



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

2014 Annual Report

2015-004

March 2015

Section I. Important Reminders, Catalogue & Explanation

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

All directors attended the board session for reviewing this report.

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

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

This report involves futures plans, development strategies 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

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Explanation

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

Reminder of Major Risks

China Securities Journal, Ta Kung Pao (HK) and www.cninfo.com.cn were designated by the Company as the media for information disclosure for 2014. All information of the Company shall be subject to what was 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. Basic information of the Company

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

II. For Contact

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

III. About information disclosure and where this report is placed

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

IV. Change of the registered information

	Registration date	Registration place	Business license No.	Registration code of taxation	Organizational code
Initial registration	8 Jan. 1980	Shenzhen	4403011002426	440300192179585	19217958-5
At the end of the reporting period	31 Dec. 2014	Shenzhen	440301103225878	440300192179585	19217958-5
Changes of the main business since listing (if any)	Unchanged				
Changes of the controlling shareholder (if any)	On 24 Mar. 1999, the controlling shareholder shifted from Shenzhen Investment Management Co., Ltd. to Shenzhen Construction Investment Holdings Co., Ltd. And on 14 Feb. 2006, it shifted to Shenzhen Investment Holdings Co., Ltd.				

V. Other information

The CPAs firm hired by the Company

Name	Ruihua Certified Public Accountants LLP
Office address	9 F, West Tower, China Overseas Property Plaza, Building No. 7, Compound No. 8, Xi Binhe Road, Yong Ding Men, Dong Cheng District, Beijing, China
Signing accountants	Cai Xiaodong, Liu Yuxiang

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

	2014	2013	Increase or decrease of this year over last year (%)	2012
Operating revenue (RMB Yuan)	2,132,311,222.93	2,116,482,684.93	0.75%	1,030,148,729.47
Net profit attributable to shareholders of the Company (RMB Yuan)	298,033,316.49	228,268,271.23	30.56%	106,814,543.53
Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB Yuan)	297,166,883.74	222,844,093.95	33.35%	101,232,143.75
Net cash flows from operating activities (RMB Yuan)	322,162,063.36	194,953,683.40	65.25%	27,409,819.53
Basic EPS (RMB Yuan/share)	0.2946	0.2256	30.59%	0.1056
Diluted EPS (RMB Yuan/share)	0.2946	0.2256	30.59%	0.1056
Weighted average ROE (%)	14.81%	13.05%	1.76%	6.75%
	As at 31 Dec. 2014	As at 31 Dec. 2013	Increase or decrease of this year-end than last year-end (%)	As at 31 Dec. 2012
Total assets (RMB Yuan)	4,375,098,314.05	4,215,099,296.67	3.80%	3,712,770,828.30
Net assets attributable to shareholders of the Company (RMB Yuan)	2,161,537,401.78	1,863,347,135.33	16.00%	1,635,376,098.73

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

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

Applicable Inapplicable

Unit: RMB Yuan

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	2014	2013	Closing amount	Opening amount
According to Chinese accounting standards	298,033,316.49	228,268,271.23	2,161,537,401.78	1,863,347,135.33
Items and amounts adjusted according to international accounting standards				
According to international	298,033,316.49	228,268,271.23	2,161,537,401.78	1,863,347,135.33

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

Applicable Inapplicable

Unit: RMB Yuan

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	2014	2013	Closing amount	Opening amount
According to Chinese accounting standards	298,033,316.49	228,268,271.23	2,161,537,401.78	1,863,347,135.33
Items and amounts adjusted according to overseas accounting standards				
According to overseas accounting standards	298,033,316.49	228,268,271.23	2,161,537,401.78	1,863,347,135.33

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

Applicable Inapplicable

III. Items and amounts of extraordinary gains and losses

Applicable Inapplicable

Unit: RMB Yuan

Item	2014	2013	2012	Note
Gains/losses on the disposal of non-current assets (including the offset part of the asset impairment provisions)	-133,442.39	5,778,882.64	-588,399.46	No fixed asset disposal of a large amount in the current period.
Impairment provision reversal of accounts receivable on which the impairment test is carried out separately			6,140,000.00	
Non-operating income and expense other than the above	1,319,554.06	812,505.76	-130,400.83	
Less: Income tax effects	319,678.92	1,167,211.12	-161,200.07	
Total	866,432.75	5,424,177.28	5,582,399.78	--

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

Applicable Inapplicable

No such cases in the reporting period.

Section IV. Report of the Board of Directors

I. Overview

2014 witnessed continuous progress of the Company. In face of the downward macro-economy, the Board of Directors made wise decisions, the operation team worked hard as one man, the supervision mechanism functioned effectively and all employees united in a concerted effort, yielding great achievements in operation and management. The business results climbed to a new level, the operation and control capability in the main business was effectively improved, and new achievements were made in regard to corporate culture.

Looking back into 2014, new features occurred in various aspects of the Company's work:

(I) New progress was made regarding the business results. The reporting period witnessed new progress of the Company's business results. The closing consolidated undistributed profit turned positive for the first time in 16 years, with a rational asset and liability structure, a sound financial status and controllable risks.

(II) The operation capability in the main business improved significantly. The Company further enhanced its operation capability in its main business, with the control and key node control capability improved significantly and control more in place. Marketing control grew more mature through innovating upon project marketing methods, optimizing the institutional system and the work flows, and improving customer service. Cost control was strong and effective, with further enhanced whole-process target cost control capability, a better value creation function, effective node control and strong measures.

(III) Projects under construction were carried forward in an orderly manner. The northern block of the SPG Shanglin Garden Project smoothly went through completion acceptance, while planning adjustment, land replacement and plot ratio adjustment were completed for the southern block. The SPG Chuanqi Hill Project officially allowed moving in, successfully wrapping up the project. In terms of the Shantou Yuejing Orient Project, completion acceptance and residents' moving in were completed. As for the Jingzaiwan Project, preliminary planning and land leveling were finished and it started to invite bids for construction. Meanwhile, substantial progress was made in the Dongle Project and the Jingtian Project, for both of which construction would kick off within 2015.

