting by the related party	Construction	Open bidding	Contractual amount of RMB 553.33 million	16,282	98.35%	Bank transfer	-		-
Shenzhen Environment Engineering Science and Tech Center Co., Ltd.	Under the same control of the Company's controlling shareholder	Contracting by the related party	Environment supervision	Competitive negotiation	Contractual amount of RMB 195,000	8.76	0.05%	Bank transfer	-		-
Shenzhen Institute of Building Research	Under the same control of the Company's controlling shareholder	Contracting by the related party	Consulting	Competitive negotiation	Contractual amount of RMB 1.5 million	32.5	0.2%	Bank transfer	-		-
Shenzhen Water Resources Planning & Design Institute	Under the same control of the Company's controlling shareholder	Contracting by the related party	Design	Competitive negotiation	Contractual amount of RMB 120,000	2.16	0%	Bank transfer	-		-
Shenzhen General Institute of Architectural Design and Research	Under the same control of the Company's controlling shareholder	Contracting by the related party	Design	Competitive negotiation	Contractual amount of RMB 1.16 million	31.27	0.2%	Bank transfer	-		-
Shenzhen General Institute of Architectural Design and Research	Under the same control of the Company's controlling shareholder	Lending by the related party	Interest on a borrowing from the related party	Competitive negotiation	Market interest rate for bank loans in the same period (15% higher than the benchmark interest rate)	198.57	1.2%	Bank transfer	-	13 Jul. 2012	Announcement on related-party transaction on www.cninfo.com.cn
Total				--	--	16,555.26	100%	--	--	--	--

Details about return of large-amount sales	N/A
Necessity and consistency of the related-party transaction, as well as the reasons why the related party is chosen over other parties in the market to deal with	The related-party transactions above were helpful to the main business of the Company and they were within the normal business scope of the Company. They were carried out with the transaction prices determined according to market prices of transactions of the same kind. They were fair and rational, with no harm done to the interests of the Company.
Influence of the related-party transaction on independency of the Company	The related-party transactions above had no influence on the independency of the Company.
The Company's independence on the related part and the relevant solutions (if any)	The Company would not have to rely on or be controlled by the related parties due to these transactions.
Where the Company classifies and estimates the total amount of routine related-party transactions for the reporting period, explain the actual implementation during the reporting period (if any)	N/A
Explain why the transaction price is greatly different from the market price	N/A

2. Related-party transactions arising from asset acquisition or sale

Related party	Relation	Type of related-party transaction	Contents	Pricing principle	Book value of the transferred asset (RMB 0,000)	Evaluated value of the transferred asset (RMB 0,000)	Market fair value (RMB 0,000)	Transfer price (RMB 0,000)	Settlement mode	Gain (RMB 0,000)	Disclosure date	Disclosure index

3. Significant related-party transactions concerning joint investment in external parties

Joint investor	Relationship	Pricing principle	Name of investee	Main business of investee	Registered capital of investee	Total assets of investee (RMB 0,000)	Net assets of investee (RMB 0,000)	Net profit of investee (RMB 0,000)
Shenzhen Small & Medium Enterprises Credit Financing Guarantee Group Co., Ltd.	Under the same control of the Company's controlling shareholder	The Company intended to make a cash contribution of RMB 12 million, accounting for 10% of the registered capital of the investee. Other shareholders also made contributions in cash and held corresponding stakes according to their contributions.	Shantou Small & Medium Enterprises Financing Guarantee Co., Ltd.	Providing enterprises and individuals with financing guarantees such as loan guarantees, bill acceptance guarantees, trade financing guarantees, project financing guarantees and L/C guarantees; financing consulting service, financial consultant service and other guarantee-related intermediary	RMB 120 million			

				services; making investments with its own funds (The financing guarantee agency license will expire on 4 Feb. 2018.) [Where a license is required for a business, it shall be obtained before operation.]				
Progress of any significant construction in process of the investee (if any)	The investee finished the registration with Shantou Administration for Industry and Commerce and obtained the business license on 12 Mar. 2013.							

4. Credits and liabilities with related parties

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

Yes No

Related party	Relation	Type of credit/liability	Reason for credit/liability	Non-operating capital occupation (Yes/No)	Opening balance (RMB 0'000)	Amount during the reporting period (RMB 0'000)	Closing balance (RMB 0'000)
Shenzhen Fresh Peak property consultant Co.,Ltd	Subsidiary (has conducted the employees' shareholding reform)	Credit receivable from related party	The subsidiary handled the agent business for the Company or the Company provided investment or loans for it in previous years	No	1,112,375.8	0	1,112,496.4
Guangdong province Huizhou Luofu Hill mineral water Co.,Ltd	Joint venture	Credit receivable from related party	The Company provided investment or loans for the subsidiary in previous years	No	10,465,168.81	0	10,465,168.81
Shenzhen Runhua Automobile Trading Co.,Ltd	Associated enterprise	Credit receivable from related party	The Company provided investment or loans for the subsidiary in previous years	No	3,072,764.42	0	3,072,764.42
Canada Great Wall (Vancouver) Co.,Ltd	Subsidiary	Credit receivable from related party	The Company provided investment or loans for the subsidiary in previous years	No	89,035,748.07	0	89,035,748.07
Bekaton Property Limited	Subsidiary	Credit receivable from related	The Company provided investment or	No	12,559,290.58	0	12,559,290.58

		party	loans for the subsidiary in previous years				
Paklid Limited	Subsidiary	Credit receivable from related party	Current accounts in previous years	No	18,631,565.47	0	18,946,689.75
Shenzhen Shenfeng Department Store Co. Ltd.	Subsidiary	Credit receivable from related party	Current accounts in previous years	No	237,648.82	0	237,648.82
Shenzhen Real Estate Consolidated Service Co., Ltd.	Subsidiary	Credit receivable from related party	Current accounts in previous years	No	1,086,487.22	0	1,086,487.22
Shenzhen City Shenfeng Construction and Decoration Materials Ltd.	Subsidiary	Credit receivable from related party	Current accounts in previous years	No	8,327,180.71	0	8,327,180.71
Shenzhen Ronghua JiDian Co., Ltd	Subsidiary (has conducted the employees' shareholding reform)	Credit receivable from related party	Current accounts in previous years	No	475,223.46	0	475,223.46
Xi'an Fresh Peak Building Co. Ltd.	Joint venture	Credit receivable from related party	Current accounts in previous years	No	8,419,205.19	0	8,419,205.19
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd.	Subsidiary	Liability payable to related party	Current accounts in previous years	No	598,012.16		598,012.16
Shenzhen Shen Fang Industrial Development Co., Ltd	Subsidiary	Liability payable to related party	Current accounts in previous years	No	1,534,854.91		1,534,854.91
Shenzhen ZhongGang Haiyan Enterprise Ltd.	Subsidiary	Liability payable to related party	Current accounts in previous years	No	135,853.52		135,853.52
Shenzhen Dongfang New world store Co., Ltd	Subsidiary	Liability payable to related party	Current accounts in previous years	No	902,974.64		902,974.64
Shenzhen Xin Dongfang Store Ltd.	Subsidiary	Liability payable to related party	Current accounts in previous years	No	1,394,704.21		1,394,704.21
Fengkai Lain Feng Cement Manufacturing Co., Ltd.	Subsidiary	Liability payable to related party	Current accounts in previous years	No	1,869,348		1,867,348
Shenzhen CyberPort Co., Ltd	Subsidiary	Liability payable to related party	Current accounts in previous years	No	7,949,749.26		7,949,749.26
ShenZhen ShenFang BaoAn development Co., Ltd	Subsidiary	Liability payable to related party	Current accounts in previous years	No	20,093,445.07		20,093,445.07
Shenzhen Investment Holdings Co., Ltd.	Controlling shareholder	Liability payable to related party	The principal and interest of loans from the controlling shareholder	No	80,384,097.18		80,384,097.18
Effects of the credits and liabilities with related parties on the Company's operating results and financial situation	There was no appropriation of funds of the Company by the controlling shareholder and its controlled related parties, the Company's credits and liabilities with the subsidiaries, joint ventures and associated enterprises arose from investment and current accounts, which had no negative influence on the normal operation of the Company.						

5. Other significant related-party transactions

Inapplicable

The website to disclose the interim announcements on significant related-party transactions

Name of the interim announcement	Disclosure date of the interim announcement	Website to disclose the interim announcement
Announcement on External Investment & Related-party Transactions	6 Nov. 2012	www.cninfo.com.cn

VII. Particulars about significant contracts and their fulfillment

1. Particulars about trusteeship, contract and lease

(1) Trusteeship

Explanation on the trusteeship

Inapplicable

The trusteeship whose profits reaching more than 10% of the total profits of the Company in the reporting period

Applicable Inapplicable

(2) Contract

Explanation on the contract

Inapplicable

The contract whose profits reaching more than 10% of the total profits of the Company in the reporting period

Applicable Inapplicable

(3) Lease

Explanation on the lease

Inapplicable

The lease whose profits reaching more than 10% of the total profits of the Company in the reporting period

Applicable Inapplicable

2. Guarantees provided by the Company

Unit: RMB Ten Thousand

Guarantees provided by the Company for external parties (excluding those for subsidiaries)								
Guaranteed party	Disclosure date of relevant announcement on the guarantee amount	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not
Total external guarantee line approved during the reporting period (A1)		0		Total actual occurred amount of external guarantee during the reporting period (A2)		0		
Total external guarantee line that has been approved at the end of the reporting period (A3)		0		Total actual external guarantee balance at the end of the reporting period (A4)		0		
Guarantees provided by the Company for its subsidiaries								
Guaranteed party	Disclosure date of relevant announcement on the	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not

	guarantee amount								
Shenzhen Longgang Development Ltd. SPG Co.,	31 Mar. 2012	8,840	31 Mar. 2012	8,840	Joint liability guarantee	Three years	No	No	
Shenzhen Zhentong Engineering Ltd. Co.,	31 Mar. 2012	6,000		0	Joint liability guarantee	-			
Total guarantee line approved for the subsidiaries during the reporting period (B1)		14,840		Total actual occurred amount of guarantee for the subsidiaries during the reporting period (B2)		8,840			
Total guarantee line that has been approved for the subsidiaries at the end of the reporting period (B3)		14,840		Total actual guarantee balance for the subsidiaries at the end of the reporting period (B4)		8,840			
Total guarantee amount provided by the Company (total of the above-mentioned two kinds of guarantees)									
Total guarantee line approved during the reporting period (A1+B1)		14,840		Total actual occurred amount of guarantee during the reporting period (A2+B2)		8,840			
Total guarantee line that has been approved at the end of the reporting period (A3+B3)		14,840		Total actual guarantee balance at the end of the reporting period (A4+B4)		8,840			
Proportion of total guarantee amount (A4+B4) to the net assets of the Company				5.41%					
Of which:									
Amount of guarantee for shareholders, actual controller and related parties (C)				0					
Amount of debt guarantee provided for the guaranteed party whose asset-liability ratio is not less than 70% directly or indirectly (D)				8,840					
Part of the amount of the total guarantee over 50% of net assets (E)				0					
Total amount of the above three guarantees (C+D+E)				8,840					
Explanation on possible bearing joint responsibility of liquidation due to immature guarantee				At the end of reporting period, balance of guarantees for property buyers has not settled totaling RMB 8 million.					
Explanation on provision of guarantees for external parties in violation of the prescribed procedure				Naught					

Explanation on particulars about the guarantees by complex ways:

The Company belongs to the real estate industry. As for property developer shall provide pledge loan guarantee for property purchaser in accordance of relevant regulations of People's Bank of China, currently the Company provides periodic joint guarantee for property purchaser. The guarantee term is from disbursement date to the date when the Certificate of Real Estate of the property purchaser is handled by the mortgage banker. If the home buyer mentioned above didn't perform the debtor's duties within the guarantee period, then the Company has the right to take back the properties sold. Therefore, the said guarantee will not cause actual loss to the Company. As to the end of the reporting period, the Company has provided an amount of RMB 8 million to the above mentioned guarantee.

(1) Illegal external guarantee

Unit: RMB Ten Thousand

Guaranteed party	Relationship with the Company	Illegal guarantee amount (RMB 0'000)	Proportion in the net assets at period-end (%)	Type of guarantee	Guarantee period	Illegal guarantee amount up to the disclosure of annual report	Proportion in the net assets at period-end (%)	Predicted releasing way	Predicted released amount (RMB 0'000)	Predicted releasing date (month)
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						(RMB 0'000)				
Total		0	0%	--	--	0	0%	--	--	--

3. Other significant contract

Name of company entering into the contract	Name of the counter company entering into the contract	Book value of the assets involved in the contract (RMB 0'000) (if any)	Appraisal value of the assets involved in the contract (RMB 0'000) (if any)	Name of appraisal agency (if any)	Base date for appraisal (if any)	Pricing principle	Trading price (RMB 0'000)	Related-party transaction or not	Relationship	Execution situation up to the period-end

VIII. Performance of commitments

1. Commitments made by the Company or shareholders holding over 5% of the Company's shares in the reporting period, or such commitments carried down into the reporting period

Commitment	Commitment maker	Contents	Time of making commitment	Period of commitment	Fulfillment
Commitment on share reform					
Commitment in the acquisition report or the report on equity changes					
Commitments made upon the assets reorganization					
Commitments made upon IPO or refinancing					
Other commitments made to minority shareholders					
Executed timely or not?	Yes				
Detailed reason for failing to execute and the next plan	Inapplicable				
Make commitments on causing the problems of horizontal competition and related-party transactions or not?	No				
Settlement period of commitment	Naught				
Way of settlement	Naught				
Fulfillment of commitment	There was no unfinished commitment.				

2. The Company's assets or projects exist profitable prediction and the reporting period is in such prediction period, it states the profits from the assets or projects reaching original prediction and relevant reasons:

Name of the asset or project existing profitable prediction	Initial time of the prediction	Ending time of the prediction	Current predicted business performance (RMB 0'000)	Current actual business performance (RMB 0'000)	Reason of failing to reach the prediction (if applicable)	Disclosure date of the original prediction	Disclosure index of the original prediction

IX. Particulars about engagement and disengagement of CPAs firm

CPAs firm engaged at present

Name of domestic CPAs firm	RSM China Certified Public Accountants (LLP)
Remuneration of domestic CPAs firm (RMB 0'000)	58
Consecutive years of the audit services provided by domestic CPAs firm	0

Name of the certified public accountants from the domestic CPAs firm	Li Qiaoyi, Wang Huansen
Name of overseas CPAs firm (if any)	Naught
Remuneration of overseas CPAs firm (RMB 0'000) (if any)	0
Consecutive years of the audit services provided by overseas CPAs firm (if any)	Naught
Name of the certified public accountants from the overseas CPAs firm (if any)	Naught

Reengage the CPAs firm at current period or not?

Yes No

Reengage the CPAs firm in the audit period or not?

Yes No

Execute the approval procedures for changing the CPAs firm or not?

Yes No

Detailed explanation on the reengagement and change of CPAs firm:

As reviewed and approved at the 2011 Annual Shareholders' General Meeting held on 17 May 2012 and the Second Special Shareholders' General Meeting for 2012 held on 30 Aug. 2012, the Company agreed to engage China Audit International Certified Public Accountants Ltd. (hereinafter referred to as "China Audit International") as the audit firm for the Company's annual financial statements and internal control. Due to the Shenzhen Branch of China Audit International was combined with RSM China Certified Public Accountants (LLP), the combined CPAs firm is "RSM China Certified Public Accountants (LLP)" (hereinafter referred to as "RSM China"). China Audit International sent a letter to the Company on 6 Nov. 2012, at which applied to the Company to change to engage RSM China as the audit firm for the Company's financial statements and internal control in 2012; and all the audit, capital verification and other legal business of CPAs firm as well as other business of the original Shenzhen Branch of China Audit International would be transferred to RSM China to take over; meanwhile, Shenzhen Branch of China Audit International made a commitment on ensuring the auditing service quality for the Company and keeping the stability of the auditing service team.

RSM China is the first converted limited liability partnership CPAs firm in China, which has ranked in the top of domestic CPAs firms for consecutive four years in the Top 100 CPAs Firms by Integrated Appraisal from the Year of 2008 to 2012 issued by China Certified Public Accountant Association. Besides, China Audit International has provided many years of annual financial audit service for the Company, both parties always maintain good cooperative relationship. Therefore, in order to ensure the continuity of the Company's annual financial audit work and the normal conduction of the financial audit work in 2012, the Company agreed to reengage RSM China as its audit firm for the financial statements and internal control in 2012 after being reviewed and approved at the 3rd Special Shareholders' General Meeting on 7 Dec. 2012.

Particulars on engaging the audit firm for the internal control, financial adviser or sponsor

Applicable Inapplicable

As for the work on construction of internal control, the Company engaged RSM China Certified Public Accountants (LLP) to conduct independent audit on the internal control of the Company in 2012, the auditing fees for the internal control of the Company agreed in the contract totaled RMB 250,000, and such account hasn't been paid.

X. Explanation of the Supervisory Committee and Independent Directors (if applicable) on the “Non-standard Auditor’s Report” issued by the CPAs firm during the reporting period

Inapplicable

XI. Punishment and rectification

Name	Type	Reason	Type of investigation and punishment	Conclusion (if any)	Disclosure date	Disclosure index
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Explanation on rectification:

Inapplicable

Particulars about the directors, supervisors, senior management staffs and shareholders holding over 5% shares of the Company involving in illegal trading the Company’s stocks and the Company has disclose to recover the illegal income

Applicable Inapplicable

XII. Particulars about trading suspension and termination faced after the disclosure of annual report

Inapplicable

XIII. Explanation on other significant events

1. In light that the office term of the directors for the Sixth Board of Directors would expire in Feb. 2012, the Company convened the 16th Session of the 6th Board of Directors on 29 Mar. 2012, at which reviewed and approved the Proposal on Re-election of the Board of Directors (for details, please refer to the Announcement on Resolutions Made at the 16th Session of the 6th Board of Directors on <http://www.cninfo.com.cn/> dated 31 Mar. 2012), and it also submitted the said proposal to the First Special Shareholders’ General Meeting for 2012 held on 17 Apr. 2012 for review and approval as well as implemented it (for details, please refer to the Announcement on Resolutions Made at the First Special Shareholders’ General Meeting for 2012 on <http://www.cninfo.com.cn/> dated 18 Apr. 2012). And the work on re-election of the Board of Directors of the Company has been completed.

2. In light that the office term of the supervisors for the Sixth Supervisory Committee would expire in Feb. 2012, the Company convened the 12th Session of the 6th Supervisory Committee on 29 Mar. 2012, at which reviewed and approved the Proposal on Re-election of the Supervisory Committee (for details, please refer to the Announcement on Resolutions Made at the Session of the Supervisory Committee on <http://www.cninfo.com.cn/> dated 31 Mar. 2012), and it also submitted the said proposal to the First Special Shareholders’ General Meeting for 2012 held on 17 Apr. 2012 for review and approval as well as implemented it (for details, please refer to the Announcement on Resolutions Made at the First Special Shareholders’ General Meeting for 2012 on <http://www.cninfo.com.cn/> dated 18 Apr. 2012). And the work on re-election of the Supervisory Committee of the Company has been completed.

3. The 1st Session of the 7th Board of Director of the Company was convened on 17 Apr. 2012, at which reviewed and approved the Proposal on Engagement of General Manager (for details, please refer to the Announcement on

Resolutions Made at the 1st Session of the 7th Board of Director of the Company on <http://www.cninfo.com.cn/> dated 19 Apr. 2012); and the 2nd Session of the 7th Board of Directors of the Company was convened on 17 May 2012, at which reviewed and approved the Proposal on Engagement of Vice General Manager, Proposal on Engagement of CFO and Proposal on Engagement of the Secretary of the Board and the Securities Affairs Representative, and the new session of the Board of Directors has finished all the procedures on engagement of the managers.

XIV. Significant events of the subsidiaries of the Company

Inapplicable

XV. Particulars about issuing corporate bonds by the Company

Inapplicable

Section VII. Change in Share Capital and Particulars about Shareholders

I. Particulars about the changes in share capital

	Before the change		Increase/decrease (+, -)					After the change	
	Amount	Proportion (%)	Issuance of new shares	Bonus shares	Capitalization of public reserve fund	Others	Subtotal	Amount	Proportion (%)
I. Shares subject to trading moratorium	0	0%	0	0	0	0	0	0	0%
1. Shares held by the State	0	0%	0	0	0	0	0	0	0%
2. Share held by state-owned corporation	0	0%	0	0	0	0	0	0	0%
3. Shares held by other domestic corporation	0	0%	0	0	0	0	0	0	0%
Among which: shares held by domestic corporation	0	0%		0	0	0	0	0	0%
Shares held by domestic natural persons	0	0%	0	0	0	0	0	0	0%
4. Shares held by foreign investors	0	0%	0	0	0	0	0		0%
Among which: Shares held by foreign corporation	0	0%	0	0	0	0	0	0	0%
Shares held by foreign natural persons	0	0%	0	0	0	0	0	0	0%
5. Share held by senior management staff	0	0%	0	0	0	0	0	0	0%
II. Shares not subject to trading moratorium	1,011,660,000	100%	0	0	0	0	0	1,011,660,000	100%
1. Renminbi 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. Overseas listed foreign shares	0	0%	0	0	0	0	0	0	0%
4. Other	0	0%	0	0	0	0	0	0	0%
III. Total amount of shares	1,011,660,000	100%	0	0	0	0	0	1,011,660,000	100%

Reason for the changes in share capital

Approval for changes in share capital

Applicable Inapplicable

Transfer for changes in share capital

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

Applicable Inapplicable

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

II. Issuance and listing of securities

1. Securities issued in the previous three years

Name of security and its derivative security	Issuing date	Issuing price (or interest rate)	Number of issuance	Listing date	Number approved for listing	Ending date of trade
Stock						
Convertible company bonds, bonds with attached warrant, company bonds						
Warrant						

Explanation on securities issuance over the past three years

The Company had not issued any stocks or derivative securities over the last three years up to the period-end

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

On 26 Mar. 2009, all shares of the Company were released from trading moratorium and listed for trade; and the total amount of share capital and the structure of shareholders remained unchanged during the reporting period.

3. Existent internal staffs' shares

Issuing date of internal staffs' shares	Issuing price of internal staffs' shares (Yuan)	Issuing amount of internal staffs' shares (share)
Explanation on the existent internal staffs' shares	The Company's internal staffs' shares has been approved to list for trade since 26 Aug. 1994, so now the Company has no internal staffs' shares.	

III. Shareholders and actual controller

1. Total number of shareholders and their shareholding

Unit: share

Total number of shareholders at the reporting period	84,411	Total number of shareholders on the fifth trading day before the disclosure date of the annual report	83,949					
Particulars about shares held by shareholders with a shareholding percentage over 5%								
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	Increase /decrease during the reporting period	Number of non-tradable shares held	Number of tradable shares held	Pledged or frozen shares	
							Status of shares	Number of shares
SHENZHEN INVESTMENT HOLDINGS CO., LTD	State-owned corporation	63.55%	642,884,262	0	0	0		
THE CUSTOMER CREDIT TRANSACTION GUARANTEE SECURITIES ACCOUNT OF GF SECURITIES CO., LTD.	Domestic non-state-owned corporation	0.37%	3,709,923	0	0	0		
The CUSTOMER	Domestic	0.35%	3,581,300	0	0	0		

CREDIT TRANSACTION GUARANTEE SECURITIES ACCOUNT OF CHINA SECURITIES CO., LTD.	non-state-owned corporation		64				
JING JIANJUN	Domestic natural person	0.17%	1,750,000	0	0	0	
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	0.16%	1,585,550	0	0	0	
THECUSTOMER CREDIT TRANSACTION GUARANTEE SECURITIES ACCOUNT OF CHANGJIANG SECURITIES CO., LTD.	Domestic non-state-owned corporation	0.13%	1,279,000	0	0	0	
XIAO JIANPING	Domestic natural person	0.12%	1,239,686	0	0	0	
WANG ZHONGMING	Domestic natural person	0.09%	1,095,808	0	0	0	
WU HAUYUAN	Foreign natural person	0.09%	1,092,100	0	0	0	
LIU YONGKUI	Domestic natural person	0.08%	944,100	0	0	0	
Strategic investor or general corporation becoming a top ten shareholder due to placing of new shares (if any)	Naught						
Explanation on associated relationship or/and persons acting in concert among the above-mentioned shareholders:	Naught						
Particulars about shares held by the top ten shareholders holding shares not subject to trading moratorium							
Name of shareholder	Number of tradable shares held at the year-end (Note 4)	Type of shares					
		Type	Number				
SHENZHEN INVESTMENT HOLDINGS CO., LTD	642,884,262	Renminbi ordinary shares	642,884,262				
THE CUSTOMER CREDIT TRANSACTION GUARANTEE SECURITIES ACCOUNT OF GF SECURITIES CO., LTD.	3,709,923	Renminbi ordinary shares	3,709,923				
THE CUSTOMER CREDIT TRANSACTION GUARANTEE SECURITIES ACCOUNT OF CHINA SECURITIES CO., LTD.	3,581,364	Renminbi ordinary shares	3,581,364				
JING JIANJUN	1,750,000	Renminbi ordinary shares	1,750,000				
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	1,585,550	Domestically listed foreign shares	1,585,550				
The CUSTOMER CREDIT TRANSACTION GUARANTEE SECURITIES ACCOUNT OF CHANGJIANG SECURITIES CO., LTD.	1,279,000	Renminbi ordinary shares	1,279,000				

XIAO JIANPING	1,239,686	Renminbi ordinary shares	1,239,686
WANG ZHONGMING	1,095,808	Domestically listed foreign shares	1,095,808
WU HAOYUAN	1,092,100	Domestically listed foreign shares	1,092,100
LIU YONGKUI	944,100	Renminbi ordinary shares	944,100
Explanation on associated relationship or/and persons acting in concert among the top ten tradable shareholders and between the top ten tradable shareholders and the top ten shareholders	Unknown		
Explanation on shareholders participating in the margin trading business (if any)	Naught		

2. Particulars about the controlling shareholder

Corporation

Name of controlling shareholder	Legal representative / company principal	Date of establishment	Organization code	Registered capital	Business scope
Shenzhen Investment Holdings Co., Ltd.	Fan Mingchun	Oct. 13, 2004	76756642-1	RMB 5.6 billion	Investment, operation and management of the wholly-owned, holding and shareholding state-owned equity by restructurings, operation of capital, disposals of assets and other measure; Real estate development and operation on lawful land; Policy investment and strategic investment required by Municipal SASAC; Guarantees for municipal state-owned enterprises; Other businesses authorized by Municipal SASAC.
Operating results, financial situation, cash flow and future development strategy, etc.	<p>As of 31 Dec. 2012, the Company's total assets was RMB 169.961 billion, the total liabilities was RMB 100.359 billion and the owners' equities was RMB 69.602 billion; the revenue of sales realized in 2012 was RMB 20.629 billion, the total amount of profits was RMB 6.898 billion and the net profits was RMB 5.451 billion, while the net cash flow from operating activities was RMB 1.514 billion (the above data has been audited).</p> <p>In the future, the Company will deeply implement the view of scientific development, speed up the transformation of economic development and closely surround its functional positioning, as well as reinforce the property right management, integration & reorganization, capital operation, strategic investment and business collaboration, so as to realize large increase of the main economic indices during the planning period; it will smoothly finish the investment and financing tasks handed over by the municipal government; it will actively conduct the investment on strategic emerging industry; it will realized the effective centralization of system resources towards the dominant enterprises in the fields of financial service, real estate, advanced manufacturing and strategic emerging industry, etc., so as to cultivate a groups of famous enterprises with core competitiveness and industrial influence; besides, it will substantially increase the assets securitization level, so as to increase the control and influence power of the state-owned capital.</p>				
Shares held by the	SWY (000011) : with a total of 380,366,000 shares held and shareholding proportion of 63.71% ;				

controlling shareholder in other listed companies by holding or shareholding during the reporting period	SSB (000019) : with a total of 40,143,600 shares held and shareholding proportion of 16%; SFZ (000045) : with a total of 182,611,500 shares held and shareholding proportion of 54.26%; ZGPA (601318) : with a total of 481,359,600 shares held and shareholding proportion of 6.08%; SZGJ (00152, listed on the main board of HongKong Stock Exchange): with a total of 7,955,216,800 shares held and shareholding proportion of 48.59%;
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Change of the controlling shareholder during the reporting period

Applicable Inapplicable

3. Particulars about the actual controller

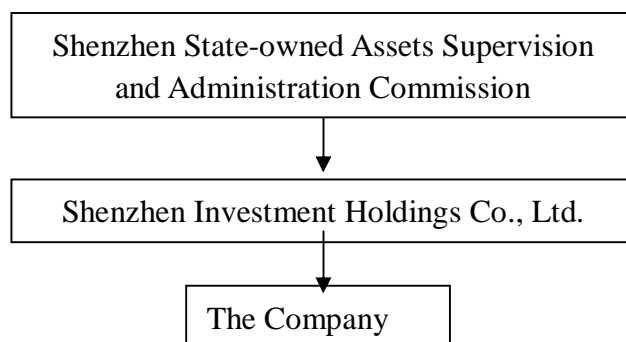
Corporation

Name of the actual controller	Legal representative / company principal	Date of establishment	Organization code	Registered capital	Business scope
Shenzhen State-owned Assets Supervision and Administration Commission	Zhang Xiaoli	1 Aug. 2004	K3172806-7		Perform the responsibilities of investor on behalf of the state, and supervise and manage the authorized state-owned assets legally.
Operating results, financial situation, cash flow and future development strategy, etc.	Shenzhen Municipal State-owned Assets Commission was established on 31 Jul. 2004, and changed its name as "Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Bureau" in 2009, and changed its name as "Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission". As the special organization directly under Shenzhen Municipal Government, it performs the responsibilities of investor on behalf of the state, and supervises and manages the authorized state-owned assets legally.				

