



**SHENZHEN PROPERTIES & RESOURCES  
DEVELOPMENT (GROUP) LTD.**

**2013 Semi-annual Report**

**August 2013**

## **I. Important Reminders, Contents & Explanation**

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

All directors attended the board session for reviewing this report.

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

Mr. Chen Yugang, company principal & chairman of the Board of Directors, Mr. Wang Hangjun, chief of the accounting work, Mr. Gong Sixin, CFO, and Ms. Shen Xueying, chief of the accounting organ (chief of accounting) & financial manager, hereby confirm that the Financial Report enclosed in this report is true and complete.

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

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## Explanation

Term	Refers to	Contents
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## II. Company Profile

### I. Basic information of the Company

Stock abbreviation	SWYA, SWYB	Stock code	000011, 200011
Stock exchange listed with	Shenzhen Stock Exchange		
Chinese name of the Company	深圳市物业发展(集团)股份有限公司		
Abbr. of the Chinese name of the Company (if any)	深物业集团		
English name of the Company (if any)	ShenZhen Properties & Resources Development (Group) Ltd.		
Abbr. of the English name of the Company (if any)	SZPRD		
Legal representative of the Company	Mr. Chen Yugang		

### II. For Contact

	Company Secretary	Securities Affairs Representative
Name	Fan Weiping	Qian Zhong, Huang Fengchun
Contact address	42/F, International Trade Center, Renmin South Road, Shenzhen, Guangdong Province, P.R.China	42/F, International Trade Center, Renmin South Road, Shenzhen, Guangdong Province, P.R.China
Tel.	0755-82211020	0755-82211020
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E-mail	000011touzizhe@163.com	000011touzizhe@163.com

### III. Other information

#### 1. Ways to contact the Company

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

Applicable  Inapplicable

The registered address, office address and their postal codes, website address and email address of the Company did not change during the reporting period. The said information can be found in the 2012 Annual Report.

## **2. About information disclosure and where this report is placed**

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

Applicable  Inapplicable

The newspapers designated by the Company for information disclosure, the website designated by CSRC for disclosing this report and the location where this report is placed did not change during the reporting period. The said information can be found in the 2012 Annual Report.

## **3. Change of the registered information**

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

Applicable  Inapplicable

The registration date and place of the Company, its business license No., taxation registration No. and organizational code did not change during the reporting period. The said information can be found in the 2012 Annual Report.

## **4. Other relevant information**

Did any change occur to other relevant information during the reporting period?

Applicable  Inapplicable

### III. Accounting & Business 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

	Reporting period	Same period of last year	YoY +/- (%)
Operating revenues (RMB Yuan)	1,348,194,107.29	624,520,270.29	115.88%
Net profit attributable to shareholders of the Company (RMB Yuan)	353,600,992.81	98,686,285.22	258.31%
Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB Yuan)	352,385,400.43	59,483,485.20	492.41%
Net cash flows from operating activities (RMB Yuan)	126,636,956.08	336,111,486.60	-62.32%
Basic EPS (RMB Yuan/share)	0.5933	0.1656	258.27%
Diluted EPS (RMB Yuan/share)	0.5933	0.1656	258.27%
Weighted average ROE (%)	21.06%	8.33%	12.73%
	As at the end of the reporting period	As at the end of last year	YoY +/- (%)
Total assets (RMB Yuan)	3,775,786,956.00	4,006,705,938.73	-5.76%
Net assets attributable to shareholders of the Company (RMB Yuan)	1,855,749,628.63	1,502,852,915.53	23.48%

#### 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	
	Reporting period	Same period of last year	Closing amount	Opening amount
According to Chinese accounting standards	353,600,992.81	98,686,285.22	1,855,749,628.63	1,502,852,915.53
Items and amounts adjusted according to international accounting standards				
According to international	353,600,992.81	98,686,285.22	1,855,749,628.63	1,502,852,915.53

accounting standards				
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## 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	
	Reporting period	Same period of last year	Closing amount	Opening amount
According to Chinese accounting standards	353,600,992.81	98,686,285.22	1,855,749,628.63	1,502,852,915.53
Items and amounts adjusted according to overseas accounting standards				
According to overseas accounting standards	353,600,992.81	98,686,285.22	1,855,749,628.63	1,502,852,915.53

No difference

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

No difference

## III. Items and amounts of extraordinary gains and losses

Unit: RMB Yuan

Item	Amount	Explanation
Gains/losses on the disposal of non-current assets (including the offset part of asset impairment provisions)	-75,632.69	
Reversal of impairment provisions for the accounts receivable on which impairment tests were carried out separately	303,627.40	For details, see VII. 6. Accounts receivable (2) of Section VIII of this report.
Other non-operating income and expenses other than the above	664,946.86	
Less: Income tax effects	-322,650.81	
Total	1,215,592.38	--

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



## IV. Report of the Board of Directors

### I. Overview

In the first half of 2013, implementation of the “Five National Policies for Real Estate” indicated a tighter macro-control over real estate. Overheated markets became the major targets, showing again the determination of the central government on macro-control. While imposing a tighter macro-control policy including limited buying and borrowing, the government also tried to set up and perfect a long-effective mechanism including measures such as improving the indemnificatory housing policy and expanding the house duty pilot project to boost a healthy development of the real estate market. Despite a slowing-down growth of the macro-economy and a tight real estate macro-control, the first six months of the year still witnessed a growth in stability of the national commodity residential house market as a whole because of the strong support from the rigid demand. Meanwhile, the gap was widening between the overheated cities at the first and second tiers and the relatively weak cities at the third and fourth tiers. In major cities, the turnover rose considerably on the year-on-year basis, the average purchase price increased steadily, land trade became more active and major real estate enterprises enjoyed good sales. However, along with effects of the policies unveiled at the beginning of the year, the second quarter saw a slowed-down growth in the turnover and the average price. Meanwhile, the macro-economy was in face of some pressure in stability and the cash crunch of commercial banks would gradually affect the market. Therefore, it was expected that real estate enterprises would be under some operating pressure in the coming six months.

In the first half of the year, according to the set operating plan, the Company seized market opportunities, adjusted in time the marketing strategy for real estate projects and at the same time input great efforts in sideline operating activities such as house leasing, property management and motor transportation. For the first six months of the year, the Company achieved operating revenues of RMB 1.348 billion, up 115.88% over the same period of last year; and total profit of RMB 0.46 billion, up 265.33% over the same period of last year, which laid a solid foundation for fulfillment of the annual performance objectives.

### II. Main business analysis

#### Overview

The Company specializes in real estate development, with property management, house leasing, taxi transportation service, catering service, etc. as its sidelines. For the reporting period, the Company achieved operating revenues of RMB 1,348.19 million, operating profit of RMB 459.10 million and net profit of RMB 353.60 million, up 115.88%, 263.43% and 258.31% respectively on the year-on-year basis. And the net profit attributable to shareholders of the Company (with subsidiaries) stood at RMB 353.60 million.

YoY change of major financial data:

Unit: RMB Yuan

	Reporting period	Same period of last year	YoY +/-%	Main reasons for change
Operating revenues	1,348,194,107.29	624,520,270.29	115.88%	Settled projects and sales both increased.

Operating costs	553,178,605.80	392,039,759.24	41.1%	Real estate income increased and the corresponding cost increased.
Selling expenses	7,367,804.79	8,202,034.38	-10.17%	
Administrative expenses	51,339,858.73	48,359,986.73	6.16%	
Financial expenses	-3,595,065.02	-1,321,536.27	172.04%	Interest income increased.
Income tax expenses	106,085,924.10	27,741,808.89	282.4%	Profit increased.
R&D input	0.00	0.00	0%	
Net cash flows from operating activities	126,636,956.08	336,111,486.60	-62.32%	Cash inflows from sale of projects decreased while the taxes and fares paid increased.
Net cash flows from investing activities	-4,842,566.40	4,161,446.39	-216.37%	The cash paid to acquire fixed assets increased. And in the same period of last year, the Company received some cash as investment gain.
Net cash flows from financing activities	-15,461,456.53	-156,421,856.92	-90.12%	Net cash flows from financing activities were all net outflows, which decreased because the Company obtained more borrowings.
Net increase in cash and cash equivalents	106,248,674.18	183,875,903.99	-42.22%	Cash inflows from sale of projects decreased while the taxes and fares paid increased.

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

Applicable  Inapplicable

No major changes occurred to the profit structure or sources of the Company during the reporting period.

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

Applicable  Inapplicable

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

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

As disclosed in the 2012 Annual Report, the Company had planned to achieve operating revenues of 1.58 billion for 2013 with the period costs being RMB 870 million. Up to 30 Jun. 2013, the Company achieved operating revenues of RMB 1,348.19 million, which was mainly because the SZPRD-Captaincies project developed by the Company was mostly settled in the first half of the year.

### III. Breakdown of main business

Unit: RMB Yuan

	Operating revenues	Operating costs	Gross profit rate (%)	Increase/decrease of operating revenues over the same period of last year (%)	Increase/decrease of operating costs over the same period of last year (%)	Increase/decrease of gross profit rate over the same period of last year (%)
Classified by industry:						
Real estate	1,141,139,395.00	408,042,292.71	64.24%	198.47%	77.92%	24.23%
Property management and leasing	149,250,082.12	114,239,078.12	23.46%	2.84%	1.32%	1.15%
Transportation	28,822,397.82	12,489,933.98	56.67%	-20.42%	-28.6%	4.97%
Catering service	9,713,850.75	8,130,350.67	16.3%	11.02%	12.57%	-1.16%
Other	4,220,859.93	4,851,695.48	-14.95%	41.69%	39.59%	1.73%
Classified by product:						
Real estate	1,141,139,395.00	408,042,292.71	64.24%	198.47%	77.92%	24.23%
Property management and leasing	149,250,082.12	114,239,078.12	23.46%	2.84%	1.32%	1.15%
Transportation	28,822,397.82	12,489,933.98	56.67%	-20.42%	-28.6%	4.97%
Catering service	9,713,850.75	8,130,350.67	16.3%	11.02%	12.57%	-1.16%
Other	4,220,859.93	4,851,695.48	-14.95%	41.69%	39.59%	1.73%
Classified by region:						
Shenzhen	1,241,082,579.82	476,318,473.29	61.62%	136.49%	46.28%	23.67%
Other regions	92,064,005.80	71,434,877.67	22.41%	81.87%	59.9%	10.66%

### IV. Core competitiveness analysis

Currently, the Company has projects of Xuzhou Banshanyujing, Yangzhou Hupanyujing and Dongguan Songhulangyuan in building, of which the Xuzhou project has reached the conditions for presale. Meanwhile, the projects of Jinling Holiday and Qianhai Bay are in preparation. Jinling Holiday is located in the Huanggang Port area with a geographic advantage. Besides, land cost is low in that area, so the Company expects a good business

result from this project. And the Qianhai Bay project sits in the Qianhai area which is positioned as the “Manhattan” for the Pearl River Delta in the future, with a great potential to increase in value. The Company disperses its projects over cities at the first, second and third tiers, which can help avoid influence of the macro-control policy and lower the risk from imbalanced construction periods to some degree.

## V. Investment analysis

### 1. Investments in equities of external parties

#### (1) Investments in external parties

Investments in external parties		
Investment amount in the reporting period (RMB Yuan)	Investment amount in the same period of last year (RMB Yuan)	+/-%
0.00	0.00	0%
Particulars about investees		
Name of investee	Main business	Proportion of the Company's investment in the investee's total equity interests (%)

#### (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	--	--

Shareholdings in other listed companies:

Applicable  Inapplicable

Stock code	Stock	Initial investment	The	Closing book	Gain/loss	Change of	Accounting title	Source of
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	abbr.	amount	Company's shareholding percentage in the investee	value	for reporting period	owner's equity in the reporting period		stock
000509	S*STHS	2,962,500.00	0.33%	802,199.55	0.00	0.00	Long-term equity investment	Directional purchase of corporate shares
Total		2,962,500.00	-	802,199.55	0.00	0.00		

## 2. Wealth management entrustment, derivative investments and entrustment loans

### (1) Wealth management entrustment

Unit: RMB Ten thousand

Name of trustee	Relation	Related-party transaction or not	Product variety	Amount entrusted	Beginning date	Ending date	Payment determination	Principal actually recovered	Impairment provision (if any)	Predicted gain	Actual gain/loss in reporting period
Total				0	--	--	--	0	0	0	0
Source of the entrusted funds				N/A							
Cumulative overdue principals and gains				0							
Lawsuit (if applicable)				N/A							

### (2) Derivative investments

Unit: RMB Ten thousand

Operator	Relation	Related-party transaction or not	Type of derivative investment	Initial investment amount	Beginning date	Ending date	Opening investment amount	Impairment provision (if any)	Closing investment amount	Proportion of the closing investment amount in the Company's closing net assets (%)	Actual gain/loss in reporting period
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Total	0	--	--	0	0	0	0%	0
Capital source for derivative investment	N/A							
Lawsuit (if applicable)	N/A							

**(3) Entrustment loans**

Unit: RMB Ten thousand

Borrower	Related party or not	Loan amount	Interest rate	Guarantor or pawn	Use of funds by the borrower
Total	--	0	--	--	--

**3. Use of raised funds****(1) Overview of the use of raised funds**

Unit: RMB Ten thousand

General utilization of the raised funds
The Company did not raise funds in the reporting period or use raised funds from previous periods.

**(2) Projects invested with raised funds as promised**

Unit: RMB Ten thousand

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 period	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	--	--
	N/A									
	N/A									

funds investment project	
	N/A
	N/A
	N/A
Outstanding raised funds in project implementation and reasons	N/A

### (3) Change of raised-funds-invested projects

Unit: RMB Ten thousand

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 (%) <sup>(3)</sup> = (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						

### (4) Projects invested with raised funds

Overview of the project	Disclosure date	Index for the disclosed information
N/A		

#### 4. Analysis to main subsidiaries and stock-participating companies

Main subsidiaries and stock-participating companies:

Unit: RMB Yuan

Company name	Company variety	Industry	Main products/services	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Shenzhen Huangcheng Real Estate Co., Ltd.	Subsidiary	Real estate	Construction, operation and management of development facilities at Huanggang Port	30,000,000.00	1,672,998,882.10	649,822,776.96	566,848,683.90	212,778,894.76	158,040,621.62
SZPRD Real Estates Development Co., Ltd.	Subsidiary	Real estate	Development of real estate	30,950,000.00	588,601,774.63	117,442,991.57	76,193,822.00	23,991,320.24	18,024,034.34
Shenzhen Guomao Vehicle Industry Co., Ltd.	Subsidiary	Vehicle transportation service	Vehicle transportation service, vehicle leasing and real estate development	29,850,000.00	621,039,689.63	202,478,983.28	497,760,380.66	186,047,244.30	139,380,774.39

#### 5. Significant projects of investments with non-raised funds

Unit: RMB Ten thousand

Project name	Total planned investment	Input for the reporting period	Cumulative actual input as at the period-end	Project progress	Project earnings
SZPRD-Captaincies	17,000	1,393	17,172		
SZPRD-Banshanyujing (first and second phases)	79,300	4,282.38	38,185.37		
SZPRD-Songhulang yuan	68,711	2,680.83	26,027.18		



SZPRD-Hupanyujin g (first, second and third phases)	120,000	1,150.12	63,324.02		
SZPRD-Qianhai Bay		29.99	27,251.07		
SZPRD-Jinling Holiday		21.65	6,549.26		
Total	285,011	9,557.97	178,508.9	--	--

## VI. Predict the operating results of Jan.-Sept. 2013

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

Applicable  Inapplicable

Prediction: Considerable growth at the same direction

Type of the predicted data: interval data

	Jan.-Sept. 2013		Jan.-Sept. 2012	+/- (%)				
Predicted accumulative net profit (RMB Ten thousand)	33,000	--	36,000	17,490	Up	88%	--	105%
Basic EPS (RMB Yuan/share)	0.5537	--	0.604	0.2935	Up	88%	--	105%
Explanation about the predictions	Reason for the considerable fluctuation of the business results: The available-for-settlement projects and the sales income to be achieved in the reporting period (Jan.-Sept. 2013) will both increase over the same period of last year. The "SZPRD-Captaincies" Project will satisfy the conditions for carrying over into income in the reporting period. The part that could be carried over into income will be mostly settled in the reporting period, resulting in a considerable increase in the total available-for-settlement area in the reporting period. The aforesaid estimate is just preliminary measurement given by the Company according to the current sales situation of real estate projects. Investors are kindly reminded to be noted that the actual earnings of the Company for Jan.-Sept. 2013 shall be subject to data disclosed in the Company's report for the third quarter of 2013.							

## VII. Explanation by the Board of Directors and the Supervisory Committee about the "non-standard audit report" issued by the CPAs firm for the reporting period

N/A

## VIII. Explanation by the Board of Directors about the "non-standard audit report" of last year

N/A

## IX. Implementation of profit allocation during the reporting period

Profit allocation plan implemented during the reporting period, especially execution and adjustment of the cash dividend plan and the

plan for turning capital reserve into share capital:

Applicable  Inapplicable

As reviewed and approved at the 2012 Annual Shareholders' General Meeting, the Company decided not to distribute profit or turn capital reserve into share capital for 2012.

## X. Pre-plan for profit allocation and turning capital reserve into share capital for the reporting period

Explain in detail the preplan for profit allocation and turning capital reserve into share capital

## XI. 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
8 Jan. 2013	Investor interaction platform of Shenzhen Stock Exchange	Other	Individual	Investor	The Company's land in Qianhai?
23 Jan. 2013	Investor interaction platform of Shenzhen Stock Exchange	Other	Individual	Investor	Would the Company benefit from the land reform of Shenzhen?
24 Jan. 2013	Investor interaction platform of Shenzhen Stock Exchange	Other	Individual	Investor	The Company's land reserve?
20 Mar. 2013	BOD Office of the Company	By phone	Individual	Investor	Project progress?
2 Apr. 2013	BOD Office of the Company	By phone	Individual	Investor	Market expansion plan and progress?
24 Apr. 2013	Investor interaction platform of Shenzhen Stock Exchange	Other	Individual	Investor	About the Company's B-shares
26 Apr. 2013	Investor interaction platform of Shenzhen Stock Exchange	Other	Individual	Investor	About the financial expenses in the 2012 Annual Report
26 Apr. 2013	Investor interaction platform of	Other	Individual	Investor	Carried-over projects in the second quarter

	Shenzhen Stock Exchange				
7 May 2013	Investor interaction platform of Shenzhen Stock Exchange	Other	Individual	Investor	About the Langqiao Residence Project
30 May 2013	Investor interaction platform of Shenzhen Stock Exchange	Other	Individual	Investor	About the dividends

## V. Significant Events

### I. Corporate governance

The actual situation of the Company's governance was in compliance with the Company Law and the relevant CSRC requirements.

### II. Significant lawsuits or arbitrations

Applicable  Inapplicable

The Company was not involved in any significant lawsuit or arbitration during the reporting period.

### III. The media's doubts

Applicable  Inapplicable

There was no such a case in the reporting period where most of the media raised the same doubt about the Company.

### IV. Bankruptcy and reorganization

No bankruptcy or reorganization occurred in the reporting period.

### V. Asset transaction

#### 1. Asset acquisition

Transaction party or ultimate controller	Asset acquired or bought in	Transaction price (RMB Ten thousand)	Progress (note 2)	Influence on the Company's operation (note 3)	Influence on the Company's gain/loss (note 4)	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 (note 5)	Disclosure index

#### 2. Sale of assets

Transact	Asset	Date of	Transact	Net	Influenc	Ratio of	Pricing	Related-	Relation	Whether	Whether or not the	Disclos	Disclos

Transaction party	Sold	Sale	Transaction price (RMB Ten thousand)	Profit contributed by the asset from the period-begin to the date of sale (RMB Ten thousand)	Percentage of the sale on the Company (note 3)	The net profit contributed to the Company by the asset sale to the total profit (%)	Principal party	Transaction or not	Relationship between the transaction party and the Company (applicable for related-party transactions)	Whether the ownership of the asset involved has been fully transferred	Creditor's rights and liabilities involved have been fully transferred	Transfer date	Transfer index

### 3. Business combination

N/A

## VI. Implementation of equity incentive and its influence

The Company did not conduct equity incentive in the reporting period.

## VII. Significant related-party transactions

### 1. Related-party transactions arising from routine operation

Related transaction party	Relation	Type of the transaction	Contents of the transaction	Pricing principle	Transaction price	Transaction amount (RMB Ten thousand)	Proportion in the total amounts of transactions of the same kind (%)	Mode of settlement	Obtainable market price for the transaction of the same kind	Disclosure date	Disclosure index
Total				--	--	0	--	--	--	--	--

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

Related transaction party	Relation	Type of the transaction	Contents of the transaction	Pricing principle	Book value of the transferred	Assessed value of the transferred	Market fair value (RMB)	Transfer price (RMB Ten)	Mode of settlement	Gain/loss (RMB Ten thousand)	Disclosure date	Disclosure index

		on	on		ed asset (RMB Ten thousand )	ed asset (RMB Ten thousand )	Ten thousand )	thousand )		)		
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### 3. Significant related-party transactions arising from joint investment in external parties

Joint investor	Relation	Pricing principle	Investee	Main business of investee	Registered capital of investee	Total assets of investee (RMB Ten thousand)	Net assets of investee (RMB Ten thousand)	Net profit of investee (RMB Ten thousand)
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### 4. Credits and liabilities with related parties

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

√ Yes □ No

Related party	Relationship	Variety of credit or liability	Reason	Non-operating capital occupation or not?	Opening balance (RMB Ten thousand)	Amount incurred in reporting period (RMB Ten thousand)	Closing balance (RMB Ten thousand)
Anhui Nanpeng Papermaking Co., Ltd	The Company held a 30% stake in it.	Creditor's rights receivable from the related party	Working funds	No	765	-21	744
Shenzhen Guomao Industry Development Co., Ltd.	The Company held a 38.33% stake in it.	Creditor's rights receivable from the related party	Working funds	No	235		235
Shenzhen Wufang Pottery & Porcelain Industrial Co., Ltd	The Company held a 26% stake in it.	Creditor's rights receivable from the related party	Working funds	No	175		175
Shenzhen Guest House Co., Ltd.	Under the same control of the parent company of the Company	Creditor's rights receivable from the related party	Intra-Group funds	No	91		91

Shenzhen Investment Holdings Co., Ltd.	Controlling shareholder of the Company	Creditor's rights receivable from the related party	Intra-Group funds	No	42	13	55
SZPRD Jifa Warehouse Co., Ltd	Joint venture of the Company	Creditor's rights receivable from the related party	Intra-Group funds	No	1,955	150	2,105
Shenzhen Tian'an International Building Property Management Co., Ltd	Joint venture of the Company	Creditor's rights receivable from the related party	Intra-Group funds	No	150	-139	11
Shenzhen Guomao Tian'an Properties Co., Ltd	Joint venture of the Company	Creditor's rights receivable from the related party	Intra-Group funds	No	1,350	-961	389
Shenzhen Investment Holdings Co., Ltd.	Controlling shareholder of the Company	Creditor's rights receivable from the related party	Entrustment borrowings	No	24,000		24,000

## 5. Other significant related-party transactions

N/A

Index for the interim reports on significant related-party transactions disclosed on the relevant website

Name of the interim announcement	Disclosure date	Disclosure website
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## VIII. Significant contracts and their fulfillment

### 1. Trusteeship, contracting and leasing

#### (1) Trusteeship

Particulars about trusteeship

N/A

Any trusteeship event with an over-10% influence on the total profit of the Company for the reporting period:

Applicable  Inapplicable

**(2) Contracting**

Particulars about contracting

N/A

Any contracting event with an over-10% influence on the total profit of the Company for the reporting period:

 Applicable  Inapplicable**(3) Leasing**

Particulars about leasing

N/A

Any leasing event with an over-10% influence on the total profit of the Company for 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 (Yes/No)
Shenzhen Guomao Vehicle Industry Co., Ltd.	23 May 2011	2,600	11 Jan. 2012	2,015	Pledge	3 years	No	No
Shenzhen Guomao Car Rental Co., Ltd.	21 Apr. 2012	4,000	17 Apr. 2013	4,000	Joint-liability guarantee; pledge	1 year	No	No
Total external guarantee line approved during the reporting period (A1)				0	Total actual occurred amount of external guarantee during the reporting period (A2)		4,000	
Total external guarantee line that has been approved at the end of the reporting period (A3)				6,600	Total actual external guarantee balance at the end of the reporting period (A4)		6,015	
Guarantees provided by the Company for its subsidiaries								
Guaranteed party	Disclosure date of relevant	Amount for guarantee	Actual occurrence date (date of	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related



	announcem ent on the guarantee amount		agreement)					party or not (Yes/No)
Shenzhen Guomao Vehicle Industry Co., Ltd.	21 Apr. 2012	2,000	8 Apr. 2013	2,000	Pledge	1 year	No	No
Dongguan Guomao Changsheng Real Estate Development Co., Ltd.	21 Apr. 2012	48,000	11 Jan. 2013	1,124	Joint-liability guarantee; pledge	3 years	No	No
SZPRD Yangzhou Real Estate Development Co., Ltd.	21 Apr. 2012	48,000	27 Jun. 2013	5,000	Joint-liability guarantee	2 years	No	No
Total guarantee line approved for the subsidiaries during the reporting period (B1)			75,000	Total actual occurred amount of guarantee for the subsidiaries during the reporting period (B2)				8,124
Total guarantee line that has been approved for the subsidiaries at the end of the reporting period (B3)			216,000	Total actual guarantee balance for the subsidiaries at the end of the reporting period (B4)				8,124
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)			75,000	Total actual occurred amount of guarantee during the reporting period (A2+B2)				12,124
Total guarantee line that has been approved at the end of the reporting period (A3+B3)			222,600	Total actual guarantee balance at the end of the reporting period (A4+B4)				14,139
Proportion of total guarantee amount (A4+B4) to the net assets of the Company (%)				7.62%				
Of which:								
Amount of debt guarantee provided for the guaranteed party whose asset-liability ratio is not less than 70% directly or indirectly (D)				14,139				
Total amount of the above three guarantees (C+D+E)				14,139				
Explanation on possible bearing joint responsibility of liquidation due to immature guarantee (if any)				The Company provided a total guarantee amount of RMB 141.39 million to external parties, including a guarantee amount of RMB				

	81.24 million provided by the Company for its subsidiaries and a guarantee amount of RMB 60.15 million provided by subsidiaries to subsidiaries. Neither the Company nor its subsidiaries provided guarantees for any company not in the consolidation scope. Up to the end of the reporting period, subsidiaries were in normal operation and the loans were also in a normal status, with the risk being controllable.
Explanation on provision of guarantees for external parties in violation of the prescribed procedure (if any)	N/A

Particulars about guarantees provided in a compound way

### 3. Other significant contracts

Signing company	Signing person	Signing date	Book value of involved assets (RMB Ten thousand) (if any)	Evaluated value of involved assets (RMB Ten thousand) (if any)	Evaluation agency (if any)	Base day for evaluation (if any)	Pricing principle	Transaction price (RMB Ten thousand)	Related-party transaction or not	Relationship	Execution progress up to period-end

### 4. Other significant transactions

N/A

## IX. 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 in time or not?	Yes				

## X. Engagement and disengagement of the CPAs firm

Has the semi-annual financial report been audited or not?

Yes  No

## XI. Punishment and rectification

Name	Type	Reason	Type of investigation/punishment	Conclusion (if any)	Disclosure date	Disclosure index
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Particulars about rectification:

Applicable  Inapplicable

## XII. Explanation on other significant events

There was no other significant event in the reporting period that needed to be explained.

## VI. Change in Shares & Shareholders

### I. Change in shares

	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. Restricted shares	382,438,579	64.17%				-29,798,954	-29,798,954	352,639,625	59.17%
1. Shares held by the State	0	0%						0	0%
2. Share held by state-owned corporations	380,365,944	63.82%				-29,798,954	-29,798,954	350,566,990	58.82%
3. Shares held by other domestic corporations	2,072,635	0.35%						2,072,635	0.35%
Among which: shares held by domestic corporations	2,072,635	0.35%						2,072,635	0.35%
Shares held by domestic natural persons	0	0%						0	0%
4. Shares held by foreign investors	0	0%						0	0%
Among which: Shares held by foreign corporations	0	0%						0	0%
Shares held by foreign natural persons	0	0%						0	0%
5. Share held by senior management staff	0	0%						0	0%
II. Non-restricted shares	213,540,513	35.83%				29,798,954	29,798,954	243,339,467	40.83%
1. Renminbi ordinary shares	145,935,270	24.49%				29,798,954	29,798,954	175,734,224	29.49%
2. Domestically listed foreign shares	67,605,243	11.34%						67,605,243	11.34%
3. Overseas listed foreign shares	0	0%						0	0%

4. Others	0	0%						0	0%
III. Total shares	595,979,092	100%						595,979,092	100%

Reason for the change in shares

Applicable  Inapplicable

(I) Explanation about the increase/decrease in the reporting period of “I. Restricted shares”:

(1) The shares held by state-owned corporations decreased by 29,798,954 because:

The restricted floating shares of the Company held by Shenzhen Construction Investment Holdings Corporation (the former restricted share holder) were unlocked on 4 Nov. 2012. According to the commitment of Shenzhen Construction Investment Holdings Corporation on unlocking restricted shares, 5% shares of the Company (29,798,954 shares) held by Shenzhen Construction Investment Holdings Corporation became non-restricted on 24 Jan. 2013. For details, see the “Suggestive Announcement on Unlocking Restricted Shares” disclosed on 23 Jan. 2013.

(II) Explanation about the increase/decrease in the reporting period of “I. Non-restricted shares”:

The restricted floating shares of the Company held by Shenzhen Construction Investment Holdings Corporation (the former restricted share holder) were unlocked on 4 Nov. 2012. According to the commitment of Shenzhen Construction Investment Holdings Corporation on unlocking restricted shares, 5% shares of the Company (29,798,954 shares) held by Shenzhen Construction Investment Holdings Corporation became non-restricted. As a result, the total non-restricted shares increased by 29,798,954 shares.

