

SHENZHEN INTERNATIONAL ENTERPRISE CO., LTD.

2013 ANNUAL REPORT

March 2014

Section I. Important Reminders, Catalogue & Explanation

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

All directors attended the board session for reviewing this report.

Company's profit distribution plan reviewed and approved by the Board are as follows: the total share capital of the company to December 31, 2013 as the base, to all shareholders for every 10 shares were distributed 0.00 yuan (including tax), 0 bonus shares (including tax) to the capital fund of 2 shares for every 10 shares to all shareholders.

Chairman of the Board of the Company Zheng Kanghao, company principal, Chen Xiaohai, chief of the accounting work, and Xu Xiaoyun, chief of the accounting organ (chief of accounting), hereby confirm that the Financial Report enclosed in this report is factual, accurate and complete.

This report involves futures plans and some other forward-looking statements which shall not be considered as virtual promises to investors. Investors are kindly reminded to pay attention to possible risks.

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

Catalogue

Section I. Important Reminders, Catalogue & Explanation.....	1
Section II. Company Profile	5
Section III. Accounting & Business Highlights.....	8
Section IV. Report of the Board of Directors	10
Section VI. Change in Shares & Shareholders	37
Section VII. Directors, Supervisors, Senior Management Staff & Employees.....	43
Section VIII. Corporate Governance	50
Section IX. Internal Control	55
Section X. Financial Report.....	57
Section XI. Documents Available for Reference.....	170

Explanation

Term	Refers to	Contents
The Company, Company	Refers to	Shenzhen International Enterprise Co., Ltd.
Multi Profit Asia Pacific	Refers to	Multi Profit Asia Pacific Investment Ltd.
Rongfa Company	Refers to	Shenzhen Rongfa Investment Co., Ltd.
Forestry Company	Refers to	Shenzhen International Enterprise Forestry Development Co., Ltd. and its forestry subordinates
Rongfa Business	Refers to	Shenzhen Rongfa Business Management Co., Ltd.
Wongtee Plaza	Refers to	Wongtee IA Shopping Plaza (formerly known as IA Mall)

Reminder of Major Risks

The Company has described in detail the possible risks and countermeasures in the outlook of the Company's future development in the Section IV. Report of the Board of Directors in this report. Investors are kindly reminded to pay attention to that. Securities Times, Ta Kung Pao (HK) and www.cninfo.com.cn are designated by the Company as the media for information disclosure. All information of the Company shall be subject to what is disclosed by the Company on the said media. And Investors are kindly reminded to pay attention to possible investment risks.

Section II. Company Profile

I. Company information

Stock abbreviation	*STGS, *STGSB	Stock code	000056, 200056
Stock exchange listed with	Shenzhen Stock Exchange		
Chinese name of the Company	深圳市国际企业股份有限公司		
Abbr. of the Chinese name of the Company	*ST 国商、*ST 国商 B		
English name of the Company (if any)	SHENZHEN INTERNATIONAL ENTERPRISE CO.,LTD.		
Legal representative of the Company	Zheng Kanghao		
Registered address	6A, Huang Gang Business Centre, 2028 JinTian Rd., Futian District, Shenzhen		
Postal code for the registered address	518048		
Office address	6/F, Huang Gang Business Centre, 2028 JinTian Rd., Futian District, Shenzhen		
Postal code for the office address	518048		
Internet website of the Company	http://www.china-ia.com		
Email address	sgs000056@163.com		

II. Contact us

	Company Secretary	Securities Affairs Representative
Name	Cao Jian	Wu Xiaoshuang
Contact address	6/F, Huang Gang Business Centre, 2028 JinTian Rd., Futian District, Shenzhen	6/F, Huang Gang Business Centre, 2028 JinTian Rd., Futian District, Shenzhen
Tel.	(0755) 82281888	(0755) 82535565
Fax	(0755) 82566573	(0755) 82566573
E-mail	cj000056@21cn.com	zhaiwu2006@21cn.com

III. About information disclosure and where this report is placed

Newspapers designated by the Company for information disclosure	Securities Times, Ta Kung Pao (HK)
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Internet website designated by CSRC for disclosing this report	http://www.cninfo.com.cn
Where this report is placed	The Securities Department of the Company

IV. Change of the registered information

	Registration date	Registration place	Business license No.	Registration code of taxation	Organizational code
Initial registration	18 Mar. 1993	Shenzhen, Guangdong Province	19217908-3	440301520200039	19217908-3
At the end of the reporting period	25 Aug. 2011	Shenzhen, Guangdong Province	440301501139855	SSDZ No. 440300192179083	19217908-3
Changes of the main business since listing (if any)	In the initial days after its listing, the Company specialized in retail of commodities, especially medium-and high-class commodities. It gradually developed large chain shopping malls in China. Later, in order to expand the chain network, the subordinate Rongfa Company proactively developed real estate. It adopted the development strategy of developing real estate with retail income and ensuring retail with real estate development to reduce the utilization cost of the operating network and promote development of the chain shopping mall business. In recent years, the domestic commercial development situation has changed and the former shopping malls of the Company can no longer compete in the market. As a result, the Company has gradually withdrawn itself from the traditional retail business and focused on developing shopping center projects. After the reorganization in 2010, the Company has decided to work on development and operation of commercial real estate as the main business.				
Changes of the controlling shareholder (if any)	The Company is a company limited by shares incorporated upon approval by the "SFBF (1992) No. 1867 Document" issued by the General Office of Shenzhen Municipal People's Government on 15 Dec. 1992. On 24 Dec. 1992, upon approval by the "SRYFZ (1992) No. 262 Document" issued by the Shenzhen branch of the People's Bank of China, the Company issued 41.7018 million shares, of which Shenzhen Special Economic Zone Development (Group) Co., Ltd. ("SDG") held 14.5956 million shares, representing a stake of 35% and making it the biggest shareholder of the Company. On 6 Jan. 2006, the Company carried out the stock right splitting reform plan according to the resolution of the relevant general meeting held on 7 Dec. 2005. After the official implementation of the stock right splitting reform plan, SDG held 29,338,952 shares in the Company, representing a stake of 13.28%. The formerly second biggest shareholder Malaysia Foh Chong & Sons Snd Bhd held 30,264,192, representing a stake of 13.70% and making it the biggest shareholder of the Company. In Apr. 2009, the biggest shareholder Malaysia Foh Chong & Sons Snd Bhd transferred all the B-shares it held (30,264,192 shares) to Multi Profit Asia Pacific Investment Ltd. and the latter became the biggest shareholder of the Company. In early Aug. 2010, Mr. Zheng Kanghao acquired some equity interests of the Company's biggest shareholder Multi Profit Asia Pacific Investment Ltd. and thus became the actual controller of it. As				

	at 31 Dec. 2013, the Company's Chairman of the Board Mr. Zheng Kanghao, together with Multi Profit Asia Pacific, Shenzhen Wongtee Real Estate Investment Co., Ltd. and Wongtee International Group Limited under his control, held a total of 46,108,011 shares of the Company, accounting for 20.87% of the Company's total shares.
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V. Other information

The CPAs firm hired by the Company:

Name	BDO China Shu Lun Pan Certified Public Accountants LLP
Office address	16/F, Block A, CIC International Business Center, 1061 Xiangmei Rd., Futian District, Shenzhen
Signing accountants	Hu Chunyuan, Wu Yanghua

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

☐ Applicable ☒ Inapplicable

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

☐ Applicable ☒ Inapplicable

Section 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

	2013	2012	Increase or decrease of this year over last year (%)	2011
Operating revenue (RMB Yuan)	35,292,846.29	80,622,456.24	-56.22%	19,463,770.79
Net profit attributable to shareholders of the Company (RMB Yuan)	2,320,696,950.25	18,186,252.87		-129,900,924.74
Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB Yuan)	-122,756,718.04	-69,163,980.72	77.49%	-125,691,176.11
Net cash flows from operating activities (RMB Yuan)	-403,263,195.08	-146,421,324.79	175.41%	-155,929,299.47
Basic EPS (RMB Yuan/share)	10.51	0.08		-0.59
Diluted EPS (RMB Yuan/share)	10.51	0.08		-0.59
Weighted average ROE (%)	103.57%	-20.4%	123.97%	390.13%
	As at 31 Dec. 2013	As at 31 Dec. 2012	Increase or decrease of this year-end than last year-end (%)	As at 31 Dec. 2011
Total assets (RMB Yuan)	7,803,283,696.00	2,006,481,401.06	288.9%	1,540,793,887.39
Net assets attributable to shareholders of the Company (RMB Yuan)	2,236,808,854.06	-83,888,096.19		-98,247,135.00

II. Items and amounts of extraordinary gains and losses

Unit: RMB Yuan

Item	2013	2012	2011	Note
Gains/losses on the disposal of non-current assets (including the offset part of the asset impairment provisions)	877,737.87	100,107,169.89	30,607.00	Mainly gain on disposal of subsidiaries' equities
Government grants recognized in the current			450,000.00	

period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the government's unified standards				
Impairment provision reversal of accounts receivable on which the impairment test is carried out separately			2,651,149.33	
Gain/loss on change of the fair value of investing real estate of which the subsequent measurement is carried out adopting the fair value method	5,458,410,339.63	597,714.00		Investing real estate in construction was finished and transferred into investing real estate of which the subsequent measurement was carried out adopting the fair value method
Non-operating income and expense other than the above	-25,943,656.37	295,882.68	-9,554,233.58	Mainly projected liabilities for pending lawsuits
Less: Income tax effects	1,363,509,184.22	323,139.89		
Minority interests effects (after tax)	1,626,381,568.62	13,327,393.09	-2,212,728.62	Provisions were made for deferred income tax liabilities from gains/losses on fair value changes
Total	2,443,453,668.29	87,350,233.59	-4,209,748.63	--

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

☐ Applicable ☒ Inapplicable

Section IV. Report of the Board of Directors

I. Overview

2013 saw the completion and opening up of Wongtee Plaza, the Company's core development project located in Futian CBD, Shenzhen, marking the successful transformation of the Company from traditional department stores to big shopping malls, as well as a new stage of its operation. Forestry, property management and other subsidiaries were almost all back on the track of beneficial operation.

In 2013, the Company went all out to push forward construction, business invitation, interior decoration by commercial tenants and opening up of the core project—Wongtee Plaza. During the reporting period, the Company successfully accomplished fine decoration, fire control acceptance check, etc. of the public area of Wongtee Plaza. On 25 Dec. 2013, Wongtee Plaza opened up for business. During the reporting period, with Italy COSCIA department store, H&M flagship store, flagship store Bona cinema core business success in the business structure of the company, on the Wongtee Plaza was optimized, improve the merchant class. The end of the reporting period, Royal Plaza merchants together can determine all floor business area (including the signing of the contract, letter of intent and negotiate to sign the agreement etc.) about green square leasable area ratio of 80%, which has been signed business area of about green square is rental area ratio of 60.4%. Along with the opening up of Wongtee Plaza, the main business of the Company will return to normal and generate stable cash flows in the future.

In 2013, according to the Company's plan, Forestry Company continued to vigorously focus on forest realization. It also carried out resource management, germination, etc. at the same time. Upholding the principle of maximizing the interests, Forestry Company further standardized the forest realization flow, and proactively carried out bidding and bidding invitation activities according to its rules, which fully secured cash inflows, generating operating revenue of RMB 17.9649 million for the year. Meanwhile, Forestry Company input greater efforts to fire and burglary prevention, which effectively protected its forest land and forests.

In 2013, the strategic planning of the Company was implemented in a scientific manner and a talent team gradually took shape. An operation and management team was built according to the project's opening up plan, the operation and management capability of the Company was greatly improved, and a sound operation service system in business management took shape. In the reporting period, the Company smoothly accomplished re-election of the Board of Directors and the Supervisory Committee and set up the 7th Board of Directors and the 7th Supervisory Committee to create a good environment for its sustained development.

II. Main business analysis

1. Overview

For 2013, the Company achieved operating revenue of RMB 35,292,846.29 and operating profit of RMB 5,262,816,261.01, with the latter recording a considerable YoY increase. This was mainly because Wongtee Plaza, the investing real estate in construction developed by the Company's subordinate controlled subsidiary Shenzhen Rongfa Investment Co., Ltd., was completed and ready for opening up in the reporting period, and the subsequent measurement of the said investing real estate was carried out adopting the fair value method in the "Report on the

Third Quarter of 2013”, generating gains on fair value changes. For the same year, the Company achieved net profit of RMB 3,873,341,158.29, of which net profit attributable to the Company stood at RMB 2,320,696,950.25. When compared with last year, the following items exhibited considerable variation.

Statement items	Closing balance (or amount of 2013)	Opening balance (or amount of 2012)	+/- %	Reasons for change
Operating revenue	35,292,846.29	80,622,456.24	-56.22%	No sales income from real estate
Operating cost	24,409,091.23	64,613,413.02	-62.22%	No sales income from real estate
Administrative expenses	70,127,543.06	49,651,810.85	41.24%	Administrative and operation costs increased.
Financial expenses	107,366,022.30	54,821,889.02	95.85%	The construction project was completed and interest capitalization stopped.
Gains on fair value changes	5,458,410,339.63	597,714.00		The investing real estate in construction was completed, with the subsequent measurement carried out adopting the fair value method.
Investment gains	900,000.00	100,142,378.37	-99.10%	Some subsidiaries’ equities were disposed last year while there was no such event this year.
Income tax expenses	1,363,509,184.22	520,316.58		Provisions were made for deferred income tax liabilities from gains/losses on fair value changes.

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

In 2013, the Company tightly around the realization of the opening and operation of Wongtee Plaza such core goal to execute work. According to the strategic deployment of the Company, its personnel of each department such as engineering department, enterprise-establishing department and operation department sped up to promote the engineering, enterprise-establishing and renovation work in accordance with the plan formulated at the year-begin, so thus to realize the smoothly open of Wongtee Plaza through opening exercises over time and efforts of all the colleagues of the Company and at the end Wongtee Plaza smoothly opened and operated on 25 Dec. 2013.

Forestry Company according to the stated objective carried out works positively around the management and protection of the forest resources, forest realization and copse regeneration of cutover land. Although owing to the tightening of the eucalyptus planting and chopping policy of the district government in the northeast of Guangdong Province, the forest realization of the Company was restricted by the local cutting index, and through the efforts of the whole personnel, the whole area of the forest realization of the Forestry Company was of 17,800 acres , operating revenue of RMB 17.9649 million for the yea, which eased the cash flow stress of the Company to some extent. The rest of the daily management work of the Company ran smoothly.

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

☐ Applicable ☒ Inapplicable

2. Revenues

Explanation:

The decrease of the revenues of this period when compared to the last period mainly caused by the decrease o the revenues of the real

estate sales. In 2012, the Company sold the shops of Gangyi Haoting which caused the revenues while there was no revenue from the property sales. The forest operation revenues increased in the reporting period, which reached the amount of RMB 17,964,934.90 and increased 78.84% when compared to the last period. The property management revenues basically held the line with the last year.

Name of the industry	2013		2012	
	Operation revenues	Operation costs	Operation revenues	Operation costs
(1) Real estate			55,674,130.00	46,535,332.32
(2) Property management	14,561,545.75	10,350,308.40	14,776,166.24	10,067,273.00
(3) Forestry	17,964,934.90	14,058,782.83	10,045,000.00	8,010,808.19
(4) Rental	2,656,075.03			
Total	35,182,555.68	24,409,091.23	80,495,296.24	64,613,413.51

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

☒ Yes ☐ No

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

☐ Applicable ☒ Inapplicable

Major orders held:

☐ Applicable ☒ Inapplicable

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

☐ Applicable ☒ Inapplicable

Major customers:

Total sales to the top 5 customers (RMB Yuan)	13,744,516.85
Ratio of the total sales to the top 5 customers to the annual total sales (%)	39.07%

Information about the top 5 customers:

☒ Applicable ☐ Inapplicable

No.	Name of customer	Sales amount (RMB Yuan)	Proportion of the total amount of the annual sales (%)
1	No. 1	4,123,000.00	11.72%
2	No. 2	4,000,000.00	11.37%
3	No. 3	3,593,000.00	10.21%
4	No. 4	1,480,000.00	4.21%
5	No. 5	548,516.85	1.56%
Total	--	13,744,516.85	39.07%

3. Costs

Classified by industry:

Unit: RMB Yuan

Industry	Item	2013		2012		YoY +/- (%)
		Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	
(1) Real estate				46,535,332.32	72.02%	-72.02%
(2) Property management		10,350,308.40	42.4%	10,067,273.00	15.58%	26.82%
(3) Forestry		14,058,782.83	57.6%	8,010,808.19	12.4%	45.2%

4. Expense

See details to above summary introductions

5. Cash flows

Unit: RMB Yuan

Item	2013	2012	YoY +/- (%)
Subtotal of cash inflows from operating activities	51,451,552.73	114,160,010.99	-54.93%
Subtotal of cash outflows from operating activities	454,714,747.81	260,581,335.78	74.5%
Net cash flows from operating activities	-403,263,195.08	-146,421,324.79	175.41%
Subtotal of cash inflows from investing activities	175.00	116,791,329.51	-100%
Subtotal of cash outflows from investing activities	519,237.00	1,706,081.73	-69.57%
Net cash flows from investing activities	-519,062.00	115,085,247.78	-100.45%
Subtotal of cash inflows from financing activities	2,473,520,000.00	1,364,300,000.00	81.3%
Subtotal of cash outflows from financing activities	2,069,413,635.10	1,343,989,901.26	53.98%
Net cash flows from financing activities	404,106,364.90	20,310,098.74	1,889.68%
Net increase in cash and cash equivalents	320,516.69	-11,028,979.13	-102.91%

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

√ Applicable □ Inapplicable

Notes to financial supplement

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

☒ Applicable ☐ Inapplicable

During the reporting period, the completion of the investment real estate under construction had transferred into the business accounting of investment real estate and made the follow-up measurement by fair value, which led the net profits of the reporting period increased in wider band that there was a rather big difference between the operating cash flow.

III. Breakdown of main business

Unit: RMB Yuan

	Operating revenues	Operating costs	Gross profit rate (%)	Increase/decrease of operating revenues over last year (%)	Increase/decrease of operating costs over last year (%)	Increase/decrease of gross profit rate over last year (%)
Classified by industry:						
(1) Real estate	0.00	0.00		-100%	-100%	-16.41%
(2) Property management	14,561,545.75	10,350,308.40	28.92%	-1.45%	2.81%	-2.95%
(3) Forestry	17,964,934.90	14,058,782.83	21.74%	78.84%	75.5%	1.49%
(4) Rental	2,656,075.03		100%			
Classified by product:						
Classified by region:						
South China	35,182,555.68	24,409,091.23	30.62%	-56.29%	-62.22%	10.89%

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

☐ Applicable ☒ Inapplicable

IV. Asset and liability analysis

1. Major changes of asset items

Unit: RMB Yuan

	As at 31 Dec. 2013		As at 31 Dec. 2012		Proportion change (%)	Explain any major change
	Amount	Proportion in total assets (%)	Amount	Proportion in total assets (%)		
Monetary funds	9,357,753.34	0.12%	8,984,230.37	0.45%	-0.33%	
Accounts receivable	2,291,658.84	0.03%	324,962.37	0.02%	0.01%	

Inventories	43,338,585.36	0.56%	1,864,814,808.18	92.94%	-92.38%	Investing real estate under construction was completed and transferred investing real estate accounting.
Investing real estate	7,652,624,300.00	98.07%	6,238,300.00	0.31%	97.76%	Investing real estate under construction was completed, transferred investing real estate accounting and follow-up calculated by fair value.
Long-term equity investment	61,787,209.01	0.79%	65,262,255.13	3.25%	-2.46%	
Fixed assets	1,742,560.00	0.02%		0%	0.02%	

2. Major changes of liability items

Unit: RMB Yuan

	2013		2012		Proportion change (%)	Explain any major change
	Amount	Proportion in total assets (%)	Amount	Proportion in total assets (%)		
Short-term borrowings	1,225,000,000.00	15.7%		0%	15.7%	This year, the Company use borrowing short-term borrowing to replacement due date borrowing, and improve the debt structure.
Long-term borrowings	600,000,000.00	7.69%	1,695,020,000.00	84.48%	-76.79%	Caused by using short-term, low interest rate borrowing to replace high interest rates borrowing.

3. Assets and liabilities measured at fair value

Unit: RMB Yuan

Item	Opening amount	Gain/loss on fair value change in the reporting period	Cumulative fair value change recorded into equity	Impairment provisions in the reporting period	Purchased amount in the reporting period	Sold amount in the reporting period	Closing amount
Investing real estate	6,238,300.00	5,458,410,339.63			2,188,675,661.37	700,001.00	6,238,300.00
Total	6,238,300.00	5,458,410,339.63			2,188,675,661.37	700,001.00	6,238,300.00

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

☐ Yes ☒ No

Explanation of significant change occurs to the attribute of the Company's main asset measurement and influence to the operating results and financial conditions.

On 15 Jun. 2012, the Company disclosed the Announcement on Change in Accounting Policy (See on the same day in the issue of <http://www.cninfo.com.cn>, the securities times and Hong Kong's Da Kung Bao NO. 2012-36. the announcement disclosed the

Company change the follow-up calculating model of investing real estate from cost calculating model into fair value calculating model, since 2012, after this change of the accounting policy, the Company adopted fair value calculating model, but its subsidiary Rongfa Company's investing real estate Wongtee Plaza was under the decoration and enterprise-establishing, it still adopted cost calculating model, only after the Wongtee Plaza had been completed and reach the estimated operating situation, adopt fair value calculating.

As of 30Sep. 2013, Wongtee Plaza had been completed and reach the estimated operating situation, the Company adopted fair value calculating model to calculate this investing real estate in the Third Quarter Report of 2013, See on the Company disclosed relevant valuation report and note in <http://www.cninfo.com.cn>, the securities times and Hong Kong's Da Kung Bao NO. 2013-44. on 15 Oct. 2013.

As of 31 Dec. 2013, Wongtee Plaza fair value is RMB 7.648 billion, influence to the net profit of this period was 4.091 billion, and influence belonging to the listing company was 2.455 billion.

V. Core competitiveness analysis

The Company concentrate on the development of core project Wongtee Plaza, in the end of 2013, Wongtee Plaza has been operated, So far, the core competitiveness of the Company were: 1. the Company's core project Wongtee Plaza is located at the core business zone in Shenzhen center with prominent location advantage, Wangtee Plaza is a blend of "art, fashion, international" three elements, has great development potential; 2.the Company has the core team with successful operation experience of business project, according to "Development and tolerance, struggle with pragmatic" spirit of enterprise culture, to promote the Company's business operation ability, to ensure effective propulsion development strategy of the Company.

VI. Investment analysis

1. Analysis about major subsidiaries and joint-stock companies

Information about major subsidiaries and joint-stock companies

Unit: RMB Yuan

Name of company	Type of company	Industry	Major products and service	Registered capital	Total assets (Yuan)	Net assets (Yuan)	Operating revenue (Yuan)	Operating profit (Yuan)	Net Profit (Yuan)
Shenzhen Rongfa Investment Co., Ltd.(Abbr.: Rongfa Investment)	Subsidiary	Property rental business	Property rental business	USD5,000,000.00	7,760,984,996.86	3,144,072,366.75	2,585,607.87	5,273,842,674.84	3,886,165,949.93
Shenzhen International Market Chain Commercial Corporation (Abbr.:)	Subsidiary	Retail & commodities	Retail & commodities	10,000,000.00	0	-16,769,122.58	0	0	0

Chain Commercial)									
Shenzhen International Enterprise Property Management Co., Ltd.(Abbr.: International Enterprise Property)	Subsidiary	Property management	Property management	7,000,000.00	3,908,616.82	-3,699,412.52	14,640,703.52	3,529,683.70	409,443.71
Shenzhen Rongfa Commercial Management Co., Ltd.(Abbr.: Rongfa Commercial)	Subsidiary	Business marketing	Business marketing	8,000,000.00	30,506,403.80	5,797,569.00	48,000.00	-1,405,327.58	-1,628,468.58
Shenzhen International Enterprise Forestry Development Co., Ltd.(Abbr.: International Enterprise Forest)	Subsidiary	Purchase and sales of timber and running industries	Purchase and sales of timber and running industries	10,000,000.00	91,858,901.79	-16,496,506.85		-9,725,075.51	-9,725,075.51
Wengyuan International Enterprise Linhai Development Co., Ltd.(Abbr.: Wengyuan International Enterprise)	Subsidiary	Afforestation and forest management	Afforestation and forest management	7,000,000.00	14,491,032.95	-19,028,808.93	9,611,000.00	-2,846,109.73	-2,253,056.73
Wuhua	Subsidiary	Forestation	Forestation	10,000,000.	42,839,505.	-8,301,425.	7,396,080.0	-1,361,217.	-1,358,217.

International Enterprise Forest Development Co., Ltd. (Abbr.: Wuhua International Enterprise)		and forest management	and forest management	00	67	08	0	67	67
Xingning International Enterprise Forest Development Co., Ltd. (Abbr.: Xingning International Enterprise)	Subsidiary	Forestation and forest management	Forestation and forest management	5,000,000.00	7,639,342.12	-2,001,026.10	957,854.90	-1,478,597.75	-1,477,997.19
Shenzhen International Enterprise Co., Ltd. (Abbr.: International trade") *3	Subsidiary	International trade	International trade	5,600,000.00					
Shenzhen Chunhua Medicine United Enterprise Co., Ltd. (Abbr.: Chunhua Medicine)	Subsidiary	Medicine and medical apparatus and instruments	Medicine and medical apparatus and instruments	3,000,000.00					
Shenzhen International Enterprise Medicine Co., Ltd. (Abbr.: International	Subsidiary	Medicine and medical treatment	Medicine and medical treatment	3,000,000.00					

I Enterprise Medicine)									
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Notes to major subsidiaries and joint-stock companies

Information about acquirement and disposal of subsidiaries in the reporting period

√ Applicable □ Non-applicable

Name of company	Purpose of acquiring and disposing subsidiaries in the reporting period	Method of acquiring and disposing subsidiaries in the reporting period	Influence on the overall production and performance
Luoyang Rongfa Property Co., Ltd	Out of business for many years, conducting cancellation	Self-organize liquidation, complete cancellation	no influence

VII. Predict the operating results of Jan.-Mar. 2014

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

VIII. Outlook of the Company's future development

1. Outlook of the Company's future development

In 2013, influenced by a slowdown in demand, excess capacity and efficiency decline and other factors, in the first half, the economic in China fell after rinsed for two consecutive, and in the second half, the government further release the reform dividend, intensify structural adjustment, foster new consumption hot spots, guide market expectations and economy is stabilizing and picking up. As the continuous improvement of people's living standard, speedy development of retail industry, the consumption level has greatly improved. In 2013 the increase of sale volume of luxury in China had dominated the world. The estimated total consumption amount of goods of China will arrived RMB 3200 billion in 2015.

In 2013, the overall control keynote of national real estate prosecute to the end, different city policy guidance diverged, many developers and investors transfer to commercial real estate, and the market of commercial real estate develop unusually fast. 2013 became the climax year of Shenzhen shopping center centralizing opening, Haiya Colorful city, Coast of joy shopping center, Vanke Plaza and other ten shopping centers placing on the market, the market competition is increasingly fierce. The industry is expected in 2015, there are 4500 shopping centers, commercial real estate about 30 million square meters, commercial real estate, especially in the aspect of urban complex will face foam trend. Besides, the speedy development of internet and e-commerce force the traditional retail enterprise to reform which has formed a huge impact to commercial real estate market.

In recent year, forestry is vigorously supported by the national policy which issued a series of preferential policies such as expanding the scale of the forest right mortgage, perfecting forestry loan discount policy, actively developing forests economy and encouraging the development of green industry etc. Meanwhile, because of the increasing demand of forest product domestic and overseas, the wood-processing industry in Guangdong develops quickly, and the demand of wood is increasing. However, due to the long growth period of forestry, large amount of capital investing and slow effects and other factors, the development of forestry is still facing serious challenges.

Looking ahead to 2014, it is the first of comprehensively deepening reform; there are opportunities and threats in it. as policy market 's stimulating retail industry, the continuous increases of national GDP per capita, and the upgrade requirement of consumption structure, China's retail industry will usher in rapid development, the development of commercial real estate will tend to be more rational and diversified. The company will adapt to the market and the reform situation, according to the operating experience of the

project of Wongtee Plaza, timely combines the development of the Company's existing business with a new economic model, is committed to become the industry's leading commercial real estate developers and operators, brings life quality experience of high-end, fashion, internationalization.

2. Operating plan of 2014

The successful open of Wongtee Plaza in 2013 has the milestone significance to the Company. In 2014, the Company will be fully ready for the operation of Wongtee Plaza, and timely opens up new business, new projects, to seek the development direction of long-term stability.

(1) Realizing the fully operation of Wongtee, and creating brand effects.

Set up a clearer and specific business objectives, implement goal decomposition and project management, accelerate to promote the decoration progress of the entrance merchants in Wongtee Plaza, achieve the goal of comprehensive operation in 2014, do a good job in operations management and improve service levels, pay attention to consumer experience, create a comfortable shopping environment to customer. At the same time, to strengthen the marketing efforts, set up brand image of Wongtee Plaza, increase passenger flow volume and market awareness through the creative, innovative and effective marketing activities.

(2). In 2014, the forestry company according to the change of forestry policy and market, actively endeavor to the support on local forestry policy, further increase the intensity of trees change into cash, enhance the management level and forestry value-added, decrease the damage rate of the tree.

(3). Optimizing the internal control and management, creating professional team

After the open of the Wongtee Plaza, the continuous operation management will test the business operations of the Company team management skills, so the Company strengthens the internal management; specific the system process, perfects the standardization operation specification, promotes international service level, and builds a high-quality team of professionals. At the same time, the Company according to the strategic development of reserve echelon personnel at all levels provides talent guarantee for development of a new stage of the Company.

(4) Taking advantage of resources, timely develop new projects

Using Company's existing forestry resources and business development operation experience for many years, base on the commercial brand image project of Wongtee and combining with the stage of listing company, timely expand new business and new project resources, timely combines the development of the Company's existing business with a new economic model, gradually form the competitive new business model, improve the Company's continued profitability, realize goals of the Company to become strong and large, long-term stable development.

3. Money demand and financing plan

Wongtee Plaza was opened at the end of 2013, but the Plaza is in the early incubation period, passenger flow volume and the turnover is limited, has not been able to produce abundant cash flow. Besides, the cash realization from forests is limited due to the conditions of market prices and local cutting index, only part of the tree the Company own could be cash realized, Forestry Company did not form the industrial production and processing, the profit from the cash realization from forests is limited, the Company's fund pressure is still nervous. In 2014, the Company's funds demand mainly is to guarantee the normal operation of Wongtee Plaza, mainly includes the external borrowing financial costs, investment costs, marketing and marketing expenses, etc, requirements of developing new business project.

The Company will improve the operation and management of Wongtee Plaza, increase the operating income of the plaza, and using the plaza to increase various operation business income, increase the cash realization from forests and main business income; at the same time actively discuss the financing issues, seek various financing ways, provide financial support for the Company's business development timely according to the demand of the Company's new business or new project development.

In order to support the company's sustainable operation and development, Shenzhen Green Group Limited has pledged, as the company is in financial trouble in the 2014 annual business process, provide financial support to.

4. Risk factors and countermeasures

(1). Policy and market environment risk

Along with the increase of real estate regulation strength improvement, each big brand enterprise considering housing as the main development direction gradually transition to commercial property, shopping center brand homogeneity phenomenon will become more and more serious. At the same time, the rapid development of the Internet age has changed the way of consumers' shopping behaviors and commercial real estate market opportunity is also affected.

Countermeasure: the Company adjusted again the appearance and the design, the layout and the formats of Wongtee which has the artistic quality, the grade of the internationalization ascension, and the introduction of experiential consumption concept. From store design, investment and operation service bring the best experience for consumers. At the same time, the Company will continue to conduct market research, timely combined with new economic model, optimized merchants' structure, conduct specific management, and form a differentiated competitive advantage.

(2) Capital

Under the influence of monetary policy environment, in 2014 the market overall fund supply and demand is likely to remain keep tensions, the Company's financing will face a certain pressure, the upward pressure of market rate makes the Company's cost of capital facing the challenge of increase.

Countermeasure: the Company well conduct daily operation management, increase the rental income of Wongtee Plaza. At the same time strengthen daily management and the cash realization from forests; maximize the proceeds for the Company. This year the Company will actively take a variety of ways to raise funds, gradually improve the Company debt structure, reduce the cost of financing, and further relieve the tense situation of cash flow.

In the end of Dec. 2013, The Third Interim Meetings of the Seventh Session of the Board of Directors reviewed and approved Proposal about to Agree to Rongfa Company Borrowing from the Bank and Proposal about to Agree Rongfa Company Borrowing from Financing Institution. The First Interim Meetings of 2014 on 21 Jan, 2014 reviewed and approved that the loan mainly using for improving the liability structure of Rongfa Company, and reduce the cost of financing and supplement working capital. So far, the Company is working with Banks or other financial institutions the consulting on financing subsequent specific item.