(IV) The control capability continued to improve. The Company continued to enhance its corporate governance and internal control. The Board of Directors drew the big picture, determined the direction and made decisions; the operational team did solid work with a remarkable result; and the supervision mechanism worked well in all dimensions, which ensured that the Company operated in compliance with applicable rules. The internal control system expanded to cover the whole system of the Company. Throughout the year, the Company formulated 12 new sets of rules, revised 4 sets and optimized 147 work flows, which further promoted the institutional culture of rule compliance.

(V) Property operation saw a steady growth. Overcoming the impact from the downward macro-economy on its property leasehold, the Company took measures such as "stabilizing customers, enhancing payment collection, attracting more customers and tapping potential", enhanced the accountability mechanism, became stricter in contract execution and strengthened payment collection. As a result, the tasks for the year were fulfilled well.

(VI) Subsidiaries achieved great results in operation. They enhanced internal control, expanded the markets and overcame difficulties, which enabled them to fully accomplished the budget objectives.

(VII) The Company continued to improve its talent pool. It continued to carry out the “Great Talent, Great Team” plan, recruiting talented people by way of competition. It also enhanced professional training and provided “SPG Lectures”, creating a good atmosphere for employees to compete in professional proficiency.

(VIII) Impressive progress was also made in corporate culture. The Company proactively carried out various recreational activities and organized interest groups to build a new corporate culture, which significantly enhanced the cohesion throughout the Company.

II. Main business analysis

1. Overview

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

For the reporting period, the Company achieved operating revenues of RMB 2,132,311,200, up 0.75% from last year; operating profit of RMB 399,474,800, up 34.37% from last year; total profit of RMB 400,660,900, up 31.85% from last year; and net profit of RMB 298,033,300 attributable to shareholders of the Company, up 30.56% from last year.

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

Changes in the main operational mode:

Applicable Inapplicable

2. Revenues

Explanation:

Operating revenue and operating cost in 2014 stood at RMB 2,132,311,200 and RMB 1,409,664,900, up 0.75% and -8.89% respectively from last year, which was mainly because of the revenue and cost from the SPG Shanglin Garden project.

Sales income from real estate stood at RMB 1,476,320,300, up 4.94% from last year, which was mainly because of the sales income from the SPG Shanglin Garden project of the Longgang subordinate company.

Property management income stood at RMB 118,842,900, up 18.66% from last year, which was mainly because of the increased income of the subordinate property management company.

Is the Company's product sales revenue more than its service revenue?

Yes No

Industry	Item	Unit	2014	2013	YoY +/-%
Real estate development (RMB Ten thousand)	Sold		84,926.85	92,336.14	-8.02%
	Produced		65,175.16	113,888.35	-42.77%
	Stock		241,853.88	261,605.57	-7.55%

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

Applicable Inapplicable

Major orders on hand:

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)	119,173,771.38
Ratio of the total sales to the top 5 customers to the annual total sales (%)	5.59%

Information about the top 5 customers:

Applicable Inapplicable

Serial No.	Name of customer	Sales (RMB Yuan)	Proportion in annual total sales (%)
1	Corporation A	40,784,800.00	1.91%
2	Corporation B	29,987,587.93	1.41%
3	Corporation C	18,298,000.00	0.86%
4	Corporation D	16,290,000.00	0.76%
5	Corporation E	13,813,383.45	0.65%
Total	--	119,173,771.38	5.59%

Other information about the major customers

Applicable Inapplicable

3. Costs

Classified by industry:

Unit: RMB Yuan

Industry	Item	2014		2013		YoY +/- (%)
		Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	
Real estate		849,268,477.47	60.94%	925,436,497.61	60.37%	0.56%
Construction		461,212,716.07	33.09%	495,387,515.85	32.32%	0.78%
Leasing		29,729,040.27	2.13%	31,939,508.32	2.08%	0.05%
Property management		101,337,156.50	7.27%	89,941,397.44	5.87%	1.40%
Subtotal		1,441,547,390.31	103.43%	1,542,704,919.22	100.64%	2.79%
Minus: internal offset		47,832,106.53		9,788,534.77		
Total		1,393,715,283.78	100.00%	1,532,916,384.45	100.00%	

Classified by product:

Unit: RMB Yuan

Product	Item	2014		2013		YoY +/- (%)
		Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	
Real estate		849,268,477.47	60.94%	925,436,497.61	60.37%	0.56%

Explanation:

Operating cost in 2014 stood at RMB 1,393,715,300, down 9.08% from last year, which was mainly because the SPG Shanglin Garden project started to generate income and cost in the current period.

Major suppliers:

Total purchases from the top 5 suppliers (RMB Yuan)	448,033,547.98
Ratio of the total purchases from the top 5 suppliers to the annual total purchases (%)	80.16%

Information about the top 5 suppliers:

Applicable Inapplicable

Serial No.	Name of supplier	Procurement amount (RMB Yuan)	Proportion in annual total procurement amount (%)
1	Corporation A	351,541,978.04	62.89%
2	Corporation B	73,815,669.94	13.21%
3	Corporation C	8,275,900.00	1.48%
4	Corporation D	8,100,000.00	1.45%
5	Corporation E	6,300,000.00	1.13%
Total	--	448,033,547.98	80.16%

Other information about the major suppliers

Applicable Inapplicable

4. Expense

Financial expenses in 2014 stood at RMB 33,816,128.14, up 2257.73% from last year, mainly because main real estate projects went through completion acceptance and interest capitalization ceased in the current period.

Income tax expenses in 2014 stood at RMB 102,602,788.98, up 35.79% from last year, mainly because the total profit increased.