Approval of the change in shares

Applicable  Inapplicable

Transfer of the change in shares

Applicable  Inapplicable

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

Applicable  Inapplicable

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

Applicable  Inapplicable

Change of the total shares, shareholder structure, asset structure and liability structure

Applicable  Inapplicable

## II. Total number of shareholders and their shareholdings

Unit: share

Total number of shareholders at the end of the reporting period		44,213							
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 restricted shares held	Number of non-restricted shares held	Pledged or frozen shares		
							Status of shares	Number of shares	

SHENZHEN CONSTRUCTION INVESTMENT HOLDINGS CORPORATION	State-owned corporation	54.33%	323,783, 371		293,984, 417	29,798, 954		0
SHENZHEN INVESTMENT MANAGEMENT CORPORATION	State-owned corporation	9.49%	56,582, 573		56,582, 573	0		
SHENZHEN GUOMAO PROPERTY MANAGEMENT CO., LTD.	State-owned corporation	0.42%	2,514,7 81			2,514,7 81		0
SHENZHEN DUTY-FREE COMMODITY ENTERPRISES CO., LTD.	Domestic non-state-owned corporation	0.29%	1,730,3 00		1,730,3 00			0
YU XILIN	Domestic natural person	0.28%	1,678,5 22			1,678,5 22		0
XU YIHONG	Domestic natural person	0.25%	1,516,4 80			1,516,4 80		0
CLIENT CREDIT COLLATERAL SECURITIES TRADING ACCOUNT OF GUOSEN SECURITIES CO., LTD.	Domestic non-state-owned corporation	0.23%	1,398,3 45			1,398,3 45		0
LONG KEYI	Domestic natural person	0.22%	1,301,7 00			1,301,7 00		0
BQ DE A/C REYL (LUX) GLOBAL FUNDS EMERGING MARKETS EQ	Foreign corporation	0.2%	1,215,1 76			1,215,1 76		0

CHEN LIYING	Domestic natural person	0.17%	1,036,051			1,036,051		0
Strategic investor or general corporation becoming a top ten shareholder due to placing of new shares (if any) (see Note 3)		Naught						
Explanation on associated relationship or/and persons acting in concert among the above-mentioned shareholders:		The first and second principal shareholders of the Company are managed by Shenzhen Investment Holding Corporation, the actual controlling shareholder of the Company.						
Particulars about shareholdings of the top ten shareholders holding non-restricted shares								
Name of shareholder	Number of non-restricted shares held at the period-end	Type of shares						
		Type	Number					
SHENZHEN CONSTRUCTION INVESTMENT HOLDINGS CORPORATION	29,798,954	RMB ordinary shares	29,798,954					
SHENZHEN GUOMAO PROPERTY MANAGERMENT CO., LTD.	2,514,781	RMB ordinary shares	2,514,781					
YU XILIN	1,678,522	RMB ordinary shares	1,678,522					
XU YIHONG	1,516,480	RMB ordinary shares	1,516,480					
CLIENT CREDIT COLLATERAL SECURITIES TRADING ACCOUNT OF GUOSEN SECURITIES CO., LTD.	1,398,345	RMB ordinary shares	1,398,345					
LONG KEYI	1,301,700	RMB ordinary shares	1,301,700					
BQ DE A/C REYL(LUX) GLOBAL FUNDS EMERGING MARKETS EQ	1,215,176	Domestically listed foreign shares	1,215,176					
CHEN LIYING	1,036,051	Domestically listed foreign shares	1,036,051					
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	935,418	Domestically listed foreign shares	935,418					
LIU YUNDE	892,600	RMB ordinary shares	892,600					

Explanation on associated relationship or/and persons acting in concert among the top ten tradable shareholders and between the top ten tradable shareholders and the top ten shareholders	The first principal shareholder of the Company is managed by Shenzhen Investment Holding Corporation, the actual controlling shareholder of the Company. And the second principal shareholder is a wholly-funded subsidiary of the Company. Other than that, it is unknown whether the remaining 8 shareholders are related parties or acting-in-concert parties.
Explanation on shareholders participating in the margin trading business (if any) (see Note 4)	Naught

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

Yes  No

### III. Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the reporting period

Applicable  Inapplicable

Change of the actual controller in the reporting period

Applicable  Inapplicable



## VII. Directors, Supervisors & Senior Management Staff

### I. Shareholding changes of directors, supervisors and senior management staff

Applicable  Inapplicable

Shareholdings of directors, supervisors and senior management staff did not change in the reporting period. For details, see the 2012 Annual Report.

### II. Directors, supervisors and senior management staff who left their posts

Name	Position	Type	Date	Reason
Li Xiaofan	Independent director	Expiration of the office term	29 Mar. 2013	Expiration of the office term
Li Jianxin	Independent director	Employment	29 Mar. 2013	Upon the nomination by the Board of Directors, Li Jianxin was reviewed and approved by the Shareholders' General Meeting and Shenzhen Stock Exchange as an independent director of the Company.

## VIII. Financial Report

### I. Audit report

Has this semi-annual report been audited?

Yes  No

The semi-annual financial report has not been audited.

### II. Financial statements

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

#### 1. Consolidated balance sheet

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

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	903,972,985.55	797,724,311.37
Settlement reserves		
Intra-group lendings		
Transactional financial assets		
Notes receivable		
Accounts receivable	83,326,211.14	76,584,008.68
Accounts paid in advance	19,649,514.13	64,714,990.11
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserves		
Interest receivable		
Dividend receivable		
Other accounts receivable	10,601,734.63	6,371,689.34
Financial assets purchased under agreements to resell		
Inventories	2,005,114,496.86	2,300,674,551.14
Non-current assets due within 1 year		

Other current assets		
Total current assets	3,022,664,942.31	3,246,069,550.64
Non-current assets:		
Loans by mandate and advances granted		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investment	77,639,473.34	84,249,349.70
Investing property	282,199,583.51	285,258,604.17
Fixed assets	75,070,345.32	78,821,168.21
Construction in progress	57,000.00	57,000.00
Engineering materials		
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	110,521,341.59	114,098,153.11
R&D expense		
Goodwill		
Long-term deferred expenses	3,591,862.02	3,644,288.40
Deferred income tax assets	204,042,407.91	194,507,824.50
Other non-current assets		
Total of non-current assets	753,122,013.69	760,636,388.09
Total assets	3,775,786,956.00	4,006,705,938.73
Current liabilities:		
Short-term borrowings	300,000,000.00	360,000,000.00
Borrowings from Central Bank		
Customer bank deposits and due to banks and other financial institutions		
Intra-group borrowings		
Transactional financial liabilities		
Notes payable		
Accounts payable	270,583,152.07	298,525,752.32
Accounts received in advance	41,284,037.14	678,075,291.01
Financial assets sold for repurchase		

Handling charges and commissions payable		
Employee's compensation payable	41,199,918.17	54,721,616.91
Tax payable	858,036,524.91	733,659,679.71
Interest payable		
Dividend payable		
Other accounts payable	175,239,314.62	195,045,649.98
Reinsurance premiums payable		
Insurance contract reserves		
Payables for acting trading of securities		
Payables for acting underwriting of securities		
Non-current liabilities due within 1 year	16,109,888.32	14,909,888.32
Other current liabilities		
Total current liabilities	1,702,452,835.23	2,334,937,878.25
Non-current liabilities:		
Long-term borrowings	73,476,685.30	19,316,666.64
Bonds payable		
Long-term payables		
Specific payables		
Estimated liabilities		
Deferred income tax liabilities		2,739,089.94
Other non-current liabilities	143,245,719.78	145,997,301.31
Total non-current liabilities	216,722,405.08	168,053,057.89
Total liabilities	1,919,175,240.31	2,502,990,936.14
Owners' equity (or shareholders' equity)		
Paid-up capital (or share capital)	595,979,092.00	595,979,092.00
Capital reserves	63,783,019.03	63,783,019.03
Less: Treasury stock		
Specific reserves		
Surplus reserves	102,882,532.15	102,882,532.15
Provisions for general risks		

Retained profits	1,099,692,167.61	746,091,174.80
Foreign exchange difference	-6,587,182.16	-5,882,902.45
Total equity attributable to owners of the Company	1,855,749,628.63	1,502,852,915.53
Minority interests	862,087.06	862,087.06
Total owners' (or shareholders') equity	1,856,611,715.69	1,503,715,002.59
Total liabilities and owners' (or shareholders') equity	3,775,786,956.00	4,006,705,938.73

## 2. Balance sheet of the Company

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

Unit: RMB Yuan

Item	Closing balance	Opening balance
<b>Current Assets:</b>		
Monetary funds	393,487,265.01	399,641,751.92
Transactional financial assets		
Notes receivable		
Accounts receivable	56,636,658.34	56,779,588.68
Accounts paid in advance	413,696.00	138,000.00
Interest receivable		
Dividend receivable		
Other accounts receivable	1,056,409,184.42	793,063,936.59
Inventories	324,769,088.59	324,442,304.42
Non-current assets due within 1 year	280,000,000.00	475,000,000.00
Other current assets		
<b>Total current assets</b>	<b>2,111,715,892.36</b>	<b>2,049,065,581.61</b>
<b>Non-current assets:</b>		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investment	309,927,234.32	316,537,110.68
Investing property	188,201,125.10	193,719,444.41
Fixed assets	17,073,849.37	18,999,543.38
Construction in progress		
Engineering materials		

Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets		
R&D expense		
Goodwill		
Long-term deferred expenses	1,729,762.11	1,816,250.25
Deferred income tax assets		
Other non-current assets		
Total of non-current assets	516,931,970.90	531,072,348.72
Total assets	2,628,647,863.26	2,580,137,930.33
Current liabilities:		
Short-term borrowings	240,000,000.00	
Transactional financial liabilities		
Notes payable		
Accounts payable	27,591,677.61	33,814,746.89
Accounts received in advance	12,352,200.00	426,641.50
Employee's compensation payable	11,214,044.96	10,017,975.02
Tax payable	1,934,499.12	2,092,132.57
Interest payable		
Dividend payable		
Other accounts payable	1,266,814,212.93	1,503,352,751.63
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	1,559,906,634.62	1,549,704,247.61
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Long-term payables		
Specific payables		
Estimated liabilities		
Deferred income tax liabilities		
Other non-current liabilities		1,851,595.90

Total non-current liabilities		1,851,595.90
Total liabilities	1,559,906,634.62	1,551,555,843.51
Owners' equity (or shareholders' equity)		
Paid-up capital (or share capital)	595,979,092.00	595,979,092.00
Capital reserves	37,754,232.28	37,754,232.28
Less: Treasury stock		
Specific reserves		
Surplus reserves	102,225,721.71	102,225,721.71
Provisions for general risks		
Retained profits	332,782,182.65	292,623,040.83
Foreign exchange difference		
Total owners' (or shareholders') equity	1,068,741,228.64	1,028,582,086.82
Total liabilities and owners' (or shareholders') equity	2,628,647,863.26	2,580,137,930.33

### 3. Consolidated income statement

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

Unit: RMB Yuan

Item	Jan.-Jun. 2013	Jan.-Jun 2012
I. Total operating revenues	1,348,194,107.29	624,520,270.29
Including: Sales income	1,348,194,107.29	624,520,270.29
Interest income		
Premium income		
Handling charge and commission income		
II. Total operating cost	893,486,628.19	499,699,889.91
Including: Cost of sales	553,178,605.80	392,039,759.24
Interest expenses		
Handling charge and commission expenses		
Surrenders		
Net claims paid		
Net amount withdrawn for the		

insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium		
Taxes and associate charges	283,964,714.90	58,377,586.79
Selling and distribution expenses	7,367,804.79	8,202,034.38
Administrative expenses	51,339,858.73	48,359,986.73
Financial expenses	-3,595,065.02	-1,321,536.27
Asset impairment loss	1,230,708.99	-5,957,940.96
Add: Gain/(loss) from change in fair value (“-” means loss)		
Gain/(loss) from investment (“-” means loss)	4,390,123.64	1,501,509.12
Including: share of profits in associates and joint ventures	4,390,123.64	1,501,509.12
Foreign exchange gains (“-” means loss)		
III. Business profit (“-” means loss)	459,097,602.74	126,321,889.50
Add: non-operating income	2,510,882.84	1,180,679.74
Less: non-operating expense	1,921,568.67	1,674,452.36
Including: loss from non-current asset disposal	75,632.69	29,700.92
IV. Total profit (“-” means loss)	459,686,916.91	125,828,116.88
Less: Income tax expense	106,085,924.10	27,741,808.89
V. Net profit (“-” means loss)	353,600,992.81	98,086,307.99
Including: Net profit achieved by combined parties before the combinations		1,312,539.70
Attributable to owners of the Company	353,600,992.81	98,686,285.22
Minority shareholders’ income		-599,977.23
VI. Earnings per share	--	--
(I) Basic earnings per share	0.5933	0.1656
(II) Diluted earnings per share	0.5933	0.1656
VII. Other comprehensive incomes	-704,279.71	154,895.92
VIII. Total comprehensive incomes	352,896,713.10	98,241,203.91
Attributable to owners of the	352,896,713.10	98,841,181.14



Company		
Attributable to minority shareholders		-599,977.23

#### 4. Income statement of the Company

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

Unit: RMB Yuan

Item	Jan.-Jun. 2013	Jan.-Jun 2012
I. Total sales	25,454,166.48	23,449,864.94
Less: cost of sales	4,623,847.30	9,757,305.26
Business taxes and surcharges	3,908,440.40	4,950,968.55
Distribution expenses		
Administrative expenses	19,491,245.37	18,102,272.04
Financial costs	317,053.85	-970,153.92
Impairment loss	-22,145,321.63	-5,066,959.74
Add: gain/(loss) from change in fair value (“-” means loss)		
Gain/(loss) from investment (“-” means loss)	19,329,723.64	20,458,700.89
Including: income from investment on associates and joint ventures	4,390,123.64	1,501,509.12
II. Business profit (“-” means loss)	38,588,624.83	17,135,133.64
Add: non-business income	1,572,704.00	291,568.93
Less: non-business expense	2,187.01	1,472,336.76
Including: loss from non-current asset disposal	2,187.01	
III. Total profit (“-” means loss)	40,159,141.82	15,954,365.81
Less: income tax expense		
IV. Net profit (“-” means loss)	40,159,141.82	15,954,365.81
V. Earnings per share	--	--
(I) Basic earnings per share	0.0674	0.0268
(II) Diluted earnings per share	0.0674	0.0268
VI. Other comprehensive income		
VII. Total comprehensive income	40,159,141.82	15,954,365.81

**5. Consolidated cash flow statement**

Prepared by Shenzhen Properties &amp; Resources Development (Group) Ltd.

Unit: RMB Yuan

Item	Jan.-Jun. 2013	Jan.-Jun 2012
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	737,191,531.68	888,510,640.24
Net increase of deposits from customers and dues from banks		
Net increase of loans from the central bank		
Net increase of funds borrowed from other financial institutions		
Cash received from premium of original insurance contracts		
Net cash received from reinsurance business		
Net increase of deposits of policy holders and investment fund		
Net increase of disposal of tradable financial assets		
Cash received from interest, handling charges and commissions		
Net increase of intra-group borrowings		
Net increase of funds in repurchase business		
Tax refunds received		
Other cash received relating to operating activities	17,912,189.23	10,288,147.54
Subtotal of cash inflows from operating activities	755,103,720.91	898,798,787.78
Cash paid for goods and services	201,716,265.91	203,210,115.92
Net increase of customer lendings and advances		
Net increase of funds deposited in the central bank and amount due from banks		

Cash for paying claims of the original insurance contracts		
Cash for paying interest, handling charges and commissions		
Cash for paying policy dividends		
Cash paid to and for employees	134,835,672.23	120,898,709.87
Various taxes paid	237,091,124.67	172,861,855.64
Other cash payment relating to operating activities	54,823,702.02	65,716,619.75
Subtotal of cash outflows from operating activities	628,466,764.83	562,687,301.18
Net cash flows from operating activities	126,636,956.08	336,111,486.60
II. Cash flows from investing activities:		
Cash received from withdrawal of investments		
Cash received from return on investments		5,000,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	406,198.00	735,231.00
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities	406,198.00	5,735,231.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets	5,248,764.40	1,573,784.61
Cash paid for investment		
Net increase of pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	5,248,764.40	1,573,784.61
Net cash flows from investing activities	-4,842,566.40	4,161,446.39

III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received from borrowings	361,243,352.00	146,000,000.00
Cash received from issuance of bonds		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	361,243,352.00	146,000,000.00
Repayment of borrowings	365,883,333.34	275,328,545.34
Cash paid for interest expenses and distribution of dividends or profit	10,539,475.19	25,661,311.58
Including: dividends or profit paid by subsidiaries to minority shareholders		
Other cash payments relating to financing activities	282,000.00	1,432,000.00
Sub-total of cash outflows from financing activities	376,704,808.53	302,421,856.92
Net cash flows from financing activities	-15,461,456.53	-156,421,856.92
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-84,258.97	24,827.92
V. Net increase in cash and cash equivalents	106,248,674.18	183,875,903.99
Add: Opening balance of cash and cash equivalents	797,724,311.37	469,313,741.57
VI. Closing balance of cash and cash equivalents	903,972,985.55	653,189,645.56

## 6. Cash flow statement of the Company

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

Unit: RMB Yuan

Item	Jan.-Jun. 2013	Jan.-Jun 2012
I. Cash flows from operating activities:		

## 2013 Semi-annual Report of Shenzhen Properties &amp; Resources Development (Group) Ltd.

Cash received from sale of commodities and rendering of service	24,902,565.48	23,126,901.86
Tax refunds received		
Other cash received relating to operating activities	450,266,959.21	538,743,468.02
Subtotal of cash inflows from operating activities	475,169,524.69	561,870,369.88
Cash paid for goods and services	1,348,197.67	4,276,469.83
Cash paid to and for employees	9,743,795.96	8,017,547.04
Various taxes paid	6,125,642.41	6,928,992.60
Other cash payment relating to operating activities	912,265,600.56	457,934,134.85
Subtotal of cash outflows from operating activities	929,483,236.60	477,157,144.32
Net cash flows from operating activities	-454,313,711.91	84,713,225.56
II. Cash flows from investing activities:		
Cash received from retraction of investments	195,000,000.00	
Cash received from return on investments	14,939,600.00	23,957,250.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	4,198.00	
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities	209,943,798.00	23,957,250.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets	102,573.00	9,532,623.61
Cash paid for investment		
Net cash paid to acquire subsidiaries and other business units		
Other cash payments relating to investing activities		
Subtotal of cash outflows from	102,573.00	9,532,623.61

investing activities		
Net cash flows from investing activities	209,841,225.00	14,424,626.39
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Cash received from borrowings	240,000,000.00	
Cash received from issuance of bonds		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	240,000,000.00	
Repayment of borrowings		
Cash paid for interest expenses and distribution of dividends or profit	1,400,000.00	
Other cash payments relating to financing activities	282,000.00	
Sub-total of cash outflows from financing activities	1,682,000.00	
Net cash flows from financing activities	238,318,000.00	
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-6,154,486.91	99,137,851.95
Add: Opening balance of cash and cash equivalents	399,641,751.92	83,846,009.34
VI. Closing balance of cash and cash equivalents	393,487,265.01	182,983,861.29

## 7. Consolidated Statement of Changes in Owners' Equity

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

Jan.-Jun. 2013

Unit: RMB Yuan

Item	Jan.-Jun. 2013									
	Equity attributable to owners of the Company								Minority interests	Total owners' equity
	Paid-up	Capital	Less:	Specific	Surplus	General	Retaine	Others		

## 2013 Semi-annual Report of Shenzhen Properties &amp; Resources Development (Group) Ltd.

	capital (or share capital)	reserve	treasury stock	reserve	reserve	risk reserve	d profit			
I. Balance at the end of the previous year	595,979,092.00	63,783,019.03			102,882,532.15		746,091,174.80	-5,882,902.45	862,087.06	1,503,715,002.59
Add: change of accounting policy										
Correction of errors in previous periods										
Other										
II. Balance at the beginning of the year	595,979,092.00	63,783,019.03			102,882,532.15		746,091,174.80	-5,882,902.45	862,087.06	1,503,715,002.59
III. Increase/ decrease in the period (“-” means decrease)							353,600,992.81	-704,279.71		352,896,713.10
(I) Net profit							353,600,992.81			353,600,992.81
(II) Other comprehensive incomes								-704,279.71		-704,279.71
Subtotal of (I) and (II)							353,600,992.81	-704,279.71		352,896,713.10
(III) Capital paid in and reduced by owners										
1. Capital paid in by owners										
2. Amounts of share-based payments recognized in owners' equity										
3. Others										
(IV) Profit distribution										
1. Appropriations to surplus reserves										
2. Appropriations to general risk provisions										
3. Appropriations to owners (or shareholders)										
4. Other										
(V) Internal carry-forward of owners' equity										

1. New increase of capital (or share capital) from capital public reserves										
2. New increase of capital (or share capital) from surplus reserves										
3. Surplus reserves for making up losses										
4. Other										
(VI) Specific reserve										
1. Withdrawn for the period										
2. Used in the period										
(VII) Other										
IV. Closing balance	595,979,092.00	63,783,019.03			102,882,532.15		1,099,692,167.61	-6,587,182.16	862,087.06	1,856,611,715.69

Jan.-Jun. 2012

Unit: RMB Yuan

Item	Jan.-Jun. 2013									
	Equity attributable to owners of the Company								Minority interests	Total owners' equity
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Others		
I. Balance at the end of the previous year	595,979,092.00	64,020,275.72			69,712,050.51		406,422,741.94	-5,890,286.25	862,087.06	1,131,105,960.98
Add: retrospective adjustment due to business combination under the same control		13,800,000.00			656,810.44		-3,240,025.58			11,216,784.86
Add: change of accounting policy										
Correction of errors in previous periods										
Other										
II. Balance at the beginning of the year	595,979,092.00	77,820,275.72			70,368,860.95		403,182,716.36	-5,890,286.25	862,087.06	1,142,322,745.84



III. Increase/ decrease in the period (“-” means decrease)		-14,037,256.69					98,686,285.22	154,895.92		84,803,924.45
(I) Net profit							98,686,285.22			98,686,285.22
(II) Other comprehensive incomes								154,895.92		154,895.92
Subtotal of (I) and (II)							98,686,285.22	154,895.92		98,841,181.14
(III) Capital paid in and reduced by owners										
1. Capital paid in by owners										
2. Amounts of share-based payments recognized in owners' equity										
3. Others										
(IV) Profit distribution										
1. Appropriations to surplus reserves										
2. New increase of capital (or share capital) from surplus reserves										
3. Surplus reserves for making up losses										
4. Other										
(VI) Specific reserve										
1. New increase of capital (or share capital) from capital public reserves										
2. New increase of capital (or share capital) from surplus reserves										
3. Surplus reserves for making up losses										
4. Other										
(VI) Specific reserve										
1. Withdrawn for the period										

2. Used in the period										
(VII) Other		-14,037, 256.69								-14,037,25 6.69
IV. Closing balance	595,979 ,092.00	63,783,0 19.03			70,368, 860.95		501,869, 001.58	-5,735,3 90.33	862,087.0 6	1,227,126, 670.29

## 8. Statement of Changes in Owners' Equity of the Company

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

Jan.-Jun. 2013

Unit: RMB Yuan

Item	Jan.-Jun. 2013							
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Total owners' equity
I. Balance at the end of the previous year	595,979,09 2.00	37,754,232 .28			102,225,72 1.71		292,623,04 0.83	1,028,582, 086.82
Add: change of accounting policy								
Correction of errors in previous periods								
Other								
II. Balance at the beginning of the year	595,979,09 2.00	37,754,232 .28			102,225,72 1.71		292,623,04 0.83	1,028,582, 086.82
III. Increase/ decrease in the period ("-" means decrease)							40,159,141 .82	40,159,141 .82
(I) Net profit							40,159,141 .82	40,159,141 .82
(II) Other comprehensive incomes								
Subtotal of (I) and (II)							40,159,141 .82	40,159,141 .82
(III) Capital paid in and reduced by owners								
1. Capital paid in by owners								
2. Amounts of share-based payments recognized in owners' equity								

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3. Others								
(IV) Profit distribution								
1. Appropriations to surplus reserves								
2. Appropriations to general risk provisions								
3. Appropriations to owners (or shareholders)								
4. Other								
(V) Internal carry-forward of owners' equity								
1. New increase of capital (or share capital) from capital public reserves								
2. New increase of capital (or share capital) from surplus reserves								
3. Surplus reserves for making up losses								
4. Other								
(VI) Specific reserve								
1. Withdrawn for the period								
2. Used in the period								
(VII) Other								
IV. Closing balance	595,979,09 2.00	37,754,232 .28			102,225,72 1.71		332,782,18 2.65	1,068,741, 228.64

Jan.-Jun. 2012

Unit: RMB Yuan

Item	Jan.-Jun. 2012							
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Total owners' equity
I. Balance at the end of the previous year	595,979,09 2.00	38,914,227 .99			69,712,050 .51		-50,242,14 6.85	654,363,22 3.65
Add: change of accounting policy								
Correction of errors in								

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previous periods								
Other								
II. Balance at the beginning of the year	595,979,092.00	38,914,227.99			69,712,050.51		-50,242,146.85	654,363,223.65
III. Increase/ decrease in the period (“-” means decrease)		-1,159,995.71					15,954,365.81	14,794,370.10
(I) Net profit							15,954,365.81	15,954,365.81
(II) Other comprehensive incomes								
Subtotal of (I) and (II)							15,954,365.81	15,954,365.81
(III) Capital paid in and reduced by owners								
1. Capital paid in by owners								
2. Amounts of share-based payments recognized in owners’ equity								
3. Others								
(IV) Profit distribution								
1. Appropriations to surplus reserves								
2. Appropriations to general risk provisions								
3. Appropriations to owners (or shareholders)								
4. Other								
(V) Internal carry-forward of owners’ equity								
1. New increase of capital (or share capital) from capital public reserves								
2. New increase of capital (or share capital) from surplus reserves								
3. Surplus reserves for making up losses								
4. Other								

(VI) Specific reserve								
1. Withdrawn for the period								
2. Used in the period								
(VII) Other		-1,159,995. 71						-1,159,995. 71
IV. Closing balance	595,979,09 2.00	37,754,232 .28			69,712,050 .51		-34,287,78 1.04	669,157,59 3.75

### (III) Company Profile

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

#### 1. Registered capital of the Company

The registered capital of the Company was RMB 541, 799,175 after bonus issue of shares on the basis of one share for every existing 10 shares based on existing paid-in capital of the Company in 1996 and it changes to RMB 595,979,092 after bonus issue of shares on the basis of one share for every existing 10 shares based on previous paid-in capital of RMB 541,799,175 in 2009.

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

Registered office: Shenzhen Municipal, Guangdong Province, PRC

Organization form: joint-stock company with limited liability

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

#### 3. Nature of the business and main business scope of the Company

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

#### 4. About the controlling shareholder of the Company and the Group

By the end of the reporting period, the controlling shareholder of the Company is still Shenzhen Construction Investment Holdings in register book. In 2004, People’s Government of Shenzhen Municipality incorporated Shenzhen Construction Investment Holdings with the other two municipal asset management companies, namely Shenzhen Investment Management Corporation and Shenzhen Trade and Business Holding Company, and established Shenzhen Investment Holdings Co., Ltd. Thus, the Company’s actual controlling shareholder is Shenzhen Investment Holdings Co., Ltd., a sole state-funded limited company, who was established in Oct. 13, 2004; its legal representative is Mr. Chen Hongbo and the registered capital is RMB 5.6 billion. Its main business scope is providing guarantee to municipal state-owned enterprises, management of state-owned equity, assets reorganization, reformation, capital operation, and equity investment of enterprises and etc. As a government department, Shenzhen State-owned Assets Supervision and Administration Bureau manage Shenzhen Investment Holdings Co., Ltd. on behalf of People’s Government of Shenzhen Municipality. Thus, the final controller of the Company is Shenzhen State-owned Assets Supervision and Administration Bureau.

5. Authorization and date of issuing the financial statements

The financial statements were approved and authorized for issue by the 10<sup>th</sup> session of the 7<sup>th</sup> board of directors of the Company on 22 Aug. 2012.

**(IV) Main accounting policies, accounting estimates and corrections of prior accounting errors**

**1. Basis for preparation of financial statements**

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

**2. Statement of compliance with Enterprise accounting standards**

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

**3. Fiscal year**

The Company adopts the Gregorian calendar for its accounting period, starting on January 1 and ending on December 31 of the year.

**4. Recording currency**

Renminbi (RMB) is used as the recording currency.

Recording currency of overseas subsidiaries:

The overseas subsidiaries adopt the currency in its main operating environment as the recording currency, and then translated it into RMB while preparing the financial statements.

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

(1) Business combination under the same control

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

consolidated financial statements according to the accounting policy of the Company.

(2) Business combination not under the same control

The Company adopts acquisition method for business combination not under common control. The acquirer shall recognize the initial cost of combination under the following principles:

① When business combination is achieved through a single exchange transaction, the cost of a business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree;

② For the business combination involved more than one exchange transaction, accounting treatments will be carried out separately on individual and consolidated financial statements as the followings:

A. In the individual financial statements, the initial investment cost of the particular project will be the sum of book value of equity in the entity before the date of acquisition and the newly added investment cost; When the share equity before the date of acquisition involves with other integrated gains, such gains (such as the part of fair value of the sellable financial assets accounted into capital reserves, same for the followings) are transferred into current investment income account.

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

③ Agency expenses and other administrative expenses such as auditing, legal consulting, or appraisal services occurred relating to the merger of entities are accounted into current income account when occurred; The transaction fees of equity certificates or liability certificates issued by the purchaser for payment for the acquisition are accounted at the initial amount of the certificates.

④ Where a business combination contract or agreement provides for a future event which may adjust the cost of combination, the Company shall include the amount of the adjustment in the cost of the combination at the acquisition date if the future event leading to the adjustment is probable and the amount of the adjustment can be measured reliably.

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

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

Where a relationship between a parent company and a subsidiary company is formed due to a business combination, the parent company shall prepare accounting books for future reference,

which shall record the fair value of the identifiable assets, liabilities and contingent liabilities obtained from the subsidiary company on the acquisition date. When preparing consolidated financial statements, it shall adjust the financial statements of the subsidiary company on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities determined on the acquisition date according to the Company's accounting policy of "Consolidated financial statement".

## **6. Preparation methods for consolidated financial statements**

### (1) Preparation methods for consolidated financial statements

#### 1) Consolidated scope

Consolidated financial statements are included all subsidiaries of the parent.

When the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of the investee company, the investee company is regarding as subsidiary and included in the consolidated financial statements. If the parent owns half or less of the voting power of an entity when there is any following condition incurred, the investee company is regarding as subsidiary and included consolidated financial statements.

- A. power over more than half of the voting rights by virtue of an agreement with other investors;
- B. power to govern the financial and operating policies of the entity under a statute or an agreement;
- C. power to appoint or remove the majority of the members of the board of directors or equivalent governing body;
- D. power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.

If there is evidence suggesting that no control of the investee company exists, the investee company does not be included in the consolidated financial statements.

#### 2) Preparation methods for consolidated financial statements

The consolidated financial statements are based on the financial statements of individual subsidiaries which are included in the consolidation scope and prepared after adjustment of long-term equity investment under equity method and elimination effect of intragroup transaction.

#### 3) Statement of minority interests and profits or losses

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

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

#### 4) Accounting treatment of excess losses

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



5) Accounting treatment on increase or decrease of the subsidiaries during the reporting period

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

For any subsidiary acquired by the Company through business combination under the common control, when the consolidated income statement for the current period are being prepared, revenue, expense and profit for the period from the beginning of the consolidated period to the year end of the reporting period are included in the consolidated income statement. For addition business combination not under common control during the reporting period, revenue, expense and profit for the period from acquisition date to the year end of the reporting period is included in the consolidated income statement. When disposing subsidiary during the reporting period, revenue, expense and profit for the period from the beginning to the disposal date are included in the consolidated income statement.

For any subsidiary acquired by the Company through business combination under the common control, when the consolidated cash flow statement for the current period are being prepared, cash flow for the period from the beginning of the consolidated period to the year end of the reporting period is included in the consolidated cash flow statement. For addition business combination not under common control during the reporting period, cash flow for the period from acquisition date to the year end of the reporting period is included in the consolidated cash flow statement. When disposing subsidiary during the reporting period, cash flow for the period from the beginning to the disposal date is included in the consolidated cash flow statement.

(2) As for the event about purchasing and then selling (or selling and then purchasing) equities of the same subsidiary, the Company shall disclose relevant accounting treatment methods.

**7. Recognition standards for cash and cash equivalents**

Cash equivalent is defined as the short-term (normally matured within three months after purchased date), highly-liquid investment which is easily transferred into cash and has low risk of change of value.

**8. Foreign currency and accounting method for foreign currency**

(1) Foreign currency business

Any transaction is converted into the accounting standard currency according to the approximate exchange rate of the sight rate on the occurrence date of the transaction. The Company adopts the middle exchange rate announced by the People's Bank of China at last year end as current exchange rate.

Treatment of foreign currency exchange difference: On balance sheet date, the Company accounts for monetary and non-monetary items denominated in foreign currencies as follows: a) monetary items denominated in foreign currencies are translated at the foreign exchange rates ruling at the

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

#### (2) Translations of financial statements in foreign currencies

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

### **9. Financial instruments**

#### (1) Category of financial instruments

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

The Company classifies the financial assets into the following four categories: a) financial assets at fair value through profit or loss; b) held-to-maturity investments; c) loans and receivables; and d) available-for-sale financial assets.

The Company's financial liabilities are classified as financial liabilities at fair value through profit or loss, and other financial liabilities.

#### (2) Recognition and measurement of financial liabilities

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

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

#### Subsequent measurement of financial assets

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

value through profit or loss as profit or loss in the current period.