IX. Explanation of the changes of the consolidated statement scale compared to the last financial report

(1) Luoyang Rongfa Real Estate Co., Ltd. (Abbr.: Rongfa Real Estate) , stop operating for many years, the Company self-organize liquidation, and completed the cancellation on 6 Nov. 2013.

(2) Shenzhen Royal Family Industrial Co., Ltd. (Abbr. Gangyi Orient Association) signed Equity Transferring Contract with Shenzhen Baotian Investment development Co., Ltd. for Rongfa Investment, Shenzhen International Mall Co.,Ltd. (Abbr. International Mall) on 31 Jan. 2007. the contract agreed that: Rongfa Investment and International Mall respectively transfer its equity holding of 85% and 10% of Gangyi Orient Association to Baotian Investment. After the transfer, Baotian Investment and Rongfa Investment respectively held 95% and 5% equity of Gangyi Orient Association. Baotian Investment after receiving the 95% of the equity shall transfer the equity to any party referred by the Rongfa Investment with the price of RMB1million 8 year later of operation period. Then, Rongfa Investment signed Supplementary Agreement of Equity Transfer Contract. The contract agreed that: Rongfa Investment agree to give up income or future income bought by its held 5% equity of Gangyi Orient Association, that mean Rongfa Investment will not participate in distributing the operation income or baring loss of Gangyi Orient Association within 6 years after the transfer was completed. The essence of this equity transfer was that Baotian Investment will rent business qualification and place of Gangyi Orient Association in future 6 years, and it can not control the operation and finance of Gangyi Orient Association, so that adopt cost measurement to calculate. However, according to the agreement, Rongfa undertake assets and liabilities of Gangyi Orient Association before delivery time. After the equity transfer, Shenzhen Gangyi Orient Association Co., Ltd. changed its name into Shenzhen Royal Family Industrial Co., Ltd. when the period of 6 year taking operation time arrived, Baotian

Investment did not conduct the aforesaid equity of compulsory, Rongfa Investment decided to give up taking back the equity of Baotian Investment, and no longer bring into consolidation scope.

X. Profit allocation and dividend payout

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

☒ Applicable ☐ Inapplicable

The Company according to the Articles of Association, future three year(2012-2014) Shareholder returns planning and relevant regulatory requirements, the profit distribution plan of 2013 is :The 2013 company of the year without cash profit distribution, and at the same time, the company in December 31, 2013 the total share capital of 220901184 shares as the base, the capital reserves to all shareholders 10 shares for every 2 shares. The profit distribution plan still needs to be submitted to the company's 2013 annual general meeting of shareholders..the Company's profit allocation plan is in line with the company's articles of association and other relevant laws and regulations of the normative documents, and comment by the independent directors, fully protect the legitimate rights and interests of small and medium-sized investors.

Special statement about the cash dividend policy	
In compliance with the Company's Articles of Association and the resolution of the general meeting	According to the relevant requirements of the Notice on Further Implementing Related Items of Cash Dividends of Listed Companies (hereinafter referred to as the Notice) issued by China Securities Regulatory Commission and the Notice on Seriously Carrying out and Implementing "the Notice on Further Implementing Related Items of Cash Dividends of Listed Companies" (SZJGS Zi No. (2012) 43), on 3 Aug 2012, the 7 th Session of the 6 th Board of the Company reviewed and approved the Proposal on Return Plan for Shareholders of the Company for the Future Three Years (2012-2014), and the Proposal on Amending Articles of Association. On 21 Aug. 2012, Proposal on Amending Articles of Association was submitted to and approved by the 4 th temporary shareholders' general meeting in 2012. The Company's profit distribution plans conform to the relevant provisions.
Specific and clear dividend standard and ratio	The amended Articles of Association perfected profit distribution policy, especially the decision-making mechanism of cash bonus policy and regulated conditions for implementing cash bonus. The standards and proportions of cash bonus are clear.
Complete decision-making procedure and mechanism	Yes
Independent directors fulfilled their responsibilities and played their due role.	Yes
Minority shareholders have the chance to fully express their opinion and desire and their legal rights and interests were fully protected.	Yes
In adjustment or alteration of the cash dividend policy, the conditions and procedure were in compliance with	Inapplicable

regulations and transparent.

Information about preplan or plan on profit distribution and transfer of capital reserve to common shares during the recent three years (including the reporting period)

2011 , 2012 , the company did not profit distribution and capital reserve for implementation .

2013 year , by Lixin Certified Public Accountants (special general partnership) audit in accordance with national accounting standards , the combined company to achieve the year attributable to the listed company 's net profit 2,320,696,950.25 yuan , net profit of the parent company -3,703,282.00 yuan , to the statutory surplus reserve \$ 0, statutory public welfare 0 after the dollar , coupled with the end of 2012 the accumulated undistributed profit -295,460,294.05 million at the end of 2013 the parent company of accumulated distributable profits -299,163,576.05 yuan , the parent company for the capital reserve of \$ 64,951,444.59 .

Parent year distributable profit is negative, and the project company under the Imperial Court Square in December 25, 2013 has just opened , is still in cultivation period, revenues less cash flow the company is still relatively tight.

Company's profit distribution plan of the seventh year the Board of Directors in 2014 the first meeting of March 13, 2014 , held by the consideration is: does the current year cash profit distribution . Company of the Year 2013 capital reserve plan: to 31 December 2013 the total share capital of the Company 220,901,184 shares as the base , to all shareholders 2 shares for every 10 shares .

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

Unit: RMB Yuan

Year	Amount of cash dividend (tax included)	Net profit attributable to shareholders of listed companies under the consolidated statement in the year	Ratio in net profit attributable to shareholders of listed companies under the consolidated statement (%)
2013	0.00	2,320,696,950.25	0%
2012	0.00	18,186,252.87	0%
2011	0.00		0%

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

☐ Applicable ☒ Inapplicable

十一、Social responsibilities

XI. Social responsibilities

The Company abides by all rules and regulations of the state, operating in accordance with the law; the employment system is strictly carried out according to requirements in Labor Law and Labor Contract Law. The management mechanism is performed by performance. The Company attaches great importance to the employees 'growth, makes employees training and learning plan, improve the competitiveness of the employees and the Company, cares staff, organizes various cultural entertainment and annual staff physical examination. Give out summer drinks in high temperature season, effectively protects employee rights and interests, and enhances the staff's sense of belonging and cultural identity.

The Company respects and protects the legitimate rights and interests of creditors and the partner, sets up Anti-Spam and Report Management System, Strengthens prevention and control from the system and the cultural orientation, has good faith with suppliers, customers and consumers., maintains the rights and interests of company, shareholders and partners, responses, and advocates the

concept of environmental protection, care for vulnerable groups, performs the corporate social responsibility actively. During the 2013 earthquake in ya 'an, the Company raises money more than 10 ten thousand Yuan donated to the disaster area, and faces challenge with people in the disaster areas.

In accordance with regulation in Company Law and articles of association, the Company has established systems of worker directors and supervisors to guarantee full rights for all employees. Moreover, the Company carries out all work by laws concerning vital interests for employees, such as wages, welfare, safety and hygiene of labor, and social insurance. Opinions from all works would be collected by congress of works and staff to satisfy all reasonable needs.

Does the listed company or its subsidiaries belong to the heavily polluting industries stipulated by the environmental protection authorities of the country?

☐ Yes ☒ No

Does the listed company or its subsidiaries have any other significant social security problems?

☐ Yes ☒ No

Any administrative punishment during the reporting period?

☐ Yes ☒ No

XII. 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
7 Jan. 2013	6/F Huanggang Business Center	Field research	Individual	Shareholder	Know about the Company's operation situation and relevant situation on projects
15 Mar. 2013	6/F Huanggang Business Center	Field research	Individual	Shareholder	Know about the Company's operation situation and relevant situation on projects
14 May 2013	6/F Huanggang Business Center	Field research	Organization	Guangzhou Hangseng Securities Investment Consulting Co., Ltd	Know about the Company's operation situation and relevant situation on projects
15 May 2013	6/F Huanggang Business Center	Field research	Organization	Chuang Shixinag, Huangping and other five investors	Know about the Company's operation situation and relevant situation on projects

24 May2013	6/F Huanggang Business Center	Field research	Organization	Yinlong Investment, Huamei International investment Group	Know about the Company's operation situation and relevant situation on projects
4 Jun. 2013 日	6/F Huanggang Business Center	Field research	Individual	Individual investor	Know about the Company's operation situation and relevant situation on projects
5 Jun. 2013	6/F Huanggang Business Center	Field research	Other	DZH AASTOCK News Agency	Know about the Company's operation situation and relevant situation on projects
28 Jun. 2013	6/F Huanggang Business Center	Field research	Other	Southern Metropolis Daily	Know about the Company's operation situation and relevant situation on projects

Section V. Significant Events

I. Significant lawsuits or arbitrations

√Applicable □Inapplicable

Basic information about litigations(arbitrations)	Amount involved in the case (RMB ten thousand)	Whether forming predicted liabilities	Progress of of litigations (Arbitration)	Results and influence of trial of litigations (arbitrations)	Implementation of adjudication of litigations (arbitrations)	Disclosure date	Index for disclosure
The case on equity transfer dispute between Malaysia Foh Chong & Sons SDN.BHD. (hereinafter referred as “Foh Chong Company”, which sued the Company) and the Company: In Aug. 2011, the Company received the charging document from Shenzhen Intermediate People’s Court by Foh Chong Company; according to the statement of complaint from Foh Chong Company, Foh Chong Company (the plaintiff) and the Company (defendant) signed Equity Transfer Contract with Shenzhen Rongfa Investment Co., Ltd. on 31 May 2001, Foh Chong Company transferred its 10% equity of Shenzhen Rongfa Investment Co., Ltd. to the Company with the transfer price as RMB 20.6 million. However, after the contract taking into effect, the Company didn’t pay the equity transfer payment. Foh Chong Company required that: (i) sentencing the defendant to pay it the principal, interest and overdue penalty totaling RMB 37,077,645.55 to the plaintiff etc.	3,963.00	No	The case has been completed	The Company received a Judgment Letter for the first instance from Shenzhen Intermediate People’s Court at the end of Mar. 2012, sentencing the Company to pay the principal of RMB 20.6 million, interest and overdue penalty within 10 days since the judgment coming into effect (the interest was based on the principal of RMB 20.6 million and at the loan interest rate of the People’s Bank of China calculated from 1 Jun. 2001 to 31 Dec. 2009; and the overdue penalty was calculated by 0.3‰ of the total accounts payable per day from 1 Jan.	In November 2013, the two sides have reached a settlement agreement, the Court had deducted the RMB 39.63 million from the account of our Company, The settlement agreement has been fulfilled. The case had been finished.	5 Aug. 2011	2011-32
						7 Apr. 2012	2012-14

				<p>2010 to the payment date decided by the judgment.) If the Company does not fulfill its obligation of paying money during the period regulated by this adjudication, double interest of liabilities during the period of postponed fulfillment needs to be paid according to the regulation. Litigation fee was RMB 227,188.23 which was borne by the defendant. Late the Company instituted an appeal to Guangdong Superior People's Court. On 19 Nov. 2012, the Company received the judgment letter of the 2nd adjudication from Guangdong Superior People's Court; result of judgment: the appeal was</p>		<p>21 Nov. 2012</p>	2012-67
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				rejected, and the original judgment was maintained. The litigation fee of the 2nd trial was RMB 227,188.23 and borne by the Company		28 Dec. 2013	2013-49
The case on stock rights disputes between Rongfa Company and Yahaoyuan: Decision in the ruling paper of second instance is: the 40,000 m2 land in equity transfer agreement is divesting. It is invalid to the regulations in this clause. The court suggests us to seek for other legal approaches. Therefore, we appealed to Longgang Court as follows: 1. Defendant compensates prosecutor discounted amount of 11,000,000 Yuan immediately (subject to assessment); 2. Defendant compensates prosecutor		No	This case is under the 1st trial.			26 Dec. 2011	2011-37
						22 Feb. 2012	2012-07
						12 Dec. 2012	2012-68

15,000,000 Yuan immediately (including invest capital and interests of 4,000,000 Yuan, human cost and anticipated profits of 11,000,000 Yuan. The interest loss would be calculated from pay day to the day receiving compensation payments etc.						20 Apr. 2013	2013-07
The Easter Land Company appealed to Rongfa Company about a chose in possession restitution case, the case caused by the aforesaid case on stock rights disputes between Rongfa Company and Yahaoyuan. In Aug. 2013 the Shenzhen Eastern Land Group because of the aforesaid No. 657 judgment: “The stripping assets of the terms of the supplementary contract of equity transfer agreement is invalid”. In order to prosecute to the court of Longgang, the litigation request is: 1. the defendant return commerce-residence building house Xieli Garden z7 located in Longhe Road, Longgang District of Shenzhen to plaintiff. 2. All the cost of the case shall be borne by the defendant. The plaintiffs change the first lawsuit request into: the defendant return commerce-residence building house Xieli Garden z7 located in Longhe Road, Longgang District of Shenzhen to plaintiff, if the defendant actually can not return it, then the defendant in accordance with the real estate value reimburse to the plaintiff (temporary plan of RMB 30 million, the	1995.97	Yes	This case is under the 1st trial.			24 Aug. 2013	2013-30

[illegible]

Rongfa Company successively received the litigation documents, related to the case in which other 7 people (including Yang XX, etc.) sued Rongfa Company to Shenzhen Futian District People's Court. They required the court to decree Rongfa Company to deliver shops to the plaintiffs immediately and undertake the lawsuit charge.			the 2nd trial had been completed	Written judgment of first instance of disputes of Zhou XX, Zhou XX and Sun XX accusing Rongfa was received in 2013: 1. Internal Subscribing Agreement of Jingdao International Plaza Shops signed by prosecutor and defendant is valid and legal; 2. Implementation of the subscribing agreement signed by prosecutor and defendant should be terminated; 3. Other claims from prosecutor are rejected; 4. Other counter-claims by defendant are rejected. Affirm the original		05 Jul. 2012	2012-44
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				judgment.		22 Feb. 2014	2014-06
4 people including Yang XX out of the said 7 people successively sued Rongfa Company and Urban Planning, Land and Resources Commission of Shenzhen Municipality for another claim regarding the internal shop subscription issue. Rongfa Company received the litigation documents, including the Notice of Responding to Action and the Notice of Adducting Evidence about the dispute on transfer contract of the right to use land from the above-mentioned four people. General situation of claims: 1. Clause in First Complementary Agreement of SDHZ (2002) 9005 Shenzhen Land Use Right Granting Contract signed by two defendants, “only for whole transfer without separating property proprietary certificate”, is invalid; 2. Defendant would undertake all litigation costs.			The 1 st trail had been finished, so far some of the parties involved institute an appeal.	In 2014 received Yang X and other ten people written judgment of first trial, result of judgment: reject the plaintiff's claims.		5 Sep. 2012	2012-53
						22 Feb 2014	2014-06

II. Media's doubts

☐ Applicable ☒ Inapplicable

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

III. Significant related transactions

1、Association of debts

Association	Association relationship	Type debts	Causes	The existence of non-operating funds used	Opening balance (million)	Current Period (million)	Ending balance (million)
Shenzhen WongTee Group Limited *	Actual control of the enterprise by Zheng Kanghao	Due to related party debt	Borrowing funds from related parties	no	2,210.93	35,421.93	37,632.86
POWERLANDHOLD INGLIMITED	Actual control of the enterprise by Zheng Kanghao	Due to related party debt	Dividends payable	no	699.96	0	699.96
WongTee Business Management Co., Ltd. of Shenzhen City	Actual control of the enterprise by Zheng Kanghao	Due to related party debt	Rent and management fees	no	512.67	752.48	1,265.15
Zheng Kanghao	Chairman of the Company, the legal representative	Due to related party debt	Borrowing funds from related parties	no	8.84	0	8.84
WongTee Hotel Management Co., Ltd. of Shenzhen City	Actual control of the enterprise by Zheng Kanghao	Due to related party debt	Rent, etc.	no	180	195.45	375.46
WongTee Business Management Co., Ltd. of Shenzhen City	Actual control of the enterprise by Zheng Kanghao	Amounts due from related party debt	Deposit	no	78.91	0	78.91

WongTee Hotel Management Co., Ltd. of Shenzhen City	Actual control of the enterprise by Zheng Kanghao	Amounts due from related party debt	Deposit	no	25	0	25
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IV. Significant contracts and execution

1. Information about guarantee

Unit: RMB ten thousand

Guarantees provided by the Company for external parties (excluding those for subsidiaries)								
Guaranteed party	Disclosure date of relevant announcement	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not
Financial supplement	20 Apr. 2012 20 person	563.32	1 Dec. 1999	563.32	General guaranty	Until the homeowners complete the loan	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)		0		
Total external guarantee line that has been approved at the end of the reporting period (A3)		563.32		Total actual external guarantee balance at the end of the reporting period (A4)		563.32		
Guarantees provided by the Company for its subsidiaries								
Guaranteed party	Disclosure date of relevant announcement	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not
Financial supplement								
Total guarantee line approved for the subsidiaries during the reporting period (B1)		0		Total actual occurred amount of guarantee for the subsidiaries during the reporting period (B2)		0		
Total guarantee line that has been approved for the subsidiaries at the end of the reporting period		0		Total actual guarantee balance for the subsidiaries at the end of the reporting period (B4)		0		

(B3)			
Total guarantee amount provided by the Company (total of the above-mentioned two kinds of guarantees)			
Total guarantee line approved during the reporting period (A1+B1)	0	Total actual occurred amount of guarantee during the reporting period (A2+B2)	0
Total guarantee line that has been approved at the end of the reporting period (A3+B3)	563.32	Total actual guarantee balance at the end of the reporting period (A4+B4)	563.32
Proportion of total actual guarantee balance(A4+B4) A4+B4) in the net assets of the company(%)		0.25%	
Of which:			
Amount of guarantee for shareholders, actual controller and related parties (C)	0		
Amount of debt guarantee provided for the guaranteed party whose asset-liability ratio is not less than 70% directly or indirectly (D)	0		
Part of the amount of the total guarantee over 50% of net assets (E)	0		
Total amount of the above three guarantees (C+D+E)	0		

Note to the specific circumstances of adopting complex way to guarantee

V. Performance of commitments

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

Commitment	Commitment maker	Contents of commitment	Time of making commitment	Period of commitment	Execution
Commitments concerning the share reform					
Commitments made in the Acquisition Report or the Report on Equity Changes	Zheng Kanghao	The obligor for information disclosure shall not reduce the shares of Multi Profit Asia Pacific Investment Ltd. held the obligor from this acquisition or reduce the shares of the Company indirectly held by the obligor from this acquisition within the future 60 months.	6 Aug. 2010	60 months	Strictly fulfilled the commitments

Other commitments made for minority shareholders of the Company	Mr. Zheng Kanghao and his holding company	Based on the confidence in the future development of the Company, the Chairman of the Board Zheng Kanghao and his holding company planned to continue to increase the shares held in the Company within 12 months, with the accumulative increased shareholding proportion no less than 3% of the total shares issued by the Company (including the shares increased to hold for this time). And Mr. Zheng Kanghao and his holding company committed that they wouldn't reduce their shares of the Company during the subsequent implementation period of shareholding increase scheme and within the legal term.	19 Dec. 2012	During the subsequent implementation period of shareholding increase scheme and within the legal term	Increase of the shareholding had been completed, the Company continue to strictly fulfill the commitments of not reduce.
Executed timely or not?	Yes				
Detailed reason for failing to execute and the next plan	No				

VI. Particulars about engagement and disengagement of CPAs firm

CPAs firm engaged at present

Name of domestic CPAs firm	BDO China Shu Lun Pan Certified Public Accountants LLP
Remuneration of domestic CPAs firm (RMB 0'000)	90
Consecutive years of the audit services provided by domestic CPAs firm	2
Name of the certified public accountants from the domestic CPAs firm	Hu Chunyuan Wu Yanghua

Change to engage the CPAs firm at current period or not?

☐ Yes ☒ No

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

☐ Applicable ☒ Inapplicable

VII. Explanation on other significant events

1、On 15 Jun. 2012, the Company disclosed the Announcement on Change in Accounting Policy (See on the same day in the issue of <http://www.cninfo.com.cn>, the securities times and Hong Kong's Da Kung Bao NO. 2012-36. the announcement disclosed the Company change the follow-up calculating model of investing real estate from cost calculating model into fair value calculating model, since 2012, after this change of the accounting policy, the Company adopted fair value calculating model, but its subsidiary

Rongfa Company's investing real estate Wongtee Plaza was under the decoration and enterprise-establishing, it still adopted cost calculating model, only after the Wongtee Plaza had been completed and reach the estimated operating situation, adopt fair value calculating.

As of 30 Sep. 2013, Wongtee Plaza had been completed and reach the estimated operating situation, the Company adopted fair value calculating model to calculate this investing real estate in the Third Quarter Report of 2013, See on the Company disclosed relevant valuation report and note in <http://www.cninfo.com.cn>, the securities times and Hong Kong's Da Kung Bao NO. 2013-44. on 15 Oct. 2013.

2、By the end of December 2013 the Third Extraordinary Seventh Session of the Board its meeting ○ — triennialization passed and "motion Rongfa company loans from financial institutions regarding the proposed consent" "intends agree Rongfa on the company's motion to bank loans." and after 2014first extraordinary general meeting of 21 January 2014, held considered by the borrower is mainly used to improve the financial structure of corporate debt issuance, reduce financing costs and supplement working capital.

Currently under the holding company and the subsidiary company Rongfa Agricultural Bank of China signed a comprehensive credit maximum amount of the contract, the Agricultural Bank of China Co., Ltd. credit amount of \$ 1.2 billion of long-term loans, credit period from 26 January 2014 to January 25, 2029, its name Rongfa crystal island Shopping Mall Property (imperial Court Square) (Property No.: SFDZ No. 3000627642, commercial area of 80,608.64 square meters) as collateral, Huang Ting Group and the controlling shareholder of Zheng Kanghao provided guarantee. As of the reporting date Rongfa the borrower has received 770 million yuan.

Section VI. Change in Shares & Shareholders

I. Particulars about the changes in share capital

Unit: share

	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	340,431	0.15%						340,431	0.15%
II. Non-restricted shares	220,560,753	99.85%						220,560,753	99.85%
1. Ordinary shares denominated in RMB	119,212,992	53.97%						119,212,992	53.97%
2. Domestically listed foreign shares	101,347,761	45.88%						101,347,761	45.88%
III. Total shares	220,901,184	100%						220,901,184	100%

Reason for the changes in share capital

☐ Applicable ☒ Inapplicable

Approval for changes in share capital

☐ Applicable ☒ Inapplicable

Transfer for changes in share capital

☐ Applicable ☒ Inapplicable

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

☐ Applicable ☒ Inapplicable

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

☐ Applicable ☒ Inapplicable

II. Particulars about the shareholders and actual controller

1. Total number of shareholders and their shareholding

Unit: Share

Total number of shareholders in the reporting period			15,275		Total number of shareholders on the fifth trading day before the disclosure date of the annual report			17,495	
Particulars about shares held by shareholders with a shareholding percentage over 5% or by the top ten shareholders holding shares									
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	Increase/decrease during the reporting period	Number of non-tradable shares held	Number of tradable shares held	Pledged or frozen shares		
							Status of shares	Number of shares	
MULTI PROFIT ASIA PACIFIC INVESTMENT LTD	Foreign corporation	13.7%	30,264,192	0	0	30,264,192			
SHENZHEN WONGTEE INVESTMENT MANAGEMENT CO., LTD.	Domestic non-state-owned corporation	5.07%	11,208,453	3,846,984	0	11,208,453	Pledged	11,199,175	
SHENZHEN SPECIAL ECONOMIC ZONE DEVELOPMENT (GROUP) CO.,	State-owned corporation	4.21%	9,302,462	-3,882,400	0	9,302,462			

LTD.								
ZHONG ZHIQIANG	Foreign natural person	3.72%	8,215,594	0	0	8,215,594		
BOCI SECURITIES LIMITED	Foreign corporation	3.07%	6,782,046	5,131,322	0	6,782,046		
WONGTEE INTERNATIONAL GROUP LTD.	Foreign corporation	1.84%	4,063,855	4,063,855		4,063,855		
PROMISSORY REPO ACCOUNT OF GUOYUAN SECURITIES CO., LTD.	Other	1.66%	3,661,900	3,661,900	0	3,661,900		
CHEN SHU	Domestic natural person	0.97%	2,149,327	0	0	2,149,327		
ZENG HAIXING	Domestic natural person	0.97%	2,148,715	0	0	2,148,715		
SHANGHAI HONG KONG WANGUO SECURITIES	Foreign corporation	0.84%	1,856,818	0	0	1,856,818		
Strategic investor or general corporation becoming a top ten shareholder due to placing of new shares (if any) (Note 3)		N/A						
Explanation on associated relationship or/and persons acting in concert among the above-mentioned shareholders:		Inquired by the Company, the chairman of the Company—Mr. Zheng Kanghao, Multi Profit Asia Pacific Co., Ltd., Shenzhen Wongtee Real Estate Investment Co., Ltd. and Wongtee International Group Co., Ltd. were persons acting in concert that owned total 46,108,011 shares of the Company, which was 20.87% of the total share capital. Zhong Zhiqiang, Chen Shu, Zeng Haixing, Tan Guanqiang and Zhao Chongyue are persons acting in concert, holding a total of 14,045,873 B-shares of the Company up to 31 Dec. 2013, accounting for 6.358% of the total shares of the Company. Other than that, it is unknown whether there were other related relations or action-in-concert regulated in Administrative Measures for Takeover of Listed Companies among the above shareholders.						
Particulars about shares held by the top ten shareholders holding shares not subject to trading moratorium								
Name of shareholder		Number of tradable shares held at the year-end				Type of shares		
						Type	Number	

MULTI PROFIT ASIA PACIFIC INVESTMENT LTD	30,264,192	Domestically listed foreign shares	30,264,192
SHENZHEN WONGTEE INVESTMENT MANAGEMENT CO., LTD.	11,208,453	RMB ordinary share	11,208,453
SHENZHEN SPECIAL ECONOMIC ZONE DEVELOPMENT (GROUP) CO., LTD.	9,302,462	RMB ordinary share	9,302,462
ZHONG ZHIQIANG	8,215,594	Domestically listed foreign shares	8,215,594
BOCI SECURITIES LIMITED	6,782,046	Domestically listed foreign shares	6,782,046
WONGTEE INTERNATIONAL GROUP LTD.	4,063,855	Domestically listed foreign shares	4,063,855
PROMISSORY REPO ACCOUNT OF GUOYUAN SECURITIES CO., LTD.	3,661,900	RMB ordinary share	3,661,900
CHEN SHU	2,149,327	Domestically listed foreign shares	2,149,327
ZENG HAIXING	2,148,715	Domestically listed foreign shares	2,148,715
SHANGHAI HONG KONG WANGUO SECURITIES	1,856,818	Domestically listed foreign shares	1,856,818
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	Inquired by the Company, the director of the Company—Mr. Zheng Kanghao, Multi Profit Asia Pacific Co., Ltd., Shenzhen Wongtee Real Estate Investment Co., Ltd. and Wongtee International Group Co., Ltd. were persons acting in concert that owned total 46,108,011 shares of the Company, which was 20.87% of the total share capital. Zhong Zhiqiang, Chen Shu, Zeng Haixing, Tan Guanqiang and Zhao Chongyue are persons acting in concert, holding a total of 14,045,873 B-shares of the Company up to 31 Dec. 2013, accounting for 6.358% of the total shares of the Company. Other than that, it is unknown whether there were other related relations or action-in-concert regulated in Administrative Measures for Takeover of Listed Companies among the above shareholders.		
Explanation on the ten top	N/A		

shareholders participating in the securities margin trading business (if any) (note 4)	
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Whether the shareholders of a company conducted the transaction of repurchase under the agreement during the reporting period

☐ Yea ☐ No

2. Particulars about the controlling shareholder

Corporation

Name of controlling shareholder	Legal representative / company principal	Date of establishment	Organization code	Registered capital	Business scope
MULTI PROFIT ASIA PACIFIC INVESTMENT LTD	Zheng Kanghao	26 Feb. 2009	50595308-000-02-09-4	KHD 10000	Trade investment

Change of the controlling shareholder during the reporting period

☐ Applicable ☒ Inapplicable

3. Particulars about the actual controller

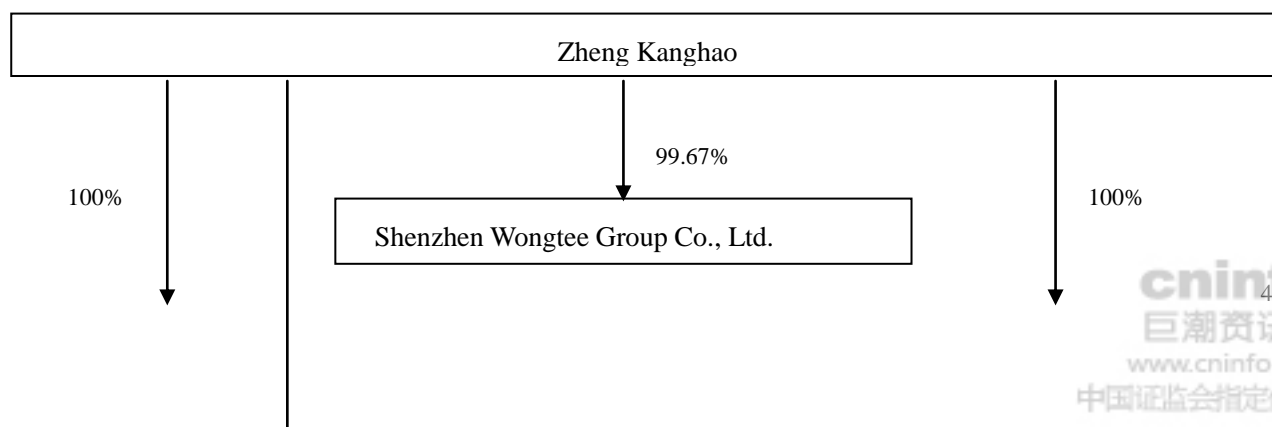
Natural person

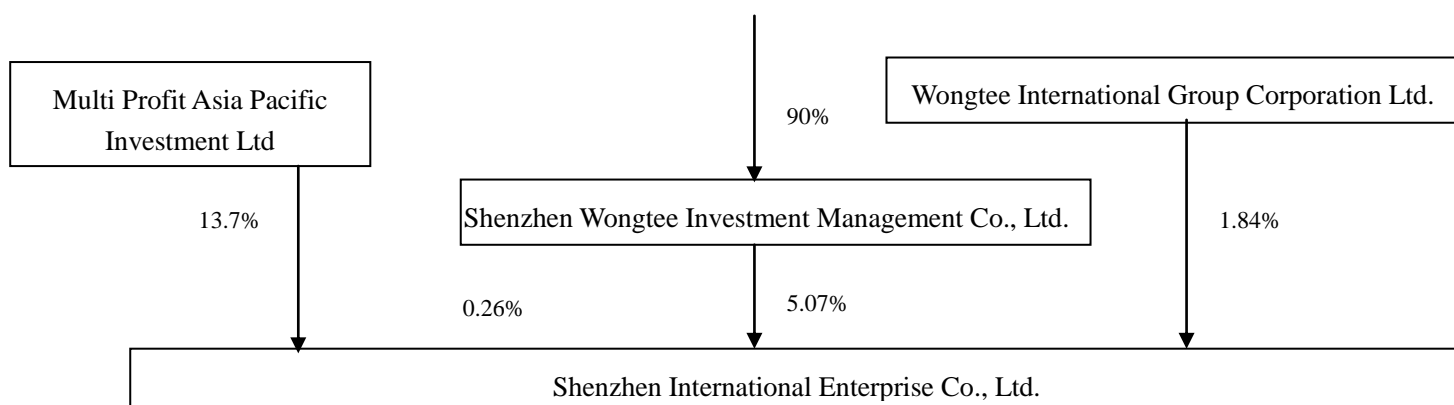
Name of the actual controller	Nationality	Whether gain the right of residence in other countries or regions or not
Zheng Kanghao	The People's Republic of China	No
Occupation and position over the five years	2006.11.28---so far Shenzhen Wongtee Real Estate Development Co., Ltd. Executive Director and General Manager; 2006.12.11----so far Shenzhen Wongtee Group Corporation Ltd. Executive Director and General Manager; 2010.9.13----so far Shenzhen International Enterprise Co., Ltd. Director.	

Change of the actual controller during the reporting period

☐ Applicable ☒ Inapplicable

Block diagram of the ownership and controlling relationship between the actual controller of the Company and the Company





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

☐ Applicable ☒ Inapplicable

III. Explanation on shareholding increase scheme during the reporting period proposed or implemented by the principal shareholders and act-in-concert persons

On 19 Dec. 2012, the Company disclosed Announcement on the Shares increased to Hold by the Shareholders (see details on Securities Times, Hong Kong Ta Kung Pao and No. 2012-71 Announcement on www.cninfo.com.cn disclosed on the same day). From the date of the announcement, Mr. Zheng Kanghao and its controlling companies planed to continue to increase the shares of the Company within 12 months in the future and the accumulative increase proportion would not less than 3% of the issued total share of the Company (including the increased shares of the reporting period).