Change of the actual controller during the reporting period

Applicable Inapplicable

The property right and controlling relationship between the Company and the actual controller are as follows:



The actual controller controls the Company via trust or other ways of asset management

Applicable Inapplicable

4. Particulars about other corporate shareholders' share holding over 10% of shares

Name of corporate shareholder	Legal representative / company principal	Date of establishment	Organization code	Registered capital	Business scope or management activities
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IV. Particulars on shareholding increase scheme during the reporting period proposed or implemented by the shareholders and act-in-concert persons

Name of shareholder / act-in-concert person	Amount of shares to be increased holding	Shares proportion to be increased (%)	Amount of shares actually held	Shares proportion increased actually (%)	Initial disclosure date of the shareholding increase scheme	Disclosure date for the completion of implementing the shareholding increase scheme
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Explanation on other situations:

Naught

Section VIII. Directors, Supervisors, Senior Management Staffs and Employees

I. Changes in shareholding of directors, supervisors and senior management staffs

Name	Office title	Tenure status	Sex	Age	Start date	Ending date	Shares held at the year-begin (share)	Amount of shares increased at the reporting period (share)	Amount of shares decreased at the reporting period (share)	Amount of shares held at the period-end (share)
Zhou Jianguo	Chairman of the Board	Current	Male	58	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Chen Maozheng	General Manager and Director	Current	Male	49	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Zhuang Quan	Supervisor	Current	Male	58	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Deng Kangcheng	Director	Current	Male	47	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Wen Li	Director	Current	Female	43	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Jiang Lihua	Director	Current	Female	49	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Zhang Lei	CFO and Director	Current	Male	45	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Zhou Hanjun	Independent Director	Current	Male	43	17 Apr. 2012	25 Feb. 2014	0	0	0	0
Liu Quanmin	Independent Director	Current	Male	49	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Song Botong	Independent Director	Current	Male	45	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Wang Xiuyan	Supervisor	Current	Female	51	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Li Yufei	Supervisor	Current	Female	35	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Xiong Xingnong	Supervisor	Current	Male	55	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Shi Chunrong	Supervisor	Current	Male	57	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Yang Jiayong	Vice General Manager	Current	Male	40	17 May 2012	16 May 2015	0	0	0	0
Teng Xianyou	Vice General Manager	Current	Male	56	17 May 2012	16 May 2015	0	0	0	0
Wei Hanping	Vice General Manager	Current	Female	47	28 Sept. 2012	16 May 2015	0	0	0	0
Chen Ji	Secretary to the Board	Current	Male	41	17 May 2012	16 May 2015	0	0	0	0
Xu Zhenhan	Supervisor	Former	Male	61	11 Feb. 2009	17 Apr. 2012	0	0	0	0

Feng Hongwei	Supervisor	Former	Male	42	11 Feb. 2009	17 Apr. 2012	0	0	0	0
Nie Liming	Vice General Manager	Former	Male	42	17 May 2012	30 Aug. 2012	0	0	0	0
Total	--	--	--	--	--	--	0	0	0	0

II. Post-holding situation

Main working experience of current directors, supervisors and senior management staffs over the past five years:

1. Zhou Jianguo: he was once the Vice GM of Shenzhen Investment Holdings Co., Ltd.. And he has been the Secretary of the Party Committee and Chairman of the Board of the Company since Feb. 2009.
2. Chen Maozheng: he once was the Vice GM, Vice Secretary of the Party Committee, Director GM of Shenzhen City Construction Development (Group) Co.. And he has been the Vice Secretary of the Party Committee and Director as well as GM of the Company since Oct. 2009.
3. Zhuang Quan: he once was the Vice GM of Shenzhen Shenfubao Group Co., Ltd.; Vice Chairman of the Supervisory Committee of Shenzhen Shenfubao Group Co., Ltd. and Shenzhen Shabao Group Co., Ltd.; Chairman of the Supervisory Committee of Shenzhen Shenfubao Group Co., Ltd. and Shenzhen Shabao Group Co., Ltd.; Chairman of the Supervisory Committee of Shenzhen Shenfubao Group Co., Ltd.. He has been the Chairman of the Supervisory Committee of the Company since Apr. 2012.
4. Deng Kangcheng: he was once deputy director, director of the Office of Shenzhen Investment Holdings Co., Ltd., and supervisor of the Company. And he has been director, Vice Secretary of CPC and Secretary in Discipline Inspection Committee of the Company since Feb. 2009.
5. Zhang Lei: he was once the Vice GM and GM of Guotou SAST Laser Co., Ltd., Deputy Chairman of Shenzhen Shenfei Technology Co., Ltd., and CFO and Secretary to the Board of SDIC ZHONGLU FRUIT Co., Ltd. And he has been the Director and CFO of the Company since Oct. 2010.
6. Zhou Hanjun: he once worked as auditor in Shenzhen East Sea Certified Public Accountants, partner of Shenzhen Guangxin Certified Public Accountants, and now he is the partner accountant of Asia (Group) Accounting Firm. And he has been the independent director of the Company since Feb. 2008.
7. Liu Quanmin: he ever worked as the full-time lawyer of Shaanxi Hengda Law Firm, and now he is the partner and licensed lawyer of Guangdong Shenyatai Law Firm. He has been the independent director of the Company since Oct. 2010.
8. Song Botong: he ever took posts of Deputy Chief of Civil Engineering Department in College of Architecture and Civil Engineering and Chairman of Labor Union of Shenzhen University. Now he acts as Secretary of CPC in College of Architecture and Civil Engineering of Shenzhen University, Standing Deputy Director of Research Center for Real Estate of Shenzhen University. He has been the Independent Director of the Company since Oct. 2010.
9. Wen Li: she once worked as the Vice Chief of the Investment and Development Department, Vice Director of Management Center for Construction Project of Shenzhen Investment Holdings Co., Ltd. And she has been the Director of the Company since Sept. 2006.
10. Jiang Lihua: she once was the Vice Manager, Manager and Vice Chief of the Finance Department of Shenzhen

Investment Holdings Co., Ltd.. And she has been acting as Director of the Company since Feb. 2009.

11. Wang Xiuyan: she once was the Audit Project Manager of the Audit Department of Shenzhen Investment Holdings Co., Ltd.. And she has been acting as Supervisor of the Company since Feb. 2009.

12. Xiong Xingnong: he once was the Secretary of the Supervisory Committee and Deputy Manager of Audit Supervisory Department of the Company. And he has been taking the post of Supervisor of the Company since Jun. 2004.

13. Shi Chunrong: he ever worked as the Director to Office for Discipline Supervision & Investigation, Manager of Property Operation Department, Director of work departments of the Party Committee and Discipline Inspection Commission in SPG. Now he acts as Vice Secretary of the Discipline Inspection Commission, Member of CPC Committee, Director of Party-Masses Work Department and Vice Chairman of Labor Union in the Company. He has been the Supervisor of the Company since Feb. 2009.

14. Li Yufei: she ever worked as the Assistant Manager of the Investment Department and Assistant Manager & Vice Manager of Assets Management Centre as well as Senior Management Staff of Enterprise Dept. I in Shenzhen Investment Holdings Co., Ltd.. And she has been the Supervisor of the Company since Apr. 2012.

15. Yang Jiayong: he ever took the posts of Director of the Office and Assistant GM of the Company; GM and Secretary of Party General Branch in Shenzhen SPG Tariff Free Trade Co., Ltd. Since Jul. 2006, he has been acting as the Deputy GM of the Company.

16. Teng Xianyou: he once was the Assistant GM and Vice GM of Shenzhen Tongge Group Co., Ltd., and concurrently as GM of Shenzhen Municipal Engineering Corp. And he has been Vice GM of the Company since Dec. 2009.

17. Wei Hanping: he ever worked as the Manager of the Leasing Operation Department in Shenzhen City Construction Development (Group) Co. and the Manager of Cost Control Department of the Company. And he has been the Vice GM of the Company since Sept. 2012.

18. Chen Ji: he once was the Director of the CPC Office of Shenzhen City Construction Investment Development Company. And he has been the Secretary to the Board and Director of the Secretariat of Board of the Company since Dec. 2002.

Post-holding in shareholders' units

√ Applicable □ Inapplicable

Name of the person holding any post in any shareholder's unit	Name of the shareholder's unit	Position in the shareholder's unit	Beginning date of office term	Ending date of office term	Receives payment from the shareholder's unit?
Wen Li	Shenzhen Investment Holdings Co., Ltd.	Vice Director of the Administration Centre for the Construction and Management Projects of Shenzhen Investment Holdings Co., Ltd.	1 Aug. 2011		Yes
Jiang Lihua	Shenzhen Investment Holdings Co., Ltd.	Vice Chief of the Financial Budget Department of Shenzhen Investment Holdings Co., Ltd.	1 Dec. 2007		Yes
Wang Xiuyan	Shenzhen Investment Holdings Co., Ltd.	Audit Manager of the Audit Department of Shenzhen Investment Holdings Co., Ltd.	1 Dec. 2007		Yes

Li Yufei	Shenzhen Investment Holdings Co., Ltd.	Senior Management Staff of Enterprise Dept. I of Shenzhen Investment Holdings Co., Ltd.	1 Dec. 2007		Yes
Notes to post-holding in shareholders' units	Naught				

Post-holding in other units

√Applicable □Inapplicable

Name of the person holding any post in other units	Name of other unit	Position in other unit	Beginning date of office term	Ending date of office term	Receives payment from other unit?
Zhou Hanjun	Asia (Group) Accounting Firm	Partner accountant	1 Mar. 2012		Yes
Liu Quanmin	Guangdong Shenyatai Law Firm	Partner lawyer of	1 Apr. 2007		Yes
Song Botong	College of Architecture and Civil Engineering of Shenzhen University	Secretary of CPC	1 Dec. 2010		Yes
Notes to post-holding in other units	Naught				

III. Remuneration for directors, supervisors and senior management staffs

Decision-making procedure, determining basis and actual payment for the remuneration of directors, supervisors and senior management staffs

Decision-making procedure for the remuneration of directors, supervisors and senior management staffs	It was executed according to the procedures stipulated in the Interim Measures for the Administration of Human Resources of the Company.
Determining basis for the remuneration of directors, supervisors and senior management staffs	Their remuneration was decided in accordance with the Interim Provisions of the Annual Salary System for Managers of the State-owned Enterprises in Shenzhen and spirit of relevant documents as well as the Interim Measures for the Administration of Human Resources of the Company. The Directors Jiang Lihua and Wen Li, and the Supervisor Wang Xiuyan and Li Yufei took posts in the shareholders' units without drawing remuneration from the Company. With review and approval of the Shareholders' General Meeting 2010 convened on 29 Jun. 2011, allowance for each independent director was adjusted to RMB 5,000 (tax included) per month since Jun. 2011. Besides, they received no other rewards from the Company.
Actual payment for the remuneration of directors, supervisors and senior management staffs	The Company paid their remuneration monthly according to relevant systems for remuneration management of the Company.

Remuneration of the directors, supervisors and senior management staffs of the Company during the reporting period

Name	Position	Sex	Age	Tenure status	Total remuneration gained from the Company (Yuan)	Total remuneration gained from shareholder's unit Yuan)	Actual remuneration at the period-end
Zhou Jianguo	Chairman of the Board	Male	58	Current	66.25		66.25
Chen Maozheng	General Manager and Director	Male	49	Current	71.93		71.93
Zhuang Quan	Supervisor	Male	58	Current	30.75		30.75
Deng Kangcheng	Director	Male	47	Current	54.22		54.22

Wen Li	Director	Female	43	Current			
Jiang Lihua	Director	Female	49	Current			
Zhang Lei	CFO and Director	Male	45	Current	40.00		40.00
Zhou Hanjun	Independent Director	Male	43	Current	6.00		6.00
Liu Quanmin	Independent Director	Male	49	Current	6.00		6.00
Song Botong	Independent Director	Male	45	Current	6.00		6.00
Wang Xiuyan	Supervisor	Female	51	Current			
Li Yufei	Supervisor	Female	35	Current			
Xiong Xingnong	Supervisor	Male	55	Current	29.80		29.80
Shi Chunrong	Supervisor	Male	57	Current	38.54		38.54
Yang Jiayong	Vice General Manager	Male	40	Current	54.22		54.22
Teng Xianyou	Vice General Manager	Male	56	Current	54.22		54.22
Wei Hanping	Vice General Manager	Female	47	Current	39.90		39.90
Chen Ji	Secretary to the Board	Male	41	Current	38.54		38.54
Xu Zhenhan	Supervisor	Male	61	Former	10.25		10.25
Feng Hongwei	Supervisor	Male	42	Former	37.17		37.17
Nie Liming	Vice General Manager	Male	42	Former	40.70		40.70
Total	--	--	--	--	624.49	0.00	624.49

Particulars about the equity incentives granted for the directors, supervisors and senior management of the Company

Applicable Inapplicable

IV. Changes in engagement and dismissal of Directors, Supervisors and Senior Management Staffs within the reporting period

Name	Position	Type	Date	Reason
Xu Zhenhan	Chairman of the Supervisory Committee	Left the office	17 Apr. 2012	Session change and retirement
Feng Hongwei	Supervisor	Dismissed	17 Apr. 2012	Session change
Nie Liming	Vice GM	Left the office	30 Aug. 2012	Resignation for personal reason

V. Particulars about changes in core technical team or key technicians during the reporting period (not directors, supervisors or senior management staffs)

During the reporting period, there were eleven staffs gaining promotion of positions, twenty five staffs reengaged, four staffs adjusted the positions within the same level, two staffs to be arranged, one staff engaged by demotion of positions and one staff dismissed for the Company through the internal assessment competitive selection. And it introduced a total of nine professional technicians in architectural design, accounting, civil engineering, law and etc., of which six persons with the education level above the bachelor degree and four persons with the professional title above the intermediate.

VI. Particulars about employers of the Company

Up to the end of 2012, the Company in total had 1,777 employees, of which 1,119 production personnel, 374 technicians, 65 sales personnel, 55 financial personnel and 64 administrative personnel. Among them, 163 employees are undergraduates or above, 206 personnel are holders of associate degree, 195 graduated from technical secondary school, 1,213 from senior high school or below. The Company had 398 retirees.

Section IX. Corporate Governance

I. Basic situation of corporate governance

In the reporting period, the Company strictly accorded with requirements of Company Law, Securities Law, Code of Corporate Governance of Listed Companies and other laws and statutes, continuously perfected its corporate governance, and standardized its operation. The actual situation of corporate governance was in line with the requirements of the relevant normative documents. The operating mechanism, of which the Board of Directors made decisions, the management team took execution, and the Supervisory Committee implemented supervision.

(I) Preparations and holding of shareholders' general meeting and disclosure of resolution of the meetings were normatively in line with Articles of Association and Rules for Procedure of the Shareholders' General Meeting; all shareholders were on an equal position and could fully exercise their legal rights.

(II) Directors and the Board of Directors: power of decision-making was exercised normatively; preparations, holding and disclosure of resolution of the Board sessions were normatively in line with the Articles of Association and Rules of Procedure for the Board of Directors; Special committees concerning strategy, audit, nomination, remuneration and appraisal under the Board can operate positively and effectively; all directors performed their obligations in an honest and diligence manner. In the reporting period, office term of the 6th board of directors has expired. According to rules of articles of association, the first temporary shareholders' general meeting in 2012 reviewed and approved the 7th board of directors on 17 April and the re-election was successfully completed.

(III) Supervisors and the Supervisory Committee: structure of the Supervisory Committee was reasonable. The Supervisory Committee conducted the supervision and inspection for the significant events of the Company strictly in accordance with the Rules for Procedure of the Supervisory Committee, and exercised its supervision right effectively and brought its supervision function into fully play. Office term of the 6th board of directors has expired. According to rules of articles of association, the first temporary shareholders' general meeting in 2012 reviewed and approved the 7th board of directors on 17 April and the re-election was successfully completed.

(IV) Manager level: the manager level of the Company was fully responsible for the production and management of the Company, other Senior Executives performed their obligations in an honest and diligence manner. The manager level of the Company implemented the resolution of the Board with efficient supervision and restriction. Considering the re-election of the board of directors, the management has been newly employed according to deliberations of the board of directors on 17 April and 17 May. On 12 July 2012, Mr. Nie Liming, Vice General Manager of the Company, submitted the resignation because of personal reasons. On 30 Aug. 2012, the 6th session of the 7th board of directors reviewed and approved that Mr. Nie Liming resigned from his post. According to nomination of General Manager, the 7th session of the 7th board of directors reviewed and approved that Ms. Wei Hanping was employed as the Vice General Manager of the Company.

(V) Revise of articles of association: during the reporting period, Articles of Association were revised two times:

1. On 29 March 2012, "Proposal on Revising Articles of Association" was reviewed and passed on the 16th session of the 6th board of directors and submitted on 17 April 2012 to the first temporary shareholders' general meeting in 2012 for approval. For details about "Amendment on Articles of Association" see announcement of resolution on the 16th session of the 6th board of directors published on Cninfo website(www.cninfo.com.cn).

2. on 13 Aug. 2012, "Proposal on Revising Articles of Association" was reviewed and passed on the 5th session of the 7th board of directors and submitted on 30 Aug. 2012 to the second temporary shareholders' general meeting in 2012 for approval. For details about "Amendment on Articles of

Association” see announcement of 14 Aug. 2012 on Cninfo website(www.cninfo.com.cn).

Whether there existed differences between corporate governance and relevant requirements of CSRC

Yes No

There existed no difference between corporate governance and relevant requirements of CSRC.

Progress of special activities of corporate governance, formulation and implementation of registration and management system of insiders

(I) Progress of special activities of corporate governance

1. In order to implement “Basic Standards for Internal Control” and relevant assorted guidelines, the Company officially started relevant work of enterprise internal control in April 2011 and employed Shenzhen Branch of Deloitte Touche Tohmatsu Certified Public Accountants(hereinafter referred to as Deloitte Touche Tohmatsu) as a consultancy of internal control construction, in accordance with the Notification on Doing a Good Job Related to Internal Control Regulation Pilot in Listed Companies of Shenzhen(SZJGSZ No.[2011]31) from Shenzhen Securities Regulatory Bureau. In the reporting period, construction of internal control, in conformity with relevant notifications of Shenzhen Securities Regulatory Bureau, was fluently carried out. According to basic standards, appraisal guidelines and other relevant laws and regulations, semi-annual and annual self-assessment of internal control has been conducted and finished (for details of self-assessment report on internal control see announcements published on Cninfo website www.cninfo.com.cn). The Company has already employed RSM China Certified Public Accountants (Special General Partnership) to conduct independent audit of internal control.

In the reporting period, the Company established internal control for business and events within appraisal scope,effectively implemented internal control and achieved the goals of internal control without any significant defect. From base date of assessment report on internal control to its issue date, there existed no significant change in internal control which exerted substantial effects on assessment results.

2. In the reporting period, in order to carry out “Notification on Well Handle Protection and Publicity Work for Investors of Listed Companies”(SZJGSZ No.[2012]60), further improve protection and publicity work for investors, promote protection and publicity, fulfill social obligations, lead investors to rational and long-term investment, feasibly guard legal rights and interests of investors and establish healthy investment culture. The Company, in conformity with requirements of the above notification, founded a leading group of protection and publicity for investors with Chairman of the Board of Directors as the head and established an office for protection and publicity work to be responsible for the specific implementation of protection and publicity work for investors of listed companies. When carrying out such activities, the Company formulated “Plan on Protection and Publicity Work for Investors” and conveyed the relevant documents to controlling shareholders, directors, supervisors, senior executives and employers from relevant departments and important positions with various methods and channels such as corporate website, integrated information system of EAS, emails, publicity posters; at the same time, the Company would change the edition of website and improved interactive function of the column of “relationship with investors” in order to strengthen communication with medium-sized and small investors.

(II) The formulation and implementation of registration and management system of insiders further standardized management of inside information, behavior of selling and buying shares of the Company by insiders. According to “Company Laws”, “Securities Laws”, “Registration and Management Regulation of Insiders of Listed Companies”from CSRC and “Rules of Listing Shares in Shenzhen Stock Exchange”, “Management Rules for Insiders”was reviewed and passed by the board of directors of the Company on 28 Oct. 2009. In the reporting period, the Company, in accordance with relevant laws, regulations and Articles of Association, conducted disclosure of

information authentically, accurately, completely, timely and fairly. The controlling shareholder of the Company, Shenzhen Investment Holdings Co., Ltd., is under direct control of Shenzhen SASAC. According to relevant requirements of Shenzhen State-owned Assets Supervision and Administration Commission, the Company need send bulletins and attached lists about monthly financial indicators to controlling shareholders. The Company has already conducted registration and reports in line with requirements of Shenzhen Securities Regulatory Bureau and Shenzhen Stock Exchange.

II. Particulars about annual shareholders' general meetings and temporary shareholders' general meetings in the reporting period

1. Particulars about annual shareholders' general meetings in the reporting period

Meeting	Date of holding the meeting	Name of proposal passing on the meeting	Resolution	Date of disclosure	Index for disclosure
2011 annual shareholders' general meeting	17 May 2012	2011 Annual Work Report of the Board of Directors, 2011 Annual Work Report of the Supervisory Committee, 2011 Annual Plan on Profit Distribution, 2011 Annual Report, Work Report of Independent Directors, 2012 Annual Plan of Financial Budget, Proposal on continuing recruiting accounting firm	approval	18 May 2012	Announcement on resolution of 2011 annual shareholders' general meeting (Cninfo website) www.cninfo.com.cn

2. Particulars about temporary shareholders' general meetings in the reporting period

Meeting	Date of holding the meeting	Name of proposal passing on the meeting	Resolution	Date of disclosure	Index for disclosure
The first temporary shareholders' general meeting in 2012	17 April 2012	Proposal on Revising Articles of Association, Proposal on Changing Session the Board of Directors, Proposal on Providing Loans and Mortgage Guarantee for Shenzhen Zhen Tong Engineering Co., Ltd., Proposal on Providing Credit Guarantee for Letter of Guarantee Paid by Contracting Project of Shang Lin Garden Project of ShenZhen Special Economic Zone Real Estate&Properties (Group).co., td.	Approval	18 April 2012	Announcement on resolution of the first temporary shareholders' general meeting in 2012 (Cninfo website) www.cninfo.com.cn
The second temporary shareholders' general	30 Aug. 2012	Proposal on Revising Articles of Association,	Approval	31 Aug. 2012	Announcement on resolution of the second temporary

meeting in 2012		Proposal on Employing Accounting Firm of Internal Control Audit.			shareholders' general meeting in 2012 (Cninfo website) www.cninfo.com.cn
The third temporary shareholders' general meeting in 2012	7 Dec. 2012	Proposal on Changing Accounting Firm of Annual Financial Audit and Internal Control Audit	Approval	8 Dec. 2012	Announcement on resolution of the third temporary shareholders' general meeting in 2012 (Cninfo website) www.cninfo.com.cn

III. Duty performance of independent directors during the reporting period

1. Attendance of independent directors in board meetings and shareholders' general meeting

Attendance of independent directors in board meetings						
Name of independent director	Number of meetings independent directors are supposed to attend during the reporting period	Number of meetings attended on the spot	Number of meetings attended in the means of communication	Number of meetings attended by mandatory	Number of meetings skipped from	Whether being absent from meetings in person two times in succession
Zhou Hanjun	12	5	7	0	0	No
Liu Quanmin	12	5	7	0	0	No
Song Botong	12	5	7	0	0	No
Number of shareholders' general meetings independent directors need attend	4					

Explanations about reasons of being absent from the board meetings in person two times in succession

2. Particulars about objections to relevant events of the Company raised by independent directors

Whether independent directors raised objections to relevant events of the Company

Yes No

In the reporting period, independent directors raised no objection to relevant events of the Company.

3. Other explanations about duty performance of independent directors

Whether advices about the Company raised by independent directors were adopted

Yes No

Explanations about whether advices about the Company raised by independent directors were adopted

Non-applicable

IV. Duty performance of special committees affiliated to the board of directors during the reporting period

(I) Duty performance of the Audit Committee under the board of directors

During the reporting period, the Audit Committee reviewed on the Company's following issues: Arrangement on the Annual Audit Work, Periodic Financial Report, Profit Distribution Plan, Engagement of CPAs Firm, Written Submission of the Administration on CPAs Firm, Construction of Internal Control, Fund Transfer Between Listed Companies and Related Parties and Guarantee Events, etc.. Besides, it also kept full and necessary communication with the annual auditors of the Company.