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

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

D. Available-for-sale financial assets are measured at fair value and the gain or loss arising from a change in the fair value of available-for-sale financial assets is recognized as capital reserve which is transferred into profit or loss when it is impaired or derecognized. Interests or cash dividends during the holding period are recognized in profit or loss for the current period.

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

Subsequent measurement of financial liabilities

A. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial assets designated by the Company as at fair value through profit or loss. The Company recognizes a financial liability at fair value through profit or loss at its fair value. A gain or loss of change in fair value is recognized in the profit or loss of the current period.

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

(3) Recognition and accounting method for transfer of financial assets

The Company derecognizes financial assets when the Company transfers substantially all the risks and rewards of ownership of the financial assets. On derecognizing of a financial asset in its entirety, the difference between the follows is recognized in profit or loss of the current period.

①the carrying amount of transferring financial assets;

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

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

①the carrying amount allocated to the part derecognized;

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

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

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

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

(4) Derecognizing conditions of financial liabilities

The derecognizing of financial liabilities refers to the financial liabilities are written off in the company account and balance sheet. When the prevailing obligations of a financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly.

(5) Recognition method for fair value of financial assets and financial liabilities

If there is an active market for the financial instrument, the fair value is quoted prices in the active market.

If the market for a financial instrument is not active, the Company establishes fair value by using a valuation technique.

(6) Withdrawal of impairment provision for financial assets (excluding accounts receivable)

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

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

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

C. Measurement of impairment loss of financial assets

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

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

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

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

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

b) Available-for-sale financial assets

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

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

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

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

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

(7) As for event about reclassifying the undue held-to-maturity investment into available-for-sale financial assets, the Company shall state the basis of changes in holding purpose or ability

1. No available financial resources continuously providing the funds support for the financial assets to make them hold to maturity;
2. it's hard for the Company to hold the financial assets to maturity due to the restriction of laws and administrative regulations;
3. Other situations showing that the Company has not the ability to hold the financial assets with fixed term to maturity.

#### 10. Recognition criteria and withdrawal methods for bad debts provision of accounts receivable

(1) Bad debt provision for individually significant accounts receivable

Judgement basis or monetary standards of provision for bad debts of the individually significant accounts receivable	Amount of individual receivable is greater than RMB 2 millions (and including 2 millions)
Method of individual provision for bad debts of the individually significant accounts receivable	On balance sheet day, the impairment test is carried on individually for the individually significant receivables; if it is impaired after the impairment test, the Company provides provision for impairment loss for the amount which is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, and withdraws relevant bad debt provision.

(2) Accounts receivable for which bad debt provisions are made on the group basis

Name of group	Withdrawal method of bad debt provision on the group basis	Recognition basis of group
Group 1	Other methods	Receivables among the Company and its subsidiaries within the consolidation scope which prove not impaired after individual tests
Group 2	Aging analysis method	As for other receivables which prove not impaired after individual tests than those in Portfolio 1, considering the current situation, the Company determines the bad-debt provisions ratio for them based on the actual loss ratio of the receivable portfolio in previous years with the same or similar account age or the similar credit risk.

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

Applicable  Inapplicable

Age	Withdrawal proportion for accounts receivable (%)	Withdrawal proportion for other accounts receivable (%)
Within 1 year (including 1 year)	3%	3%
1-2 years	10%	10%
2-3 years	30%	30%
Over 3 years	50%	50%
3-4 years	80%	80%
4-5 years	100%	100%

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

Applicable  Inapplicable

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

Applicable  Inapplicable

Name of group	Note of method
Group 1	Receivables among the Company and its subsidiaries within the consolidation scope which prove not impaired after individual tests. Such group shall not be withdrawn bad debts provision.

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

is made individually

Reason of individually withdrawing bad debt provision:	The receivable which is individually insignificant but the credit risk is high, objective evidence to indicate impairment.
Withdrawal method for bad debt provision:	The impairment test is carries out individually, the Company recognizes provision for impairment loss for the amount which is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, and withdraws relevant bad debts provision.

## 11. Inventory

### (1) Classification

Inventories of the Company include raw materials, finished goods, and low-value consumption goods, land use right held for real estate development, properties under development and completed properties for sale.

### (2) Pricing method for outgoing inventories

Method: Specific identification method

Property inventories are measured at actual cost incurred, comprising the borrowing cost

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

(3) Recognition basis of net realizable value and withdrawal method of depreciation reserves for inventories

(1) Inventories shall be measured at the lower of cost and net realizable value at the balance sheet date. Where the net realizable value is lower than the cost, the difference shall be recognized as provision for impairment of inventories and charged to profit or loss.

① Estimation of net realizable value

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

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

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

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

② The Company generally provides provision for impairment of inventory individually. For large quantity and low value items of inventories, cost and net realizable value are determined based on categories of inventories.

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

(4) Inventory system for inventories:



√ Perpetual inventory system  Periodic inventory system  other

The inventory system for inventories is perpetual inventory system.

(5) Amortization method of the low-value consumption goods and packing articles

Low-value consumption goods

Amortization method: one-off amortization method

Packing articles

Amortization method: inapplicable

## **12. Long-term equity investment**

(1) Recognition of initial investment cost

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

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

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

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

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

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

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

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

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

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

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

B. If the long-term equity investment is acquired by issuing equity securities, the initial cost is the fair value of the equity securities issued. However, cash dividends or profits that are declared but unpaid shall not be included in the initial cost. Direct costs attributed to issue equity securities such as handling charges and commissions paid to securities underwriting agencies are deducted from premium of equity securities. If the premium is not sufficient for deduction, reserved fund and retained earnings is adjusted respectively.

C. For the long-term equity investment invested by investors, the initial cost is the agreed value prescribed in the investment contract or agreement unless the agreed value is not fair.

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

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

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

(2) Subsequent measurement and recognition of profits or losses

The Company adopts either cost method or equity method for the long-term equity investment hold according to the extent of influence, existence of active market and availability of fair value. The equity method is used when the Company has joint control or significant influence over the investee enterprise. The cost method is used when the Company has the control or does not have joint control or significant influence over the investee enterprise and there is no quote price in active market or there is no reliable fair value.

①For the long-term equity investment under cost method, and except from cash dividends or profits distributed are declared but unpaid included in the consideration paid, the other declared cash dividends or profits are normally recognized as investment income for the current period when it incurred. The net profits are no longer divided into the pre-investment profits and after-investment profits.

The Company recognizes the receivable cash dividends or profits according to above regulations, and the impairment test is needed to be concerned. To indicate the evidence of impairments, it should be concerned about whether the carrying amount of the long-term equity investments is greater than the book value of net assets that have been acquired (including the related goodwill) or other similar situations. When these situations occur, the impairment test of long-term equity investments should be performed according to “Chinese Accounting Standard No.8 - Impairment of assets”, Where the carrying amount of long-term equity investment exceeds the recoverable amount, the difference shall be recognized as impairment loss, and a provision for impairment loss should be made.

②For long-term equity investment under equity method, the Company adjusts carrying amount of

the long-term equity investment and recognizes investment income according to the proportion of net profit or loss realized by the investee enterprise after acquisition. The Company reduces carrying amount of the long-term equity investment by the proportion of declared cash dividend or profit which shall be distributed to the Company.

For long-term equity investment under equity method, the Company recognizes net losses incurred by the investee enterprise to the extent that the carrying amount of the long-term equity investment and other long-term equities that are in substance treated as net investment in the investee enterprise is reduced to zero except there is further obligation of the excess losses. If the investee enterprise makes net profits in subsequent periods, the Company shall continue to recognize investment income after using its share of net profits of the investee enterprise to cover its unrecognized losses.

③The Company adopts the same manner of financial instrument for the impairment of long-term equity investment which is measured under cost method and there is no quote price in active market or there is no reliable fair value. Impairment of long-term equity investments other than above refers to accounting policy “Impairment of assets” of the Company.

④On disposal of a long-term equity investment, the difference between the carrying amount of the investment and the sale proceeds actually received is recognized as an investment gain or loss for the current period. Where the equity method is adopted, when a long-term equity investment is disposed, the amount of change in owner’s equity of the investee enterprise other than net profit or loss which is previously recorded in owner’s equity of the Company shall be transferred to profit or loss for the current period according to corresponding proportion.

(3) The basis for determination of joint control or significant influence over investee enterprise

Joint control over investee enterprise is established when the investment of the Company satisfied the following conditions:

- ①Any Joint ventures party cannot control the operating activities of Joint ventures individually;
- ②Decisions regarding the basic operating activities of Joint ventures shall be agreed by all Joint ventures parties;
- ③All Joint ventures parties may appoint one of them to manage the operating activities of Joint ventures, and the management over the financial and operating policies exercised by the Joint ventures party appointed shall be limited to the extent agreed by all Joint ventures parties.

Significant influence over investee enterprise is established when the investment of the Company

satisfied the following conditions:

- ①The Company has representation on the board of directors or equivalent governing body of the investee.
- ②The Company participates in policy-making processes, including participation in decisions about dividends or other distributions.
- ③Material transactions occur between the Company and the investee enterprise.
- ④The Company dispatches managerial personnel to the investee enterprise.
- ⑤The Company provides essential technical information to the investee enterprise. If the Company holds, directly or indirectly (e.g. through subsidiaries), 20 percent or more but less than 50 percent of the voting power of the investee enterprise, it is presumed that the Company has significant influence over the investee enterprise.

#### (4) Impairment test and method of provision for impairment loss

The Company adopts the same manner of financial instrument for the impairment of long-term equity investment which is measured under cost method and there is no quoted price in active market or there is no reliable fair value. Impairment of long-term equity investments other than above refers to accounting policy “Impairment of assets” of the Company.

### **13. Recognition and measurement of investment properties**

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

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

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

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

(3) Initial measurement

An investment property is measured initially at its cost.

① The cost of a purchased investment property comprises its purchase price, related tax expenses and any directly attributable expenditure.

② The cost of a self-constructed investment property comprises all necessary construction expenditures incurred before the property is ready for its intended use.

③ The cost of a property acquired by other means shall be recognized according to relevant accounting standards.

#### (4) Subsequent measurement

After initial recognition, the Company adopts the cost model to measure its investment properties.

The Company amortizes or depreciates its investment properties measured using cost model in the same way as fixed assets and intangible assets.

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

## **14. Fixed assets**

### (1) Recognized standard of fixed assets

Fixed assets are tangible assets that: 1) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and 2) have useful life more than one year.

Fixed asset shall be initially recognized at cost when the following conditions are satisfied:

① It is probable that future economic benefits associated with the assets will flow to the Company;

② The cost of the assets can be measured reliably.

### (2) Recognition basis and pricing method of fixed assets by finance lease

The Company identifies a lease of asset as finance lease when substantially all the risks and rewards incidental to legal ownership of the asset are transferred.

A fixed asset acquired under finance lease shall be valued at the lower of the fair value of the leased asset and the present value of the minimum lease payments at the inception of lease.

The depreciation method of fixed assets acquired under finance lease is consistent with that for depreciable assets owned by the Company. If the Company can reasonably confirm that it will obtain the ownership of leased asset at the end of lease term, the leased asset shall be depreciated during the useful life of the leased asset. If the Company cannot reasonably confirm that it will obtain the ownership of leased asset at the end of lease term, the leased asset shall be depreciated during shorter of the useful life of the leased asset and the lease term.

### (3) Depreciation methods of fixed assets

The depreciation method adopted by the Company is straight-line method.

The estimated useful lives, residual value and annual depreciation rate of fixed assets are shown as follows:

Category of fixed assets	Useful life (Y)	Expected net salvage value	Annual depreciation
Housing and building	25	10%	4.5%
Machinery equipments	10	5%	9.5%
Electronic equipments and other	5	5%	19%
Transportation vehicle	5	5%	19%
Other equipments	5	5%	19%
Decoration for fixed assets	5		20%

### (4) Testing method of impairment and withdrawal method of provision for impairment on fixed assets

Impairment of fixed asset refers to accounting policy “Impairment of assets” of the Company.

### (5) Other explanations

Subsequent expenditure relating to a fixed asset shall be added to the carrying amount of the asset when the expenditure qualifies for capitalization. Subsequent expenditure that does not qualify for capitalization shall be recognized as an expense for the current period.

The Company reviews the useful life, estimated residual value and depreciation method of a fixed asset at the end of each financial year. If expectations are significantly different from previous estimates, the useful life shall be revised accordingly. If expectations are significantly different from previous estimates, the estimated residual value also shall be revised accordingly. If there has been a significant change in the expected realization pattern of economic benefits from those assets, the depreciation method shall be changed accordingly. The changes in useful life, estimated

residual value and depreciation method shall be treated as change in accounting estimates.

The depreciation life of the Company housings is 20---25 years, ratio of remaining value is 5%---10%, annual depreciation rate is 3.8%---4.5%.

## **15. Construction in progress**

### **(1) Categories of construction in progress**

The construction in progress includes the construction work, installation work, technical reformation work, overhaul work during the preparation period and the construction period. Relevant construction costs are recognized with the total expenses actually occurred.

### **(2) Standards and time of transferring construction in progress into fixed asset**

Construction in process is transferred to fixed assets with the total expenses actually occurred when the construction in progress are ready for their intended use.

### **(3) Impairment test method and withdrawal method for impairment provision of construction in progress**

Impairment of construction in progress refers to accounting policy “Impairment of assets” of the Company.

## **16. Borrowing costs**

### **(1) Recognition principles for capitalization of borrowing costs**

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

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

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

### **(2) Capitalization period of borrowing costs**

The capitalization period shall refer to the period from the commencement to the cessation of



capitalization of the borrowing costs, excluding the period of suspension of capitalization of the borrowing costs.

(3) Period of suspension of capitalization of borrowing costs

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

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

(4) Calculation method of capitalized amount of borrowing costs

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

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

**17. Biological assets**

Inapplicable

**18. Oil-gas assets**

Inapplicable

**19. Intangible assets**

(1) Pricing method of intangible assets

Intangible assets are identifiable non-monetary asset that are owned or controlled by the Company and are without physical substance.

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

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

Measurement of intangible assets

- ① An intangible asset is measured initially at its cost.
- ② Subsequent measurement of intangible assets: For an intangible asset with finite useful life, the Company estimates its useful life at the time of acquisition and amortizes it during its useful life in a reasonable and systematic way. The amount of amortization is allocated to relevant costs and expenses according to the nature of beneficial items. The Company does not amortize intangible asset with infinite useful life.

(2) Estimated useful life of intangible assets with limited useful life

If an intangible asset is gained from contractual rights or other legal rights, its useful life shall not exceed the power limit of contractual rights or other legal rights. If the estimated useful life of an intangible asset is shorter than the period stipulated under the contractual rights or other legal rights, it shall use the estimated useful life to determine the useful life of intangible assets.

Item	Estimated useful life	Basis
Taxi operating license plate	50 years, 12 years	Period stipulated in the contractual rights

(3) Judgment basis of intangible assets with uncertain useful life

If it is unable to forecast the period when the intangible asset can bring economic benefits to the enterprise, it shall be regarded as an intangible asset with uncertain service life, which shall not be amortized.

(4) Withdrawal of impairment provision of intangible assets

Impairment of intangible assets refers to accounting policy "Impairment of assets" of the Company.

(5) Criteria of separating the research phase and development phase of internal R&D project

The term "research" refers to the creative and planned investigation to acquire and understand new scientific or technological knowledge.

The term "development" refers to the application of research achievements and other knowledge to a certain plan or design, prior to the commercial production or use, so as to produce any new material, device or product, or substantially improved material, device and product.

(6) Calculation of the expenditures of internal R&D project

Expenditures incurred during the research phase of an internal project shall be recognized as expenses in the period in which they are incurred. If expenditures of internal R&D project in developing stage meet the condition of following at the same time, it shall be affirmed as

intangible assets:

- ① Finishing the intangible assets to make it useful or salable, technically feasible;
- ② Having the intention to finish, use and sell the intangible assets;
- ③ The way intangible assets generating its economic benefits, including ability to prove the existence in the market of the products from the intangible assets or the intangible assets itself, if the intangible assets shall be used internally, its feasibility must can be proved.
- ④ Having enough supports of technology, financial resources and other resources to finish the development of the intangible assets, and having the ability to use and sell the intangible assets;
- ⑤ Expenditures belonging to developing stage of the intangible assets shall be reliably calculated.

## **20. Amortization method of long-term deferred expenses**

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

## **21. Assets transfer with repurchasing conditions**

Buy-back after the sale: It is a sale means which the seller during selling goods agrees to buy back the same or similar goods at the later date. Under such mode, the seller shall make judgment in whether selling goods satisfies the recognition of revenue in accordance to the contract or agreement. Normally, the transaction of repurchase after sale belongs to a financial transaction, the main risk and rewards of the goods ownership has not been transferred. The enterprise shall not recognize the revenue. For the amount which the repurchase price greater than the original sale price, the enterprise shall accrue the interest fees to the financial fees within the repurchase period. For the property transfer with repurchase conditions, in consideration of the economic substance of transactions, the accounting method shall be disclosed.

## **22. Estimated liabilities**

### **(1) Recognition criteria of estimated liabilities**

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

- ① That obligation is a present obligation of the enterprise;
- ② It is probable that an outflow of economic benefits from the enterprise will be required to settle the obligation;
- ③ A reliable estimate can be made of the amount of the obligation.

### **(2) Measurement of estimated liabilities**

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

In other cases, the best estimate should be determined in accordance with the following methods:

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

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

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

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

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

### **23. Share-based payment and equity instruments**

#### **(1) Categories of share-based payment**

Recognition and measurement of share-based payment are based on true, complete and valid share-based payment agreement. Share-based payment transaction comprises equity-settled share-based payment transactions and cash-settled share-based payment transactions.

#### **(2) The measures for the recognition of the fair value of the equity instrument**

For the shares granted to the employees, its fair value shall be measured in accordance to the market price of the entity stocks, and at the same time it shall make adjustment in the consideration of the relative terms and conditions which the stocks are granted (excluding the vesting conditions besides the market conditions). If the entity is not traded publicly, it should be measured in accordance to the estimated market prices and it shall make adjustment in the consideration of the relative terms and conditions which the stocks are granted.

For the stock options granted to the employees, if there is no similar terms and conditions for the option trade, it shall estimate the fair value of the granted option through option pricing model.

When the enterprise determines the fair value on the granting date of the equity instruments, it shall consider the influence by the market conditions of the vesting conditions and the non vesting condition in the share-based payment agreement. For the share-based payment containing non vesting conditions, as long as the employees or other party satisfy all the non-marketing conditions of the vesting conditions (such as service period, etc.), the enterprise shall confirm the relevant costs of the received service.

#### **(3) Basis for the recognition of the best estimation of the vested equity instruments**

On the balance sheet date during the waiting period, the company shall make the best estimate based on the subsequent information regarding the number of employees who newly obtains the vest; revise the quantity of the predicted vested equity instruments in order to make the best estimate of vested equity instruments.

#### **(4) Relevant accounting treatment on the implementation, revision and termination of share-based**

payment plan

Equity-settled share-based payment transactions in which the Company receives employee's services as consideration for equity instruments of the Company are measured as fair value of the equity instrument granted to the employees. As to an equity-settled share-based payment in return for services of employees, if the right may be exercised immediately after the grant, the fair value of the equity instruments shall, on the date of the grant, be included in the relevant cost or expense and the capital surplus shall be increased accordingly. As to a equity-settled share-based payment in return for employee services, if the right cannot be exercised until the vesting period comes to an end or until the prescribed performance conditions are met, then on each balance sheet date within the vesting period, the services obtained during the current period shall, based on the best estimate of the number of vested equity instruments, be included in the relevant costs or expenses and capital surplus at the fair value of the equity instruments on the date of the grant.

Cash-settled share-based payment is measured in accordance with the fair value of liability undertaken by the Company that is calculated based on the shares or other equity instruments. As to a cash-settled share-based payment, if the right may be exercised immediately after the grant, the fair value of the liability undertaken by the Company, on the date of the grant, is included in the relevant costs or expenses, and the liabilities shall be increased accordingly. As to a cash-settled share-based payment, if the right may not be exercised until the vesting period comes to an end or until the specified performance conditions are met, on each balance sheet date within the vesting period, the services obtained during the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the enterprise.

If the modification increases the fair value of the equity instruments granted, the entity shall include the incremental fair value granted in the measurement of the amount recognized for services received as consideration for the equity instruments granted; similarly, if the modification increases the number of equity instruments granted, the entity shall include the fair value of the additional equity instruments granted, measured at the date of the modification, in the measurement of the amount recognized for services received as consideration for the equity instruments granted; if the entity modifies the vesting conditions in a manner that is beneficial to the employee, the entity shall take the modified vesting conditions into account when applying the requirements of a vesting condition.

If the modification reduces the fair value of the equity instruments granted, the entity shall not take into account that decrease in fair value and shall continue to measure the amount recognized for services received as consideration for the equity instruments based on the grant date fair value of the equity instruments granted; if the modification reduces the number of equity instruments granted to an employee, that reduction shall be accounted for as a cancellation of that portion of the grant; if the entity modifies the vesting conditions in a manner that is not beneficial to the employee, the entity shall not take the modified vesting conditions into account when applying the requirements of a vesting condition.

If a grant of equity instruments is cancelled or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied): as an acceleration of vesting, and shall therefore recognize immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

## **24. Repurchase of shares of the Company**

Following the legally approved procedures, the company reduces its capital by repurchasing the company's stocks. The owners' equity shall be adjusted by the difference between the total of the cancelled share equity and capital stock, the cost to repurchase the stocks (including trading fees) and stock equity. For the amount exceed the total of the par value of shares, it shall reduce the capital reserve (capital premium), surplus reserve, and undistributed profits; for the amount less than the total of the par value of shares, the capital reserve (capital premium) should be increased for the amount less than corresponding equity cost.

The repurchasing shares shall be managed as treasury shares before they are cancelled or transferred. The total cost to repurchase shares shall be transferred to the cost of the treasury shares.

During the transfer of the treasury shares, when the transfer income is greater than the cost of treasury shares, the capital reserve (capital premium) should be increased; when the transfer income is less than the cost of treasury shares, capital reserve (capital premium), surplus reserve, and undistributed profits should be written-down in turns.

Repurchasing stocks in purpose of equity incentives, the value of treasury stocks is measured at all the actual cost relating to repurchasing stocks, and the details should be taken reference to the registration.

## **25. Revenue**

### **(1) Criteria for recognition time of revenue from selling goods**

Revenue from the sale of goods is recognized when all of the following conditions have been satisfied: The Company has transferred to the buyer the significant risks and rewards of ownership of the goods; The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; The economic benefits associated with the transaction will flow to the Company; and the relevant amount of revenue and costs can be measured reliably.

Revenue from the sale of properties is recognized upon a) final acceptance of the construction of property is completed and the property is transferred to buyer, b) buyer receives and accepts the settlement billing and c) the Company receives all considerations of sale of property (down payment and mortgage received from bank for property purchasing by installments) and the conditions for obtaining certificate of title to house property are satisfied.

Revenue from leasing of property is recognized when a) the economic benefits associated with leasing of property will flow to the Company and b) the amount of revenue can be measured reliably. If lesser provides rent-free period, lesser shall allocate total rental by straight-line method or other reasonable method during entire lease term without deducting rent-free period. Lesser shall recognize rental income during rent-free period.

### **(2) Recognition basis of revenue from transferring use right of asset**

Revenue arising from the Company's assets used by others is recognized when (a) it is probable that the economic benefits associated with the transaction will flow to the Company and (b) the amount of the revenue can be measured reliably. Interest revenue should be measured based on the length of time for which the Company's cash is used by others and the applicable interest rate. Royalty revenue should be measured in accordance with the period and method of charging as stipulated in the relevant contract or agreement.

### **(3) Basis of affirmation of revenue form rendering services**

Revenue from rendering of services (excluding long-term contract) is by reference to the percentage of completion of the service at closing date when the outcome of transaction can be

reliably estimated. The outcome of transaction can be reliably estimated when a) the total revenue and cost can be reliably measured, b) the percentage of completion can be determined reliably and c) the economic benefit pertaining to the service will flow to the Company. If the outcome of transaction cannot be reliably estimated, the Company shall recognize revenue to the extent of costs incurred that are expected to be recoverable and charge an equivalent amount of cost to profit or loss.

(4) Recognition basis and method for the schedule of contracted project when recognizing the revenue from providing labour services and construction contract by percentage-of-completion method

Revenue from rendering of services (excluding long-term contract) is by reference to the percentage of completion of the service at closing date when the outcome of transaction can be reliably estimated. The outcome of transaction can be reliably estimated when a) the total revenue and cost can be reliably measured, b) the percentage of completion can be determined reliably and c) the economic benefit pertaining to the service will flow to the Company. If the outcome of transaction cannot be reliably estimated, the Company shall recognize revenue to the extent of costs incurred that are expected to be recoverable and charge an equivalent amount of cost to profit or loss.

Recognition of construction contract revenue

A. When the outcome of a construction contract can be reliably estimated, construction contract revenue is recognized by reference to the percentage of completion of the contract activity at closing date. The outcome of a construction contract can be reliably estimated when a) total contract revenue and contract costs incurred can be measured reliably, b) both the contract costs to complete the contract and the percentage of completion can be measured reliably and c) it is probable that the economic benefits associated with the contract will flow to the Company. The percentage of completion of a contract is determined as the proportion that actual contract costs incurred to date bears to the estimated total contract costs.

B. When the outcome of a construction contract cannot be estimated reliably, contract revenue should be recognized to the extent of contract costs that can be recovered and contract costs should be recognized as expense in the period in which they are incurred?

C. If total estimated contract costs will exceed total contract revenue, the estimated loss should be recognized immediately as an expense during the current period.

## **26. Government subsidies**

### **(1) Types**

The Company's government grants which including monetary assistance or non-monetary grants at fair value, shall not be recognized until there is reasonable assurance that:

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

### **(2) Accounting treatment method**

① If monetary grants are received, it recognized at actual received or receivable amount. If non-monetary grants are received, it recognized at fair value, replacing with nominal amount while fair value is not reliable.

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

The Income approach for government grants, to retrieve expense or loss of the Company in further

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

③ Confirmed repayment of government grants

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

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

## **27. deferred income tax assets and deferred income tax liabilities**

### **(1) Recognition basis of deferred income tax assets**

The Company adopts the balance sheet liability method for income tax expenses.

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

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

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

### **(2) Recognition basis of deferred income tax liabilities**

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

## **28. Operating lease and financial lease**

### **(1) Accounting treatments of operating lease**

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

Lessors in an operating lease shall present the assets subject to operating leases in the relevant items of their balance sheet according to the nature of the asset. Lease income from operating leases shall be recognized as the current profit or loss on a straight-line basis over the lease term; Initial direct costs incurred by lessors shall be recognized as the current profit or loss; Lessors shall apply the depreciation policy for the similar assets to depreciate the fixed assets in the



operating lease; For other assets in the operating lease , lessors shall adopt a reasonable systematical method to amortize; Contingent rents shall be charged as expenses in the periods in which they are incurred.

#### (2) Accounting treatments of financial lease

For the lessee, a fixed asset acquired under finance lease shall be valued at the lower of the fair value of the leased asset and the present value of the minimum lease payments at the inception of lease. The minimum lease payments as the entering value in long-term account payable, the difference as unrecognized financing charges; The initial direct costs identified as directly attributable to activities performed by the lessee during the negotiation and signing of the finance lease such as handling fees, legal fees, travel expenses, stamp tax shall be counted as lease asset value; the unrecognized financing charges shall be apportioned at each period during the lease term and adopt the effective interest rate method to calculate and confirm the current financing charge; Contingent rents shall be charged as expenses in the periods in which they are incurred.

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

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

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

#### (3) Accounting treatment of leaseback

Inapplicable

### **29. Assets held for sale**

#### (1) Recognition criteria of the assets held for sale

The Non-Current Assets which meet the following conditions will be classified as assets held for sales by the company:

- ①The entity has made the resolution in disposing the non-current assets.
- ②The entity has signed the irrevocable transfer agreement with the assignee.
- ③The sale transaction is highly probable to be completed within one year.

(2) Accounting treatments of the assets held for sale

For the fixed assets held for sales, the entity shall adjust the predicted net residual value of this fixed asset to make the predicted net residual value of this fixed asset to reflect the amount of its fair value less costs to sell, but it shall not exceed the original book value of fixed assets at the time when it meets the conditions of held for sales. The difference between the original book value and the adjusted predicted net residual value shall be treated as loss in assets and presented in profit or loss of current period. The fixed assets held for sales shall not count the depreciation but shall be measured at the lower of its carrying amount and the fair value less costs to sell.

The other non-current assets such as impairment assets which meet the conditions of held for sales shall be treated in accordance to the above principles.

**30. Capitalization of assets**

Inapplicable

**31. Hedging accounting**

Inapplicable

**32. Changes in main accounting policies and estimates**

Were the main accounting policies or estimates changed during the report period?

Yes No

There existed not major change of accounting policy, accounting estimate in the reporting period.

(1) Change of accounting policies

Were the main accounting policies changed during the report period?

Yes No

(2) Change of accounting estimates

Were the main accounting estimates changed during the report period?

Yes No

**33. Correction of previous accounting errors**

Was any accounting error made in previous periods discovered in the report period?

Yes No

There existed not major previous accounting errors in the reporting period.

(1) Retrospective restatement method

Was any previous accounting error adopting retrospective restatement method discovered in the report period?

Yes No

(2) Prospective application method

Was any previous accounting error adopting prospective application method discovered in the report period?

Yes  No

#### **34. Other main accounting policies and estimates as well as compilation method of financial statements**

Accounting policy for impairment of assets of the Company:

It suggests that an asset may be impaired if there are any of the following indications

- (1) In the period, an asset's market value has declined significantly more than it would be expected as a result of the passage of time or normal use during the current period;
- (2) significant changes with an adverse effect on the Company have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Company operates or in the market to which an asset is dedicated;
- (3) market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially;
- (4) Evidence is available of obsolescence or physical damage of an asset;
- (5) The asset becomes idle, or the Company plans to discontinue or to dispose of an asset before the previously expected date;
- (6) evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected, for example, the net cash flow generated from assets or the operating profit (or loss) realized by assets is lower (higher) than the expected amount, etc.; and
- (7) Other evidence indicates that assets may be impaired.

The Company assesses long-term equity investment, fixed assets, construction materials, constructions in progress and intangible assets (except for those with uncertain useful life) that apply Accounting Standard for Business Enterprises No. 8 - Impairment of assets at the balance sheet date. If there is any indication that an asset may be impaired, the Company should assess the asset for impairment and estimate the recoverable amount of the impaired asset. Recoverable amount is measured as the higher of an asset's fair value less costs to sell and the present value of estimated future cash flows from continuing use of the asset. If carrying amount of an asset is higher than its recoverable amount, the carrying amount of this asset should be written down to its recoverable amount with the difference recognized as impairment loss and charged to profit or loss accordingly. Simultaneously a provision for impairment loss should be made.

There is any indication that an asset may be impaired, the Company usually estimates its recoverable amount on an individual item basis. However if it's not possible to estimate recoverable amount of the individual asset, the Company should determine the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's cash-generating unit is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Identification of cash-generating unit is based on whether the cash inflows generated by the cash-generating unit are largely independent of the cash inflows from other assets or groups of assets.

The Company assesses goodwill acquired in a business combination and intangible assets with uncertain useful life for impairment each year no matter whether indication that an asset may be impaired exists or not. Impairment assessment of goodwill is carried together with the impairment assessment of related cash-generating unit or group of cash-generating units.

Once impairment loss is recognized, it cannot be reversed in subsequent financial period.

## (V) Taxation

### 1. Main taxes and tax rate

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

The income tax rates adopted by each subsidiary and branch factory

Note: The applicable income tax rate of the subsidiaries located in main land China is 25%; the applicable income tax rate of the subsidiaries located in Hong Kong is 16.5%.