Since the date of the above announcement, Mr. Zheng Kanghao its holding company strictly fulfill these commitments, these commitments holdings during the period, Mr. Zheng Kanghao holding Imperial Court of Shenzhen Investment Management Co., Ltd. and Imperial Court of International Group Limited has accumulated holdings AG 8,700,714 shares (including 789,875 shares holdings above announcement), representing a total capital ratio of 3.94%, completed the holdings of commitment and continue to strictly fulfill the aforementioned commitments are not underweight.

Section VII. Directors, Supervisors, Senior Management Staff & Employees

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

Name	Office title	Tenure status	Sex	Age	Start date	Ending date	Shares held at the year-begin (share)	Amount of shares increased at the reporting period (share)	Amount of shares decreased at the reporting period (share)	Amount of shares held at the period-end (share)
Zheng Kanghao	Chairman of the Board	Current	Male	38	23 Sep. 2013	22 Sep. 2016	571,511	0	0	571,511

II. Post-holding situation

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

Mr. Zheng Kanghao: male, was born in he was a graduate of business administration major, and now is an EMBA student of Tianjin University. Currently, he takes posts of Executive Director, President of Wongtee Group and Shenzhen Wongtee Real Estate Development Co., Ltd., of member of CPPCC, of Vice Chairman of Shenzhen General Chamber of Commerce, of social posts such as Vice Chairman of Shenzhen International Chamber of Commerce, Vice Chairman of Shenzhen Society for Promotion of Guangcai Program etc. He has been Chairman of the Board of the Company since Sep. 2010.

Mr. Chen Xiaohai: male, was born in 1968, graduated from business management major of Sun Yat-sen University in 1991, bachelor of Management, holder of 1st Session of Certification for Real Estate Broker in Shenzhen. He ever took posts in Shenzhen Cheungkei Group, Dalian Wanda Group, Qinghai Haier Real Estate Group, and Wongtee Group and joined into Shenzhen International Enterprise Co., Ltd. as Vice President in 2009. Now he acts as Director, GM of the Company.

Mr. Zhang Jianmin: male, born in 1959, once took posts as secretary of Commission for Disciplinary Inspection in SDG, manager of auditing and supervision department and manager as well as Deputy General Manager of law affairs department in SDG; Chairman of the Board of Shenzhen Xiaomeisha Tourist Resort Center and Deputy President of Shanghai Worldbest Co., Ltd.. Now is Deputy Secretary of Party Committee, Deputy General Manager of SDG and Director of the Company.

Mr. Chen Yong: male, born in 1963, bachelor degree. From 1999 to 2007, he took post as Chief Designer in Guangdong Liantai Real Estate Development Co., Ltd.; from Jun. 2007 to present, he has been work in Shenzhen Wongtee Real Estate Development Co., Ltd., now takes post of Vice President. He has been Director of the Company since Sep. 2010.

Mr. Zeng Yongming: male, born in 1966, graduated from international finance major of School of Economics, Shenzhen University, and bachelor of economics. In May, 2007, he gained course-completion certificate of Golf General Manager E MBA Class of Overseas Education College, Shanghai Jiaotong University. And he was intermediate economist. Had previously served as Credit Officer of Shenzhen Branch of Development Bank, Vice President and President of sub-branch, and General Manager of Corporation Division of Head Office; General Manager of Shenzhen Finance Yilian Service Financial Service Co., Ltd.; General Manager of Shenzhen Century Seaview Golf Club; General Manager of Shenzhen Century Seaview Yacht Club; Now is General Manager of Shenzhen Wongtee Real Estate Investment Co., Ltd. and General Manager of Shenzhen Wongtee Golf Management Co., Ltd, and is at the same time acting as Exe-President of Shenzhen University Alumnus Golf Club of Shenzhen Nanshan District. Now takes post of Director of the Company since Sep. 2013.

Mr. Xie Ruxuan: male, born in 1940, bachelor degree, senior engineer. He ever took posts technician of Xi'an Heavy Machinery Research Institute of No. 1 Ministry of Machinery Industry technician, engineer, Secretary to factory director and Chief of General Engineer Office of Shenyang Heavy Machinery Factory, chief design of Research Institute of Guangxi Machinery Design, deputy chief, vice factory director of Nan'ning Heavy Machinery Factory; director and secretary of CPC committee in Nanjing Economic Committee; vice mayor, deputy secretary of party committee, mayor, secretary of municipal committee of Nan'ning Municipal Government; standing vice director, vice secretary of CPC, vice director-general, secretary of CPC of CASTD. Now he is Independent Director of Shenzhen Rainbow Fine Chemical Industry Co., Ltd. He has been Independent Director of the Company since Sep. 2010.

Mr. Sun Changxing: male, from May 1996 to present, he has been associate professor, Director of teaching and research session of law, masters' tutor in School of Management of University of Science and Technology of China. Once took posts as Independent Director of Wuhu Yaxia Automobile Co., Ltd. Now he takes posts of Independent Director of Anhui Zhongding Sealing Parts Co., Ltd., and Independent Director of Anhui Jinhe Shiye Co., Ltd. He has been Independent Director of the Company since Sep. 2010.

Mr. Xiong Chuxiong: male, born in May. 1955, native Chinese without permanent overseas right of resident, and graduated from Department of Accounting of Xiamen University with PhD. Once worked in the Production Department of Chongqing Second Light Industry Bureau, Chongqing Nan'an Tanneries, and School of Management of Chongqing University. Now takes posts of Accounting Professor of Shenzhen University and at the same time of Independent Director of Hytera Communications Co., Ltd., Sinopharm Accord Pharmaceutical Co., Ltd. and Zhongjin Lingnan Nonfemet Co., Ltd. Now takes post of Independent Director of the Company since Sep. 2013.

Ms. Liu Xiaohong: female, born in 1976, and graduated from Lanzhou University of Finance and Economics with Bachelor of Economics in 1988. She received title of assistant economist in 1999. She entered into Wangtee Group in 2004 and took posts of Administrative HR manager, Vice GM of HR Dep., Vice GM of Investment & Development Dep. of Shenzhen Wangtee Real Estate Development Co., Ltd., standing Vice GM of Qinzhou Wangtee Real Estate Development Co., Ltd. etc., of Vice GM to President Office of Wangtee Group. Now she acts as GM of Shenzhen Wongtee Commercial Management Co., Ltd. and concurrently GM of Wongtee Hotel Company. He has been Chairman of the Supervisory Committee of the Company since Sep. 2010.

Mr. Zhang Xinliang: male, born in Jun. 1970, master of management, senior accountant, with title of economist, member of CPC. He participated in Shenzhen Special Economic Zone Development (Group) Co., Ltd in 1997, and now acts as Secretary of Audit Supervision Department, employ supervisor and concurrently secretary of the Supervisor Committee in SDG as well as the Supervisor of Shenzhen Tellus (Group) Co., Ltd. He has been supervisor of the Company since Jun. 2008.

Mr. Zhou Lijiao: female, born in 1970, junior college degree. She ever worked in Military Affairs Office of Puning, Guangdong Province, the First Branch of Shenzhen Huaqiao Construction Company and Wongtee Group. She joined Shenzhen International Enterprises Co., Ltd. in Apr. 2011. Now she acts as Vice GM of HR Dept. of the Company and concurrently Vice GM of Shenzhen Rongfa Investment CO., Ltd. which is the controlling subsidiary of the Company. She has been Supervisor of the Supervisory Committee of the Company since Jul. 2011.

Mr. Chen Xiaohai: section of the Directors.

Mr. Liu Xuequan: Male, born in 1964, graduated from Hubei College of Finance and Economics in 1985 infrastructure finance and credit bachelor's degree in economics. Served as senior manager of China Everbright Bank Shenzhen Branch Risk Management Department; China Everbright Bank Shenzhen Branch Hongli Road Branch Vice President; China Everbright Bank Shenzhen Branch Longhua Branch Vice President. Deputy General Manager of the Company since September 2010, is responsible for corporate finance, auditing matters, served as Vice Chairman of Financial Development Corporation.

Mr. Tang Junqi: Male, born in 1954, British Chinese, graduated from Hong Kong Polytechnic. Worked Cheung Kong, Hutchison Whampoa, Kerry and Taubman TCBL and other famous enterprises, since the 1970s that is involved in commercial real estate investment, planning, marketing and overall operations; familiar with the mainland market in the domestic more than one district second-tier cities for domestic developers to provide solutions for commercial projects. Nearly five years of work experience: 2010 - 2012 September, Taubman TCBL, Shenzhen Branch Manager, Investment Director; 2004 -2009, executive director Kerry Marketing Development Company Managing Director and MEGA B0X and general manager. Deputy General Manager of the company with effect from October 23, 2012.

Mr. Xu Xiaoyun: Male, born in 1965, graduated from South China University of Technology, a master's degree in business administration. 1996 qualified as a certified public accountant. April 2005 to March 2006, working in the South China International Industrial Materials City (Shenzhen) Co., Ltd., Shenzhen, Wong Ting joined Real Estate Group in April 2006, served as general manager of Group Audit, General Manager of Planning and Finance Department, Qinzhou Deputy General Manager Waddy real estate development company. 2009 Shenzhen International Enterprise Co., Ltd. joined the Planning and Finance Department, Chief Financial Officer of the Company since September 2010, he served as director of Financial Development Corporation, in charge of BCCI property companies.

Mr. Cao Jian: Male, born in 1981, graduated from Guangdong University of Finance professional master's degree in economics in June 2007 joined Shenzhen International Enterprise Co., Ltd., the company worked in the investment management department. Since April 2008 as company secretary of the Board, has served as general manager of the BCCI forestry companies. Currently the company is mainly responsible for investment operations, securities and other legal matters.

Post-holding in shareholders' units

√Applicable □Inapplicable

Name of the person holding any post in shareholder's unit	Name of shareholder's unit	Position in shareholder's unit	Beginning date of office term	Ending date of office term	Receives payment from shareholder's unit?
Zheng Kanghao	Multi Profit Asia Pacific Investment Ltd.	Director	2 Aug. 2010		No
Zhang Jianmin	Shenzhen Special Economic Zone Development (Group) Co., Ltd.	General Manager	1 Jan. 1997		Yes
Zeng	Shenzhen Wongtee Real Estate Investment	General	1 Feb. 2012		Yes

Yongming	Co., Ltd.	Manager			
Zhang Xinliang	Shenzhen Special Economic Zone Development (Group) Co., Ltd.	Minister of Audit Supervision Department	2 Jun. 2008		Yes

Post-holding in other units

√Applicable □Inapplicable

Name of the person holding any post in other unit	Name of other unit	Position in other unit	Beginning date of office term	Ending date of office term	Receives payment from other unit?
Zheng Kanghao	Shenzhen Wongtee Group Corporation Ltd.	Chairman of the Board and president	8 Aug. 2005		Yes
Zheng Kanghao	Shenzhen Wongtee Real Estate Development Co., Ltd.	Executive director and president	9 Aug. 2004		Yes
Chen Yong	Shenzhen Wongtee Group Corporation Ltd.	Vice president	6 Jun. 2007		Yes
Zeng Yongming	Shenzhen Wongtee Golf Management Co., Ltd.	General Manager	1 Aug. 2012		Yes
Liu Xiaohong	Shenzhen Wongtee Hotel Company	Executive director	3 Feb. 2012		Yes
Liu Xiaohong	WONGTEE V Hotel Shenzhen	Executive director	3 Feb. 2012		Yes
Sun Changxing	University of Science and Technology of China	Vice professor, director of teaching and research of law, master's tutor	18 Aug. 1996		Yes
Sun Changxing	Anhui Zhongding Sealing Parts Co., Ltd.	Independent director	16 Dec. 2007		Yes
Sun Changxing	ANHUI JINHE INDUSTRIAL CO., LTD.	Independent director	28 Jun. 2010		Yes
Xiong Chuxiong	Shenzhen University	Accounting Professor	1 Aug. 1992		Yes
Xiong Chuxiong	Hytera Communications Co., Ltd.	Independent director	1 May 2010		Yes

Xiong Chuxiong	Sinopharm Accord Pharmaceutical Co., Ltd.	Independent director	1 May 2010		Yes
Xiong Chuxiong	Independent Director of Zhongjin Lingnan Nonfemet Co., Ltd.	Independent director	1 Sep. 2009		Yes

III. Remuneration for directors, supervisors and senior management staffs

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

Decision-making procedure for the remuneration of directors, supervisors and senior management staffs	According to regulations of the Articles of Association, remuneration of directors, supervisors was defined by shareholders' general meeting; remuneration of senior management staffs was defined by the Board of Directors. Senior management staffs hold posts in the Company all withdraw remuneration from the Company.
Basis for determining the remuneration of directors, supervisors and senior management staffs	In accordance with Remuneration System of Directors, Supervisors and Senior management staffs, the Company undertook an appraisal system of "remuneration is link up with work performance" to senior management. The Remuneration and Appraisal Committee under the Board of the Company conducted appraisal to work performance of senior management, and decided remuneration with a basis on the appraisal result.
Actual payment of the remuneration of directors, supervisors and senior management staffs	Payment of the remuneration is paid by stage with accordance of Remuneration Management System and Performance Appraisal System of the Company.

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

Unit: RMB Ten Thousand Yuan

Name	Office title	Sex	Age	Tenure status	Total remuneration gained from the Company	Total remuneration gained from shareholder's unit	Actual remuneration gained at the period-end
Zheng Kanghao	Chairman of the Board	Male	38	Current	72.4	-	72.4
Chen Xiaohai	Director	Male	46	Current	145.83	-	145.83
Zhang Jianmin	Director	Male	55	Current	0	-	0
Chen Yong	Director	Male	51	Current	3	-	3
Deng Weijie	Director	Male	45	Former	3	-	3
Zeng Yongjming	Director	Male	48	Current	0	-	0
Zhao Lijin	Independent director	Male	75	Former	8	-	8

Xie Ruxuan	Independent director	Male	74	Current	8	-	8
Sun Changxing	Independent director	Male	62	Current	8	-	8
Xiong Chuxiong	Independent director	Male	59	Current	0	-	0
Liu Xiaohong	Supervisor	Female	38	Current	2	-	2
Zhang Xinliang	Supervisor	Male	44	Current	0	-	0
Zhou Lijiao	Supervisor	Female	44	Current	59.15	-	59.15
Liu Xuequan	Deputy GM	Male	50	Current	118.08	-	118.08
Tang Junqi	Deputy GM	Male	60	Current	155.69	-	155.69
Xu Xiaoyun	CFO	Male	49	Current	94.56	-	94.56
Cao Jian	Secretary to the Board	Male	34	Current	76.48	-	76.48
Total	--	--	--	--	754.19	-	754.19

Particulars about the equity incentives awarded for the directors, supervisors and senior management staffs of the Company during the reporting period

□Applicable √Inapplicable

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

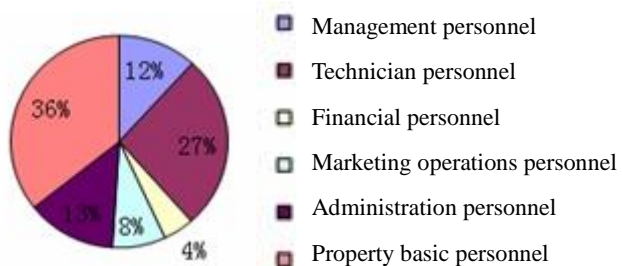
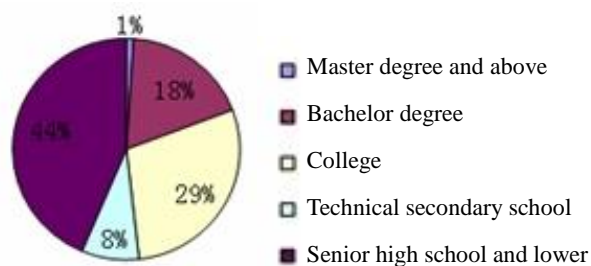
Name	Position	Type	Date	Reason
Zhao Lijin	Director independent	Left the post of expiration	22 Sep. 2013	Left the post of expiration
Deng Weijie	Director	Left the post of expiration	22 Sep. 2013	Left the post of expiration

V. About employees

As of 31 Dec. 2013, the Company has 390 staffs in total, with the professional structure and educational level as follows:

Category of staff	Number	Proportion	Category of staff	Number	Proportion
Management personnel	46	11.79%	Master degree and above	4	1.03%
Technicians	104	26.67%	Bachelor degree	71	18.21%
Financial personnel	18	4.62%	College	113	28.97%
Administration personnel	52	13.33%	Technical secondary school	32	8.21%

Marketing personnel	31	7.95%	Senior high school and lower	170	43.59%
Property basic personnel	139	35.64%			
Total	390	100.00%	Total	390	100.00%

Professional Structure**Educational Level**

Notes:

1. Management personnel refer to personnel takes posts of vice GM of Dept. or above;
2. Technicians refer to personnel of engineer, design, cost, audit, IT, law, labor, securities or drivers etc.
3. Property basic personnel refer to security personnel and cleaners, etc.

Section VIII. Corporate Governance

I. Basic information of corporate governance

The Company, strictly in accordance with requirements of laws and regulations, such as Company Law, Securities Act, Code of Corporate Governance for Listed Companies, as well as Listing Rules for Stocks and Index for Standard Operation of Main-board Listed Companies and the requirements of the normative documents issued by Shenzhen Stock Exchange, constantly improve the standard operation level of the Company, perfect the corporate governance structure and set the as well as perfect the intra control management system of the Company.

During the reporting period, the Company continued to earnestly carry out the spirit of special corporate governance activities transmitted by CSRC and Shenzhen Stock Exchange and standardize corporate operation. The Company took an active part in the special meetings such as Prevention Conference of Shenzhen Listed Companies Insider Transactions held by Shenzhen Securities Regulatory Commission, Regulatory Work and Experience Exchange Meeting of Shenzhen Listed Companies of 2013 and the Activity of the Starting of Interactive platform for investor relations and Online Collective Reception Day of Shenzhen Listed Companies, and took active part in the various training activities organized by Shenzhen Stock Exchange; according to the relevant supervision requirements of Basic Standards of Company Internal Control and combined with the actual situation, the Company supplement to formulate ten internal management systems such as the Anti-fraud and Reporting Management System and Internal control monitoring system during the reporting period and revised the Articles of Association.

In the reporting period, the Shareholders' General Meeting, the Board, and the Supervisory Committee of the Company could all conduct standard operation in line with rules of related laws and regulations, and all directors and supervisors could earnestly perform their duty with sense of diligence and responsibility. As at the end of the reporting period, there's no problem about horizontal competition or related transactions caused by partial mechanism transformation, industry feature, state policy, or purchase and acquisition.

Corporate governance of the Company accords with requirements of normative documents related to corporate governance of listed companies issued by CSRC, and establishes corporate governance structure in line with management requirements for modern enterprises. The Company will, according to requirements of laws and administrative regulations, further standard the Company's operation, constantly improve corporate governance, and make efforts to realize maximum profits, so that the interests of shareholders and the Company can be protected.

Whether there's difference between corporate governance implemented by the Company and the one required by Company Law and related CSRC rules

☐ Yes ☒ No

There's no difference between corporate governance implemented by the Company and the one required by Company Law and related CSRC rules

Conduction of special activities of corporate governance, as well as formulation and implementation of registration and management system for internal information insiders

According to the requirements of Provision on the Establish of Internal Information Insiders Registration Management System by CSRC (CSRC Announcement [2011] No. 30) and the Notice on Requiring Listed Companies to Further Improve the Prevention and Control of Insider Transactions by Shenzhen Securities Regulatory Commission, the Company well completed the prevention and control work of insider transactions and revised the Registration System of Internal Information Insiders.

During the reporting period, the Company strictly execute the Registration System of Internal Information Insiders, well completed the registration and filing work of the internal information insiders; organized the Directors, Supervisors, Senior Executives and

relevant personnel of the Company's finance, investment who could get in touch with the internal information to study relevant laws, regulations and documents, so thus to improve the prevention and control consciousness as well as to keep away from internal information. During the reporting period, there was neither situation of the internal information insiders took use of the internal information for selling or purchasing the equities before the disclosure of the significant sensitive information which influencing the share price of the Company nor situation of being investigated and rectified by the supervision department.

II. Particulars about annual shareholders' general meeting and special shareholders' general meeting held during the reporting period

1. Particulars about annual shareholders' general meeting held during the reporting period

Session	Convening date	Name of proposal	Resolution	Disclosure date	Disclosure index
2012 Annual Shareholders' General Meeting of Shenzhen International Enterprise Co., Ltd.	28 Jun. 2013	1. Work Report of the Board of Director in 2012, 2. Work Report of the Board of Supervisor in 2012, 3. 2012 Annual Report and Its Abstract, 4. Report of the Audited Financial Report for 2012, 5. Report of the Financial Statements for 2012, 6. Proposal on 2011 Annual Profits Distribution Pre-plan , 7. Proposal on Continued to Recruit the Financial and Internal Control Institutions of the Company	All the proposals were reviewed and approved at the session.	29 Jun. 2013	Announcement No: 2013-19; Name of Announcement: Announcement on Resolutions Made at the 2012 Annual Shareholders' General Meeting of *STGS; Disclosure website: http://www.cninfo.com.cn/

2. Particulars about special shareholders' general meeting held during the reporting period

Session	Convening date	Name of proposal	Resolution	Disclosure date	Disclosure index
The First Special Shareholders' General Meeting for 2013 of Shenzhen International Enterprise Co., Ltd.	23 Sep. 2013	1. Director Candidate—Mr. Zheng Kanghao, 2. Director Candidate—Mr. Zhang Jianmin, 3. Director Candidate—Mr. Chen Yong, 4. Director Candidate—Mr. Zeng Yongming, 5. Independent Director Candidate—Mr. Xie Ruxuan, 6. Independent Director Candidate—Mr. Sun Changxing, 7 Independent Director Candidate—Mr. Xiong Chuxiong, 8. Supervisor	All the proposals were reviewed and approved at the session.	24 Sep. 2013	Announcement No: 2013-39; Name of Announcement: Announcement on Resolutions Made at First Special Shareholders' General Meeting for 2013 of SGS; Disclosure website: http://www.cninfo.com.cn .

		Candidate—Ms. Liu Xiaohong 9. Supervisor Candidate—Mr. Zhang Xinliang.			
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III. Performance of the Independent Directors during the Reporting Period

1. Particulars about the independent directors attending the board sessions and the shareholders' general meetings

Particulars about the independent directors attending the board sessions						
Name of independent directors	Due presence (times)	Presence in person (times)	Presence by telecommunication (times)	Entrusted presence (times)	Absence (times)	Failing to present in person for two consecutive sessions or not
Zhao Lijin	8	2	6	0	0	No
Xie Ruxuan	11	4	7	0	0	No
Sun Changxing	11	3	7	1	0	No
Xiong Chuxiong	3	2	1	0	0	No
Presence of independent directors in shareholders' general meeting		2				

Explanation on failing to present in person for two consecutive sessions:

N/A

2. Particulars about independent directors propose objection on relevant events

Whether independent directors propose objection on relevant events or not?

☐ Yes ☒ No

The independent directors didn't propose objection on relevant events during the reporting period.

3. Other explanation on performance of independent directors

Whether the advices of independent directors for the Company were adopted or not?

☒ Yes ☐ No

Explanation on the advices of independent directors for the Company being adopted or not adopted

Inapplicable

IV. Performance of the Special Committees under the Board during the reporting period

According to related rules of CSRC and Implementation Details of Professional Committees under the Board, there're four special committees set under the Board, which are the Development and Strategy Committee, Audit Committee, Nomination Committee, and Remuneration and Assessment Committee. Independent directors respectively take the positions of people in charge of Audit Committee, Nomination Committee, and Remuneration and Assessment Committee. In the reporting period, all special committees

seriously performed their duties according to Code of Corporate Governance for Listed Companies, Articles of Association, Rules of Procedure of the Board Meeting, as well as implementation details regulated by each special committee.

1. Performance of Audit Committee

In the reporting period, the Audit Committee seriously performed its duty mainly on guiding audit related work of Y2012. In Mar. 2013, before the entrance of audit agency, the Audit Committee reviewed and discussed with CPAs for the Company's annual audit about time, schedule, preliminary scheme, and formed preliminary opinion. The Audit Committee reviewed financial statements of the Company before the entrance of annual audit CPAs; and paid close attention the progress of audit work after audit agency entered the field, and supervised and pushed audit work to meet schedule. After audit agency issued preliminary opinion, the Audit Committee communicated with related person in charge of the annual audit CPA firm again. After hearing opinion on annual report review from audit agency, the Audit Committee audited the already-audited financial reports of the Company again, formed opinion, and agreed on taking those financial figures as the basis database to prepare Y2012 Annual Report and Summary of the Company. After accomplishing Y2012 audit, the Audit Committee objectively assessed the work of CPA firm in charge of annual audit, and prepared the Summary Report from Audit Committee for Y2011 Annual Audit Work Conducted by CPA firm.

In Jun. 2013, the Company planed to continue to recruit the BDO China Shu Lun Pan CPAs as the Y2013 financial audit institutions, after approved by the carefully review of the Audit Committee of the Board of Directors, agreed to continued to recruit and submit the Board of Director of the Proposal on Continue Recruitment. In Dec. 2013, the Audit Committee checked and approved the Audit Report of the Internal Audit Situation of the Company that submitted by the audit department, which put forward the rectify advice of the report and realized the continuous enhancement of the economic benefits and management level.

In the reporting period, with the guidance of Audit Committee under the Board, the audit department of the Company strengthened supervision on internal control construction, organized and accomplished self-assessment of Y2012 internal control work, and prepared corresponding self-assessment report for internal control, which had been publicly disclosed after being reviewed and approved by the Board.

As at the announcement date of Y2013 annual report, the Audit Committee had seriously fulfilled related duties for Y2013 annual report audit work according to related requirements.

2. Duty performance of the Remuneration & Appraisal Committee under the Board

The Remuneration and Appraisal Committee carefully examined the remuneration of the Directors, Supervisors and Senior Management Staffs of the Company disclosed in the 2013 Annual Report, and expressed the following opinions: the decision-making procedure for the remuneration of the Directors, Supervisors and Senior Management Staffs of the Company was in accordance with relevant stipulations; the remuneration standards of the Directors, Supervisors and Senior Management Staffs of the Company was in line with the stipulation of remuneration system; the remuneration situation disclosed in the 2013 Annual Report was authentic and accurate.

3. Duty performance of the Strategy Committee under the Board

The Development & Strategy Committee of the Board of Directors of the Company consists of five directors, including three independent directors, and the Chairman of the Board is the principal. During the reporting period, the committee actively performed its duties, such as discussed on significant events of the Company, and under its guidance, the investment department of the Company actively carried out demonstration research on significant investment, acquisition projects and other terms, so as to provide the basis of decision-making for the committee. Under the complex and changeable situation of the real estate market at current, the Company continues to deeply make research on the development trend of commercial property and the future planning of the Company as well as other strategic problems.

4. Duty performance of the Nominations Committee under the Board

The Nominations Committee of the Board of Directors of the Company consists of five directors, including three independent directors, with the independent director--Xie Ruxuan acts as principal. During the reporting period, for smoothly realize the qualitative and quantitative as well as the transition of the Board of Directors, the Nominations Committee executed strictly

investigation of the director candidates through selecting the internal and external talents and other channels for widely searching for the candidates, and definitely and independently declared the advice and submitted to the Board of Directors for deliberation.

V. Performance of the Supervisory Committee

Whether the Supervisory Committee finds the Company existing risks or not in the supervisory activities during the reporting period?

☐ Yes ☒ No

The Supervisory Committee has no objection on the supervised events during the reporting period

VI. Particulars about the Company's "five-separation" from the controlling shareholder in respect of business, personnel, assets, organization and financing

1. In respect of personnel, the Company is absolutely independent in management of labor, personnel and salaries; senior management staffs of the Company including General Manager, Deputy General Manager, Financial Principal and secretary of the Board never concurrently take specific managerial position or draw payment from shareholder companies.
2. In respect of assets, the Company has clear property right of assets, and no assets occupied by principal shareholders or related parties.
3. In respect of financing, the Company has established independent financial department, established independent accounting system and financial management system according to relevant systems, opened independent bank account and paid taxes independently.
4. In respect of organization, the Board of Directors, the Supervisory Committee and other internal organizations have been functioning independently. The principal shareholder and its subsidiary organizations have neither assigned operating plan nor order to the Company or the Company's subsidiaries, nor impacted the independency of the Company's management and administration in other ways.
5. In respect of business, the Company has independent purchase and sales system as well as independent and complete business and management capabilities.

VII. Appraisal & incentive mechanism for senior management staffs

The appraisal mechanism for senior management staffs of the company is closely linked with work performance according to the regulations of the Directors, Supervisors and Senior Executives Salary System of the Company. Remuneration and Appraisal Committee under the Board conducted performance appraisal on work performance of senior management staffs. For the beginning of each year, the Board of Directors shall define annual performance goal for senior management staffs based on operation appraisal index such as annual operation goal of the Company. As to the end of a year, the Board of Directors and Remuneration and Appraisal Committee shall appraise the work performance of senior management staffs according to the annual performance index defined at the year-begin, and then defined remuneration of each senior executive.

In order to fully bring enthusiasm and creativity of senior management staffs into play, the Company further perfected incentive and disciplinary mechanism, as well as performance appraisal mechanism of directors, supervisors, and senior management staffs in accordance with actual situation of the Company.

Section IX. Internal Control

I. Construction of internal control of the Company

According to the laws and regulations of the Basic Standards of Company Internal Control and supporting index (hereinafter referred as Internal Control Standards) and the General Office of the Ministry of Finance CHB [2012] No. 30 Document of Notice on Normative System of Main-board Listed Companies Classification Batches Implementation of Internal Control and relevant requirements of Shenzhen Securities Regulatory Bureau, the Company positively carried out the establishment work of the internal control system, and had executed the following jobs in 2013 for further improving the internal control system. Firstly, on the basis of establishment of the previous internal control system, in accordance with change of actual status of the Company, as well as the problems found in execution of internal control process and systems, the Company revised and perfected related systems and processes, optimized authorized review process, and accomplished the establishment of internal control system; Secondly, Wongtee Plaza had been put into operation, and the Company mainly did the combing, revise and the perfection of the procedure of the internal management system of the commercial companies and primarily established commercial internal management system. And in 2014, the Company will according to the new business situation to further perfect the commercial internal system, to prevent risks as well as to enhance the efficiency; Thirdly, under the guidance of the Audit Committee under the Board, Audit department of the Company accounted for concrete organization and implementation of internal control assessment, assessed on the effectiveness of internal, issued self-assessment report for internal control, and supervised and pushed forward transformation and correction for internal control defects. In the reporting period, the self-assessment on internal control of Y2012 was accomplished.

II. Statement of the Board of Directors on its responsibilities towards internal control

The Board of Directors of the Company and all its members commits that the Self-appraisal Report on Internal Control does not contain any false or misleading statements or omit any material facts, and ensures the authenticity, accuracy and completeness of the report. It is a responsibility of the Board of Directors to establish, to perfect and to carry out internal control, a responsibility of the Supervisory Committee to conduct supervision to the establishment and execution of internal control by the Board, a responsibility of the management level to in charge of gathering and leading daily operation of internal control. And the Company adheres to perfect the internal control system in accordance with the requirements of Basic Code for Enterprise Internal Control and its supporting guidelines as well as the regulatory authorities, so as to enhance its risk prevention ability and standard operation level. The goal of internal control of the Company is reasonably to assure the legality of operation, assets security, truthfulness and completeness of financial report and relevant information, promote efficiency and results of operation, advanced the achievement of development strategy of the Company. In terms of the inborn restriction of internal control, the Company can only provide reasonable guarantee to the above mentioned goals.

III. Basis on establishing the internal control for financial report

In accordance with the document requirements such as the Basic Code for Enterprise Internal Control and its supporting guidelines, and Guideline on Standard Operation of Companies Listed on the Main Board issued by Shenzhen Stock Exchange, the Company integrated its own operation situation to carry out relevant work on construction of internal control and actively implement the routine & special supervision on the implementation of internal control, and it has basically built up the internal control system relevant to the financial report.

IV. Self-appraisal report on internal control

Particulars about significant defects of internal control found during the reporting period in the Self-appraisal Report on Internal Control	
No significant defects of internal control were found during the reporting period.	
Disclosure date of the Self-appraisal Report on Internal Control	15 Mar. 2014
Disclosure index of the Self-appraisal Report on Internal Control	The Self-appraisal Report on Internal Control for 2013 was disclosed on www.cninfo.com.cn .

V. Establishment and execution of rules of accountability for significant mistakes in annual report information disclosure

Aiming at a further perfected corporate governance of the Company, and promotion of disclosure quality and transparency of annual report information, the Company drew up Rules of Accountability for Significant Mistakes in Annual Report Disclosure in Mar. 2010, which was approved at the board session and cleared-out the confirmation of responsibility and investigation of the significant mistakes in annual report information disclosure. The Company strictly executed according to the system and there was situation of significant mistakes in annual report information disclosure during the reporting period.