Upon the start of the audit for the 2012 Annual Report, the Audit Committee actively promoted the progress of the audit work and conducted communication with the CPAs firm to determine the arrangements for the audit. During the reporting period, the Audit Committee has convened three sessions, reviewed the Company's 2012 financial statements for two times and the preliminary auditing result issued by the annual auditors of the Company, as well as issued their opinions after the review. The Audit Committee made the summary for the 2012 annual audit work as followings:

1. Review opinions issued concerning the Company's 2011 Annual Financial Report

Based on their professional knowledge and experience, the members of Audit Committee reviewed the 2011 Annual Financial Report prepared by the Company. In the reporting period, according to relevant regulations of CSRC, the Audit Committee issued two review opinions on the annual report.

After finishing formulating annual financial statements, the Audit Committee of the board of directors carried out meticulous review. And the Audit Committee was of the opinion that: According to the New Accounting Standards for Business Enterprises, the Company chose and applied a proper accounting policy, with reasonable accounting estimates. The Company always adopted a prudent attitude towards the changes of the accounting policy and estimates, with no such cases as manipulating the changes of the accounting policy and estimates to adjust the profits. And the financial report prepared by the Company was factual and reliable with complete contents.

After the preliminary audit opinion had been issued by the registered accountants on the Company's 2012 Financial Report, the Audit Committee reviewed, for a second time, the financial report and conducted discussions with the registered accountants. And they were of the same opinion that the 2012 Financial Report prepared by RSM China Certified Public Accountants (Special General Partnership) for the Company was in accordance with the requirements of the accounting standards for business enterprises, factually and completely presenting the Company's operating results and cash flows in 2012 and its financial position as at 31 Dec. 2012 in all major aspects.

2. The Committee's supervising and urging the audit work of the CPAs firm

Before the audit, the Audit Committee formulated a comprehensive plan for the annual audit by discussing and determining the scope and the schedule for the audit report with the existing CPAs firm. Upon the presence of the audit team, the Committee communicated with the person in charge of the audit project, learnt about the audit progress and the accountant's concerns, and timely offered the feedback to relevant departments of the Company, so as to make sure the progress of the annual audit and information disclosure in accordance with the set plan.

3. Summary report on the 2012 annual audit conducted by RSM China Certified Public Accountants (Special General Partnership)

In accordance with stipulations on relevant work for 2012 annual report by CSRC and Shenzhen Stock Exchange, the Company's Audit Committee summarized the 2010 annual audit conducted by RSM China Certified Public Accountants (Special General Partnership) (hereinafter referred to as "RSM China") as follows:

Considering that the Company employed RSM China as the audit institution of financial audit and internal control audit, the financial audit and internal control audit would be conducted synchronously.

(1) Preparation before the audit

① Formulation of the audit plan

The 2012 annual audit lasted from 5 Nov. 2012 to 29 March 2013 as schedule.

Of which, the pre-audit and internal test lasted from 5 Nov. 2012 to 31 Jan. 2013; the substantial

test lasted from 31 Jan. 2012 to 28 Feb. 2013; the compilation of audit report, its re-check in CPAs firm and formulation of first draft lasted from 1 Mar. 2012 to 15 Mar. 2012.

② Review of the financial statements

Before the presence of the registered accountants for the annual audit, the Audit Committee carefully reviewed the financial statements prepared by the Company and formed the relevant written opinion.

(2) Audit process

From 5 Nov. 2012, the audit team from RSM China conducted a thorough audit on the Company and its subsidiaries. During the audit process, the Audit Committee, for several times, urged RSM China to closely follow the audit schedule and finish the audit on time. RSM China submitted to the Audit Committee the first draft of the Audit Report of the 2012 Annual Report on 17 March 2013, issued preliminary audit opinions on financial accounting statements and internal control assessment. The Audit Committee reviewed again the financial accounting statements and assessment report on internal control after conducting preliminary audit and held the opinion that: the above statements factually, accurately, completely demonstrated financial status and operation results of the Company up to 31 Dec. 2012, and they approved the formation of 2012 Annual Report and Abstract on the basis of the above statements; the above assessment report on internal control factually, accurately, completely demonstrated construction results of internal control of the Company up to 31 Dec. 2012, and they approved the formation of assessment report on internal control and audit report on internal control on the basis of the above report. On 28 March 2013, the final version of audit report was issued. And this marked the end of the site audit conducted by RSM China on the Company's 2011 financial report.

(3) Audit results

RSM China issued the standard unqualified 2011 Annual Audit Report to the Company. And the Audit Committee was of the opinion that RSM China Certified Public Accountants (Special General Partnership) excellently accomplished the audit of the Company's 2011 Annual Financial Report.

4. In the reporting period, because of the merger of Shenzhen Branch of China Audit International Certified Public Accountants Ltd. and RSM China Certified Public Accountants (Special General Partnership), the Audit Committee conducted a research and formed a resolution in respect of employing RSM China Certified Public Accountants (Special General Partnership) as accounting firm of annual financial audit and internal control audit; agreed that this change was submitted to shareholders' general meeting for approval after being reviewed by the board of directors.

(II) Duty performance of Nomination Committee under the Board of Directors

In the reporting period, the office term of the 6th board of directors expired. The Nomination Committee examined the qualifications of candidates of the 7th board of directors and widely collected opinions; agreed that candidates of the 7th board of directors are submitted to the board of directors and shareholders' general meeting for deliberation; examined the qualifications of candidates of Vice General Manager, CFO and Secretary of the Board of Directors of the Company and widely collected opinions; agreed to submit the above candidates to the board of directors for deliberation.

(III) Duty performance of Remuneration and Appraisal Committee under the Board of Directors

The Remuneration and Appraisal Committee under the Board carefully examined the annual remuneration of the Company's directors, supervisors and senior executives disclosed in the 2012 Annual Report. And it was of the opinion that: the decision-making procedure concerning the remuneration of the directors, supervisors and senior executives was in line with relevant regulations; the standards for remuneration paid to the Company's directors, supervisors and senior executives complied with the remuneration system; and the remuneration disclosed in the 2012 Annual Report was factual and accurate.

V. Particulars about work of the supervisory committee

Whether there existed risks in the Company according to supervision of the supervisory committee during the reporting period

Yes No

The supervisory committee held no objection to matters under supervision during the reporting period.

VI. Independence of the Company from the controlling shareholders in business, personnel, assets, organization and financing of the Company

(I) In respect of business, the Company possessed independent production, supply and sales system;

(II) In respect of personnel, the Company was absolutely independent in management of labor, personnel and salaries from the controlling shareholders. All the senior executives of the Company took no office title concurrently and drew no remunerations from the Shareholder Company.

(III) In respect of assets, the Company possessed independent and integrated assets and the property of the Company is transparent.

(IV) In respect of organization, the Board of Directors and the Supervisory Committee operated independently. There existed no superior-inferior relationship between the controlling shareholder and its function department and the Company.

(V) In respect of finance, the Company has independent financial department, independently accounted and paid taxes according to the law. The Company established a complete accounting system, financial accounting system and financial administrative systems. The Company opened independent bank accounts.

VII. Particulars about horizontal competition

There objectively existed operation in the same business between the Company and Shenzhen Properties & Resources Development(Group) Ltd. (hereinafter referred to "Properties Group"), but substantial competition was never formed. Properties Group and our company were both founded under the leadership of government in order to meet the need of constructing Shenzhen Special Economic Zone. Controlling shareholder of the Company— Shenzhen Investment Holdings Co., Ltd. is independent corporate enterprise wholly owned by Shenzhen SASRC, executed shareholder's rights to listed companies in conformity with laws; it was able to ensure the independence of listed companies in respect of corporate governance such as decision-making, execution, supervision; there did not exist such situations as occupying funds of listed companies that damaged interests of our company and medium and small shareholders. On 11 Oct. 2010, Shenzhen Investment Holdings Co., Ltd., according to requirements of Shenzhen Stock Exchange, officially submitted "Statements and Commitments" in which it explicitly promised 10 items about ensuring the legal and independent operation of listed companies. The Company, in strict accordance with requirements of normative governance of listed companies, formulated and perfected Articles of Association and a series of systems in financing, audit, human resource, development and sale; standardized corporate governance, independently and legally operated and basically avoided horizontal competition with controlling shareholders, actual controller and enterprises they belong to.

VIII. Particulars about appraisal and incentive for senior executives

In the reporting period, the Company successfully conducted change of sessions of the board of directors, the supervisory committee and the management. The management was examined, appraised and employed by the board of directors; in the means of open competition, the board of directors chose and recruited a Vice General Manager inside the Company. The Company executed annual salary system for senior executives, and did not implement stock incentive plan.

Section X. Internal Control

I. Construction of internal control

The Company, according to Notification on Doing a Good Job Related to Internal Control Regulation Pilot in Listed Companies(Letter No.[2011]31) from listing department of CSRC, and Notification on Doing a Good Job Related to Internal Control Regulation Pilot in Listed Companies of Shenzhen (Letter No.[2011]31) from Shenzhen Securities Regulatory Bureau, established internal control system on the basis of “Work Plan on Implementing Internal Control Regulation”. The board of directors is the highest decision-making institution and the final people in charge of internal control appraisal; supervises the effective implementation and self-appraisal of internal control; coordinate internal control audit. Leading group of internal control affiliated to the board of directors is responsible for construction and appraisal of internal control. Internal control construction office specifically organizes and implements internal control work under the guideline of leading group and the specific appraisal of internal control is conducted by appraisal group of internal control. Leading group is the decision-making unit of internal control appraisal while internal control construction office is the management unit of internal control appraisal. The report process of internal control appraisal: appraisal group of internal control → internal control construction office → leading group of internal control → the board of directors.

The Company employed Shenzhen Branch of Deloitte Touche Tohmatsu Certified Public Accountants which provided consultancy about internal control and assisted the Company in internal control assessment and also employed RSM China Certified Public Accountants which conducted independent audit of internal control.

II. Statement on the Responsibility for Internal Control from the Board of Directors

The Board of Directors and all its directors hereby ensure that this announcement contains no false information, misleading statement or material omission, and shall be jointly and severally liable for the factuality, accuracy and completeness of the information carried in this announcement.

Establishing, perfecting and effectively conducting internal control is the liability of the Board of Directors; establishment and implementation of internal control conducted by the Board is under the supervision of the supervisory committee; the management is responsible for organizing and guiding daily operation of internal control.

The goals of the Company’s internal control: focus on the key business scope of the Company, improve core business process, reasonably guarantee the legality and compliance of the Company’s operating management, safety of assets, authenticity and completeness of financial report and relevant information; at the same time, continuously improve efficiency of internal control design and operation, totally improve management level of internal control to lay a solid foundation for the development strategy of the Company. Because of the inherent limit of internal control, the above goals only could be provided reasonable guarantee.

III. Basis of establishing internal control of financial statements

The Company, according to basic standards and mating guidelines jointly issued by five ministries and commissions including ministry of finance, “Guidelines of Normative Operation of Listed Companies” issued by Shenzhen Stock Exchange and requirements of Notification on Doing a Good Job Related to Internal Control Regulation Pilot in Listed Companies of Shenzhen from Shenzhen Securities Regulatory Bureau of CSRC (hereinafter referred to as “SZSRB”), conducted relevant work of internal control. On the basis of regular supervision and special supervision to internal control, the Company appraised the design and efficiency of internal control of the Company up to 31 Dec. 2012.

IV. Self-assessment report of internal control

Specific details about significant defects of internal control during the reporting period found in self-assessment report of internal control	
During the reporting period, no significant defect of internal control was found.	
Disclosure date of whole article of self-assessment report of internal control	30 March 2013
Index for disclosure of whole article of self-assessment report of internal control	Cninfo website (www.cninfo.com.cn) "Self-assessment Report of Internal Control"

V. Audit report of internal control

Applicable Non-applicable

Audit opinion in audit report of internal control	
We believe, Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd. maintained effective internal control of financial statements in all significant aspects on 31 Dec. 2012 in accordance with Basic Standards for Internal Control and relevant regulations.	
Disclosure date of whole article of audit report of internal control	30 March 2013
Index for disclosure of whole article of audit report of internal control	Cninfo website (www.cninfo.com.cn) "Audit Report of Internal Control"

Whether the accounting firm issued non-standard audit report of internal control

Yes No

Whether audit report of internal control issued by accounting firm was consistent with self-assessment report of the board of directors

Yes No

VI. Establishment and implementation of institution of clarifying responsibility for major mistakes in annual report

In order to further improve corporate governance and standardize corporate management, the Company reviewed and passed Institution of Clarifying responsibility for major mistakes in information disclosure of annual report in the 5th session of the 6th board of directors on 19 April 2010 and strictly implemented the institution.

During the reporting period, there existed no major mistake of information disclosure of annual report.

Section XI. Financial Statements

I. Audit report

Type of audit opinion	Standard unqualified audit opinion
Date of signing audit report	28 March 2013
Name of audit institution	RSM China Certified Public Accountants (Special General Partnership)
Reference number of audit report	RSM China SZ [2013] No. 3802

Main body of audit reports

To The Board of Directors of SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) CO. Ltd.:

We have audited the accompanying financial statements of SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) CO. Ltd. and its subsidiaries (hereinafter shall be referred as “the Group”) consisting of consolidated balance sheet as at December 31, 2012, and the consolidated income statement, cash flow statement and consolidated statement of change in owner’s equity for the year then ended, and the notes to financial statements.

Management’s responsibility for the financial statements

It is the responsibility of the Group’s management to prepare and present fairly the financial statements. These responsibilities includes: (a) prepare the financial statement in conformity with the requirements of Accounting Standards Business Enterprises, the Accounting Regulations Business Enterprises and make true and fair presentation;(b) design, perform and maintain the internal control related to the financial statements to ensure that these financial statements are free of material misstatement, whether caused by fraud or errors.

Auditors’ responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with relevant rules in the Chinese Auditing Standards for the Certified Public Accountants. Those standards require that we follow the Standards of China CPA’s Professional Ethics, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing audit process to obtain evidence supporting the amounts and disclosures in the financial statements. Auditing procedures are based on the CPAs’ judgment, including assessing the risk of material misstatement caused by accounting fraud or errors. When

assessing the risk, we consider the internal control related to the preparation of financial statements in order to select the proper auditing process. An audit also includes assessing the accounting principles used and significant estimates made by the Group, as well as evaluating the overall financial statements presentation.

We believe that the evidence we obtained are appropriate and our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements of the Group present fairly, in all material respects, the Company's and its subsidiaries' financial position as of December 31, 2012 and the company's results of operation and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

RSM China Certified Public
Accountants

Certified Public Accountant

Beijing, China

Certified Public Accountant

March 28, 2013

Consolidated Balance Sheet

As of 31 December 2012

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

Currency: RMB Yuan

Item	Note	Closing balance	Opening balance
Current Assets:			
Monetary funds	7.1	496,805,905.01	333,469,243.72
Account receivables	7.2	24,413,187.02	19,139,800.22
Prepayments	7.3	39,677,550.07	40,460,834.76
Interest receivable	7.4	--	341,000.00
Dividends receivable	7.5	1,052,192.76	--
Other receivables	7.6	56,894,335.01	46,087,935.04
Inventories	7.7	2,431,754,464.54	2,132,760,206.58
Non-current asset due within one year		--	--
Other current assets	7.8	7,780,460.78	14,453,433.68
Total current assets		3,058,378,095.19	2,586,712,454.00
Non-current assets			
Long-term equity investments	7.9	75,225,969.30	63,346,188.26
Investment properties	7.10	487,373,443.43	508,001,693.51
Fixed assets	7.11	63,204,808.66	60,918,611.65
Intangible assets	7.12	5,866,106.75	6,196,086.71
Long-term deferred assets	7.13	427,321.35	591,264.09
Deferred tax assets	7.14	19,881,649.62	20,403,232.83
Other non-current assets	7.15	2,413,434.00	4,410,948.69
Total non-current assets		654,392,733.11	663,868,025.74
TOTAL ASSETS		3,712,770,828.30	3,250,580,479.74

(The Notes form part of these financial statemtentns)

Consolidated Balance Sheet

As at 31 December 2012

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

Currency: RMB Yuan

Item	Note	Closing balance	Opening balance
Current liabilities:			
Short-term loans	7.18	96,000,000.00	20,000,000.00
Accounts payable	7.19	72,660,833.60	109,202,474.18
Deferral	7.20	407,194,198.80	258,976,095.57
Employee benefits payable	7.21	36,675,028.18	36,389,941.35
Taxes payable	7.22	19,958,153.14	17,423,077.33
Interest payables	7.23	18,395,916.84	16,535,277.94
Other payables	7.24	394,741,726.29	384,721,231.13
Non-current liabilities due within one year	7.25	299,261,270.80	697,095,738.47
Total current liabilities		1,344,887,127.65	1,540,343,835.97
Non-current liabilities:			
Long-term loans	7.26	849,636,078.25	299,621,374.64
Long-term payables	7.27	11,136,124.62	10,308,648.22
Total non-current liabilities		860,772,202.87	309,930,022.86
Total liabilities		2,205,659,330.52	1,850,273,858.83
Owners' equity:			
Share capital	7.28	1,011,660,000.00	1,011,660,000.00
Capital reserve	7.29	978,244,858.10	978,244,858.10
Less: treasury shares		--	--
Surplus reserve	7.30	4,974,391.15	4,974,391.15
Undistributed profit	7.31	-369,154,405.36	-475,968,948.89
Foreign exchange translation difference		9,651,254.84	9,686,235.77
Total owners' equity attributable to parent company		1,635,376,098.73	1,528,596,536.13
Minority interests		-128,264,600.95	-128,289,915.22
Total owners' equity		1,507,111,497.78	1,400,306,620.91
Total liabilities and owners' equity		3,712,770,828.30	3,250,580,479.74

(The Notes form part of these financial statements)

Legal representative: Person in charge of accounting: Person in charge of accounting organ:

Consolidated Income Statement

For the Year Ended 31 December 2012

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

Currency: RMB Yuan

Item	Note	Amount for the current period	Amount for the prior period
I .Total operating income	7.32	1,030,148,729.47	1,026,396,104.51
Including: Operating income	7.32	1,030,148,729.47	1,026,396,104.51
II .Total operating Costs		893,705,121.28	895,471,186.18
Including: Operating costs	7.32	701,303,623.08	686,227,987.41
Business tax and surcharge	7.33	100,203,153.09	116,349,200.67
Selling expenses	7.34	27,540,513.15	10,827,928.83
Administrative expense	7.35	68,115,069.18	65,127,791.16
Financial expense	7.36	2,682,762.78	16,856,041.31
Impairment losses of assets	7.37	-6,140,000.00	82,236.80
Add: Gains from changes in fair value ("-" means loss)		--	19,993.75
Investment income ("-" means loss)	7.38	1,533,086.71	-14,426.70
Including: Investment income from associates and joint venture	7.38	-120,218.96	-5,622.11
III.Operating profit ("-" means loss)		137,976,694.90	130,930,485.38
Add: Non-operating income	7.39	80,194.63	2,556,683.36
Less: Non-operating expenses	7.40	798,994.92	208,353.64
Including: Loss on disposal of non-current assets	7.40	616,113.66	63,859.29
IV.Total profit ("-" means loss)		137,257,894.61	133,278,815.10
Less: Income tax expenses	7.41	30,403,044.98	32,079,530.68
V .Net profit ("-" means loss)		106,854,849.63	101,199,284.42
Net attributable to owners of parent company		106,814,543.53	101,200,060.65
Minority interests		40,306.10	-776.23
VI.Earnings per share			
Basic Earnings per share	7.42	0.1056	0.1000
Diluted Earnings per share	7.42	0.1056	0.1000
VII.Other comprehensive income	7.43	-49,972.76	-679,135.07
VIII.Total comprehensive income		106,804,876.87	100,520,149.35
Total comprehensive income attributable to owners of parent company		106,779,562.60	100,724,666.10
Total comprehensive income attributable to minority interests		25,314.27	-204,516.75

As to business combination involving entities under common control during the current period, the net profit realized by the merged parties is RMB 0.00 before it is merged.

(The Notes form part of these financial statements)

Legal representative: Person in charge of accounting: Person in charge of accounting organ:

Consolidated Cash Flow Statement

For the Year Ended 31 December 2012

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

Currency: RMB Yuan

Items	Note	Amount for the current period	Amount for the prior period
I . Cash Flow from Operating Activities:			
Cash received from sales of goods or rendering of services		1,151,245,849.81	872,349,021.78
Refund of taxes and levies		--	--
Cash received relating to other operating activities	7.44.(1)	39,178,728.60	54,939,156.67
Sub-total of Cash Inflows		1,190,424,578.41	927,288,178.45
Cash paid for goods and services		856,071,436.09	503,631,872.84
Cash paid to and on behalf of employees		115,682,666.59	114,301,007.98
Cash paid on taxes and levies		110,848,103.90	119,601,221.83
Cash paid relating to other operating activities	7.44.(2)	80,412,552.30	74,599,285.39
Sub-total of Cash Outflows		1,163,014,758.88	812,133,388.04
Net Cash Flows from Operating Activities		27,409,819.53	115,154,790.41
II . Cash Flows from Investing Activities:			
Cash received from return of investments		--	238,502.40
Cash received investing income		601,112.91	75,000.00
Net cash received from disposal of fixed assets, intangible assets and other long assets"		87,170.00	100,780.00
Net cash flows from disposal subsidiary and other operating unite		--	--
Other cash received relating to investing activities		--	--
Sub-total of Cash Inflows		688,282.91	414,282.40
Cash paid to acquire fixed assets, intangible assets and other long assets		6,682,841.12	7,781,085.87
Cash paid on investments		12,000,000.00	193,200.00
Net cash paid on obtain subsidiary and other operating unite		--	--
Cash paid on other investing activities		--	--
Sub-total of Cash Outflows		18,682,841.12	7,974,285.87
Net Cash Flows from Investing Activities		-17,994,558.21	-7,560,003.47
III. Cash flow from Financing Activities			
Cash received from investments		--	--
Including: Cash received from investments by minority interests of subsidiaries		--	--
Cash received from borrowing		1,036,000,000.00	20,000,000.00
Cash received from issuing bonds		--	--
Sub-total of Cash Inflows		1,036,000,000.00	20,000,000.00
Cash repayments on borrowed amounts		808,292,761.31	104,671,112.24
Cash payments for distribution of dividends or profits		73,616,362.45	65,338,379.25
Including: Dividends or profit paid to minority interests of subsidiaries		--	--
Cash payments on other financing activities	7.44.(3)	25,000,000.00	2,000,000.00
Sub-total of cash Outflows		906,909,123.76	172,009,491.49
Net cash flows from financing activities		129,090,876.24	-152,009,491.49
IV. Effect of foreign exchange rate on cash		240,379.35	-1,876,921.97
V . Net increase in cash and cash equivalents		138,746,516.91	-46,291,626.52
Add: cash equivalents at the beginning of the period		324,967,185.86	371,258,812.38
VI. Cash equivalents at the end of the period	7.45.(2)	463,713,702.77	324,967,185.86

(The Notes form part of these financial statements)

Legal representative: _____ Person in charge of accounting: _____ Person in charge of accounting organ: _____

CONSOLIDATED STATEMENT OF CHANGE IN OWNER'S EQUITY

For the Year Ended 31 December 2012

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

Currency: RMB Yuan

Items	Attribute to the equity of parent company							Minority interests	Total owners' equity
	Share capital	Capital reserve	Less: Treasury shares	Special reserve	Surplus reserve	Undistributed profit	Others		
1. Balance at the End of Last Period	1,011,660,000.00	978,244,858.10	--	--	4,974,391.15	-475,968,948.89	9,686,235.77	-128,289,915.22	1,400,306,620.91
Add: Changes of accounting policies	--	--	--	--	--	--	--	--	--
Prior year adjustments	--	--	--	--	--	--	--	--	--
Others	--	--	--	--	--	--	--	--	--
2. Balance at the Beginning of the Year	1,011,660,000.00	978,244,858.10	--	--	4,974,391.15	-475,968,948.89	9,686,235.77	-128,289,915.22	1,400,306,620.91
3. Increase/Decrease movements in this Year ("-" means loss)	--	--	--	--	--	106,814,543.53	-34,980.93	25,314.27	106,804,876.87
(I) Net Profit	--	--	--	--	--	106,814,543.53	--	40,306.10	106,854,849.63
(II) Gain/Loss to Owners' Equity Directly	--	--	--	--	--	--	-34,980.93	-14,991.83	-49,972.76
Subtotal of (I) and (II)	--	--	--	--	--	106,814,543.53	-34,980.93	25,314.27	106,804,876.87
(III) Capital Injected and Reduced by Owners	--	--	--	--	--	--	--	--	--
a. Capital injected by owners	--	--	--	--	--	--	--	--	--
b. Payment for shares included in owners' equity	--	--	--	--	--	--	--	--	--
c. Others	--	--	--	--	--	--	--	--	--
(IV) Profit Distribution	--	--	--	--	--	--	--	--	--
a. Withdraws of surplus reserve	--	--	--	--	--	--	--	--	--
b. Distribution to owners (or shareholders)	--	--	--	--	--	--	--	--	--
c. Others	--	--	--	--	--	--	--	--	--
(V) Internal transfers of owners' equity	--	--	--	--	--	--	--	--	--
a. Capitalisation of Additional share capital; (or share capital)	--	--	--	--	--	--	--	--	--
b. Capitalization of surplus reserve (or share capital)	--	--	--	--	--	--	--	--	--
c. Making up losses of surplus reserve	--	--	--	--	--	--	--	--	--
d. Others	--	--	--	--	--	--	--	--	--
(VI) Special Reserve	--	--	--	--	--	--	--	--	--
a. Withdrawal of special reserve	--	--	--	--	--	--	--	--	--
b. Use of special reserve	--	--	--	--	--	--	--	--	--
(VII) Others	--	--	--	--	--	--	--	--	--
4. Balance at the end of the period	1,011,660,000.00	978,244,858.10	--	--	4,974,391.15	-369,154,405.36	9,651,254.84	-128,264,600.95	1,507,111,497.78

(The Notes form part of these financial statements)