5. R&D expenses

Naught

6. Cash flows

Unit: RMB Yuan

Item	2014	2013	YoY +/- (%)
Subtotal of cash inflows from operating activities	1,867,088,183.88	2,082,643,982.89	-10.35%
Subtotal of cash outflows from operating activities	1,544,926,120.52	1,887,690,299.49	-18.16%
Net cash flows from operating activities	322,162,063.36	194,953,683.40	65.25%
Subtotal of cash inflows from investing activities	24,690.00	7,704,117.81	-99.68%
Subtotal of cash outflows from investing activities	3,016,118.70	6,079,076.26	-50.39%
Net cash flows from	-2,991,428.70	1,625,041.55	-284.08%

investing activities			
Subtotal of cash inflows from financing activities	362,013,496.47	470,989,352.23	-23.14%
Subtotal of cash outflows from financing activities	530,373,267.61	611,751,337.59	-13.30%
Net cash flows from financing activities	-168,359,771.14	-140,761,985.36	19.61%
Net increase in cash and cash equivalents	150,835,476.59	55,570,669.67	171.43%

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

√ Applicable □ Inapplicable

Net cash flows from operating activities in 2014 stood at RMB 322,162,063.36, up 65.25% from last year, which was mainly because the cash paid for goods and services decreased.

Cash inflows from investing activities in 2014 stood at RMB 24,690.00, down 99.68% from last year, which was mainly because there were no investment retraction or large-amount disposal of fixed assets in the current period.

Cash outflows from investing activities in 2014 stood at RMB 3,016,118.70, down 50.39% from last year, which was mainly because the purchased fixed, intangible and other long-term assets decreased.

Net cash flows from investing activities in 2014 stood at RMB -2,991,428.70, down 284.08% from last year, which was mainly because the cash received from disposal of fixed, intangible and other long-term assets and the cash paid to acquire fixed, intangible and other long-term assets both decreased.

Net increase in cash and cash equivalents in 2014 stood at RMB 150,835,476.59, up 171.43% from last year, which was mainly because the net cash flows from operating activities increased.

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

□ Applicable √ Inapplicable

III. Breakdown of main business

Unit: RMB Yuan

	Operating revenue	Operating cost	Gross profit rate (%)	Increase/decrease of operating revenue over last year (%)	Increase/decrease of operating cost over last year (%)	Increase/decrease of gross profit rate over last year (%)
Classified by industry:						
Real estate	1,476,320,296.06	849,268,477.47	42.47%	4.94%	-8.23%	8.25%
Construction	488,183,328.15	461,212,716.07	5.52%	-6.43%	-6.90%	0.47%
Leasing	78,833,382.73	29,729,040.27	62.29%	-4.19%	-6.92%	1.11%
Property management	118,842,883.81	101,337,156.50	14.73%	18.66%	12.67%	4.54%
Subtotal	2,162,179,890.75	1,441,547,390.31	33.33%	2.42%	-6.56%	6.41%
Minus: internal offset	50,540,216.49	47,832,106.53	5.36%			
Total	2,111,639,674.26	1,393,715,283.78	34.00%	0.67%	-9.08%	7.08%

Classified by product:						
Residences	1,418,885,068.06	825,568,531.87	41.82%	1.50%	-10.50%	7.80%
Shops	57,435,228.00	23,699,945.60	58.74%	542.50%	677.84%	-7.18%
Other products	685,859,594.69	592,278,912.84	13.64%	-2.60%	-4.05%	1.30%
Minus: internal offset	-50,540,216.49	-47,832,106.53	5.36%	276.49%	388.65%	
Total	2,111,639,674.26	1,393,715,283.78	34.00%	0.67%	-9.08%	7.08%
Classified by region:						
Domestic:						
Guangdong Province	2,100,652,904.17	1,384,529,733.71	34.09%	2.74%	-6.55%	6.55%
Other	60,941,449.28	57,017,656.60	6.44%	-7.37%	-6.65%	-0.73%
Overseas:	585,537.30		100.00%	-1.79%		
Total	2,162,179,890.75	1,441,547,390.31	33.33%	2.42%	-6.56%	6.41%
Minus: internal offset	50,540,216.49	47,832,106.53	5.36%			
Total	2,111,639,674.26	1,393,715,283.78	34.00%	0.67%	-9.08%	7.08%

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. 2014		As at 31 Dec. 2013		Proportion change (%)	Explain any major change
	Amount	Proportion in total assets (%)	Amount	Proportion in total assets (%)		
Monetary funds	678,957,249.03	15.52%	525,374,372.44	12.46%	3.06%	
Accounts receivable	84,388,842.43	1.93%	14,102,124.06	0.33%	1.60%	Increased 498.41% from the opening amount, mainly because receivable house mortgages increased.
Inventories	2,796,551,656.42	63.92%	2,967,935,589.04	70.41%	-6.49%	
Investing real estate	454,628,505.97	10.39%	466,314,091.90	11.06%	-0.67%	
Long-term equity investment	57,730,086.79	1.32%	57,736,411.85	1.37%	-0.05%	
Fixed assets	54,321,296.22	1.24%	60,715,687.71	1.44%	-0.20%	
Prepayments	17,821,748.23	0.41%	12,206,598.30	0.29%	0.12%	Increased 46.00% from the opening amount, mainly

						because prepayments for materials in the current period failed to carry over to inventories due to dissatisfaction of conditions.
Other current assets	12,436,024.40	0.28%	3,451,107.04	0.08%	0.20%	Increased 260.35% from the opening amount, mainly because the land VAT was prepaid.
Deferred income tax assets	13,856,593.97	0.32%	26,792,460.02	0.64%	-0.32%	Decreased 48.28% from the opening amount, mainly because the corresponding deferred income tax assets to the estimated profit from the house payment advances to the Company recognized in previous periods carried over.
Notes receivable	119,846,192.64	2.74%			2.74%	Increased 100.00% from the opening amount, mainly because customers changed the settlement methods.