Section X. Financial Report

I. Audit report

Type of audit opinions	Standard unqualified opinions
Name of audit institution	BDO China Shu Lun Pan CPAs (LLP)
Reference number of audit report	XKSBZ [2014] No. 310102
Name of CPA	Hu Chunyuan, Wu Yanghua

Auditor's Report

XKSBZ [2014] No. 310102

To the shareholders of Shenzhen International Enterprise Co., Ltd.:

We have audited the accompanying financial statements of Shenzhen International Enterprise Co., Ltd. (hereafter referred to as "the Company"), which comprise the consolidated and company's balance sheets as at 31 Dec. 2013, and the consolidated and company's income statements, the consolidated and company's cash flow statements and the consolidated and company's statements of changes in owners' equity for the year then ended and notes to these financial statements.

I. Management's Responsibility for the Financial Statements

The management is responsible for the preparation and fair statement of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with the Accounting Standards for Business Enterprises so as to ensure its fair reflection; (2) designing, implementing and maintaining necessary internal control to ensure that the financial statements are free from material misstatement, whether due to fraud or error;

II. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the China Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Audit opinion

In our opinion, the accompanying consolidated and the company's financial statements present fairly, in all material respects, the financial position and company as of 31 Dec. 2013, and of their financial performance and their cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

BDO China Shu Lun Pan CPAs (LLP) CPA: Hu Chunyuan

CPA: Wu Yanghua

China Shanghai

13 Mar. 2014

II. Financial statements

Unit of statements in financial notes is: RMB Yuan

1. Consolidated balance sheet

Name of enterprise: Shenzhen International Enterprise Co., Ltd.

Unit: RMB Yuan

Assets	Closing balance	Opening balance
Current assets:		
Monetary funds	9,357,753.34	8,984,230.37
Settlement reserve		
Lending to bank and other financial institutions		
Transactional financial assets		
Notes receivable		
Accounts receivable	2,291,658.84	324,962.37
Accounts paid in advance	714,670.23	21,980,809.00
Premiums receivable		
Reinsurance accounts receivable		
Provision of cession receivable		
Interests receivable		
Dividend receivable		
Other receivables	12,022,195.79	34,101,722.17
Purchase of resale financial assets		
inventories	43,338,585.36	1,864,814,808.18
Non-current assets due within a year		

Other current assets		1,800,000.00
Total current assets	67,724,863.56	1,932,006,532.09
Non-current assets:		
Offering entrusted financing and advances		
Available for sale financial assets		
Hold to maturity investment		
Long-term receivables		
Long-term equity investment		
Investing property	7,652,624,300.00	6,238,300.00
Fixed assets	61,787,209.01	65,262,255.13
Constructions in progress	1,742,560.00	
Engineering materials		
Disposal of fixed assets		
Productive biological assets		
Oil and gas assets		
Intangible assets	608,765.01	565,902.15
Development expenses		
Goodwill		
Long-term deferred expenses	8,224,765.42	2,408,411.69
Deferred income tax assets		
Other non-current assets	10,571,233.00	
Total non-current assets	7,735,558,832.44	74,474,868.97
Total assets	7,803,283,696.00	2,006,481,401.06
Current liabilities:		
Short-term borrowing	1,225,000,000.00	
Loans from the central bank		
Deposits from customers and interbank		
Loans from other banks		
Transactional financial liabilities		
Notes payable		
Accounts payable	350,937,897.87	404,535,837.49

Account received in advance	5,828,277.16	4,190,788.58
Financial assets sold for repurchase		
Handling charges and commissions payable		
Employee's compensation payable	11,129,805.44	5,033,022.05
Tax payable	14,436,756.94	11,976,149.78
Interest payable	4,933,133.33	4,660,944.44
Dividend payable	5,127,701.36	5,127,701.36
Other account payable	571,826,282.57	178,598,323.40
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	93,710,000.00	8,000,000.00
Other current liabilities		
Total current liabilities	2,282,929,854.67	622,122,767.10
Non-current liabilities:		
Long-term borrowings	600,000,000.00	1,695,020,000.00
Bonds payable		
Long-term payables		
Specific payables		
Estimated liabilities	86,491,251.25	92,326,386.39
Deferred income tax liabilities	1,365,552,731.65	2,043,547.43
Other non-current liabilities		
Total non-current liabilities	2,052,043,982.90	1,789,389,933.82
Total liabilities	4,334,973,837.57	2,411,512,700.92
Owners' equity (or shareholders' equity)		
Paid-up capital (or share capital)	220,901,184.00	220,901,184.00
Capital reserves	68,488,133.00	68,488,133.00

Less: Treasury stock		
Specific reserves		
Surplus reserves	125,929,834.48	125,929,834.48
Provisions for general risks		
Retained profits	1,821,489,702.58	-499,207,247.67
Foreign exchange difference		
Total equity attributable to owners of the Company	2,236,808,854.06	-83,888,096.19
Minority interests	1,231,501,004.37	-321,143,203.67
Total owners' (or shareholders') equity	3,468,309,858.43	-405,031,299.86
Total liabilities and owners' (or shareholders') equity	7,803,283,696.00	2,006,481,401.06

Legal representative: Zheng Kanghao

Person-in-charge of the accounting work: Chen Xiaohai

Person-in-charge of accounting firm: Xu Xiaoyun

2. Balance sheet of the parent company

Name of enterprise: Shenzhen International Enterprise Co., Ltd.

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	1,199,483.66	126,929.23
Transactional financial assets		
Notes receivable		
Accounts receivable		
Accounts paid in advance		
Interest receivable		
Dividend receivable		
Other accounts receivable	85,620,482.59	139,321,765.33
Inventories		
Non-current assets due within 1 year		
Other current assets		
Total current assets	86,819,966.25	139,448,694.56
Non-current assets:		

Available-for-sale financial assets		
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investment	40,896,718.10	40,896,718.10
Investing property	4,972,400.00	4,436,432.00
Fixed assets	6,663,175.93	7,554,765.70
Construction in progress		
Engineering materials		
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	341,333.34	469,333.34
R&D expense		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets		
Total of non-current assets	52,873,627.37	53,357,249.14
Total assets	139,693,593.62	192,805,943.70
Current liabilities:		
Short-term borrowings		
Transactional financial liabilities		
Notes payable		
Accounts payable		
Accounts received in advance	50,000.00	50,000.00
Employee's compensation payable	4,308,690.42	2,003,075.48
Tax payable	11,086,303.87	10,136,380.67
Interest payable		
Dividend payable	5,127,701.36	5,127,701.36
Other accounts payable	33,790,864.47	64,688,827.29
Non-current liabilities due within 1 year		
Other current liabilities		

Total current liabilities	54,363,560.12	82,005,984.80
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Long-term payables		
Specific payables		
Estimated liabilities		21,898,728.03
Deferred income tax liabilities	1,799,954.57	1,667,869.94
Other non-current liabilities		
Total non-current liabilities	1,799,954.57	23,566,597.97
Total liabilities	56,163,514.69	105,572,582.77
Owners' equity (or shareholders' equity)		
Paid-up capital (or share capital)	220,901,184.00	220,901,184.00
Capital reserves	64,951,444.59	64,951,444.59
Less: Treasury stock		
Specific reserves		
Surplus reserves	96,841,026.39	96,841,026.39
Provision for general risks		
Retained profits	-299,163,576.05	-295,460,294.05
Foreign exchange difference		
Total owners' (or shareholders') equity	83,530,078.93	87,233,360.93
Total liabilities and owners' (or shareholders') equity	139,693,593.62	192,805,943.70

Legal representative: Zheng Kanghao

Person-in-charge of the accounting work: Chen Xiaohai

Person-in-charge of accounting firm: Xu Xiaoyun

3. Consolidated income statement

Name of enterprise: Shenzhen International Enterprise Co., Ltd.

Unit: RMB Yuan

Item	Amount of current period	Amount of last term
I. Total operating revenues	35,292,846.29	80,622,456.24
Including: Sales income	35,292,846.29	80,622,456.24

Interest income		
Premium income		
Handling charge and commission income		
II. Total operating cost	231,786,924.91	197,200,257.34
Including: Cost of sales	24,409,091.23	64,613,413.02
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	2,212,659.94	5,790,075.14
Selling expenses	17,244,229.73	19,771,616.12
Administrative expenses	70,127,543.07	49,651,810.85
Financial expenses	107,366,022.30	54,821,889.02
Asset impairment loss	10,427,378.64	2,551,453.19
Add: Gain/(loss) from change in fair value (“-” means loss)	5,458,410,339.63	597,714.00
Gain/(loss) from investment (“-” means loss)	900,000.00	100,142,378.37
Including: share of profits in associates and joint ventures		
Foreign exchange gains (“-” means loss)		
III. Business profit (“-” means loss)	5,262,816,261.01	-15,837,708.73
Add: non-operating income	5,771,927.11	7,669,054.36
Less: non-operating expense	31,737,845.61	7,408,380.16
Including: loss from non-current asset disposal		
IV. Total profit (“-” means loss)	5,236,850,342.51	-15,577,034.53
Less: Income tax expense	1,363,509,184.22	520,316.58

V. Net profit ("-" means loss)	3,873,341,158.29	-16,097,351.11
Including: Net profit achieved by combined parties before the combinations		
Attributable to owners of the Company	2,320,696,950.25	18,186,252.87
Minority shareholders' income	1,552,644,208.04	-34,283,603.98
VI. Earnings per share	--	--
(I) Basic earnings per share	10.51	0.08
(II) Diluted earnings per share	10.51	0.08
VII. Other comprehensive incomes		
VIII. Total comprehensive incomes	3,873,341,158.29	-16,097,351.11
Attributable to owners of the Company	2,320,696,950.25	18,186,252.87
Attributable to minority shareholders	1,552,644,208.04	-34,283,603.98

Legal representative: Zheng Kanghao

Person-in-charge of the accounting work: Chen Xiaohai

Person-in-charge of accounting firm: Xu Xiaoyun

4. Income statement of the Company

Name of enterprise: Shenzhen International Enterprise Co., Ltd.

Unit: RMB Yuan

Item	Amount of current period	Amount of last term
I. Total sales	53,600.00	67,600.00
Less: cost of sales	0.00	0.00
Business taxes and surcharges	1,313,960.70	1,446,995.83
Distribution expenses		
Administrative expenses	28,565,402.54	18,755,504.05
Financial costs	-23,989,593.18	-23,394,401.50
Impairment loss	-648,570.44	-986,391.47
Add: gain/(loss) from change in fair value ("-" means loss)	535,968.00	584,844.00
Gain/(loss) from investment ("-" means loss)		58,374,441.34

Including: income from investment on associates and joint ventures		
II. Business profit (“-” means loss)	-4,651,631.62	63,205,178.43
Add: non-business income	4,164,086.94	3,739,528.33
Less: non-business expense	3,083,652.69	3,525,611.14
Including: loss from non-current asset disposal		
III. Total profit (“-” means loss)	-3,571,197.37	63,419,095.62
Less: income tax expense	132,084.63	469,350.89
IV. Net profit (“-” means loss)	-3,703,282.00	62,949,744.73
V. Earnings per share	--	--
(I) Basic earnings per share	-0.02	0.28
(II) Diluted earnings per share	-0.02	0.28
VI. Other comprehensive income		
VII. Total comprehensive income	-3,703,282.00	62,949,744.73

Legal representative: Zheng Kanghao

Person-in-charge of the accounting work: Chen Xiaohai

Person-in-charge of accounting firm: Xu Xiaoyun

5. Consolidated cash flow statement

Name of enterprise: Shenzhen International Enterprise Co., Ltd.

Unit: RMB Yuan

Item	Amount of current period	Amount of last period
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	32,229,454.68	79,605,377.72
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	19,222,098.05	34,554,633.27
Subtotal of cash inflows from operating activities	51,451,552.73	114,160,010.99
Cash paid for goods and services	332,065,647.04	177,541,690.92
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	50,068,699.94	45,596,261.82
Various taxes paid	3,559,005.04	3,498,793.46
Other cash payment relating to operating activities	69,021,395.79	33,944,589.58
Subtotal of cash outflows from operating activities	454,714,747.81	260,581,335.78
Net cash flows from operating activities	-403,263,195.08	-146,421,324.79
II. Cash flows from investing activities:		
Cash received from withdrawal of		

investments		
Cash received from return on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	175.00	22,410.00
Net cash received from disposal of subsidiaries or other business units		116,768,919.51
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities	175.00	116,791,329.51
Cash paid to acquire fixed assets, intangible assets and other long-term assets	519,237.00	1,706,081.73
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	519,237.00	1,706,081.73
Net cash flows from investing activities	-519,062.00	115,085,247.78
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received from borrowings	2,473,520,000.00	1,364,300,000.00
Cash received from issuance of bonds		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing	2,473,520,000.00	1,364,300,000.00

activities		
Repayment of borrowings	1,873,760,000.00	1,171,960,000.00
Cash paid for interest expenses and distribution of dividends or profit	157,701,557.08	160,693,423.24
Including: dividends or profit paid by subsidiaries to minority shareholders		
Other cash payments relating to financing activities	37,952,078.02	11,336,478.02
Sub-total of cash outflows from financing activities	2,069,413,635.10	1,343,989,901.26
Net cash flows from financing activities	404,106,364.90	20,310,098.74
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-3,591.13	-3,000.86
V. Net increase in cash and cash equivalents	320,516.69	-11,028,979.13
Add: Opening balance of cash and cash equivalents	4,644,946.98	15,673,926.11
VI. Closing balance of cash and cash equivalents	4,965,463.67	4,644,946.98

Legal representative: Zheng Kanghao

Person-in-charge of the accounting work: Chen Xiaohai

Person-in-charge of accounting firm: Xu Xiaoyun

6. Cash flow statement of the Company

Name of enterprise: Shenzhen International Enterprise Co., Ltd.

Unit: RMB Yuan

Item	Amount of current period	Amount of last period
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	53,600.00	57,600.00
Tax refunds received		
Other cash received relating to operating activities	61,923,833.21	2,916,228.37
Subtotal of cash inflows from operating activities	61,977,433.21	2,973,828.37
Cash paid for goods and services		

Cash paid to and for employees	14,137,277.71	14,831,907.74
Various taxes paid	412,260.45	44,773.08
Other cash payment relating to operating activities	25,634,121.35	59,967,146.85
Subtotal of cash outflows from operating activities	40,183,659.51	74,843,827.67
Net cash flows from operating activities	21,793,773.70	-71,869,999.30
II. Cash flows from investing activities:		
Cash received from retraction of investments		
Cash received from return on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,120.00
Net cash received from disposal of subsidiaries or other business units		81,999,145.00
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities		82,000,265.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets	120,688.00	298,917.06
Cash paid for investment		2,700,000.00
Net cash paid to acquire subsidiaries and other business units	20,600,000.00	
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	20,720,688.00	2,998,917.06
Net cash flows from investing activities	-20,720,688.00	79,001,347.94
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Cash received from borrowings		2,800,000.00

Cash received from issuance of bonds		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities		2,800,000.00
Repayment of borrowings		9,800,000.00
Cash paid for interest expenses and distribution of dividends or profit		124,172.50
Other cash payments relating to financing activities		
Sub-total of cash outflows from financing activities		9,924,172.50
Net cash flows from financing activities		-7,124,172.50
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-531.27	24.04
V. Net increase in cash and cash equivalents	1,072,554.43	7,200.18
Add: Opening balance of cash and cash equivalents	126,929.23	119,729.05
VI. Closing balance of cash and cash equivalents	1,199,483.66	126,929.23

Legal representative: Zheng Kanghao

Person-in-charge of the accounting work: Chen Xiaohai

Person-in-charge of accounting firm: Xu Xiaoyun

7. Consolidated statement of changes in owners' equity

Name of enterprise: Shenzhen International Enterprise Co., Ltd.

2013

Unit: RMB Yuan

Item	Amount of current period									
	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	220,901,184.00	68,488,133.00			125,929,834.48		-499,207,247.67		-321,143,203.67	-405,031,299.86
Add: change of accounting policy										
Correction of errors in previous periods										
Other										
II. Balance at the beginning of the year	220,901,184.00	68,488,133.00			125,929,834.48		-499,207,247.67		-321,143,203.67	-405,031,299.86
III. Increase/ decrease of amount in the year (“-” means decrease)							2,320,696,950.25		1,552,644,208.04	3,873,341,158.29
(I) Net profit							2,320,696,950.25		1,552,644,208.04	3,873,341,158.29
(II) Other comprehensive incomes										
Subtotal of (I) and (II)							2,320,696,950.25		1,552,644,208.04	3,873,341,158.29
(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	220,901,184.00	68,488,133.00			125,929,834.48		1,821,489,702.58		1,231,501,004.37	3,468,309,858.43

2012

Unit: RMB Yuan

Item	Last year									
	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	220,901,184.00	72,315,347.06			125,929,834.48		-517,393,500.54		-289,566,364.87	-387,813,499.87
Add: retrospective adjustments due to business combinations under the same control										
Add: change of accounting policy										
Correction of errors in previous periods										
Other										
II. Balance at the beginning of the year	220,901,184.00	72,315,347.06			125,929,834.48		-517,393,500.54		-289,566,364.87	-387,813,499.87

III. Increase/ decrease of amount in the year (“-” means decrease)		-3,827,214.06					18,186,252.87		-31,576,838.80	-17,217,799.99
(I) Net profit							18,186,252.87		-34,283,603.98	-16,097,351.11
(II) Other comprehensive incomes										
Subtotal of (I) and (II)							18,186,252.87		-34,283,603.98	-16,097,351.11
(III) Capital paid in and reduced by owners		-3,827,214.06							2,706,765.18	-1,120,448.88
1. Capital paid in by owners										
2. Amounts of share-based payments recognized in owners' equity										
3. Others		-3,827,214.06							2,706,765.18	-1,120,448.88
(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	220,901,184.00	68,488,133.00			125,929,834.48		-499,207,247.67		-321,143,203.67	-405,031,299.86

Legal representative: Zheng Kanghao

Person-in-charge of the accounting work: Chen Xiaohai

Person-in-charge of accounting firm: Xu Xiaoyun

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

Name of enterprise: Shenzhen International Enterprise Co., Ltd.

2013

Unit: RMB Yuan

Item	Amount of current period							
	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	220,901,184.00	64,951,444.59			96,841,026.39		-295,460,294.05	87,233,360.93
Add: change of accounting policy								
Correction of errors in previous periods								
Other								
II. Balance at the beginning of the year	220,901,184.00	64,951,444.59			96,841,026.39		-295,460,294.05	87,233,360.93
III. Increase/ decrease of amount in the year ("-" means decrease)							-3,703,282.00	-3,703,282.00
(I) Net profit							-3,703,282.00	-3,703,282.00
(II) Other comprehensive incomes								
Subtotal of (I) and (II)							-3,703,282.00	-3,703,282.00

(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	220,901,184.00	64,951,444.59			96,841,026.39		-299,163,576.05	83,530,078.93

2012

Unit: RMB Yuan

Item	Last year							
	Paid-up	Capital	Less:	Specific	Surplus	General	Retained	Total

	capital (or share capital)	reserve	treasury stock	reserve	reserve	risk reserve	profit	owners' equity
I. Balance at the end of the previous year	220,901,18 4.00	64,951,444 .59			96,841,026 .39		-358,410,0 38.78	24,283,616 .20
Add: change of accounting policy								
Correction of errors in previous periods								
Other								
II. Balance at the beginning of the year	220,901,18 4.00	64,951,444 .59			96,841,026 .39		-358,410,0 38.78	24,283,616 .20
III. Increase/ decrease of amount in the year ("-" means decrease)							62,949,744 .73	62,949,744 .73
(I) Net profit							62,949,744 .73	62,949,744 .73
(II) Other comprehensive incomes								
Subtotal of (I) and (II)							62,949,744 .73	62,949,744 .73
(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	220,901,184.00	64,951,444.59			96,841,026.39		-295,460,294.05	87,233,360.93

Legal representative: Zheng Kanghao

Person-in-charge of the accounting work: Chen Xiaohai

Person-in-charge of accounting firm: Xu Xiaoyun

Shenzhen International Enterprise Co., Ltd.

Notes to the Financial Statements for the Year Ended December 31, 2013

(Unless otherwise stated, all amounts presented are in Renminbi(RMB))

1. Company profile

Shenzhen International Enterprise Co., Ltd. (hereafter, the Company) was incorporated in March 1993 through stock company re-organisation approved by ShenFuBanFu[1992]No.1867 issued by the People's Government of Shenzhen Municipality; 41,701,800 shares were directional issued upon the incorporation. In 1994, 41,701,800 shares were issued by the Company through a 10-to-10 bonus issue following the approval granted by the Shenzhen Securities Regulatory Office. The Company was listed on the Shenzhen Stock Exchange in 1995 by a public offering of 50,000,000 shares denominated in foreign currency (the B-share) as approved by ShenFuBanHan[1995]No.48 issued by the People's Government of Shenzhen Municipality. The Company became listed on the Shenzhen Stock Exchange in 1996 by a public offering of 20,000,000 shares denominated in RMB(the A-share) as approved by ZhengJianFaShenZi[1996]No.99 issued by the China Securities Regulatory Commission. In May 1997, 30,680,720 shares were issued by an 1-to-10 bonus issue to the existing shareholders and an 1-to-10 conversion of capital reserves to share capital on the basis of the existing shares; the bonus issue and conversion were approved by the General Meeting and ShenZhengBanFu[1997]No.38 issued by the Shenzhen Securities Regulatory Office. In May 1998, 36,816,864 shares were issued by a 2-to-10 conversion of capital reserves to share capital on the basis of the existing shares; the conversion was approved by the General Meeting and ShenZhengBanFu[1998]No.45 issued by the Shenzhen Securities Regulatory Office; Therefore the total share capital of the Company increased to 220,901,184. The Corporate Registration Certificate coded QiGuYueZongZiDi No.110114 was issued by the Shenzhen Administration for Industry and Commerce. The registered capital as per Corporate Registration Certificate (QiGuYueZongZiDi No.110114) is RMB 220,901,184.

The principal activities of the Company are property development and management, retail and forestry. The business scope include propertey leasing, property management, agricultural, sales of woods, imports and exports.

Legal representative of the Company: Kanghao Zheng

Place of registration of the Company: Futian, Shenzhen, PRC

2. Summary of significant accounting policies and estimates, and correction of errors

2.1 Bases for preparation of the financial statements

The financial statements of the Company have been prepared on the going concern basis with reference to the

actual occurrence of transactions and events and in accordance with the China Enterprise Accounting Standards (CAS) issued by the Ministry of Finance on 15th February 2006 and the significant accounting policies and estimates as following. And the China Securities Regulatory Commission, "Public Offering of Securities Company Information Disclosure Rule No. 15 - the general provisions of the Financial Reporting" (revised in 2010), the disclosure requirements of the financial statements

2.2 Declaration of Compliance with the Enterprise Accounting Standards

The financial statements of the Company have been prepared in accordance with the Enterprise Accounting Standards to present truly and completely the financial position, result of operation and cash flow and the relevant information of the Company.

2.3 Accounting year

The accounting year is from January 1 to December 31.

2.4 Presentation (functional) currency

The presentation (functional) currency of the Company is Renminbi(hereafter, RMB).

2.5 Business combination under common control and not under common control and its respective accounting treatment

2.5.1 Business combination under common control

The Company's assets and liabilities acquired in a business combination, the combination date is the carrying amount of the merging parties value measurement. Merging parties to adopt accounting policies are inconsistent with the Company, the Company in accordance with the accounting policies of the Company at the combination date adjustments recognized, based on the adjusted book value.

Acquired in the merger, the net book value of assets and the payment of the merger on the price of the book value (or the difference between the total nominal value of the shares in issue), adjust the share premium in the capital reserve, share premium in the capital reserve shortfall, the retained earnings .

The direct costs associated with the Company for the business combination, including audit fees paid for the business combination, the assessment of costs, legal fees, are included in the profit or loss as incurred.

Fee and commission the issuance of equity securities in the business combination, the tax credit equity securities premium income, premium income shortfall is offset against retained earnings.

2.5.2 Business combination not under common control

The Company in accordance with the fair value at the date of purchase on the price to pay as a business

combination of assets, liabilities incurred or assumed. The difference between the fair value and book value through profit or loss.

The Company distribute the combination costs the confirmation made acquirer fair value of the identifiable assets, liabilities and contingent liabilities at the acquisition date.

Achieved by the combination costs and the difference between the share of the fair value of the net assets of the acquiree's identifiable, is recognized as goodwill; combined cost is less than the acquirer's share of the fair value of the net assets of the acquiree's identifiable differences through profit or loss, after the reexamination.

Which are acquired in a business combination in addition to intangible assets and other assets (not only limited to the assets of the acquiree already recognized), which will lead to economic benefits are likely to flow to the company and the fair value can be reliably measured. separately recognized and measured at fair value measurement; fair value of the intangible assets can be reliably measured separately recognized as intangible assets and measured at fair value; made by the purchaser in addition to or liabilities other than the satisfaction of its liabilities, the performance of the obligations is likely to lead to outflow of economic benefits to the company and the fair value can be reliably measured separately recognized and measured at fair value; achieved purchaser or liabilities and their fair value can be reliably measured separately recognized as a liability and measured at fair value.

Deductible temporary differences, the company acquired in a business combination is the acquiree at the acquisition date does not meet the conditions for recognition of deferred tax assets not recognized. Purchase within 12 months in the future, such as obtaining a new or further information that already exists, the relevant circumstances of the purchase date is expected to be purchased at the acquisition date deductible temporary differences brought economic benefits can be achieved, and recognize the delivery deferred income tax assets, while reducing goodwill, goodwill and excess, the difference is recognized for profit or loss; addition to the above, confirm the deferred income tax assets related to the business combination through profit or loss.

Business combination not under common control, the acquirer of a business combination occurred auditing, legal services, and evaluation consulting intermediary costs and other administrative expenses, shall be included in profit or loss as incurred; purchaser as merger consideration issued equity securities or transaction costs of the debt securities, equity securities or debt securities should be included in the amount initially recognized.

2.6 Consolidated financial statements

2.6.1 Scope of consolidation

The scope of consolidation of the Company's consolidated financial statements determined based on control, all subsidiaries are included in the consolidated financial statements.

2.6.2 Consolidated processes

All the accounting policies adopted by the subsidiaries included in the consolidated financial statements of the scope of consolidation, the accounting period is consistent with the Company, the accounting policies adopted by the subsidiaries, the accounting period is inconsistent with the Company in the preparation of the consolidated financial statements, the Company accounting policy, the accounting period to make the necessary adjustments. For subsidiaries acquired through business combinations under common control, the date of acquisition to the identifiable net assets at fair value based on adjusted its financial statements. The consolidated financial statements are based on the financial statements of the Company and its subsidiaries, and other relevant information, long-term equity investments in subsidiaries in accordance with the equity method adjustments, prepared by the Company.

Eliminated in the consolidated financial statements of the Company and its subsidiaries, internal transactions between various subsidiaries of the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, statement of changes in consolidated equity.

Equity and profit(loss) of the minority interests should be presented separately under the equity of the consolidated financial statement and net profit of the consolidated income statement. If the loss laid on the minority interests supersedes their opening amount in equity, minority interests need to be written down.

(1) Increase in subsidiaries

If there is a new subsidiary through the business combination under common control, the opening amount of the consolidated balance sheet needs to be adjusted, the revenue, expenses and profits of the subsidiary in the current period should be incorporated into the consolidated income statement; the cash flow of the subsidiary in the current period should be incorporated into the consolidated cash flow statement. When consolidation not under common control occurs from multiple steps business combination, the Company should recalculate fair value of the equity held before the combination date at on the combination date, and the difference between fair value and the carrying amount would be recognized into current period investment income. If other comprehensive income exists in the equity held before the combination date, these shall be transferred into investment income at the combination date.

(2) Dispose of a subsidiary

If the Company disposed the subsidiary in the current period, the revenue, expenses and profits from opening to the disposal date are recognized into the consolidated income statement; the cash flow of the subsidiary from opening to the disposal date should be

recognized into the consolidated cash flow statement. If equity disposal is just a part of the equity owned and right of control is lost, the Company shall recalculate fair value of the remaining equity on the date of lost control. The consideration of disposal, plus the fair value of the investment, minus the net asset portion of subsidiary calculated by the proportion before disposal and the continual calculation of the subsidiary equity, the result would be charged into the investment income of the current period. The other comprehensive income relevant to the equity investment of this subsidiary should be transferred into investment income in the current period.

The Company's purchase of a minority stake in the new long-term equity investment and the difference between the calculated in accordance with the new stake should be entitled to the share of the identifiable net assets of the subsidiary corresponding to the enjoyment of the difference between the share of the net assets of the subsidiary are adjusted to share premium in the capital reserve in the consolidated balance sheet, the equity premium in the capital reserve is insufficient to dilute , adjusted to retained earnings.

On the contrary, the difference between the newly acquired long term equity investment and the identifiable net asset portion using the increased proportion, and the difference between the consideration gained by disposal part of the equity investment while not losing the right of control, and the carrying amount of these disposal part, both are charged into the capital stock premium in the capital reserves. When the premium is not enough to deduct, retained earnings shall be adjusted.

2.7 Cash and Cash equivalents

In the preparation of the statement of cash flows, the company's cash on hand and can be used to pay the deposit confirmation for cash. Will also have the short-term (due within three months of the date of purchase), the mobility that are readily convertible to known to the investment of cash, an insignificant risk of changes in value, four conditions, identified as cash equivalents.

2.8 Foreign currency transactions and conversion of financial statements in foreign currency

2.8.1 Foreign currency transactions

Transactions denominated in foreign currency are converted into RMB for accounting purpose at the spot exchange rate on the day when the transaction occurs.

The exchange differences arising from balances of foreign currency monetary items are converted at the spot exchange rate prevailing on the balance sheet date. Except those arising from specific-purpose borrowings in foreign currencies related to assets eligible for capitalization that shall be measured in accordance with principle of capitalization of the borrowing costs, other exchange differences shall be recognized in profit or loss for the current period. Foreign currency non-monetary items measured at historical costs shall still be converted at the spot exchange rates on the transaction date, of which the amounts in functional currency shall remain unchanged. Foreign currency non-monetary items measured at fair values shall still be converted at the spot exchange rates on the date when the fair values are determined, and the exchange differences arising from them shall be charged to profit or loss for the current period or capital reserves.

2.8.2 Conversion of financial statements in foreign currency

Spot exchange rate at the balance sheet assets and liabilities, using the balance sheet date; equity items except "retained earnings", other projects using the spot exchange rate at the time of occurrence. Income and expense items in the income statement, the spot exchange rate at the transaction date. Financial statements in accordance with the above translation of foreign currency translation differences, separately presented under the equity items in the balance sheet.

On disposal of a foreign operation, listed under the equity items in the balance sheet related foreign currency financial statements, and the overseas business translation differences transferred to profit or loss in the period in which the disposal occurs, since the owners' equity items; partial disposal of foreign operations, according to disposal the proportion of the disposal of part of the foreign currency financial statements translation differences transferred to profit or loss in the period in which the disposal occurs.

2.9 Financial instruments

Financial instruments comprise financial assets, financial liabilities and equity instruments.

2.9.1 Classification of financial instruments

By management in accordance with the purpose of obtaining financial assets held and assume financial liabilities, divided as follows:, including the trading of financial assets or financial liabilities at fair value through profit or loss financial assets or financial liabilities and their changes; held-to-maturity investments;

receivables; available-for-sale financial assets; other financial liabilities.

2.9.2 Recognition and measurement of financial instruments

- i) The fair value of financial assets through profit or loss (financial liabilities)
- At fair value (net of acquisition have been declared but not yet paid cash dividends or interest on bonds but unpaid interest) is recognized as the initial amount of the related transaction costs are included in the profit or loss.
- Interest or cash dividends during the holding period will be achieved recognized as investment income, and the end of the fair value through profit or loss.
- Disposal, the fair value of the initial accounted for the difference between the amount recognized as investment income, while adjusting the changes in fair values.
- ii) Held-to-maturity investments
- Acquisition at fair value (net of bonds has matured but unpaid interest) and related transaction costs, and as the amount initially recognized.
- The holding period is calculated in accordance with the amortized cost and the effective interest rate Interest income is recognized on the investment gains. The effective interest rate determined upon acquisition remains unchanged, the shorter the expected duration of the applicable period.
- Disposal, the difference between the price and the book value of investments achieved through investment income.
- iii) Receivables
- The sale of goods or rendering of services receivable claims, and the company holds other enterprises, including debt instruments quoted in an active market debt, including accounts receivable, other receivables, in order to share cargo receivable under the contract or agreement as to the amount initially recognized; financing nature and are initially recognized at their present value.
- Recovery or disposal, the difference between the proceeds received and the carrying value of the receivables through profit or loss.
- iv) Available-for-sale financial assets
- At fair value (net of acquisition have been declared but not yet paid cash dividends or interest on bonds but unpaid interest) and related transaction costs as the amount initially recognized.
- The holding period will be made in the interest or cash dividends are recognized as investment income.
- Ending at fair value and changes in fair value included in capital surplus (other capital reserve).
- Disposal, the price obtained for the difference between the carrying value of the financial assets included in investment gains and losses; same time, the original fair value directly in equity accumulated changes in the disposal of part of the amount transferred out, are included in the investment profit or loss.
- v) Other financial liabilities
- As the amount initially recognized at their fair value and transaction costs and Subsequently measured at

amortized cost.