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

CONSOLIDATED STATEMENT OF CHANGES IN OWNER'S EQUITY

For the Year Ended 31 December 2011

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

Currency: RMB Yuan

Items	Attributable to equity holders of the Company							Minority interests	Total owners' equity
	Share capital	Capital reserve	Less: Treasury shares	Special reserve	Surplus reserve	Undistributed profit	Others		
1. Balance at the End of Last Period	1,011,660,000.00	978,244,858.10	--	--	4,974,391.15	-577,169,009.54	10,161,630.32	-128,085,398.47	1,299,786,471.56
Add: Changes of accounting policies	--	--	--	--	--	--	--	--	--
Prior year adjustments	--	--	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--	--	--
2. Balance at the Beginning of the Year	1,011,660,000.00	978,244,858.10	--	--	4,974,391.15	-577,169,009.54	10,161,630.32	-128,085,398.47	1,299,786,471.56
3. Increase/Decrease movements in this Year ("-" means loss)	--	--	--	--	--	101,200,060.65	-475,394.55	-204,516.75	100,520,149.35
(I) Net Profit	--	--	--	--	--	101,200,060.65	--	-776.23	101,199,284.42
(II) Gain/Loss to Owners' Equity Directly	--	--	--	--	--	--	-475,394.55	-203,740.52	-679,135.07
Subtotal of (I) and (II)	--	--	--	--	--	101,200,060.65	-475,394.55	-204,516.75	100,520,149.35
(III) Capital Injected and Reduced by Owners	--	--	--	--	--	--	--	--	--
a. Capital injected by owners	--	--	--	--	--	--	--	--	--
b. Payment for shares included in owners' equity	--	--	--	--	--	--	--	--	--
c. Others	--	--	--	--	--	--	--	--	--
(IV) Profit Distribution	--	--	--	--	--	--	--	--	--
a. Withdrawal surplus reserve	--	--	--	--	--	--	--	--	--
b. Distribution to owners (or shareholders)	--	--	--	--	--	--	--	--	--
c. Others	--	--	--	--	--	--	--	--	--
(V) Internal transfers of owners' equity	--	--	--	--	--	--	--	--	--
a. Capitalisation of Additional share capital; (or share capital)	--	--	--	--	--	--	--	--	--
b. Capitalization of surplus reserve (or share capital)	--	--	--	--	--	--	--	--	--
c. Making up losses of surplus reserve	--	--	--	--	--	--	--	--	--
d. Others	--	--	--	--	--	--	--	--	--
(VI) Special Reserve	--	--	--	--	--	--	--	--	--
a. Withdrawal of special reserve	--	--	--	--	--	--	--	--	--
b. Use of special reserve	--	--	--	--	--	--	--	--	--
(VII) Others	--	--	--	--	--	--	--	--	--
4. Balance at the end of the period	1,011,660,000.00	978,244,858.10	--	--	4,974,391.15	-475,968,948.89	9,686,235.77	-128,289,915.22	1,400,306,620.91

(The Notes form part of these financial statements)

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Balance Sheet

As of 31 December 2012

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

Currency: RMB Yuan

Item	Note	Closing balance	Opening balance
Current assets			
Monetary funds		223,827,179.97	153,281,158.51
Financial assets held-for-trade		--	--
Accounts receivable	14.1	13,663,339.96	4,484,384.86
Prepayments		55,500.00	726,000.00
Interest receivable		--	341,000.00
Other receivables	14.2	343,568,799.28	305,330,386.21
Inventories		1,844,523,622.50	1,522,326,774.87
Total current assets		2,425,638,441.71	1,986,489,704.45
Non-current Assets:			
Long-term equity investments	14.3	298,396,683.90	286,516,902.86
Investment properties		426,426,812.91	444,953,535.87
Fixed assets		33,944,334.56	36,367,166.98
Intangible assets		327,266.75	426,066.71
Long-term deferred assets		189,456.15	245,986.35
Deferred tax assets		6,814.20	6,814.20
		1,376,400.00	938,400.00
Total non-current assets		760,667,768.47	769,454,872.97
Total Assets		3,186,306,210.18	2,755,944,577.42

(The Notes form part of these financial statements)

Balance Sheet (Continued)

As of 31 December 2012

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

Currency: RMB Yuan

LIABILITIES AND OWNERS' EQUITY	Note	Closing balance	Opening balance
Current liabilities:			
Short-term loans		70,000,000.00	--
Account payable		24,195,725.69	18,844,767.78
Deferral		280,272,668.00	12,627,059.60
Employee benefits payable		10,848,111.62	10,393,956.41
Taxes payable		6,204,121.44	1,636,872.67
Interest payable		18,020,083.50	16,535,277.94
Other payables		608,165,106.86	625,106,207.82
Non-current liability due within one year		299,261,270.80	557,095,738.47
Other current liability		--	--
Total current liabilities		1,316,967,087.91	1,242,239,880.69
Non-current liabilities:			
Long-term loans		649,636,078.25	299,621,374.64
Total non-current liabilities		649,636,078.25	299,621,374.64
Total liabilities		1,966,603,166.16	1,541,861,255.33
Owners' equity:			
Share capital		1,011,660,000.00	1,011,660,000.00
Capital reserve		978,244,858.10	978,244,858.10
Undistributed profit		-770,201,814.08	-775,821,536.01
Total owners' equity attributable to parent company		1,219,703,044.02	1,214,083,322.09
Total liabilities and owners' equity		3,186,306,210.18	2,755,944,577.42

(The Notes form part of these financial statements)

Legal representative: Person in charge of accounting: Person in charge of accounting organ:

Income Statement

For the Year Ended 31 December 2012

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

Currency: RMB Yuan

Item	Note	Amount for the current period	Amount for the prior period
I .Total operating income	14.4	113,046,014.33	100,181,047.05
Less:Operating cost	14.4	41,545,002.74	42,155,178.18
Business tax and surcharge		17,665,684.67	15,437,336.62
Selling expenses		18,313,339.83	685,046.67
Administrative expense		31,242,272.24	29,145,728.87
Financial expense		-1,532,671.49	-2,685,410.91
Impairment losses of assets		--	--
Add: Gain from changes in fair value ("-" means loss)		--	19,993.75
Investment income ("-" means loss)	14.5	-120,218.96	-39,639.48
Including: Investment income from associates and joint venture	14.5	-120,218.96	-5,622.11
II.Operating profit ("-" means loss)		5,692,167.38	15,423,521.89
Add: Non-operating income		30,233.29	1,043,014.10
Less:Non-operating expenses		15,092.50	48,624.50
Including: Loss from disposal of non-current assets		92.50	17,714.50
III.Total profit ("-" means loss)		5,707,308.17	16,417,911.49
Less: Income tax expenses		87,586.24	916,500.07
IV.Net profit ("-" means loss)		5,619,721.93	15,501,411.42
V.Other comprehensive income		--	--
VI.Total comprehensive income		5,619,721.93	15,501,411.42

(The Notes form part of these financial statemtents)

Legal representative: Person in charge of accounting: Person in charge of accounting organ:

Cash Flow Statement

For the Year Ended 31 December 2012

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

Currency: RMB Yuan

Item	Note	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		376,638,380.51	86,094,093.66
Refund of taxes and levies		--	--
Cash received relating to other operating activities		16,840,440.53	134,590,648.46
Sub-total of cash inflows		393,478,821.04	220,684,742.12
Cash paid for goods and services		293,631,860.90	72,931,553.41
Cash paid to and on behalf of employees		27,387,097.91	29,058,869.03
Cash paid on taxes and levies		12,569,257.99	22,781,478.43
Cash paid relating to other operating activities		50,269,427.73	30,130,459.10
Sub-total of Cash Outflows		383,857,644.53	154,902,359.97
Net Cash Flows from Operating Activities		9,621,176.51	65,782,382.15
II . Cash Flows from Investing Activities:			
Cash received from return of investments		14,212,390.33	238,502.40
Cash received investing income		--	75,000.00
Net cash received from disposal of fixed assets, intangible assets and other long assets		--	--
Other cash received relating to investing activities		14,290,900.43	11,595,616.51
Sub-total of Cash Inflows		28,503,290.76	11,909,118.91
Cash paid to acquire fixed assets, intangible assets and other long assets		572,801.00	1,640,777.06
Cash paid on investments		63,518,370.00	29,193,200.00
Cash paid on other investing activities		--	--
Sub-total of cash outflows		64,091,171.00	30,833,977.06
Net Cash Flows from Investing Activities		-35,587,880.24	-18,924,858.15
III. Cash flow from Financing Activities			
Cash received from investments		--	--
Cash received from borrowing		810,000,000.00	--
Cash received from issuing bonds		--	--
Cash received from other financing activities		--	--
Sub-total of cash inflows		810,000,000.00	--
Cash repayments on borrowed amounts		648,292,761.31	29,871,112.24
Cash payments for distribution of dividends or profits		64,694,167.89	52,848,839.30
Cash payments on other financing activities		25,000,000.00	2,000,000.00
Sub-total of cash Outflows		737,986,929.20	84,719,951.54
Net cash flows from financing activities		72,013,070.80	-84,719,951.54
IV. Effect of foreign exchange rate on cash		-216.89	-5,238.13
V. Net increase in cash and cash equivalents		46,046,150.18	-37,867,665.67
Add: cash equivalents at the beginning of the period		144,779,100.65	182,646,766.32
VI. Cash equivalents at the end of the period		190,825,250.83	144,779,100.65

(The Notes form part of these financial statements)

Legal representative: Person in charge of accounting: Person in charge of accounting organ:

Consolidated Balance Sheet

As of 31 December 2012

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

Currency: RMB Yuan

Item	Share capital	Capital reserve	Less: Treasury shares	Special reserve	Surplus reserve	Undistributed profit	Total owners' equity
1. Balance at the End of Last Period	1,011,660,000.00	978,244,858.10	--	--	--	-775,821,536.01	1,214,083,322.09
Add: Changes of accounting policies	--	--	--	--	--	--	--
Prior year adjustments	--	--	--	--	--	--	--
Others	--	--	--	--	--	--	--
2. Balance at the Beginning of the Year	1,011,660,000.00	978,244,858.10	--	--	--	-775,821,536.01	1,214,083,322.09
3. Increase/Decrease movements in this Year ("-" means loss)	--	--	--	--	--	5,619,721.93	5,619,721.93
(I) Net Profit	--	--	--	--	--	5,619,721.93	5,619,721.93
(II) Other comprehensive income	--	--	--	--	--	--	--
Subtotal of (I) and (II)	--	--	--	--	--	5,619,721.93	5,619,721.93
(III) Capital Injected and Reduced by Owners	--	--	--	--	--	--	--
a. Capital injected by owners	--	--	--	--	--	--	--
b. Payment for shares included in owners' equity	--	--	--	--	--	--	--
c. Others	--	--	--	--	--	--	--
(IV) Profit distribution	--	--	--	--	--	--	--
a. Withdrawal surplus reserve	--	--	--	--	--	--	--
b. Distribution to owners (or shareholders)	--	--	--	--	--	--	--
c. Others	--	--	--	--	--	--	--
(V) Internal transfers of owners' equity	--	--	--	--	--	--	--
a. Capitalisation of Additional share capital; (or share capital)	--	--	--	--	--	--	--
b. Capitalisation of surplus reserve (or share capital)	--	--	--	--	--	--	--
c. Making up losses of surplus reserve	--	--	--	--	--	--	--
d. Others	--	--	--	--	--	--	--
(VI) Special Reserve	--	--	--	--	--	--	--
a. Withdrawal of current period	--	--	--	--	--	--	--
b. Use of special reserve	--	--	--	--	--	--	--
(VII) Others	--	--	--	--	--	--	--
4. Balance at the end of the period	1,011,660,000.00	978,244,858.10	--	--	--	-770,201,814.08	1,219,703,044.02

(The Notes form part of these financial statements)

Legal representative: Person in charge of accounting: Person in charge of accounting organ:

Consolidated Balance Sheet

As of 31 December 2011

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

Currency: RMB Yuan

Item	Share capital	Capital reserve	Less: Treasury shares	Special reserve	Surplus reserves	Undistributed profit	Total owners' equity
1. Balance at the end of last year:	1,011,660,000.00	978,244,858.10	--	--	--	-791,322,947.43	1,198,581,910.67
Add: Changes of accounting policy	--	--	--	--	--	--	--
Error correction of the previous period	--	--	--	--	--	--	--
Others	--	--	--	--	--	--	--
2. Balance at the beginning of the year	1,011,660,000.00	978,244,858.10	--	--	--	-791,322,947.43	1,198,581,910.67
3. Change in equity for the year	--	--	--	--	--	15,501,411.42	15,501,411.42
(1) Net profit	--	--	--	--	--	15,501,411.42	15,501,411.42
(2) Others	--	--	--	--	--	--	--
Sub-total (1)& (2)	--	--	--	--	--	15,501,411.42	15,501,411.42
(3) Shareholders' contributions and decrease of capital	--	--	--	--	--	--	--
a. Contributions by shareholders	--	--	--	--	--	--	--
b. Equity settled share-based payment	--	--	--	--	--	--	--
c. Others	--	--	--	--	--	--	--
(4) Distribution of profits	--	--	--	--	--	--	--
a. Withdraws of surplus reserves	--	--	--	--	--	--	--
b. Distributions to shareholders	--	--	--	--	--	--	--
c. Others	--	--	--	--	--	--	--
(5) Transfers within equity	--	--	--	--	--	--	--
a. Share capital increased by capital reserve transfer	--	--	--	--	--	--	--
b. Share capital increased by surplus reserve transfer	--	--	--	--	--	--	--
c. Remedying loss with profit surplus	--	--	--	--	--	--	--
d. Others	--	--	--	--	--	--	--
(6) Special reserves	--	--	--	--	--	--	--
a. Extracted this year	--	--	--	--	--	--	--
b. Used this year	--	--	--	--	--	--	--
(7) Others	--	--	--	--	--	--	--
4. Balance at the end of the year report period	1,011,660,000.00	978,244,858.10	--	--	--	-775,821,536.01	1,214,083,322.09

(The Notes form part of these financial statements)

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Note 1 General information

1.1 Corporate introduction

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

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

1.2 Corporate Information

Nature of Business: this Company belongs to the real estate industry.

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.

1.3 Change of Corporate transaction

There is no change for the main transactions during report period.

1.4 Financial statements publish approver & date

The Financial statement published on Mar 28th, 2013, which approved by Group’s Board of Directors.

Note 2 Basis of Preparation

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

According to the relevant accounting regulations in Chinese Accounting Standards for Business

Enterprises, the Group has adopted the accrual basis of accounting. The Group adopts the historical cost as the principle of measurement in the financial statements except some financial instrument. Provision will be made if any assets impairment incur in accordance with relevant requirements.

Note 3 Statement of Compliance with Enterprise Accounting Standards

The financial statements of the Group comply are recognized and measured in accordance with the regulations in the Chinese Accounting Standards for Business Enterprises and they give a true and fair view of the financial position, business result and cash flow of the Group as of 31 December 2012. In addition, the financial statements of the and the Group comply, in all material respects, with the revised disclosing requirements for financial statements and the notes "Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.15—General Provisions on Financial Reports (2010 Revision) issued by China Securities Regulatory Commission (CSRC) in 2010.

Note 4 Important Accounting Principles and Accounting Estimates

4.1 Accounting period

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

4.2 Monetary Unit

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

4.3 Accounting treatment under common/non common control

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

(1) Business combination involving entities under common control

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

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

absorbed.

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

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

(2) Business combination involving entities under non common control

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

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

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

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

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

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

relating to the previously held interest in the acquiree is transferred to investment income.

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

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

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

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

4.4 Preparation of consolidated financial statements

(1) The scope of consolidated financial statements

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

(2) Preparation of 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 disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and

consolidated statement of cash flows, as appropriate. For a subsidiary disposed during the period, no adjustment is made to the opening balance of the consolidated financial statements.

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

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

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

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

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

When the Group loses control of a subsidiary due to the disposal of a portion of an equity investment or other reasons, the remaining equity investment is re-measured at its fair value at the date when control is lost. The difference between 1) the total amount of consideration received from the transaction that resulted in the loss of control and the fair value of the remaining equity investment and 2) the carrying amounts of the interest in the former subsidiary's net assets immediately before the loss of the control is recognized as investment income for the current period when control is lost. The amount recognized in other comprehensive income in relation to the former subsidiary's equity investment is reclassified as

investment income for the current period when control is lost. The retained interest is subsequently measured according to the rules stipulated in the “Chinese Accounting Standards for Business Enterprises No.2—Long-term equity investment” or “Chinese Accounting Standards for Business Enterprises No.22—Determination and measurement of financial instruments” .

4.5 Cash equivalent

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

4.6 Foreign exchange

(1) Translation in foreign exchange transactions

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

(2) Translation of monetary foreign currency and non-monetary foreign currency

At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. All the exchange differences thus resulted are taken to profit or loss, except for **j** those relating to foreign currency borrowings specifically for construction and acquisition of qualifying assets, which are capitalized in accordance with the principle of capitalization of borrowing costs. For hedging accounting, the exchange difference related to hedging instruments for the purpose of net oversea operating investment is recorded in the comprehensive income till the date of disposal and recognized in profit or loss of the period; **】** **1** The exchange difference from changes of other account balance of foreign currency monetary items available-for-trade is recorded into profit or loss except for amortized cost.

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

(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” in owner’s equity, and in profit or loss for the period upon disposal of the foreign operation.

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

1) Assets and liabilities in the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; All equity items except for retained earnings are translated at the spot exchange rates at the dates on which such items occur;

2) Income and expenses in income statement are translated at the spot exchange rates at the date of transaction.

3) The opening undistributed profit is the closing undistributed profit of the last period after translation.

4) The closing balance of undistributed profit is calculates and presented in the basis of each translated income statements and profit distribution item.

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

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

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

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

4.7 Financial instruments

(1) Determination of financial assets and liabilities’ fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction. For a financial instrument which has an active market, the Group uses quoted price in the active market to establish its fair value. The quoted price in the active market refers to the price that can be regularly obtained from exchange market, agencies, industry associations, pricing authorities; it represents the fair market trading price in the actual transaction.

For a financial instrument which does not have an active market, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm’s length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

(2) Classification, recognition and measurement of financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. On initial recognition, the Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, held-to maturity investments, loans and receivables and available-for-trade financial assets. A financial asset is recognized initially at fair value. In the case of financial assets at fair value through profit or loss, relevant transaction costs are immediately charged to the profit and loss of the current period; transaction costs relating to financial assets of other categories are included in the amount initially recognized.

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

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

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

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

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

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

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

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

B. a group of financial instruments is managed and its performance is evaluated on a fair value basis, and is reported to the enterprise's key management personnels. 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.

1) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets available-for-trade and those

designated as at fair value through profit or loss. The Group classifies financial assets at fair value through profit or loss as financial assets available-for trade.

A financial asset is classified as available-for-trade if one of the following conditions is satisfied: A) It has been acquired principally for the purpose of selling in the near term; or B) On initial recognition it is part of a portfolio of identified financial instruments that the Group managers together and there is objective evidence that the Group has a recent actual pattern of short-term profit taking; or C) It is a derivative that is not designated and effective as a 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 in an active market) whose fair value cannot be reliably measured.

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

2) Investment held-to maturity

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

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

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

3) Loans and receivables

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

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

4) Financial assets available-for-trade

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

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

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

(3) Impairment of financial assets

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

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

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

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

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

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

means over 12 months of subsequent fall.

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

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

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

(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.

(5) Classification and measurement of financial liabilities

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

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

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

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

2) Other financial liabilities

Derivative financial liabilities that linked with equity instruments, which do not have a quoted price in an active market and their fair value cannot be measured reliably, is subsequently measured by cost Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition or amortization are 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 Group derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

(8) Offsetting financial assets and financial liabilities

When the group has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

(9) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The transaction expenses from issuing of equity instruments by the merge party during the business combination deduct the consideration income from the equity instrument, and then retained earning if insufficient. The consideration received from issuing equity instruments, net of transaction costs, are added to [shareholders' / owners'] equity.

All types of distribution (excluding stock dividends) made by the Group to holders of equity instruments are deducted from [shareholders' / owners'] equity. The Group does not recognize any changes in the fair value of equity instruments.

4.8 Account receivables

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

(1) Criteria for recognition of bad debts:

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

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

(2) Method for bad debts provision

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

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

significant item.

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

2) Provisions of bad debts that is individually insignificant.

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

4.9 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 maintenance and renewal of 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.

4.10 Long-term equity investments

(1) Determination of Investment cost

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

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

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

The equity investments other than the long-term equity through combination shall be initially measured by cost. The cost shall be recognized to the difference in the way of acquisition of long-term equity

investment. These ways include the cash purchase price the Group actually paid, the fair value of equity security issued by the Group, value specified in the investment contract or agreement, the fair value or carrying value of the asset out in the transaction of non-monetary asset exchanges, and the fair value of the long-term equity investment.

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

(2) Subsequent Measurement

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

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

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

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

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

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

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

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

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

Under the equity method, the Group recognizes its share of the net profit or loss of the investee for the period as investment income or loss for the period. The Group recognizes it share of the investee's net profit or loss based on the fair value of the investee's individual separately indentible assets, etc at the

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

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

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

3) Acquisition of minority interest

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

4) Disposal of long-term equity investment

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

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

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

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

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

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

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

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

(4) Impairment testing methods and recognition of impairment provision

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

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

4.11 Investment properties

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

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

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

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

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

Where an investment property is disposed or no longer in use permanently and no economic benefits shall be obtained from the disposal, derecognized the investment property. The income from sale, transfer or disposal of the investment property is recorded in the profit or loss after deduction of its carrying amount and related tax.

4.12 Fixed assets

(1) The conditions of recognition

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

(2) The method for depreciation

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

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

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.

(3) Measurement and recognition of fixed assets

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

(4) Others

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

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

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

4.13 Construction in progress

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

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

4.14 Borrowing costs

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

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

Where funds are borrowed for a specific-purpose, the amount of interest to be capitalized is the actual

interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds.

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

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

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

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

4.15 Intangible assets

(1) Recognition and calculation of intangible asset

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

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

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

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

For an intangible asset with a definite useful life, the Group reviews the useful life and amortization

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

(2) Research and development expenditure

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

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

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

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

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

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

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

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

4.16 Long-term deferred assets

Long-term deferred assets represent expenses incurred that should be beared and amortized over the

current and subsequent period (together of more than one year). Long-term deferred assets are amortized by using straight line method.

4.17 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)]

4.18 Revenue

(1) Revenue from sales of goods

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

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

- A. Real estate is completed, and is completed checking and accepting;
- B. Signed a contract of sale and make recording in land department
- C. Installment, if it is deferred for receiving money with financing, the cost should be measured in present value according to the contract price. Mortgage, has been received, and have completed the first phase of the mortgage loan approval procedures;
- D. Agreed in the contract of sale and transfer the property to buyers.

(2) Revenue from rendering service

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

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

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

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

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

(3) Revenue from construction contracts

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

bears to the estimated total contract costs.

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

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

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

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

4.19 Government Grants

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

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

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

For repayment of a government grant already recognized, if there is a related deferred income, the repayment is offset against the carrying amount of the deferred income, and any excess is recognized

in profit or loss for the period. If there is no related deferred income, the repayment is recognized immediately in profit or loss for the period.

4.20 Deferred income tax assets and deferred income tax liabilities

(1) Income tax of the current period

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.

At the balance sheet date, current income tax liabilities or assets for the current and prior periods, are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws. The calculation for income tax expenses in the current period is based on the taxable income according to the related tax laws after adjustment to the accounting profit reporting period.

(2) Deferred income tax assets and 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

(3) Income Tax Expenses

Income tax expenses consist of current income tax and deferred income tax.

The expenses from income tax and deferred income tax, as well as the revenue, shall be recorded into profit or loss in current accounting period, except expense for income tax of the current period and deferred income tax that booked into other income or equity and adjusted carrying value of deferred income tax goodwill arose from business combination.

(4) Income Tax offset

When we have the legal right, and have intended to, to make settlement with net amount, or through the asset acquisition and liability fulfillment simultaneously, the Group shall present the net value from the offset between current income tax asset and current income tax liability in the financial statement.

When the Group has the legal right to make a settlement with the current income tax asset and current income tax liability, and the deferred income tax asset and deferred income tax liability are related to the same taxable subject under the same tax payer, or related to different taxable subject, but the intension of net value settlement in regard of the current income tax asset and current income tax liability, the Group shall present net value after the offset of deferred income tax asset and deferred income tax liability.

4.21 Leases

A finance lease is a lease that transfers in substance all the risks and rewards incident to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease.

(1) The Group as Lessee under Operating Lease

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

(2) The Group as Leaser under Operating Lease

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

(3) The Group as Lessee under Financing 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.

(4) In the case of the lesser of a financing 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.

4.22 Assets ready-for-sale

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

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

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

4.23 Employee Benefits

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

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

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

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

4.24 Changes in major accounting policies and accounting estimates

(1) Changes of accounting estimates

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

(2) Changes of accounting estimates

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

4.25 Correction of previous accounting errors

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

4.26 Significant account judgment and estimates

The Group is required to make judgments, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainties of operation activities. These judgments, estimates and assumptions are based on historical experiences of the Group's management as well as other factors that are considered to be relevant. These judgments, estimates and assumptions may affect value of the financial statements in revenue, expenses, assets and liabilities and the disclosure of contingency at the balance sheet date. However, the result derived from those uncertainties in estimates may lead significant adjustments to the carrying amounts of the assets or liabilities affected in the future.

The Group has reviews the judgments, estimates and assumptions regularly on the basis of going concern. Where the changes in accounting estimates only affect the period when changes occurred, and they are recognized within the same period. Where the changes in accounting estimates affect both current period and future period, the changes are recognized within the period of change and future period.

At balance sheet date, the followings are the significant areas where the Group needs to make judgment, estimates and assumptions over the value of items in the financial statements:

(1) Classification of lease

The Group classifies leases as operating lease and financing lease according to the rule stipulated in the Accounting Standard for Business Enterprises No. 21--Leasing-. The management shall make analysis and judgment on whether the risks and rewards related to the title of leased assets has been transferred to the leaser, or whether the Group has substantially held the risks and rewards related to the ownership of leased assets

(2) Provisions for bad debts

According to the relevant accounting policies of the Group in receivables, allowance method is used for bad debt's calculation. The impairment of receivables is calculated based on the assessment of recoverable of receivables. Assurance of receivable impairment needs judgments and estimations from the management. The difference between actual results and original estimates shall have impact on the carrying amount of receivables and receivable bad debt provisions or the reverse during the change of estimation.

(3) impairment of inventories

The Group measures inventories by the lower of cost and realizable net value according to the

accounting policies in regard of inventories and provisions for decline in value of inventories is made if the cost is higher than their net realizable value, and obsolete and slow-movement inventories. Inventories decline in value to net realizable value is the estimated selling price in the ordinary course of business. Net realizable value is determined on the basis of clear evidence obtained, and takes into consideration the purposes of holding inventories and effect of post balance sheet events. The difference between the actual result and the original estimates shall have impact on reverse of the carrying amount of the inventories and their decline in value or provisions during the period of change.

(4) The fair value of financial instruments

For a financial instrument which has no active market, the Group establishes fair value by using various valuation methods, including of discounted cash flow analysis model. The Group needs to estimate future cash flow, credit risk, volatility and relationship during the valuation and choose appropriate discount rate. Such assumptions have uncertainties and their changes shall have impact on the fair value of financial instruments.

(5) Impairment of non-financial, non-current assets

The Company assesses whether there are any indicators of impairment for all non-current assets other than financial assets at the balance sheet date. For an intangible asset that has indefinite useful life, impairment test is made in addition to the annual impairment test if there is any indication of impairment. For non-current assets other than financial assets, impairment test is made when there is any indication that its account balance cannot be recovered.

Impairment exists when the recoverable amount of an asset is the higher of its fair value less cost of disposal and present value of the future cash flows expected to be derived from the asset.