2. Major changes of liability items

Unit: RMB Yuan

	2014		2013		Proportion on change (%)	Explain any major change
	Amount	Proportion in total assets (%)	Amount	Proportion in total assets (%)		
Short-term borrowings	149,846,192.64	3.42%	23,000,000.00	0.55%	2.87%	Increased 551.51% from the opening amount, mainly because financings increased.
Long-term borrowings	478,985,579.95	10.95%	814,213,536.85	19.32%	-8.37%	Decreased 41.17% from the opening amount, mainly because borrowings were repaid.
Accounts payable	541,538,762.36	12.38%	389,345,271.46	9.24%	3.14%	Increased 39.09% from the opening amount, mainly because the unsettled construction payables increased.
Accounts received in advance	144,315,921.34	3.30%	312,967,028.85	7.42%	-4.12%	Decreased 53.89% from the opening amount, mainly because the house payment advances carried over to incomes.
Taxes and fares payable	96,394,993.67	2.20%	148,006,651.37	3.51%	-1.31%	Decreased 34.87% from the opening amount, mainly because the paid taxes and fares increased.
Non-current liabilities due within one year	453,207,700.00	10.36%	331,482,489.72	7.86%	2.50%	Increased 36.72% from the opening amount, mainly because the long-term borrowings due within one year increased.

3. Assets and liabilities measured at fair value

Applicable Inapplicable

4. Major assets overseas

Applicable Inapplicable

V. Core competitiveness analysis

As one of the earliest real estate listed companies in Shenzhen, the Company has a history over 30 years in real estate development in Shenzhen and rich experience in the main business of real estate development. In recent years, thanks to the experience learned from the SPG Chuanqi Hill project in Guangming, Shenzhen, the SPG Shanglin Garden project in Longgang, Shenzhen and the project in Shantou, the Company accelerates the establishment of a modern enterprise HR management system and works hard in building a professional and high-quality development team. It also keeps improving the management mechanism and processes for project development. As a result, the professionalism and management capability of the Company have improved significantly; planning, construction, cost control, marketing capability and brand image have been effectively enhanced; and the operational capability in the main business of real estate keeps increasing, along with the core competitiveness. The reporting period has witnessed a consecutive sixth-year growth in the Company's operating revenues and profit, as well as a negative-to-positive switch of the consolidated undistributed profit. What's more, in 2014, the Company was honored the "Best Enterprise in Honesty in Guangdong Province for 2013", the "Creating and Learning Enterprise in Guangdong Province for 2014", etc.

VI. Investment analysis

1. Investments in equities of external parties

(1) Investments in external parties

Applicable Inapplicable

No investments in external parties in the report period.

(2) Equity-holdings in financial enterprises

Applicable Inapplicable

There was no such situation of the Company in the reporting period.

(3) Securities investments

Applicable Inapplicable

There was no such situation of the Company in the reporting period.

(4) Shareholdings in other listed companies

Applicable Inapplicable

There was no such situation of the Company in the reporting period.

2. Wealth management entrustment, derivative investments and entrustment loans**(1) Wealth management entrustment**

Applicable Inapplicable

There was no such situation of the Company in the reporting period.

(2) Derivative investments

Applicable Inapplicable

There was no such situation of the Company in the reporting period.

(3) Entrustment loans

Applicable Inapplicable

There was no such situation of the Company in the reporting period.

3. Use of raised funds

Applicable Inapplicable

There was no such situation of the Company in the reporting period.

4. Analysis to main subsidiaries and stock-participating companies

Applicable Inapplicable

Main subsidiaries and stock-participating companies:

Unit: RMB Yuan

Company name	Company variety	Industry	Main products/services	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Shenzhen Petrel Hotel Co., Ltd.	Subsidiary	Service	Hotel Service	RMB 30 million	43,542,966.50	35,676,194.92	26,200,172.49	854,265.87	565,723.06
Shenzhen Property Management Co., Ltd.	Subsidiary	Service	Property management	RMB 7.25 million	76,454,480.11	16,401,366.49	121,614,952.03	2,866,432.92	1,426,799.41
Shenzhen Zhentong Engineering Co., Ltd.	Subsidiary	Service	Fixing and maintenance of projects	RMB 10 million	234,956,113.40	18,102,926.56	489,467,334.00	3,060,582.38	2,637,671.69
Shenzhen Huazhan Construction Supervision	Subsidiary	Service	Construction supervision	RMB 8 million	9,272,008.57	8,304,878.23	5,485,290.16	708,370.22	531,277.67

on Co., Ltd.									
Shenzhen SPG Mini-bus Rent Co., Ltd.	Subsidiary	Service	Rent of mini-bus	RMB 10.29 million	20,721,890.51	16,881,169.05	4,321,508.36	888,530.72	567,582.14
Xin Feng Real Estate Co., Ltd.	Subsidiary	Investment management	Investment, management	HKD 1 million	356,413,690.47	46,869,225.51	179,934,870.00	16,969,289.43	12,547,845.03
Great Wall Estate Co., Inc. (U.S.)	Subsidiary	Real estate	Development of real estate	USD 0.5 million	17,864,882.55	-76,895,054.77	585,537.30	119,858.52	119,858.52
Xin Feng Enterprise Co., Ltd.	Subsidiary	Investment management	Investment and management	HKD 1 million	162,371,067.90	-390,959,327.43		-2,267,355.09	-2,270,372.84
Shenzhen SPG Longgang Development Co., Ltd.	Subsidiary	Real estate	Development of real estate	RMB 30 million	974,830,029.16	144,353,901.79	726,471,448.00	238,231,516.13	177,787,560.21
Shantou Huafeng Real Estate Development Co., Ltd.	Subsidiary	Real estate	Development of real estate	RMB 30 million	328,747,077.83	18,273,699.43	0.00	-15,635,067.43	-11,726,300.57

Explain particulars about main subsidiaries and stock-participating companies:

Subsidiaries acquired or disposed during the reporting period:

Applicable Inapplicable

5. Significant projects invested with non-raised funds

Applicable Inapplicable

Unit: RMB Ten thousand Yuan

Project name	Total planned investment	Input for this period	Cumulative actual input as at the period-end	Project progress	Project earnings	Disclosure date (if any)	Disclosure index (if any)
SPG Chuanqi Hill	254,545	16,332	233,196	100.00%	Accumulative carried forward sales revenue of RMB 184,295 million		
SPG Shanglin Garden	140,000	27,981	88,711		Accumulative carried forward sales		

					revenue of the north area of RMB 72,647 million		
Shantou Yuejing Dongfang	15,000	5,284	18,177	100.00%	Accumulative carried forward sales revenue of RMB 13,260 million		
Shantou Jingzaiwan Project	119,400	2,553	32,416				
Total	528,945	52,150	372,500	--	--	--	--

VII. Predict the operating results of Jan.-Mar. 2015

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. Entities controlled by the Company for special purposes

Applicable Inapplicable

IX. Outlook of the Company's future development

In 2015, the macro economy had stepped in the key phase of development shifting and structure adjusting, which could be interpreted as "new normalcy of economy and key year of reform" while the downward pressure of the economy still exist and will sustain for a rather long time. The property industry had appeared the tendency such as industry subdivision and enterprise differentiation and the China urbanization was being promoting steadily with tremendous potential that the rigid demand for the property would be long-term and the development of the property market would be more reasonable as well as healthier. Through the efforts of the Company of recent years, the professional degree, the control and management level of projects, the rolling development ability and the brand influence of the Company were had rather big enhance and received the inspection of the market and the recognition from the customers, and the Company would seize the opportunities and strive for greater development.

In 2015, the Company will make great efforts to grasp the following work of three aspects:

(I) Prominently ensure the professional ability construction. To accelerate and make great efforts to construct the projects, to practically strengthen the professional ability construction by regarding the projects development and construction as a breakthrough point, to strengthen the construction of the control ability, arrangement of the projects and the plan management ability of the whole process of the projects development, to seize the key point and to ensure the quality, progress and safety of the projects development products; prominently grasp well of the marketing control and management, to practically enhance the control and management control of the intermediary service units as well as the innovation ability of the marketing and planning based on the getting rid of the sales rate and maintaining the inventory with great efforts, to ensure the completion of the whole year's task; to make great efforts to do the cost management and control, to move forward the core of the cost management

and control, to meticulously interfere into the resource phase of the planning and design, to organic unify the beforehand intervention, the in-process control and the afterwards settlement, to cover the whole process with careful calculation and strict budgeting as well as to led the cost control to transfer from traditional pricing computation to value innovation; to innovate the operation mode and to improve the economy efficiency of each operating units.

(II) Clearing out the strategies and exploring the new path of the enterprise development. To grasp well of the link of the development strategic planning, to execute the analysis and summary compare to the objective of a struggle of the “12th Five-Year” strategic plan, to find out the experience and insufficient, to strive for the complete ending, to crafting the “13th Five-Year” strategic plan and to clear out the direction as well as to decide the major program of lasting importance for the future development; to regard the reform as the motivation of the enterprise development, to grasp the opportunity of the deeper reform, to strengthen the professional ability, to enhance the operation efficiency and to make use of the capital market for accelerating the developing and expansion; to perfect and innovate the management and control system construction, to constantly innovate, optimize and perfect the management and control system and business progress, to constantly enhance the government level of the Company, to strengthen the internal control and to make great efforts to execute the risks prevention and control as well as to practically improve the operating efficiency.

(III) Actively exploring the long term stimulation mechanism and strengthening the endogenous power of development. To continually carry forward the performance culture for judging heroism, to deeper the system reform of the labor, personnel and the salary and to form the favorable mechanism of rewarding the diligent and punishing the lazy as well as selecting the superior and eliminating the inferior; to actively exploring the long term stimulation mechanism, to study and explore combine with the actual situation for searching the long term stimulation mechanism that in favor of the long-term development of the enterprises.

X. Explanation by the Board of Directors and the Supervisory Committee about the “non-standard audit report” issued by the CPAs firm for the reporting period

Applicable Inapplicable

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

Applicable Inapplicable

(1) Changes of accounting polices

Changes of accounting polices caused by executing the new ASBE

At the beginning of Y2014, the Ministry of Finance issued No. 30 of ASBE-Fair Value Measurement, No. 30 of ASBE -Presentation of Financial Statement (revised in 2014), No. 9 of ASBE -Employee Compensation (revised in 2014), No. 33 of ASBE -Consolidation Financial Statement (revised in 2014), No. 40 of ABSE-Joint Venture Arrangement, No. 2 of ASBE-Long-term Equity Investment (revised in 2014) and No. 41 of ASBE-Disclosure of the Equity among Other Entities respectively by F-H [2014] No. 6, No. 7, No. 8, No. 10, No. 11, No. 14 and No. 16, which be required to execute within the scope of the enterprise which had been executing the ASBE and be encouraged to execute in advance among the enterprises listed in overseas. At the same time, the Ministry of Finance issued No. 37 of ASBE-Presentation of Financial Instruments (revised in 2014) as C-H [2014] No. 23 (hereinafter referred to as “Presentation Standard of Financial Instruments”), which be required to present the financial instruments according to the requirements of the criterion among the financial statement in Y2014 and

the following periods.