2.9.3 The transfer of financial assets Recognition and measurement methods

If the Company has transferred nearly all of the risks and rewards relating to the ownership of the financial assets to the transferee, they shall be derecognized. If it retains nearly all of the risks and rewards relating to the ownership of the financial assets, they shall not be derecognized.

Substance over form principle is adopted to determine whether the transfer of financial assets can satisfy the criteria as described above for derecognition. The Company shall classify the transfer of financial assets into the entire transfer and the partial transfer. If the transfer of entire financial assets satisfy the criteria for derecognition, differences between the amounts of the following two items shall be recognized in profit or loss for the current period:

- i) The carrying amount of the transferred financial asset;
- ii) The aggregate consideration received from the transfer plus the cumulative amounts of the changes in the fair values originally recognized in the owners' equity (in the event that the transferred financial assets are available-for-sale financial assets).

If the partial transfer of financial assets satisfy the criteria for derecognition, the carrying amounts of the entire financial assets transferred shall be split into the derecognized and recognized parts according to their respective fair values and differences between the amounts of the following two items are charged to profit or loss for the current period:

- i) The carrying amounts of the derecognized parts;
- ii) The aggregate consideration for the derecognized parts plus the portion of the accumulative amounts of the changes in the fair values of the derecognized parts which are originally recognized in the owners' equity (in the event that the transferred financial assets are available-for-sale financial assets).

If the transfer of financial assets does not satisfy requirements for derecognition, the financial assets shall continue to be recognized, and the consideration received will be recognized as financial liabilities.

2.9.4 Financial liabilities derecognised conditions

Financial liabilities are obligations in whole or in part, has been lifted, the derecognition of the financial liability or part; the Company signed an agreement with creditors to assume new financial liabilities replace existing financial liabilities, and the new financial liabilities of the existing financial liability substantially different from the terms of the contract, the termination of the existing financial liabilities are recognized, and at the same time recognize the new financial liabilities.

To make substantive changes to the existing financial liability in whole or in part, the terms of the contract,

termination of the confirmation of the existing financial liability or a part thereof, to modify the terms of the financial liabilities is recognized as a new financial liability.

Financial liability or partially terminated, the book value of financial liabilities derecognised and pay the price (including the roll-out of non-cash assets or financial liabilities assumed) the difference between profit or loss.

The Company to repurchase part of a financial liability, in accordance continues to recognize the relative fair value of the part derecognised part of the repurchase date, the carrying value of the financial liabilities of the overall allocation. Assigned to the derecognised part of the carrying value of the consideration paid (including the roll-out of non-cash assets or financial liabilities assumed) the difference between profit and loss.

2.9.5 Method for determining the fair value of financial assets and financial liabilities

The Company uses the fair value measurement of financial assets and financial liabilities are all directly reference to market value.

2.9.6 Financial assets (excluding receivables) impairment provision

Divided by the fair value changes in financial assets through profit or loss of the Company at the balance sheet date, the carrying value of the financial assets, check if there is objective evidence that a financial asset is impaired, provision for Less the value of preparation.

i) For impairment of available-for-sale financial assets:

If the fair value of available-for-sale financial assets at the end of a serious decline, after consideration of all relevant factors, expect this downward trend is temporary, it finds that it has been impaired, originally recorded in owners the cumulative loss of the decline in the fair value of the equity shall be transferred out, the impairment loss is recognized.

Recognized an impairment loss of available-for-sale debt instruments, in a subsequent accounting period, the fair value has risen objectively confirm matters occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed, namely, the income statement.

Available-for-sale equity instrument Impairment losses shall not be reversed through profit or loss.

ii) For impairment of held-to-maturity investments:

Measurement of held-to-maturity investments, impairment losses cf receivables Impairment losses measurement approach.

2.10 Allowances for doubtful accounts

2.10.1. Allowance for individual receivable with significant amount

Individual receivable with significant amount	The balance of accounts receivable is over RMB1 million (include RMB1 million), the balance of other receivables is over RMB1 million (include RMB1 million),
Method of recognition of provision for bad debts	Receivables of individual significance are individually assessed

for receivables of individual significance	for impairment. If it is objectively evidential that a receivable of individual significance is subject to impairment, the excess of the carrying amount over the net present value of the estimated future cash flows is recognised as impairment loss and a provision for bad debts is recognised at the same amount.
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2.10.2 Credit-risk-categorised receivables

Basis for categorisation:	
Category	Basis
Categories of receivables subject to provision for bad debts by aging analysis method	Receivables not individually subject to assessment for impairment are categorised on the basis of age analysis, Provision for bad debts for each category of receivables is recognised at the actual rate of loss for the previous year of the same or similar category bearing similar credit risk characteristics after adjustment for the current year circumstances.
Method of recognition of provision for bad debts for categorised receivables:	
Category	Method of recognition
Categories of receivables subject to provision for bad debts by aging analysis method	Aging analysis method

Details for categories of receivables subject to provision for bad debts by aging analysis method:

Age	Percentage of carrying amount for recognition of provision for bad debts applicable to accounts receivable	Percentage of carrying amount for recognition of provision for bad debts applicable to other receivables
Within 1 year (include 1 year)	5%	5%
1-2 years	10%	10%
2-3 years	15%	15%
3-4 years	20%	20%
4-5 years	25%	25%
Over 5 years	30%-100%	30%-100%

2.10.3 Allowance for individual accounts receivable with a non-significant amount

Justification for individual assessment for	If it is objectively evidential that a receivable of individual
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impairment	insignificance bears differing credit risk characteristics to other receivables of individual insignificance, the receivable is subject to individual assessment for impairment.
Method of recognition of provision for bad debts for receivables of individual insignificance subject to individual assessment for impairment	The provision for bad debts for an receivable of individual insignificance subject to individual assessment for impairment is recognised as the excess of the carrying amount over the net present value of the estimated future cash flows; an impairment loss is recognised at the same amount.

2.11 Inventories

2.11.1. Inventories are classified into different categories: raw material, consumable biology assets, development products, development products for leasing and development costs, etc.

2.11.2. The Company adopts the perpetual stocktaking system.

2.11.3. Valuation methods of inventories input and output

The acquired inventory of the company to be initially measured at cost, the inventory includes costs of purchase and processing costs and other costs.

2.11.3.1. Retail merchandise is accounted for by purchase price.

2.11.3.2. All direct and indirect costs incurred in development process for real estate development enterprise are accounted for development costs, and transfer to development products when the projects are completed. Among of them:

a. Land used in development: Land is entirely transferred to work-in-process when the whole project is developed; Land is transferred partially to work-in-process when the project is developed by installment, and undeveloped land is still accounted for inventory.

b. Public facilities: Public facilities are initially accounted for as development costs by actual cost, and transferred to salable properties such as residences etc when the projects are completed. If the public facilities own their operation values and developers own the right of profit inflows from the public facilities, then those public facilities are accounted for lease development products or finished development products by individually.

The inventory output valued in weighted average cost.

2.11.4. The Company amortises consumables in full when they are issued for use.

2.11.5. Amortization method for lease development products and turnover properties: Amortize by straight-line method on predicted useful lives.

2.11.6. Impairment of inventories

The Company measures inventories at the lower of historical costs and net realisable values as at the balance sheet date. If the net realisable value is lower than the historical cost of an item of inventories as at the balance sheet date, an impairment allowance is recognised. An impairment allowance, if any, is generally individually recognised for each type of inventories except:

- a. an individual impairment allowance, if any, is recognised for the whole category of inventories of low value and large quantities; and
- b. an individual impairment allowance, if any, is recognised for a group of inventories, which are held for the production and sales of products of a single territory and for identical or similar usages or purposes, and which are indistinguishable from other types of inventories within the group.

When the circumstances that previously caused inventories to be written down below cost no longer exist, the amount of the write-down is reversed and the associated impairment allowance de-recognised and re-recognised through profit or loss for the period in which the reversal occurs.

Determination of net realisable value of inventories: The net realisable value of finished goods, products and sellable materials is measured as the residual value after deducting the estimated sales expense and related taxes and fees from the estimated selling price. The net realisable value of an item of inventories subject to further processing is measured as the residual value after deducting the sum of the estimated costs of completion, sales expense and related taxes and fees from the estimated selling price of the sellable item. The net realisable value of the quantity of inventories held to satisfy firm sales or service contracts is based on the contract price. If the sales contracts are for less than the inventory quantities held, the net realisable value of the excess is based on general selling prices.

2.12 Long-term equity investments

2.12.1 The investment cost

i) Formed by the merger of the long-term equity investment

Business combinations under common control: Company to pay cash, the transfer of non-cash assets or the assumption of debt by the issuance of equity securities as consideration for the merger, the merger date shall be the share of the book value of the owner's equity of the merging parties as a long-term equity investment The initial investment cost. The difference between the initial investment cost of long-term equity investments and the payment of the merger on price adjustment of share premium in capital reserve; equity premium in the capital reserve shortfall, adjusted to retained earnings. Direct expenses related to the merger occurred, including audit fees paid for the merger, the assessment of costs, legal service costs included in profit or loss as incurred.

Business combinations under common control: the initial investment cost of long-term equity investment company merger costs as determined in accordance with the date of purchase. The merged cost of the acquisition date, the acquirer to obtain control of the purchaser to pay the fair value of the assets, liabilities incurred or assumed, and equity securities issued by securities. Purchaser for the business combination

occurred audit, legal services, and evaluation consulting intermediary costs and other administrative expenses included in profit or loss as incurred; purchaser as merger consideration of equity securities or debt securities issued transaction costs, interest into equity securities or debt securities, the amount initially recognized. The step-by-step through multiple transactions under common control business combination to new investment costs and the book value of the purchase date of the buy side equity investment held prior to the date of purchase, as the cost of the initial investment. The Company will merge agreement or transfer of part of the price as a corporate merger consideration, included in the cost of the business combination in accordance with the fair value at the date of purchase.

ii) Otherwise acquire long-term equity investment

Long-term equity investments to the cash payment, in accordance with the actual payment of the purchase price as the initial investment cost.

As the initial investment cost of long-term equity investment made by the issuance of equity securities in accordance with the fair value of the issuance of equity securities.

Investors to invest long-term equity investment, in accordance with the value of the investment contract or agreement (net of which have been declared but not yet paid cash dividends or profits) as the cost of the initial investment, but the contract or agreement except the unfair value.

Under the premise of non-monetary assets exchange has commercial substance and swapped assets or swap out the fair value of the assets can be measured reliably, the exchange of non-monetary assets swapped in a long-term equity investment to swap out the fair value of the assets is determined based on its initial initial investment cost, unless there is conclusive evidence that the fair value of the assets is more reliable; exchange of non-monetary assets that do not meet the above premise, to the carrying value of the assets and related tax payments should be swapped out as long-term equity investment The initial investment cost.

Long-term equity investment acquired through debt restructuring, the initial investment cost in accordance with the fair value is determined based on.

2.12.2 Subsequent measurement is recognized in profit or loss

i) Subsequent measurement

Long-term equity investment company subsidiaries are accounted for using the cost method, the preparation of the consolidated financial statements, adjusted in accordance with the equity method.

Part of the investor does not have joint control or significant influence, and are not quoted in an active market, the fair value can not be reliably measured, the long-term equity investments accounted for using the cost method.

Part of the investor has joint control or significant influence of long-term equity investments accounted for using the equity method. Should be entitled to a share of the fair value of the identifiable net assets of the investment unit of the difference between the initial investment cost is greater than the investment, do not adjust the initial investment cost of long-term equity investment; initial investment cost is less than the investment should have been invested identifiable net the difference between the share of the assets at fair value through profit or loss.

Investment units in addition to the owner's equity in the net profit or loss other than the processing of other changes: For the owner's equity investment unit in addition to the net profit or loss and other changes in the same stake in the case, the company calculates the proportion should enjoy or assumed part, to adjust the carrying value of long-term equity investment, at the same time to increase or decrease the capital reserve (other capital reserve).

ii) **Recognition of gains and losses**

Under the cost method, in addition to investments at the time the actual price paid or included on the price have been declared but not yet paid cash dividends or profits, the company in accordance enjoy investee declares cash dividends or profits recognized as investment income.

Equity method, based on the net profit of the investment's book value to consider: the investment units is inconsistent with the accounting policies adopted by the Company and the accounting period, adjusted in accordance with the Company's accounting policies and accounting period of the investment units financial statements; to investment units made investment in fixed assets, the fair value of intangible assets for the basis of the provision for depreciation or amortization amount and related assets for impairment amount of the investment unit net profit; the company with associates and joint ventures appropriate adjustments to be offset by other matters of internal transactions between unrealized confirm entitlements should be borne by the investment unit of net profit or net loss.

Company shall recognize the loss of the investment units to be processed in the following order: First, reduce the carrying value of long-term equity investment. Secondly, the shortfall in the carrying value of the long-term equity investment to other substance, form the book value of the book value of the long-term interests of the investor's net investment continues to recognize the extent of the investment losses and write-downs of long-term receivables. Finally, after the above treatment, in accordance with the investment contract or agreement agreed upon enterprise still assume additional obligations, according to the obligations is expected to confirm the expected liabilities included in the current investment losses. Investment units in subsequent periods to achieve profitability, the company after apportionment, net of unrecognized losses, according to the reverse order processing, write-downs recognized in the book balance of the liability is expected to restore the other substance, form part of the investor net investment the carrying value of the long-term interests and long-term equity investment, while investment income recognized.

During the investments held by the investment unit to provide the consolidated financial statements, the change in the basis of accounting should be based on the net profit and other equity in the consolidated financial statements.

2.12.3 Determine the basis of the investment unit has joint control, significant influence

Joint control is the common control of an economic activity in accordance with the contract, exists only in the economic activity with important financial and operating decisions need to share control over the investor agreed. Invested enterprises and other parties joint control over part of the investor, the investment unit of its joint ventures.

Significant influence, which is involved in the decision-making powers of the financial and operating policies of an enterprise, but not control or joint control over those policies with other parties. Invested enterprises can exert significant influence on the invested entity, investment units of its associates.

2.12.4 Impairment test method and impairment provision

For long-term equity investments in which the investors have no significant influence or quoted prices in active market, and whose fair values cannot be reliably measured, the impairment losses shall be measured at the differences between their carrying amounts and

present values of future cash flows discounted at the prevailing market rate of return on investment of similar financial assets.

If calculation results indicate that the long-term equity investments (other than goodwill arising from business combinations) are impaired, and the recoverable amounts of which are lower than their carrying amounts, the differences are recognized as impairment losses.

Long-term equity investment impairment loss is recognized, it can not be reversed.

2.13. Investment property

Investment property is held to earn rentals or for capital appreciation or for both. Investment property includes leased or ready to transfer after capital appreciation land use rights and leased buildings. (Including self-construction or completion of the development activities for the rental buildings are under construction or in the development process for rental buildings in the future).

2.13.1 Using the fair value model for subsequent measurement of investment property

Subsequent measurement of investment property at fair value model, not its depreciation or amortization to be adjusted on the basis of their book value on the balance sheet date, the fair value of the investment property, between the fair value and the original book value. The differences are included in profit or loss.

2.13.2 Subsequent measurement of investment property under construction

Investment property under construction, if the fair value can not be reliably determined, but is expected to be reliable fair value can be sustained after the completion of the real estate acquired investment property under construction is measured at cost, its fair value can be reliably measured, or after the completion of (whichever is earlier), and re-measured at fair value.

The Company's main assets are located in the central area of Futian under construction investment real estate projects, existing rental investment properties are located in the urban districts of Guangzhou, Haikou and Shenzhen, the investment property location, have an active real estate transactions market, and be able to obtain the same or similar to the real estate market prices and other relevant information from the real estate market, so as to make scientific and reasonable estimated fair value of the investment property. The fair value of the investment property can be continuously and reliably. The subsequent measurement of investment property in line with the "Accounting Standards for Business Enterprises (2006) provides that the fair value model.

2.13.2 the conversion of the investment property

If the company has certain evidence the show the use of its investment property has been changed, which fulfills one of the requirements below, could convert the investment property into other assets or convert other assets into investment property. The after conversion value of the investment property is based on the same value before conversion.

(1) The investment property is used by the company

- (2) The investment property, which had been used as inventory were changed to be use as renting property
- (3) The building used by the company that has stopt to be used by the company and change to be rent to others.

2.14 Fixed Assets

2.14.1 Recognition

Fixed assets refers to the production of goods and services, for rental or administrative purposes, and tangible assets of the life of more than one fiscal year. Fixed assets is recognized when the following conditions are satisfied:

- i) **It is probable that the economic benefits associated with the asset will flow to the Company;**
and;
- ii) **The cost of the asset can be measured reliably.**

2.14.2 Various types of fixed assets depreciation method

Fixed assets are depreciated using the straight-line method classification provision, according to the category of fixed assets, estimated useful life and estimated residual values to determine the rate of depreciation. Depreciated fixed assets of the life of each part or provide economic benefits for businesses in different ways, different depreciation rates or methods, respectively.

Fixed assets leased under finance leases, can reasonably determine the expiration of the lease term will obtain ownership of the leased asset and depreciated over the remaining useful life of the leased asset; can not be able to obtain reasonable assurance as to the expiry of the lease period, the ownership of the leased asset, the lease term, the leased assets are depreciated over their remaining useful life, whichever is the shorter period.

Various fixed assets depreciation period and annual depreciation rates are as follows:

Types	Expected useful life(years)	Residual value percentage	Annual depreciation rate(%)
Houses and building	30	10	3
Transportation vehicles	5	10	18
Others	5	10	18

2.14.3 Fixed asset impairment testing method, impairment provision

The Company shall assess whether there is any indication that fixed assets may be impaired at the end of the period.

If there is any indication that fixed assets may be impaired, the Company shall estimate the recoverable amounts of the assets. The recoverable amounts of fixed assets are the higher of their fair values less costs to sell or the present values of the future cash flows expected to be derived from the assets.

If the recoverable amounts of fixed assets are lower than their carrying amounts, the carrying amounts of the assets shall be written down to their recoverable amounts. The writedowns are recognized as impairment losses and charged to profit or loss for the current period. Provisions for impairment loss on the assets are made accordingly.

After impairment losses are recognized, the depreciation charges for the fixed assets shall be adjusted in future periods to depreciate their revised carrying amounts (less their estimated net residual values) over their remaining useful lives on a systematic basis.

Impairment losses of fixed assets shall not be reversed in subsequent accounting periods once recognized.

If any indication suggests that a fixed asset may be impaired, the Company shall estimate the recoverable amount of the individual asset. If it is difficult to estimate the recoverable amount of the individual asset, the Company shall estimate the recoverable amount of the asset portfolio that the individual asset belongs to.

2.14.4 Finance lease fixed assets identified based on valuation methods

Fixed assets acquired under finance leases can be recognized if one of the following situations is specified in the lease agreement signed by the Company and the lessor:

- i) The leases transfer ownership of the assets to the lessee by the end of the lease terms;
- ii) The Company has the option to purchase the assets at prices which are expected to be sufficiently lower than fair values at the date the option becomes exercisable that, at the inception of the leases, it is reasonably certain that the option will be exercised;
- iii) The lease terms are for the major part of the economic lives of the assets, even if titles are

not transferred;

- iv) At the inception of the leases, the present values of the minimum lease payments amount to at least substantially all of the fair values of the leased assets.

At the inception of the leases, the Company shall recognize the leased assets at lower of their fair values or the present values of the minimum lease payments, shall recognize long-term payables at the amounts of the minimum lease payments, and shall recognize the differences between carrying amounts of the leased assets and the long-term payables as unrecognized finance charges.

2.15 Construction in progress

2.15.1 Category of construction in progress

Construction in progress is classified accounting of established projects.

2.15.2 Criteria and timing of transfer from construction in progress to fixed assets

Projects under construction by building the asset to the intended use before the occurrence of the total expenditure, as the recorded value of fixed assets. Construction in progress of the construction of fixed assets has reached the intended use, but before the completion of final accounts, since the date of the intended use and, according to the project budget, cost or actual cost, estimated value transferred to fixed assets, depreciation of fixed assets in accordance with the company's fixed assets depreciation policy provision Upon completion of final accounts, and then the actual cost to adjust the original estimated value, but does not adjust the amount of depreciation of the original provision.

2.15.3 Impairment testing method of construction in progress, the impairment provision

The Company shall assess whether there is any indication that construction in progress may be impaired at the end of the period.

If the recoverable amount of a construction in progress is lower than its carrying amount, the carrying amount of the construction in progress shall be written down to its recoverable amount. The writedown is recognized as an impairment loss and charged to profit or loss for the current period. A provision for impairment loss of the construction in progress is recognized accordingly.

Impairment loss on the construction in progress shall not be reversed in subsequent accounting periods once recognized.

2.16 Borrowing costs

2.16.1. The capitalization of borrowing costs recognition principle

Borrowing costs include interest on borrowings, discount or premium amortization, ancillary costs and exchange differences on foreign currency borrowings.

Borrowing costs incurred by the company can be directly attributable to the acquisition, construction or

production of assets eligible for capitalization should be capitalized and included in the cost of related assets; Other borrowing costs in the event of the actual amount is recognized as an expense and included in profit or loss.

Assets eligible for capitalization, is the need to go through quite a long time to the acquisition, construction or production activities in order to reach its intended use or sale of fixed assets, investment property, inventories and other assets.

Begin capitalization of borrowing costs when the following conditions are satisfied:

- i) The expenditures for the asset, asset expenditures, including the acquisition, construction or production in accordance with the conditions of capitalized assets to pay cash, the transfer of non-cash assets or bear the expenditure incurred in the form of interest-bearing debt;
- ii) Borrowing costs are being incurred;
- iii) For the asset for its intended use or sale, are necessary to the acquisition, construction or production activities has begun.

2.16.2 Capitalization period for borrowing costs

During the capitalization of borrowing costs capitalized point in time to stop capitalized point in time during suspend capitalization of borrowing costs excluding the period.

When the acquisition, construction or production of assets eligible for capitalization reaches its intended use or sale, the capitalization of borrowing costs ceases.

Some of the projects are completed and can be used alone when the acquisition, construction or production of assets eligible for capitalization, stop the part of the assets of the borrowing costs capitalized.

Completion of each part of the acquisition, construction or production of assets, but must wait until the completion of the whole can be used or can be external sales, stop the capitalization of borrowing costs in the completion of the asset as a whole.

2.16.3. Period of suspension for capitalization

Assets eligible for capitalization in the acquisition, construction or production process is interrupted abnormally and the interruption lasts for more than three months, the borrowing costs capitalization is suspended; such break the case of the acquisition, construction or production eligible for capitalization the asset for its intended use or sale of state necessary procedures, borrowing costs continue to be capitalized. Borrowing costs are recognized in profit or loss occurred during the interruption, continue to capitalized borrowing costs until the acquisition, construction or production activities resumed.

2.16.4 The method of calculation of the amount of the capitalization of borrowing costs

Funds are borrowed specifically for the acquisition, construction or production of assets eligible for capitalization, deposit interest income of the bank or investment for the temporary investment of specific borrowings Current actual borrowing costs incurred, less unused borrowing funds The income amount to determine the amount of borrowing costs capitalized.

For general borrowings for the acquisition, construction or production of assets eligible for capitalization, according to the cumulative capital expenditure over the assets of the specific borrowings simple weighted average number of spending the beginning and ending times occupied the capitalization rate of the general borrowing calculated to determine the general borrowing the amount of interest that should be capitalized. The capitalization rate is calculated based on the weighted average interest rate of the general borrowing OK.

Borrower there is any discount or premium, each accounting period should be determined in accordance with the effective interest method of amortization of discounts or premiums amount to adjust the amount of interest in each period

2.17. Biological Assets

2.17.1. The biological assets of the Company refer to the consumable forest assets.

2.17.2. The initial measurement shall be made to the biological asset at its cost. The cost of a purchased biological asset consists of the purchase price, the relevant taxes, freight, insurance premium and other expenses that may be directly attributable to the purchase of this asset. An investor shall ascertain the cost of biological asset in accordance with the value as stipulated in the investment contract or agreement, unless the fair value is stipulated in the contract or agreement. The cost of self-planting consumable forest assets consists of the necessary expenses for forestation, forest tending, forest operating facilities, testing of good species, investigation and design, indirect apportionment.

The subsequent expenses for the management and protection or for the breeding of a biological asset after closure or after the accomplishment of the expected objective of production and operation shall be included in the current profits and losses.

The Company's crown density of forest assets is 0.8.

For the consumable forest assets, when harvesting, carry down to costs by their carrying value, the month of carry down including weighted average method.

2.17.3. At the end of each year, the company examines the consumable forest assets. If any well established evidence indicates that the net realizable value of any consumable forest assets is lower than its book value as a result of natural disaster, plant diseases and insect pests, animal disease or change of market demand, the Company shall, based on the difference between the net realizable value and the book value, make provision for the loss on decline in value of or for the impairment of the biological asset and shall include it into the current profits and losses.

If the factors causing any provision for impairment of a consumable forest asset have disappeared, the write-down value shall be resumed and shall be reversed from the provision for the loss on decline in value of the consumable forest asset that has been made. The reversed amount shall be included in the current profits and losses.

2.18 Intangible assets

2.18.1 Valuation of intangible assets

- i) **Intangible assets are stated at actual cost on acquisition.**

The cost of purchased intangible assets, including the purchase price, related taxes and fees, as well as directly attributable to bringing the asset to the intended use of the other expenses. Purchase the intangible assets exceeds the normal credit conditions and deferred payment of financing nature of the cost of intangible assets to determine the basis of the current value of the purchase price.

Made the intangible assets of debtors, debt restructuring, based on the fair value of the intangible assets to determine its recorded value of debt restructuring and the book value and the fair value of intangible assets repossessed for the difference between the through profit profit and loss;

Determine its recorded value in the non-monetary assets exchange has commercial substance and the assets or swap out the fair value of the asset can be measured reliably, the exchange of non-monetary assets swapped the intangible assets to fair value of the assets surrendered based , unless there is conclusive evidence that the fair value of the assets swapped more reliable; exchange of non-monetary assets that do not meet the above premise, to the carrying value of the assets and related tax payments should be swapped out as the cost of other intangible assets are not recognized profit or loss.

The book value of the intangible assets of the combined party made to the merger of enterprises under the same control determine its recorded value; the absorption merger acquired intangible assets to determine the fair value recorded value to the enterprises under the same control.

Internally developed intangible assets, the costs include: materials consumed in the development of the intangible assets, labor costs, registration fees, other patents and licenses used in the development process, amortization and meet the conditions capitalized interest expense , as well as the intangible assets to achieve the intended use prior to the occurrence of other direct costs.

ii) **Subsequent measurement**

In the analysis and judgment of its useful life of intangible assets.

Amortized on a straight-line basis over the useful life is finite in the period of the economic benefits for the enterprise; unforeseen intangible assets bring economic benefits for the enterprise, as an indefinite useful life intangible assets are not amortized eliminated.

2.18.2 Estimated useful lives of intangible assets with limited useful lives

Item	Expected life	According
Land use rights	50 years	Contractual rights
Software	5 years	Contractual rights

The Company shall review the useful lives and amortization methods of intangible assets with limited useful lives at each year end.

The useful lives and amortization methods of intangible assets at the end of the current year is not different from previous estimates after review.

2.18.3 Indefinite life intangible assets to determine based on:

As of the balance sheet date, the company does not have an indefinite useful life intangible assets.

2.18.4 Intangible assets impairment provision

If any obvious signs of impairment, the end of the useful life of intangible assets, for impairment testing.

Indefinite useful life intangible assets are tested for impairment at the end of the period.

Impairment testing of intangible assets, estimates the recoverable amount. There are indications that the basis to estimate the recoverable amount of an intangible asset may be impaired, the individual intangible. Difficult to estimate the recoverable amount of an individual asset, assets group to the intangible asset belongs is determined based on the recoverable amount of intangible assets group.

The recoverable amount of an intangible asset's fair value less costs to net intangible assets determined by the higher expected between the present value of the future cash flows.

When the recoverable amount of the intangible asset is less than its carrying value, the carrying value of the intangible asset is written down to its recoverable amount write-down is recognized as an intangible asset impairment loss through profit or loss, while provision for the invisible impairment of assets.

Intangible assets impairment loss is recognized depletion or amortization expenses, impairment of intangible assets in future periods to be adjusted accordingly, in the remaining useful life of the intangible assets, a sharing adjusted book value of intangible assets (net of expected net The residual value).

Intangible assets impairment loss is recognized, can not be reversed in subsequent accounting periods.

2.18.5. The research division of the company's internal research and development projects and development phases of specific criteria

The expenditures of the company's internal research and development projects are divided into research expenditures and development expenditures.

Research stage: to acquire and understand new scientific or technical knowledge and ingenious plan to investigate, the stage of the research activities.

Development stages: during commercial production or use of the research findings or other knowledge to be applied to a plan or design stage to produce new or substantially improved materials, devices, products, and other activities.

2.18.6 Specific standards to meet the capitalization of development expenditures

Internal research and development expenditure of the project development phase, recognized as intangible assets when the following conditions are satisfied:

- i) completing the intangible asset so that it can use or sale is technically feasible;
- ii) with the intention to complete the intangible asset and use or sell;
- iii) The intangible asset will generate economic benefits, including the ability to prove the use of the intangible product market or the intangible asset itself, intangible assets will be used internally, to be able to prove its usefulness;
- iv) have sufficient technical and financial resources and other resources to support, in order to complete the development of the intangible assets, and the ability to use or sell the intangible asset;
- v) the expenditure attributable to the intangible asset development phase can be measured reliably.

The development expenditures, If you do not meet the conditions set out above, are included in the profit or loss as incurred. The research expenditures through profit or loss occurs.

2.19 Goodwill

Due to the goodwill of a business combination under common control, the initial cost is the cost of the combination is greater than the difference between the acquirer's share of the fair value of the net assets of the acquiree's identifiable.

Goodwill at the disposal of the related asset group or combination of asset groups will be transferred out through profit or loss.

The Company's goodwill is not amortized goodwill at least in every year the end of each year for impairment testing.

The Company tests goodwill for impairment, the carrying value of the goodwill of a business combination is, from the date of purchase by a reasonable method to allocate to the related asset group; impossible to allocate to the asset group, it is allocated to the relevant combination of asset groups. In accordance with the fair value of the asset group or asset group combination accounted for a proportion of the total fair value of the related asset group or combination of asset groups sharing the book value of goodwill is allocated to each asset group or combination of asset groups. Fair values can not be reliably measured, the proportion of the total book value of the related asset group or combination of asset groups accounted for in accordance with the book value of the asset group or combination of asset groups assessed.

Impairment test of goodwill is included in the related asset group or combination of asset groups, such as goodwill asset group or combination of asset groups is any indication of impairment exists, the first combination of goodwill is included in the asset group or asset group of impairment testing, the recoverable amount calculation, and compared with the related book value, the corresponding impairment losses. Of impairment testing, goodwill is included in the asset group or combination of asset groups compare the carrying value of the of these related asset group or combination of asset groups (including the carrying value of the goodwill allocated) to its recoverable amount, the asset group or portfolio of assets, the recoverable amount is less than its carrying value, goodwill recognized impairment loss. Goodwill impairment loss in profit or loss when incurred, and shall not be reversed in subsequent accounting periods.

2.20 Long-term deferred expenses

Long-term prepaid expenses has occurred, but by the fees of the current and future periods burden-sharing period in more than a year.

2.20.1 The amortization method

Long-term deferred expenses are amortized evenly over the periods benefited.

2.20.2 The amortization period

Office building renovation is amortized over 5 years and other is amortized over the beneficial period.

2.21 The transfer of assets with repurchase conditions

The company sells products or transfer of other assets, the sale of products or transfer of assets repurchase agreements signed with the purchaser, according to the terms of the agreement to determine whether the sale of goods to meet the revenue recognition criteria. Sale and repurchase is a financing transaction, the delivery

of products or assets, the Company does not recognize sales revenue. The repurchase price is greater than the difference between the sales price and the repurchase period schedule Accrued interest included in finance costs.

2.22 The estimated liabilities

The Company is involved in litigation, debt guarantees, loss contract restructuring matters such as these matters are likely to need future delivery of assets or the rendering of services, the amount can be reliably measured, recognized as accrued liabilities.

2.22.1 the expected liability recognition criteria

The Company recognized as accrued liabilities or matters related obligations at the same time meet the following conditions:

- i) the obligation is a present obligation of the Company;
- ii) it is probable that settlement of such an obligation will result in the economic benefit to flow out from the Company;
- iii) the amount of the obligation can be measured reliably.