### 2. Tax preference and approval

### 3. Other explanations

Pursuant to the stipulations of documents “Notification about pilot taxpayer arranging business tax as for the change of business tax into VAT” (SGSG [2012] No. 11) issuing by of Shenzhen State Administration of Tax and Local Taxation Bureau and “Notice about management ways of renewal of VAT and consumption tax preference” issuing by Shenzhen State Administration of Tax, subsidiaries of the Company Shenzhen ITC Vehicles Industry Co., Ltd., Shenzhen ITC Motor Rent Co., Ltd., Shenzhen Shenxin Taxi Co., Ltd. changed pilot business tax into VAT from 1 November 2012 and imposed VAT with a simple tax charges of 3%.

## (VI) Business combination and consolidated financial statement

### 1. Subsidiaries

## (1) Subsidiaries obtained by establishment and investment

Unit: RMB Yuan

Subsidiaries	Type	Registered place	Business nature	Registered capital	Business scope	Actual amount of investments at the period-end	Other essential investment	The proportion of holding shares (%)	The proportion of voting rights (%)	Included in consolidated statement	Minority interest	Deductible minority interests	Balance of parent company's equity after deducting the difference that loss of minority interests exceed equity obtained by minority shareholders
Shenzhen Huangcheng Real Estate Co., Ltd.	Wholly-owned subsidiary	Shenzhen	Real estate development	300000.00	Development, construction, operation and management of commercial service facilities relevant to Huanggang port	30,000,000.00		100%	100%	Yes			
Shenzhen Property and	Wholly-owned subsidiary	Shenzhen	Real estate development	309500.00	Land development, real	30,950,000.00		100%	100%	Yes			

Real Estate Development Co., Ltd.					estate management; construction supervision; property management								
PRD Group Xuzhou Dapeng Real Estate Development Co., Ltd.	Wholly-owned subsidiary	Xuzhou	Real estate development	500000.00	Development and sale of real estate, construction management, lease of properties, commodity sales	50,000,000.00		100%	100%	Yes			
Dongguan Guomao Changheng Real Estate Development Co., Ltd.	Wholly-owned subsidiary	Dongguan	Real estate development	200000.00	Development and sale of real estate, lease of properties	20,000,000.00		100%	100%	Yes			
PRD Yangzhou Real Estate Development	Wholly-owned subsidiary	Yangzhou	Real estate development	500000.00	Development and sale of real estate,	50,000,000.00		100%	100%	Yes			

Co., Ltd.					construction management, purchase of materials								
Hainan Xinda Development Co., Ltd	Wholly-owned subsidiary	Haikou	Real estate development	200000.00	Real estate development, decoration engineering,; planting ; import & export practice	20,000,000.00		100%	100%	Yes			
Shenzhen ITC Property Management Co., Ltd.	Wholly-owned subsidiary	Shenzhen	Property management	200000.00	Property rent and management	20,000,000.00		100%	100%	Yes			
Shenzhen Huangcheng Real Estate Management Co., Ltd.	Wholly-owned subsidiary	Shenzhen	Property management	500000.00	Property management; court virescence and cleansing services	5,000,000.00		100%	100%	Yes			
Shandong Shenzhen ITC Property	Wholly-owned subsidiary	Jinan	Property management	500000.00	Property management; housekeeping	5,000,000.00		100%	100%	Yes			

Management Co., Ltd.					services, property sales and agency and catering services								
Chongqing Shenzhen ITC Property Management Co., Ltd.	Wholly-owned subsidiary	Chongqing	Property management	5000000.00	Property management and agency	5,000,000.00		100%	100%	Yes			
Chongqing Ao'bo Elevator Co., Ltd.	Wholly-owned subsidiary	Chongqing	Service	3500000.00	Installing, reconstructing and repairing the elevator; sales of elevator and accessories	3,500,000.00		100%	100%	Yes			
Shenzhen Tianque Elevator Technology Co., Ltd.	Wholly-owned subsidiary	Shenzhen	Service	5000000.00	Maintenance of elevator and air condition	5,000,000.00		100%	100%	Yes			
Shenzhen ITC Property Management	Wholly-owned subsidiary	Shenzhen	Service	1200000.00	Domestic commerce; material	1,200,000.00		100%	100%	Yes			



Engineering Equipment Co., Ltd.					supply; maintenance and repair of electric equipment								
Shenzhen ITC Food Co., Ltd.	Wholly-owned subsidiary	Shenzhen	Catering service	200000 0.00	Retail sales of Chinese meal, western-style food and wine	2,000,000.00		100%	100%	Yes			
Shenzhen Property Construction Supervision Co., Ltd.	Wholly-owned subsidiary	Shenzhen	Construction Supervision	300000 0.00	Supervision of general industrial and civil construction engineering	3,000,000.00		100%	100%	Yes			
Shenzhen Real Estate Exchange	Wholly-owned subsidiary	Shenzhen	Service	138000 0.00	Providing property information, property agency and evaluation	1,380,000.00		100%	100%	Yes			
Shenzhen ITC Vehicles Industry Co., Ltd.	Wholly-owned subsidiary	Shenzhen	Service	298500 0.00	Motor transport and motor rent	29,850,000.00		100%	100%	Yes			

Shenzhen ITC Motor Rent Co., Ltd.	Wholly-owned subsidiary	Shenzhen	Service	1600000.00	Motor transport and motor rent	16,000,000.00		100%	100%	Yes			
Shenzhen Tesu Vehicle Driver Training Center Co., Ltd.	Wholly-owned subsidiary	Shenzhen	Service	2000000.00	Driver training	2,000,000.00		100%	100%	Yes			
Shenzhen International Trade Plaza	Wholly-owned subsidiary	Shenzhen	Trading	1200000.00	Investing in commercial, material and supplying company	12,000,000.00		100%	100%	Yes			
Sichuan Tianhe Industry Co., Ltd	Wholly-owned subsidiary	Chengdu	Trading	8000000.00	Wholesale in domestic market	8,000,000.00		100%	100%	Yes			
Zhanjiang Shenzhen Real Estate Development Co., Ltd.	Wholly-owned subsidiary	Zhanjiang	Real estate development	2530000.00	Real estate development and sales of commodity premises	2,530,000.00		100%	100%	Yes			
Shum Yip Properties	Wholly-owned subsidiary	Hong Kong	Real estate development	HKD2000000.00	Property agency and investm	20,000,000.00	98,099,637.90	100%	100%	Yes			

Development Co., Ltd.					ent								
Wayhan Development Co., Ltd.	Wholly-owned subsidiary	Hong Kong	Real estate development	HKD2	Property development	2.00		100%	100%	Yes			
Chief Link Properties Co., Ltd.	Wholly-owned subsidiary	Hong Kong	Real estate development	HKD100	Property agency and investment	100.00		70%	70%	Yes	862,087.06		
Syndics Investment Co., Ltd.	Wholly-owned subsidiary	Hong Kong	Real estate development	HKD4	Property investment	4.00		100%	100%	Yes			

Other notes to subsidiaries obtained by establishment and investment:

Syndics Investment Co., Ltd. is the wholly owned subsidiary of Chief Link Properties Co., Ltd.

## (2) Subsidiaries obtained by business combination under same control

Unit: RMB Yuan

Subsidiaries	Type	Registered place	Business nature	Registered capital	Business scope	Actual amount of investments at the period-end	Other essential investment	The proportion of holding shares (%)	The proportion of voting rights (%)	Included in consolidated statement	Minority interest	Deductible minority interests	Balance of parent company's equity after deducting the difference that loss of minority interests exceed equity

													obtained by minority shareholders
Shenzhen Shenxin Taxi Co., Ltd.	Wholly owned subsidiary	Shenzhen	Service	13800000.00	Operation of taxi and property management	33,195,948.77		100%	100%	Yes			

Other notes to subsidiaries obtained by business combination under same control:

### (3) Subsidiaries obtained by business combination not under same control

Unit: RMB Yuan

Subsidiaries	Type	Registered place	Business nature	Registered capital	Business scope	Actual amount of investments at the period-end	Other essential investment	The proportion of holding shares (%)	The proportion of voting rights (%)	Included in consolidated statement	Minority interest	Deductible minority interests	Balance of parent company's equity after deducting the difference that loss of minority interests exceed equity obtained by minority shareholders

Other notes to subsidiaries obtained by business combination not under same control:

There are not subsidiaries obtained by business combination not under same control.

**2. Special purpose entities or operating entities with control right formed by entrusted operation or lease**

Unit: RMB Yuan

Name	Business contact with the Company	Closing balance of major assets and liabilities affirmed in consolidated statement
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Other explanation on special purpose entities or operating entities with control right formed by entrusted operation or lease:

In November 2012, Shenzhen Foreign Economic Trade and Investment Co., Ltd. (FETI) and subsidiary of the Company Shenzhen Shenxin Taxi Co., Ltd. (SXT) signed the contract “Stripping Assets and Liabilities Consigned Operating Management Contract”, agreeing that stripping assets were delegated to FETI company in charge of liquidation, operating management and disposition. The delegation is due on 31 December 2014. More details see the 2nd and 3rd notes of enterprise combination (VI) in tenth chapter Financial Report in 2012 Annual Report. According to the consigned operating management contract, from 1 June 2012 to 31 December 2012, SXT paid FETI RMB 313,000 revenue from assets operation and RMB 626,000 every year later, the remnants are possessed by SXT. In line with “Stripping Assets and Liabilities Consigned Operating Management Contract”, the Company actually controlling the stripping assets of SXT is an operating equity holding controlling right through consigned operating method.

By 30 June 2013, balances of stripping assets in consolidated statement are as following:

Item	Amount	Item	Amount
Monetary capital	138,923.73	Other account payables	784,501.81
Other account receivables	50.00	Other illiquid assets	22,310,250.22
Investment real estate	10,604,974.93		
Fixed assets	11,482,788.17		
Project in progress	57,000.00		
Long-term immortalized expenses	811,015.20		
Total	23,094,752.03	Total of liabilities and equities	23,094,752.03

Notes: other illiquid liabilities belong to stripping assets equities invested and controlled by Shen.

**3. Explanation on changes in consolidated scope**

Explanation on changes in consolidated scope:

There was not change of consolidated scope in the reporting period.

Applicable  Inapplicable

**4. Subsidiaries that newly combined into consolidation scope in the reporting period**

The subsidiaries, special purpose entities and operating entities with control right formed by entrusted operation or lease that newly included in the consolidated scope

Unit: RMB Yuan

Name	Closing net assets	Net profit in current period
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The subsidiaries, special purpose entities and operating entities with control right formed by entrusted operation or lease that not longer included in the consolidated scope

Unit: RMB Yuan

Name	Net asset at the disposal date	Net profit from year-begin to disposal date
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Other notes to changes in consolidated scope:

There existed not situation stated above in the reporting period.

### 5. Business combination under same control during the reporting period

Unit: RMB Yuan

The combined party	Judgment basis of business combination under the same control	Actual controller of the same control	The consolidated income from period-begin to combination date	The consolidated net profit from period-begin to combination date	Cash flow arising from operating activities between period-begin and combination date
--------------------	---	---------------------------------------	---	---	---

Other notes to business combination under same control:

There was not combination under the same control in the reporting period.

### 6. Business combination not under same control during the reporting period

Unit: RMB Yuan

The combined party	Amount of goodwill	Calculation method of goodwill
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Other notes to business combination not under same control:

There was not combination not under the same control in the reporting period.

### 7. Subsidiaries reduced by selling equities without control right during the reporting period

Name of subsidiary	Disposal date	Recognition method of gains and losses
--------------------	---------------	--

Other notes to subsidiaries reduced by selling equities without control right during the reporting period:

Not existed in the reporting period.

### 8. The counter purchases in the reporting period

The backdoor party	Judgment basis of counter purchase	Recognition method of combination costs	Calculation method of goodwill recognized or included into current gains and losses in the
--------------------	------------------------------------	---	--

			combination
--	--	--	-------------

Other notes to counter purchases:

Naught

## 9. Mergers in the reporting period

Unit: RMB Yuan

Type of merger	Main assets merged in		Main liabilities merged in	
	Item	Amount	Item	Amount
Mergers under the same control				
Mergers not under the same control				

Other notes to mergers:

Naught

## 10. Exchange rates of major items in financial statements for foreign entities

For Hong Kong registered subsidiaries included in consolidated scope, such as Shum Yip Properties Development Co., Ltd., Wayhang Development Co., Ltd., Chief Link Properties Co., Ltd., and Syndics Investment Co., Ltd. The exchange rates of currencies are as follows:

- (1) For assets and liabilities, using the spot exchange rate of HKD against RMB (1: 0.7966) on the balance sheet date;
- (2) For the paid-in capital, using the spot exchange rate of HKD against RMB (1: 0.7917) when obtained;
- (3) For the income statement, using the average exchange rate of HKD against RMB (1: 0.8038) when trade occurred.

## (VII) Notes on major items in consolidated financial statements of the Company

### 1. Monetary funds

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Amount in foreign currency	Exchange rate	Amount in RMB	Amount in foreign currency	Exchange rate	Amount in RMB
Cash:	--	--	289,986.98	--	--	197,165.38
RMB	--	--	288,168.98	--	--	196,113.48
HKD	2,282.20	0.7966	1,818.00	1,297.20	0.8109	1,051.90
Bank deposit:	--	--	898,514,462.09	--	--	793,456,036.83
RMB	--	--	852,052,668.99	--	--	788,676,797.01
HKD	58,325,123.15	0.7966	46,461,793.10	5,893,747.47	0.8109	4,779,239.82

Other monetary funds:	--	--	5,168,536.48	--	--	4,071,109.16
RMB	--	--	5,168,536.48	--	--	4,071,109.16
Total	--	--	903,972,985.55	--	--	797,724,311.37

Special explanation shall be made for the accounts limited by being mortgaged, pledged or frozen, deposited overseas or with potential collecting risks:

The Company has no such accounts limited by being mortgaged, pledged or frozen, deposited overseas or with potential collecting risks during the reporting period.

## 2. Trading financial assets

### (1) Trading financial assets

Unit: RMB Yuan

Item	Closing fair value	Opening fair value
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### (2) Trading financial assets with realizable limit

Unit: RMB Yuan

Item	Trading restriction or other significant limits in realization	Closing balance
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### (3) Hedging instruments and notes to relevant hedging transaction

## 3. Notes receivable

### (1) Category of notes receivable

Unit: RMB Yuan

Category	Closing balance	Opening balance
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### (2) Notes receivable pledged at period-end

Unit: RMB Yuan

Issuing entity	Date of issuance	Expiring date	Amount	Remark
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(3) Notes transferred to accounts receivable because drawer of the notes fails to execute the contract or agreement, and undue notes endorsed to other parties at the end of the period

Notes transferred to accounts receivable because drawer of the notes fails to execute the contract or agreement



Unit: RMB Yuan

Issuing entity	Date of issuance	Expiring date	Amount	Remark
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Notes:

Undue notes endorsed to other parties by the Company

Unit: RMB Yuan

Issuing entity	Date of issuance	Expiring date	Amount	Remark
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Note:

Notes of bank acceptance bill that already discounted or pledged

**4. Dividends receivable**

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance	Reason for undeceived	Whether relating accounts occur impairment
Of which: :	--	--	--	--	--	--
Of which: :	--	--	--	--	--	--

Note:

**5. Interest receivable****(1) Interest receivable**

Unit: RMB Yuan

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
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**(2) Overdue interest**

Unit: RMB Yuan

Borrowing entity	Overdue days (day)	Amount of overdue interest
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**(3) Notes to interest receivable****6. Accounts receivable****(1) Accounts receivable listed by categories**

Unit: RMB Yuan

Category	Closing balance				Opening balance			
	Book balance		Bad debt provision				Book balance	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable with significant single amount and individually withdrawn bad debt provision	107,016,173.89	76%	50,712,546.49	47.39%	107,016,173.89	80.31%	51,016,173.89	47.67%
Accounts receivable for which bad debt provisions are made on the group basis								
Group 2	30,251,877.40	21.48%	3,229,293.66	10.67%	22,907,922.62	17.19%	2,323,913.94	10.14%
Subtotal of the groups	30,251,877.40	21.48%	3,229,293.66	10.67%	22,907,922.62	17.19%	2,323,913.94	10.14%
Accounts receivable with insignificant single amount and individually withdrawn bad debt provision	3,541,246.07	2.51%	3,541,246.07	100%	3,328,980.05	2.5%	3,328,980.05	100%
Total	140,809,297.36	--	57,483,086.22	--	133,253,076.56	--	56,669,067.88	--

Notes to category of accounts receivable:

Accounts receivable with significant single amount and individually withdrawn bad debt provision

√ Applicable □ Inapplicable

Unit: RMB Yuan

Content of accounts receivable	Book balance	Provision for bad debt	Withdrawing proportion (%)	Reason
Shenzhen Jiyong Properties & Resources Development Company	98,611,328.05	42,307,700.65	42.9%	Involved in lawsuit, referring to Note VII-1(1), Note IX-2
Shenzhen Tewe Industry Co.,Ltd.	2,836,561.00	2,836,561.00	100%	Uncollectible for a long period
Shenzhen Lunan Industry Development Co., Ltd.	2,818,284.84	2,818,284.84	100%	Poor operational status
Zhou Tangjin	2,750,000.00	2,750,000.00	100%	Uncollectible for a long period
Total	107,016,173.89	50,712,546.49	--	--

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

√ Applicable □ Inapplicable

Unit: RMB Yuan

Aging	Closing balance			Opening balance		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Proportion		Amount	Proportion	
Within 1 year						
Including:	--	--	--	--	--	--
Within 1 year (including 1 year)	24,075,739.53	79.58%	722,272.19	18,822,782.16	82.17%	564,683.46
Subtotal of within 1 year	24,075,739.53	79.58%	722,272.19	18,822,782.16	82.17%	564,683.46
1-2 years	2,551,361.20	8.43%	255,136.12	1,626,810.61	7.1%	162,681.06
2-3 years	1,413,556.03	4.67%	424,066.81	70,733.43	0.31%	21,220.03
Over 3 years	2,211,220.64	7.31%	1,827,818.54	2,387,596.42	10.41%	1,575,329.39
3 to 4 years	61,159.60	0.2%	30,579.80	1,314,269.42	5.74%	657,134.71
4 to 5 years	1,764,111.58	5.83%	1,411,289.28	775,661.60	3.38%	620,529.28
Over 5 years	385,949.46	1.28%	385,949.46	297,665.40	1.3%	297,665.40
Total	30,251,877.40	--	3,229,293.66	22,907,922.62	--	2,323,913.94

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

Applicable  Inapplicable

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

Applicable  Inapplicable

Other closing individually insignificant but provisions for bad debts individually accounts receivable:

Applicable  Inapplicable

Unit: RMB Yuan

Content of accounts receivable	Book balance	Provision for bad debt	Withdrawing proportion (%)	Reason
Shenzhen Crown Prince Restaurant	1,460,905.54	1,460,905.54	100%	Possible unrecoverable because of dispute
Zhanjiang Haihu Real Estate Co., Ltd	700,000.00	700,000.00	100%	With a long age that was unrecoverable
Shenzhen Shengfenglu, ITC Jewel & Gold Co., Ltd.	498,681.65	498,681.65	100%	With a long age that was unrecoverable
Huidong Automobile Co., Ltd.	250,000.00	250,000.00	100%	With a long age that was unrecoverable
Zhanjiang SpecialCement Plant	135,972.00	135,972.00	100%	With a long age that was unrecoverable

Hainan Meijia Tea House	126,318.15	126,318.15	100%	With a long age that was unrecoverable
Other	369,368.73	369,368.73	100%	With a long age that was unrecoverable
Total	3,541,246.07	3,541,246.07	--	--

**(2) Accounts receivable reversed or collected in the reporting period**

Unit: RMB Yuan

Content of accounts receivable	Reversed or collected reason	Recognition basis of original bad debt provision	Reversed or collected amount of the accrued bad debt provision	Reversed or collected amount
Shenzhen Jiyong Real Estate Development Co., Ltd.	Reversed	Litigation involved	42,611,328.05	303,627.40
Total	--	--	42,611,328.05	--

The withdrawal of bad debt provision of accounts receivable with significant single amount or insignificant single

Unit: RMB Yuan

Content	Book balance	Bad debt amount	Withdrawing proportion (%)	Reason

Notes to accounts receivable with insignificant single amount but large risks of groups after grouping by credit

**(3) The write-off accounts receivable**

Unit: RMB Yuan

Name of entity	Nature of accounts receivable	Write-off time	Write-off amount	Write-off reason	Whether arising from related party transaction or not?

Notes to write off of accounts receivable:

There was not writing off of accounts receivable in the reporting period.

**(4) Particulars about accounts receivable due to shareholders holding 5% (including 5%) voting rights of the Company**

Unit: RMB Yuan

Name of entity	Closing balance		Opening balance	
	Book balance	Withdrawal amount	Book balance	Withdrawal amount
Shenzhen Investment Holdings Co., Ltd.	546,442.22	16,393.27	415,302.14	12,459.06
Total	546,442.22	16,393.27	415,302.14	12,459.06

**(5) Information of top 5 accounts receivable:**

Unit: RMB Yuan

Name of entity	Relationship with the Company	Amount	Aging	Proportion
Shenzhen Jiyong Properties & Resources Development Company	Non-related relationship	98,611,328.05	Over 5 years	70.03%
Huwei Technologies Co., Ltd.	Non-related relationship	10,189,105.59	Within 1 year	7.24%
Shenzhen Tewe Industry Co., Ltd.	Controlling shareholder	2,836,561.00	Over 5 years	2.01%
Shenzhen Lunan Industry Development Co., Ltd.	Non-related relationship	2,818,284.84	Over 5 years	2%
Zhou Tangjin	Non-related relationship	2,750,000.00	Over 5 years	1.95%
Total	--	117,205,279.48	--	83.23%

**(6) The amounts due from related parties**

Unit: RMB Yuan

Name of entity	The relationship with the Company	Amount	Proportion
Shenzhen Investment Holdings Co., Ltd.	Controlling shareholder	546,442.22	0.39%
Total	--	546,442.22	0.39%

**(7) Information of accounts receivable that terminated recognition**

Unit: RMB Yuan

Item	Amount of termination	Gains or loses related to the termination of recognition

**(8) If securitization is carried out on accounts receivable as the underlying assets, please list amount of assets and liabilities arising from further involvement**

Unit: RMB Yuan

Item	Period-end
Assets:	
Liabilities:	

**7. Other accounts receivable****(1) Other accounts receivable disclosed by type:**

Unit: RMB Yuan

Category	Closing balance				Opening balance			
	Balance		Provision for bad debts		Balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other accounts receivable that is individually significant and provisions for bad debts individually	92,465,783.68	73.92%	92,465,783.68	100%	92,670,839.68	76.86%	92,670,839.68	100%
Other accounts receivable that provisions for bad debts by group								
Group 2	22,689,724.19	18.14%	12,087,989.56	53.28%	17,971,840.96	14.91%	11,600,151.62	64.55%
Subtotal of group	22,689,724.19	18.14%	12,087,989.56	53.28%	17,971,840.96	14.91%	11,600,151.62	64.55%
Other accounts receivable that is individually insignificant but provisions for bad debts individually	9,925,245.51	7.94%	9,925,245.51	100%	9,925,245.51	8.23%	9,925,245.51	100%
Total	125,080,753.38	--	114,479,018.75	--	120,567,926.15	--	114,196,236.81	--

Notes for categories of other accounts receivable:

Other closing accounts receivable that is individually significant and provisions for bad debts individually.

√ Applicable □ Inapplicable

Unit: RMB Yuan

Content of other accounts receivable	Book balance	Bad debt amount	Withdrawing proportion (%)	Reason
Gintian Industry (Group) Co., Ltd	56,600,000.00	56,600,000.00	100%	Payment for discharging of guaranty responsibility that was difficult to be recollect
Anhui Nanpeng Papermaking Co., Ltd	7,443,104.00	7,443,104.00	100%	Uncollectible for a long period
Shenzhen Shengfenglu, ITC Jewel & Gold Co.,	6,481,353.60	6,481,353.60	100%	There is no asset to execute the verdict, thus

Ltd				lead to uncollectibility
Shanghai Yutong Real estate development Co., Ltd	5,676,000.00	5,676,000.00	100%	Uncollectibility for the reason of verdict
Wuliangye Restaurant	5,523,057.70	5,523,057.70	100%	Has been liquidated
Hong Kong Yueheng Development Co., Ltd	3,271,837.78	3,271,837.78	100%	Has been liquidated
Dameisha Tourism Center	2,576,445.69	2,576,445.69	100%	Suspended project
Elevated Train Project	2,542,332.43	2,542,332.43	100%	Suspended project
Shenzhen ITC Industrial Development Co., Ltd	2,351,652.48	2,351,652.48	100%	The company is insolvent
Total	92,465,783.68	92,465,783.68	--	--

In the group, other accounts receivable those provisions for bad debts by aging analysis:

Applicable  Inapplicable

Unit: RMB Yuan

Aging	Period-end			Period-begin		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Proportion		Amount	Proportion	
Within 1 year						
Including:						
Within 1 year	6,386,557.10	28.15%	191,596.73	5,907,685.35	32.87%	177,230.56
Subtotal of within 1 year	6,386,557.10	28.15%	191,596.73	5,907,685.35	32.87%	177,230.56
1-2 years	4,564,951.62	20.12%	456,495.17	528,158.03	2.94%	52,815.80
2-3 years	217,179.38	0.96%	65,153.82	33,129.44	0.18%	9,938.83
Over 3 years	11,521,036.09	50.78%	11,374,743.84	11,502,868.14	64%	11,360,166.42
3 to 4 years	47,764.18	0.21%	23,882.09	3,596.51	0.02%	1,798.26
4 to 5 years	612,050.83	2.7%	489,640.67	704,517.32	3.92%	563,613.86
Over 5 years	10,861,221.08	47.87%	10,861,221.08	10,794,754.31	60.06%	10,794,754.31
Total	22,689,724.19	--	12,087,989.56	17,971,840.96	--	11,600,151.62

In the group, other accounts receivable those provisions for bad debts by balance percentage:

Applicable  Inapplicable

In the group, other accounts receivable those provisions for bad debts by other methods:

Applicable  Inapplicable

Other closing individually insignificant but provisions for bad debts individually accounts receivable:

Applicable  Inapplicable

Unit: RMB Yuan

Content of other accounts receivable	Book balance	Provision for bad debts	Withdrawal proportion	Reason
Shenzhen Wufang Pottery & Porcelain Industrial Co., Ltd	1,747,264.25	1,747,264.25	100%	Poor operation status
Liang Weimin	1,357,137.11	1,357,137.11	100%	Unrecoverable due to retirement of employee
Shenzhen Guesthouse Co., Ltd	909,960.40	909,960.40	100%	Unrecoverable for a long term
Chongqing Hua'er Decorations Co., Ltd.	799,163.50	799,163.50	100%	Unrecoverable
Compensation for Shidai new residence mortgage guarantee in ABC	601,762.21	601,762.21	100%	Owner unable to repay the loan
Chen Liangfang	500,000.00	500,000.00	100%	Unrecoverable due to disappearance of the debtor
Yan Kunping	496,307.77	496,307.77	100%	Unrecoverable for a long term
Fang Bijia	344,134.00	344,134.00	100%	Unrecoverable for a long term
Shenzhen Property Architectural Design Company	335,828.92	335,828.92	100%	Unrecoverable
Other	2,833,687.35	2,833,687.35	100%	Unrecoverable
Total	9,925,245.51	9,925,245.51	--	--

**(2) Information of other accounts receivable reversed or recovered in the reporting period**

Unit: RMB Yuan

Content of other accounts receivable	Reason for reversed or recovered	Basis for determination of bad debts provision	Accrued amount before reversal or recovery	Amount of reversed or recovered
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Withdrawal of closing individually significant or insignificant but provisions for bad debts individually accounts



receivable:

Unit: RMB Yuan

Content of other accounts receivable	Book balance	Amount of bad debts	Withdrawal percentage	Reason
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Notes of individually insignificant but was of big risk after grouped by credit risk other accounts receivable:

**(3) Information of other accounts receivable written off in the reporting period**

Unit: RMB Yuan

Name of company	Nature of other accounts receivable	Write off date	Write off amount	Write off reason	Whether arising from related party transactions or not
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Notes of written-off of other accounts receivable:

There is not written-off of other accounts receivable in the reporting period.

**(4) Other accounts receivable is due from shareholders with more than 5% (including 5%) of the voting shares of the Company**

Unit: RMB Yuan

Name of entity	Closing balance		Opening balance	
	Book balance	Withdrawal amount of bad debts	Book balance	Withdrawal amount of bad debts

**(5) Nature or details of other significant accounts receivable**

Unit: RMB Yuan

Name of entity	Amount	Nature or details of the amount	Proportion of the total (%)
Gintian Industry (Group) Co., Ltd.	56,600,000.00	Executed amount of guarantee	45.25%
Anhui Nanpeng Papermaking Co., Ltd	7,443,104.00	Operating turnover funds	5.95%
Shenzhen Shengfenglu, ITC Jewel & Gold Co., Ltd	6,481,353.60	Current account	5.18%
Shanghai Yutong Real estate development Co., Ltd	5,676,000.00	Current account	4.54%
Wuliangye Restaurant	5,523,057.70	Current account	4.42%
Hong Kong Yueheng Development Co., Ltd	3,271,837.78	Current account	2.62%
Dameisha Travel Center	2,576,445.69	Current account	2.06%

Elevated Train Project	2,542,332.43	Current account	2.03%
Shenzhen ITC Industrial Development Co., Ltd	2,351,652.48	Current account	1.88%
Total	92,465,783.68	--	73.93%

Notes

**(6) Information of top five other accounts receivable**

Unit: yuan

Name of entity	Relationship	Amount	Term	Proportion of the total (%)
Gintian Industry (Group) Co.,Ltd.	Non-related party	56,600,000.00	Over 5 years	45.25%
Anhui Nanpeng Papermaking Co., Ltd	Non-related party	7,443,104.00	Over 5 years	5.95%
Shenzhen Shengfenglu, ITC Jewel & Gold Co., Ltd	Non-related party	6,481,353.60	Over 5 years	5.18%
Shanghai Yutong Real estate development Co., Ltd	Non-related party	5,676,000.00	Over 5 years	4.54%
Wuliangye Restaurant	Non-related party	5,523,057.70	Over 5 years	4.42%
Total	--	81,723,515.30	--	65.34%

**(7) Information of the amounts due from related parties**

Unit: yuan

Name of entity	Relationship	Amount	Proportion of the total (%)
Anhui Nanpeng Papermaking Co., Ltd	Associated enterprise	7,443,104.00	5.95%
Shenzhen ITC Industrial Development Co., Ltd	Associated enterprise	2,351,652.48	1.88%
Shenzhen Wufang Pottery & Porcelain Industrial Co., Ltd	Associated enterprise	1,747,264.25	1.4%
Shenzhen Guesthouse Ltd.	Controlled by the parent company of the Company at the same time	909,960.40	0.73%
Total	--	12,451,981.13	9.96%

**(8) Information of other accounts receivable that terminated recognition**

Unit: yuan

Item	Amount of termination	Gains or losses related to the termination of recognition

**(9) If securitization is carried out on other accounts receivable as the underlying assets, please list amount of assets and liabilities arising from further involvement**

Unit: yuan

Item	Closing balance
Assets:	
Liabilities:	

**8. Prepayment****(1) List by aging analysis:**

Unit: yuan

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	12,294,474.30	62.57%	55,422,464.21	85.64%
1 year to 2 years	7,354,000.00	37.43%	8,839,702.60	13.66%
2 years to 3 years	0.00	0%	72,805.50	0.11%
Over 3 years	1,039.83	0.01%	380,017.80	0.59%
Total	19,649,514.13	--	64,714,990.11	--

Notes of aging of prepayment:

**(2) Information of the top 5 prepayment**

Unit: yuan

Name of entity	Relationship	Amount	Time	Reason for unsettled
Zhanjiang Western Guangdong Construction Company	Non-related party	7,350,000.00	1 to 2 years	Engineering Unsettled
Prepayment of social security charges in	Non-related party	4,853,561.60	1 to 2 years	Engineering Unsettled

building industry				
Prepaid utilities	Non-related party	1,906,719.30	Within 1 year	Advanced utilities
Shenzhen Ailite Mechanical and Electrical Equipment Co., Ltd.	Non-related party	1,504,000.00	1 to 2 years	Engineering Unsettled
Advanced air conditioning transformation accounts	Non-related party	1,350,000.00	Within 1 year	Engineering Unsettled
Total	--	16,964,280.90	--	--

Notes of important companies of prepayment:

All the entities of prepayment exist no relationship with the Company in the reporting period.