Net value between the difference of fair value and disposal cost is determined by reference of the price of similar product in a sale agreement in an arm's length transaction or an observable market price less the additional cost directly attributable to the disposal of the asset.

When estimating the present value of future cash flow, significant judgments are made over the asset's production, selling price and relevant operating expenses, and discount rate used to calculate present value. All available materials that are considered to be relevant shall be used in the estimation of recoverable value. These materials include estimations of production, selling price and operating expenses based on reasonable and supportable assumptions.

The Group makes an impairment test for goodwill at least at each year end. This requires an estimation of present value of future cash flow of the assets or assets group where goodwill has been allocated. The Group shall makes estimation on the future cash flow derived from assets or assets group and determine an appropriate discount rate for the present value of future cash flow when the estimation of present value of future cash flow is made.

(6) Depreciation and amortization

Investment property, fixed assets and intangible assets are depreciated and amortized using the straight-line method over their useful lives after taking into account residual value. The useful lives are regularly reviewed to determine the depreciation and amortization costs charged in each reporting period. The useful lives are determined based on historical experience of similar assets and the estimated technical changes. If there is an indication that there has been a change in the factor used to determine the depreciation or amortization, the rate of depreciation or amortization is revised.

(7) Development expenditure

When determining the capitalization value, the management of the Group shall make assumptions for the future cash flow of related assets, discount rate applied and expected beneficial period.

(8) Deferred income tax assets

The group shall recognize all unused tax losses as deferred tax assets to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. This requires the management of the Group make a lot of judgments over the estimation of time period, value and tax planning strategies when future taxable profit incurs so that the value of deferred tax assets can be determined.

(9) Income tax

There are some transactions where ultimate tax treatments and calculations have uncertainties in the Group's everyday operation. Whether it is possible for some items to make expenditure before tax needs approval from competent tax authorities. If there is any difference between finalized determination value and their initial estimations value, the difference shall have the impact on the income tax and deferred income tax of the current period during the final determination.

(10) Early retirement and supplementary retirement benefits

The value of expenditure and liabilities in the early retirement and supplementary retirement benefits of the Group is determined by all kinds of assumptions, which include discount rate, average increase rate of medical expenses, increasing rate of compensations for early retirement and retired people and other factors. The difference between assumptions and actual results shall be recognized immediately into expense when occurs. Although the management believes that they have adopted reasonable assumptions, the changes in practical experience and assumption conditions shall still have impact on the early retirement benefits and expenses and liabilities balance attributed to the retirement of the Group.

(11) Provisions

The Group assesses the products quality assurance, estimated contract losses and penalties for late delivery of goods based on the contract terms, knowledge obtained and historical experience and

makes appropriate provisions. The Group recognizes the best estimate of the expenditure required to settle the present obligation as provision when the contingency has been presented as an obligation, and it is probable that economic benefits will flow out when the obligation is settled. The recognition and measurement of provisions largely rely on management's judgment. The Group shall take into account factors pertaining to a contingency such as risks, uncertainties and time value of money when the judgment is made.

At the same time, the Group shall bear its clients with warranty commitment as provisions after-sale services by selling, maintaining and transformation of sold products. Provision has the experience repairing data into consideration, but recent experience data may not reflect future repairing status. Any increase or decrease in the provisions shall have impact on the profit or loss of the future periods.

Note 5 Principal Taxes Applied

Taxes and their rates

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

* For Shenzhen City Car Rental Ltd. (one of Subsidiaries of the Group), the original business tax rate is 5%. According to the relevant provisions of the Ministry of Finance, State Administration (Cai Shui [2012] No. 71) for transportation and parts of the modern service industry in Beijing and other provinces and cities to carry out the business tax levy VAT pilot, the value-added tax and the applicable tax rate of 3% has been applied in the Company since November 1, 2012.

**The rate of domestic enterprises is 25%, and the rate of HK enterprises is 17.5%.

Note 6 Business Combination & Consolidated Financial Statements

6.1 Information of subsidiaries

(1) Subsidiaries established or acquired through investment

Name of the subsidiary	Types	Reg. place	Biz nature	Reg. captl	Biz scope	Actual capital contribution at the end of the period	Balance of other items that in substance constitutes net investment
Shenzhen Petrel Hotel Co. Ltd.	Wholly-owned subsidiary	shenzhen	Services	3,000	Hotel	3,000	--
Shenzhen City Property Management Ltd.	Wholly-owned subsidiary	shenzhen	Services	725	Property management	725	--
Shenzhen Zhen Tung Engineering Ltd.	Wholly-owned subsidiary	shenzhen	Services	1,000	Fitting-out contracting and maintenance	1,000	--
Shenzhen City We Gen Construction Management Ltd.	Wholly-owned subsidiary	shenzhen	Services	800	Construction project management	800	--
Shenzhen City Car Rental Ltd.	Wholly-owned subsidiary	shenzhen	Services	1,029	Car rental	1,029	--
Shenzhen Shenfang Car Park Ltd.	Wholly-owned subsidiary	shenzhen	Services	4,250	Develop and operate car park	4,250	--
Shenzhen City Shenfang Investment Ltd.	Wholly-owned subsidiary	shenzhen	Investment	1,000	Investment and management	1,000	--
Shenzhen City Shenfang Free Trade Trading Ltd.	Wholly-owned subsidiary	shenzhen	Commercial trade	500	Trading of Import and Export	500	--
Shenzhen City SPG Long Gang Development Ltd.	Wholly-owned subsidiary	shenzhen	Real estate	3,000	Property development	3,000	--

Name of the subsidiary	Types	Reg. place	Biz nature	Reg. captl	Biz scope	Actual capital contribution at the end of the period	Balance of other items that in substance constitutes net investment
Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Property and Estate Co., Ltd.	Wholly-owned subsidiary	GuangZhou	Real estate	2,000	Property development	2,000	--
Beijing fresh peak property development management limited company	Wholly-owned subsidiary	BeiJing	Real estate	US\$1,000	Operating of Real estate	7,671	--
Beijing SPG Property Management Limited	Wholly-owned subsidiary	BeiJing	Services	50	Property management	50	--
Shenzhen ShenWu elebator Co.,Ltd	Wholly-owned subsidiary	shenzhen	Services	350	Elevator sales and service	350	--
Shenzhen Lain Hua Industry and Trading Co. Ltd.	Wholly-owned subsidiary	shenzhen	Services	1,000	Installation of mechanical and electrical equipment	1,000	--
Fresh Peak Holding Ltd.	Wholly-owned subsidiary	HongKong	Investment and management	HKD100	Investment and management	100.47	3,202
Wellam Ltd.	Wholly-owned subsidiary	HongKong	Investment holding	HKD1	Investment holding	1	--
Shantou SEZ Wellam Fty Bldg., Dev. Co.	Wholly-owned subsidiary	ShanTou	Real estate	USD1500	Property development	9,122.61	--
Great Wall Estate Co., Inc	Subsidiary of holding company	USA	Real estate	USD50	Property development	205.11	10,138
Fresh Peak Holdings Ltd.	Wholly-owned subsidiary	HongKong	Investment and management	HKD100	Investment and management	50.23	56,498
Fresh Peak Investment Ltd.	Subsidiary of holding company	HongKong	Investment	HKD100	Properties investment	100.47	--
Openice Ltd.	Wholly-owned subsidiary	HongKong	Investment and	HKD100	Investment and	100.47	--

Name of the subsidiary	Types	Reg. place	Biz nature	Reg. captl	Biz scope	Actual capital contribution at the end of the period	Balance of other items that in substance constitutes net investment
			management		management		
Barenie Co. Ltd.	Subsidiary of holding company	HongKong	Investment	HKD1	Properties investment	1	--
Keyear Development Ltd.	Wholly-owned subsidiary	HongKong	Investment	HKD100	Investment holding	100.47	--
Guangzhou Huangpu Xizun real estate limited company	Wholly-owned subsidiary	GuangZhou	Real estate	HKD3980	Property development	2,845.70	--
Fresh Peak Real Estate Dev. Construction (Wuhan) Co. Ltd.* ^①	Wholly-owned subsidiary	WuHan	Real estate	USD400	Property development	2,292	--
Shenzhen Shenfang Department Store Co. Ltd.* ^②	Wholly-owned subsidiary	shenzhen	Commercial trade	1,000	Commercial goods supplier	1,000	--
Shenzhen CyberPort Co., Ltd * ^③	Wholly-owned subsidiary	shenzhen	Consultant	2,000	Information Technology Advisory	1,400	--
Shenzhen City SPG Bao An Development Ltd.* ^④	Wholly-owned subsidiary	shenzhen	Real estate	2,000	Property development	2,000	--
Shenzhen Real Estate Consolidated Service Co., Ltd * ^⑤	Wholly-owned subsidiary	shenzhen	Integrated Services	1,371	Construction in material, consume goods	596	--
Shenzhen Shen Fang Industrial Development Co., Ltd.* ^⑥	Wholly-owned subsidiary	shenzhen	Investment	300	Investment in industrial projects	450	--
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd.* ^⑦	Wholly-owned subsidiary	shenzhen	Services	221	Construction and decoration	818	--
Bekaton Property Limited * ^⑧	Subsidiary of holding company	Australia	Real estate	USD20	Property Development	91	1,256

Name of the subsidiary	Types	Reg. place	Biz nature	Reg. captl	Biz scope	Actual capital contribution at the end of the period	Balance of other items that in substance constitutes net investment
Canada Great Wall (vancouver) * ^⑧	Subsidiary of holding company	Canada	Real estate	JOD 0.1	Property Development	0.45	8,904
Paklid Limited * ^⑧	Wholly-owned subsidiary	HongKong	Commecial trade	HKD50	Property construction and trading of construction materials	20	1,107
Shenzhen City Shenfang Construction and Decoration Materials Ltd * ^⑨	Wholly-owned subsidiary	shenzhen	Commecial trade	268	Construction materials	268	--
Shenzhen ZhongGang Haiyan Enterprise Ltd.* ^⑩	Subsidiary of holding company	shenzhen	Integrated Services	1,900	Tourism Restaurant	1,294	--
Shenzhen Xing Dongfang Store Ltd.* ^⑪	Wholly-owned subsidiary	shenzhen	Commecial trade	2,000	Domestic commercial goods supply	1,850	--
Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd * ^⑫	Subsidiary of holding company	FengKai in GuangDong Province	Manufacture	USD800	Manufacturing and trading in cement products	12,126	--

(Continued)

Full name of subsidiary	(%) of share	Voting (%)	Consolidated or not	Minority interest	Amount of minority interest used to absorb profits or losses attributable to minority interests	The excess of the minority shareholders' share of the opening balance of owners' equity of the subsidiary is allocated against owners' equity of parent company	Remark
Shenzhen Petrel Hotel Co. Ltd.	100	100	Yes	-	-	-	
Shenzhen City Property Management Ltd.	100	100	Yes	-	-	-	
Shenzhen Zhen Tung Engineering Ltd.	100	100	Yes	-	-	-	
Shenzhen City We Gen Construction Management Ltd.	100	100	Yes	-	-	-	
Shenzhen City Car Rental Ltd.	100	100	Yes	-	-	-	
Shenzhen Shenfang Car Park Ltd.	100	100	Yes	-	-	-	
Shenzhen City Shenfang Investment Ltd.	100	100	Yes	-	-	-	
Shenzhen City Shenfang Free Trade Trading Ltd.	100	100	Yes	-	-	-	
Shenzhen City SPG Long Gang Development Ltd.	100	100	Yes	-	-	-	
Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Property and Estate Co., Ltd.	100	100	Yes	-	-	-	
Beijing fresh peak property development management limited company	100	100	Yes	-	-	-	
Beijing SPG Property Management Limited	100	100	Yes	-	-	-	
Shenzhen ShenWu elevator Co.,Ltd	100	100	Yes	-	-	-	
Shenzhen Lain Hua Industry and	100	100	Yes	-	-	-	

Full name of subsidiary	(%) of share	Voting (%)	Consolidated or not	Minority interest	Amount of minority interest used to absorb profits or losses attributable to minority interests	The excess of the minority shareholders' share of the opening balance of owners' equity of the subsidiary is allocated against owners' equity of parent company	Remark
Trading Co. Ltd.							
Fresh Peak Holding Ltd.	100	100	Yes	-	-	-	
Wellam Ltd.	100	100	Yes	-	-	-	
Shantou SEZ Wellam Fty Bldg., Dev. Co.	100	100	Yes	-	-	-	
Great Wall Estate Co., Inc	70	70	Yes	-21,676,670.68	50,787.86	-21,676,670.68	
Fresh Peak Holdings Ltd.	100	100	Yes	-	-	-	
Fresh Peak Investment Ltd.	55	55	Yes	-104,550,311.12	-6,794.55	-104,550,311.12	
Openice Ltd.	100	100	Yes	-	-	-	
Barenie Co. Ltd.	80	80	Yes	-2,037,619.15	-3,687.21	-2,037,619.15	
Keyear Development Ltd.	100	100	Yes	-	-	-	
Guangzhou Huangpu Xizun real estate limited company	100	100	Yes	-	-	-	
Fresh Peak Real Estate Dev. Construction (Wuhan) Co. Ltd.*①	55	100	Yes	-	-	-	
Shenzhen Shenfeng Department Store Co. Ltd.*②	100	100	No	-	-	-	
Shenzhen CyberPort Co., Ltd *③	70	70	No	-	-	-	
Shenzhen City SPG Bao An Development Ltd.*④	100	100	No	-	-	-	
Shenzhen Real Estate Consolidated Service Co., Ltd *⑤	100	100	No	-	-	-	
Shenzhen Shen Fang Industrial	100	100	No	-	-	-	

Full name of subsidiary	(%) of share	Voting (%)	Consolidated or not	Minority interest	Amount of minority interest used to absorb profits or losses attributable to minority interests	The excess of the minority shareholders' share of the opening balance of owners' equity of the subsidiary is allocated against owners' equity of parent company	Remark
Development Co., Ltd.*⑥							
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd.*⑦	100	100	No	-	-	-	
Bekaton Property Limited *⑧	60	60	No	-	-	-	
Canada Great Wall (vancouver) *⑧	75	75	No	-	-	-	
Paklid Limited *⑧	100	100	No	-	-	-	
Shenzhen City Shenfang Construction and Decoration Materials Ltd *⑨	100	100	No	-	-	-	
Shenzhen ZhongGang Haiyan Enterprise Ltd.*⑩	68	68	No	-	-	-	
Shenzhen Xing Dongfang Store Ltd.* ⑪	100	100	No	-	-	-	
Guangdong Province Fengkai Lian Feng Cement Manufacturing Co., Ltd *⑫	90	90	No	-	-	-	

*① Fresh Peak Real Estate Dev. Construction (Wuhan) Co. Ltd

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

*② Shenzhen Shenfang Department Store Co. Ltd

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

*③ Shenzhen CyberPort Co., Ltd

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

*④ Shenzhen City SPG Bao An Development Ltd.

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

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

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

*⑥ Shenzhen Shen Fang Industrial Development Co., Ltd

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

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

The operating period of this corporation is from 7 March 1983 to 14 April 1995. And this company has ceased operations for many years. And the corporation had been terminated its licenses by law in 2004 because of failing to take part in annual inspection.

*⑧ Bekaton Property Limited and Paklid Limited

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

*⑨ Shenzhen City Shenfang Construction and Decoration Materials Ltd

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

*⑩ Shenzhen ZhongGang Haiyan Enterprise Ltd

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

*⑪ Shenzhen Xin Dongfang Store Ltd

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

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

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

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

(2) Subsidiaries acquired through business combination under common control

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

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

Name of the subsidiary	Types	Reg. place	Biz nature	Reg. captl	Biz scope	Actual capital contribution at the end of the period	Balance of other items that in substance constitutes net investment
Shan Tou Special Economic Zone Real Estate Ltd.	Wholly-owned subsidiary	Real estate	Services	HKD3000	Property development	2,108	--

(Continued)

Full name of subsidiary	(%) of share	Voting (%)	Consolidated or not	Minority interest	Amount of minority interest used to absorb profits or losses attributable to minority interests	The excess of the minority shareholders' share of the opening balance of owners' equity of the subsidiary is allocated against owners' equity of parent company	Remark
Shan Tou Special Economic Zone Real Estate Ltd.	100	100	Yes	--	--	--	

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

Items	Assets and liabilities	
	December 31, 2011	January 1, 2011
Great Wall Estate Co., Inc	USD1 = RMB 6.2855	USD1 = RMB 6.3167
Items	Revenue, expenses and cash flow	
	2011	2010
Great Wall Estate Co., Inc	USD1 = RMB 6.3099	USD1 = RMB 6.4527

Note 7 Notes to the Consolidated Financial Statements

Unless specified, the items of the Opening in the followings (including the notes to the Company financial statements) refers to the date of January 1, 2012, the Closing refers to the December 31, 2012; the items of the prior period refers to the year 2011, the current period refers to the year 2012.

7.1 Monetary funds

	Closing balance			Opening balance		
	Foreign currency	Exchange rate	Amount in RMB	Foreign currency	Exchange rate	Amount in RMB
Cash on hand			336,552.84			276,080.48
RMB			298,819.57			254,443.84
USD	1,435.33	6.2855	9,021.75	3,333.32	6.3167	21,055.58
HKD	35,406.98	0.8109	28,711.52	715.39	0.8122	581.06
Cash in bank			488,243,117.58			324,467,108.26
RMB			482,281,853.10			284,705,859.96
USD	116,396.17	6.2855	731,608.14	89,448.48	6.3167	565,019.22

	Closing balance			Opening balance		
	Foreign currency	Exchange rate	Amount in RMB	Foreign currency	Exchange rate	Amount in RMB
HKD	6,449,200.07	0.8109	5,229,656.34	48,257,549.07	0.8122	39,196,229.08
Other monetary funds			8,226,234.59			8,726,054.98
RMB			8,092,202.24			8,592,057.86
HKD	165,288.38	0.8109	134,032.35	164,974.35	0.8122	133,997.12
Total			496,805,905.01			333,469,243.72

Note: (1) Cash in bank above includes RMB 33,092,202.24 ownership restricted (opening balance: RMB 8,502,057.86). Among which, RMB 25,000,000.00 certificate of deposit was pledged for 3 years' time loan.

(2) Other monetary funds above include RMB 8,001,929.14 mortgage loan guarantees and RMB 90,273.10 tender bonds margin.

(3) Other monetary funds above include HKD 165,288.38, that is RMB 134,032.35 (opening balance: RMB 133,997.12), is deposits of securities accounts opened by the Group in China Investment Securities Co. Ltd., Shenzhen Aigu Road securities business department.

(4) The fund with use restrictions, which is being kept in a foreign country, is RMB 6,002,371.76 (opening balance: RMB 39,772,294.58).

7.2 Accounts receivables

(1) Accounts receivable by categories

Category	Closing balance			
	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	42,887,466.13	100.00	18,474,279.11	43.08
Total	42,887,466.13	100.00	18,474,279.11	43.08

(Continued)

Category	Opening balance	
	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	37,614,079.33	100.00	18,474,279.11	49.12
Total	37,614,079.33	100.00	18,474,279.11	49.12

(2) Accounts receivable by aging balance

	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)
Within 1 year	12,586,772.76	29.35	5,048,707.10	13.42
1-2 years	2,915,703.10	6.80	2,387,215.72	6.35
2-3 years	1,670,965.02	3.90	1,968,143.50	5.23
Over 3 years	25,714,025.25	59.95	28,210,013.01	75.00
Total	42,887,466.13	100.00	37,614,079.33	100.00

(3) Bad debt provision

Bad debt provision of accounts receivable which is of individually insignificant

Content of accounts receivable	Carrying amount	Amount of bad debt	Proportion of provision	Reasons for the provision
Receivables of import and export agency business	11,574,556.00	11,574,556.00	100.00	A separate provision is established according to the recoverability of each receivables with long aging and little retrievability.
House pay to be collected	18,600,646.68	6,301,854.02	33.88	
Engineering construction funds and others	12,712,263.45	597,869.09	4.70	
Total	42,887,466.13	18,474,279.11	43.08	

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

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

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

(7) 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 (%)
Individual No.1	Un-related party	3,822,496.00	Within 1 year	8.91
Corporate unit No.1	Un-related party	2,011,731.01	1-3 years	4.69
Corporate unit No.2	Un-related party	1,845,278.76	Over 5 year	4.30
Corporate unit No.3	Un-related party	1,600,188.37	1-3 years	3.73
Individual No.2	Un-related party	1,200,000.00	Over 5 year	2.80
Total		10,479,694.14		24.43

(8) Receivables due from related parties, details please refer to Note 8.6.

(9) There were no any accounts receivable that have been derecognized.

(10) There were no any accounting receivable which had been securitization.

7.3 Prepayments

(1) Aging analysis

Aging	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)
Within 1 year	38,665,226.47	97.44	32,278,974.66	79.779
1-2 years	38,762.35	0.10	971,011.25	2.400
2-3 years	971,011.25	2.45	550.00	0.001
Over 3 years	2,550.00	0.01	7,210,298.85	17.820
Total	39,677,550.07	100.00	40,460,834.76	100.00

(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	1,554,067.32	Within 1 year	The un-settled prepayment of engineering materials
Project 2	Un-related party	1,420,967.69	Within 1 year	The un-settled prepayment of engineering materials
Project 3	Un-related party	905,242.93	Within 1 year	The un-settled prepayment of engineering materials
Project 4	Un-related party	592,568.40	Within 1 year	The un-settled prepayment of engineering materials
Project 5	Un-related party	239,367.41	Within 1 year	The un-settled prepayment of engineering materials
Total		4,712,213.75		

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

7.4 Interest receivables

Item	Opening balance	Increase	Decrease	Closing balance
Bank of Shanghai Shenzhen Branch (Longgang Sub-branch)	341,000.00	--	341,000.00	--
Total	341,000.00	--	341,000.00	--

7.5 Dividends receivable

Item	Opening balance	Increase	Decrease	Closing balance	Reasons for uncollected amounts	Whether the amount is impaired
Aged within 1 year	--	1,052,192.76	--	1,052,192.76		
Including: YunNan KunPeng Flight service Co.,Ltd	--	1,052,192.76	--	1,052,192.76		No
Total	--	1,052,192.76	--	1,052,192.76		

Note: Dividends receivable aged Aged within 1 year of the Group amounted to RMB 1,052,192.76 which is due from YunNan KunPeng Flight service Co., Ltd.

7.6 Other receivables

(1) Other receivables by categories

Category	Closing balance			
	Carrying amount		Bad debt provision	
	Amount	(%)	Amount	(%)
Other receivables of which provision for bad debts is of individually significant	162,502,551.42	69.07	148,947,821.36	91.66
Other receivables of which provision for bad debts is of individually insignificant	72,762,279.99	30.93	29,422,675.04	40.44
Total	235,264,831.41	100.00	178,370,496.40	75.82

(Continued)

Category	Opening balance			
	Carrying amount		Bad debt provision	
	Amount	(%)	Amount	(%)
Other receivables of which provision for bad debts is of individually significant	162,500,901.55	72.40	148,948,710.29	91.66
Other receivables of which provision for bad debts is of individually insignificant	61,958,418.82	27.60	29,422,675.04	47.49
Total	224,459,320.37	100.00	178,371,385.33	79.47

(2) Other receivables by aging balance

	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)
Within 1 year	17,424,406.66	7.41	5,742,193.32	2.56
1-2 years	2,285,080.90	0.97	4,164,398.60	1.86
2-3 years	1,788,417.79	0.76	3,276,724.27	1.46
Over 3 years	213,766,926.06	90.86	211,276,004.18	94.12
Total	235,264,831.41	100.00	224,459,320.37	100.00

(3) Bad debt provision

(a) 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	128,553,784.83	128,550,953.95	99.99	A separate provision is established according to the recoverability of each receivables with long aging and little retrievability
Others	33,948,766.59	20,396,867.41	60.08	
Total	162,502,551.42	148,947,821.36	91.66	

(c) Bad debt provision of other receivables which is of individually insignificant

Content of other receivables	Carrying amount	Proportion of provision	Amount of bad debt	Reasons for the provision
Other receivables between subsidiaries that are not included in the consolidated statement	1,324,136.04	1,116,316.04	84.31	A separate provision is established according to the recoverability of each receivables with long aging and little retrievability
Others	71,438,143.95	28,306,359.00	39.62	
Total	72,762,279.99	29,422,675.04	40.44	

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

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

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

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

Name of entity	Relationship with the	Amount	Age	Proportion of the
----------------	-----------------------	--------	-----	-------------------

	Group			amount to the total OR (%)
Canada Great Wall(Vancouver) Co.,Ltd *	Subsidiary	89,035,748.07	Above 3 years	37.84
Paklid Limited *	Subsidiary	18,631,565.47	Above 3 years	7.92
Bekaton property Limited *	Subsidiary	12,559,290.58	Above 3years	5.34
Guangdong province Huizhou Luofu Hill Mineral Water Co.,Ltd	Joint venture	10,465,168.81	Above 3 years	4.45
Luofu Hill Travelling Corporation	Un- related party	9,600,000.00	Above 3 years	4.08
Total		140,291,772.93		59.63

Note: The above subsidiaries were not included in the Group's consolidated financial statement. Refer to Note 4.4for details.

(8) Receivables due from related parties, details please refer to Note 8.6.

(9) There were no any other receivables that have been derecognized.

(10)There were no any other receivables which had been securitization during the current period.

7.7 Inventory

(1) Categories of inventory

Item	Closing balance		
	Carrying amount	Provision for decline in value of inventories	Net carrying amount
Real estate development projects			
Real estate developing products	2,260,222,646.19	47,584,499.31	2,212,638,146.88
Real estate developed products	187,895,424.67	--	187,895,424.67
Real estate which are going to be developed	--	--	--
Non real estate development projects			
Raw materials	474,030.36	--	474,030.36
Finished products	652,903.78	278,891.91	374,011.87
Low-value consumable products	41,821.30	--	41,821.30
Construction in progress	30,331,029.46	--	30,331,029.46
Total	2,479,617,855.76	47,863,391.22	2,431,754,464.54

(Continued)

Item	Opening balance		
	Carrying amount	Provision for decline in	Net carrying amount

		value of inventories	
Real estate development projects			
Real estate developing products	1,316,044,794.01	47,584,499.31	1,268,460,294.70
Real estate developed products	330,937,275.39	--	330,937,275.39
Real estate which are going to be developed	488,129,480.59	--	488,129,480.59
Non real estate development projects			
Raw materials	456,564.13	--	456,564.13
Finished products	592,570.73	278,891.91	313,678.82
Low-value consumable products	29,985.02	--	29,985.02
Construction in progress	44,432,927.93	--	44,432,927.93
Total	2,180,623,597.80	47,863,391.22	2,132,760,206.58

(2) Real estate developing products

	Starting time	Finished time	Estimated total investment	Dec 31, 2011	Dec 31, 2012
DongHuDiJing Building*				130,966,363.51	130,350,182.51
ShanTou Yuejing Dongfang	2008	2014	150,000,000.00	63,427,856.39	78,795,485.51
Shengfang Shanglin Garden	2007	2014	1,400,000,000.00	246,218,888.14	346,095,674.23
ShanTou Fresh Peak Building				22,074,672.22	22,812,403.36
Shenfang Chuanqishan East Zone	2011	2013	1,600,000,000.00	853,357,013.75	1,075,701,021.51
Shenfang Chuanqishan West Zone**	2012	2013	1,100,000,000.00	--	606,467,879.07
Total				1,316,044,794.01	2,260,222,646.19

Note: ①Details about DongHuDiJing Building refers to notes 12 other significant issues.