2.22.2 Measurement method of estimated liabilities

The company expects the initial measurement of liabilities fulfill current obligations required spending estimates.

The company determine the best estimate, considering or matters related risks, uncertainties, and factors such as time value of money. Significant impact for the time value of money, the best estimate is determined by discounting the related future cash outflows.

The best estimate of the number of respectively the following circumstances:

The expenditure required there is a continuous range (or range), and the various results in the range is equally likely to occur, the best estimate of the value that is in accordance with the middle of the range on the lower limit of the amount determined based on the average.

Expenditure required a continuous range (or interval), or, although the existence of a continuous range, but the likelihood of various outcomes in the range is not the same as, or involves a single item, the best estimate of the number does not exist in accordance with the most the amount determined; may occur as involves several items, the best estimate of the number of all possible outcomes and associated probabilities calculated and determined.

The the company settled expected liabilities necessary expenses for all or part of the expected compensation by a third party, the amount of compensation can be definitely received as assets recognized as a separate component, to confirm the amount of compensation does not exceed the book value of expected liability

2.23 Revenue

2.23.1 Sales of merchandise revenue recognition and measurement principles

Transfer of the significant risks and rewards company has ownership of the goods to the purchaser;

neither the right to continue to manage the reservations associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably; related economic benefits are likely to flow to the enterprise; related costs that have occurred or will occur can be measured reliably confirm achieve merchandise sales income.

2.23.2. The transfer of asset recognition and measurement principles of the right to use the income

The economic benefits associated with the transaction is likely to flow to the enterprise income amount can be measured reliably. Following determine the amount of revenue transferable right to use assets:

- i) amount of interest income, the corporate currency funds used by others and the actual interest rate.
- ii) amount of royalty revenue, calculated in accordance with the contract or agreement, charging time and method to determine.

2.23.3 According to the percentage of completion method to confirm the recognition and measurement principles of labor income and revenue from construction contracts

At the balance sheet date the outcome of a transaction can be estimated reliably, revenues are recognized using the percentage-of-completion method. The stage of completion of the service transaction is determined, based on the measurement of the work completed.

Total labor income, determined in accordance with the contract or agreement is received or receivable received or receivable under the contract or agreement is not fair, except. Charged to the balance sheet date in accordance with the total labor income multiplied by the stage of completion in previous accounting periods accumulated to confirm the amount of labor income, confirm the current labor income; the same time, in accordance with the estimated total cost multiplied by the rendering of services charged to the stage of completion of the previous accounting period cumulative has confirmed that the amount of labor costs, labor costs account current.

Service transaction at the balance sheet date, the results can not be reliably estimated, respectively, with the following circumstances:

Labor costs are expected to be able to get compensation

- i) if the service costs incurred are expected to be fully recoverable, the amounts equal to the costs incurred should be recognized as revenues and the equivalent amounts of costs should be charged to profit or loss for the current period;
- ii) if the service costs incurred are not expected to be fully recoverable, revenues are not recognized and the costs incurred are recognized in profit or loss for the current period.

2.24 Government grants

2.24.1 Classification

Government grants, monetary assets and non-monetary assets of the company from the government for free. Divided into asset-related government grants and government grants related to income.

2.24.2 The accounting treatment

Associated with the acquisition of fixed assets, intangible assets and other long-term assets Government grants are recognized as deferred income installments in accordance with the construction or purchase of the useful lives of assets included in operating income;

Government grants related to income, used for compensating the related future expenses or losses achieved recognized as deferred income, included in the current operating income during the relevant expenses are recognized; related costs for compensation business has occurred or loss achieved directly included in the current operating income.

2.25 Deferred income tax assets and deferred income tax liabilities

Recognition of deferred income tax assets and future periods may be made to the deductible temporary differences taxable income limit for deductible temporary differences.

For taxable temporary differences, except in special circumstances, the deferred income tax liabilities.

Special circumstances does not recognize deferred income tax assets or deferred tax liabilities, including: initial recognition of goodwill; occur outside of the business combination affects neither the accounting profit nor taxable income (or deductible loss) other transactions or events.

When has to netting statutory rights, and intent to netting or acquire the assets and settle the liability simultaneously, the current income tax assets against current tax liabilities to offset net presentation.

When has a statutory right to offset current tax assets against current tax liabilities and the deferred income tax assets and deferred income tax liabilities relate to the same taxation authority on the same taxable entity liable to income tax or different taxable entities, but the reversal of deferred income tax assets and liabilities of each importance in the future period, the tax payer involved intent to offset current tax assets and liabilities or assets were acquired at the same time, the liability is settled, deferred income tax assets and deferred income tax liabilities to offset the net presentation.

2.26 Operating leases, finance leases

2.26.1 The accounting treatment of operating leases

- i) The company leased the assets to pay the rental fee, apportioned a straight-line basis over the entire lease period net of rent-free periods, included in the current cost. Initial direct costs paid by the company related to leasing transactions are included in the current expense.

Assets Lessor assumed lease-related costs to be borne by the company, the part of the cost of the company is deducted from the total rent, lease term included in the rent after deducting expenses incurred.

- ii) rental fee charged by the leased assets, net of rent-free periods during the lease term, a straight-line basis over the apportionment recognized as lease income. Initial direct costs paid by the company related to leasing transactions included in the current costs; larger amount, to be capitalized and amortized in profit gains confirm the same basis for the entire lease period in accordance with the lease income.

When the company took on lease-related costs should be borne by the lessee, that part of the cost of the company deducted from the gross rental income allocation over the lease term rent after deducting costs.

2.26.2 The finance lease accounting

- i) Finance lease assets: company rented start date, the fair value of the leased asset, whichever is the lower of the present value of the minimum lease payments as the recorded value of the leased asset, minimum lease payments as long-term payables recorded value, the difference as unrecognized financing costs. Using the effective interest method unrecognized financing costs, amortized over the lease period of the asset,

included in finance costs. The company initial direct costs are included in the leased asset.

- ii) Finance leased assets: the start date of the lease, the finance lease receivable and its present value of the unguaranteed residual value is recognized as unearned finance income in the period to receive future rents recognized as rental income. Company rental transaction initial direct costs are included in the initial measurement of the finance lease receivable and reduce the amount of revenue recognized in the period of the lease.

2.27 Assets held for sale

2.27.1. The recognition criteria of assets held for sale

Confirmation of non-current assets, the Company will comply with the following conditions for the assets held for sale:

- i) The company has made a resolution in respect of the Disposal of assets
- ii) The company has signed irrevocable transfer agreement with each other
- iii) The transfer of assets will be completed within one year.

2.27.2 The accounting treatment of assets held for sale

The amount of non-current assets held for sale (excluding financial assets and deferred income tax assets), the lower of book value and fair value less disposal costs are listed as other current assets. Fair value less disposal costs are less than the amount of the original book value is recognized as impairment loss.

2.28 Related parties

Party control, jointly control the other party or exercise significant influence over the other party, as well as between two or more than two parties the same party has control, joint control, as related parties. Related parties may be individuals or enterprises. Just the same by the state-controlled enterprises have no other related party relationships, does not constitute a related party of the Company.

The related parties of the Company, including but not limited to:

- 2.28.1 the parent company;
- 2.28.2 a subsidiary of the Company;
- 2.28.3 the Company's other enterprises controlled by the same parent company;
- 2.28.4 the implementation of the Company's common control investor;
- 2.28.5 the investors exert significant influence of the Company;
- 2.28.6 the Company's joint ventures, including a subsidiary of the joint venture;
- 2.28.7 the company's associates, including subsidiaries;
- 2.28.8 the Company's principal individual investors and their close family members;
- 2.28.9 of the company or its parent company, key management personnel and their close family members;

2.28.10 the Company's principal individual investors, key management personnel or their close family members controlled, jointly controlled enterprises.

2.29 Changes in significant accounting policies and accounting estimates

2.29.1 Changes in accounting policy

i) Change in accounting policy

No changes in accounting policy in the current year

2.29.2 Changes in accounting estimates

No changes in accounting estimated in the current year

3. Taxation

The major taxes and tax rates applicable to the Company are listed below:

Tax	Tax base	Tax rate
VAT	Output VATs are calculated and paid on taxable revenues at a tax rate of 17%, and VATs are paid at the net amounts after deducting input VATs for the current period	17%、13%、0% Note 1
Business tax	Revenue from sale of real estates, Leasing and Rendering of service	5%
Urban construction and maintenance tax	VAT payable, consumption tax payable and business tax payable	7%
Education surcharge	VAT payable, consumption tax payable and business tax payable	3%
Corporation income tax	Taxable Income	25%
Land VAT	Revenue from sale of real estates- amount of deductible items	According to progressive tax rates 30% - 60%

4. Business combination and consolidated financial statements

4.1. Details of Subsidiaries

4.1.1. Subsidiaries acquired through incorporation or investment

Name of subsidiary	Type of subsidiary	Place of registration	Nature of business	Registered capital	Business scope	The end of the actual capital contributions	Shareholding proportion (%)	Voting right (%)	Financial statement consolidation	Minority stockholder's interest
Shenzhen Rongfa Investment Co., Ltd. (Rongfa Investment)	Holding subsidiary	Shenzhen	Property rental business	USD5,000,000.00	Property development	35,296,718.10	60.00	60.00	Yes	1,232,018,922.12
Shenzhen International mall the chain commercial companies (Chain Business)	Wholly owned subsidiary of	Shenzhen	Merchandise retailing	10,000,000.00	Merchandise retailing	10,000,000.00	100.00	100.00	Yes	
Shenzhen International	Holding subsidiary	Shenzhen	Property management	7,000,000.00	Property management	8,050,000.00	86.00	100.00	Yes	-517,917.75

Arcade Property Management Co., Ltd. (Guoshang Property)										
Shenzhen Rongfa Business Management Limited (Rongfa Business)	Subsidiar y of holding subsidiary	Shenzhen	Merchandise retailing	8,000,000.00	Merchandise retailing	8,000,000.00	60.00	60.00	Yes	
Shenzhen Guoshanglinye Development Co., Ltd. (Guoshang Linye)	Subsidiar y of holding subsidiary	Shenzhen	Purchase and sales of timber, industry development	10,000,000.00	Purchase and sales of timber, industry development	10,000,000.00	60.00	100.00	Yes	
Wengyuan Guoshanglinha i Development Co., Ltd. (Wengyuan	Subsidiar y of holding subsidiary	Wengyuan	Development and management of forestry	7,000,000.00	Development and management of forestry	7,000,000.00	60.00	100.00	Yes	

Guoshang)										
Wuhua Guoshanglinye Development Co., Ltd. (Wuhua Guoshang)	Subsidiar y of holding subsidiary	Wuhua	Develop ment and management of forestry	10,000,000.00	Development and management of forestry	10,000,000.00	60.00	100.00	Yes	
Xingning Guoshanglinye Development Co., Ltd. (Xingning Guoshang)	Subsidiar y of holding subsidiary	Xingning	Development and management of forestry	5,000,000.00	Planting and sales of forestry	5,000,000.00	60.00	100.00	Yes	
Shenzhen Internaional Enterprise Commerce Co., Ltd.	Holding subsidiary	Shenzhen	International Commerce	5,600,000.00	International Commerce	5,320,000.00	98.75	100.00	No	

(International Commerce)*1										
Shenzhen Chunhua Pharmaceuticals United Enterprise Co., Ltd. (Chunhua Medicine)*1	Holding subsidiary	Shenzhen	Pharmaceuticals and medical equipments	3,000,000.00	Pharmaceuticals and medical equipments	2,250,000.00	75.00	75.00	No	
Shenzhen Guoshang Pharmaceuticals Co., Ltd. (Guoshang Medicine)*1	Holding subsidiary	Shenzhen	Pharmaceuticals and medical treatments	3,000,000.00	Pharmaceuticals and medical treatments	3,000,000.00	98.00	100.00	No	

Note 1: International Commerce, Chunhua Medicine, Guoshang Medicine has closed for many years and revoked the business license. Based on the rule of Shenzhen Stock Exchange

Memorandum No.5 for listed companies of 《New Accounting Standards》, We did not conclude them into consolidation financial statement.

4.2. The description of a change in scope of consolidation

4.2.1 Decrease of consolidated subsidiaries

Luoyang Rongfa Estate Co., Ltd. (hereafter ‘Rongfa Estate), has been stopt for operation for years. Rongfa Estate has been gone into liquidation voluntarily and has completed the deregistration in November 16, 2013. Therefore Rongfa Estate has no longer in the scope of consolidation.

Shenzhen Imperior Noble Co., Ltd (previously known as Shenzhen Huangjia Guizu Co., Ltd, hereafter ‘ Gangyi Dongfanghui’) was invested by Rongfa Investment and Shenzhen International Mall Co., Ltd (hereafter International Mall). On January 31, 2007, Rongfa Investment and International Mall entered into the “equity transfer agreement’ with Shenzhen Baotian Investment Development co., Ltd (hereafter Baotian Investment). Rongfa Investment and International Mall agreed to transfer their respective 85% and 10% equity in Dongfanghui Baotian Investment. Upon the transfer, Baotian Investment and Rongfa Investment each own 95% and 5% of the equity in Dongfanghui respectively. In accordance with the equity transfer agreement, Rongfa Investment was assigned a re-purchase option to purchase all 95% equity interest in Gangyi Dongfanghui from Baotian Investment after its 6 years operating period at a consideration of RMB 1million. In addition to the equity transfer agreement, Rongfa Investment and Baotian Investment entered into the “additional requirement of equity transfer agreement’ ,of which Rongfa Investment agreed to give up all its profit or future profits from its 5% equity ownership in Gangyi Dongfanghui during the 6 years operating period. Rongfa Investment would not receive the allocation of the profit from Gangyi Dongfanghui and would not bear an loss from Dongfanghui. The substance of this equity transfer was to let Baotian Investment to use Gngyi Dongfanghui’ s business qualifications and locations in the 6 years operating period. During the 6 years operating period, Rongfa Investment did not have a control on the operations and finance of Gangyi Dongfanghui, therefore, it adopted cost method for its 5% equity interest in Gangyi Dongfanghui. According to the equity transfer agreement, Rongfa Investment assumed all Gangyi Dongfanghui’ s assets and liabilities as at the date of transfer. After the equity transfer, Shenzhen Gangyi DongfanghuiCo., Ltd changed its name

to Shenzhen Imperior Noble Co., Ltd During the year ended December 31, 2013, Rongfa Investment decided to give up its option to re-purchase the equity transferred from Baotian Investment, Gangyi Dongfanghui was not included into the scope of consolidation.

Note 5. Main element of the consolidated financial statements

(Unless otherwise stated, all amounts presented are in Renminbi(RMB).)

5.1. Monetary funds

Currency	December 31, 2013			December 31, 2012		
	Original currency	Exchange rate	Presentation currency	Original currency	Exchange rate	Presentation currency
Cash in hand						
RMB			116,888.62			116,125.70
HKD	10,678.30	0.78623	8,395.60	10,678.30	0.8109	8,659.03
MYD	357.00	1.84703	659.39	357.00	2.0465	730.60
EUR				0.00	0.00	0.00
Subtotal			125,943.61			125,515.33
Demand deposits						
RMB			4,832,891.93			4,512,596.64
HKD	8,425.05	0.78623	6,624.98	8,425.05	0.8109	6,831.46
USD	0.50	6.0969	3.15	0.50	6.2855	3.14
Subtotal			4,839,520.06			4,519,431.65
Other monetary funds						
RMB			4,392,289.67			4,339,283.39
Subtotal			4,392,289.67			4,339,283.39
Total			9,357,753.34			8,984,230.37

Of which, the restricted monetary funds were as follows:

Items	December 31,2012	December 31,2011
-------	------------------	------------------

Mortgage deposit	4,392,289.67	4,339,283.39
Total	4,392,289.67	4,339,283.39

5.2. Accounts receivable

5.2.1. The aging analysis of accounts receivable

Age	December 31, 2013				December 31, 2012			
	Bookvalue		Provision for bad debts		Bookvalue		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	2,254,503.71	71.81	112,725.19	5.00	50,000.00	5.35	2,500.00	5.00
1 to 2 years								
2 to 3 years								
3 to 4 years					199,840.43	21.36	39,968.09	20.00
4 to 5 years	199,840.43	6.36	49,960.11	25.00	156,786.71	16.76	39,196.68	25.00
Over 5 years	685,560.44	21.83	685,560.44	100.00	528,773.73	56.53	528,773.73	100.00
Total	3,139,904.58	100.00	848,245.74	27.02	935,400.87	100.00	610,438.50	65.26

5.2.2. Disclosure by classification

Category	December 31, 2013				December 31, 2012			
	Bookvalue		Provision for bad debts		Bookvalue		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Receivables of individual significance								
Provision for								

bad debts on a portfolio of receivables								
Aging analysis	3,139,904.58	100	848,245.74	27.02	935,400.87	100	610,438.50	65.26
Subtotal	3,139,904.58	100	848,245.74	27.02	935,400.87	100	610,438.50	65.26
Receivables of individual insignificance subject to individual assessment for impairment								
Total	3,139,904.58	100	848,245.74	27.02	935,400.87	100.00	610,438.50	65.26

Receivables types of instructions:

Portfolio receivables aging analysis of the provision for bad debts:

Age	Decebmmer 31,2012			December 31,2011		
	Book value		Provision for bad debts	Book value		Provisionforbad debts
	Amount	Proportio n (%)		Amount	Proportion (%)	
Within1yea r	2,254,503.71	71.81	112,725.19	50,000.00	5.35	2,500.00
1to2years						
2to3years						
3to4years				199,840.43	21.36	39,968.09
4to5years	199,840.43	6.36	49,960.11	156,786.71	16.76	39,196.68
Over5years	685,560.44	21.83	685,560.44	528,773.73	56.53	528,773.73
Total	3,139,904.58	100.00	848,245.74	935,400.87	100.00	610,438.50

5.2.3 No fully accrued provision for bad debts, or large proportion of accrued provision for impairment, but reversed or received accounts receivable under current reporting period

5.2.4 Actual write-off accounts receivable situation under current reporting period

5.2.5 No shareholding companies with 5%(including 5%) voting shares at the year-end accounts receivable

5.2.6 The top five account receivables

Name of company	Relationship with the Company	Amount	Age	Of total accounts receivables%
1st	Third-party	1,433,210.91	Within 1 year	45.65
2nd	Third-party	587,715.76	Within 1 year	18.72
3rd	Third-party	144,645.14	Within 1 year	4.61
4th	Third-party	102,999.36	Over 5 years	3.28
5th	Third-party	91,431.19	Over 5 years	2.91
Total		2,360,002.36		75.17

5.2.7 No accounts receivable due from related party as at the year end.

5.3. Advances to suppliers

5.3.1. Presentation by age

Age	December 31, 2013		December 31, 2012	
	Book balance	Proportion(%)	Book balance	Proportion(%)
Within 1 year	540,011.23	75.56	7,888,600.00	35.89
1 to 2 years	133,800.00	18.72	18.72	63.92
2 to 3 years				
Over 3 years	40,859.00	5.72	42,209.00	0.19
Total	714,670.23	100.00	21,980,809.00	100.00

5.3.2. No large amount in the year end advances to suppliers

5.3.3. No shareholding companies with 5%(including 5%) voting shares at the year-end advances to suppliers

5.4. Other receivables

5.4.1. Categories of other receivables subject to provision for bad debts by aging analysis method

Age	December 31, 2013				December 31, 2012			
	Book value		Provision for bad debts		Book value		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	6,786,764.44	33.6	340,026.48	5.00	35,738,479.01	79.69	1,768,758.04	4.95
1 to 2 years	6,114,653.81	30.28	611,465.38	10.00	43,101.00	0.10	4,310.10	10.00
2 to 3 years	28,972.00	0.14	4,345.80	15.00	25,600.00	0.06	3,840.00	15.00
3 to 4 years	24,760.00	0.12	4,952.00	20.00	7,160.00	0.02	1,432.00	20.00
4 to 5 years	6,000.00	0.03	1,500.00	25.00				
Over 5 years	7,235,064.50	35.83	7,211,729.30	99.68	9,028,119.35	20.13	8,962,397.05	99.27
Total	20,196,214.75	100.00	8,174,018.96	40.47	44,842,459.36	100.00	10,740,737.19	23.95

5.4.2. Disclosure by classification

Item	December 31, 2013				December 31, 2012			
	Book value		Provision for bad debts		Book value		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Receivables of individuals	7,201,728.50	35.66	7,201,728.50	100.00	7,201,728.50	16.06	7,201,728.50	100.00

ual signific ance								
Provisi on for bad debts on a portfoli o of receiva ble								
Aging analysis	12,994,486.25	64.34	972,290.46	7.48	35,908,229.01	80.08	1,806,506.84	5.03
Subtota l	12,994,486.25	64.34	972,290.46	7.48	35,908,229.01	80.08	1,806,506.84	5.03
Receiva bles of individ ual insignif icance subject to individ ual assessm ent for impair ment					1,732,501.85	3.86	1,732,501.85	100.00
Total	20,196,214.75	100.00	8,174,018.96	40.47	44,842,459.36	100.00	10,740,737.19	23.95

Individually significant and individual provision for bad debts of other receivables

Content	Book value (CNY)	Provision for bad debts (CNY)	Proportion (%)	Provision grounds
Shenzhen-Hongkong Industry and Commerce Import and Export	7,201,728.50	7,201,728.50	100.00	Uncollection

Company				
Total	7,201,728.50	7,201,728.50	100.00	

Note 1: The balance arisen from the mutual guarantee between the Company and Shenzhen-Hongkong Industry and Commerce Import and Export Company (hereafter, SH Industry and Commerce). In 2000, Shenzhen Development Bank, ShennandongLu Branch (hereafter, the Bank) initiated litigation against the Company to the Shenzhen Intermediate People's Court (hereafter, the Count) for that the Company shall be liable for the principal of the loan lent to SH Industry and Commerce amounting to 10 million and the interests on the loan. As provided by the Count Judgement ShenZhongFaJingYiChuZiDi53Hao ((2001) issued by the Count on February 27th, 2001, the Company is liable for the principal of the loan lent to SH Industry and Commerce amounting to 10 million and the interests on the loan. On December 30th, 2002, compromise was reached between the Company and the Bank under the Count's arbitration that the Company shall repay to the Bank the principal of and the interests on the loan on behalf of SH Industry and Commerce, and that the Company is entitled to recover damage from SH Industry and Commerce.

While exercising the recovery in 2004, ownerships of the Sun House and the Land were found non-transferrable, and SH Industry and Commerce held no executable assets. As approved by the Board of Directors, 100% bad debt allowance was recognised for the recognised loss in 2004.

Full amount 17,953,448 of sales revenue (execution cost deducted) from auction of the land NO.T102-1 located in Moon Bay Avenue, Nanshan District, Shenzhen City owned by SH Industry Commerce and seizure by Shenzhen Investment Holding Corporation was assigned to Shenzhen Investment Holding Corporation by the court decision on March 17th 2011. Objection letter was submitted to the court by the Company on March 22rd 2011. Coordination meeting was held on Nov 25th 2011 by the Court, suggesting mediation to settle the case. Preliminary settlement plan was such that: 10,000,000 shall be assigned to seizer first in order; 8,000,000 remained shall be assigned among the three queuing seizers upon principal proportion; 2,651,149.33 shall be assigned to each seizer; and the settlement plan shall be effective upon written confirmation by all seizers. Application to suspend the trial of the case was submitted to the court by the Company on Dec 5th 2011.

The settlement agreement was signed by four parties on Feb 9th 2012, the company received 2,646,498.19 (execution cost deducted) court remittance, and fully bad debt provision amounting to 7,201,728.50 was accrued by the Company of the amount exceeds the initial part of settlement.

Portfolio receivables aging analysis of the provision for bad debts:

Age	December 31, 2013			December 31, 2012		
	Book value		Provision for bad debts	Book value		Provision for bad debts
	Amount	Proportion (%)		Provision	Proportion (%)	

Within 1 year	6,786,764.44	52.22	340,026.48	35,738,479.01	99.53	1,768,758.04
1 to 2 years	6,114,653.81	47.06	611,465.38	43,101.00	0.12	4,310.10
2 to 3 years	28,972.00	0.22	4,345.80	25,600.00	0.07	3,840.00
3 to 4 years	24,760.00	0.19	4,952.00	7,160.00	0.02	1,432.00
4 to 5 years	6,000.00	0.05	1,500.00			
Over 5 years	33,336.00	0.26	10,000.80	93,889.00	0.26	28,166.70
Total	12,994,486.25	100.00	972,290.46	35,908,229.01	100.00	1,806,506.84

No receivables of individual insignificance subject to individual assessment for impairment till the year end.

5.4.3 No fully accrued provision for bad debts, or large proportion of accrued provision for impairment, but reversed or received accounts receivable under current reporting period

5.4.4 Ending Individually non-significant but individual provision for bad debts of other receivables

Item	Nature of other receivable	Provision for bad debts	Provision grounds	Arised due to related party
Guangzhou Sun Star Company(广州太阳星公司)	Deposit	900,000.00	Debtor liquidated	No
Baotian Shenzhen Investment and Development Co., Ltd.	Current account	506,272.02	Unrecoverable	No
New Oriental	Deposit	236,319.83	Unrecoverable	No
Shucheng Shi	Others	75,000.00	Unrecoverable	No
Hua Heng Telecom Equipment Co., Ltd.	Deposit	14,910.00	Unrecoverable	No
Total		1,732,501.85		

5.4.5 No shareholding companies with 5%(including 5%) voting shares at the year-end other receivables

5.4.6 The top five other receivables

Name of company	Relationship with the Company	Amount	Age	of total other receivables(%)	Nature or content
Shenzhen Traffic and Transport Committee	Third-party	10,198,823.00	Within 2 years	50.5	Construction of Bus station on behalf of the government
Shenzhen-Hongkong Industry and Commerce Import and Export Company	Third-party	7,201,728.50	Over 5 years	35.66	Compensatory loan principal and interest
Shenzhen Wongtee Business Management Group Co., Ltd.	Related party	789,105.00	Within 3 years	3.91	Deposit
Shenzhen Zhongtie Holding Group Co.,Ltd.	Third-party	500,000.00	Within 1 year	2.48	Guarantee deposit
Shenzhen V-hotel Co.,Ltd	Related party	250,000.00	1-2 years	1.24	Rental deposit
Total		18,939,656.50		93.79	

5.4.7. Other receivables from related parties refer to Note 6.4.6

5.5. Inventories

5.5.1. Classification

Types	December 31, 2013			December 31, 2012		
	Cost	Impairment provision	Carrying value	Cost	Impairment provision	Carrying value

Raw materials	121,540.08		121,540.08	28,470.00		28,470.00
Forestry inventories	56,762,734.15	13,989,714.11	42,773,020.04	71,118,644.28	11,925,707.34	59,192,936.94
Development cost	6,448,481.22	6,448,481.22		1,803,799,175.27	6,448,481.22	1,797,350,694.05
Development product	444,025.24		444,025.24	8,242,707.19		8,242,707.19
Total	63,776,780.69	20,438,195.33	43,338,585.36	1,883,188,996.74	18,374,188.56	1,864,814,808.18

Forestry inventories: As at December 31, 2013, the Company owns forest land use rights for 106,976.15 acres, including 96,596.59 acres with land use rights, and 9,287.86 acres in the process of apply land use rights and the rest of 1,096.70 acres belongs to road forest without land use rights. The actual forest area is 74,623.15 acres.

The carrying value of 23,639,830.74 forestry inventories of the year end was pledged, for more information ,please refer to note 5.17.

(2)Development cost:

Item	Commence ment date	Completi on date	Expect total investme nt	December 31,2013		Decebmer 31,2012	
Second phase of Rongfu Garden				6,448,481.22		6,448,481.22	
IA MALL	January 2003	September 2013	2.193billio n			1,797,350,694.05	
Total				6,448,481.22		1,803,799,175.27	

(3) Development product:

Item	Completion date	December 31,2012	Increase	Decrease	December 31,2013	Remark

Shops of Grace Mansion owned by the Company*		7,798,681.95		7,798,681.95		No ownership certificates
Grace Mansion C-15F	December 2000	444,025.24			444,025.24	
Total		8,242,707.19		7,798,681.95	444,025.24	

*Shops of Grace Mansion owned by the Company: the decreased amount is RMB 7,798,681.97 for the whole year, including accrued impairment RMB 6,056,121.95, book value of RMB 1,742,560.00 transferred to construction in progress.

5.5.2. Impairment provision of inventories

Types	December 31, 2012	Charge for the period amount	The amount of reduction for the period		December 31, 2013
			Reversal	Write off	
Forestry inventories	11,925,707.34	4,967,665.84		2,903,659.07	13,989,714.11
Development expenditure	6,448,481.22				6,448,481.22
Development project		6,056,121.95		6,056,121.95	
Total	18,374,188.56	11,023,787.79		8,959,781.02	20,438,195.33

*

5.5.3. Situation of inventory impairment

Project	Base of accrued inventory impairment	Reason for turn back	
Forestry inventories	The carrying value is higher than the net realizable value		
Development expenditure	The carrying value is higher than the net realizable value		
*			
Development project	The carrying value is higher than the net realizable value		

*On December 31, 2011, based on the judgement result of the Second phase of Rongfu Garden was fully accrued asset impairment, for more information, please refer to note 7.1.

5.5.4. Amounts capitalized borrowing costs included in ending inventory balance

Types	December 31,2012	Increase	Decrease		December 31,2013	Capitalization rate
			Transfers in the amount of inventories	Others		
Forestry inventories	2,724,387.33	151.49		571,920.73	2,152,618.09	
Development expenditure	253,526,304.74	92,927,071.30		346,453,376.04		6.54%
Total	256,250,692.07	92,927,222.79		347,025,296.77	2,152,618.09	

5.6. Other current assets

Item	December 31, 2013	December 31, 2012
Loan auxiliary expenses		1,800,000.00
Total		1,800,000.00

5.7. Long-term equity investments

5.7.1. Long-term equity investments are classified as follows

Item	December 31, 2013	December 31, 2012
Equity investments	10,820,000.00	15,570,000.00
Less: Provision for impairment	10,820,000.00	15,570,000.00

Shenzhen International Enterprise Co., Ltd.

Fiscal 2013

Notes to the financial statements

Total		
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5.7.2.long-term equity investment

Name of investee	Accounting methods	Investment cost	December 31,2012	Changes	Including: Shares owned in other comprehensive income of associates and joint ventures	December 31,2013	Shareholding proportion(%)	Voting right(%)	Difference explanation: shares-holding percentage and voting percentage in invested company	Impairment
Shenzhen Chunhua Pharmaceuticals United Enterprise Co., Ltd. *	Cost method	2,250,000.00	2,250,000.00			2,250,000.00	75.00	75.00		2,250,000.00
Shenzhen Guoshang Pharmaceuticals Co., Ltd. *	Cost method	3,000,000.00	3,000,000.00			3,000,000.00	98.00	100.00		3,000,000.00
Shenzhen International Enterprise Trade Co., Ltd. (note1) *	Cost method	5,320,000.00	5,320,000.00			5,320,000.00	98.75	100.00		5,320,000.00
Shenzhen Royal nobility Industrial Co., Ltd. *	Cost method	5,000,000.00	5,000,000.00	-4,750,000.00		250,000.00	5.00	0.00		250,000.00
Subtotal cost method		15,570,000.00	15,570,000.00	-4,750,000.00		10,820,000.00				10,820,000.00
Total		15,570,000.00	15,570,000.00	-4,750,000.00		10,820,000.00				10,820,000.00

- Decreased in current period, for more information, please refer to note 4.2.

5.8. Investment property

5.8.1. Investment property measured at fair value method

Item	December 31,2012	Increased in year (CNY)*1			Decreased in year*2		December 31,2013
		Purchase	Transfer of owner-occupied property or inventories	Changes in fair values	Deal with	others	
1. Total cost	731,787.54		2,188,675,661.37			299,158.07	2,189,108,290.84
Houses and buildings	731,787.54		2,188,675,661.37			299,158.07	2,189,108,290.84
2.Total changes in fair value	5,506,512.46			5,458,410,339.63		400,842.93	5,463,516,009.16
Houses and building	5,506,512.46			5,458,410,339.63		400,842.93	5,463,516,009.16
3.Total book value of investment property	6,238,300.00		2,188,675,661.37	5,458,410,339.63		700,001.00	7,652,624,300.00
Houses and building	6,238,300.00		2,188,675,661.37	5,458,410,339.63		700,001.00	7,652,624,300.00

*1 Increased in current year is construction in investment property: Imperial Court Square has completed and started to use, and development costs are transferred from inventories and measured using the fair value model. Approved by the BOD of company, according to No.0089 Yinxin梓bao [2014]hu issued on 20th Jan 2014 by Yinxin asset assessment Co.,Ltd, the fair value of Imperial Court Square is RMB 7,647,651,900.00.

*2 Decreased in current year is property for sale transferred to other non-current asset, for more information, please refer to note 5.14.