According to the regulations of the Ministry of Finance, the Company began to execute the above 7 new issued or revised ASBE except for the financial instruments presentation criterion on 1 Jul. 2014, to execute the financial instruments presentation criterion when compiling the 2014 Financial Report and had executed the adjustment according to the requirements of each criterion link with the influences on the financial statement items and amount of the current period and the early stage of the presentation were as follows:

Name of criterions	Notes of the content and the influences	The affected amount of the relevant financial statement items on 1 Jan. 2014/of Y2013	
		Name of items	Affected amount Increase+/Decrease-
No. 2 of ASBE-Long-term Equity Investment	The Group had no joint control or significant influences on the investees before executing the No. 2 of ASBE-Long-term Equity Investment (revised in 2014), and the equity investment which had no quotation in the active market as well as its fair value could be not reliable measured should be measured as long-term equity investment by cost method. After executed the No. 2 of ASBE-Long-term Equity Investment (revised in 2014), the Group measured the equity investment which didn't have joint control or significant influences on the investees and had no quotation in the active market as well as its fair value could not be reliable measured as available-for-sale financial assets. The Group executed the accounting treatment of the above changes of accounting policies by retrospective application.	Available-for-sale financial assets	17,464,240.74
		Long-term equity investment	-17,464,240.74
No. 30 of ASBE-Presentation of Financial Statement	No. 30 of ASBE-Presentation of Financial Statement (revised in 2014) had divided the other comprehensive income into two categories: (1) other comprehensive income items which could not be re-classified into gains and losses in afterwards accounting period; (2) other comprehensive income items which could not be re-classified into gains and losses when satisfying the specific conditions in afterwards accounting period and at the same time specify the presentation of the held-to-sold items etc. The Financial Statement had presented according to the criterion and executed corresponding adjustment compared to the presentation of the Annual Financial Statement.	Other comprehensive income	9,354,020.21
		Discounted amount of the foreign currency statement	-9,354,020.21

Other accounting polices changes related to the newly issued or newly revised ASBE

① No. 9 of ASBE-Employee Compensation:

Before executing the No. 9 of ASBE-Employee Compensation (revised in 2014), if the Company had formulated formal plan for the cancellation of labor relationship or had put forward the voluntary layoff proposal and will be executed, and at the same time the Company could not unilateral withdrawal the cancellation of labor relationship plan or the layoff proposal, for the dismiss welfare which of the cancellation of the labor relationship before the due time of the worker labor contract or the advice that providing the compensations for encouraging the labor voluntarily accepting the layoff, should recognize the estimated liabilities cause by the cancellation of the labor relationship and include which into the current gains and losses. After executed the No. 9 of ASBE-Employee

Compensation (revised in 2014), please see the details of the accounting policies of the dismiss welfare to the Notes IV. 24. Adopting the No. 9 of ASBE-Employee Compensation (revised in 2014) not caused significant influences of the measurement of the financial statement. The Financial Statement had been disclosed according to the criterion.

② No. 33 of ASBE-Consolidation of Financial Statement (revised in 2014):

No. 33 of ASBE-Consolidation of Financial Statement (revised in 2014) similarly stipulated that “the consolidation scope of the Consolidation Financial Statement should be recognized based on the control”, but had revised the definition “control” as “refers to the power of the investors on the investees, which could enjoy the variable returns through participate in the relevant activities of the investees and has the ability to use the power on the investees to influence its return amount”. The criterion after revised required the investees to adjust the investees based on whether the investors control the investees on deliberating all the relevant facts and situations and provided more specific guidance on the judgment problems of the control right. The control right judgment standard stipulated after the revise of the criterion that met with by the subsidiaries which are included in the consolidation scope of the previous years of the Company, the changes of the former would not cause significant influences on the financial statement of the Company.

③ No. 37 of ASBE—Presentation of Financial Instruments:

No. 37 of ASBE—Presentation of Financial Instruments (revised in 2014) increased the regulation about off-set and the disclosure requirements as well as the disclosure requirements of the transfer of the financial assets, and verified the disclosure requirements of the overdue period analysis of the financial assets and liabilities. The financial statement had presented according to the ASBE and had made corresponding adjustment on the disclosure of the notes of the comparable annual financial statement.

④ No. 39 of ASBE—Fair Value Measurement:

No. 39 of ASBE—Fair Value Measurement standardized the measurement and disclosure of the fair value. To adopt No. 39 of ASBE—Fair Value Measurement not caused significant influence on the measure of the financial statement items, but had led the enterprises made wider disclosure of the fair value information of the notes of the financial statement. The financial statement had been disclosed according to regulations of the ASBE.

⑤ No. 40 of ASBE-Joint Venture Arrangement

No. 40 of ASBE-Joint Venture Arrangement stipulated the accounting treatment of the joint venture arrangement owned joint control. The criterion stipulated two types of joint venture arrangement: joint operation and joint ventures. The category of the joint venture depended on the rights and obligations enjoyed by the participate party on the joint venture arrangement. Joint operation refers to the right assets related to the arrangement enjoyed by the common operators and takes the responsibility of the joint venture arrangement of the obligations of the liabilities related to the arrangement as well as executes the accounting treatment according to the obligations and rights among the joint venture of the common operators; joint venture refers to the joint venture arrangement that the common operators enjoy the rights on the net assets of the arrangement, and execute the accounting treatment adopting equity method according to the regulations of No.2 of ASBE-Long-term Equity Investment. Adopting the No. 40 of ASBE-Joint Venture Arrangement had not caused significant influences on the measurement of the financial statement items.

⑥ No. 41 of ASBE—Equity Disclosure of Other Entities

No. 41 of ASBE—Equity Disclosure of Other Entities is adapted to the disclosure of the equity for the enterprises among the subsidiaries, joint venture arrangement, joint operation and structured entities which not included in the consolidation financial statement. To adopt No. 41 of ASBE—Equity Disclosure of Other Entities will lead the enterprises made wider disclosure of the fair value information of the notes of the financial statement. The financial statement had presented according to the ASBE and had made corresponding adjustment on the

disclosure of the notes of the comparable annual financial statement.

(2) Alteration of the accounting estimate

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

Applicable Inapplicable

There was no retrospective restatement due to correction of significant accounting errors of the Company in the reporting period.

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

Applicable Inapplicable

There was no change of the consolidation scope of the Company in the reporting period.