②The increase of Shenfang Chuanqishan West Zone is caused by transference from Real estate which are going to be developed.

(3) Real estate developed products

	Finished time	Dec 31, 2011	Additions	Redutions	Dec 31, 2012
Jinye Island villa No.1	1996	602,180.72	--	602,180.72	--
Jinye Island Multi-tier villa	1997	36,383,546.37	--	253,778.28	36,129,768.09
Jinye Island villa No.6	2007	7,005,473.61	--	4,043,477.39	2,961,996.22
Jinye Island villa No.7	2007	3,672,297.51	--	3,672,297.51	--

	Finished time	Dec 31, 2011	Additions	Redutions	Dec 31, 2012
Jinye Island villa No.9	2009	24,411,425.96	--	14,172,105.06	10,239,320.90
Jinye Island villa No.10	2010	182,800,363.07	--	97,985,073.56	84,815,289.51
Jinye Island villa No.11	2008	29,294,280.73	--	6,749,154.05	22,545,126.68
HuangPuXinChun No.1	1994	121,283.88	--	--	121,283.88
HuangPuXinChun No.2	2007	3,601,484.75	--	3,331,538.61	269,946.14
HuaFeng Building	2000	1,631,743.64	--	--	1,631,743.64
XingHu Garden Multi-tier	2003	248,384.29	--	91,535.60	156,848.69
XingHu Garden No.8	2005	9,988,789.21	--	9,988,789.21	--
BeiJing Fresh Peak Buliding		671,820.67	--	--	671,820.67
JiaoHu Roan Cyber Shop		2,151,920.73	--	2,151,920.73	--
Wenjin warehouse 1-5 floor		13,507,895.61	--	--	13,507,895.61
Real Estate building		11,025,444.77	--	--	11,025,444.77
Wenjing Garden		3,818,939.87	--	--	3,818,939.87
Total		330,937,275.39	--	143,041,850.72	187,895,424.67

(4) Provision for movement in value of inventories

Item	Opening balance	Increase	Decrease		Closing balance
			Reversals	Write-off	
Shengfang Shanglin Garden	47,584,499.31	--	--	--	47,584,499.31
Finished products	278,891.91	--	--	--	278,891.91
Total	47,863,391.22	--	--	--	47,863,391.22

(5) Capitalized borrowing cost at year end is RMB 123,869,852.05.

7.8 Other current assets

Item	Contents	Closing balance	Opening balance
Value added tax	Input tax to be deducted	5,686,855.14	5,068,827.11
Business tax	Tax paid for advances from customers	1,680,349.06	8,333,346.56
City construction surcharge	Tax paid for advances from customers	324,324.07	624,580.98
Education surcharge	Tax paid for advances from customers	28,718.20	162,452.85
Local education surcharge	Tax paid for advances from customers	19,227.31	112,491.43
Embankment Protection Fee	Tax paid for advances from customers	40,987.00	151,734.75
Total		7,780,460.78	14,453,433.68

7.9 Long-term equity investments

(1) Long-term equity investments by types

Item	Opening balance	Increase	Decrease	Closing balance
invested in joint ventures	91,678,556.86	--	--	91,678,556.86
Invested in associates	2,969,493.49	--	120,218.96	2,849,274.53
Other equity investments	212,100,247.16	12,000,000.00	--	224,100,247.16
Less: provisions for long-term equity investment impairment	243,402,109.25	--	--	243,402,109.25
Total	63,346,188.26	12,000,000.00	120,218.96	75,225,969.30

(2) Details of long-term equity investments

Name of investee	Accounting method	Investment cost	Opening balance	Changes [Increase /decrease]	Closing balance
Shenzhen Ronghua JiDian Co.,Ltd	Equity method	1,250,000.00	1,524,067.93	-120,218.96	1,403,848.97
Shenzhen Runhua Automobile Trading Co.,Ltd	Equity method	1,445,425.56	1,445,425.56	--	1,445,425.56
Guangdong province Huizhou Luofu Hill mineral water Co.,Ltd	Equity method	9,969,206.09	9,969,206.09	--	9,969,206.09
Fengkai Xinhua Hotel	Equity method	9,455,465.38	9,455,465.38	--	9,455,465.38
Jiangmen Xinjian Real Estate Co. Ltd.	Equity method	9,037,070.89	9,037,070.89	--	9,037,070.89
Xi'an Fresh Peak Building Co. Ltd	Equity method	32,840,729.61	32,840,729.61	--	32,840,729.61
DongYi Property Co.,Ltd	Equity method	30,376,084.89	30,376,084.89	--	30,376,084.89
Shenzhen Shen Fang Industrial Development Co., Ltd	Cost method	4,500,000.00	4,500,000.00	--	4,500,000.00
Shenzhen ZhongGang Haiyan Enterprise Ltd	Cost method	12,940,900.00	12,940,900.00	--	12,940,900.00
Shenzhen Real Estate Consolidated Service Co., Ltd.	Cost method	5,958,305.26	5,958,305.26	--	5,958,305.26
Paklid Limited	Cost method	201,100.00	201,100.00	--	201,100.00
Bekaton Property Limited	Cost method	906,630.00	906,630.00	--	906,630.00
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd	Cost method	8,180,003.63	8,180,003.63	--	8,180,003.63
Shenzhen Xin Dongfang Store Ltd	Cost method	18,500,000.00	18,500,000.00	--	18,500,000.00
Shenzhen City Shenfang Construction and Decoration Materials Ltd.	Cost method	2,680,000.00	2,680,000.00	--	2,680,000.00
Shenzhen Shenfang Department Store Co. Ltd.	Cost method	10,000,000.00	10,000,000.00	--	10,000,000.00
Shenzhen CyberPort Co., Ltd	Cost method	14,000,000.00	7,613,507.96	--	7,613,507.96
YunNan KunPeng Flight service Co.,Ltd	Cost method	5,464,240.74	5,464,240.74	--	5,464,240.74
ShenZhen ShenFang BaoAn developmentCo.,Ltd	Cost method	20,000,000.00	20,379,525.68	--	20,379,525.68
Shantou Fresh Peak Building	Cost method	68,731,560.43	58,547,652.25	--	58,547,652.25
Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd.	Cost method	121,265,000.00	56,228,381.64	--	56,228,381.64
Shantou Small&medium Enterprises Finacing Guarantee Co. Ltd.	Cost method	12,000,000.00	--	12,000,000.00	12,000,000.00
Total		399,701,722.48	306,748,297.51	11,879,781.04	318,628,078.55

(Continued)

Name of investee	Proportion of ownership interest held (%)	Proportion of voting power in the investee (%)	Explanation of the inconsistency between these two proportions	Provision for impairment losses	Provision for impairment losses for the period	Cash dividend for the period
Shenzhen Ronghua JiDian Co.,Ltd	25	25		1,076,954.64	--	--
Shenzhen Runhua Automobile Trading Co.,Ltd	50	50		1,445,425.56	--	--
Guangdong province Huizhou Luofu Hill mineral water Co.,Ltd	Co-operation	Co-operation		9,969,206.09	--	--
Fengkai Xinhua Hotel	Co-operation	Co-operation		9,455,465.38	--	--
Jiangmen Xinjian Real Estate Co. Ltd.	Co-operation	Co-operation		912,537.16	--	--
Xian Fresh Peak Building Co. Ltd	Co-operation	Co-operation		20,673,831.77	--	--
DongYi Property Co.,Ltd	Co-operation	Co-operation		21,225,715.87	--	--
Shenzhen Shen Fang Industrial Development Co., Ltd	100	100		4,500,000.00	--	--
Shenzhen ZhongGang Haiyan Enterprise Ltd	68	68		12,940,900.00	--	--
Shenzhen Real Estate Consolidated Service Co., Ltd.	100	100		5,958,305.26	--	--
Paklid Limited	100	100		201,100.00	--	--
Bekaton Property Limited	100	100		906,630.00	--	--
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd	100	100		8,180,003.63	--	--
Shenzhen Xin Dongfang Store Ltd	100	100		18,500,000.00	--	--
Shenzhen City Shenfang Construction and Decoration Materials Ltd.	100	100		2,680,000.00	--	--
Shenzhen Shenfang Department Store Co. Ltd.	100	100		10,000,000.00	--	--
Shenzhen CyberPort Co., Ltd	70	70		--	--	--
YunNan KunPeng Flight service Co.,Ltd*	25	25		--	--	601,112.91
ShenZhen ShenFang BaoAn developmentCo.,Ltd	100	100			--	--
Shantou Fresh Peak Building	100	100		58,547,652.25	--	--

Name of investee	Proportion of ownership interest held (%)	Proportion of voting power in the investee (%)	Explanation of the inconsistency between these two proportions	Provision for impairment losses	Provision for impairment losses for the period	Cash dividend for the period
Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd.	90	90		56,228,381.64	--	--
Shantou Small&medium Enterprises Finacing Guarantee Co. Ltd.	10	10			--	--
Total				243,402,109.25	--	601,112.91

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

(3) Details of unrecognised investment losses are as follows:

Investee	Current year		Prior year	
	Unrecognised investment losers for the year	Accumulated unrecognised investment losses	Unrecognised investment losers for the year	Accumulated unrecognised investment losses
Shenzhen Fresh Peak Property Consultant Co.,Ltd	-227,348.83	769,586.20	-3,056.00	996,935.02
Total	-227,348.83	769,586.20	-3,056.00	996,935.02

(4) Investments in joint ventures and associates

1) Joint ventures

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

(Continued)

Name of investee	Total assets at the end of year	Total liabilities at the end of year	Total net assets at the end of year	Total operating income for the year	Net profit for the year	Relationship with related party	Organization code
Guangdong province Huizhou Luofu Hill mineral water Co.,Ltd*①						Joint venture	
Fengkai Xinhua Hotel*②						Joint venture	
Jiangmen Xinjian Real Estate Co. Ltd.*③						Joint venture	
Xi'an Fresh Peak Building Co. Ltd.*③						Joint venture	62390802-3
DongYi Property Co.,Ltd.*③						Joint venture	

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

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

②Fengkai Xinghua Hotel

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

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

The above corporations were the joint ventures set up with the local partners for the properties developing projects. Consider the projects had been stopped, and the joint ventures had closed operating activities for many years with no preparation of financial statements. Already accrued the corresponding provision for the investment of these joint ventures. Refer to Notes 7.8. (5) for details.

2) Associates

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

(Continued)

Name of investee	Total assets at the end of year	Total liabilities at the end of year	Total net assets at the end of year	Total operating income for the year	Net profit for the year	Relationship with related party	Organization code
Shenzhen Ronghua JiDian Co.,Ltd*①	12,394,202.84	7,209,624.41	5,184,578.43	15,315,343.63	-508,474.08	Associate	19219691-6
Shenzhen Fresh Peak Property Consultant Co.,Ltd	5,196,277.78	9,044,208.76	-3,847,930.98	7,351,360.00	1,136,744.13	Associate	19221684-1
Shenzhen Runhua Automobile Trading Co.,Ltd						Associate	19220483-2
Shenzhen Dongfang New world Store Co.,Ltd*②						Associate	19222948-2

*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.

(5) Provision for impairment of long-term investments

Item	Opening balance	Increase	Decrease	Closing balance
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Shenzhen ronghua JiDian Co.,Ltd	1,076,954.64	--	--	1,076,954.64
Shenzhen Shen Fang Industrial Development Co., Ltd	4,500,000.00	--	--	4,500,000.00
Shenzhen ZhongGang Haiyan Enterprise Ltd.	12,940,900.00	--	--	12,940,900.00
Shenzhen Real Estate Consolidated Service Co., Ltd.	5,958,305.26	--	--	5,958,305.26
Paklid Limited	201,100.00	--	--	201,100.00
Bekaton Property Limited	906,630.00	--	--	906,630.00
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd.	8,180,003.63	--	--	8,180,003.63
Shenzhen Xin Dongfang Store Ltd.	18,500,000.00	--	--	18,500,000.00
Shenzhen City Shenfang Construction and Decoration Materials Ltd.	2,680,000.00	--	--	2,680,000.00
Shenzhen Shenfang Department Store Co. Ltd.	10,000,000.00	--	--	10,000,000.00
Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd.	56,228,381.64	--	--	56,228,381.64
Shenzhen Runhua automobile trading Co.,Ltd	1,445,425.56	--	--	1,445,425.56
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 Xinjian Real Estate Co. Ltd.	912,537.16	--	--	912,537.16
Xi'an Fresh Peak Property Management & Trading Co. Ltd.	20,673,831.77	--	--	20,673,831.77
Tung Yick Property Co., Ltd.	21,225,715.87	--	--	21,225,715.87
Shantou Fresh Peak Building	58,547,652.25	--	--	58,547,652.25
Total	243,402,109.25	--	--	243,402,109.25

7.10 Investment properties

(1) Details of investment properties

Item	Opening balance	Increase	Decrease	Closing balance
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The investment properties are subsequently measured using the cost model	602,041,034.84	--	20,911,626.19	581,129,408.65
Less: Provision for impairment	94,039,341.33	--	283,376.11	93,755,965.22
Total	508,001,693.51	--	20,628,250.08	487,373,443.43

(2) Investment properties measured at cost

Item	Opening balance	Increase	Decrease	Closing balance
I. Total original carrying amount	846,254,642.03	--	345,266.23	845,909,375.80
Including: Buildings	748,891,106.42	--	--	748,891,106.42
Land use rights	97,363,535.61	--	345,266.23	97,018,269.38
II. Total accumulated depreciation and amortization	244,213,607.19	20,566,359.96	--	264,779,967.15
Including: Buildings	244,213,607.19	20,566,359.96	--	264,779,967.15
Land use rights	--	--	--	--
III. Total provision for impairment	94,039,341.33	--	283,376.11	93,755,965.22
Including: Buildings	14,128,544.62	--	--	14,128,544.62
Land use rights	79,910,796.71	--	283,376.11	79,627,420.60
IV. Total carrying amounts	508,001,693.51	--	--	487,373,443.43
Including: Buildings	490,548,954.61	--	--	469,982,594.65
Land use rights	17,452,738.90	--	--	17,390,848.78

Note: (1) The amount of current year depreciation is Rmb 20,566,359.96.

(2) The reductions of land use right's original cost and provision are due to the fluctation of exchange rate.

(3) Among the investment property, Rmb 410,396,183.01 of net book value of building was used as mortgage for the Group's short-term/long-term loans. Refer to Note 7.17 for details.

7.11 Fixed assets

Item	Opening balance	Increase		Decrease	Closing balance
I. Total original cost	149,960,939.81	9,239,918.04		17,548,693.09	141,652,164.76
Including: building& construction	117,201,722.56	5,121,128.11		15,160,340.19	107,162,510.48
Vehicles	18,619,290.60	1,479,366.00		1,229,341.00	18,869,315.60
Machines & equipments	14,139,926.65	2,639,423.93		1,159,011.90	15,620,338.68
II. accumulated depreciation		Additions	Accrual		
Total accumulated depreciation	89,042,328.16	--	6,275,436.71	16,870,408.77	78,447,356.10

Item	Opening balance	Increase		Decrease	Closing balance
Including: Building & construction	66,289,919.14	--	3,242,800.58	14,572,877.98	54,959,841.74
Vehicles	12,494,563.02	--	1,824,614.82	1,167,873.95	13,151,303.89
Machines & equipments	10,257,846.00	--	1,208,021.31	1,129,656.84	10,336,210.47
III. Total net book value	60,918,611.65	--	--	--	63,204,808.66
Including: building& construction	50,911,803.42	--	--	--	52,202,668.74
Vehicles	3,882,080.65	--	--	--	5,718,011.71
Machines & equipments	6,124,727.58	--	--	--	5,284,128.21
IV. Total impairment provision	--	--	--	--	--
Including: building& construction	--	--	--	--	--
Vehicles	--	--	--	--	--
Machines & equipments	--	--	--	--	--
V. Total carrying amount	60,918,611.65	--	--	--	63,204,808.66
Including: building& construction	50,911,803.42	--	--	--	52,202,668.74
Vehicles	3,882,080.65	--	--	--	5,718,011.71
Machines & equipments	6,124,727.58	--	--	--	5,284,128.21

Note: (1) The depreciation for the current year is RMB 6,275,436.71.

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

(2) Details of fixed assets which ownership is restricted

As at 31 December 2012, the Group has pledged real estate and land etc. amounting to RMB 26,745,111.99 (original cost is RMB 49,696,185.15) as guarantee for long-term loans within one year of RMB 97,000,000.00 (2011: RMB 6,000,000.00) (refer to Note 7.17).

7.12 Intangible assets

Item	Opening balance	Increase	Decrease	Closing balance
I. Carrying amount	7,180,000.00	--	--	7,180,000.00
Software	812,000.00	--	--	812,000.00
Taxi license	6,368,000.00	--	--	6,368,000.00

Item	Opening balance	Increase	Decrease	Closing balance
II. Total accumulated amortization	983,913.29	329,979.96	--	1,313,893.25
Software	258,733.29	162,399.96	--	421,133.25
Taxi license	725,180.00	167,580.00	--	892,760.00
III. Total provision for impairment	--	--	--	--
Software	--	--	--	--
Taxi license	--	--	--	--
IV. Total net carrying amount	6,196,086.71	--	--	5,866,106.75
Software	553,266.71	--	--	390,866.75
Taxi license	5,642,820.00	--	--	5,475,240.00

Note: The amortization for the current period is RMB 329,979.96.

7.13 Long-term deferred assets

Item	Opening balance	Increase	Amortization	Other reductions	Closing balance	Reason for other reductions
Renovation costs	591,264.09	--	163,942.74	--	427,321.35	
Total	591,264.09	--	163,942.74	--	427,321.35	

7.14 Deferred tax assets and liabilities

(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	11,896,124.83	47,584,499.31	11,896,124.83	47,584,499.31
Dismission welfare	816,350.26	3,265,401.05	816,350.26	3,265,401.05
Deductible loss	6,916,174.53	27,664,698.12	7,690,757.74	30,763,030.96
Advertising expense	253,000.00	1,012,000.00	--	--
Total	19,881,649.62	79,526,598.48	20,403,232.83	81,612,931.32

(2) Details of unrecognized deferred tax assets

Item	Closing balance	Opening balance
Deductible losses		
Deductible operating loss	17,168,115.83	19,383,074.42
Bad debt provision	49,211,193.88	49,211,416.11
Provision for decline in value of inventories	69,722.98	69,722.98
Provision for impairment of long-term investments	60,850,527.31	60,850,527.31
Provision for impairment of investment properties	23,438,991.31	23,509,835.33
Total	150,738,551.31	153,024,576.15

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

Year	Closing balance	Opening balance	Remarks
2012	--	9,010,226.92	
2013	28,540,572.21	28,540,572.21	
2014	36,309,943.43	36,309,943.43	
2015	2,662,914.18	2,662,914.18	
2016	1,008,640.93	1,008,640.93	
2017	150,392.58	--	
Total	68,672,463.33	77,532,297.67	

7.15 Other non-current assets

Item	Contents	Closing balance	Opening balance
Software fees	The un-settled prepayment of software system	1,214,400.00	938,400.00
Fitment fees	The un-settled prepayment of fitment	1,037,034.00	3,472,548.69
Others		162,000.00	--
Total		2,413,434.00	4,410,948.69

7.16 Details of provision for impairment of assets

Item	Opening balance	Increase	Decrease		Closing balance
			Reversals	Write-off	
1. Bad debt provision	196,845,664.44	--	888.93	--	196,844,775.51
2. Provision for decline in value of inventories	47,863,391.22	--	--	--	47,863,391.22
3. Provision for impairment of long-term investments	243,402,109.25	--	--	--	243,402,109.25
4. Provision for impairment of investment properties	94,039,341.33	--	283,376.11	--	93,755,965.22
Total	582,150,506.24	--	284,265.04	--	581,866,241.20

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

7.17 Assets of ownership or use-right restriction

Item	Name of project	Closing balance	Reason for restriction
Subtotal of assets for Guarantee		1,864,314,370.65	
Inventories(Real estate developing products)	Land-use right of Shengfang Shanglin Garden	149,608,214.08	Mortgage
Inventories(Real estate developing products)	Land-use right of Shengfang Chuangqishan	1,236,967,948.37	Mortgage
Inventories(Real estate developed products)	Real Estate Building 5-6 floor	7,492,175.18	Mortgage
Inventories(Real estate developed products)	Wenjin Warehouse 1-3 floor	8,104,738.02	Mortgage
Investment properties	Shenfang Square	266,470,255.54	Mortgage
Investment properties	Petrel Building	76,781,810.23	Mortgage
Investment properties	GuoShang North 2 floor	67,144,117.24	Mortgage
Fixed assets	Real estate Building 5-6 floor	26,745,111.99	Mortgage
Monetary funds	Cash in bank	25,000,000.00	Mortgage
Subtotal of assets of ownership or use-right was restricted by other reason		8,092,202.24	
Monetary funds	Other monetary funds	8,001,929.14	Refer notes 7.1
Monetary funds	Other monetary funds	90,273.10	Refer notes 7.1
Total		1,872,406,572.89	

7.18 Short-term loans

Item	Closing balance	Opening balance
Entrusted loan	70,000,000.00	--
Loan on credit	26,000,000.00	20,000,000.00
Total	96,000,000.00	20,000,000.00

The details of Entrusted loan are shown in notes 8.6.

7.19 Accounts payable

(1) Details of accounts payable

Item	Closing balance	Opening balance
Within one year	6,552,137.26	1,694,165.13
Over one year	66,108,696.34	107,508,309.05
Total	72,660,833.60	109,202,474.18

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

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

7.20 Advances from customers

(1) Details of advances from customers

Item	Closing balance	Opening balance
Within one year	384,299,219.83	219,012,465.42
Over one year	22,894,978.97	39,963,630.15
Total	407,194,198.80	258,976,095.57

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

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

(4) Details of advances from customers

Item	Closing balance	Opening balance	
HuangPuXinChun	--	1,588,840.00	Completed
Jinye Island villa No.6	5,500,000.00	7,200,000.00	Completed
Jinye Island villa No.7	--	3,254,703.00	Completed
Jinye Island villa No.9	25,180,000.00	5,694,800.00	Completed
Jinye Island villa No.10	28,744,765.00	145,355,609.78	Completed
Jinye Island villa No.11	8,489,464.00	4,030,624.00	Completed
Shenfang Chuanqishan	280,179,233.00	--	2013
Total	348,093,462.00	167,124,576.78	

7.21 Employee benefits payable

Item	Opening balance	Increase	Decrease	Closing balance
I. Salary, bonus, allowances and subsidies	28,486,516.43	90,127,107.46	89,055,846.45	29,557,777.44
II. Staff welfare	--	4,467,799.10	4,467,799.10	--
III. Social security contributions	2,507,310.22	12,459,657.05	12,481,877.59	2,485,089.68
Including:				
1. Medical insurance premium	1,103,073.77	3,482,409.74	3,480,828.01	1,104,655.50
2. Pension insurance premium	1,317,438.91	5,481,522.66	5,540,973.03	1,257,988.54
3. Annuity premium	86,797.54	2,757,022.98	2,722,423.19	121,397.33
4. Unemployment insurance premium	--	249,046.46	248,909.92	136.54
Employment injury insurance	--	228,115.25	227,502.59	612.66
Maternity insurance	--	261,539.96	261,240.85	299.11
IV. Housing fund	653,496.41	5,059,640.02	5,703,071.88	10,064.55
V. Labor union fee, staff and workers' education fee	813,221.85	2,252,047.52	1,719,918.52	1,345,350.85
VI. Termination benefits	3,897,639.39	206,401.08	838,639.42	3,265,401.05
VII. Others	31,757.05	1,746,309.29	1,766,721.73	11,344.61
Total	36,389,941.35	116,318,961.52	116,033,874.69	36,675,028.18

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

② Union running costs and employee education costs are RMB 2,252,047.52, non-monetary benefits are RMB 0, and compensations to employees for termination of employment relationship are RMB 206,401.08.

③ At the end of the year, most of the salary payable to employees is accrued wages and bonuses, which would be paid during 2013.

7.22 Taxes payable

Item	Closing balance	Opening balance
Corporate income tax	12,295,090.93	13,453,711.50
Individual income tax	387,577.98	-100,738.60
Property tax	1,723,069.64	1,723,069.64
Land appreciation tax	5,552,414.59	2,347,034.79
Total	19,958,153.14	17,423,077.33

7.23 Interest payable

Item	Closing balance	Opening balance
Interest of long-term loans with interest payable by installments and principle payable on maturity	1,726,472.23	--
Interest payable on short-term loans	134,166.67	--
Others	16,535,277.94	16,535,277.94
Total	18,395,916.84	16,535,277.94

The balance of other interests payable due to Shenzhen Investment Holdings Co., Ltd. were accrued from the loans, refer to note 8.6.

7.24 Other payables

(1) Details of other payables

Item	Closing balance	Opening balance
Land appreciation tax accrued	118,306,623.12	110,531,577.92
Payable to related parties	98,325,761.01	98,327,761.01
Cash pledge	41,157,683.11	49,909,916.03
Others	136,951,659.05	125,951,976.17
Total	394,741,726.29	384,721,231.13

(2) Other payables to shareholders holding at least 5% of the Group's shares with voting power or to related parties in the reporting period. Please refer to Note 8.6 Related party transaction.

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

Name of entity	Amount	Reason for overdue	If paid after reporting date
----------------	--------	--------------------	------------------------------

Tax accrued- land appreciation tax	83,560,665.96	Unexpired	No
Shenzhen Investment Holdings Co., Ltd.	63,848,819.24	Unsettled	No

(4) Description for significant balances of other payables

The Group made provision for LAT, according to Guo Shui Fa [2006] No. 187 "LAT liquidation management issues of real estate development enterprises made by the State Administration of Taxation on ". As at December 31, 2012, the closing balance is RMB 118,306,623.12.