5.8.2. As at December 31st 2012, no ownership certificates of investment property as follows:

Asset Name	Ending fair value	Remark
#22 Hostel, Dabeixin JieJiefangbei Lu Guangzhou	1,619,440.00	Without ownership registration
Total	1,619,440.00	

5.9. Fixed assets

5.9.1. Details of Fixed assets

Item	December 31,2012	Increase		Decrease	December 31,2013
I .Total cost:	102,963,904.38	641,680.33		572,291.09	103,033,293.62
Houses and buildings	89,078,451.24				89,078,451.24
Transportation vehicles	9,903,944.52				9,535,454.52
Electric and other equipments	3,981,508.62	641,680.33		203,801.09	4,419,387.86
		Increased in current year	Charge for the period		
II . Total accumulated depreciation	37,701,649.25		4,005,034.78	460,599.42	41,246,084.61
Houses and buildings	29,387,253.66		2,626,072.08		32,013,325.74
Transportation vehicles	6,069,116.94		936,654.13	354,743.10	6,651,027.97
Electric and other equipments	2,245,278.65		442,308.57	105,856.32	2,581,730.90
III. Total accumulated impairment loss	65,262,255.13				61,787,209.01
Houses and buildings	59,691,197.58				57,065,125.50
Transportation vehicles	3,834,827.58				2,884,426.55
Electric and other equipments	1,736,229.97				1,837,656.96
IV.Total provision for impairment					
Houses and buildings					
Transportation vehicles					

Electric and other equipments				
V. Total carrying value	65,262,255.13			61,787,209.01
Houses and buildings	59,691,197.58			57,065,125.50
Transportation vehicles	3,834,827.58			2,884,426.55
Electric and other equipments	1,736,229.97			1,837,656.96

(1) Depreciation in current year is 4,005,034.78.

(2) No fixed asset at the year end is pledged for mortgage and guarantee.

5.9.2 No Idel fixed asset as at December 31, 2013

5.9.3. The carrying amount as at December 31, 2013 of houses and buildings without ownership registration is presented below:

Name	Book value	Accumulated depreciation	Carrying value	Notes
Tsui Chuk Garden 6-C	304,800.00	128,016.00	176,784.00	Ownership belonging to parties other than parties within the scope of consolidation
Tsui Chuk Garden B2,66	474,730.00	157,847.73	316,882.27	
Total	779,530.00	285,863.73	493,666.27	

5.10. Construction in progress

Types		December 31, 2013			December 31, 2012		
		Residual Amount	Impairment	Carrying Value	Residual Amount	Impairment	Carrying Value
Gangyihaoing Garage *note	Parking	1,742,560.00		1,742,560.00			

Shenzhen International Enterprise Co., Ltd.

Fiscal 2013

Notes to the financial statements

Total	1,742,560.00	1,742,560.00
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Note: Due to the long-term unusable in design and construction problem of Gangyihaoing Parking Garage, Rongfa investment plans to renovate the parking garage, accordingly, the balance was transferred into construction in progress.

5.11. Intangible assets

5.11 Details of intangible assets

Item	December 31, 2012	Increase	Decrease	December 31, 2013
I .Total historical cost	1,044,488.00	187,500.00		1,231,988.00
(1). Software	1,044,488.00	187,500.00		1,231,988.00
II Total accumulated amortization	478,585.85	144,637.14		623,222.99
(1). Software	478,585.85	144,637.14		623,222.99
III. Total net value	565,902.15	565,902.15		608,765.01
(1). Software	565,902.15			608,765.01
IV Total accumulated impairment loss				
(1). Software				
V . Total carrying value	565,902.15			608,765.01
(1). Software	565,902.15			608,765.01

(1) Amortization of intangible assets for the year was 144,637.14.

(2) No intangible asset at the year end was pledged for mortgage and guarantee.

5.12 Long-term deferred expenses

Types	December 31, 2012	Increase	Decrease	Reclassified as intangible assets	December 31, 2013
Office building renovation	2,408,411.69		741,049.68		1,667,362.01
Loans auxiliary fees*	657,333.34	7,350,000.00	792,596.59		6,557,403.41
Total	2,408,411.69	7,350,000.00	1,533,646.27		8,224,765.42

*Loans auxiliary fees represented financial advisory fees paid for the borrowing of 700,000,000.00 from Industrial and Commerical Bank of China Limitet and is amortized evenly during the loan period, current year amortation fee is

792,596.59.

5.13. Deferred income tax assets and liabilities

5.13.1. Deferred income tax assets

(1) Unrecognized deferred income tax assets

Types	December 31, 2013	December 31, 2012
(1) Deductible temporary differences	40,280,460.03	45,295,364.25
(2) Deductible losses	725,335,908.24	588,223,972.25
Total	765,616,368.27	633,519,336.50

Because of the uncertainty in the future whether the Company generates taxable profit, the Company has not recognized any deferred tax assets in respect of the deductible temporary differences and deductible losses.

(2) Deductible losses of unrecognized deferred income tax assets will be expired in years as below:

Types	December 31, 2013	December 31, 2012	Note
2013		65,196,151.03	
2014	48,475,903.90	48,475,903.90	
2015	266,195,441.57	266,195,441.57	
2016	136,980,690.50	136,980,690.50	
2017	71,375,785.25	71,375,785.25	
2018	202,588,571.45		
Total	725,616,392.67	588,223,972.25	

5.13.2. Deferred tax liabilities

(1) Recognized deferred tax liabilities

Item	December 31, 2013	December 31, 2012
Changes in fair value of investment property	1,365,552,731.65	2,043,547.43

Total	1,365,552,731.65	2,043,547.43

(2) Taxable differences

Item	Amount
Taxable differences projects	
Changes in fair value of investment property	5,462,210,926.60
Total	5,462,210,926.60

5.14. Other non-current asset

Types	December 31, 2013	December 31, 2012
Prepaid long-term asset*	9,871,232.00	
Asset held for sale	700,001.00	
Total	10,571,233.00	

* Prepaid long-term asset is the prepaid decoration subsidy, for more information, please refer to note 8.3.

Asset held for sale:

Asset name	December 31, 2013	Note
Haikou Yihe Garden building 4 room 121、131、132	700,001.00	Land use rights not belongs to the Company
Haikou Yihe Garden building 8 room 111		
Total	700,001.00	

5.15. Impairment provisions

Item	December 31, 2012	Increase	Decrease		December 31, 2013
			Reversal	Written-off	
Provision for bad debts	11,351,175.69		596,409.14	1,732,501.85	9,022,264.70
Provision for inventories	18,374,188.56	11,023,787.79		8,959,781.02	20,438,195.33
Provision for long term investment	15,570,000.00			4,750,000.00	10,820,000.00
Total	45,295,364.25	11,023,787.79	596,409.14	15,442,282.87	40,280,460.03

5.16. Assets with restricted ownership

Item	December 31,2011	Increase	Decrease	December 31,2012
Inventry-Development expenditure*1	1,797,350,694.05	391,324,967.32	2,188,675,661.37	
Inventry- Consumptive forestry inventories *2	29,244,547.94	23,639,830.74	29,244,547.94	23,639,830.74
Investment property - houses and buildings *1	1,801,868.00	7,648,169,473.00	700,001.00	7,649,271,340.00
Fixed assets-houses and buildings *3	379,275.11		23,036.76	356,238.35
Other non-current asset*3		700,001.00		700,001.00
Other monetary funds	4,339,283.39	53,006.28		4,392,289.67
Total	1,833,115,668.49	8,063,887,278.34	2,218,643,247.07	7,678,359,699.76

*1: As of December 31, 2013, the development expenditure of “IA MALL” has transferred from inventory to investment property; thus, the assets with restricted ownership has transferred from inventory to investment property. As at December 31, 2013, the Company pledged “IA MALL” to a financial institution for a mortgage loan, and the carrying amount of the pledged assets amounted to 7,647,651,900.00 The rest of restricted ownership assets are owned by the Company but the property certificate have not been transferred to the Company.

*2: As of December 31, 2013, consumptive forestry inventories of Wengyuan Guoshang and Wuhua Guoshang had been pledged for bank loans. The carrying amount was 23,639,830.74 with area as 37,003.75 acres.

*3: The assets are owned by the Company but the property certificate have not been transferred to the Company.

*4: According to the rules of investment property mortgage sales, Shenzhen Rongfa Co., Ltd has provided mortgage sales for its developed property for 4,392,289.67.

5.17 Short-term borrowing

Types of borrowing	December 31, 2013	December 31, 2012
Mortgage and Guarantee*1	1,200,000,000.00	
Mortgage ,Guarantee and pledged loan*2	25,000,000.00	
Total	1,225,000,000.00	

*1 The Company’s subsidiary, Rongfa Investment, borrowed 1.2 billion from JIC Trust on April 2, 2013, the borrowing period is from April 2, 2013 to March 31, 2014, Rong fa Investment Co. pledged Jingdao Guoshang Shopping mall as mortgage(Wongtee Plaza) (Property No. Shenfandizi 3000627642, Commercial areas 80,608.64 square meters), Related company Shenzhen Wongtee Co., Ltd.(Shorted “Wongtee Group” below)and holding shareholder Haokang Zheng provided associated responsibility guarantee.

*2 The Company’s subsidiary, Guoshang Forestry and China Everbright Bank Shenzhen center branch signed liquidity loan contract on August 30, 2013(NO. ZH78171308007-1JK), borrowing amount is RMB 25million ,borrowing period is from August 30, 2013 to August 29, 2014. Borrowing interest is 7.5%. The Company’s subsidiary, Wuhua Guoshang pledged its land use rights of 24,103.75 acres and book value of RMB 23,639,830.74 consumption of forest assets for the loan; Rongfa Investment and the holding shareholder Kanghao Zheng provided associated responsibility.

5.18. Accounts payable

5.8.1. Details of Accounts payable

Item	December 31, 2013	December 31, 2012
Within 1 year	234,817,985.85	400,252,928.90
1to2 years	113,692,592.63	2,104,471.19
2to3years	1,385,979.39	2,108,437.40
Over3years	1,041,340.00	70,000.00
Total	350,937,897.87	404,535,837.49

5.18.2 There is no accounts payable owed to shareholders or related parties with 5% or more voting right as at December 31, 2013.

5.18.3 For the amount due to related parties, please see note 6.4.6 .

5.18.4 Accounts payable with aging over one year

Company name	December 31, 2013	Reason for unreversed	Note
Shenzhen Pan-China Group Co.Ltd, *	108,139,044.82	unsettled project expenditure	
Total	108,139,044.82		

* Shenzhen Pan-China Group Co.,Ltd as the main construction party of Wongtee plaza and decoration project, because the completion of project, the money unsettled promptly; thus the age of accounts payable is over one year.

5.19. Advances from customers

5.19.1. Details of Advances from customers

Item	December 31, 2013	December 31, 2012
Within 1 year	5,724,297.09	4,086,808.51
1to2 years		
2to3years	103,980.07	103,980.07
Over3years	5,828,277.16	4,190,788.58
Total	5,724,297.09	4,086,808.51

5.19.2. There was no advances from customers owed to shareholders with 5% or more voting rights or related parties as at December 31, 2013.

5.19.3 No advances from related parties as at December 31, 2013.

5.20. Employment benefits payable

Item	December 31, 2012	Increase	Decrease	December 31, 2013

(1) Wages and salaries, bonuses, subsidies and allowances	2,606,581.36	45,530,376.69	39,131,913.91	9,005,044.14
(2) Employee benefits		2,055,792.40	2,037,471.40	18,321.00
(3) Social insurance		5,694,485.11	5,694,485.11	
Within: Medical insurance		1,421,951.60	1,421,951.60	
Basic retirement insurance		3,907,591.06	3,907,591.06	
Unemployment fee		178,702.23	178,702.23	
Work injury insurance		83,386.54	83,386.54	
Pregnancy insurance		102,853.68	102,853.68	
(4) Housing provident fund	38,805.69	2,234,999.31	2,266,560.00	7,245.00
(5) Labor union fee and employee education fee	2,387,635.00	182,397.60	470,837.30	2,099,195.30
(6) Redemption of termination of labor contract		446,144.36	446,144.36	
(7) Others		21,287.86	21,287.86	
Total	5,033,022.05	56,165,483.33	50,068,699.94	11,129,805.44

No arrears as at December 31, 2013 for employment benefits payable.

Labor union fee and employee education fee for current year is 470,837.30, no non-monetary welfare is paid for the year, the compensation for termination of labor is 446,144.36.

5.21. Tax payables

Item	December 31, 2013	December 31, 2012
VAT and customs	5,881.68	-0.63
Business tax	7,839,594.83	6,866,539.11
Urban maintenance and construction surcharge	250,395.05	213,769.81
Enterprise income tax	2,305,926.49	2,629,066.38
Property tax	118,856.99	127,950.01
Land VAT	45,991.56	45,991.56
Personal income tax	3,281,308.79	1,793,449.50
Education surcharge	264,888.27	252,845.25
Land use tax	320,225.55	
Others	3,687.73	46,538.79
Total	14,436,756.94	11,976,149.78

5.22. Interests payable

Item	December 31, 2013	December 31, 2012
Long term loan interest	4,933,133.33	4,660,944.44
Total	4,933,133.33	4,660,944.44

5.23. Dividends payable

Investor	December 31, 2013	December 31, 2012
Corporate investors	5,127,701.36	5,127,701.36
Total	5,127,701.36	5,127,701.36

5.24. Other payables**5.24.1. Details of other payables**

Item	December 31, 2013	December 31, 2012
Within 1 year	483,348,280.35	105,095,628.09
1to2years	41,359,833.82	15,930,081.54
2to3years	14,012,913.63	980,517.56
Over3years	33,105,254.77	56,592,096.21
Total	571,826,282.57	178,598,323.40

5.24.2 For the amount due to related parties, please see Note 6.4.6.**5.24.3. Significant other payables with the aging over 1 year**

Name	December 31, 2013	Reason	Remark
Despoit received from the sales of IA Mall	23,901,965.38	Termination of contract	
Rental deposit	11,173,406.00	I	Deposit
Qingsong Chen	11,854,132.50		Loans and interests
Longchun Xu	10,074,400.00		Loans and interests
POWERLAND HOLDING LIMITED	6,999,584.65		Dividend payables
Total	64,003,488.53		

5.24.4. Significant other payables

Item	December 31, 2013	Nature or content	Remark
Despoit received from the sales of IA Mall	23,901,965.38	Despoit received for subscription of IA Mall	Involved in litigation

Shenzhen International Enterprise Co., Ltd.
Fiscal 2013
Notes to the financial statements

Shenzhen Wongtee Group Co., Ltd.	374,060,400.13	Loans and interests	
Taojun Lin	30,367,741.94	Loans and interests	
Hongbing Lin	24,806,451.61	Loans and interests	
Longchun Xu	13,674,400.00	Loans and interests	
Total	466,810,959.06		

5.25. Non-current liabilities due within one year

5.25.1.Details of Non-current liabilities due within one year

Items	December 31,2013	December 31,2012
Long-term borrowings due within 1 year	93,710,000.00	8,000,000.00
Total	93,710,000.00	8,000,000.00

5.25.2. Long-term borrowings due within one year

(1) Long-term borrowings due within one year

Items	December 31,2013	December 31,2012
Loans secured by non-current assets*1	80,000,000.00	8,000,000.00
Loans secured by collateral, pledge or/and guarantees*2	13,710,000.00	
Total	93,710,000.00	8,000,000.00

*1 For more information, please refer to note 5.26.

*2 The Company's subsidiary, Wengyuan Guoshang obtained 22 million long-term borrowings from Agricultural Bank of China, interest rate is based on the 101% of the benchmark rate, and the borrowing period is 3 years. The land use rights of 12,900.00 acres forestry of Wengyuan Guoshang was pledged for the borrowing. As at December 31, 2013, principle repaid amounted to 8.29 million, the rest is reclassification to non-current liability within one year.

5.26 Long-term borrowing

5.26.1 long-term borrowings classification

Borrowing types	December 31,2013	December 31,2012
Mortgage loan		18,020,000.00
Mortgage, guarantee loan	600,000,000.00	1,197,000,000.00
Mortgage, guarantee, pledged loan		480,000,000.00

Total	600,000,000.00	1,695,020,000.00
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5.26.2 Details of long-term borrowings due within one year:

Companies	Start date	Due date	Currency	Rate%	December 31, 2012		December 31, 2011	
					Original currency	Presentation currency	Original currency	Presentation currency
China Industrial and Commerical Bank Nanshan Branch	2013-5-17	2019-3-5	RMB	120% of benchmark rate		680,000,000.00		
Total						680,000,000.00		

On May 17, 2013, Rongfa Investment obtained RMB 700 million, from Industrial and Commercial Bank of China Shenzhen Nanshan Branch, of long-term borrowings. The borrowing rate is 120% of the benchmark interest rate. The loan is mortgaged by Imperial Court Square (Property No: SFDZ No. 3000627642, area 80608.64 square meters). The imperial court and the holding shareholder Haokang Zheng provide associated responsibility guarantee. As at December 31, 2013, the principle repaid amounted to 20 million and principle of 80 million will mature within one year, reclassified to non-current liabilities due within one year, and the balance of long-term borrowings is 600 million.

5.27 Accrued liabilities

Item	December 31, 2012	Increase	Decrease	December 31, 2013	Reason
Issue 1	2,662,500.00		2,662,500.00		Employee Labor Disputes * 1
Issue 2	21,898,728.03		21,898,728.03		Unpaid equity transfer payment * 2
Issue 3	4,487,837.54			4,487,837.54	Unpaid Shop repurchase payment * 3
Issue 4	65,179.42		65,179.42		Termination of the contract * 4
Issue 5	902,342.64		902,342.64		Unpaid personal loans * 5
Issue 6	678,818.00		678,818.00		Termination of the

Shenzhen International Enterprise Co., Ltd.
Fiscal 2013
Notes to the financial statements

					contract 6
Issue 7	61,630,980.76	508,875.00	96,125.00	62,043,730.76	Compensation for Internal Shop Sales * 7
Issue 8		19,959,682.95		19,959,682.95	Legal case*8
Total	92,326,386.39	20,468,557.95	26,303,693.09	86,491,251.25	

* 1: Liabilities was accrued for RMB2,662,500.00 according to judgement and ruling of the first trial concerning litigation of project process bonus and economics compensation between the Company's subsidiary Shenzhen Rongfa Investment Co.,Ltd and its former employee . As the second trial in 2013, the company need to pay progress of project reward for RMB2,130,000.00. RMB2,662,500.00 has been transferred from accrued liability to other receivables, the differences booked in the non-operating income, In January ,2014, the liabilities were fully settled

*2:Malaysia Chong & Sons Limited (hereinafter referred to as "Chang and company") and the Company on May 31, 2001 signed the " Shenzhen Investment Limited Rongfa equity transfer contract", and the company will be held by Chang Rongfa invest 10% of the shares transferred to the Company, the transfer price of RMB 2,060 million. After the commencement of the contract, the company did not pay the equity transfer; thereafter, and Chang and the Company shall be paid on the equity transfer matters signed a "Repayment Agreement", agreed the Company shall pay the full equity transfer and interest to Chang Company on Dec. 31, 2009; The interest is calculated as the People's Bank of China lending rate over the same period from June 1, 2001, the total overdue unpaid payable per day is ten thousandths of total as penalty.

In August 2011, He chang sued the company to Shenzhen Intermediate People's Court, in March 2012, the Company paid RMB 20.6 million and interest, late penalty in the first trial. In April 2012, the Company appeal, in November 2012, the company dismissed the appeal and upheld the original verdict. On January 9, 2013, the Shenzhen Intermediate People's Court of Guangdong Province issued the Executive Order. During the implementation process, and HeChang and the Company entered into a "settlement agreement executed", the two sides reached a settlement agreement as follows: The main contents are: As at November 20, 2013, the Court of compulsory execution deduct the Company of RMB 3,963 million. Under the auspices of the implementation of the court's mediation, He Chang agreed to all of the remaining debt will be absolved, the case executed..* 3: Several property owners sued *3 Rongfa Investment for the delay of settlement of the repurchase paymentsfor 24 set of Grace Mansion properties , the lawsuit has been settled. According to the judgement of law, the accrued liability of RMB4,487,837.54 in 2012 has restated in 2013.

*4: Several owners of Grace Mansion properties sued Rongfa Investment for the breach of entrusted lease agreement, After losing litigation, Rongfa investment accrued RMB65,179.42 liabilities. All paid in 2013.

*5: Xiuzhen Ma sued Rongfa Investment for breach of loan contract, pursuant to the judgement and ruling of the first trial, Rongfa investment accrued liabilities of RMB902,342.64. On 10th April 2013, reconciliation agreement has been signed, the company paid total money as agreement.

* 6: The accrued liability of RMB 678,818.00 in the first trial in 2012 for 《Forestry land contract》 between subsidiary Guoshang property and the person. In 2013, reconciliation agreement has been signed, the company paid total money as agreement.

*7 As at December 31, 2011, the Company accrued 61,555,677.89 liabilities for the lawsuit between the Company and its existing staffs. As at December 31, 2012, the Company accrued additional 75,302.87. On November 18, 2013, the Company has agreed settlement with one of its existing staffs, and the Company agreed to settle the claimed amount with the interest. Accordingly, the Company accrued additional 508,875.00. For more detail, please refer to note 7.1.

5.28 Share capital

Item	December 31,2012(Unit: Shares)	Change of number of shares in year (+/-)					December 31,2013 (Unit: Shares)
		Share allotment	Bonus issue	Shares converted from accumulated fund	Others	Subtotal	
1. Shares imposed with restriction on transfer							
(1). State-owned shares							
(2). Shares held by domestic legal persons							
(3). Shares held by foreign legal persons							
(4). Shares held by the management	340,431.00						340,431.00
Subtotal	340,431.00						340,431.00
2. Floating shares							
(1). Domestic shares	119,212,992.00						119,212,992.00
(2). Domestic listed shares denominated in foreign currency	101,347,761.00						101,347,761.00
(3). Overseas listed shares denominated in foreign currency							
(4). Others							
Total listed floating shares	220,560,753.00						220,560,753.00

Shenzhen International Enterprise Co., Ltd.
Fiscal 2013
Notes to the financial statements

Total	220,901,184.00						220,901,184.00
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5.29 Capital reserve

Item	December 31,2012	Increase	Decrease	December 31,2013
Share premium	50,995,056.63			50,995,056.63
Other capital reserve	17,493,076.37			17,493,076.37
Total	68,488,133.00			68,488,133.00

5.30 Surplus reserve

Item	December 31,2012	Increase	Decrease	December 31,2013
Statutory surplus reserve	84,526,481.13			84,526,481.13
Discretionary surplus reserve	41,403,353.35			41,403,353.35
Total	125,929,834.48			125,929,834.48

5.31 Undistributed profits

Item	Amount	Extraction or distribution ratio
Undistributed profit carrying forward as at 31.12.2012	-499,207,247.67	
Add: Net profit attributable to shareholders of the parent	2,320,696,950.25	
Less: Statutory surplus reserve		
Discretionary surplus reserve		
Provision for general risks		
Ordinary dividends		
Others		
Balance carried forward	1,821,489,702.58	

5.32 Operating revenue and operating costs

5.32.1. Operating income, operating costs

Item	2013	2012
Main operating revenue	35,182,555.68	80,495,296.24
Other operating income	110,290.61	127,160.00
Operating costs	24,409,091.23	64,613,413.02

5.32.2. Disclosure by classification

Items	2013	2012
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	Operating revenue	Operating costs	Operating revenue	Operating costs
(1) Revenue from Real estate sales			55,674,130.00	46,535,332.32
(2) Revenue from property management	14,561,545.75	10,350,308.40	14,776,166.24	10,067,273.00
(3) Revenue from forestry	17,964,934.90	14,058,782.83	10,045,000.00	8,010,808.19
(4) Others	2,656,075.03			
Total	35,182,555.68	24,409,091.23	80,495,296.24	64,613,413.51

5.32.3. Disclosure by location

Region Name	2013		2012	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Southern Region	35,182,555.68	24,409,091.23	80,495,296.24	64,613,413.51

5.32.4. Details of operating revenue from principal operations from top five clients

Clients	Operating income	% of total operating income
1 st	4,123,000.00	11.72
2 nd	4,000,000.00	11.37
3 rd	3,593,000.00	10.21
4 th	1,480,000.00	4.21
5 th	548,516.85	1.56
Total	13,744,516.85	39.07

5.33 Business tax and surcharges

Items	2013	2012	provision standard
Business tax	2,033,436.23	5,340,865.27	5.00
Urban maintenance and construction surcharge	111,938.81	254,848.83	7.00
Education surcharges	65,652.25	189,005.55	3.00
Bund fee	1,632.65	5,355.49	
Total	2,212,659.94	5,790,075.14	

5.34. Selling expenses

Item	2013	2012
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Wages and Salaries	6,558,124.60	4,440,520.20
Asset amortization expenses	34,823.88	18,570.00
Leasing and property management fees	1,530,000.00	2,240,000.00
Advertisement expense	7,433,552.52	10,814,263.19
Other expense	1,687,728.73	2,258,262.73
Total	17,244,229.73	19,771,616.12

5.35. Administrative expenses

Item	2013	2012
Wages and salaries	35,517,326.05	19,577,067.20
Taxes	601,499.19	514,881.29
Asset amortization expenses	5,038,851.15	5,819,577.86
Leasing and property management fees	5,838,221.24	5,382,223.23
Litigation expense	3,358,414.80	3,403,365.39
Utility charges--water and electric	172,063.12	108,199.07
Entertainment expense	3,858,481.91	1,544,366.32
Forestry nursing fee	1,144,493.97	1,929,291.81
Administration fee	3,376,186.94	1,287,247.27
Car expense	1,788,369.69	1,562,437.86
Cleaning expense	3,429,501.50	124,869.15
Others	6,004,133.50	8,398,284.40
Total	70,127,543.06	49,651,810.85

5.36. Financial costs

Item	2013	2012
Interest expenses	104,789,858.75	53,951,741.38
Less: Interest income	45,732.72	60,924.21
Exchange differences	-15,932.84	3,047.42
Others	2,637,829.11	928,024.43
Total	107,366,022.30	54,821,889.02

5.37. Impairment loss of assets

Items	2013	2012
Bad and doubtful debt expenses	-596,409.14	2,551,453.19
Impairment loss of inventory	11,023,787.79	
Total	10,427,378.65	2,551,453.19

5.38. Gains from changes in fair value

Item	2013	2012
Fair value of investment property	5,458,410,339.63	597,714.00
Among them: Changes in fair value in the current year	5,458,410,339.63	597,714.00
Total	5,458,410,339.63	597,714.00

- This is mainly due to the fact the construsting development real estate Huangting square has completed and has been put into use, which has reached the fair value requirement, and therefore, verified the change in fair value.

5.39. Investment income**Investment income details**

Item	2013	2012
Dispose of the long-term equity investment	900,000.00	100,142,378.37
Total	900,000.00	100,142,378.37

5.40. Non-operating income**5.38.1. Non-operating income points project**

Items	2013	2012	Included in the amount of the non-recurring profit and loss in current period
Gain from disposal of fixed assets	9,543.10	6,762.40	9,543.10
Debts unable to repay	3,927,613.03	4,145,736.51	3,927,613.03
Compensation	5,700.00	3,506,369.30	5,700.00
Others	83,340.52	10,186.15	83,340.52
Total	4,026,196.65	7,669,054.36	4,026,196.65

5.41. Non-operating expenses

Item	2013	2012	Included in the amount of the non-recurring profit and loss in current period
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Loss from disposal of fixed assets	31,805.23	41,970.88	31,805.23
Fines	5,244.04	4,100.00	5,244.04
Compensation*1	8,168,975.29	6,985,023.05	8,168,975.29
Loss from legal case*2	19,959,682.95		19,959,682.95
Others	1,826,407.64	377,286.23	1,826,407.64
Total	29,992,115.15	7,408,380.16	29,992,115.15

1. Compensation mainly represented the payment of liquidated damages for cancelling a lease contract, please refers to note 6.4 for detailed explanations.
2. Loss from legal case mainly represented accrued loss from Jiti Yahaoyuan litigation case, please refers to note 5.27 for detailed explanations.

5.42. Income tax

Items	2013	2012
Income tax for current period		370,888.08
Deferred income tax adjustment	1,363,509,184.22	149,428.50
Total	1,363,509,184.22	520,316.58

5.41. Computation of basic earnings per share and diluted earnings per share

Basic earnings per share = $P_0 \div S$

$$S = S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k$$

P_0 : net profits attributable to ordinary shareholders or net profits attributable to ordinary shareholders after deducting extraordinary gains or losses

S : weighted average of number of listed ordinary shares

S_0 : number of ordinary shares brought forward

S_1 : number of shares increased in the reporting period resulting from conversion of accumulated fund or dividends

S_i : number of shares increased in the reporting period resulting from share issues or convertible bond issues

S_j : number of shares decreased in the reporting period resulting from share buy-backs

S_k : number of shares decreased in the reporting period resulting from share contraction

M_0 : number of months in the reporting period

M_i : cumulative number of months from the second month of the share number increase month to the last month of the reporting period

M_j : cumulative number of months from the second month of the share number decrease month to the last month of the reporting period

Diluted earnings per share $\text{Diluted earnings per share} = P_1 / (S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k + \text{the weighted average of number of ordinary shares increased by share warrants, share options and convertible bonds})$

P₁: net profits attributable to ordinary shareholders or net profits attributable to ordinary shareholders after deducting extraordinary gains or losses adjusted for dilutive impact in accordance with CAS and relevant regulations, according to the relevant provisions of the "enterprise accounting standards" and adjust. In the calculation of diluted earnings per share, the company should consider the effects of all dilutive potential ordinary shares net profit attributable to ordinary shareholders after deducting non-recurring gains and losses net profit attributable to ordinary shareholders and the weighted average number of shares the impact of in descending order, according to the extent of dilution is included in the diluted earnings per share until the diluted earnings per share minimum.

(1) Basic earnings per share

Basic earnings per share attributable to ordinary shareholders in the Company's consolidated net profit divided by the weighted average number of outstanding ordinary shares issued by the Company:

Items	2013	2012
Consolidated net profit attributable to ordinary shareholders	2,320,696,950.25	18,186,252.87
The Company issued the weighted average number of outstanding ordinary shares	220,901,184.00	220,901,184.00
Basic earnings per share (RMB / share)	10.506	0.082

The weighted average number of ordinary shares are as follows:

Items	2013	2012
The number of ordinary shares issued at the beginning of the year	220,901,184.00	220,901,184.00
Add: Net ordinary shares issued by the weighted number of		
Less: Weighted number of ordinary shares repurchased during the period		
Weighted number of ordinary shares outstanding at the end of the year	220,901,184.00	220,901,184.00

(2) Diluted earnings per share

Diluted earnings per share to adjusted attributable to ordinary shareholders of the Company is calculated by dividing the consolidated net profit after the Company issued the weighted average number of outstanding ordinary shares:

Items	2013	2012
Consolidated net profit attributable to ordinary shareholders (diluted)	2,320,696,950.25	18,186,252.87
The Company's outstanding weighted average number of ordinary shares (diluted)	220,901,184.00	220,901,184.00
Diluted earnings per share (RMB / share)	10.506	0.082

The weighted average number of ordinary shares (diluted) is calculated as follows:

Items	2013	2012
Basic earnings per share is calculated at the end of the weighted average number of ordinary shares outstanding	220,901,184.00	220,901,184.00
The end of the weighted average number of ordinary shares (diluted)	220,901,184.00	220,901,184.00

5.44. Notes to the consolidated cash flow statement

5.44.1. Other cash receipts related to operating activities

Items	2013
Payment on behalf for construction of transportation station	17,920,000.00
Deposit and guarantee deposit	1,161,680.00
Others	140,418.05
Total	19,222,098.05

5.44.2. Other cash payments related to operating activities

Items	2013
Litigation expense*	19,997,812.35
Sales expenses	22,045,409.70
General and administrative expenses	10,645,987.25
Others	10,884,077.73
Total	63,573,287.03

* For more detail, please refer to note 5.27.