XIV. Profit allocation and dividend distribution

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

Applicable Inapplicable

2013 Proposal on Profit Distribution of the Company was reviewed and approved by the 10th Session of the 7th Meeting of the Board of Directors on 28 Mar. 2014 and the 2013 General Meeting of Shareholders on 23 Apr. 2014, which decided that, the net profit of 2013 will be used for covering the deficit of the previous years. And thus no profit distribution or capitalization of capital reserves will be conducted.

Special explanation of the cash dividend policy	
Whether conformed with the regulations of the Articles of association or the requirements of the resolutions of the shareholders' meeting:	The conditions and process of formulation of the Retribution Plan for the Company's Shareholders, the revision of the Articles of Association was compliance and transparent with the contents met with the requirements of the relevant laws and regulations as well as CSRC.
Whether the dividend standard and the proportion were definite and clear:	The dividend standard and the proportion were definite and clear after revision.
Whether the relevant decision-making process and the system were complete:	The relevant decision-making process and system was completed.
Whether the independent director acted dutifully and exerted the proper function:	The independent director executed dutifully and gave independent advice of the cash dividend policy of the Company.
Whether the medium and small shareholders had the chances to fully express their suggestions and appeals, of which their legal interest had gained fully protection:	Yes
Whether the conditions and the process met the regulations and was transparent of the adjustment or altered of the cash dividend policy:	Yes

Pre-plan or plan for profit distribution and turning capital reserve into share capital in recent 3 years (including the reporting period)

In 2012, the net profit of 2012 will be used for covering the deficit of the previous years. And thus no profit distribution or capitalization of capital reserves will be conducted;

In 2013, the net profit of 2013 will be used for covering the deficit of the previous years. And thus no profit

distribution or capitalization of capital reserves will be conducted;

In 2014, the net profit of 2013 will be used for covering the deficit of the previous years. And thus no profit distribution or capitalization of capital reserves will be conducted.

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

Unit: RMB Yuan

Dividend year	Amount of cash dividend (including tax)	Net profit belonging to shareholders of the listed company in consolidated statement of dividend year	The ratio accounting in net profit which belongs to shareholders of the listed company in consolidated statement	The amount offered and re-purchased the shares by cash that included in the cash bonus	The proportion offered and re-purchased the shares by cash that included in the cash bonus
2014	0.00	298,033,316.49	0.00%	0.00	0.00%
2013	0.00	228,268,271.23	0.00%	0.00	0.00%
2012	0.00	106,814,543.53	0.00%	0.00	0.00%

Although the company obtains profits and the parent company's undistributed profit is positive during the reporting period, no cash dividend distribution pre-plan is put forward.

Applicable Inapplicable

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

Applicable Inapplicable

The Company planned not to distribute the cash bonus and bonus shares as well as not transfer the reserved funds into share capital.

XVI. Social responsibilities

Applicable Inapplicable

The Company attaches great importance to performing its social responsibilities, proactively protecting legal rights and interests of the creditors, employees, consumers, suppliers, the communities and other stakeholders. In the reporting period, the Company constructed the volunteer team and party member volunteer service team and actively carried out the volunteer service and party member volunteer service activities; persisted in carrying out the donation activity of "Hand in hand of the municipal state-owned enterprises and heart to heart for caring and assistance", and granted condolence payments for the party member in difficulties, employees and staffs in hospital as well as donated such as money and clothes to the Lakeview Community of Luohu District; the Company also positively carried out badminton, table tennis, mountaineering and basketball interest group activities, and held activities such as health knowledge lectures. In the reporting period, the Company received the title of "Most Honest Enterprise of Guangdong Province for 2013".

Whether the listed company and its subsidiaries were belongs to the heavily polluting industries stimulated by the state department of environmental protection

Yes No Inapplicable

Whether there were any significant society security problems of the listed company and its subsidiaries

Yes No Inapplicable

Whether had been administrative punished in the reporting period

Yes No Inapplicable

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

Applicable Inapplicable

Time of reception	Place of reception	Way of reception	Visitor type	Visitor	Main discussion and materials provided by the Company
9 Jan. 2014	Office	By telephone	Individual	Individual investor	Consult of the annual operation situation of the Company, and the projects development progress as well as the influences on the operation by the state and polices etc., didn't offer written materials
6 Mar. 2014	Office	By telephone	Individual	Individual investor	Consult of the estimated disclosure date of the annual report of the Company and the sales situation of Guangming and Longgang, didn't offer written materials
25 Apr. 2014	Office	By telephone	Individual	Individual investor	Consult of the operation situation and the decrease reasons of the current shares price, didn't offer written materials
26 Jun. 2014	Office	By telephone	Individual	Individual investor	Consult of the projects development progress of the first half year and the sales situation of the Company, didn't offer written materials
11 Jul. 2014	Office	By telephone	Individual	Individual investor	Consult of the operation situation of the first half year and the estimated disclosure date of the semi-annual report of the Company, didn't offer written materials
19 Aug. 2014	Office	By telephone	Individual	Individual investor	Consult of the projects development sales situation of the Company, didn't offer written materials
17 Sep. 2014	Office	By telephone	Individual	Individual investor	Consult of the influences situation on the Company of Shenzhen state-owned assets reform of state-owned enterprises and the projects development sales situation, didn't offer written materials
10 Oct. 2014	Office	By telephone	Individual	Individual investor	Consult of the relevant situation of the number of the Company shareholders, didn't offer written materials
12 Nov. 2014	Office	By telephone	Individual	Individual investor	Consult of the relevant situation of the number of the Company shareholders, didn't offer written materials
29 Dec. 2014	Office	By telephone	Individual	Individual investor	Consult of the 2014 operation situation of the Company and the projects development progress as well as the relevant situation of Shenzhen state-owned assets reform of state-owned enterprises , didn't offer written materials
Reception times					10
Number of reception institutions					0
Number of reception person					10
Number of receipting other targets					0
Whether disclose, reveal or let out unpublished significant information					No

Section V. Report of the Supervisory Committee

In 2014, according to the Company Law and the Company's Articles of Association, with great support from the Company's Board of Directors, its management team and shareholders, the Supervisory Committee proactively safeguarded the rights and interests of all the shareholders and faithfully performed its duty of supervision.