### (3) Information about amount due from shareholders with more than 5% (including 5%) of the voting shares of the Company in prepayment

Unit: yuan

Name of entity	Closing balance		Opening balance	
	Book balance	The amount of bad debt provision	Book balance	The amount of bad debt provision

### (4) Notes of prepayment

A. Prepayment at the period-end decreased 69.64% when compared to the beginning of the period, mainly because the prepay taxes rolled out owing to the project settlement in the reporting period.

B. Prepayment of social security charges in building industry was prepaid in accordance with requirements of Temporary Method on Management of Prepayment of Social Security Charges in Building Industry of Xuzhou (XZBF (2009) No. 113). Social security charges in building industry refer to charges in aspects of social securities the building enterprises contributed for employees such as endowment insurance, medical insurance, unemployment insurance, insurance against injury at work, maternity insurance etc. (including part of personnel contribution). This charge is base on engineer project, conducting unity measure basis that charge from building entities in unity and making final settlement with building enterprises in unity.

C. Information about amount due from shareholders with more than 5% (including 5%) of the voting shares of the Company in prepayment

Applicable  Inapplicable

**9. Inventory****(1) Category**

Unit: yuan

Item	Closing balance			Opening balance		
	Book balance	Impairment of inventories	Book value	Book balance	Impairment of inventories	Book value
Raw materials	1,822,870.71	490,822.80	1,332,047.91	1,902,535.57	506,522.30	1,396,013.27
Inventory goods	48,890.20	0.00	48,890.20	43,286.70		43,286.70
Turnover material	511,560.60	0.00	511,560.60	515,562.10		515,562.10
Products held for real estate development	387,163,488.16	12,544,031.24	374,619,456.92	1,054,626,950.28	32,647,460.45	1,021,979,489.83
Properties under development	1,275,365,685.79	0.00	1,275,365,685.79	736,298,555.66		736,298,555.66
Completed properties for sale	353,236,855.44	0.00	353,236,855.44	540,441,643.58		540,441,643.58
Total	2,018,149,350.90	13,034,854.04	2,005,114,496.86	2,333,828,533.89	33,153,982.75	2,300,674,551.14

**(2) Provision for falling price of inventories**

Unit: yuan

Category	Opening book balance	Increase	Decease		Closing book balance
			Reversal	Resell	
Raw materials	506,522.30			15,699.50	490,822.80
Inventory goods					0.00
Turnover material					0.00
Products held for real estate development	32,647,460.45			20,103,429.21	12,544,031.24
Total	33,153,982.75			20,119,128.71	13,034,854.04

**(3) Details of provision for falling price of inventories**

Unit: yuan

Item	Basis on provision for falling price of inventories	Reasons for reversal	Proportion of reversal of provision for impairment of inventories to closing balance
Raw materials	The estimated net realizable	Net realizable value rise again	3.2%

	value is lower than the book value		
Products held for land development	The estimated net realizable value is lower than the book value	Net realizable value rise again	160.26%

Notes of inventory:

List of the capitalization amount of borrowing costs in the closing balance of inventory

Catogory	Item	Opening balance	Increase in this period	Decreased in this period	Closing balance
Properties under development	Banshanyujing No.1	7,367,181.38	6,629,692.93		13,996,874.31
Properties under development	Songhu Langyuan	1,520,319.93	3,160,252.48		4,680,572.41
Completed properties for sale	Xinhua City	2,873,505.96		2,574,509.26	298,996.70
Completed properties for sale	Shengang No.1	7,268,867.94		4,649,613.97	2,619,253.97
Completed properties for sale	Langqiao Garden	58,429,445.84		16,325,534.67	42,103,911.17
Completed properties for sale	Caitianyise	12,288,408.45	749,529.78	12,284,455.38	753,482.85
Total		89,747,729.50	10,539,475.19	35,834,113.28	64,453,091.41

## 10. Other current assets

Unit: yuan

Item	Closing balance	Opening balance
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Notes of other current assets:

## 11. Available-for-sale financial assets

### (1) Information of available-for-sale financial assets

Unit: yuan

Item	Closing fair value	Opening fair value
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In the reporting period, the Company reclassified the held-to-maturity investment into available-for-sale financial assets, a total of RMB\* was reclassified, which takes \*% of total matured investment before reclassification.

Notes of available-for-sale financial assets

**(2) Long-term liability investment of available-for-sale financial assets**

Unit: yuan

Item	Category	Balance	Initial investment cost	Matured date	Opening balance	Interest in the reporting period	Accrued accounts receivable or received interest	Closing balance

Notes of long-term liability investment of available-for-sale financial assets:

**12. Held-to-maturity investment****(1) Information**

Unit: yuan

Item	Closing book balance	Opening book balance

Notes of held-to-maturity investment:

**(2) Information of held-to-maturity investment sold in the reporting period but was not matured**

Unit: yuan

Item	Amount	Percentage of the investment amount before sales

Notes of undue held-to-maturity investment sold in the reporting period:

**13. Long-term accounts receivable**

Unit: yuan

Category	Closing balance	Opening balance

**14. Investment to joint ventures and associated enterprises**

Unit: yuan

Name of investee	Percentage of holding shares of the Company	Voting percentage of the Company in investee	Total closing assets	Total closing liabilities	Net closing assets	Total operation revenue of the reporting period	Net profit of the reporting period
<b>I. Joint ventures</b>							
Shenzhen Jifa Warehouse Co., Ltd	50%	50%	59,449,708.82	2,625,481.25	56,824,227.57	3,154,851.09	488,085.61

Shenzhen ITC Tian'an Properties Co., Ltd	50%	50%	102,726,270.55	39,402,882.41	63,323,388.14	11,145,245.34	8,056,305.85
Shenzhen Tian'an International Building Property Management Co., Ltd	50%	50%	36,699,929.40	32,172,997.51	4,526,931.89	7,759,207.80	235,855.84
II. Associated enterprises							
Shenzhen ITC Industrial Development Co., Ltd	38.33%	38.33%					
Anhui Nanpeng Papermaking Co., Ltd	30%	30%					
Shenzhen Wufang Pottery & Porcelain Industrial Co., Ltd	26%	26%					

Notes if significant differences exist between the important accounting policies and accounting estimations of joint ventures, associated enterprises and the Company:



## 15. Long-term equity investment

### (1) List of long-term equity investment

Unit: yuan

Investee	Accounting method	Initial investment cost	Opening balance	Increase/decrease	Closing balance	Share holding percentage in investee	Voting percentage in investee	Explanation for differences between the share holding percentage and voting percentage in investee	Impairment provision	Withdrawn impairment provision in the reporting period	Cash bonus in the reporting period
Shenzhen Jifa Warehouse Company Limited	Equity method	30,645,056.04	28,168,070.98	244,042.81	28,412,113.79	50%	50%				
Shenzhen ITC Tian'an Properties Co., Ltd	Equity method	23,186,124.00	37,247,887.05	-5,586,192.98	31,661,694.07	50%	50%				9,614,345.90
Shenzhen Tian'an International Building Property Management Co., Ltd	Equity method	1,500,000.00	3,531,192.12	-1,267,726.19	2,263,465.93	50%	50%				1,385,654.10
Shenzhen Wufang Pottery & Porcelain Industrial	Cost method	18,983,614.14	18,983,614.14	0.00	18,983,614.14				18,983,614.14		

Co., Ltd											
Shenzhen ITC Industrial Development Co., Ltd	Cost method	3,682,972.55	3,682,972.55	0.00	3,682,972.55				3,682,972.55		
Anhui Nanpeng Papermaking Co., Ltd	Cost method	13,824,000.00	13,824,000.00	0.00	13,824,000.00				13,824,000.00		
China T.H. Co., Ltd.	Cost method	2,962,500.00	2,962,500.00	0.00	2,962,500.00				2,160,300.45		
North Machinery (Group) Co., Ltd.	Cost method	3,465,000.00	3,465,000.00	0.00	3,465,000.00				3,465,000.00		
Guangdong Huayue Real Estate Co., Ltd.	Cost method	8,780,645.20	8,780,645.20	0.00	8,780,645.20				8,780,645.20		
Shenzhen ITC Petroleum Company Limited	Cost method	8,500,000.00	8,500,000.00	0.00	8,500,000.00				0.00		
Guangzhou Lishifeng Automobile Co., Ltd.	Cost method	6,000,000.00	6,000,000.00	0.00	6,000,000.00				0.00		
Sanya East Travel Co., Ltd.	Cost method	1,350,000.00	1,350,000.00	0.00	1,350,000.00				1,350,000.00		

Shensan Co., Ltd.	Cost method	17,695.09	17,695.09	0.00	17,695.09				17,695.09		
Macao Huashen Enterprise Co., Ltd.	Cost method	78,728.16	78,728.16	-1,388.35	77,339.81				77,339.81	-1,388.35	
Chongqing Guangfa Real estate development Co., Ltd.	Cost method	2,388,896.80	2,388,896.80	-42,127.54	2,346,769.26				2,346,769.26	-42,127.54	
Saipan Project	Cost method	1,779,386.25	1,779,386.25	-31,378.99	1,748,007.26				1,748,007.26	-31,378.99	
Total	--	127,144,618.23	140,760,588.34	-6,684,771.24	134,075,817.10	--	--	--	56,436,343.76	-74,894.88	11,000,000.00

**(2) Information of the limitation on the capability to transfer capital to investee**

Unit: yuan

Item that with limitation on the capability to transfer capital to investee	Reason for limitation	Investment losses unrecognized in current period
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Notes of long-term equity investment:

Note 1: In Jan. 2008, Shenzhen ITC Vehicle Industry Co., Ltd. (hereinafter as the "Vehicles Company") signed a gas station lease contract with Shenzhen Guanghong Investment Company Limited, which promises that Shenzhen Guanghong Investment Co., Ltd rents the assets and rights such as the land of gas station, the gas station, business occupancy, dormitory, equipments and facilities, as well as business management right from Shenzhen Guomao Oil Co., Ltd (Shenzhen Guomao Automobile Industry Co., Ltd holds 100% equity of the company) and takes over the operation and management, with a lease term of 15 years. Since the date of operating lease, the Company no longer exerts actual control on Shenzhen Guomao Oil Co., Ltd, therefore, included in the consolidation scope, according to the Accounting Standard for Enterprises.

Note 2: The decreased balance of investment and impairment provision of Macao Huashen Enterprise Co., Ltd., Saipan Project, Chongqing Guangfa Real estate development Co., Ltd., which was due to translation of financial statements in foreign currencies.

Note 3: The decreased balance of investment of Shenzhen ITC Tian'an Properties Co., Ltd, Shenzhen Tian'an International Building Property Management Co., Ltd., which was due to receives of cash bonus.

**16. Investment property****(1) Investment property calculated by cost**

Unit: yuan

Item	Opening book balance	Increase	Decrease	Closing book balance
I. Total cost	470,778,113.31	6,187,725.78	197,419.86	476,768,419.23
1. Property and buildings	462,808,158.91	6,187,725.78	197,419.86	468,798,464.83
2. Land use right	7,969,954.40			7,969,954.40
II Accumulated depreciation and amortization	185,519,509.14	9,199,642.75	150,316.17	194,568,835.72
1. Property and buildings	181,677,681.83	8,945,070.19	150,316.17	190,472,435.85
2. Land use right	3,841,827.31	254,572.56		4,096,399.87
III. Total net book value of investment real estate	285,258,604.17	-3,011,916.97	47,103.69	282,199,583.51
1. Property and buildings	281,130,477.08	-2,757,344.41	47,103.69	278,326,028.98
2. Land use right	4,128,127.09	-254,572.56		3,873,554.53
IV. Accumulated amount of provision for impairment of investment real estate	285,258,604.17	-3,011,916.97	47,103.69	282,199,583.51
1. Property and buildings	281,130,477.08	-2,757,344.41	47,103.69	278,326,028.98
2. Land use right	4,128,127.09	-254,572.56		3,873,554.53

Unit: yuan

	The reporting period
Amount of amortization and depreciation in the reporting period	9,063,126.64
Withdrawal amount of provision for impairment of investment real estate in the reporting period	0.00

**(2) Investment real estate measured by fair value**

Unit: yuan

Item	Opening fair	Increased in the reporting period	Decreased in the reporting	Closing fair
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	value				period		value
		Purchase	Transferred to owner-occupied property or inventories	Changes in fair value	Disposal	Transferred to owner-occupied property	

Explanation on investment real estates that changed the measurement method and have not completed to handle the property right certificate during the reporting period, and relevant explanation on the reason for failing to complete to handle the property right certificate and the expected completion time:

Fixed assets-Buildings increased in the reporting period due to the rental inventory and the fixed assets had transferred to investment real estate.

## 17. Fixed assets

### (1) Fixed assets details

Unit: yuan

Item	Opening book balance	Increase in the reporting period		Decrease in the reporting period	Closing book balance
I. Total original book value	207,889,230.04	5,445,661.43		6,935,651.77	206,399,239.70
Including: Property and building	116,853,547.15	0.00		1,323,087.56	115,530,459.59
Machineries	9,087,385.22	0.00		0.00	9,087,385.22
Vehicles	53,453,807.69	4,483,442.00		5,377,248.83	52,560,000.86
Electrical and other equipments	23,763,311.01	962,219.43		197,547.00	24,527,983.44
Decoration of fixed assets	4,731,178.97	0.00		37,768.38	4,693,410.59
--	Opening book balance	Increase in the reporting period	Withdrawal in the reporting period	Decrease in the reporting period	Closing book balance in current period
II. Accumulated depreciation	128,992,344.67	0.00	7,766,900.98	5,506,068.43	131,253,177.22
Including: Property and building	68,910,180.45	0.00	2,168,580.31	201,585.41	70,877,175.35
Machineries	6,328,968.54	0.00	87,329.82	0.00	6,416,298.36
Vehicles	30,037,072.51	0.00	4,725,101.81	5,115,243.15	29,646,931.17
Electrical and other equipments	19,475,210.41	0.00	694,782.37	186,721.99	19,983,270.79

Decoration of fixed assets	4,240,912.76	0.00	91,106.67	2,517.88	4,329,501.55
--	Opening book balance		--		Closing balance in current period
III. The net book value of fixed assets	78,896,885.37		--		75,146,062.48
Including: Property and building	47,943,366.70		--		44,653,284.23
Machineries	2,758,416.68		--		2,671,086.86
Vehicles	23,416,735.18		--		22,913,069.69
Electrical and other equipments	4,288,100.60		--		4,544,712.65
Decoration of fixed assets	490,266.21		--		363,909.04
IV. Total impairment provision	75,717.16		--		75,717.16
Electrical and other equipments	75,717.16		--		75,717.16
Decoration of fixed assets			--		
IV. Total impairment provision	78,821,168.21		--		75,070,345.32
Including: Property and building	47,943,366.70		--		44,653,284.23
Machineries	2,758,416.68		--		2,671,086.86
Vehicles	23,416,735.18		--		22,913,069.69
Electrical and other equipments	4,212,383.44		--		4,468,995.49
Decoration of fixed assets	490,266.21		--		363,909.04

Depreciation amount of this reporting period was RMB 7,766,900.98; RMB 0.00 was transferred into fixed assets from construction project.

## (2) Temporary idle fixed assets

Unit: yuan

Item	Original book value	Accrued depreciation	Impairment provision	Net book value	Note
Property and building	3,865,391.77	1,677,291.34		2,188,100.43	

**(3) Fixed assets leased in from financing lease**

Unit: yuan

Item	Original book value	Accrued depreciation	Net book value
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**(4) Fixed assets leased out from operation lease**

Unit: yuan

Category	Closing book value
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**(5) Information of hold-for-sale fixed assets at period-end**

Unit: yuan

Item	Book value	Fair value	Estimated disposal cost	Estimated settle date
Hainan Xinda Building and other house property	1,173,024.00	3,849,564.00	310,652.00	Dec, 2013

**(6) Information of fixed assets failed to accomplish certification of property**

Item	Reason	Estimated accomplish date
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Notes of fixed assets:

The decreased amount of property and building was mainly due to the rental property transferred from fixed assets to investment real estate.

The decreased amount of the transport equipment was mainly due to the rental taxi subsidiaries updated the operation vehicles.

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

Unit: yuan

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Shenxin Building relevant smoke renovation	57,000.00		57,000.00	57,000.00		57,000.00
Total	57,000.00		57,000.00	57,000.00		57,000.00

**(2) Significant changes in construction in progress**

Unit: yuan

Name of project	Budget	Opening balance	Increase	Transferred to fixed assets	Other decrease	Project input percentage of budget	Project process	Capitalization of interest	Including: capitalization of interest this period	Capitalization of interest rate (%)	Source of funding	Closing balance
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Notes of significant changes in construction in progress:

### (3) Impairment provision of construction in progress

Unit: yuan

Item	Opening amount	Increase in the reporting period	Decrease in the reporting period	Closing balance	Reason for withdrawal
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### (4) Information of procedures of significant construction in progress

Item	Project process	Note
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### (5) Notes of construction in progress

## 19. Engineering materials

Unit: yuan

Item	Opening balance	Increase in the reporting period	Decrease in the reporting period	Closing balance
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Notes of engineering materials:

## 20. Clearance of fixed assets

Unit: yuan

Item	Opening book value	Closing book value	Reason for transferring to clearance
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Notes of clearance process of fixed assets with a clearance term of over 1 year since the transfer into fixed assets:

## 21. Productive biological assets

### (1) Measured by cost

Unit: yuan

Item	Opening book value	Increase	Decrease	Closing book balance
I Planting				



II. Livestock
III. Forestry
IV. Fishery

**(2) Measured by fair value**

Unit: yuan

Item	Opening book value	Increase	Decrease	Closing book balance
I. Planting				
II. Livestock				
III. Forestry				
IV. Fishery				

Notes of productive biological assets:

**22. Oil and gas assets**

Unit: yuan

Item	Opening book balance	Increase	Decrease	Closing book balance

Notes of oil and gas assets:

**23. Intangible assets****(1) Information**

Unit: yuan

Item	Opening book balance	Increase in the reporting period	Decrease in the reporting period	Closing book balance
I. Total original book value	170,884,406.80	0.00	0.00	170,884,406.80
Taxi operating licenses	170,866,146.80	0.00	0.00	170,866,146.80
Financial software	18,260.00	0.00	0.00	18,260.00
II. Total accrued amortization	56,786,253.69	3,576,811.52	0.00	60,363,065.21
Taxi operating licenses	56,768,253.69	3,576,551.52	0.00	60,344,805.21
Financial software	18,000.00	260.00	0.00	18,260.00
III. Total net book value of intangible assets	114,098,153.11	-3,576,811.52	0.00	110,521,341.59
Taxi operating licenses	114,097,893.11	-3,576,551.52	0.00	110,521,341.59
Financial software	260.00	-260.00	0.00	0.00

IV. Total impairment provision				
Taxi operating licenses				
Financial software	114,098,153.11	-3,576,811.52		110,521,341.59
Total book value of intangible assets	114,097,893.11	-3,576,551.52	0.00	110,521,341.59
Taxi operating licenses	260.00	-260.00	0.00	0.00

Amortization was of RMB 3,576,811.52 in the reporting period.

## (2) Company development expense

Unit: yuan

Item	Opening balance	Increase	Decrease		Closing balance
			Recognized into current gains/losses	Recognized as intangible assets	

The percentage of development expense in the total expenditure of R&D projects in the reporting period:

The percentage of the value of intangible assets formed from the internal R&D of the Company in the closing book value of intangible assets:

Notes of the developed projects of the Company, including the projects with individual value more than RMB 1 million and recorded with the assessed value, relevant assessment agency and method shall be disclosed:

## 24. Goodwill

Unit: yuan

Name of investee or event that generated goodwill	Opening balance	Increase in the reporting period	Decrease in the reporting period	Closing balance	Impairment provision at period-end

Notes of test method of goodwill impairment and impairment withdrawal method:

## 25. Long-term amortization expense

Unit: yuan

Item	Opening balance	Increase	Amortization balance	Other decrease	Closing balance	Reason for other decrease
Reformation project for Tianhong Subway No. 3	1,816,250.25		86,488.14		1,729,762.11	
Shenxin Building	1,007,116.20	18,000.00	181,572.00		843,544.20	

Relevant Fire and Other Reconstruction -related						
Garages engineered	820,921.95	297,465.30	99,831.54		1,018,555.71	
Total	3,644,288.40	315,465.30	367,891.68		3,591,862.02	--

Notes of long-term amortization expense:

## 26. Deferred tax assets and liabilities

### (1) Deferred tax assets and liabilities are not listed as the net value after offset

Deferred tax assets and liabilities that already recognized

Unit: yuan

Item	Closing balance	Opening balance
Deferred income tax assets:		
Provision for impairment of assets	335,249.10	335,764.51
Deductible losses	12,662,217.96	11,495,872.46
Accrued land VAT	182,059,595.62	140,731,876.12
Accrued unpaid dismiss welfare	0.00	788,140.00
Transferred employee education fee pay deductible in the following year	1,140.51	1,140.51
Transferred advertisement fee deductible in the following year	664,109.00	664,109.00
Unrealized internal sales gain and loss	7,256,852.42	7,828,210.75
Estimated profit calculated at pre-sale revenue of property enterprises	1,063,243.30	32,662,711.15
Subtotal	204,042,407.91	194,507,824.50
Deferred income tax liabilities		
Prepayments of increment tax on land value		2,739,089.94
Subtotal		2,739,089.94

List of unrecognized deferred income tax assets

Unit: yuan

Item	Closing balance	Opening balance
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Deductible losses of unrecognized deferred income tax assets will due in the following years Unit: yuan

Year	Closing balance	Opening balance	Note
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List of taxable differences and deductible differences items

Unit: yuan

Item	Temporary differences amount	
	As at period-end	As at period-begin
Taxable differences items		
Prepayments of increment tax on land value		10,956,359.77
Subtotal		10,956,359.77
Deductible differences items		
Assets impairment provision	1,340,996.38	1,343,057.99
Accrued land VAT	728,238,382.46	562,927,504.45
Accrued unpaid dismiss welfare	0.00	3,152,560.00
Deductible losses	50,648,871.83	45,983,489.80
Transferred employee education fee pay deductible in the following year	4,562.04	4,562.04
Transferred advertisement fee deductible in the following year	2,656,436.00	2,656,436.00
Unrealized internal sales gain and loss	29,027,409.65	31,312,842.98
Estimated profit calculated at pre-sale revenue of property enterprises	4,252,973.20	130,650,844.60
Subtotal	816,169,631.56	778,031,297.86

## (2) Deferred income tax assets and liabilities are listed as the net value after offset

Components items of deferred income tax assets and liabilities after mutual set-off

Unit: yuan

Item	Deferred income tax assets or liabilities after mutual set-off at the end of the period	Deductible or taxable temporary differences after mutual set-off at the end of the period	Deferred income tax assets or liabilities after mutual set-off at the opening of the period	Deductible or taxable temporary differences after mutual set-off at the opening of the period
Deferred income tax assets	204,042,407.91		194,507,824.50	

Deferred income tax liabilities			2,739,089.94	
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Notes of deferred income tax assets and the deferred income tax liabilities

Unit: yuan

Item	Amounts of the mutual set-off in the period	
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Notes of deferred income tax assets and the deferred income tax liabilities

**27. List of provision for assets impairment**

Unit: yuan

Item	Opening book balance	Increase	Decrease		Closing book balance
			Reversal	Written off	
I. Provision for bad debt	170,865,304.69	1,606,339.79	303,627.40	205,912.11	171,962,104.97
II. Provision for inventory falling price	33,153,982.75			20,119,128.71	13,034,854.04
III. Impairment provision of long-term equity investment	56,511,238.64	-74,894.88			56,436,343.76
IV. Impairment provision of fixed assets	75,717.16				75,717.16
Total	260,606,243.24	1,531,444.91	303,627.40	20,325,040.82	241,509,019.93

Notes of the list of assets impairment:

The resale of the Inventory falling price reserves in current period is due largely to the sales and the roll-out of the stock of Tingjiu Property Company.

The reduction of the long-term equity investment devaluation provision in current period is due to the translation of foreign currency statements.

**28. Other non-current assets**

Unit: yuan

Item	Closing balance	Opening balance
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Notes of other non-current assets

**29. Short-term loan****(1)Category**

Unit: yuan

Category	Closing balance	Opening balance
Mortgage loan	260,000,000.00	220,000,000.00
Guarantee loan		60,000,000.00
Guarantee + pledge loan	40,000,000.00	40,000,000.00

Mortgage + pledge loan		40,000,000.00
Total	300,000,000.00	360,000,000.00

Notes:

Information of short-term loan listed as below:

Loan entity	Starting date	End date	Currency	Loan rate	Closing balance	Opening balance
Shenzhen Investment Holdings Ltd.	17, May, 2013	16, May, 2014	RMB	6.0000%	240,000,000.00	240,000,000.00
Bank of Beijing Co., Ltd. Shenzhen Branch	8, Apr, 2013	8, Apr, 2014	RMB	6.6000%	20,000,000.00	20,000,000.00
Industrial Bank Co., Ltd. Shenzhen Branch	17, Apr, 2013	17, Apr, 2014	RMB	6.3000%	40,000,000.00	40,000,000.00
Bank of Shanghai Co., Ltd. Shenzhen Branch	28, Apr, 2013	228, Apr, 2014	RMB	6.6000%		60,000,000.00
Total					300,000,000.00	360,000,000.00

The short-term loan of RMB 240,000,000 is the entrusted loan that produced from the Shenzhen Investment Holdings Ltd., which entrusted China Everbright Bank, King Branch. When the Company renewed the loans after the expiration on March 28th 2013 and made the loans on May 17th 2013, the lending rate raised from 6.9554% to 6%.

## (2) List of unsettled mature short-term loan

Unit: yuan

Name of creditor	Amount of loan	Rate of loan	Usage	Reason for unsettlement	Estimated settle date

RMB000 was paid back after the Balance Sheet Date.

Notes of short-term loan, for those gaining extended term, notes term of extension and new mature date:

## 30. Trading financial liabilities

Unit: yuan

Item	Closing fair value	Opening fair value

Notes of trading financial liabilities:

## 31. Notes payable

Unit: yuan

Category	Closing balance	Opening balance

RMB000 will be due in next fiscal period.

Notes of notes payable:

## 32. Accounts payable

### (1) List of accounts payable

Unit: yuan

Item	Closing balance	Opening balance
Accounts payable	270,583,152.07	298,525,752.32
Total	270,583,152.07	298,525,752.32

**(2) The accounts payable to shareholders with more than 5% (including 5%) of the voting shares of the Company**

Unit: yuan

Name of entity	Closing balance	Opening balance
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**(3) Notes of the significant accounts payable aging over one year:**

The Company's accounts payable aging over one year are mainly the unpaid construction payment and pledged amount, etc.

**List of accounts payable to shareholders or the related parties with more than 5% (including 5%) of the voting shares of the Company**

Applicable  Inapplicable

**33. Advance from customers**

**(1)**

Unit: yuan

Item	Closing balance	Opening balance
Advance from customers	41,284,037.14	678,075,291.01
Total	41,284,037.14	678,075,291.01

**(2) Advanced from customers from shareholders with more than 5% (including 5%) of the voting shares of the Company**

Unit: yuan

Name of entity	Closing balance	Opening balance
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**(3) Notes of significant advance from customers aging over one year:**

The reason of significant advance from customers aging over one year is the received payment which had not yet carried forward the income because it haven't meet with the revenue recognition criteria.

Advance from customers at the period-end decreased 93.91% when compared to the beginning of the year, mainly because the advance sales proceeds of real estate projects had met with the recognition criteria and carried forward the income.

**List of advanced from customers from shareholders or other related parties with more than 5% (including 5%) of the voting shares of the Company**

Applicable  Inapplicable

**34. Payroll payable**

Unit: yuan

Item	Opening book balance	Increase	Decrease	Closing book balance
I. Salary, bonus, allowance, subsidy	44,958,460.02	85,167,881.13	95,998,799.18	34,127,541.97
II. Employee welfare	0.00	2,227,377.25	2,227,377.25	0.00
III. Social insurance	414,453.62	13,610,436.58	13,692,747.75	332,142.45
Including: Medical insurance premiums	83,301.87	2,437,127.86	2,489,896.52	30,533.21
Basic pension benefits	189,813.64	7,837,253.98	7,899,261.82	127,805.80
Annuity	110,120.00	2,246,770.55	2,201,337.14	155,553.41
Unemployment insurance	16,864.51	604,582.22	608,658.12	12,788.61
Work-related injury insurance	7,459.74	247,043.69	251,742.54	2,760.89
Maternity insurance	6,893.86	228,163.53	232,356.86	2,700.53
Other social insurance	0.00	9,494.75	9,494.75	0.00
IV. Housing fund	1,556,014.25	3,716,931.20	3,939,940.10	1,333,005.35
V. Redemption for terminations of labor contract	3,986,211.80	158,224.00	3,344,347.00	800,088.80
VI. Others	3,806,477.22	2,455,900.61	1,655,238.23	4,607,139.60
Of which: labor union budget and employee education budget	3,806,477.22	2,455,900.61	1,655,238.23	4,607,139.60
Compensation for terminating the labor contract	54,721,616.91	107,336,750.77	120,858,449.51	41,199,918.17

RMB \* is the amounts in arrears in the payroll payable.

The labor union budget and employee education budget is RMB 4,607,139.60, and the non-monetary benefits are RMB 0.00, as well as the compensation for terminating the labor contract is RMB 3,344,347.00.

The estimated distribution date and amount as well as other arrangements for payroll payable:

**35. Taxes payable**

Unit: yuan



Item	Closing balance	Opening balance
Value-added tax	-146,421.15	160,057.44
Consumption tax	4,342,844.57	7,085,925.17
Business tax	122,485,636.20	160,519,629.84
Corporate income tax	1,058,964.99	762,203.88
Personal income tax	319,766.70	505,130.58
Urban maintenance and construction tax	-8,325.27	-10,066.15
Stamp duty	129,145.90	219,588.15
Education surtax	92,314.74	146,185.40
Local education surtax	728,238,382.47	562,927,504.45
Land VAT	957,103.87	980,346.47
Property tax	2,616.90	6,945.79
Dive fee	564,494.99	356,228.69
Other	858,036,524.91	733,659,679.71

Notes of taxes payable: for the taxable income of branch companies and factories approved to be inter-adjusted by their local tax authorities, the Company shall specified their calculation procedure.

The taxes payable at the period-end increased 16.95% when compared to the beginning of the period, mainly because the unpaid LAT provision at the end of the reporting period increased.

### 36. Interest payable

Unit: yuan

Item	Closing balance	Opening balance
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Notes:

### 37. Dividends payable

Unit: yuan

Name of company	Closing balance	Opening balance	Reason for unsettlement over 1 year
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Notes:

### 38. Other accounts payable

(1)

Unit: yuan

Item	Closing balance	Opening balance
Other accounts payable	175,239,314.62	195,045,649.98
Total	175,239,314.62	195,045,649.98

**(2) Other accounts payable from shareholders with more than 5% (including 5%) of the voting shares of the Company**

Unit: yuan

Name of entity	Closing balance	Opening balance
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**(3) Notes of the other large amount accounts payable aging over 1 year.**

The Company's other large amount accounts payable aging over 1 year are mainly the accrued land VAT and various deposits, etc.