5.44.3. Other cash payments related to financing activities

Items	2013
Finance advisers and assess cost, etc	17,352,078.02
Cash outflows for purchase of minority equity	20,600,000.00
Total	37,952,078.02

5.45. Supplements to the consolidated cash flow statement

5.45.1. Supplements to the consolidated cash flow statement

Item	2013	2012
1、Cash flows adjusted from net profits:		

Shenzhen International Enterprise Co., Ltd.
Fiscal 2013
Notes to the financial statements

Net profits	3,873,341,158.29	-16,097,351.11
Add: Impairment losses	10,427,378.65	2,551,453.19
Add: Depreciation of non-current assets and productive biological assets and losses of fuel	4,070,544.41	4,297,954.00
Add: Amortisation of intangible assets	144,637.14	195,919.19
Add: Amortisation of long-term deferred assets		1,609,216.05
Add: Losses on disposals of non-current assets, intangible assets and long-term assets (minus sign representing gains)	-9,543.10	35,208.48
Add: Losses arising from scrapping non-current assets (minus sign representing gains)	30,820.23	
Add: Losses arising from fair value changes (minus sign representing gains)	-5,458,410,339.63	-597,714.00
Add: Financial costs (minus sign representing income)	80,355,660.33	53,951,741.38
Add: Investment losses (minus sign representing income)	-900,000.00	-100,142,378.37
Add: Decrease of deferred income tax assets (minus sign representing increase)		
Add: Increase of deferred income tax liabilities (minus sign representing decrease)	1,363,509,184.22	149,428.50
Add: Decrease of inventories (minus sign representing increase)		-358,625,386.92
Add: Decrease of operating accounts receivables (minus sign representing increase)	11,465,355.35	-33,208,954.25
Add: Increase of operating accounts payables (minus sign representing decrease)	-287,288,050.97	299,436,012.42
Add: Others		23,526.65
Net cash flows from operating activities	-403,263,195.08	-146,421,324.79
2、Significant investment and financing activities not involving cash		
Conversion of debt into capital		
Convertible bonds due within one year		
Finance leased fixed assets		
3、Net change in cash and cash equivalents		
Ending balance of cash	4,965,463.67	4,644,946.98
Less: Beginning balance of cash	4,644,946.98	15,673,926.11
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	320,516.69	-11,028,979.13

5.45.2. Composition of cash and cash equivalents

Items	2013	2012
I . Cash	4,965,463.67	4,644,946.98

Including: Cash on hand	125,943.61	125,515.33
Bank deposit capable of immediate payments	4,839,520.06	4,519,431.65
Other monetary assets capable of immediate payments		
Funds held for payments to the central bank		
Deposits in entities in common industries		
Loans to entities in common industries		
II. Cash equivalents		
Including: Debt instruments matured with three months		
III. Balance of cash and cash equivalents	4,965,463.67	4,644,946.98

The cash and cash equivalent do not include the restricted cash and cash equivalent from the parent company or the subsidiaries in the group.

Note 6. Related party relationships and transactions
(Unless otherwise indicated, all below amount presented at RMB)

6.1. Actual control of the company

As of December 31, 2013, the shares owned by Mr Kanghao Zheng , together with the shares held by Multi Profit Asia Pacific Investment Co., Ltd. and Shenzhen Wongtee investment management co., LTD was totally accounted for 20.87% of the total shares of the Company,therefore,Mr . Kanghao Zheng was treated as actual controller of the Company.

6.2. Subsidiaries

See 4.1 for details.of subsidiaries of the Company.

6.3. Related parties without control relationship:

Related party	Relationship to the Company	Organization Code
Multi Profit Asia Pacific Investment Co., Ltd.	13.70% shareholding in the Company	
Shenzhen Wongtee investment Management Co., Ltd	5.07% shareholding in the Company	557169866
Shenzhen Wongtee International Group Co., Ltd.	1.84% shareholding in the Company	
Mr.Kanghao Zheng	The legal representative of the company chairman	

Shenzhen International Enterprise Co., Ltd.

Fiscal 2013

Notes to the financial statements

Shenzhen Wongtee Group Co., Ltd.	enterprise actually controlled by Mr.Kanghao Zheng	77876719X
Shenzhen Wongtee Business Management Co.	enterprise actually controlled by Mr.Kanghao Zheng	69117085X
Shenzhen Wongtee Hotel Management Group Co., Ltd.	enterprise actually controlled by Mr.Kanghao Zheng	676664034
POWERLAND HOLDING LIMITED	enterprise actually controlled by Mr.Kanghao Zheng	
Shenzhen Wongtee Huangtinghui Food Catering Co., Ltd (hereafter Huangtinghui)	enterprise actually controlled by Mr.Kanghao Zheng	58791589-0

6.4. Related party transactions

(1) The subsidiaries within the control relations and has been consolidated into the consolidated financial statements, the transactions with the parent company has been offsetted. The related parties outside the scope of the consolidated financial statements.

related party	Service Provided	Pricing basis	2013	2012
Shenzhen Wongtee (Huangtinghui)	Food and beverage	Base on the market consulting	2,116,774.00	
Shenzhen Wongtee Hotel Co., Ltd	Service	Base on the market consulting	586,273.28	
Total			2,703,047.28	

6.4.1. Lease from related parties

Lessor	Tenant	Leased asset types	Lease starting date	Lease maturity date	Lease premium price base	Recognised lease premium for current reporting period
Shenzhen Wongtee Business Management Group Co., Ltd	Shenzhen Rong Fa Investment Co., Ltd.	F6b Huanggang Business Center, NO.2028 Jintian Road, Futian District, Shenzhen City	2012/2/1	2015/1/31	Marketing price	8,336,736.00
Shenzhen Wongtee Business Management Group Co., Ltd	The company	F6A Huanggang Business Center, NO.2028 Jintian Road, Futian District, Shenzhen City	2012/2/1	2015/1/31	Marketing	3,558,087.79
Shenzhen Wongtee Business	Shenzhen Rong Fa	V hotel conference room of the imperial court NO.2028 Jintian Road, Futian District, Shenzhen City	2013/1/1	2013/9/15	Marketing	1,530,000.00

Management Group Co., Ltd	Investment Co., Ltd.					
Shenzhen Wongtee Hotel Management Group Co., Ltd.	Shenzhen Rong Fa Business Co., Ltd.	Part of F6 Huanggang Business Center, NO.2028 Jintian Road, Futian District, Shenzhen City	2012/2/1	2015/1/31	Marketing	466,985.00
Total						13,891,808.79

*The Company has overdue lease payment in respect of the lease of Huanggang Business Center. According to the lease agreement, the Company is liable to a penalty of 0.3% of the lease payment daily.

6.4.2. Guarantee

Guarantor	The secured party	Amount of the guarantee	Guaranteed starting date	Guaranteed maturity	The guarantee has been fulfilled
Mr.Kanghao Zheng	Guoshang Forestry	25,000,000.00	2013/8/30	2014/8/29	No
Shenzhen Wongtee Group Co., Ltd. And Mr.Kanghao Zheng	Rong Fa Investment	1,200,000,000.00	2013/4/2	2014/3/31	No
Shenzhen Wongtee Group Co., Ltd.	Rong Fa Investment	680,000,000.00	2013/5/17	2019/3/5	No

6.5.3.Borrowings from related parties

Capital borrowed from related parties

Related party	Borrowed amount	Returned amount	Starting date	Maturity date	Remark
Has Shenzhen Wongtee Group Co., Ltd.	22,000,000.00	22,000,000.00	2012/12/20	2013/5/19	Returned
	3,000,000.00	3,000,000.00	2013/1/8	2013/5/19	
	5,000,000.00	5,000,000.00	2013/1/11	2013/5/19	
	3,250,000.00	3,250,000.00	2013/1/18	2013/5/19	
	5,000,000.00	5,000,000.00	2013/1/18	2013/5/19	
	2,000,000.00	2,000,000.00	2013/1/23	2013/5/19	
	1,000,000.00	1,000,000.00	2013/1/25	2013/5/19	
	1,000,000.00	1,000,000.00	2013/2/4	2013/5/19	
	5,000,000.00	5,000,000.00	2013/1/29	2013/5/19	
	5,000,000.00	5,000,000.00	2013/2/5	2013/5/19	
	3,000,000.00	3,000,000.00	2013/2/18	2013/5/19 (has been returned)	
	5,200,000.00	5,200,000.00	2013/2/6	2013/5/19	
	1,000,000.00	1,000,000.00	2013/2/27	2013/5/19	
	60,000,000.00	60,000,000.00	2013/3/14	2013/5/19	
	3,000,000.00	3,000,000.00	2013/3/20	2013/5/19	
	2,800,000.00	2,800,000.00	2013/3/25	2013/5/19	
	2,500,000.00	2,500,000.00	2013/4/3	2013/5/19	
	3,000,000.00	3,000,000.00	2013/4/10	2013/5/19	
	3,000,000.00	3,000,000.00	2013/4/18	2013/5/19	
	2,500,000.00	2,500,000.00	2013/4/19	2013/5/19	
	2,000,000.00	2,000,000.00	2013/4/24	2013/5/19	
		3,000,000.00	2013/4/18	2013/5/19	
	2,800,000.00	2,800,000.00	2013/4/28	2013/5/19	
	400,000.00	400,000.00	2013/5/15	2013/5/19	
	5,000,000.00	5,000,000.00	2013/5/8	2013/5/19	Unreturned
	1,000,000.00	1,000,000.00	2013/6/5	2013/9/10	
	15,000,000.00	15,000,000.00	2013/8/30	2013/9/10	
	2,000,000.00		2013/1/23	2013/12/31	
	300,000.00		2013/5/20	2013/8/20	
	6,500,000.00		2013/5/21	2013/8/21	
	30,000,000.00		2013/6/7	2013/9/6	

	20,000,000.00		2013/6/9	2013/9/8
	30,000,000.00		2013/6/19	2013/9/18
	3,500,000.00		2013/6/21	2013/9/20
	7,000,000.00		2013/6/26	2013/9/25
	10,000,000.00		2013/7/12	2013/10/11
	4,600,000.00		2013/7/16	2013/10/15
	80,000,000.00		2013/7/23	2013/10/22
	20,000,000.00		2013/7/29	2013/10/28
	5,000,000.00		2013/7/29	2013/10/28
	2,000,000.00		2013/8/9	2013/11/8
	4,800,000.00		2013/8/20	2013/11/19
	32,500,000.00		2013/9/17	2013/12/16
	3,500,000.00		2013/9/27	2013/12/26
	20,000,000.00		2013/10/9	2014/1/8
	3,000,000.00		2013/10/15	2014/1/14
	4,760,000.00		2013/10/16	2014/1/15
	10,000,000.00		2013/10/25	2014/1/24
	5,000,000.00		2013/10/28	2014/1/27
	5,210,000.00		2013/11/15	2014/2/15
	2,500,000.00		2013/11/20	2014/2/19
	4,900,000.00		2013/11/20	2014/2/19
	6,000,000.00		2013/11/28	2014/2/27
	5,000,000.00		2013/12/10	2014/3/9
	4,000,000.00		2013/12/19	2014/3/18
	34,000,000.00		2013/12/20	2014/3/19
Total	530,520,000.00	164,450,000.00		

The interest rates for the loans from Shenzhen Wongtee Group Limited were from 6.56% to 7.32%.

6.5.4. Salaries and bonus of key management

Items	2013	2012
Salaries and bonus of key management	7,541,910.50	5,633,200.00

6.5.5. Receivables and payables from related parties

(1) Receivables from related parties

Items	Related party	December 31, 2013	December 31, 2012
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		Amount	Provision for bad debts	Amount	Provision for bad debts
Other receivables					
	Shenzhen Wongtee Business Management Group Co., Ltd.	789,105.00	78,910.50	789,105.00	39,455.25
	Shenzhen Wongtee Hotel Management Group Co., Ltd.	250,000.00	25,000.00	250,000.00	12,500.00
	Total	1,039,105.00	103,910.50	1,039,105.00	51,955.25

(2) Payables due to related parties

Related party	December 31,2013	December 31,2012
Other payables		
Shenzhen Wongtee Group Co., Ltd.	381,366,989.47	22,109,346.00
POWERLANDHOLDINGLIMITED	6,999,584.65	6,999,584.65
Shenzhen Wongtee Business Management Group Co., Ltd.	12,285,398.79	5,126,669.00
Mr.Kanghao Zheng	88,381.17	88,381.17
Shenzhen Wongtee Hotel Management Group Co., Ltd.	584,273.28	
Huangtinghui	300,179.00	
Subtotal	401,624,806.36	34,323,980.82
Accounts Payable		
Shenzhen Wongtee Hotel Management Group Co., Ltd.	3,170,229.59	1,800,000.00
Total	404,795,035.95	36,123,980.82

Note 7 Contingency

(1) Disclosure of the liabilities and their financial impact from the pending litigation or arbitration

1. Wongtee International Shopping Plaza (formerly Crystal island Shopping Mall) staff shops subscription series

Case I: August 26, 2011, the Company had sued Mr Chan and three others who were the employees that originally subscribed the shops in Wongtee shopping plaza in Shenzhen Futian District Court on the grounds of real estate sale contract disputes. July 2012, the Court made its First judgement as follows: (1) the court finds the nature of the "Crystal Island International Plaza shops within the subscription book", which was signed by plaintiff and the defendant is in the nature of real estate for appointment subscription contract, the judgment of the "subscribe book" is legally valid; (2) the subscription book signed by the plaintiff and defendant should terminate its performance; (3) dismissed the plaintiff's other claims; (4) dismissed the defendants' other requests of counterclaim. Both the plaintiff and the defendants appealed in July 2012. December 2012, the Shenzhen Intermediate People's Court upheld: the verdict was rejected the appeal and upheld the original verdict, three of the cases have been completed trial.

Case II: 2012, Yang and other seven subscribers as a plaintiff, sued respectively in Futian District People's Court, requesting an order delivered shops and go through the transfer of property rights registration, Rongfa Investment were also made counterclaims request, the request confirm the subscription book was invalid and decree terminated fulfill

subscription book. As of December 31, 2013 judgment of the above cases were completed, three cases in which the verdict is consistent with the verdict of case 1. The verdict of the other four cases was: "subscribe book" is legally valid; dismissed the plaintiff's other claims; rejected the defendant for other counterclaims.

Case Three: August 2012, Li and other ten subscribers sued Rongfa Planning and Shenzhen Land Resources Committee as a co- defendant, one of the subscribers required nullify Wongtee International Mall's corresponding land to transfer the first agreement of the "First supplemental Agreement ". Nine subscribers request to confirm the "Shen Di He Zi (2002) No. 9005 " " < Shenzhen Municipal Land use Rights Grant contract > first supplemental agreement " first line" limited overall transfer shall not be split for real estate license "agreement signed between Rongfa and Shenzhen planning and Land Resources Committee of shall be void and the defendant to bear the costs of litigation . During the January 29, 2013, in the first trial of this case, nine subscribers request to change to repeal the first convention of the Wongtee International Mall's corresponding land use rights grant contract " First Supplemental Agreement ". After the judgement from the Futian District People's Court, on January 6, 2014, the judgment of first instance dismissed the plaintiff's claim. After the verdict, February 13, 2014 the plaintiff Zhou and Deng appealed the conviction, Lia and other four did not appeal. The case is in the second trial currently

(2) Equity Dispute between Rong Fa Investment and Ya Hao Yuan Investment Co., Ltd.

The company, a commercial company (formerly known as Shenzhen Longgang International Arcade Limited), in 2001 transferred its entire equity interest in Longgang Rongfa Investments Limited to Ya Hao Yuan. According to " Supplement Contract" signed between Rongfa Investment and Ya Hao Yuan, the right to use the land in Ping Di Rongfa East Road(stock book value of \$ 6,448,481.22) attributable to Rongfa . Upon inquiry in property data, the registered obligee to has the right to use the land is Shenzhen Oriental Land Co., Ltd. (the name Shenzhen Longgang Rong Fa Investment Co., Ltd changed to, and in February 14, 2011 and it renamed Shenzhen Oriental Land Group Limited) .

Rongfa Investment in October 2011 filed a lawsuit to Longgang District People's Court in respect of the dispute regarding the ownership of land use rights , requesting the court to order Yan Hao Yuan to deliver the land and pay the damages costs to Rongfa Investment. In February 2012, Rongfa Investment received the first verdict of the case, dismissed the claims from Rongfa investment. Rongfa made its appeal to the Shenzhen Intermediate People 's Court. November 2012 , the case upheld : upheld , the case is now ended of the trial. The end of 2011, the Company confirmed the first instance verdict in accordance with the plot involving asset impairment loss of inventories of assets of \$ 6,448,481.22 . March 1, 2013, Rong Fa Investment sued Ya Hao Yuan as defendant, Oriental Land Company as the third person, to Shenzhen Longgang District People's Court. The company request to order the defendant to delivery Longgang District Pingdi 3,018.2 square meters of land's use rights and pay the compensation RMB 26 million to the plaintiff immediately. The company also request to order the defendant bear all litigation costs , including legal fees , security fees , notice fees. Now, Longgang District People's Court has accepted the case , the case is still in the first instance stage.

7.2. Guarantees for other units

Rong Fa Investment follows the property industry working practice that the property developer provides guarantee for purchase-by-mortgage of property developed. As at December 31, 2013, the carrying amount of the mortgages guaranteed by Rong Fa Investment amounted to RMB563,200. Mortgage bond deposit of 4,392,289.67, please refers to details in Note 5 (sixteen).

7.3. Assets pledged

Apart from disclosures in Note 5.14, Note 5.12 and Note 5.23, no other asset was being pledged as security.

7.4. Other contingent liabilities

No other contingent matters should be disclosed.

Note 8 Commitments

(Unless otherwise indicated, all below amount presented at RMB)

8.1 Operating lease commitments

According to the lease agreement signed with farmers for forest land and the lease agreements

signed with related parties for office and meeting rooms as of December 31, 2012, the operating lease commitments undertaken by the Company were as follows:

Age	Ending balance
Within 1 year	4,997,899.15
1 to 2 years	1,273,027.30
2 to 5 years	2,795,814.42
Over 5 years	22,396,242.22
Total	31,462,983.09

8.2. Project payment obligations

According to the contracts signed for IA Mall project, as of December 31, 2013, the commitments for the project were RMB 28,430.41.

Note 9 Post balance-sheet date events

In April 2013, the subsidiary of Rongfa Investment borrowed 1.2 billion yuan from the Investment Trust limited liability company to replace the loans from Ping An Trust Co., Ltd., the loan period was from April 2, 2013 to March 31, 2014, the annual interest rate is 9%, the loan will be guaranteed by IA Mall owned by Rongfa Investment and guaranteed by Shenzhen Wongtee Group Limited and the actual controller Mr. Kanghao Zheng.

Note 10 Other significant issues

10.1. Internal sales of IA MALL repurchase

The Company adopted the then prevailing financing option by entering into internal sales agreement of shops at IA MALL (hereafter, the Internal Sales Agreements) with employees and sold part of the IA MALL shops in March 2005.

On December 31st, 2010, the proposal regarding settlement of the Internal Sales Agreements was approved by the 2010 4th Extraordinary General Meeting. The resolution authorised that the Company shall compensate each purchaser for an amount not exceeding 300% of the amount originally received from that purchaser (inclusive of principal and compensation, not exceeding 45,000.00/square-metre) and shall revoke the Internal Sales Agreements upon the compensation. In addition, as provided by the Resolution for the 2nd Proposal regarding Internal Shop Sales (hereafter, the 2011 BD Resolution) issued by the 2011 2nd Meeting of the 6th Term of the Board of Directors held on April 25th, 2011, the Group shall be responsible for any personal income tax chargeable on employees arising from the compensation. The Group had cumulative recognised loss amounting to 86,370,519.24 (including 76,907,913.24 recognised in non-operating income for the year ended December 31st, 2010 and 9,462,606.00 recognised for the reporting period prior to the year ended December 31st, 2010).

As at December 31st 2011, the Group has entered into agreements directed by the 2010 GM Resolution and the 2011 BD Resolution with eleven buyers out of thirty-five. Total compensation agreed by the agreements amounting to 9,925,919.23 and total size of shop area of the agreements is 660.39 square-metres. Due to disagreement on the amount of

compensation, the Group had not reached agreement with the remaining twenty-four buyers. Total size of shop area of the remaining twenty-four buyers is 1,647.33 square-metres.

Previous commitments

As of December 31, 2013, there is no need for disclosure of pre-commitments.

BALANCE SHEET EVENTS

Rongfa Investment and Agricultural Bank of China signed a highest amount comprehensive credit contract, the Agricultural Bank of China Co., Ltd. credit RMB 1.2 billion of long-term borrowings to Rong Fa Investment. The borrowing is used to replace the credit loan of RMB 1.2 billion from Construction Investment Trust Co., Ltd. The credit period is from 27 January 2014 to 26 January 2029. Rongfa Investment use its Rongfa crystal island Shopping Mall Property (imperial Court Square) (Property No.: SFDZ No. 3000627642, commercial an area of 80,608.64 square meters) as collateral, Wongtee group and Zheng Kanghao as the controlling shareholder provide joint and several liability guarantee. As of the reporting date, Rongfa Investment has received the borrowing of 770 million yuan.

10.2. Operating leases

Operating leased asset classes	December 31, 2013	December 31, 2012
Investment property	7,652,624,300.00	6,238,300.00
Total	7,652,624,300.00	6,238,300.00

10.3. Assets using fair value method

Items	Balance at the beginning of the year	Changes in fair values	Assets transfer out	Impairment made in the current year	Ending balance
Investment property	6,238,300.00	7,646,386,000.00			7,652,624,300.00

Note 11. Main notes to financial statements of parent company

11.1. Other receivables

11.1.1.Categories of other receivables subject to provision for bad debts by aging analysis method

Age	December 31,2013				December 31,2012			
	Book value		Provision for bad debts		Book value		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	70,973,528.55	15.40	59,149,630.51	83.34	191,734,817.58	37.15	64,097,743.14	33.43
1 to 2 years	183,295,276.57	39.77	125,078,854.90	68.24	79,464,078.79	15.40	69,622,532.89	87.62
2 to 3 years	74,326,146.25	16.13	65,270,268.53	87.82	28,462,117.52	5.52	26,682,518.03	93.75
3 to 4 years	26,373,271.06	5.72	24,780,941.11	93.96	188,212,590.31	36.47	188,211,390.31	100.00
4 to 5 years	81,520,543.39	17.69	76,608,546.58	93.97	2,904,461.80	0.56	2,904,461.80	100.00
Over 5 years	24,352,392.40	5.29	24,332,434.00	99.92	25,312,945.40	4.90	25,250,599.90	99.75
Total	460,841,158.22	100.00	375,220,675.63	81.42	516,091,011.40	100.00	376,769,246.07	73.00

12.1.2Disclosure by classification

Item	December 31,2013				December 31,2012			
	Book value		Provision for bad debts		Book value		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other Receivables of individual significance	390,349,555.59	84.70	368,299,429.71	94.35	437,456,089.17	84.77	371,203,891.51	84.86
Provision for bad debts on a portfolio								
Aging analysis	70,491,602.63	15.30	6,921,245.92	9.82	77,734,922.23	15.06	4,665,354.56	6.00
Subtotal	70,491,602.63	15.30	6,921,245.92	9.82	77,734,922.23	15.06	4,665,354.56	6.00
Other Receivables of individual insignificance subject to individual assessment for impairment					900,000.00	0.17	900,000.00	100.00
Total	460,841,158.22	100.00	375,220,675.63	81.42	516,091,011.40	100.00	376,769,246.07	73.00

Other Receivables of individual significance

Content	Book value	Provision for bad debts	Proportion (%)	Reasons
Rong Fa Investment	366,025,675.19	343,975,549.31	93.98	Cannot be returned in short time
International Airport	17,122,151.90	17,122,151.90	100.00	Cannot be returned
Repayent of loan interst for employess	7,201,728.50	7,201,728.50	100.00	No asset processed
Total	390,349,555.59	368,299,429.71		

Portfolio, other receivables aging analysis of the provision for bad debts:

Age	December 31,2013			December 31,2012		
	Book value		Provisionforbad debts	Book value		Provision for bad debts
		Proportion (%)		Book value	Proportion (%)	
Within1year	8,483,553.41	12.03	424,177.67	64,615,659.77	83.13	3,230,782.99
1to2years	56,176,118.76	79.69	5,617,611.88	10,935,051.00	14.07	1,093,505.10
2to3years	5,797,118.46	8.22	869,567.77	2,093,646.46	2.69	314,046.97
3to4years	4,800.00	0.01	960.00	1,500.00	0.00	300.00
4to5years	1,500.00		375.00			
Over5years	28,512.00	0.05	8,553.60	89,065.00	0.11	26,719.50
Total	70,491,602.63	100.00	6,921,245.92	77,734,922.23	100.00	4,665,354.56

Ending Individually non-significant but individual provision for bad debts of other receivables

Content	Book value	Provision for bad debts	Proportion (%)	Reasons
Amounts due from Guangzhou, the Sun Star Telecom Equipment Development Co., Ltd. equity transfer	900,000.00	900,000.00	100.00	The company has canceled
Total	900,000.00	900,000.00	100.00	

11.1.3.The reporting period, no pre full provision for bad debts or the provision for impairment, but back or collection of other receivables

11.1.4. The reporting period, no actual write-off of other receivables.

11.1.5.No other receivable from holding over 5% (including 5%) voting shares of the Company in arrears.

11.1.6. The balance of top five other receivables

Name of company	Relationship with the Company	Amount	Age	% of total other receivables	Nature of other receivables
Rong Fa Investment	Subsidiary	366,025,675.19	1-4 年	79.49	Loan
Huangting Business	Subsidiary	789,105.00	Over 5 years	13.25	deposit
International mall	Subsidiary	17,122,151.90	Over 5 years	3.32	Current account
Guoshang Linye	Third-party	69,455,772.03	1-years	1.55	deposit
Shenzhen-Hong Kong Trade and Industry Import and Export Company	Third-party	7,201,728.50	Over 5 years	1.39	Compensatory loan principal and interest
Total		460,594,432.62		99.00	

11.1.7 Receivable from related parties

Name of company	Relationship with the Company	Amount	% of total other receivables
Rong Fa Investment	Subsidiary	366,025,675.19	79.43
Guoshang linye	Subsidiary	69,455,772.03	15.07
China Business	Subsidiary	17,122,151.90	3.72
Shenzhen Royal Noble aristocratic Industrial Co., Ltd. (Royal Noble)	Subsidiary	80,135.00	0.02
Shenzhen Wongtee Business Management Group Co	enterprise actually controlled by MrKanghao Zheng	789,105.00	0.17
Total		453,472,839.12	98.41

11.2.Long-term equity investments

11.2.1.Long-term equity investments details:

Unit:RMB yuan

Name of investee	Accounting method	Initial investment cost	December 31,2012	Changes	December 31,2013	Shareholding proportion(%)	Voting right(%)	Provision for impairment	Current provision for impairment	Cash dividends
Subsidiaries										
Chunhua Medicine	Cost method	2,250,000.00	2,250,000.00		2,250,000.00	75.00%	75.00%		2,250,000.00	
Guoshang Medicine	Cost method	2,850,000.00	2,850,000.00		2,850,000.00	98.00%	100.00%		2,850,000.00	
International Commerce	Cost method	5,320,000.00	5,320,000.00		5,320,000.00	98.75%	100.00%		5,320,000.00	
Guoshang Property	Cost method	5,600,000.00	5,600,000.00		5,600,000.00	86.00%	100.00%			
Rong Fa Investment	Cost method	35,296,718.10	35,296,718.10		35,296,718.10	60.00%	60.00%			
Commercial Management	Cost method	10,000,000.00	10,000,000.00		10,000,000.00	100.00%	100.00%		10,000,000.00	
Chain Business	Cost method	61,316,718.10	61,316,718.10		61,316,718.10				20,420,000.00	
Total		2,250,000.00	2,250,000.00		2,250,000.00	75.00%	75.00%		2,250,000.00	

*Provision for impairment of detailed in Note 5.7 of the Guoshang Medicine, Chunhua medicine and Guoshang Property this year.

11.3. Operating income and operating costs

11.3.1. Operating income, operating costs

Item	2013	2012
Main operating income	53,600.00	67,600.00
Other operating income		
Operating costs		

11.4.1. Investment income

Item	2013	2012
Dispose of the long-term equity investment		58,374,441.34
		58,374,441.34

11.5. Supplements to the consolidated cash flow statement

Items	2013	2012
1、Cash flows adjusted from net profits:		
Net profits	-3,703,282.00	62,949,744.74
Add: Impairment losses	-648,570.44	-986,391.47
Add: Depreciation of non-current assets and productive biological assets and losses of fuel	871,243.02	1,129,957.23
Add: Amortisation of intangible assets	128,000.00	
Add: Amortisation of long-term deferred assets		188,000.00
Add: Losses on disposals of non-current assets, intangible assets and long-term assets (minus sign representing gains)		9,587.63
Add: Losses arising from scrapping non-current assets (minus sign representing gains)	11,180.00	
Add: Losses arising from fair value changes (minus sign representing gains)	-535,968.00	584,844.00
Add: Financial costs (minus sign representing income)	-841.68	-24,920,491.20

Add: Investment losses (minus sign representing income)		-58,374,441.34
Add: Decrease of deferred income tax assets (minus sign representing increase)		
Add: Increase of deferred income tax liabilities (minus sign representing decrease)	132,084.63	148,816.48
Add: Decrease of inventories (minus sign representing increase)		
Add: Decrease of operating accounts receivables (minus sign representing increase)	58,736,645.84	-43,449,490.33
Add: Increase of operating accounts payables (minus sign representing decrease)	-33,196,717.67	-9,150,135.04
Add: Others	-	
Net cash flows from operating activities	21,793,773.70	-71,869,999.30
2、Significant investment and financing activities not involving cash		
Debt into capital		
Convertible bonds due within one year		
Finance lease fixed assets		
3、Significant investment and financing activities not involving cash		
Conversion of debt into capital		
Convertible bonds due within one year		
Finance leased fixed assets		
3、Net change in cash and cash equivalents		
Cash at the end of the year	1,199,483.66	126,929.23
Less: cash and equivalent at the start of the year	126,929.23	119,729.05
Ending balance of cash	1,072,554.43	7,200.18

Note 13. Supplements

(Unless otherwise stated, all amounts presented are inRMB.)

13.1.Details of extraordinary gains and losses for the current reporting period

Items	For the year 2013	Remark
Gains from disposals of non-current assets after expending impairment provisions	877,737.87	
Has nothing to do with the company's normal operations or matters of profit and loss		
Individually tested for impairment receivables impairment reversal		
The profit and loss of external entrusted loans		
Fair value changes of property investments subsequently measured at fair value	5,458,410,339.63	
Income and expenses other than items listed above		
Other gains or losses satisfying the definition of extraordinary gains or losses		
Other other revenue and expenses except above	-25,943,656.37	
Impact of income tax	-1,363,509,184.22	
Minority interest impact (after tax)	- 1,626,381,568.62	
Total	2,443,453,668.29	

13.2. Yield rate of net assets and earnings per share

Profits for the reporting period	Weighted average of returns on equity	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profits attributable to ordinary shareholders	103.57%	10.506	10.506
Net profits attributable to ordinary shareholders after deducting extraordinary gains or losses			

13.3. Abnormal situation and reasons of main accounting statements of the project

description

Amount of abnormal or unusual changes in the comparative period statement items

Items	For the year 2013	For the year 2012	Changes of the ratio	Reasons for change
Balance sheet:				
Other accounts receivable	12,022,195.79	34,101,722.17	-64.75%	Recognise accounts receivables for the construction of bus station on behalf of the government
Inventories	43,338,585.36	1,864,814,808.18	-97.68%	The increase of IA Mall construction progress
Investment Property	7,652,624,300.00	6,238,300.00	1,225.72	The completion of the real estate
Short tem loan	1,225,000,000.00	-		Change in the structure of liabilities
Deferred Tax Liabilities	1,369,654,594.34	2,043,547.43	669.23	The increase of the impairment for long-term equity investment for Chunhua Medicine,Guoshang Medicine and International Commerce
Accounts payable	571,826,282.57	178,598,323.38	220.17%	Increase the borrowing from related parties wongtee Real Estate Group and individuals to meet the daily operations
Long-term borrowings	600,000,000.00	1,695,020,000.00	-64.60%	Short-term, low interest rate borrowings due to the replacement of long-term debt
The income statement:				
Total operating income	35,292,846.29	80,622,456.24	-56.22%	Compared with the previous period, the current no real estate sales revenue, resulting decline

				in revenue
Operating costs	24,409,091.23	64,613,413.02	-62.22%	Compared with the previous period, the current no real estate sales revenue, resulting in decreased costs
Administration Costs	70,127,543.06	49,651,810.85	41.24%	The increase of admin and operating costs
Financial costs	107,366,022.30	54,821,889.02	95.85%	Projects completed during the year, due to stop in capitalized interest
Add: gains from the fair value changes	5,458,410,339.63	597,714.00	9,131.14	Investment property under construction completion, subsequent measurement at fair value
Investment income	900,000.00	100,142,378.37	-99.10%	Disposal of subsidiary shares occurred last year, this year did not occur due to the disposal of equity
Tax income	1,363,509,184.22	520,316.58	2,619.54	Deferred income tax liabilities accrued gains and losses from changes in fair value

Note 14. Issuance of the Financial Statements

The Financial Statements was approved and declared for issuance by the Board of Directors on March 13, 2014.

Shenzhen International Enterprise Co., Ltd.

(Official seal)

Date: March 13, 2014

Section XI. Documents Available for Reference

1. Financial statements with the signatures and seals of the legal representative, principal of accounting work, and manager of finance department.
2. Originals of Auditors' Report with the seals of the CPAs firm and the signatures & seals of the certified public accountants.
3. Texts of all the Company's documents ever disclosed on Securities Times, Hong Kong Ta Kung Pao and <http://www.cninfo.com.cn> in the reporting period, and the originals of the public notices.

Shenzhen International Enterprise Co., Ltd.

Board of Directors

Chairman of the Board (signature): Zheng Kanghao

Date of approval and submission of the Board of Directors: 15 Mar. 2014