7.25 Non-current liabilities due within one year

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

Item	Closing balance	Opening balance
Long-term loans due within one year (Note 7.26)	299,261,270.80	697,095,738.47
Total	299,261,270.80	697,095,738.47

(2) Long-term loan due within one year

1) Details of Long-term loan due within one year

Item	Closing balance	Opening balance
Loan with mortgage	299,261,270.80	57,095,738.47
Loan with guarantee	--	640,000,000.00
Total	299,261,270.80	697,095,738.47

2) Top 5 long-term loans due within one year

Lender	Inception date of loans	Maturity date	Currency	Closing balance	Opening balance
Shenzhen Rural Commercial Bank	2010.11.26	2013.11.26	RMB	97,000,000.00	--
Shenzhen Rural Commercial Bank	2010.8.23	2013.8.23	RMB	86,000,000.00	--
Huashang Bank (Shenzhen Branch)	2012.12.6	2013.12.6	RMB	50,000,000.00	--
Huaxia Bank (Buji Branch)	2012.9.29	2013.12.29	RMB	25,000,000.00	--
Huaxia Bank (Buji Branch)	2012.10.24	2013.12.24	RMB	25,000,000.00	--
Bank of Shanghai (Shenzhen Branch)	2009.12.8	2012.12.7	RMB	--	200,000,000.00
Bank of Communications (Shantou Branch)	2009.8.13	2012.8.3	RMB	--	140,000,000.00
Bank of Shanghai (Shenzhen Branch)	2010.3.23	2012.12.7	RMB	--	100,000,000.00
Bank of Shanghai (Shenzhen Branch)	2010.5.24	2012.12.7	RMB	--	100,000,000.00
Bank of Shanghai (Shenzhen Branch)	2010.6.30	2012.12.7	RMB	--	100,000,000.00
Total				283,000,000.00	640,000,000.00

Note: Amounts repaid after the balance sheet date are RMB 39,528,213.29. The rates of above borrowing depend on the benchmark interest rate of the People's Bank of China for the same period and have a certain proportion floating of the benchmark interest rate.

7.26 Long-term loans

(1) Long-term loans categories

Item	Closing balance	Opening balance
Loan with mortgage	1,148,897,349.05	356,717,113.11
Loan with guarantee	--	640,000,000.00
Less: long-term loans due within one year (Note 7.25)	299,261,270.80	697,095,738.47
Total	849,636,078.25	299,621,374.64

Note: the categories and amounts of assets pledged with monetary assets secured borrowings are shown in notes 7.17.

2) Top 5 significant long-term loans

Lending party	Inception date	Maturity date	Interest rate (%)	Currency	Closing balance	Opening balance
Huashang Bank (Shenzhen Branch)	2012.12.6	2015.12.6	6.76	RMB	150,000,000.00	--
China Construction Bank (Shenzhen Branch)	2012.8.28	2015.9.27	6.77	RMB	100,000,000.00	--
China Construction Bank (Shenzhen Branch)	2012.11.21	2015.11.20	6.77	RMB	100,000,000.00	--
Huaxia Bank (Buji Branch)	2012.9.29	2017.9.29	6.78	RMB	75,000,000.00	--
Huaxia Bank (Buji Branch)	2012.10.24	2017.10.24	6.78	RMB	75,000,000.00	--
Shenzhen Rural Commercial Bank (Shangbu Branch)	2010.11.26	2013.11.26	6.15	RMB	--	97,000,000.00
Shenzhen Rural Commercial Bank (Shangbu Branch)	2010.8.23	2013.8.23	6.15	RMB	--	86,000,000.00
Industrial and Commercial Bank of China (Guangmin Branch)	2010.6.3	2012.9.13	6.35	RMB	--	85,700,000.00
Nanyang Commercial Bank (Shenzhen Branch)	2007.5.29	2017.5.29	6.37	RMB	--	30,921,374.64
Total					500,000,000.00	299,621,374.64

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

7.27 Long-term payables

Details of long-term payables

Item	Closing balance	Opening balance
Maintenance fund	11,136,124.62	10,308,648.22
Total	11,136,124.62	10,308,648.22

7.28 Share capital

Item	Opening balance		Changes for the period					Closing balance	
	Amount	%	New issue of share	Bonus issue	Capitalization of surplus reserve	Other	Subtotal	Amount	%
I. Restricted tradable shares	--	--	--	--	--	--	--	--	--
II. Tradable shares									
1. Ordinary shares denominated in RMB	891,660,000.00	88.14	--	--	--	--	--	891,660,000.00	88.14
2. Foreign-owned shares listed domestically	120,000,000.00	11.86	--	--	--	--	--	120,000,000.00	11.86
3. Foreign-owned shares listed overseas	--	--	--	--	--	--	--	--	--
4. Others	--	--	--	--	--	--	--	--	--
Total tradable shares	1,011,660,000.00	100.00	--	--	--	--	--	1,011,660,000.00	100.00
III. Total shares	1,011,660,000.00	100.00	--	--	--	--	--	1,011,660,000.00	100.00

7.29 Capital reserve

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

7.30 Surplus reserve

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

7.31 Undistributed profit

Item	Amount for the current period	Amount for the prior period	Proportion of appropriation

Item	Amount for the current period	Amount for the prior period	Proportion of appropriation
Before adjustment: Undistributed profits at the end of prior year	-475,968,948.89	-577,169,009.54	--
Adjustment: Total undistributed profits at beginning of year (Increase +, decrease -)	--	--	--
After adjustment: Undistributed profits at beginning of year	-475,968,948.89	-577,169,009.54	--
Add: Net profit attributable to owners of the Company for the period	106,814,543.53	101,200,060.65	--
Make up the loss use surplus reserve	--	--	--
Other transfer into	--	--	--
Less: Appropriation to discretionary surplus reserve	--	--	--
Declaration of dividends on ordinary shares	--	--	--
Conversion of ordinary shares' dividends into share capital	--	--	--
Undistributed profits at the end of period	-369,154,405.36	-475,968,948.89	--

7.32 Operating income and costs

(1) Operating income and operating costs

Item	Amount for the current period	Amount for the prior period
Principal operating income	1,011,976,525.21	993,942,895.86
Other operating income	18,172,204.26	32,453,208.65
Total of operating income	1,030,148,729.47	1,026,396,104.51
Principal operating costs	689,088,645.84	672,136,886.14
Other operating costs	12,214,977.24	14,091,101.27
Total of operating costs	701,303,623.08	686,227,987.41

(2) Principal operating activities (classified by industries)

Name of industry	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Real estate	379,619,819.21	146,516,172.48	511,676,477.00	254,759,053.89
Construction	468,407,774.16	445,160,754.08	328,769,774.99	311,550,480.76
Leasing	85,107,142.96	30,961,456.12	73,544,899.43	30,541,919.34

Name of industry	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Property management	101,495,483.27	86,840,214.99	93,893,314.56	83,921,844.55
Subtotal	1,034,630,219.60	709,478,597.67	1,007,884,465.98	680,773,298.54
Less: offset the internal amount	22,653,694.39	20,389,951.83	13,941,570.12	8,636,412.40
Total	1,011,976,525.21	689,088,645.84	993,942,895.86	672,136,886.14

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

Name of geographical area	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Domestic:				
GuangDong Province	972,965,703.54	651,456,584.54	988,225,265.44	662,640,743.19
Others	61,047,686.11	58,022,013.13	18,991,917.50	18,132,555.35
Overseas:	616,829.95	--	667,283.04	--
Subtotal	1,034,630,219.60	709,478,597.67	1,007,884,465.98	680,773,298.54
Less: offset the internal amount	22,653,694.39	20,389,951.83	13,941,570.12	8,636,412.40
Total	1,011,976,525.21	689,088,645.84	993,942,895.86	672,136,886.14

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

	Amount for the current period	
	Total operating income	Proportion to total operating income of the Company (%)
Corporation unit No.1	15,078,357.88	1.46
Corporation unit No.2	14,737,984.00	1.43
Corporation unit No.3	13,972,242.87	1.36
Corporation unit No.4	13,500,000.13	1.31
Corporation unit No.5	12,499,076.59	1.21
Total	69,787,661.47	6.77

(Continued)

	Amount for the prior period	
	Total operating income	Proportion to total operating income of the Company (%)
Corporation unit No.1	65,554,000.00	6.39

Corporation unit No.2	27,800,000.00	2.71
Corporation unit No.3	13,894,500.00	1.35
Corporation unit No.4	12,500,000.00	1.22
Corporation unit No.5	11,774,127.36	1.15
Total	131,522,627.36	12.82

7.33 Business taxes and surcharges

Item	Amount for the current period	Amount for the prior period
Business tax	42,953,955.93	45,944,638.22
City construction and maintenance tax	2,951,319.14	2,183,859.14
Education surcharges	1,448,500.23	1,169,505.63
Property tax	6,295,071.12	6,304,592.55
Land appreciation tax	44,966,121.27	59,861,391.13
Local education surcharges	542,477.07	326,825.66
Embankment Protection Fee	1,045,708.33	558,388.34
Total	100,203,153.09	116,349,200.67

Note: Details of business taxes and surcharges please refer to Note 5.

7.34 Selling expenses

Item	Amount for the current period	Amount for the prior period
Employee benefits	3,517,118.13	2,853,630.01
Advertising expenses	18,034,936.16	6,182,679.28
Entertainment expenses	481,883.00	622,820.90
Bank charges	701,378.03	--
Consulting fees	300,000.00	--
Marketing activities fee	925,225.80	--
Material printing costs	750,655.69	--
Others	2,829,316.34	1,168,798.64
Total	27,540,513.15	10,827,928.83

7.35 Administrative expenses

Item	Amount for the current period	Amount for the prior period
Employee benefits	32,665,996.69	34,852,702.09
Taxes	7,135,517.60	3,118,065.06
Depreciation	4,859,854.11	4,863,093.96
Entertainment expenses	4,417,299.60	4,772,142.72

Intermediary fee	3,188,936.72	2,867,610.32
Travel expense	1,281,259.97	1,278,369.18
Administrative expenses	1,583,890.19	1,781,024.86
Repair charge	1,148,482.14	1,107,030.08
Water and electricity charges	1,105,247.92	1,572,833.92
Other amortization	607,349.93	545,338.20
Others	10,121,234.31	8,369,580.77
Total	68,115,069.18	65,127,791.16

7.36 Financial expenses

Item	Amount for the current period	Amount for the prior period
Interest expenses	73,616,362.45	65,254,298.32
Less: capitalized interest expenses	67,240,028.19	47,230,586.82
Less: Interest income	3,894,420.17	3,524,155.34
Exchange differences	-88,711.58	2,075,380.42
Less: Capitalized exchange differences	--	--
Others	289,560.27	281,104.73
Total	2,682,762.78	16,856,041.31

7.37 Impairment losses of assets

Item	Amount for the current period	Amount for the prior period
Bad debt provisions	-6,140,000.00	82,236.80
Total	-6,140,000.00	82,236.80

Note: The bad debt is the borrowing payment received from Shenyang Tongxin during the report period, which was written-off before (Due to the original borrowing has been wholly accrued provision, base on this, need recover the original receivable balance and transfer the bad debt to current P&L).

Details refer to: Note 7 Contingencies.

7.38 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	1,653,305.67	--
Investment income from long-term investments under equity method	-120,218.96	-5,622.11
Investment income on disposal of long-term investments	--	25,212.78
Investment income from holding available-for-trade financial	--	-34,017.37

Item	Amount for the current period	Amount for the prior period
assets		
Total	1,533,086.71	-14,426.70

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

Name of investee	Amount for the current period	Amount for the prior period
YunNan KunPeng Flight service Co.,Ltd	1,653,305.67	--
Total	1,653,305.67	--

(3) 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	-120,218.96	-5,622.11	Investee's operating loss
Total	-120,218.96	-5,622.11	

7.39 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
Total gains on disposal of non-current assets	27,714.20	211,822.51	27,714.20
Including: Gains on disposal of fixed assets	27,714.20	211,822.51	27,714.20
Gains on penalty	40,331.00	845,126.00	40,331.00
Others	12,149.43	1,499,734.85	12,149.43
Total	80,194.63	2,556,683.36	80,194.63

7.40 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	616,113.66	63,859.29	616,113.66
Including: Losses on disposal of fixed	616,113.66	63,859.29	616,113.66

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the period
assets			
Donations to third parties	74,000.00	116,765.00	74,000.00
Penalty expense	39,765.48	369.83	39,765.48
Compensation expense	45,000.00	18,810.00	45,000.00
Others	24,115.78	8,549.52	24,115.78
Total	798,994.92	208,353.64	798,994.92

7.41 Income tax expenses

Item	Amount for the current period	Amount for the prior period
Current tax expense calculated according to tax laws and relevant requirements	29,881,461.77	34,726,163.79
Adjustments to deferred tax	521,583.21	-2,646,633.11
Total	30,403,044.98	32,079,530.68

7.42 Basic earnings per share and diluted earnings per share

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

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

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

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

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

When calculating the number of ordinary shares that would have been issued assuming the conversion of dilutive potential ordinary shares into ordinary shares, the dilutive potential ordinary shares issued in the prior period is assumed as conversion in the beginning of this year, while the dilutive potential ordinary shares issued in the current year is assumed as conversion at the issuing date.

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

Profits for the period	Amount for the current period		Amount for the prior period	
	Basic earnings per share	Diluted earnings per share	Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	0.1056	0.1056	0.1000	0.1000
Net profit attributable to ordinary shareholders of the Company after deduction non-recurring profit or loss	0.1001	0.1001	0.0983	0.0983

(2) Calculation process of basic earnings per share and diluted earnings per share

During the reporting period, the Group had no underlying diluted ordinary shares, so the diluted earnings per share is the same with the basic earnings per share.

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

Item	Amount for the current period	Amount for the prior period
Net profit for the current period attributable to ordinary shareholders	106,814,543.53	101,200,060.65
Including: Net profit from continuing operations	106,814,543.53	101,200,060.65
Net profit from discontinued operations	--	--
Net profit attributable to ordinary shareholders after non-recurring profit and loss	101,232,143.75	99,430,051.40
Including: Net profit from continuing operations	101,232,143.75	99,430,051.40
Net profit from discontinued operations	--	--

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

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

Less: Weighted average number of ordinary shares repurchased during the period	--	--
Number of ordinary shares outstanding at the end of year	1,011,660,000.00	1,011,660,000.00

7.43 Other comprehensive income

Item	Amount for the current period	Amount for the prior period
1. Translation differences of financial statements denominated in foreign currencies	-49,972.76	-679,135.07
Less: Net amount transferred to profit or loss for the period on disposal of foreign operations	--	--
Total	-49,972.76	-679,135.07

7.44 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	2,771,676.50	3,183,155.34
Mortgage and deposits	14,615,042.62	17,222,594.84
Correspondent payment	12,951,078.83	13,133,466.50
Maintenance fund	106,027.18	649,136.70
Property license fee and survey fee	7,049,454.75	6,443,171.76
Implementation of GuoXing building lawsuit	--	12,500,000.00
Others	1,685,448.72	1,807,631.53
Total	39,178,728.60	54,939,156.67

(2) Other cash receipts relating to operating activities

Item	Amount for the current period	Amount for the prior period
Cash paid to general and administrative expenses	20,137,108.63	21,916,735.83
Cash paid to operating expenses	19,557,354.35	8,688,320.66
Mortgage and guarantee	13,774,729.08	19,480,607.45
Property license fee and survey fee	6,976,007.82	8,202,898.68
Other correspondent receivable	17,703,811.51	13,415,895.45
Others	2,263,540.91	2,894,827.32
Total	80,412,552.30	74,599,285.39

(3) Other cash receipts relating to investing activities

Item	Amount for the current period	Amount for the prior period
Guarantee fees for bank loan	--	2,000,000.00
Certificate of deposit pledged	25,000,000.00	--
Total	25,000,000.00	2,000,000.00

7.45 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	106,854,849.63	101,199,284.42
Add: Provision for impairment loss of assets	--	82,236.80
Depreciation of fixed assets, bio-assets, and natural gas	26,841,796.67	27,286,065.58
Amortization of intangible assets	329,979.96	293,179.96
Amortization of long-term deferred expenses	163,942.74	239,667.70
Losses on disposal of fixed assets, intangible assets and other long-term assets(deduct: gains)	-12,598.93	-211,822.51
Losses on scrapping of fixed assets (deduct: gains)	600,998.39	63,859.29
Loss of fair value variation (deduct: gains)	--	-19,993.75
Financial expenses (deduct: gains)	6,133,019.38	20,373,232.45
Losses from investments (deduct: gains)	-1,533,086.71	14,426.70
Decrease in deferred tax assets (deduct: increase)	521,583.21	-2,646,633.11
Increase in deferred tax liabilities (deduct: decrease)	--	--
Decrease in inventories (deduct: increase)	-229,893,590.87	139,409,086.73
Decrease in operating receivables (deduct: increase)	-15,117,502.08	-18,862,549.07

Item	Amount for the current period	Amount for the prior period
Increase in operating payables (deduct: decrease)	132,520,428.14	-152,065,250.78
Others	--	--
Net cash flows from operating activities	27,409,819.53	115,154,790.41
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	463,713,702.77	324,967,185.86
Less: cash at the beginning of the period	324,967,185.86	371,258,812.38
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	138,746,516.91	-46,291,626.52

(2) Information of cash and cash equivalents

Item	Amount for the current period	Amount for the prior period
I. Cash		
Including: Cash on hand	336,552.84	276,080.48
Bank deposits	463,243,117.58	324,467,108.26
Other monetary funds	134,032.35	223,997.12
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	463,713,702.77	324,967,185.86

Note 8 Related party relationships and transactions

8.1 Parent of the Company

Name of the parent	Related party relationship	Type of the entity	Place of incorporation	Legal representative	Business Nature
Shenzhen	Parent of the Group	State-owned	Guangdong	Fan Mingchun	Investment, Real

Investment Shareholding Co. Ltd		Enterprises	province Shenzhen		estate development, Guarantee
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(Continued)

Name of the parent	Registered capital	Proportion of the Company's ownership interest held by the parent (%)	Proportion of the Company's voting power held by the parent (%)	Ultimate controlling party of the Company	Organization code
Shenzhen Investment Shareholding Co. Ltd	RMB 5.60 billion	63.55	63.55	State-owned assets management committee	76756642-1

8.2 Subsidiaries of the Company

Please refer to Note 6.1.

8.3 Associates and joint ventures of the entity

Please refer to Note 7.9.

8.4 Other related parties of the Company

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

8.5 Related party transactions

(1) Contracting with related parties

Name of main contract issuing party	Name of contractor	Type of assets under contracting	Reception date of contracting	Expiration date of contracting	Basis of pricing of contracting income	Contracting income recognized in the current year
The Group	Shenzhen Jian'an Group Co., Ltd.	Construction	2012-2-1	2013-6-15	Bidding	162,820,000.00
The Group	Shenzhen Environmental Engineering Science Tech Center Co., Ltd	Environment supervision	2011-5-3		Negotiations	87,750.00
The Group	Shenzhen Institute of Building Research Co., Ltd.	Consultancy	2012-2-10	One year after the project is completed and accepted	Negotiations	325,000.00
The Group	Shenzhen Water Planning & Design Institute	Designing	2010-9-19		Negotiations	21,600.00
The Group	Shenzhen General Institute of Architectural Design and Research CO.,LTD	Designing	2012-7-9		Negotiations	112,700.00
The Group	Shenzhen General Institute of Architectural Design and Research CO.,LTD	Designing	2012-7-28		Negotiations	200,000.00

(2) Guarantees with related parties

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
The Group	Shenzhen ShenFang Group LongGang Development Co.,Ltd	88,400,000.00	2012.3.31	2015.3.31	No

(3) Borrowings/loans with related parties

Related party	Amount of borrowing / loan	Inception date	Maturity date	Remarks
Borrowed from:				
Shenzhen Institute of Building Research Co., Ltd.	70,000,000.00	2012.7.26	2013.7.26	

(4) Compensation for key management personal

Item	Amount for the current period	Amount for the prior period
Total	5.9811 [million]	5.2695 [million]
Including: (Number in different zone)		
Over 200k	12	12
150k-200k	--	--
100k-150k	1	--
Below 100k	3	3

(5) Investment with other related party

On Nov'2nd, 2012, the Group signed «Shantou Small&Medium Enterprise Financing Guarantee the limited companies investment agreement» with Shenzhen Small&Medium Enterprise Credit Financing Guarantee Group Co., Ltd (the Group's related party) and other four companies (including: Shantou Industrial economic investment and construction Co., Ltd., Shantou Ocean (Group) Co., Ltd., ShantouChaoyang District Five star Industrial Co., Ltd., Shantou City star Trading Co., Ltd.). According to the agreement, the parties jointly funded Shantou Small&Medium Enterprise financing Guarantee Co., Ltd., where the Group and Shenzhen Small&Medium Enterprise Credit financing Guarantee Group Co., Ltd. invest RMB 12 million individually with cash.

8.6 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	1,112,375.80	--	1,112,496.40	--
Total	1,112,375.80	--	1,112,496.40	--
Other receivables				
Guangdong Province Huizhou Luofu Hill Mineral Water Co.,Ltd	10,465,168.81	10,465,168.81	10,465,168.81	10,465,168.81
Shenzhen Runhua Automobile Trading Co.,Ltd	3,072,764.42	3,072,764.42	3,072,764.42	3,072,764.42
Canada GreatWall (vancouver) Co.,Ltd	89,035,748.07	89,035,748.07	89,035,748.07	89,035,748.07
Bekaton Property Limited	12,559,290.58	12,559,290.58	12,559,290.58	12,559,290.58
Paklid Limited	18,631,565.47	18,628,734.59	18,946,689.75	18,629,623.52
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

Item	Closing balance		Opening balance	
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Shenzhen City Shenfang Construction and Decoration Materials Ltd.	8,327,180.71	8,327,180.71	8,327,180.71	8,327,180.71
Shenzhen RongHua JiDian Co.,Ltd	475,223.46	--	475,223.46	--
Xi'an Fresh Peak property management& Trading Co.,Ltd	8,419,205.19	--	8,419,205.19	--
Total	152,310,282.75	143,205,203.22	152,625,407.03	143,206,092.15

(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	1,869,348.00
Shenzhen Cyber Port Co., Ltd	7,949,749.26	7,949,749.26
Shenzhen Shenfang Group BaoAn Developing Co.,Ltd	20,093,445.07	20,093,445.07
Shenzhen Investment Holding Co.,Ltd	63,848,819.24	63,848,819.24
Total	98,325,761.01	98,327,761.01
Interest payable:		
Shenzhen Investment Holding Co.,Ltd	16,535,277.94	16,535,277.94
Shenzhen General Institute of Architectural Design and Research CO.,LTD	134,166.67	--
Total	16,669,444.61	16,535,277.94

(3) Short-term loans

Item	Closing balance	Opening balance
Shenzhen General Institute of Architectural Design and Research CO.,LTD	70,000,000.00	--
Total	70,000,000.00	--

Note 9 Contingencies**9.1 Contingencies arising from pending litigations or arbitrations and their financial effects****① Guoxing Building Lawsuit**

On 21 March 1997, the Company signed an agreement “transferring equity of GuoXing Building agreement” with Baoxing Real Estate Development (Shenzhen) Company limited (hereinafter referred to as “BaoXing”). According to the agreement specifications, the Company transferred 68% of GuoXing Building project to BaoXing with the price- Rmb 145,000 thousand. And also, the construction cost – Rmb 15,000 thousands that the Company owed to GuoXing Building were undertaken by BaoXing. But after paying Rmb 45 million to the company, Bao Xing hadn’t paid the remaining equity transferring fund- Rmb 100,000 thousand and the construction cost – 15,000 thousand. The company instituted legal proceedings against BaoXing. After the trial of the Guangdong High People’s Court on 28 September 2002, Baoxing had to pay for Rmb 98,948,060.00 and interest to the company according to the paper of civil judgment –“ (2001) YueGaoFaJing – ChuZhi No.7. Upon a second sue of the case in 2003, the judgement remained unchanged.

On 22 Feb 2008, the Company signed an agreement with BaoXing Company. According to the agreement specifications, BaoXing Company paid for Rmb 15,000 thousand to the Company. And at the same time, the Company gave up the distribution right and auction disposal right of the LongGang District BaoXing Building. But BaoXing Company failed to carry out the agreement. On 23 July 2008, Baoxing Company, the third party – Shenzhen HongMing MuYe Co., Ltd (hereinafter referred to as HongMing Company) and the Company signed the composition agreement. According to the agreement specifications, the debts and other responsibilities of BaoXing Company would be undertaken by HongMing Company. And HongMing Company had to pay for the company Rmb 2,500 thousand and transferred the land-use right of NO. 1514 room (the property developer is Great China International Group (China) Co., Ltd, hereinafter referred to as Great China Company) of Shenzhen international exchange plaza instead. In December 2008, the Company received Rmb 2,500 thousand. Great China Company did not handle with the house property certificate for the Company according to the agreement. On November 15, 2011, another "Agreement" was signed by the Company, BaoXing Company, HongMing Company and Great China Company. They agreed that BaoXing Company would pay RMB 12,500 thousand Yuan in cash to the Company, and the Company receive the money in full, the agreement signed on 22 Feb, 2008 was seemed to have been fulfilled. In 2011, the company

received RMB 12,500 thousand Yuan from Shenzhen Haotian Equity Investment Fund Management Co., Ltd- the third-party equity interest commissioned by BaoXing Company.

As of December 31, 2012, the above realized gains and losses have been included in the relevant year.

② 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 31 December 2012, the book value of the investment of Xi'an Fresh Peak Company was Rmb 12,166,897.84. The provision for investment was Rmb 20,673,831.77. And the amount of debt was Rmb 8,419,205.19.

③ Luofu Hill project Lawsuit

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

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

② Tourism Company should paid the interests for the occupation of Rmb 9,600 thousands with The People's Bank of China similar loans rate in 10 days after the judgment entering into force. Of which, the interests for the occupation of Rmb 4,400 thousand were caluated from 1986-5-1 to the day the Tourism company paid off the debt. The interests for the occupation of Rmb 4100 thousand were caluated from 1988-2-1 to the day the Tourism Company paid off the debt. The interests for the occupation of Rmb 1,100 thousand were caluated from 1989-6-15 to the day the Tourism Company paid off the debt. The interest of Rmb 8,580 thousand that the Tourism Company had paid for to the company can be deducted from the interest payable.

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

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

⑤ Tourism company undertaked all the litigation fees (RMB 167,714.00). The expense of first instance and the second instance had to pay to the company during the duration of payment.

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

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

As at 31 December 2012, the book value of the Company's creditor rights on Tourism Company was Rmb 9,600,000.00. The provision for bad debt was Rmb 4,800,000.00.

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

As of December 31, 2012, the Group has guarantee balance of RMB 8,001,929.14 for installment in monetary funds.

Note 10 Commitments

10.1 Significant commitments

Item	Amount for the current period	Amount for the prior period
Capital commitments that have been entered into but have not been recognized in the financial statements	--	--
- Significant outsourcing contracts	1,349,084,786.45	95,220,278.78
Total	1,349,084,786.45	95,220,278.78

10.2 Fulfillment progress of previous commitments

The amount of significant outsourcing contracts is RMB 40,259,595.35, which was paid during the report period and has been entered into the prior period but have not been recognized in the financial statements.

Note 11 Events after Balance Sheet Date

On 28 March, 2013, the proposal for profit distribution in the year 2012 was adopted by the board of directors of the Group. According to the plan of the Board, the Group will not distribute profit or transfer capital surplus to share capital, and net profit will be used to compensate the losses of previous years. The plan still need to be submitted to the Company's general meeting of stockholders for vote.