List of other accounts payable from shareholders with more than 5% (including 5%) of the voting shares of the Company

Applicable  Inapplicable

**(4) Notes of other accounts payable with significant amount**

Other accounts payable with significant amount listed as below:

Item or entity	Closing balance	Nature or content
Provision for land appreciation fees	56,303,627.40	Provision for land appreciation fees
Leasing and other deposits	30,950,778.61	Margin
Shenzhen Property Jifa Warehouse Co., Ltd.	21,045,808.00	Current accounts
Guangzhou Lishifeng Automobile Co., Ltd.	15,344,017.08	Current accounts
Shenzhen ITC Tian'an Properties Co., Ltd	3,885,654.10	Current accounts
Total	127,529,885.19	

**39. Estimated liabilities**

Unit: yuan

Item	Opening balance	Increase	Decrease	Closing balance
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Notes:

**40. Non-current liabilities due within 1 year****(1)**

Unit: yuan

Item	Closing balance	Opening balance
Long-term loan due within 1 year	13,416,666.68	12,216,666.68
Long-term accounts payable due within 1 year	2,693,221.64	2,693,221.64

Total	16,109,888.32	14,909,888.32
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**(2) Long-term loan due within 1 year**

Long-term loan due within 1 year

Unit: yuan

Item	Closing balance	Opening balance
Pledge loan	13,416,666.68	12,216,666.68
Total	13,416,666.68	12,216,666.68

RMB 000 of long-term loan due within 1 year was of mature loan with extended term.

Top five long-term loans due within 1 year:

Unit: yuan

Creditor	Starting date	Ending date	Currency	Rate (%)	Closing balance		Opening balance	
					Foreign currency balance	RMB balance	Foreign currency balance	RMB balance
Shenzhen Branch of Ping An Bank	11, Jan, 2012	10, Jan, 2015	RMB	6.77%	0.00	9,750,000.00	0.00	8,550,000.00
Shenzhen Fuhong Branch of Ping An Bank	23, Nov, 2011	23, Nov, 2014	RMB	6.77%	0.00	3,666,666.68	0.00	3,666,666.68
Total	--	--	--	--	--	13,416,666.68	--	12,216,666.68

Mature loan of long-term loan due within 1 year:

Unit: yuan

Creditor	Amount of loan	Overdue date	Annual rate (%)	Usage	Reason for unsettlement	Estimated settle date
	0.00					
Total	0.00	--	--	--	--	--

RMB 1,500,000.00 was paid back after Balance Sheet Date:

Notes of long-term borrowings due within 1 year:

**(3) Bonds payable due within 1 year**

Unit: yuan

Name	Par value	Issuance	Term	Issuing	Opening	Accrued	Interest paid	Closing	Closing
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		date		amount	interest payable	interest in current period	in the reporting period	interest payable	balance
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Notes:

**(4) Long-term accounts payable due within 1 year**

Unit: yuan

Creditor	Term	Initial amount	Rate (%)	Accrued interest	Closing balance	Conditions
To be transferred income from renting operating license plate		1,293,221.64	0%	0.00	1,293,221.64	
To be transferred income from renting Shenzhen ITC Petroleum Co., Ltd		1,400,000.00	0%	0.00	1,400,000.00	

Notes of long-term accounts payable due within 1 year:

**41. Other current liabilities**

Unit: yuan

Item	Closing book balance	Opening book balance
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Notes of other non-current liabilities:

**42. Long-term loan****(1) Category of long-term loan**

Unit: yuan

Item	Closing balance	Opening balance
Pledge loan	12,233,333.30	19,316,666.64
Guarantee + mortgage loan	61,243,352.00	
Total	73,476,685.30	19,316,666.64

Notes:

**(2) The top five long-term loans**

Unit: yuan

Creditor	Starting date	Ending date	Currency	Rate (%)	Closing balance		Opening balance	
					Foreign currency	RMB amount	Foreign currency	RMB amount

					amount		amount	
Shenzhen Branch of Ping An Bank	11, Jan, 2012	10, Jan, 2015	RMB	6.77%	0.00	10,400,000.00	0.00	15,650,000.00
Shenzhen Fuhong Branch of Ping An Bank	23, Nov, 2011	23, Nov, 2014	RMB	6.77%	0.00	1,833,333.30	0.00	3,666,666.64
Bank of Communications Co., Ltd. Dongguan Branch	11, Jan, 2013	11, Jan, 2016	RMB	6.95%	0.00	11,243,352.00		
Bank of Communications Co., Ltd. Yangzhou Branch	27, Jun, 2013	26, Jun, 2015	RMB	7.38%	0.00	50,000,000.00		
Total	--	--	--	--	--	73,476,685.30	--	19,316,666.64

Notes of long-term loan: for the long-term loans arising from mature loans with extended term, the Company shall explain the conditions of extension, principal, interest, expected repayment arrangement:

#### 43. Bonds payable

Unit: yuan

Name	Par value	Issuance date	Term	Issuing amount	Opening interest payable	Accrued interest in the reporting period	Interest paid in the reporting period	Closing interest payable	Closing balance

Notes of bonds payable, including the conditions and date of conversion of the convertible corporate bonds:

#### 44. Long-term payable

##### (1) The top five long-term payable

Unit: yuan

Company	Term	Initial amount	Rate (%)	Accrued interest	Closing balance	Conditions of loan

**(2) List of the financing lease payable under the long-term loan**

Unit: yuan

Company	Closing balance		Opening balance	
	Foreign currency	RMB	Foreign currency	RMB

RMB 000 was guarantee for the Company's financing lease provided by the independent third party.

Notes of the long-term payable:

**45. Specific payable**

Unit: yuan

Item	Opening balance	Increase	Decrease	Closing balance	Note
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Notes of specific payable:

**46. Other non-current liabilities**

Unit: yuan

Item	Closing book balance	Opening book balance
Utility specific fund	237,163.45	2,088,759.35
Housing principle fund	14,931,112.99	14,502,134.27
House warming deposit	7,685,971.61	7,729,980.31
Electric Equipment Maintenance fund	4,019,415.44	4,019,415.44
Deputed Maintenance fund	29,019,345.50	28,128,684.34
Taxi Deposit	40,582,500.00	40,620,500.00
To be transferred income from renting operating license plate	10,742,457.51	11,389,068.33
To be transferred income from renting Shenzhen ITC Petroleum Co., Ltd	12,370,000.00	13,070,000.00
Divestiture interests belongs to Shenzhen Investment Holdings	22,310,250.22	23,101,930.71
Other	1,347,503.06	1,346,828.56
<b>Total</b>	<b>143,245,719.78</b>	<b>145,997,301.31</b>

Notes of other non-current liabilities, including each government grants relevant to assets and income received in the reporting period and their closing amounts:

Others mainly are drivers mutual supporting assets received from the drivers of the taxi companies.

**47. Share capital**

Unit: yuan

	Opening balance	Increase/Decrease (+/-)					Closing balance
		Issuing new shares	Bonus shares	Capitalization of public reserves	Other	Subtotal	
Total shares	595,979,092.00						595,979,092.00

Notes of changes in share capital, for those action of increasing capital or decreasing capital in the reporting period, the Company shall disclose the name of the accounting firm executing the capital verification and document number of the capital verification report; for joint-stock companies running for less than three years, only the net assets shall be specified for particulars before establishment; while for case of totally changing the limited liability companies into joint-stock companies, capital verification on the establishment shall be specified:

**48. Treasury stock**

Notes of treasury stock:

**49. Special reserves**

Notes of special reserves:

**50. Capital reserves**

Unit: yuan

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (share capital premium)	38,450,087.51			38,450,087.51
Other capital reserves	25,332,931.52			25,332,931.52
Total	63,783,019.03			63,783,019.03

Notes:

**51. Surplus reserves**

Unit: yuan

Item	Opening balance	Increase	Decrease	Closing balance
Legal surplus reserves	102,882,532.15			102,882,532.15
Total	102,882,532.15			102,882,532.15

Notes of surplus reserves: for surplus reserves transferred to share capital, compensating losses and distributed as dividends, relevant resolutions shall be explained.

**52. Provision for general risk**

Notes of provision for general risk:

**53. Retained profits**

Unit: yuan

Item	Amount	Withdrawal or distributed proportion
Opening balance of retained profits before adjustments	746,091,174.80	--
Opening balance of retained profits after adjustments	746,091,174.80	--
Add: Net profit attributable to owners of the Company	353,600,992.81	--
Closing retained profits	1,099,692,167.61	--

List of adjustment of opening retained profits:

- 1) RMB0.00 of opening retained profits was affected by retrospective adjustment conducted according to the Accounting Standards for Business Enterprises and relevant new regulations.
- 2) RMB0.00 of opening retained profits was affected by changes on accounting policies.
- 3) RMB0.00 of opening retained profits was affected by correction of significant accounting errors.
- 4) RMB0.00 opening retained profits was affected by changes in combination scope arising from same control.
- 5) RMB0.00 of opening retained profits was affected totally by other adjustments.

Notes: as for IPO companies, if the accumulated profits were enjoyed by new and original shareholders according to the resolutions made at the shareholders' general meeting before public offering, the Company shall explain clearly; if the accumulated profits were distributed before public offering and enjoyed by the original shareholders according to the resolutions made at the shareholders' general meeting, the Company shall clearly disclose the audited profits of dividends payable enjoyed by the original shareholders.

**54. Revenue and Cost of Sales****(1) Revenue, Cost of Sales**

Unit: yuan

Item	Reporting period	Same period of last year
Sales of main business	1,333,146,585.62	575,402,834.46
Other operating income	15,047,521.67	49,117,435.83
Cost of sales	553,178,605.80	392,039,759.24

**(2) Main business (Classified by industry)**

Unit: yuan

Industry	Reporting period		Same period of last year	
	Revenue of sales	Costs of sales	Revenue of sales	Costs of sales



Real estate	1,141,139,395.00	408,042,292.71	382,325,487.04	229,342,509.08
Leasing and property management	149,250,082.12	114,239,078.12	145,130,986.94	112,752,359.70
Transportation	28,822,397.82	12,489,933.98	36,217,706.82	17,493,537.63
Catering Service	9,713,850.75	8,130,350.67	8,749,691.60	7,222,207.30
Other	4,220,859.93	4,851,695.48	2,978,962.06	3,475,663.55
<b>Total</b>	<b>1,333,146,585.62</b>	<b>547,753,350.96</b>	<b>575,402,834.46</b>	<b>370,286,277.26</b>

**(3) Main business (Classified by product)**

Unit: yuan

Product	Reporting period		Same period of last year	
	Revenue of sales	Costs of sales	Revenue of sales	Costs of sales
Real estate	1,141,139,395.00	408,042,292.71	382,325,487.04	229,342,509.08
Leasing and property management	149,250,082.12	114,239,078.12	145,130,986.94	112,752,359.70
Transportation	28,822,397.82	12,489,933.98	36,217,706.82	17,493,537.63
Catering Service	9,713,850.75	8,130,350.67	8,749,691.60	7,222,207.30
Other	4,220,859.93	4,851,695.48	2,978,962.06	3,475,663.55
<b>Total</b>	<b>1,333,146,585.62</b>	<b>547,753,350.96</b>	<b>575,402,834.46</b>	<b>370,286,277.26</b>

**(4) Main business (Classified by area)**

Unit: yuan

Area	Reporting period		Same period of last year	
	Revenue of sales	Costs of sales	Revenue of sales	Costs of sales
Incomes of Shenzhen	1,241,082,579.82	476,318,473.29	524,782,342.20	325,612,833.36
Incomes of other areas	92,064,005.80	71,434,877.67	50,620,492.26	44,673,443.90
<b>Total</b>	<b>1,333,146,585.62</b>	<b>547,753,350.96</b>	<b>575,402,834.46</b>	<b>370,286,277.26</b>

**(5) The revenue of sales from the top five customers**

Unit: yuan

Customer	Main business revenue	Proportion of total business revenue (%)
Natural person	76,060,000.00	5.64%
Natural person	42,601,400.00	3.16%
Huawei Technologies Co., Ltd.	21,361,243.06	1.58%
Natural person	9,872,798.00	0.73%

Natural person	7,476,898.00	0.55%
Total	157,372,339.06	11.66%

Notes:

The sales of revenue during the reporting period increased by 115.88%, mainly because the carryforward of real estate projects and sales in the reporting period increased, which led the incomes increased; The operating costs amount raised by 41.10% when compared to the last period, mainly because the income of the carryforward of real estate projects increased, which led the relevant costs increased. Other industrial revenue was mainly from project supervision, elevator maintenance and auto vehicles repair, etc.

## 55. Revenue from the construction contracts

Unit: yuan

Fixed price contract	Contract item	Amount	Incurring cumulative costs	Recognized cumulative gross profit (Losses presented by “-”)	Settled amount
Cost plus contract	Contract item	Amount	Incurring cumulative costs	Recognized cumulative gross profit (Losses presented by “-”)	Settled amount

Notes:

## 56. Business tax and surcharges

Unit: yuan

Item	Reporting period	Same period of last year	Calculation and payment standard
Business tax	64,916,992.75	32,488,993.55	3%, 5% of revenue of sales
Urban maintenance and construction tax	4,612,306.53	2,276,087.83	1%, 7% of taxable turnover tax
Education surtax	1,977,395.11	978,065.16	3% of taxable turnover tax
Local education surtax	1,321,117.83	657,160.67	2% of taxable turnover tax
Land VAT	209,363,841.12	20,284,963.16	Four progressive levels with the tax rate ranging from 30% to 60% of the added value from properties transfer.
Property tax	1,367,005.86	1,348,758.97	1.2% of the 70% cost of property per year
Dike fee	110,227.12	51,722.75	0.01% of revenue of sales
Other	295,828.58	291,834.70	
Total	283,964,714.90	58,377,586.79	--

Note:

The amount of business tax and surcharges during the reporting period increased by 386.43% over that of same

period of last year, mainly due to the revenue from property business transferred in the reporting period increased, making significant increase of business tax and accrued land VAT.

### 57. Selling expenses

Unit: yuan

Item	Reporting period	Same period of last year
Employee compensations	1,294,223.92	877,027.43
Business organization office expenses	1,082,071.70	1,109,018.84
Sales agency fees, advertising and promotional expenses	2,842,382.48	4,658,284.21
Other	2,149,126.69	1,557,703.90
<b>Total</b>	<b>7,367,804.79</b>	<b>8,202,034.38</b>

### 58. Administration expenses

Unit: yuan

Item	Reporting period	Same period of last year
Employee compensations	31,162,052.33	28,043,326.60
Administrative office costs	10,768,114.62	9,984,474.05
Assets amortization and the depreciation expenses	2,745,202.31	3,023,096.27
Litigation expenses	257,011.60	505,428.60
Taxes	580,826.05	955,577.60
Other	5,826,651.82	5,848,083.61
<b>Total</b>	<b>51,339,858.73</b>	<b>48,359,986.73</b>

### 59. Financial expenses

Unit: yuan

Item	Reporting period	Same period of last year
Interest incomes	-4,176,848.06	-2,605,618.18
Exchange net losses	32,003.69	22,239.85
Other	549,779.35	1,261,842.06
<b>Total</b>	<b>-3,595,065.02</b>	<b>-1,321,536.27</b>

**60. Gains and losses from changes in fair value**

Unit: yuan

Source	Reporting period	Same period of last year
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Notes:

**61. Investment income****(1) List of investment income**

Unit: yuan

Item	Reporting period	Same period of last year
Long-term equity investment income accounted by equity method	4,390,123.64	1,501,509.12
Total	4,390,123.64	1,501,509.12

**(2) Long-term equity investment income accounted by cost method**

Unit: yuan

Name of investee	Reporting period	Same period of last year	Reason for increase/decrease
Total	0.00	0.00	--

**(3) Long-term equity investment income accounted by equity method**

Unit: yuan

Name of investee	Reporting period	Same period of last year	Reason for increase/decrease
Shenzhen Jifa Warehouse Co., Ltd	244,042.81	325,554.07	Realized profits decreased
Shenzhen ITC Tian'an Properties Co., Ltd	4,028,152.92	930,877.58	Realized profits decreased
Shenzhen Tian'an International Building Property Management Co., Ltd	117,927.91	245,077.47	Realized profits decreased
Total	4,390,123.64	1,501,509.12	--

Notes of investment income: make notes if there is significant limitation for recovery of investment income. If there isn't the said limitation, notes too:

The Company's recovery of investment income exist no significant limitation.

**62. Impairment losses**

Unit: yuan

Item	Reporting period	Same period of last year
I. Bad debts losses	1,246,408.49	-5,946,900.23
II. Inventory falling price losses	-15,699.50	-11,040.73
Total	1,230,708.99	-5,957,940.96

**63. Non-operating gains****(1) List of non-operating gains**

Unit: yuan

Item	Reporting period	Same period of last year	The amount included in the current non-recurring gains and losses
Total gains from disposal of non-current assets	0.00	551,875.50	
Including: Gains from disposal of fixed assets	0.00	551,875.50	
Other	2,510,882.84	628,804.24	2,510,882.84
Total	2,510,882.84	1,180,679.74	2,510,882.84

**(2) List of government grants**

Unit: yuan

Item	Reporting period	Same period of last year	Note
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Notes:

**64. Non-operating expenses**

Unit: yuan

Item	Reporting period	Same period of last year	The amount included in the current non-recurring gains and losses
Loss on disposal of non-current assets	75,632.69	29,700.92	75,632.69
Including: Loss on disposal of fixed assets	75,632.69	29,700.92	75,632.69
Loss on exchange of non-monetary assets		1,382,794.36	
Litigation compensation	1,856,830.08		1,856,830.08
Other	-10,894.10	261,957.08	-10,894.10

Total	1,921,568.67	1,674,452.36	1,921,568.67
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Notes:

**65. Income tax expense**

Unit: yuan

Item	Reporting period	Same period of last year
Current income tax expense accounted by tax and relevant regulations	121,573,694.53	29,062,250.02
Adjustment of income tax	-15,487,770.43	-1,320,441.13
Total	106,085,924.10	27,741,808.89

**66. Calculation procedure of basic earnings per share and diluted earnings per share**

Calculation procedure of basic earnings per share and diluted earnings per share is as follows:

Item	The reporting period	Same period of last year
Basic Earnings Per Share	0.5933	0.1656
Diluted Earnings Per Share	0.5933	0.1656

Calculation of earnings per share is as following:

$$\text{Basic Earnings Per Share} = 353,600,992.81 \div 595,979,092.00 = 0.5933$$

$$\text{Diluted Earnings Per Share} = 353,600,992.81 \div 595,979,092.00 = 0.5933$$

Recalculation of earnings per share of last year is as following:

$$\text{Basic Earnings Per Share} = 98,686,285.22 \div 595,979,092.00 = 0.1656$$

$$\text{Diluted Earnings Per Share} = 98,686,285.22 \div 595,979,092.00 = 0.1656$$

Note: The method of basic earnings per share and diluted earnings per share calculation

A. Basic Earnings per Share =  $P0 \div S$ 

$$S = S0 + S1 + Si \times Mi \div M0 - Sj \times Mj \div M0 - Sk$$

P0 represents the amounts attributable to ordinary equity holders of the Company in respect of:

- (a) Profit or loss attributable to the Company; and
- (b) Profit or loss after deducting extraordinary gain or loss attributable to the Company.

S represents the weighted average number of ordinary shares outstanding during the period. S0 represents the number of ordinary shares at the beginning of the period. S1 represents the number of additional ordinary shares issued on capital surplus transfer or share dividends appropriation; Si represents the number of ordinary shares issued in exchange for cash or issued as a result of the conversion of a debt instrument to ordinary shares during the period. Sj represents reduced number of ordinary shares such as shares buy back. Sk represents the number of a reverse share split. Mo represents the months during the period. Mi represents the months from the following month after issuing incremental shares to the end of the period. Mj represents the months from the following

month after reducing shares to the end of the period.

B. Diluted Earnings Per Share =  $P1 / (S0 + S1 + Si \times Mi \div M0 - Sj \times Mj \div M0 - Sk + \text{The weighted average number of incremental ordinary shares on warrants, options, convertible debt and so on})$

P1 represents the amounts attributable to ordinary equity holders of the Company in respect of: (a) Profit or loss attributable to the Company; and (b) Profit or loss after deducting extraordinary gain or loss attributable to the Company, adjust according to the accounting standards for enterprises and other relevant provisions. The Company considered in sequence from dilutive potential ordinary shares to get the lowest earnings per share.

## 67. Other comprehensive income

Unit: yuan

Item	Reporting period	Same period of last year
1. Converted amount of foreign currency financial statements	-704,279.71	154,895.92
Subtotal	-704,279.71	154,895.92
Total	-704,279.71	154,895.92

Notes:

## 68. Notes of Cash Flow Statement

### (1) Other cash received relevant to operating activities

Unit: yuan

Item	Amount
Net margins, security deposits collected for other parties	9,150,393.29
Interest income	4,176,848.06
Current account received from Shenzhen Jifa Warehouse Co., Ltd	1,500,000.00
Other small receivables	3,084,947.88
Total	17,912,189.23

Notes:

### (2) Other cash paid relevant to operating activities

Unit: yuan

Item	Amount
Paying administration expenses in cash	15,841,101.74
Paying current accounts of Hainan Yirun Real Estate Co., Ltd.	9,952,605.48
Paying current accounts of Shenzhen Fulin Industrial Co., Ltd.	9,528,506.00
Paying sales expenses in cash	8,909,881.97

Paying net water, electricity and fees for property owners	5,787,698.31
Paying Fujian Wujian litigation compensation payments	1,856,830.08
Other small receivables	2,947,078.44
Total	54,823,702.02

Notes:

**(3) Other cash received relevant to investment activities**

Unit: yuan

Item	Amount
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Notes of other cash received relevant to investment activities:

**(4) Other cash paid relevant to investment activities**

Unit: yuan

Item	Amount
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Notes of other cash paid relevant to investment activities:

**(5) Other cash received relevant to financing activities**

Unit: yuan

Item	Amount
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Notes of other cash received relevant to financing activities:

**(6) Other cash paid relevant to financing activities**

Unit: yuan

Item	Amount
Ancillary borrowing costs	282,000.00
Total	282,000.00

Notes of other cash paid relevant to financing activities:

**69. Supplemental information for Cash Flow Statement****(1) Supplemental information for Cash Flow Statement**

Unit: yuan

Supplemental information	Reporting period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operations:	--	--



Net profit	353,600,992.81	98,086,307.99
Add: Provision for assets impairments	1,230,708.99	-5,957,940.96
Depreciation of fixed assets, oil-gas assets and productive biological assets	16,830,027.62	16,154,807.35
Amortization of intangible assets	3,576,811.52	3,578,351.52
Amortization of long-term deferred expense	367,891.68	86,488.14
Losses/gains on disposal of property, intangible asset and other long-term assets (gains: negative)	75,632.69	-522,174.58
Losses/gains on scrapped of fixed assets (gains: negative)	0.00	0.00
Losses/gains from variation of fair value (gains: negative)	0.00	0.00
Financial cost (income: negative)	282,000.00	982,000.00
Investment loss (gains: negative)	-4,390,123.64	-1,501,509.12
Decrease in deferred tax assets (increase: negative)	-9,534,583.41	-1,320,441.13
Increase in deferred tax liabilities (decrease: negative)	-2,739,089.94	0.00
Decrease in inventory (increase: negative)	310,776,884.36	122,000,800.89
Decrease in accounts receivable from operating activities (increase: negative)	32,996,427.95	-59,663,827.50
Increase in accounts payable from operating activities (decrease: negative)	-576,436,624.55	164,188,624.00
Net cash flows generated from operating activities	126,636,956.08	336,111,486.60
2. Significant investing and financing activities without involvement of cash receipts and payments	--	--
3. Change of cash and cash equivalent:	--	--
Closing balance of Cash	903,972,985.55	653,189,645.56
Less: opening balance of cash	797,724,311.37	469,313,741.57
The net increase in cash and cash equivalents	106,248,674.18	183,875,903.99

**(2) Relevant information of acquisition or disposal of subsidiaries and other operation entities in the reporting period**

Unit: yuan

Supplemental information	Reporting period	Same period of last year
I. Relevant information on acquisition of subsidiaries and other operation entities:	--	--
II. Relevant information on disposal of subsidiaries and other operation entities	--	--

**(3) Composition of cash and cash equivalents**

Unit: yuan

Item	Reporting period	Same period of last year
I. Cash	903,972,985.55	797,724,311.37
Including: Cash on hand	289,986.98	395,172.53
Bank deposit on demand	898,514,462.09	648,506,655.58
Other monetary funds on demand	5,168,536.48	4,287,817.45
II. Closing balance of cash and cash equivalents	903,972,985.55	797,724,311.37

Notes:

**70. Notes to statement of changes in owners' equity**

Notes on the items under "Other" for adjusting the opening balance and the relevant adjusted amounts as well as retrospective adjustment arising from business combination under the same control, etc.:

The "Other" item under the Statement on changes in consolidated owner's equity is the "Foreign currency translation differences".

**VIII. Accounting treatment of assets securitization business****1. Notes of main trade arrangement and its accounting treatment of assets securitization business as well as articles of bankruptcy remote**

Inapplicable

**2. Main information about the special purpose an entity in which the Company has no control right but bears relevant risks:**

Unit: yuan

Name	Total closing assets	Total closing liabilities	Net closing assets	Revenue of sales in the reporting period	Net profit in the reporting period	Note

**IX. Related Parties and Related-party Transactions****1. Information of the parent company of the Company**

Parent company	Relationship	Business Type	Registered place	Legal Representative	Business nature	Registered Capital	The parent company's shareholding (%)	The parent company's voting right (%)	The ultimate controlling party of the	Organization Code

									Company	
Shenzhen Investment Holdings Co., Ltd.	Controlling shareholder	Limited liability company (state-owned)	Shenzhen	Fan Mingchun	Managing state-owned assets	560000000	63.81%	63.81%	Shenzhen State-owned Assets Administration and Supervision Commission	767566421

Note:

By the end of reporting period, the controlling shareholder of the Company is still Shenzhen Construction Investment Holdings Corporation (“the holding company”) in register book. In 2004, Shenzhen Municipal Government incorporated Shenzhen Construction Investment Holdings Corporation with the other two municipal assets operation and management companies, namely Shenzhen Investment Management Corporation and Shenzhen Trade and Business Holdings Corporation to establish Shenzhen Investment Holdings Co., Ltd. Therefore, the Company’s actual controlling shareholder is Shenzhen Investment Holdings Co., Ltd., a sole state-funded limited company, who was established in Oct. 13, 2004 with the registered capital of RMB 5.6 billion and Mr. Fan Mingchun as its legal representative. Main business scope: providing guarantee to municipal state-owned enterprises, management of state-owned equity, assets reorganization and reformation of enterprises, assets operation and equity investment and etc. As a government department, State-owned Assets Supervision and Administration Commission of Shenzhen implemented management for Shenzhen Investment Holdings Co., Ltd. on behalf of Shenzhen municipal government.

## 2. Information of subsidiaries of the Company

Full name	Type	Business type	Registered place	Legal representative	Business nature	Registered capital	Percentage of Shareholding (%)	Percentage of voting right (%)	Organization code
Shenzhen Huangcheng Real Estate Co., Ltd.	Controlled subsidiary	Limited Liability Company	Shenzhen	Li Zipeng	Property development	30000000	100%	100%	192184835
Shenzhen Property and Real Estate Development Co., Ltd.	Controlled subsidiary	Limited Liability Company	Shenzhen	Li Zipeng	Property development	30950000	100%	100%	192174565
PRD Group Xuzhou	Controlled subsidiary	Limited Liability	Xuzhou	Li Zipeng	Property development	50000000	100%	100%	552525454

Dapeng Real Estate Development Co.,Ltd		Company			t				
Dongguan Guomao Changsheng Real Estate Development Co., Ltd.	Controlled subsidiary	Limited Liability Company	Dongguan	Lu Xia	Property development	20000000	100%	100%	562562654
PRD Yangzhou Real Estate Development Co., Ltd.	Controlled subsidiary	Limited Liability Company	Yangzhou	Zheng Bangwen	Property development	50000000	100%	100%	573842934
Hainan Xinda Development Co., Ltd	Controlled subsidiary	Limited Liability Company	Haikou	Liu Yinhua	Property development	20000000	100%	100%	201264619
Shenzhen ITC Property Management Co., Ltd.	Controlled subsidiary	Limited Liability Company	Shenzhen	Wang Hangjun	Property management	20000000	100%	100%	192174549
Shenzhen Huangcheng Real Estate Management Co., Ltd.	Controlled subsidiary	Limited Liability Company	Shenzhen	Wang Hangjun	Property management	5000000	100%	100%	757601334
Shandong Shenzhen ITC Property Management Co., Ltd.	Controlled subsidiary	Limited Liability Company	Jinan	Wang Zhiyong	Property management	5000000	100%	100%	684815947
Chongqing Shenzhen ITC Property Management Co., Ltd.	Controlled subsidiary	Limited Liability Company	Chongqing	Zeng Xiangrong	Property management	5000000	100%	100%	202853028

Chongqing Ao'bo Elevator Co., Ltd.	Controlled subsidiary	Limited Liability Company	Chongqing	Zeng Xiangrong	Service	3500000	100%	100%	66085719X
Shenzhen Tianque Elevator Technology Co., Ltd.	Controlled subsidiary	Limited Liability Company	Shenzhen	Wang Zhiyong	Service	5000000	100%	100%	192277759
Shenzhen ITC Property Management Engineering Equipment Co., Ltd.	Controlled subsidiary	Limited Liability Company	Shenzhen	Bao Gang	Service	1200000	100%	100%	192332519
Shenzhen ITC Food Co., Ltd.	Controlled subsidiary	Limited Liability Company	Shenzhen	Fan Weiping	Catering service	2000000	100%	100%	738842749
Shenzhen Property Construction Supervision Co., Ltd.	Controlled subsidiary	Limited Liability Company	Shenzhen	Li Zipeng	Project supervision	3000000	100%	100%	279383351
Shenzhen Real Estate Exchange	Controlled subsidiary	Limited Liability Company	Shenzhen	Yao Chengxin	Service	1380000	100%	100%	192177790
Shenzhen ITC Vehicles Industry Co., Ltd.	Controlled subsidiary	Limited Liability Company	Shenzhen	Wei Zhi	Service	29850000	100%	100%	19217731X
Shenzhen ITC Motor Rent Co., Ltd.	Controlled subsidiary	Limited Liability Company	Shenzhen	Fan Weiping	Service	16000000	100%	100%	192267331
Shenzhen Tesu Vehicle Driver	Controlled subsidiary	Limited Liability Company	Shenzhen	Xiao Dejun	Service	2000000	100%	100%	192325669

Training Center Co., Ltd.									
Shenzhen International Trade Plaza	Controlled subsidiary	Limited Liability Company	Shenzhen	Luo Junde	Trading	12000000	100%	100%	19218224X
Sichuan Tianhe Industry Co., Ltd	Controlled subsidiary	Limited Liability Company	Chengdu	Li Jun	Trading	8000000	100%	100%	754748621
Zhanjiang Shenzhen Real Estate Development Co., Ltd.	Controlled subsidiary	Limited Liability Company	Zhanjiang	Duan Zuoping	Property development	2530000	100%	100%	194351406
Shum Yip Properties Development Co., Ltd.	Controlled subsidiary	Limited Liability Company	Hongkong	Inapplicable	Property development	HKD2000000	100%	100%	Inapplicable
Wayhang Development Co., Ltd.	Joint venture	Limited Liability Company	Hongkong	Inapplicable	Property development	HKD2	100%	100%	Inapplicable
Chief Link Properties Co., Ltd.	Controlled subsidiary	Limited Liability Company	Hongkong	Inapplicable	Property development	HKD100	70%	70%	Inapplicable
Syndis Investment Co., Ltd.	Controlled subsidiary	Limited Liability Company	Hongkong	Inapplicable	Property development	HKD4	100%	100%	Inapplicable

### 3. Information of joint ventures and associated enterprises

Name of investee	Business type	Registered address	Legal representative	Business nature	Registered capital	Percentage of shareholding (%)	Percentage of voting rights (%)	Relationship	Organization code
I. Joint ventures									
Shenzhen Jifa Warehouse Co., Ltd	Limited Liability Company	Shenzhen	Wang Hangjun	Shenzhen Jifa Warehouse Co., Ltd	HKD5415000	50%	50%	Joint venture	618847828
Shenzhen GUOMAO	Limited Liability	Shenzhen	Wang Hangjun	Shenzhen GUOMAO	USD8880000	50%	50%	Joint venture	618845152

Tian'an Properties Co., Ltd	Company			Tian'an Properties Co., Ltd					
Shenzhen Tian'an International Building Property Management Co., Ltd	Limited Liability Company	Shenzhen	Zhang Changsheng	Shenzhen Tian'an International Building Property Management Co., Ltd	3000000	50%	50%	Joint venture	618930517
<b>II. Associated enterprises</b>									
Shenzhen GUOMAO Industrial Development Co., Ltd	Limited Liability Company	Shenzhen	Zha Shengming	Shenzhen GUOMAO Industrial Development Co., Ltd	HKD3280000	38.33%	38.33%	Associated enterprise	
Anhui Nanpeng Papermaking Co., Ltd	Limited Liability Company	Huainan	Wang Yizhong	Anhui Nanpeng Papermaking Co., Ltd	USD8000000	30%	30%	Associated enterprise	
Shenzhen Wufang Pottery & Porcelain Industrial Co., Ltd	Limited Liability Company	Shenzhen	Yan Wenbo	Shenzhen Wufang Pottery & Porcelain Industrial Co., Ltd	USD1250000	26%	26%	Associated enterprise	

#### 4. Information of other related parties of the Company

Name of other related party	Relationship	Organization code
Shenzhen Guesthouse Restaurant	Under the same control of the parent company of the Company	192197353
Shenzhen Foreign Economy & Trade Investment Co., Ltd.	Under the same control of the parent company of the Company	192210765

Notes:

#### 5. Related-party transactions

##### (1) Purchase of goods and acceptance of labor service

Unit: RMB Yuan

Related party	Content of the transaction	Pricing method and decision-making	Reporting period		Same period of last year	
			Amount	Proportion (%)	Amount	Proportion (%)

		procedures for the transaction				
Shenzhen Investment Holdings Co., Ltd.	Rental payment	Agreement pricing by reference to market price	165,715.76	100%	0.00	0%

Sales of goods and rendering of service

Unit: RMB Yuan

Related party	Content of the transaction	Pricing method and decision-making procedures for the transaction	Reporting period		Same period of last year	
			Amount	Proportion (%)	Amount	Proportion (%)
Shenzhen Investment Holdings Co., Ltd.	Collecting property management fee	Agreement pricing by reference to market price	129,542.40	100%	129,542.40	100%

**(2) Information of related party trust/contract**

Information of entrusted management/contract

Unit: RMB Yuan

Name of entrusting party/contractee	Name of trustee /contractor	Type of the entrusted/contracted assets	Initial date of being entrusted/contract	Ending date of being entrusted/contract	Pricing basis for the trust / contract income	Trust / contract income recognized in the reporting period
Shenzhen Foreign Economy & Trade Investment Co., Ltd.	Shenzhen Shenxin Taxi Co., Ltd.	Other assets trust	1 Jun. 2012	31 Dec. 2014	Detailed note as follows	106,762.54

Information of entrusting management/contracted

Unit: RMB Yuan

Name of entrusting party/contractee	Name of trustee /contractor	Type of the entrusted/contracted assets	Initial date of entrusting/ being contracted	Ending date of entrusting/ being contracted	Pricing basis for the trust / contract fee	Trust / contract fee recognized in the reporting period
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Notes of related-party trust / contract

In Nov. 2012, Shenzhen Foreign Economy & Trade Investment Co., Ltd. signed the Contract on Entrusting Management of Stripped Assets and Liabilities with the Company's subsidiary—Shenzhen Shenxin Taxi Co., Ltd., agreeing on changing to entrust Shenzhen Shenxin Taxi Co., Ltd. to clear, operate, manage and dispose the stripped assets, for details, please refer to VI.2.3 Business Combination of Section X Financial Report. According the above-mentioned contract, in 2013, Shenzhen Shenxin Taxi Co., Ltd. paid RMB 626,000 of assets operating income to Shenzhen Foreign Economy & Trade Investment Co., Ltd.

During the entrusting management period from 1 Jun. 2013 to 30 June, 2013, the stripped assets operating



situation as follows:

Item	Amount
Revenue of sales	1,966,495.00
Cost of sales	1,084,571.34
Business tax and surcharges	111,040.41
Administrative expenses	628,533.20
Total profits	142,350.05
Income taxes expenses	35,587.51
Net profits	106,762.54

Note: the administrative expenses included RMB 313,000 of assets operating income paid to Shenzhen Foreign Economy & Trade Investment Co., Ltd.

### (3) Information of related-party lease

Rental situation of the Company

Unit: RMB Yuan

Name of lessor	Name of lessee	Category of the leased assets	Initial date	Ending date	Pricing basis for the rental income	Rental income recognized in the reporting period

Lease situation of the Company

Unit: RMB Yuan

Name of lessor	Name of lessee	Category of the leased assets	Initial date	Ending date	Pricing basis for the rental income	Rental income recognized in the reporting period

Notes of related-party lease

### (4) Information of related-party guarantee

Unit: RMB Yuan

Guarantor	Secured party	Guarantee amount	Initial date	Due date	Whether the guarantee was accomplished or not
Shenzhen Properties & Resources Development (Group) Ltd.	Shenzhen GUOMAO Vehicles Industry Co., Ltd.	20,000,000.00	8 April, 2013	8 April, 2014	No
Shenzhen Properties & Resources Development (Group) Ltd.	Dongguan GUOMAO Chang Sheng real estate development co., LTD	11,243,352.00	11 Jan, 2013	11 Jan, 2016	No
Shenzhen Properties & Resources Development	Shenzhen Properties & Resources Yangzhou real estate	50,000,000.00	27 June, 2013	26 June, 2015	No

(Group) Ltd.	development co., LTD				
Shenzhen GUOMAO Vehicles Industry Co., Ltd.	Shenzhen GUOMAO Motor Rent Co., Ltd.	40,000,000.00	17 April, 2013	17 April, 2014	No
Shenzhen GUOMAO Motor Rent Co., Ltd.	Shenzhen GUOMAO Vehicles Industry Co., Ltd.	20,150,000.00	11Jan, 2012	11Jan, 2015	No

Notes:

The Company and its subsidiaries didn't provide guarantees for other companies beyond the range of consolidated financial statements. The above guarantees are those the Company and its subsidiaries provided to each other.

### (5) Related-party call loan

Unit: RMB Yuan

Related party	Amount of call loan	Initial date	Due date	Note
Loan from banks and other financial institutions				
Lending to banks and other financial institutions				

### (6) Information about assets transfer, debt reorganization of related parties

Unit: RMB Yuan

Related party	Type of related party transaction	Content of the transaction	Pricing method and decision-making procedures for the related-party transaction	Reporting period		Same period of last year	
				Amount	Proportion (%)	Amount	Proportion (%)

### (7) Other related-party transaction

#### A. Entrusted loans of related parties

Unit: RMB Ten Thousand

Name of entrusting party	Name of entrusted party	Borrower	Annual interest rate (%)	Closing amount of loan	Amount of loan borrowed in the reporting period	Amount of payment in the reporting period	Closing amount of loan	Interest paid in the reporting period
Shenzhen Investment Holdings Co., Ltd.	Shenzhen Jingtian Sub-branch of China Everbright Bank	Shenzhen GUOMAO Vehicles Industry Co., Ltd.	6.9544	4,000.00		4,000.00		74.95

Shenzhen Investment Holdings Co., Ltd.	Shenzhen Jingtian Sub-branch of China Everbright Bank	Shenzhen Investment Holdings Co., Ltd.	6.9544	20,000.00		20,000.00		374.76
Shenzhen Investment Holdings Co., Ltd.	Shenzhen Jingtian Sub-branch of China Everbright Bank	Shenzhen Properties & Resources Development (Group) Ltd.	6.0000		24,000.00		24,000.00	140.00
Total			—	24,000.00	24,000.00	24,000.00	24,000.00	589.71

Note: The entrusted loan of RMB 40 million for Shenzhen GUOMAO Vehicles Industry Co., Ltd and the entrusted loan of RMB 0.2 billion for Shenzhen Huangcheng Real Estate Co., Ltd have returned on 28 Mar, 2013. The company renew the loans on May 17, 2013 and expire on May 16, 2014 with 6% interest by mortgaging the five houses located at Guomao Plaza (Phase II), Nanhu Road, Luohu District, Shenzhen; 105 houses located at Guomao Commercial Building, Nanhu Road, Luohu District, Shenzhen; 19/F Tian'an International Building, Renmin South Road, Luohu District, Shenzhen; 7 houses located at Small Commodity Market, Peace New Home, Chuanbu Street, Heping Road, Luohu District, Shenzhen and 1-7/F, Peace Hotel, Heping Road, Luohu District, Shenzhen.

## 6. Amounts due from/to related parties

Amount due from related parties

Unit: RMB Yuan

Item	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Other accounts receivable	Anhui Nanpeng Papermaking Co., Ltd	7,443,104.00	7,443,104.00	7,648,160.00	7,648,160.00
Other accounts receivable	Shenzhen GUOMAO Industrial Development Co., Ltd	2,351,652.48	2,351,652.48	2,551,652.48	2,551,652.48
Other accounts receivable	Shenzhen Wufang Pottery & Porcelain Industrial Co., Ltd	1,747,264.25	1,747,264.25	1,747,264.25	1,747,264.25
Other accounts receivable	Shenzhen Guesthouse Restaurant	909,960.40	909,960.40	909,960.40	909,960.40
Accounts receivable	Shenzhen Investment Holdings Co., Ltd.	546,442.22	16,393.27	415,302.14	12,459.06

## Amount due to related parties

Unit: RMB Yuan

Item	Related party	Closing balance	Opening balance
Other payables	Shenzhen Jifa Warehouse Co., Ltd	21,045,808.00	19,545,808.00
Other payables	Shenzhen Tian'an International Building Property Management Co., Ltd	114,345.90	1,500,000.00
Other payables	Shenzhen GUOMAO Tian'an Properties Co., Ltd	3,885,654.10	13,500,000.00
Short-term borrowings	Shenzhen Investment Holdings Co., Ltd.	240,000,000.00	240,000,000.00

**X. Share-based Payment****1. Overview of share-based payment**

Note:

**2. Information of equity-settled share-based payment**

Note:

**3. Information of cash-settled share-based payment**

Note:

**4. Information of share-based payment service**

Unit: RMB Yuan

The total amount of the employee services as a result of the share-based payments	0.00
The total amount of other services as a result of the share-based payments	0.00

## 5. Modification, termination of share-based payment

### XI. Contingency

#### 1. Contingent liabilities and its financial effect arising from unsettled litigation or arbitration

(1) In 1993, the Company signed Right of Development Transfer Contract of Jiabin Building (name of Jiabin Building has been changed to Jinlihua Commercial Plaza) with Shenzhen Haibin Property Development Co., Ltd. (name of which has been changed to Shenzhen Jiyong Property Development Co., Ltd., hereinafter referred to as Jiyong Company). In January 1999, Jiyong Company sued the company to Guangdong Higher People's Court (hereinafter referred to as "Guangdong Higher Court") for termination of the transfer contract and refund of the transfer consideration and construction payment paid on the ground that the area of premises was in discrepancy with the contract. With respect to this, the Company counterclaimed the opposing party to pay back the rest transfer consideration and applied for sealing up their property with an area of 28,000 square meters.

On July 29, 2001, Guangdong Higher Court issued *Civil Court Judgment* YGFM (1999) No. 3 (hereinafter referred to as Judgment No. 3) to judge that ① the Company should transfer the title of land use right specified in the transfer contract to Jiyong Company within 30 days from the date the judgment taking into effect and ② Jiyong Company should pay off the transfer consideration amounting to RMB143, 860,000.00 within 60 days from the date the Company transferred the title of land use right. On November 27, 2001, the Company applied to Guangdong Higher Court for forcible execution, however Guangdong Higher Court adjudicated to release the sealing property of Jiyong Company approximately 10,000 square meters since Industrial & Commercial Bank of China Zhejiang Branch disagree to seal the properties.

In January 2006, Guangdong Higher Court issued *Civil Court Judgment* YGFZ (2002) No. 1 and adjudicated because that ① the Company has not yet transferred the title of land use right specified in the transfer contract to Jiyong Company and ② Jiyong Company cannot provide other properties available for execution and the Company also cannot provide the property available for execution, the second judgment of the Judgment No. 3 - "Jiyong Company should pay off the transfer consideration amounted RMB143,860,000 within 60 days from the date the Company transferred the title of land use right" is terminated for execution. When the conditions causing termination for execution of the second judgment are eliminated, the second judgment should still be executed.

In March 2006, according to the ordain of Guangdong Higher People's Court, the properties in Jiabin Building that have been sealed up in this case have been released automatically. On September 2009, company received YGFZ (2002) No. 1-1 Resume Execution Notice from Guangdong Province Higher Court claimed to resume execution the case that the transfer money owed by Jiyong company about Jiabin building project.

In October 2009, the Company received (Verdict YGFZ (2002) No. 1-2) from Guangdong Higher Court. The verdict claimed: The resume execution of this case is according to the "The requirements for the Guangdong Higher Court to concentrate the implementation of accumulated cases" Through the investigation conducted by Guangdong Higher Court to Shenzhen department of motor vehicles, Shenzhen Securities Registration and Settlement Organizations, Shenzhen Land resources and real estate administration and the opening bank of the executed party, the executed party – Jiyong Company does not have any executable property. For these, Guangdong Higher Court adjudicated : ① Terminate the executive procedure of Verdict YGFZ (2002) No. 1; ② When the execution conditions are satisfied, the applicant can apply for resume execution.

In April 2012, the Company raised the subrogation right lawsuit to Shenzhen Luohu District People's Court, based on the creditor's right for Jiyong Company decided by the Civil Ruling Paper YGFMC (1999) No. 3, prosecuting the obligor of Jiyong Company—Shenzhen Zongli Investment Co., Ltd. (hereinafter referred to as “Zongli Company”), which was required to compensate for the Company within its debt range for Jiyong Company. Meanwhile, due to it was highly similar in the management level of Shenzhen Huaneng-Jindi Property Co., Ltd. (hereinafter referred to as “Huaneng-Jindi Company”) and Zongli Company, the Company believed that there was significant related-party relationship between Huaneng-Jindi Company and Zongli Company, therefore, the Company also prosecuted Huaneng-Jindi Company, which was required to undertake the joint liability for the debts born by Zongli Company. On 7 Jan. 2013, Luohu District People's Court open for the case, and now it is to wait for the ruling.

(2) In June 2004, Shenzhen Meisi Industrial Co., Ltd. (hereinafter referred to as “Meisi Company”) prosecuted Shenzhen Luohu Economic Development Co., Ltd and the Company to Shenzhen Intermediate People's Court (hereinafter referred to as “Shenzhen Intermediate Court”) for illegal use of land owned by Meisi Company and request for ceasing the infringing act and receiving a compensation amounted RMB 8 million. In March 2005, Shenzhen Intermediate Court issued Civil Ruling Paper SZFMCZ (2004) No. 108 and adjudicated that the Company should return the land with an area of 4,782 square meters to Meisi Company within 3 months and other claims of Meisi Company were overruled. The Company refused to accept the verdict and appealed to Guangdong Higher Court. On November 25, 2005, Guangdong Higher Court adjudicated that the Civil Ruling Paper SZFMCZ (2004) No. 108 issued by Shenzhen Intermediate Court should be cancelled and the prosecution of Meisi Company were overruled.

During the process of trial of second instance, Meisi Company applied to Registration Center for Property of Real Estate of Shenzhen Municipality for revoking Property Ownership Certificates SFDZ No. 3000320987 and No. 300119899 owned by the Company. On July 7, 2005, Registration Center for Property of Real Estate of Shenzhen Municipality issued the reply of SFDH (2005) No. 84 to Meisi Company and judged that aforesaid certificates are legal and effective and should not be revoked. Meisi Company disagreed with this judgment and applied the administrative reconsideration to the People's Government of Shenzhen Municipality. On October 8, 2005, the People's Government of Shenzhen Municipality issued Decision on Administrative Reconsideration SFFJ (2005) No. 294 and judged that aforesaid 2 certificates were registered illegally and should be revoked, reply of SFDH (2005) No. 84 was canceled accordingly.

The Company refused to accept Decision on Administrative Reconsideration SFFJ (2005) No. 294 and prosecuted an administrative litigation to Shenzhen Intermediate Court on October 20, 2005. Shenzhen Intermediate Court issued Administrative Judgment SZFXCZ (2005) No. 23 and adjudicated that Decision on Administrative Reconsideration SFFJ (2005) No. 294 is sustained. The Company disagreed with this administrative judgment and appealed to Guangdong Higher Court on August 2, 2006. Guangdong Higher Court issued Administrative Judgment YGFZZZ (2006) No. 154 in which the appeal was rejected and Administrative Judgment SZFXCZ (2005) No. 23 was sustained. According to this Judgment, Shenzhen Municipal Bureau of Land Resources and Housing Management would reconsider the request of Meisi Company to revoke the Property Ownership Certificates SFDZ No. 3000320987 and No. 300119899 of the Company.

On May 15, 2007, Registration Center for Property of Real Estate of Shenzhen Municipality issued Decision on Revoking the Property Ownership Certificates SFDZ No. 3000320987 and No. 300119899 (SFZ (2007) No. 27). Registration Center for Property of Real Estate of Shenzhen Municipality decided to revoke property ownership certificates SFDZ No. 3000320987 and No. 300119899 owned by the Company that indicating the ownership of

occupied property of Meilin Workshop, Comprehensive Building and the land use right of 11,500 square meters and restore the registration of the ownership of occupied property of Meilin Workshop, Comprehensive Building and the land use right of certificates of SFDZ No. 0103142 and No. 0103139. The Company had the ownership of occupied property of Meilin Workshop, Comprehensive Building and the land use right of 11,500 square meters according to original property ownership certificates.

On July 9, 2007, the Company applied the administrative reconsideration to the Administrative Reconsideration Office of the People's Government of Shenzhen Municipality, which considered that those action that Registration Center for Property and Real Estate of Shenzhen Municipality revoked property ownership certificate SFDZ No. 3000320987 and No. 3000119899 owned by the Company and restore the registration of Meilin Workshop, Comprehensive Building and land use right violated the provisions of the Decision on Strengthening Land Market Management and further Enlivening and Standardizing Real Estate Market (SF (2001) No. 94) promulgated by People's Government of Shenzhen Municipality, and requested People's Government of Shenzhen Municipality to rescind the Decision. On September 6, 2007, the People's Government of Shenzhen Municipality issued Decision on Administrative Reconsideration SFFJ (2007) No. 255 to sustain the administrative decision of Shenzhen Municipal Bureau of Land Resources and Housing Management.

In November 2007, Shenzhen Municipal Bureau of Land Resources and Housing Management rejected the application of Meisi Company for revoking Property Ownership Certificates SFDZ No. 0103142 and No. 0103139. Meisi Company prosecuted an administrative litigation to Shenzhen Futian People's Court (hereinafter referred as to "Futian Court") to ask for revoking the administrative decision of Shenzhen Municipal Bureau of Land Resources and Housing Management. The Company was involved as third party. Court session started on January 8, 2008 with litigation number of (2008) SFFXCZ No. 10 (hereinafter referred as to "No.10 Case"). On January 2008, Meisi Company prosecuted an administrative litigation to Futian Court for revoking the above administrative decision of Shenzhen Municipal Bureau of Land Resources and Housing Management, revoking Property Ownership Certificates SFDZ No. 0103142 and No. 0103139, and restoring the land use right to Meisi Company with the litigation number of SFFX (2008) No. 70 (hereinafter referred as to "No.70 Case"). On May 2008, the Futian Court made adjudication to No. 70 Case in which the property ownership certificates SFDZ No. 0103142 and No. 0103139 owned by the Company were revoked and Shenzhen Municipal Bureau of Land Resources and Housing Management were required to re-investigate the application of Meisi Company. The company, the Shenzhen Municipal Bureau of Land Resources and Housing Management as well as Meisi Company refused to accept the verdict and made an appeal. On July 2008, the Company has received the Administrative Ruling Paper from Futian Court in which the trial of No. 10 Case was terminated.

On December 2008, Shenzhen Intermediate Court issued the Administrative Ruling Paper SZFXZZ (2008) No. 223, in which the final adjudication of appeal No. 70 Case was made and the original verdict was sustained. Moreover, the final adjudication stated that the controversy over the land use right in this case between Meisi Company and the Company should be settled through civil procedures; the Bureau of Land Resources and Housing Management of Shenzhen Municipality should not proceed the registration procedure until the controversy is final settled.

On February 11, 2009, the Company received the Civil Complaint from Futian Court; Meisi Company has made a civil prosecution against the Company and Shenzhen Luohu Commercial Development Co., Ltd. for the confirmation of Meisi Company's land use right and the buildings in original Property Ownership Certificates

SFDZ No., 0103142 and No., 0103139. Furthermore, Meisi Company requests that return of related land use right and a compensation of RMB7.5 Million. The Company has submitted an objection to jurisdiction. On March 4, 2009, Futian Court sent the Notice to the Company to inform that this case has been transferred to Shenzhen Intermediate Court for adjudication.

On 22 December 2009, the Company received court ruling delivered by the Guangdong Higher Court. After investigated by Guangdong Higher Court, it is considered that the retrial application to Shenzhen Intermediate Court Judgment SZFZ (2008) No. 223 by the company is complied to the law, and adjudicated: ① Arraign by Guangdong Highest People's Court ② suspended the execution of the original verdict during the retrial.

On 15 Aug. 2011, the Company received the Administrative Ruling Paper (YGFSJZ Zi (2010) No. 8) from the Guangdong Higher Court, which maintained the Administrative Ruling Paper (SZFXZ Zi (2008) No. 223), and it believed that the dispute on the land ownership for both parties was civil right confirmation, and both parties should find other legal way to solve.

The Company received the ruling of Shenzhen Medium People's Court in Oct. 2012, at which the court approved legally Meisi Company's application on canceling the lawsuit towards the Company. After receiving the above ruling, due to the Administrative Ruling Paper SZFXZ Zi (2008) No. 223 had clearly ruled that the dispute on Meilin land between the Company and Meisi Company should be settled through civil law procedures, therefore, the Company raised the civil lawsuit to Meisi Company and Luojingfa Company, requiring to recognize the ownership of the above involved land for the Company, and the court has accepted the above mentioned lawsuit. Then, Meisi Company raised the counterclaim towards the Company, requiring to recognize its ownership of the above involved land. And the two cases were combined for public trial on 1 Mar. 2013, and now it's waiting for ruling.

The Company believes that the land use right and ownership of above building should be legally confirmed to the Company. The Company will secure its own legal rights through all legal means, and the above issues do not have significant impact on the Company's financial position.

## **2. Contingent liabilities and its financial effect arising from loan guarantee offered to other companies**

(1) The Company provided a joint-liability guarantee for the short-term loan of RMB20 million borrowed by its subsidiary—Shenzhen ITC Vehicles Industry Co., Ltd. from Bank of Beijing Shenzhen Branch, and provided the mortgage guarantee for the subsidiary by mortgaging its 39/F, 42/F and 2-07 room in Block B of Shenzhen International Trade Center Plaza located at Renmin South Road, Luohu District, Shenzhen, and the closing balance stood at RMB 20 million.

(2) Shenzhen ITC Vehicles Industry Co., Ltd., a subsidiary to the Company, obtained a long-term loan of RMB 26 million from PingAn Bank Co., Ltd. Shenzhen Branch by mortgaging 100 taxi operating license plates of Shenzhen Guomao Car Rental Co., Ltd., and the closing balance stood at RMB 20.15 million of which RMB9.75 million will be due within one year.

(3) Shenzhen ITC Vehicles Industry Co., Ltd. provided a joint-liability guarantee for a short-term loan of RMB 40 million from Industrial Bank Shenzhen Branch by mortgaging 33 and 93 taxi operating license plates



respectively owned by Shenzhen ITC Car Rental Co., Ltd. and Shenzhen ITC Vehicles Industry Co., Ltd. which are subsidiaries of the Company, and the closing balance stood at RMB 40 million.

(4) The company provides a joint-liability guarantee for a long term loan of RMB 11.24 million from Bank of communications co., LTD., Dungan branch by mortgaging the company's property of eight houses 8 located at building international trade center Ren Ming Nan Road, Luohu District, Shenzhen, and the closing balance stood at 11.24 million.

(5) The company provided a joint-liability guarantee for a long term loan of RMB 50 million borrowed by its subsidiary- Shenzhen Properties & Resources Yangzhou real estate development co., LTD from Bank of communications co., LTD., Yangzhou branch, and the closing balance stood at 50 million.

(6) Guarantee for the proprietors: The Company and its subsidiaries provided the commodity houses purchasers with mortgage guarantee to the bank. Up to 30 June 2013, the guarantee amount unsettled was RMB 22.39 million. The guarantee is that the real estate developer provides petty proprietor with guarantee for purchasing of commodity houses of the Company, which is a common phenomenon in this business.

Other contingent liabilities and its financial effect:

Particulars about contingent assets as follows:

Bureau of Foreign Trade and Economic Cooperation of Hubei province Shenzhen branch (hereinafter referred as to "Hubei FTEC Shenzhen branch") sued the Company to Shenzhen Intermediate Court on July 2000 for termination of the agreement between the Hubei FTEC Shenzhen branch and the Company about office property of 4,000 square meters purchasing in Jiabing Building (now known as Jinlihua Commercial Plaza) and asked for refund of purchase payment of RMB10.8 million and an indemnify of RMB18.6756 million on the ground of delayed delivery. Guangdong Higher Court issued YGFMYZZ No. 90 judgment (hereinafter referred as to "No. 90 Judgement") and adjudicated that the Company should refund the Hubei FTEC Shenzhen branch purchase payment of RMB 10.8 million and related interests.

Hubei FTEC Shenzhen branch applied for the court to implement the case. At the end of January 2005, Guangzhou Railway Transportation Intermediate Court (hereinafter referred to as "GRTIC" was appointed by Guangdong Higher Court to execute the case of Hubei FTEC suing the Company. GRTIC had sent seizure adjudication to liquidation team of Luohu Hotel to seal up the Company's RMB 23 million of distributed obligatory right in Luohu Hotel.

The Company rejected the adjudication of Guangdong Higher People's Court and applied for retrial to the Supreme People's Court. In August 2005, the Supreme People's Court issued (2004) MEJZ No.146-1 *Civil Judgment*, adjudicating that Guangdong Higher People's Court carried out retrial for this case and the original judgment was suspended to be implemented during retrial period. On May 12, 2006, Guangdong Higher People's Court concluded retrial of No. 90 Judgment and maintained adjudication of No. 90 Judgment. The execution of this case was resumed. Hubei FTEC Shenzhen branch asked GRTIC for payment and re-execution of interest judgment during retrial period. Meanwhile, the Company applied for temporary respite. On June 30, 2006, GRTIC issued (2004) GTZFZZ No. 225-4 *Civil Judgment*, adjudicating that: ① the application for temporary respite of the Company was not adopted due to the lack of fact and legal basis; ② the application of Hubei FTEC Shenzhen branch related to payment was in conformity with stipulations of law and GRTIC decided to remit the rest of money to the account of Hubei FTEC Shenzhen branch after deducting execution fees from RMB 23 million; ③ Hubei FTEC Shenzhen branch's application on asking repayment of interest during retrial period was not supported; ④ Repayment duty of the Company confirmed by No. 90 Judgment was executed and finished according to law; ⑤ No. 90 Judgment was terminated and executed. The Company had confirmed losses

according to the above adjudications and added the accounts receivable of Jiyong Company and withdrawn provision for bad debt. The Company considered that there were errors in identified fact and applicable law of the retrial adjudication from Guangdong Higher People's Court and therefore applied for retrial in the Supreme People's Court. The Supreme People's Court issued (2004) MEJZ No. 146-3 *Civil Judgment* in October 2007, adjudicating that the Supreme People's Court would execute retrial for this case. However, the Company revoked the retrial appeal toward the Supreme Court after comprehensive considerations, and the Supreme Court approved such cancel.

The 14th and 15th floors of Jiabin Building retuned by Hubei FTEC Shenzhen branch were possessed by the Company legally after the Company had pay for housing compensation and interest. For the purpose of resolving building property right problem and through investigation the Company found that the 14th and 15th floors of Jiabin Building were registered under the name of Yinzhu Industrial Development Company of Western Zhuhai (hereinafter referred to as "Zhuhai Yinzhu Company" by the means of filing registration. The Company submitted civil action to Luohu Court on June 2008 to prosecute Zhuhai Yinzhu Company, ask the Court to confirm that the Company was oblige of the 14th and 15th floors of Jiabin Building and judge that the 14th and 15th floors of Jiabin Building was transferred to and registered under the name of the Company. Luohu Court accepted this case according to law with the case number of (2008) SLFMSCZ No. 1442. On July 21, 2008, the Court made public hearing and presided over mediation for this case. The Company and Zhuhai Yinzhu Company reached a settlement and Luohu Court issued *Civil Mediation Agreement* which mainly contained the following contents: ① the two parties agreed to return the 14th and 15th floors of Jiabin Building to plaintiff (the Company); ② Defendant should assist plaintiff (the Company) to handle related procedures about transferring the above house property to the name of the plaintiff. This *Civil Mediation Agreement* entered into force pursuant to the law. As of the end of reporting year, the 14th and 15th floors of Jiabin Building were registered under the name of the Company by Registration Center for Property of Real Estate of Shenzhen Municipality in the way of filing registration.

Since Shenzhen Longyuan-Kaili-Hengfeng Real Estate Co., Ltd ( hereinafter as the "Longyuan-Kaili") and Shenzhen Huaneng-Jindi Property Co., Ltd.( hereinafter as the "Huaneng Property") attempted to reconstruct Jinlihua Commercial Plaza, the Company, the first administration directly under Shenzhen Urban Planning and Land Resources Committee (hereinafter as the "SUPLRC"), Longyuan-Kaili and Huaneng Property signed SDHZ (1992) No. 0228 *Second Supplementary Agreement of Shenzhen Grant Contract of Land Use Right* on March 3, 2011 which was shown as follows: ① SUPLRC agreed that the transferee for the right of use of the land with a land parcel No. H206-0002 and an area of 6,892 square meters was changed to Longyuan-Kaili and Huaneng Property; ② Longyuan-Kaili and Huaneng Property undertook all rights, responsibilities and liabilities of this land parcel and straightened out the relationship of the transferred property on their own and assisted to handle relevant procedures; ③ Longyuan-Kaili and Huaneng Property promised to resolve existing mortgage and pre-seizure of this project, coped with all disputes arising from changes on transferee of right of use of this land and assumed legal and economic responsibilities; ④ the property right of the 14th and 15th floors in this project which belonged to commodity houses, were owned by the Company and Longyuan-Kaili and Huaneng Property were responsible for the construction and decoration of this project according to harmonized standards on delivery of building; ⑤ the period of use of land parcel was adjusted to 50 years from February 21, 2011 to February 20, 2061.

After signing the above agreements, the Company's right on the 14th and 15th floors at Jinlihua Commercial Plaza is affirmed. But due to the existing risks in delivery of this house property and acquisition of property ownership certificate, great uncertainties exist in whether or not it will bring economic interests to the Company. According to the related regulations of Accounting Standards for Business Enterprises, it does not match the

recognition criteria.

## **XII. Commitments**

### **1. Significant commitments**

Inapplicable

### **2. Fulfillment of previous commitments**

Inapplicable

## **XIII. Events after the Balance Sheet Date**

### **1. Notes of significant events after the Balance Sheet Date**

Unit: RMB Yuan

Item	Details	Influence number on financial status and operating results	Reason for failing to estimate the influence number
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### **2. Notes of profit distribution after Balance Sheet Date**

Unit: RMB Yuan

### **3. Notes of other events after Balance Sheet Date**

The borrowing and repayment events after the balance sheet date:

(1) The Company's subsidiary Shenzhen GUOMAO Vehicles Industry Co., Ltd. repaid the long-term loans of RMB 750,000 and RMB 750,000 to Shenzhen Branch of Ping An Bank respectively on 9 July 2013 and 9 Aug. 2013.