Note 12 Other Significant Events

(1) Dong Hu Di Jing Building (with Parcel No.H312-0061) is located in Luohu District. The area is 7,970.08 s.q.m., construction land area is 5,889.7 s.q.m. and area of structure 59,486 s.q.m. Its volume fraction is 10.1. In November 2006, the Company got the land use rights of Dong Hu Di Jing Building Project. In September and December 2008, the Company has received a letter from the immediate branch of Shenzhen Urban Planning and the Shenzhen Municipal Planning Bureau (Shen Gui [2008]1069, Shen Gui [2008] 2517).The Company was told that the municipal road works may partially occupied the red line of the parcel of land of Dong Hu Di Jing Building Project and the development of the project was required to suspend. On 20 January 2011, Shenzhen Urban Planning and Land Resources Committee (hereinafter referred to as the Comission) issued "decision on disposal of idle land"Shen

Gui Land Yiqu idle [2011] No. 009. According to the decision, the government will take back land use rights by payment.

Dong Hu Di Jing Building (Parcel No. H312-0061) is located at the junction of Buxin Road and Aiguo Road in Luohu District, Shenzhen, with a floor area of 7,970.08 s.q.m., a construction land area of 5,889.7 s.q.m., a plot ratio of 10.1 and a plot-ratio construction area of 59,486 s.q.m. In November 2006, the Company obtained the land use right of the Dong Hu Di Jing Building Project. In September and December 2008, the Company received letters respectively from the direct branch of Shenzhen Municipal Planning Bureau and later Shenzhen Municipal Planning Bureau itself (SGZSH [2008] No. 1069 and SGH [2008] No. 2517). The Company was told by those letters that some municipal road project might partially occupy the red line of the Dong Hu Di Jing Building Project and the Company was required to suspend development of its project. On 20 January 2011, the first administration directly under Shenzhen Urban Planning and Land Resources Commission (hereinafter referred to as the "UPLR Commission") issued a "Decision on Idle Land" (SGTYJ [2011] No. 009). According to the Decision, the government would take back the land use right of the parcel with compensation.

At the beginning of 2012, the UPLR Commission and the Company entrusted or hired intermediary agencies to evaluate the land parcel. In early May, the first administration directly under the UPLR Commission found it rather difficult to determine the land compensation, pay with the government budgets and operate, so it notified the Company that the municipal road project would not occupy the land parcel and suggested the Company continuing to work on the feasibility of the Dong Hu Di Jing Building Project through revising the design under the current conditions. If the project was considered feasible, the first administration would take back the "Decision on Idle Land" and the Company could carry on with the project by adjusting the planning key points based on the current status of the project and the design plan. At the end of July 2012, the Company signed the official design contract with Shenzhen General Institute of Architectural Design and Research Co., Ltd.. In early September 2012, the first draft of design was completed and submitted to the first administration for review and approval. In the middle of November 2012, the Company submitted the revised design plan and planning key points to the first administration. Upon review, the first administration decided to withdraw the "Decision on Idle Land" first. In early 2013, the first administration reported its withdrawal decision to the UPLR Commission for deliberation and approval. And the Company will kick off preparations for the project as soon as the "Decision on Idle Land" is withdrawn.

(2)Shenyang Tongxin Real Estate Development Co., Ltd. (hereinafter referred to as "TongXin Company") was joint-venture set up in ShenYang city. The shareholder of company – Hongkong Fresh Peak Co., Ltd was the wholly owned subsidiary of the Group. And the equity Hongkong Fresh Peak Co., Ltd held was 93.1%. The core business of TongXin Company was to develop Shenyang Fresh Peak Business Plaza. TongXin Company refinanced Rmb 13,140 thousand from China Agriculture Bank ShenYang branch. And the Group provided assurance for the loan. Because TongXin Company failed to repay the loan in time, China Agriculture Bank ShenYang branch instituted legal proceedings in

Shenyang Intermediate People's Court. At last, TongXin Company borrowed money from the Group to repay the loans and interests.

On 25 January, 2008, China International Economic Trade Arbitration Commission HuaNam branch made a judgement. According to the judgement, TongXin Company had to repaid Rmb 14,422,440.22 and interests to the Group. On 27 January, 2010, the Group had called back Rmb 7,000 thousand and RMB1,000 thousand on 18 October,2012.

In November 2012, the Shenyang Intermediate People's Court started the procedure that the land use rights would be auctioned. On November 9, the Group and Tongxin Company signed an agreement, they agreed on: Tongxin Company pay RMB 8.5 million to the Group within three days after the signing of the agreement, after that, the Group will put the case to end; besides, lawsuit fees will be undertaken by the two sides.

As of December 31, 2012, Tongxin Company had paid RMB 8,541,962. The Case came to the end.

Note 13 comparative figures

According the new disclosure format, for prepayment, an amount of RMB 4,410,948.69 of prepayment to buy long-term assets is reclassified to other non-current assets; amount of RMB 14,453,433.68, which is tax paid for advances from customers and input tax to be deductible and included in Taxes and due payable last year, is reclassified to other current assets.

Note 14 Notes to Items in the Financial Statements of the Company

14.1 Accounts receivable

(1) Accounts receivable by categories

Category	Closing balance			
	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	19,965,193.98	100.00	6,301,854.02	31.56
Total	19,965,193.98	100.00	6,301,854.02	31.56

(Continued)

Category	Closing balance			
	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	10,786,238.88	100.00	6,301,854.02	58.42

Total	10,786,238.88	100.00	6,301,854.02	58.42
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(2) Accounts receivable by aging balance

Item	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)
Within 1 year	9,279,924.00	46.48	--	--
1-2 years	--	--	--	--
2-3 years	--	--	--	--
Over 3 years	10,685,269.98	53.52	10,786,238.88	100.00
Total	19,965,193.98	100.00	10,786,238.88	100.00

(3) Bad debt provision

(a) 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
House pay to be collected	14,368,959.98	6,301,854.02	43.86	A separate provision is established according to the recoverability of each receivables with long aging and little retrievability.
Rental to be collected	5,596,234.00	--	--	
Total	19,965,193.98	6,301,854.02	31.56	

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

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

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

(7) 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 (%)
Corporation No.1	Subsidiary	3,840,003.00	Within 1 year	19.23
Corporation No.2	Un-related party	1,845,278.76	Over 3 years	9.24
Individual No.1	Associate	1,200,000.00	Over 3 years	6.01
Corporation No.3	Un-related party	1,112,375.80	Over 3 years	5.57
Individual No.2	Un-related party	876,864.11	Over 3 years	4.39
Total		8,874,521.67		44.44

(8) Receivables due from related parties

Name of entity	Relationship with the Group	Amount	(%) in receivables
Shenzhen Fresh Peak property consultant Co.,Ltd	Associate	1,112,375.80	5.57
Shenzhen Petrel Hotel Co. Ltd.	Subsidiary	3,840,003.00	19.23
Total		4,952,378.80	24.80

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

(10) There were no any accounting receivable which had been securitization.

14.2 Other receivables

(1) Other receivables by categories

Category	Closing balance			
	Carrying amount		Bad debt provision	
	Amount	(%)	Amount	(%)
Other receivables of which provision for bad debts is of individually significant	1,153,502,426.18	98.19	818,545,417.98	70.96
Other receivables of which provision for bad debts is of individually insignificant	21,240,357.02	1.81	12,628,565.94	59.46
Total	1,174,742,783.20	100.00	831,173,983.92	70.75

(Continued)

Category	Opening balance			
	Carrying amount		Bad debt provision	
	Amount	(%)	Amount	(%)
Other receivables of which provision for bad debts is of individually significant	1,119,188,964.18	98.48	818,545,417.98	73.14
Other receivables of which provision for bad debts is of individually insignificant	17,315,405.95	1.52	12,628,565.94	72.93
Total	1,136,504,370.13	100.00	831,173,983.92	73.13

(2) Other receivables by aging balance

Item	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)
Within 1 year	76,759,697.54	6.53	40,546,035.56	3.57
1-2 years	38,253,012.23	3.26	5,016,859.43	0.44
2-3 years	6,693,182.07	0.57	8,713,096.41	0.77
Over 3 years	1,053,036,891.36	89.64	1,082,228,378.73	95.22
Total	1,174,742,783.20	100.00	1,136,504,370.13	100.00

(3) Bad debt provision

(a) 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 included in consolidated statement	1,006,978,545.23	677,154,231.02	67.25	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	120,994,319.55	120,994,319.55	100.00	
Others	25,529,561.40	20,396,867.41	79.90	
Total	1,153,502,426.18	818,545,417.98	70.96	

(b) Bad debt provision of other receivables which is of individually insignificant

Content of other receivables	Carrying amount	Proportion of provision	Amount of bad debt	Reasons for the provision
Other receivables between subsidiaries that are included in consolidated statement	2,420,150.00	--	--	A separate provision is established according to the recoverability of each receivables with long aging and little retrievability
Other receivables between subsidiaries that are not included in consolidated statement	1,324,136.04	1,116,316.04	84.31	
Others	17,496,070.98	11,512,249.90	65.80	
Total	21,240,357.02	12,628,565.94	59.46	

(4) There were no any reversals and collections during the current period.

(5) There were no any other significant receivables Written off for in the current period.

(6) There were no any other receivables due from shareholders at least 5% of the Company's shares with voting power in the reporting period

(7) 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 (%)
Fresh Peak Enterprise Co., Ltd	Subsidiary	13,363,528.75	Within 1 year	1.14
		67,650.00	1-2 years	0.01
		1,993,416.69	2-3 years	0.17
		551,286,632.77	Over 3 years	46.93
Shenzhen ShenFang Group LongGang Development	Subsidiary	56,976,753.82	Within 1 year	4.85
		35,574,778.95	1-2 years	3.03

Co.,Ltd		4,338,795.65	2-3 years	0.37
		187,544,379.97	Over 3 years	15.96
American Great Wall Co.,Ltd	Subsidiary	101,379,954.81	Over 3 years	8.63
Canada Great Wall(vancouver) Co.,Ltd	Subsidiary	89,035,748.07	Over 3 years	7.58
Shenzhen City Shenfang Free Trade Trading Ltd	Subsidiary	32,392,459.91	Over 3 years	2.76
Total		1,073,954,099.39		91.43

(8) Receivables due from related parties

Name of entity	Relationship with the Group	Amount	(%) in receivables
Fresh Peak Enterprise Co., Ltd.	Subsidiary	566,711,228.21	48.24
Shenzhen ShenFang Group LongGang Development Co.,Ltd	Subsidiary	284,434,708.39	24.21
American Great Wall Co.,Ltd	Subsidiary	101,379,954.81	8.63
Canada Great Wall(vancouver) Co.,Ltd	Subsidiary	89,035,748.07	7.58
Shenzhen City Shenfang Free Trade Trading Ltd.	Subsidiary	32,392,459.91	2.76
Shenzhen Lain Hua Industry and Trading Co. Ltd.	Subsidiary	16,162,762.46	1.38
Bekaton Property Limited	Subsidiary	12,559,290.58	1.07
Paklid Limited	Subsidiary	11,072,100.19	0.94
Guangdong province Huizhou Luofu Hill Mineral Water Co.,Ltd	Joint venture	10,465,168.81	0.89
Shenzhen City Shenfang Construction and Decoration Materials Ltd.	Subsidiary	8,327,180.71	0.71
Shenzhen City Shenfang Investment Ltd.	Subsidiary	5,897,431.45	0.50
Shenzhen Runhua Automobile trading Co.,Ltd	Associate	3,072,764.42	0.26
Shenzhen Real Estate Consolidated Service Co., Ltd.	Subsidiary	1,086,487.22	0.09
Shenzhen Ronghua JiDian Co.,Ltd	Associate	475,223.46	0.04
Shenzhen Shenfang Department Store Co. Ltd	Subsidiary	237,648.82	0.02

Name of entity	Relationship with the Group	Amount	(%) in receivables
Total		1,143,310,157.51	97.32

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

(10) There were no any other receivables which had been securitization in the accounting year.

14.3 Long-term equity investments

(1) Long-term equity investments by types

Item	Opening balance	Increase	Decrease	Closing balance
Invested in subsidiary	254,668,771.15	--	--	254,668,771.15
Invested in joint ventures	19,424,671.47	--	--	19,424,671.47
Invested in associates	2,969,493.49	--	120,218.96	2,849,274.53
Other equity investments	153,315,609.56	12,000,000.00	--	165,315,609.56
Less: provisions for long-term equity investment impairment	143,861,642.81	--	--	143,861,642.81
Total	286,516,902.86	12,000,000.00	120,218.96	298,396,683.90

(2) Details of long-term equity investments

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

Name of investee	Accounting method	Investment cost	Opening balance	Changes [Increase /decrease]	Closing balance
Fengkai Xinhua Hotel	Equity method	9,455,465.38	9,455,465.38	--	9,455,465.38
Shenzhen Runhua Automobile trading Co.,Ltd	Equity method	1,445,425.56	1,445,425.56	--	1,445,425.56
Shenzhen Ronghua JiDian Co.,ltd	Equity method	1,250,000.00	1,524,067.93	-120,218.96	1,403,848.97
Shenzhen Shen Fang Industrial Development Co., Ltd	Cost method	4,500,000.00	4,500,000.00	--	4,500,000.00
Shenzhen ZhongGang Haiyan Enterprise Ltd.	Cost method	12,940,900.00	12,940,900.00	--	12,940,900.00
Shenzhen Real Estate Consolidated Service Co., Ltd.	Cost method	5,958,305.26	5,958,305.26	--	5,958,305.26
Paklid Limited	Cost method	201,100.00	201,100.00	--	201,100.00
Bekaton Property Limited	Cost method	906,630.00	906,630.00	--	906,630.00
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd.	Cost method	8,180,003.63	8,180,003.63	--	8,180,003.63
Shenzhen Xin Dongfang Store Ltd.	Cost method	18,500,000.00	18,500,000.00	--	18,500,000.00
Shenzhen City Shenfang Construction and Decoration Materials Ltd.	Cost method	2,680,000.00	2,680,000.00	--	2,680,000.00
Shenzhen Shenfang Department Store Co. Ltd.	Cost method	9,500,000.00	9,500,000.00	--	9,500,000.00
Shenzhen CyberPort Co., Ltd	Cost method	14,000,000.00	12,401,018.42	--	12,401,018.42
ShenZhen BaoAn developmentCo.,Ltd	Cost method	19,000,000.00	19,000,000.00	--	19,000,000.00
Shantou Fresh Peak Building	Cost method	68,731,560.43	58,547,652.25	--	58,547,652.25
Shantou Small&medium Enterprises Finacing Guarantee Co. Ltd.		12,000,000.00	--	12,000,000.00	12,000,000.00
Total		457,308,490.54	430,378,545.67	11,879,781.04	442,258,326.71

(Continued)

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

Name of investee	Proportion of ownership interest held (%)	Proportion of voting power in the investee (%)	Explanation of the inconsistency between these two proportions	Provision for impairment losses	Provision for impairment losses for the period	Cash dividend for the period
Fengkai Xinhua Hotel	Co-operation	Co-operation		9,455,465.38	--	--
Shenzhen Runhua Automobile trading Co.,Ltd	50	50		1,445,425.56	--	--
Shenzhen Ronghua JiDian Co.,Ltd	25	25		1,076,954.64	--	--
Shenzhen Shen Fang Industrial Development Co., Ltd	100	100		4,500,000.00	--	--
Shenzhen ZhongGang Haiyan Enterprise Ltd.	68	68		12,940,900.00	--	--
Shenzhen Real Estate Consolidated Service Co., Ltd.	100	100		5,958,305.26	--	--
Paklid Limited	100	100		201,100.00	--	--
Bekaton Property Limited	60	60		906,630.00	--	--
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd.	100	100		8,180,003.63	--	--
Shenzhen Xin Dongfang Store Ltd.	100	100		18,500,000.00	--	--
Shenzhen City Shenfang Construction and Decoration Materials Ltd.	100	100		2,680,000.00	--	--
Shenzhen Shenfang Department Store Co. Ltd.	95	95		9,500,000.00	--	--
Shenzhen CyberPort Co., Ltd	70	70		--	--	--
ShenZhen ShenFang BaoAn developmentCo.,Ltd	95	95		--	--	--
Shantou Fresh Peak Building	100	100		58,547,652.25	--	--
Shantou Small&medium Enterprises Finacing Guarantee Co. Ltd.	10	10		--	--	--
Total				143,861,642.81	--	--

(3) Provision for impairment of long-term investments

Item	Opening balance	Increase	Decrease	Closing balance
Shenzhen Ronghua JiDian Co., Ltd	1,076,954.64	--	--	1,076,954.64
Shenzhen Shen Fang Industrial Development Co., Ltd	4,500,000.00	--	--	4,500,000.00
Shenzhen ZhongGang Haiyan Enterprise Ltd.	12,940,900.00	--	--	12,940,900.00
Shenzhen Real Estate Consolidated Service Co.,Ltd.	5,958,305.26	--	--	5,958,305.26
Paklid Limited	201,100.00	--	--	201,100.00
Bekaton Property Limited	906,630.00	--	--	906,630.00
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd	8,180,003.63	--	--	8,180,003.63
Shenzhen Xin Dongfang Store Ltd.	18,500,000.00	--	--	18,500,000.00
Shenzhen City Shenfang Construction and Decoration Materials Ltd.	2,680,000.00	--	--	2,680,000.00
Shenzhen Shenfang Department Store Co. Ltd.	9,500,000.00	--	--	9,500,000.00
Shenzhen Runhua automobile trading Co.,Ltd	1,445,425.56	--	--	1,445,425.56
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
Shantou Fresh Peak Building	58,547,652.25	--	--	58,547,652.25
Total	143,861,642.81	--	--	143,861,642.81

14.4 Operating income and costs

(1) Operating income and operating costs

Item	Amount for the current period	Amount for the prior period
Principal operating income	113,046,014.33	87,681,047.05
Other operating income	--	12,500,000.00
Total of operating income	113,046,014.33	100,181,047.05
Principal operating costs	41,545,002.74	40,256,344.18
Other operating costs	--	1,898,834.00
Total of operating costs	41,545,002.74	42,155,178.18

(2) Principal operating activities (classified by industries)

Name of industry	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Real estate	50,119,629.72	18,462,245.54	33,569,135.00	16,440,350.35
Leasing	62,926,384.61	23,082,757.20	54,111,912.05	23,815,993.83
Others	--	--	12,500,000.00	1,898,834.00
Total	113,046,014.33	41,545,002.74	100,181,047.05	42,155,178.18

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

Name of geographical area	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Shenzhen	113,046,014.33	41,545,002.74	100,181,047.05	42,155,178.18
Total	113,046,014.33	41,545,002.74	100,181,047.05	42,155,178.18

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

Name of customers	Amount for the current period	
	Operating income	Proportion to total operating income of the Company (%)
Corporation unit No.1	14,737,984.00	13.04
Corporation unit No.1	9,568,633.00	8.46
Corporation unit No.2	6,631,435.00	5.87
Corporation unit No.3	6,016,656.00	5.32
Corporation unit No.4	5,503,186.00	4.87
Total	42,457,894.00	37.56

(Continued)

Name of customers	Amount for the prior period	
	Operating income	Proportion to total operating income of the Company (%)
Corporation unit No.1	27,800,000.00	27.75
Corporation unit No.1	12,500,000.00	12.48
Corporation unit No.2	5,860,001.00	5.85
Corporation unit No.3	4,656,542.00	4.65
Corporation unit No.4	3,406,279.00	3.40
Total	54,222,822.00	54.13

14.5 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 equity method	-120,218.96	-5,622.11
Investment income on disposal of available-for-trade financial assets	--	-34,017.37
Total	-120,218.96	-39,639.48

(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	-120,218.96	-5,622.11	
Total	-120,218.96	-5,622.11	

14.6 Supplementary information to the cash flow statement

Item	Amount for the current period	Amount for the prior period
(1) Reconciliation of net profit to cash flows from operating activities:		
Net profit	5,619,721.93	15,501,411.42
Add: Provision for impairment loss of assets	--	--
Depreciation of fixed assets, bio-assets, and natural gas	21,246,263.88	21,782,702.08
Amortization of intangible assets	98,799.96	61,999.96
Amortization of long-term deferred expenses	56,530.20	36,663.94
Losses on disposal of fixed assets, intangible assets and other long-term assets(deduct: gains)	--	-190,727.96
Losses on scrapping of fixed assets (deduct: gains)	92.50	17,714.50
Loss of fair value variation (deduct: gains)	--	-19,993.75
Financial expenses (deduct: gains)	179,487.26	-6,212,145.09
Losses from investments (deduct: gains)	120,218.96	39,639.48
Decrease in deferred tax assets (deduct: increase)	--	916,500.07
Increase in deferred tax liabilities (deduct: decrease)	--	--
Decrease in inventories (deduct: increase)	-270,488,044.98	-61,883,559.61
Decrease in operating receivables (deduct: increase)	-8,288,762.53	1,557,349.87
Increase in operating payables (deduct: decrease)	261,076,869.33	94,174,827.24
Others	--	--
Net cash flows from operating activities	9,621,176.51	65,782,382.15
(2) Investing and financing activities that do not affect cash		

Item	Amount for the current period	Amount for the prior period
receipt and payment		
Liabilities converted capital	--	--
Reclassify convertible bonds to be expired within one year as current liability	--	--
Fixed assets subject to finance leases	--	--
(4) Net increase in cash and cash equivalents:		
Cash at the end of the period	190,825,250.83	144,779,100.65
Less: cash at the beginning of the period	144,779,100.65	182,646,766.32
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	46,046,150.18	-37,867,665.67

Note15. Supplementary Materials

15.1 Breakdown non-recurring profit or loss

Items	Amount for the current period	Amount for the prior period
Profit or loss on disposal of non-current assets	-588,399.46	173,176.00
Tax refunds or reductions with ultra vires approval or without official approval documents	--	--
Government grants recognized in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	--	--
Income earned from lending funds to non-financial institutions and recognized in profit or loss	--	--
The excess of attributable fair value of identifiable net assets over the consideration paid for the acquisition of subsidiaries, associates and joint ventures	--	--
Profit or loss on exchange of non-monetary assets	--	--
Profit or loss on entrusted investments or assets management	--	--
Impairment losses on assets due to force majeure events, e.g, natural disasters	--	--
Profit or loss on debt restructuring	--	--
Entity restructuring expenses, e.g., expenditure for layoff of employees, integration expenses, etc.	--	--
Profit or loss attributable to the evidently unfair portion of transaction price, being transacted price in excess of fair transaction price, of a transaction	--	--
Net profit or loss of subsidiaries from the beginning of the period up to the business combination date recognized as a result of business combination of enterprises under common control	--	--
Profit or loss arising from contingencies other than those related to normal operating business	--	--
Profit or loss on changes in the fair value of held-for-trade financial assets, and held-for-trade financial liabilities and financial assets available-for-sale, other than those used in the effective hedging activities relating to normal operating business	--	-14,023.62

Items	Amount for the current period	Amount for the prior period
Reversal of provision for account receivables that are tested for impairment losses individually	6,140,000.00	--
Profit or loss on entrusted loans	--	--
Profit or loss on changes in the fair value of investment properties that are subsequently measured using the fair value model	--	--
Effects on profit or loss of one-off adjustment to profit or loss for the period according to the period requirements of tax laws and accounting laws and regulations	--	--
Custodian fees earned from entrusted operation	--	--
Other non-operating income or expenses other than the above	-130,400.83	2,200,366.50
Other profit or loss that meets the definition of non-recurring profit or loss	--	--
Subtotal	5,421,199.71	2,359,518.88
Tax effects	161,200.07	-589,509.63
Effects attributable to minority interests (after tax)	--	--
Total	5,582,399.78	1,770,009.25

Note: "+" means income or gain and "-" means loss or expense

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)

15.2 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		Net assets	
	Amount for the current period	Amount for the prior period	Amount for the current period	Amount for the prior period
In accordance with CASs	106,854,849.63	101,199,284.42	1,507,111,497.78	1,400,306,620.91
In accordance with IFRS	106,854,849.63	101,199,284.42	1,507,111,497.78	1,400,306,620.91

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

Weighted average returned on net assets (%)	Profit for the reporting period	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	6.75%	0.1056	0.1056
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	6.40%	0.1001	0.1001

Note (1) Weighted average return on net assets = $(106,814,543.53) / (1,528,596,536.13 + (106,814,543.53 - 34,980.93) / 2)$.

Weighted average return on net asset after deduction of non-recurring profits or losses = $(101,232,143.75) / (1,528,596,536.13 + (106,814,543.53 - 34,980.93) / 2)$.

(2) For calculation of basic EPS and diluted EPS, please see note 7.42

15.4 Abnormal financial statements items and description of reasons

(1) Items in the balance sheet

Monetary funds had RMB 496,805,905.01 as the closing balance at December 31, 2012, 48.98% of increase than the opening of the year. The reason for such increase is new received loan from bank and house pay collected during the current period.

Other current assets had RMB 7,780,460.78 as the closing balance at December 31, 2012, 46.17% of decrease than the opening of the year. The reason for such decrease is that some turnover taxation paid last year was carried over during the current period.

Other non-current assets had RMB 2,413,434.00 as the closing balance at December 31, 2012, 45.29% of decrease than the opening of the year. The reason for such decrease is that some other non-current assets were carried over to fixed assets during the current period.

Short-term loans had RMB 96,000,000.00 as the closing balance at December 31, 2012, 380.00% of increase than the opening of the year. The reason for such increase is the new entrusted loan during the current period.

Accounts payable had RMB 72,660,833.60 as the closing balance at December 31, 2012, 33.46% of decrease than the opening of the year. The reason for such decrease is the payment of construction accounts payable during the current period.

Advance from customers had RMB 407,194,198.80 as the closing balance at December 31, 2012, 57.23% of increase than the opening of the year. The reason for such increase is advance payment from housing buyers during the current period.

Taxes and due payable had RMB 12,177,692.36 as the closing balance at December 31, 2012, 310.07% of increase than the opening of the year. The reason for such increase is carry-over of tax paid in 2011 during the current period.

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

Selling expenses had RMB 27,540,513.15 during 2012, 154.35% of increase than the prior year. The reason for such increase is advertisement fees of the current period.

Financial expense had RMB 2,682,762.78 during 2012, 84.08% of decrease than the prior year. The reason for such decrease is capitalized interest expenses of Shanglin Garden during the current period.

Impairment losses of assets had RMB -6,140,000.00 during 2012, 7566.24% of decrease than the prior year. The reason for such decrease is reversal of bad debt on Shenyang Tongxin Company during the current period.

Cash received from sales of goods or rendering of services had RMB 1,151,245,849.81 during 2012, 31.97% of increase than the prior year. The reason for such increase is collection of sales from housing buyers and from construction project.

Cash paid for goods and services had RMB 856,071,436.09 during 2012, 69.98% of increase than the prior year. The reason for such increase is the payment of construction accounts payable during the current period.

Section XII. Documents Available for Reference

1. The accounting statements with personal signatures and seals of Legal Representative, Chief Accountant and the person in charge of the accounting agency.
2. The original of the Auditor's Report with the seals of the CPA firm, as well as the signatures and seals of the registered accountants.
3. The originals of all the documents and public notices disclosed on China Securities Journal and Ta Kung Pao by the Company during the reporting period.