## **XIV. Notes of other significant events**

### **1. Exchange of non-monetary assets**

Inapplicable

### **2. Debt reorganization**

Inapplicable

### **3. Business combination**

Inapplicable

**4. Lease**

Inapplicable

**5. Closing financial instruments that externally issued and convertible into shares**

Inapplicable

**6. Assets and liabilities measured at fair value**

Unit: RMB Yuan

Item	Opening amount	Gains and losses from the changes in fair value in the reporting period	Accumulated changes in fair value recorded in equity	Accrued impairment in the reporting period	Closing amount
Financial assets					
Total of above	0.00	0.00	0.00	0.00	0.00
Financial liabilities	0.00	0.00	0.00	0.00	0.00

**7. Foreign currency financial assets and liabilities**

Unit: RMB Yuan

Item	Opening amount	Gains and losses from the changes in fair value in the reporting period	Accumulated changes in fair value recorded in equity	Accrued impairment in the reporting period	Closing amount
Financial assets					
Subtotal of financial assets	0.00	0.00	0.00	0.00	0.00
Financial liabilities	0.00	0.00	0.00	0.00	0.00

**8. Main content and significant changes of annuity plan**

Inapplicable

**9. Other**

(1) The Company has accrued expense of the Jinlihua Plaza land VAT amounting to RMB 56,303,627.40 in the previous financial year. According to the SGT (2001) No. 314 Document, unpaid or overdue land VAT could be exempted. However, as the land use right has not been transferred, the Company will proactively proceed with the exemption procedure of the Jinlihua Plaza land VAT of RMB 56,303,627.40, and will write off the accrued

expense of Jinlihua Plaza land VAT of RMB 56,303,627.40 when the Company receives the approval reply.

The Company has a receivable house payment of Jinlihua Plaza from Shenzhen Jiyong Property Development Co., Ltd, which amounted to RMB 98.6113 million. For that, a bad-debt provision of RMB 42.6113 million has been made with the net amount being RMB 56 million.

(2) On 25 Nov. 2011, the proposal on liquidating Hainan Xinda Development Co., Ltd. (hereinafter referred to as "Hainan Company") was reviewed and approved at the 4<sup>th</sup> Session of the 7<sup>th</sup> Board of Directors. Hainan Company was founded in 1988 as a wholly-owned subsidiary of the Company. At present, it has no development project or land reserve. And it has recorded deficit for years. The Board of Directors once approved the proposal to transfer Hainan Company as a whole in Jan. 2009. But the proposal could not proceed due to the policy factor and other reasons. Currently, as a creditor, the Company started a judicial proceeding to liquidate Hainan Company.

As of the end of the reporting period, Hainan Company was conducting the preparatory work on bankrupt liquidation.

## XV. Notes of main items in the financial statements of the Company

### 1. Accounts receivable

#### (1) Accounts receivable

Unit: RMB Yuan

Category	Closing balance				Opening balance			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable with significant single amount and individually withdrawn bad debt provision	101,447,889.05	98.33%	45,144,261.65	44.5%	101,447,889.05	98.1%	45,447,889.05	44.8%
Accounts receivable for which bad debt provisions are made on the group basis								
Group 2	1,665,154.71	1.61%	1,332,123.77	80%	1,908,314.21	1.85%	1,128,725.53	59.15%
Subtotal of the groups	1,665,154.71	1.61%	1,332,123.77	80%	1,908,314.21	1.85%	1,128,725.53	59.15%
Accounts receivable with insignificant single amount but individually withdrawn bad debt provision	54,380.35	0.05%	54,380.35	100%	54,380.35	0.05%	54,380.35	100%
Total	103,167,424.11	--	46,530,765.77	--	103,410,583.61	--	46,630,994.93	--

Notes to category of accounts receivable:

Accounts receivable with significant single amount and individually withdrawn bad debt provision at period-end

√ Applicable □ Inapplicable

Unit: RMB Yuan

Content of accounts receivable	Book balance	Bad debts provision	Withdrawal proportion	Withdrawal reason
Shenzhen Jiyong Properties & Resources Development Company	98,611,328.05	42,307,700.65	42.9%	Involved in lawsuit, referring to XI.1 Contingent events of Section VIII. Financial Report
Shenzhen Tewe Industry Co., Ltd.	2,836,561.00	2,836,561.00	100%	Uncollectible for a long period
Total	101,447,889.05	45,144,261.65	--	--

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

Applicable  Inapplicable

Unit: RMB Yuan

Aging	Closing balance			Opening balance		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year						
Including:	--	--	--	--	--	--
Within 1 year (including 1 year)				38,135.00	2%	1,144.05
Subtotal for those aging within 1 year				38,135.00	2%	1,144.05
Over 3 years	1,665,154.71	100%	1,332,123.77	1,870,179.21	98%	1,127,581.48
3-4 years		0%	0.00	1,228,539.62	64.38%	614,269.81
4-5 years	1,665,154.71	100%	1,332,123.77	641,639.59	33.62%	513,311.67
Total	1,665,154.71	--	1,332,123.77	1,908,314.21	--	1,128,725.53

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

Applicable  Inapplicable

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

Applicable  Inapplicable

Accounts receivable with insignificant single amount but individually withdrawn bad debt provision at period-end:

Applicable  Inapplicable

Unit: RMB Yuan

Content of accounts	Book balance	Bad debts provision	Withdrawal proportion	Withdrawal reason
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receivable				
Luohu Economic Development Company	54,380.35	54,380.35	100%	Uncollectible for a long period
Total	54,380.35	54,380.35	--	--

**(2) Information of accounts receivable reversed or recovered in the report period**

Unit: RMB Yuan

Content of accounts receivable	Reason for reversal or recovery	Basis on recognition of provision for bad debts	Withdrawal amount of bad debt provision before the reversal or recovery	Reversed or recovered amount
Shenzhen Jiyong Properties & Resources Development Company	Reversed	Involving litigation	42,611,328.05	303,627.40
Total	--	--	42,611,328.05	--

The withdrawal of bad debt provision of accounts receivable with significant single amount or insignificant single amount but individually made impairment test at the end of report period:

Unit: RMB Yuan

Content of accounts receivable	Book balance	Amount of bad debts	Withdrawal proportion (%)	Reason

Notes to accounts receivable with insignificant single amount but large risks of groups after grouping by credit risks characteristics:

**(3) Information of accounts receivable that written off in the report period**

Unit: RMB Yuan

Name of company	Nature	Date	Amount	Reason	Whether arising from related-party transaction or not

Notes:

There was no accounts receivable that written off in the report period.

**(4) Information of shareholders with more than 5% (including 5%) of the voting shares of the Company in accounts receivable in report period**

Unit: RMB Yuan

Name of entity	Closing balance		Opening balance	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Total	0.00	0.00	0.00	0.00

**(5) Nature or content of other accounts receivable with significant amount**

The other accounts receivable with significant amount was mainly RMB 98,611,328.05 of project accounts receivable due from Shenzhen Jiyong Properties & Resources Development Company

**(6) Top five accounts receivable**

Unit: RMB Yuan

Name of company	Relationship	Amount	Term	Proportion (%)
Shenzhen Jiyong Properties & Resources Development Company	Non-related party	98,611,328.05	Over five years	95.58%
Shenzhen Tewe Industry Co., Ltd.	Non-related party	2,836,561.00	Over five years	2.75%
Tianhong Shopping Plaza Co., Ltd.	Non-related party	1,665,154.71	4-5 years	1.61%
Total	--	103,113,043.76	--	99.94%

**(7) Accounts receivable due from related parties**

Unit: RMB Yuan

Name of entity	Relationship	Amount	Proportion (%)
Total	--	0.00	0%

**(8)**

**RMB 000 was transferred from the accounts receivable not meeting the conditions of termination recognition.**

**(9) If securitization is carried out on accounts receivable as the underlying asset, please brief on the arrangement of relevant transactions.**

Inapplicable

**2. Other accounts receivable****(1) Other accounts receivable**

Unit: RMB Yuan

Category	Closing balance				Opening balance			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)



Other accounts receivable with significant single amount and individually withdrawn bad debt provision	234,434,938.26	19.08%	159,746,050.56	68.14%	236,213,999.72	23.9%	182,918,860.23	77.44%
Other accounts receivable for which bad debt provisions are made on the group basis								
Group 1	981,592,916.24	79.9%		0%	739,478,916.64	74.82%		0%
Group 2	10,008,802.89	0.81%	9,881,422.41	98.73%	10,179,715.93	1.03%	9,889,835.47	97.15%
Subtotal of the groups	991,601,719.13	80.72%	9,881,422.41	1%	749,658,632.57	75.85%	9,889,835.47	1.32%
Other accounts receivable with insignificant single amount but individually withdrawn bad debt provision	2,421,326.23	0.2%	2,421,326.23	100%	2,421,326.23	0.25%	2,421,326.23	100%
Total	1,228,457,983.62	--	172,048,799.20	--	988,293,958.52	--	195,230,021.93	--

Notes of category:

Other accounts receivable with significant single amount and individually withdrawn bad debt provision at period-end:

√Applicable □Inapplicable

Unit: RMB Yuan

Content of other accounts receivable	Book balance	Bad debt amount	Withdrawing proportion (%)	Reason
Shum Yip Properties Development Co., Ltd.	98,099,637.90	23,410,750.20	23.86%	Uncollectible for a long period
Gintian Industry (Group) Co., Ltd	56,600,000.00	56,600,000.00	100%	Payment for discharging of guaranty responsibility that was difficult to be recollected
Hainan Xinda Development Co., Ltd	49,392,574.38	49,392,574.38	100%	Uncollectible for a long period
Anhui Nanpeng Papermaking Co., Ltd	7,443,104.00	7,443,104.00	100%	Uncollectible for a long period
Shenzhen Shengfenglu, GUOMAO Jewel & Gold Co., Ltd	6,481,353.60	6,481,353.60	100%	There is no asset to execute the verdict, thus lead to uncollectibility
Shanghai Yutong Real estate development Co.,	5,676,000.00	5,676,000.00	100%	Uncollectibility for the

Ltd				reason of verdict
HongKong Yueheng Development Co., Ltd	3,271,837.78	3,271,837.78	100%	Has been liquidated
Dameisha Tourism Center	2,576,445.69	2,576,445.69	100%	Suspended project
Elevated Train Project	2,542,332.43	2,542,332.43	100%	Suspended project
Shenzhen GUOMAO Industrial Development Co., Ltd	2,351,652.48	2,351,652.48	100%	The company is insolvent
Total	234,434,938.26	159,746,050.56	--	--

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

Applicable  Inapplicable

Unit: RMB Yuan

Aging	Closing balance			Opening balance		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year						
Including:	--	--	--	--	--	--
Within 1 year (including 1 year)	108,949.80	1.09%	3,269.57	290,732.42	2.86%	8,721.97
Subtotal for those aging within 1 year	108,949.80	1.09%	3,269.57	290,732.42	2.86%	8,721.97
1-2 years	23,412.98	0.23%	2,341.30	8,037.68	0.08%	803.77
2-3 years	298.83	0%	89.65	458.09	0%	137.43
Over 3 years	9,876,141.28	98.67%	9,875,721.89	9,880,487.74	97.06%	9,880,172.30
3-4 years	572.44	0.01%	286.22	310.25	0%	155.13
4-5 years	665.83	0.01%	532.66	801.57	0.01%	641.26
Over 5 years	9,874,903.01	98.66%	9,874,903.01	9,879,375.92	97.05%	9,879,375.92
Total	10,008,802.89	--	9,881,422.41	10,179,715.93	--	9,889,835.47

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

Applicable  Inapplicable

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

Applicable  Inapplicable

Other accounts receivable with insignificant single amount but individually withdrawn bad debt provision at

period-end:

√ Applicable □ Inapplicable

Unit: RMB Yuan

Content of other accounts receivable	Book balance	Bad debts provision	Withdrawal proportion	Withdrawal reason
Shenzhen Wufang Pottery & Porcelain Industrial Co., Ltd	1,747,264.25	1,747,264.25	100%	Poor operation status
Compensation for Shidai new residence mortgage guarantee in ABC	601,762.21	601,762.21	100%	Owner unable to repay the loan
Zhanjiang Shenzhen Real Estate Development Co., Ltd.	53,478.77	53,478.77	100%	Insolvency thus uncollectible
Meilin Synthetic Fibre Company	11,000.00	11,000.00	100%	Uncollectible for a long period
Others	7,821.00	7,821.00	100%	Uncollectible for a long period
Shenzhen Wufang Pottery & Porcelain Industrial Co., Ltd	2,421,326.23	2,421,326.23	--	--

**(2) Information of other accounts receivable reversed or recovered in the reporting period**

Unit: RMB Yuan

Content of other accounts receivable	Reason for reversal or recovery	Basis on recognition of provision for bad debts	Withdrawal amount of bad debt provision before the reversal or recovery	Reversed or recovered amount
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The withdrawal of bad debt provision of other accounts receivable with significant single amount or insignificant single amount but individually made impairment test at the end of report period:

Unit: RMB Yuan

Content of other accounts receivable	Book balance	Amount of bad debts	Withdrawal proportion (%)	Reason
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Notes to other accounts receivable with insignificant single amount but large risks of groups after grouping by credit risks characteristics:

**(3) Information of the write-off other accounts receivable**

Unit: RMB Yuan

Name of company	Nature	Date of written off	Amount	Reason	Whether arising from related-party transactions
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Notes:

There was no write-off other accounts receivable during the reporting period.

**(4) The other accounts receivable due from shareholders with more than 5% (including 5%) of the voting shares of the Company in the reporting period**

Unit: RMB Yuan

Name of entity	Closing balance		Opening balance	
	Book balance	Withdrawal amount of bad debts	Book balance	Withdrawal amount of bad debts
Total	0.00	0.00	0.00	0.00

**(5) Nature or content of other accounts receivable with significant amount**

Other accounts receivable with significant amount are as follow:

Name of the company	Amount	Nature or content	Proportion (%)
Shenzhen Properties & Resources Yangzhou real estate development co., LTD	618,861,310.60	Come-and-go money of the subsidiary	50.38%
Dongguan GUOMAO Chang Sheng real estate development co., LTD	194,841,793.00	Come-and-go money of the subsidiary	15.86%
Shenzhen Properties & Resources Xuzhou Dapeng real estate development co., LTD	111,381,060.73	Come-and-go money of the subsidiary	9.07%
Shenzhen industry real estate development co., LTD	98,099,637.90	Come-and-go money of the subsidiary	7.99%
Gintian Industry (Group) Co., Ltd	56,600,000.00	Amount of guarantee and litigation	4.61%
Hainan Xinda Development Co., Ltd	49,392,574.38	Come-and-go money of the subsidiary	4.02%
Total	1,129,176,376.61		91.92%

**(6) Top five other accounts receivable**

Unit: RMB Yuan

Name of company	Relationship	Amount	Term	Proportion (%)
Shenzhen Properties & Resources Yangzhou real estate development co., LTD	Subsidiary	618,861,310.60	Within three years	50.38%
Dongguan GUOMAO Chang Sheng real estate development co., LTD	Subsidiary	194,841,793.00	Within one year	15.86%

Shenzhen Properties & Resources Xuzhou Dapeng real estate development co., LTD	Subsidiary	111,381,060.73	Within one year	9.07%
Shenzhen industry real estate development co., LTD	Subsidiary	98,099,637.90	Over five years	7.99%
Gintian Industry (Group) Co., Ltd	Non-related party	56,600,000.00	Over five years	4.61%
Total	--	1,079,783,802.23	--	87.91%

**(7) Other account receivable due from related parties**

Unit: RMB Yuan

Name of company	Relationship	Amount	Proportion (%)
Shenzhen Properties & Resources Yangzhou real estate development co., LTD	Subsidiary	618,861,310.60	50.38%
Dongguan GUOMAO Chang Sheng real estate development co., LTD	Subsidiary	194,841,793.00	15.86%
Shenzhen Properties & Resources Xuzhou Dapeng real estate development co., LTD	Subsidiary	111,381,060.73	9.07%
Shenzhen industry real estate development co., LTD	Subsidiary	98,099,637.90	7.99%
Hainan Xinda Development Co., Ltd	Subsidiary	49,392,574.38	4.02%
Shenzhen GUOMAO Vehicles Industry Co., Ltd.	Subsidiary	48,100,000.00	3.92%
Anhui Nanpeng Papermaking Co., Ltd	Associated enterprise	7,443,104.00	0.61%
Shenzhen GUOMAO Food Co., Ltd	Subsidiary	4,187,660.40	0.34%
Shenzhen GUOMAO Industrial Development Co., Ltd	Associated enterprise	2,351,652.48	0.19%
Shenzhen Wufang Pottery & Porcelain Industrial Co., Ltd	Associated enterprise	1,747,264.25	0.14%
Shenzhen Shenxin Motor Rent Co., Ltd	Subsidiary	1,311,376.00	0.11%

Shenzhen Property Construction Supervision Co., Ltd	Cost method		1,092,094.59	0.09%
Shenzhen GUOMAO property management co., LTD	Subsidiary		1,073,443.62	0.09%
Shenzhen International Trade Plaza	Subsidiary		744,177.30	0.06%
Zhanjiang Shenzhen real estate development co., LTD	Subsidiary		53,478.77	0%
Total	--		1,140,680,628.02	92.87%

(8)

RMB000 was transferred from the other accounts receivable not meeting the conditions of termination recognition.

**(9) If securitization is carried out on the other accounts receivable as the underlying asset, please brief on the arrangement of relevant transactions.**

Inapplicable

### 3. Long-term equity investments

Unit: RMB Yuan

The investee	Accounting method	Initial investment cost	Opening balance	Increase/decrease	Closing balance	Shareholding Proportion	Voting right Proportion	Explanations on differences between shareholding proportion and voting right proportion	Provision for impairment loss	Withdrawal amount of impairment provision in the reporting period	Cash bonus in the reporting period
Shenzhen GUOMAO Tian'an Properties Co., Ltd	Equity method	23,186,124.00	37,247,887.05	-5,586,192.98	31,661,694.07	50%	50%				9,614,345.90
Shenzhen Tian'an	Equity method	1,500,000.00	3,531,192.12	-1,267,726.19	2,263,465.93	50%	50%				1,385,654.10

International Building Property Management Co., Ltd											
Shenzhen Huangcheng Real Estate Co., Ltd.	Cost method	28,500,000.00	28,500,000.00		28,500,000.00	95%	95%				
Shenzhen Property and Real Estate Development Co., Ltd.	Cost method	30,950,000.00	30,950,000.00		30,950,000.00	100%	100%				
Shenzhen Properties & Resources Yangzhou real estate development co., LTD	Cost method	50,000,000.00	50,000,000.00		50,000,000.00	100%	100%				
Dongguan Guomao Changsheng Real Estate Development Co., Ltd.	Cost method	20,000,000.00	20,000,000.00		20,000,000.00	100%	100%				
Shenzhen GUOMAO Vehicles Industry Co., Ltd.	Cost method	29,850,000.00	29,850,000.00		29,850,000.00	90%	90%				
Hainan Xinda Development Co., Ltd	Cost method	20,000,000.00	20,000,000.00		20,000,000.00	100%	100%		20,000,000.00		
Shenzhen GUOMAO	Cost method	20,000,000.00	20,000,000.00		20,000,000.00	95%	95%				

Property Management Co., Ltd.											
Shenzhen Shenxin Taxi Co., Ltd.	Cost method	12,877,260.98	12,877,260.98		12,877,260.98	100%	100%				
Shenzhen GUOMAO Food Co., Ltd	Cost method	1,600,000.00	1,600,000.00		1,600,000.00	80%	80%		1,600,000.00		
Shenzhen Property Construction Supervision Co., Ltd	Cost method	3,000,000.00	3,000,000.00		3,000,000.00	100%	100%				
Shenzhen International Trade Plaza	Cost method	12,000,000.00	12,000,000.00		12,000,000.00	100%	100%		12,000,000.00		
Shenzhen Real Estate Exchange	Cost method	1,380,000.00	1,380,000.00		1,380,000.00	100%	100%				
Shensan Co., Ltd.	Cost method	17,695.09	17,695.09		17,695.09				17,695.09		
Zhanjiang Shenzhen Real Estate Development Co., Ltd	Cost method	2,530,000.00	2,530,000.00		2,530,000.00	100%	100%		2,530,000.00		
Shum Yip Properties Development Co., Ltd.	Cost method	15,834,000.00	15,834,000.00		15,834,000.00	100%	100%		15,834,000.00		
PRD Group XuzhouDapeng Real Estate Development	Cost method	50,000,000.00	50,000,000.00		50,000,000.00	100%	100%				



nt Co., Ltd											
Shenzhen Wufang Pottery & Porcelain Industrial Co., Ltd	Cost method	18,983,614.14	18,983,614.14		18,983,614.14	26%	26%		18,983,614.14		
Shenzhen GUOMAO Industrial Development Co., Ltd	Cost method	3,682,972.55	3,682,972.55		3,682,972.55	38.33%	38.33%		3,682,972.55		
Anhui Nanpeng Papermaking Co., Ltd	Cost method	13,824,000.00	13,824,000.00		13,824,000.00	30%	30%		13,824,000.00		
China T.H. Co.,Ltd.	Cost method	2,962,500.00	2,962,500.00		2,962,500.00	0.33%	0.33%		2,160,300.45		
North Machinery (Group) Co., Ltd.	Cost method	3,465,000.00	3,465,000.00		3,465,000.00	12.66%	12.66%		3,465,000.00		
Guangdong Huayue Real Estate Co., Ltd.	Cost method	8,780,645.20	8,780,645.20		8,780,645.20	8.47%	8.47%		8,780,645.20		
Sanya East Travel Co., Ltd.	Cost method	230,500.00	230,500.00		230,500.00	0.28%	0.28%				
<b>Total</b>	--	405,799,368.00	419,415,338.11	-6,609,876.36	412,805,461.75	--	--	--	102,878,227.43		11,000,000.00

Notes:

The cause of the reduction of the long term investment to Shenzhen GUOMAO Tian'an Properties Co., Ltd and Shenzhen Tian'an International Building Property Management Co., Ltd is the cash dividends decreased in this period.

#### 4. Revenue and Cost of Sales

##### (1) Revenue

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Main business revenue	25,454,166.48	23,449,864.94
Total	25,454,166.48	23,449,864.94
Cost of sales	4,623,847.30	9,757,305.26

**(2) Main business (Classified by industry)**

Unit: RMB Yuan

Industry	Reporting period		Same period of last year	
	Revenue of sales	Costs of sales	Revenue of sales	Costs of sales
Property rental and management	25,454,166.48	4,623,847.30	23,449,864.94	9,757,305.26
Total	25,454,166.48	4,623,847.30	23,449,864.94	9,757,305.26

**(3) Main business (Classified by product)**

Unit: RMB Yuan

Name of products	Reporting period		Same period of last year	
	Revenue of sales	Costs of sales	Revenue of sales	Costs of sales
Property rental and management	25,454,166.48	4,623,847.30	23,449,864.94	9,757,305.26
Total	25,454,166.48	4,623,847.30	23,449,864.94	9,757,305.26

**(4) Main business (Classified by area)**

Unit: RMB Yuan

Name of area	Reporting period		Same period of last year	
	Revenue of sales	Costs of sales	Revenue of sales	Costs of sales
Shenzhen Area	25,454,166.48	4,623,847.30	23,449,864.94	9,757,305.26
Total	25,454,166.48	4,623,847.30	23,449,864.94	9,757,305.26

**(5) Revenue of sales from the top five customers**

Unit: RMB Yuan

Customers	Total revenue of sales	Proportion of total revenue of sales (%)
Tianhong Shopping Plaza Co., Ltd.	4,937,992.38	19.4%
Shenzhen Branch of China Pacific Property Insurance Co., Ltd.	2,454,822.00	9.64%
Shenzhen Jindu Wedding Etiquette Co., Ltd.	1,558,968.00	6.12%
Nature person	1,175,112.00	4.62%
Seven Days Hotel (Shenzhen) Co., Ltd.	1,004,928.00	3.95%

Total	11,131,822.38	43.73%
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Note

**5. Investment income****(1) List of investment income**

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Long-term equity investment income accounted by equity method	4,390,123.64	1,501,509.12
Other	14,939,600.00	18,957,191.77
Total	19,329,723.64	20,458,700.89

**(2) Long-term equity investment income accounted by cost method**

Unit: RMB Yuan

Name of investee	Reporting period	Same period of last year	Reason for increase/decrease YoY

**(3) Long-term equity investment income accounted by equity method**

Unit: RMB Yuan

Name of investee	Reporting period	Same period of last year	Reason for increase/decrease YoY
Shenzhen Jifa Warehouse Co., Ltd	244,042.81	325,554.07	Decrease of realized profits
Shenzhen GUOMAO Tian'an Properties Co., Ltd	4,028,152.92	930,877.58	Increase of realized profits
Shenzhen Tian'an International Building Property Management Co., Ltd	117,927.91	245,077.47	Decrease of realized profits
Total	4,390,123.64	1,501,509.12	--

Notes of investment income:

The Company's recovery of investment income exist no significant limitation.

**6. Supplemental information of Cash Flow Statement**

Unit: RMB Yuan

Supplemental information	Reporting period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operations:	--	--
Net profit	40,159,141.82	15,954,365.81
Add: Provision for assets impairments	-22,145,321.63	-5,066,959.74
Depreciation of fixed assets, oil and gas assets and productive biological assets	8,000,201.31	7,943,524.28
Amortization of long-term deferred expense	86,488.14	86,488.14
Financial cost (income: negative)	1,682,000.00	-206,159.30

Investment loss (gains: negative)	-19,329,723.64	-20,458,700.89
Decrease in inventory (increase: negative)	-326,784.17	
Decrease in accounts receivable from operating activities (increase: negative)	-239,920,865.60	-83,312,206.52
Increase in accounts payable from operating activities (decrease: negative)	-222,518,848.14	169,772,873.78
Net cash flows generated from operating activities	-454,313,711.91	84,713,225.56
2. Significant investing and financing activities without involvement of cash receipts and payments	--	--
3. Change of cash and cash equivalent:	--	--
Closing balance of cash	393,487,265.01	182,983,861.29
Less: opening balance of cash	399,641,751.92	83,846,009.34
The net increase in cash and cash equivalents	-6,154,486.91	99,137,851.95

## 7. Information of assets and liabilities recognized by evaluation value from the counter purchase

Information of assets and liabilities recognized by fair value from the counter purchase

Unit: RMB Yuan

Item	Fair value	Recognition method of fair value	Calculation process of fair value	Original book value
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Information of long-term investment formed by counter purchase

Unit: RMB Yuan

Item	Amount of long-term investment formed by counter purchase	Calculation process Of long-term equity investment
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## XVI Supplemental information

### 1. Items and amounts of extraordinary gains and losses

Unit: RMB Yuan

Item	Amount	Note
Gain/loss on the disposal of non-current assets (including the offset part of the asset impairment provisions)	-75,632.69	
Impairment provision reversal of accounts receivable on which the impairment test is carried out separately	303,627.40	For details see the VII. 6. account receivables in section VIII
Non-operating income and expense other than the above	664,946.86	
Less: Income tax effects	-322,650.81	
Total	1,215,592.38	--

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

## 2. 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	
	2013	2012	Closing amount	Opening amount
According to Chinese accounting standards	353,600,992.81	98,686,285.22	1,855,749,628.63	1,502,852,915.53
Items and amounts adjusted according to international accounting standards				
According to international accounting standards	353,600,992.81	98,686,285.22	1,855,749,628.63	1,502,852,915.53

### (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	
	2013	2012	Closing amount	Opening amount
According to Chinese accounting standards	353,600,992.81	98,686,285.22	1,855,749,628.63	1,502,852,915.53
Items and amounts adjusted according to international accounting standards				
According to international accounting standards	353,600,992.81	98,686,285.22	1,855,749,628.63	1,502,852,915.53

No difference

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

No difference

## 3. Return on equity and earnings per share

Unit: RMB Yuan

Profit in the reporting period	The weighted average ROE (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to the Company's common stock shareholders	21.06%	0.5933	0.5933
Net profit attributable to shareholders of the Company's common stock after deducting non-recurring gains and losses	20.98%	0.5913	0.5913

#### 4. Particulars on the abnormal conditions of main items in the financial statements of the Company and relevant reasons

Movement in the main items of the financial statements of the Company and relevant reasons are as follows:

Item	Closing balance	Opening balance	Movement	Reasons for movement
Prepayment	19,649,514.13	64,714,990.11	-69.64%	Project settlement, transfer the prepay tax
Other accounts receivable	10,601,734.63	6,371,689.34	66.39%	The unsettled accounts paid in advance by the subsidiaries increased.
Accounts received in advance	41,284,037.14	678,075,291.01	-93.91%	The project reach the settlement condition, the income was carried forward, during the reporting period
Long-term loan	73,476,685.30	19,316,666.64	280.38%	The increase of loans obtained by the subsidiary
Deferred income tax liabilities	0.00	2,739,089.94	-100.00%	The project reach the settlement condition, the income was carried forward, during the reporting period
Retained profits	1,099,692,167.61	746,091,174.80	47.39%	The profit increase during the reporting period.
Item	Closing balance	Opening balance	Movement	Reasons for movement
Revenue of sales	1,348,194,107.29	624,520,270.29	115.88%	The increase of settlement accounts and sales during the reporting period
Costs of sales	553,178,605.80	392,039,759.24	41.10%	The settlement account income increased during the reporting period.
Tax and extra charges of sales	283,964,714.90	58,377,586.79	386.43%	Business tax and land value-added tax increased because of the increase of income
Financial expenses	-3,595,065.02	-1,321,536.27	172.04%	The increase of interest income
Assets impairment losses	1,230,708.99	-5,957,940.96	-120.66%	The increase of the return bad debt provision because of the increase of receivables received of the same period last year
Investment income	4,390,123.64	1,501,509.12	192.38%	The increase of the joint venture's income
Investment income from joint venture and associated enterprise	4,390,123.64	1,501,509.12	192.38%	The increase of the joint venture's income
Non-business income	2,510,882.84	1,180,679.74	112.66%	Other compensation and confiscated income increased in the reporting period

Total profits	459,686,916.91	125,828,116.88	265.33%	The real estate business income increased during the reporting period
Income tax expense	106,085,924.10	27,741,808.89	282.40%	The increase of profits
Net profits	353,600,992.81	98,086,307.99	260.50%	The real estate business income increased during the reporting period
Net cash flow from operating activities	126,636,956.08	336,111,486.60	-62.32%	the sales of project proceeds during the reporting period reduced and payment of tax increased
Net cash flow from investment activities	-4,842,566.40	4,161,446.39	-216.37%	Cash increased from the construction of fixed assets and the same period investment income obtained of last year
Net cash flow from financing activities	-15,461,456.53	-156,421,856.92	-90.12%	The net cash flow generated by financing activities are outflows, net outflows decreased for increase of the borrowing money.
Net increase in cash and cash equivalents	106,248,674.18	183,875,903.99	-42.22%	The decrease of the collection of receivables of sale project and tax expense increased
Closing balance of cash and cash equivalents	903,972,985.55	653,189,645.56	38.39%	The increase of opening balance of cash and cash equivalents compare to the same period last year

## **IX. Documents for Reference**

(I) Semi-annual Report 2012 signed by legal representative;

(II) Financial statements signed and sealed by legal representative, principal of accounting work, and manager of finance department;

(III) In the reporting period, all originals of the Company's documents and public notices have been publicly disclosed in Securities Times and Ta Kung Pao.

All the above documents prepared and placed at the Office of Board of Directors, 42/F International Trade Center, Renmin Road S., Luohu District, Shenzhen