I. Work of the Supervisory Committee

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

II. Sessions convened by the Supervisory Committee

(I) The 8th Session of the 7th Supervisory Committee was convened on 28 Mar. 2014, at which reviewed and approved the 2013 Annual Report and its Summary, Profit Distribution Preplan for Y2013, 2013 Annual Report of Supervisory Committee and the Proposal on 2013 Annual Self-appraisal Report on Internal Control. Five supervisors attended the session, and the voting result of the session was as follows: 5 votes for, 0 votes against, and 0 abstentions.

(II) The 9th Session of the 7th Supervisory Committee was convened on 23 Apr. 2014, at which reviewed and approved the 1st Quarterly Report for 2014 and its Abstract. Five supervisors attended the session, and the voting result of the session was as follows: 5 votes for, 0 votes against, and 0 abstentions.

(III) The 10th Session of the 7th Supervisory Committee was convened on 23 Aug. 2014, at which reviewed and approved the 2014 Semi-annual Report and its Abstract. Four supervisors attended the session, and the voting result of the session was as follows: 4 votes for, 0 votes against, and 0

abstentions.

(IV) The 11th Session of the 7th Supervisory Committee was convened on 22 Oct. 2014, at which reviewed and approved the 3rd Quarterly Report for 2014 and its Abstract. Four supervisors attended the session, and the voting result of the session was as follows: 5 votes for, 0 votes against, and 0 abstentions.

III. Independent opinions on relevant matters by the Supervisory Committee

(I) About the Company's operation according to laws: In 2014, members of the Supervisory Committee sat in on all the board sessions. Chairman of the Supervisory Committee Zhuang Quan sat in on deliberative sessions of the Company's management, sessions of GM and other important sessions. Considering the various rules, the Supervisory Committee was of the opinion that the Company made decisions in accordance with relevant laws and regulations, as well as the Company's Articles of Association, with no behaviors harmful to shareholder interests; that the internal management mechanism and the control system were further improved; and that the directors and senior executives diligently, responsibly and compliantly performed their duties, with no behaviors in violation of the laws, rules and Articles of Association or harmful to the interest of the Company.

(II) About the Company's financial status: During the reporting period, the Supervisory Committee conscientiously performed its duty of supervisory the Company's financial status, monitored the operation and risks and issued its review opinion on all regular reports. The Supervisory Committee was of the opinion that the financial report with the standard unqualified audit opinion issued by RSM China Certified Public Accountants LLP upon audit was a factual and objective reflection of the Company's financial status and operating results for 2014.

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

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

1. During the reporting period, there was no non-operating situation of the occupation of the Company's funds of the controlling shareholders, actual controller and other related parties; there was also no situation that the Company offered guarantee for the controlling shareholders and other related parties, as well as any non-legal entities or individual.

2. During the reporting period, the Company's wholly owned company Zhentong Company undertook the construction of the engineering of the related party Shenzhen Jianan Group Co., Ltd.(total package contractor of the SPG Chuanqi Hill of the Company), which received the project funds of RMB 150 million.

3. During the reporting period, the Company's related-party transactions were fair and compliant with laws and regulations. And no harm was done to interests of some shareholders or the Company.

(V) Opinion about the Company's self-appraisal on its internal control: In 2014, the Company continued enhancing risk control and internal control standardization. The internal control system covered all aspects and links of the Company's operation. Key internal control activities were conducted according to the Company's rules on internal control, with no major defects; and the

Company's self-appraisal report on its internal control was in line with the actual condition of the Company.

Section VI. Significant Events

I. Significant lawsuit or arbitration

√ Applicable □ Inapplicable

Basic information	Involved amount (RMB Ten Thousand Yuan)	Projected liability or not	Progress	Ruling and influence	Execution of ruling	Date of disclosure	Disclosure index
Xi'an Project Lawsuit (For details, see "Note VII"—"Contingent Events"—"1. Contingent liabilities due to pending lawsuits or arbitrations, as well as the financial influence thereof".)	2,100	No	In execution	① Business Tourism Company had to pay for the compensation RMB 36,620 thousand and the relevant interest (from 14 Sept. 1998 to the payment day) to Xi'an Fresh Peak Company within one month after the judgment entering into force. If the Business Tourism Company failed to pay in time, it had to pay double debt interests to Xi'an Fresh Peak Company for the overdue period; ② Xi'an Joint Commission on Commerce had jointly and severally obligation of the interests of the compensation; ③ Business Tourism Company shall bear RMB 227,500 of the acceptance fee and the security fee.	The applicant has received RMB 15.20 million. Now Business Tourism Company has no executable properties and Xi'an Joint Commission on Commerce has been refusing to execute the ruling. It is difficult to recover the rest.	29 Mar. 2014	Semi-annual Report on www.cninfo.com.cn
Luofu Hill project Lawsuit (For details, see "Note VII"—"Contingent Events"—"1. Contingent liabilities due to pending lawsuits or arbitrations, as	960	No	In execution	① Luofu Hill Tourism Company has paid back RMB 9.6 million; ② Luofushan Administration Committee had to undertake one third of the debts which Luofushan Tourism was unable to repay; ③ Luofu Hill Tourism Company shall bear	Because the state-owned land resource administration cannot work out the planning key points for the sealed	29 Mar. 2014	Semi-annual Report on www.cninfo.com.cn

well as the financial influence thereof’.)				RMB 167,700 of the case acceptance fee and the security fee.	land, the land cannot be auctioned.		
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II. Media’s questions

Applicable Inapplicable

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

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

Applicable Inapplicable

There was no occupation of the Company’s capital by the controlling shareholder and its related parties for non-operating purposes of the reporting period.

IV. Bankruptcy and reorganization

Applicable Inapplicable

There was no bankruptcy and reorganization of the Company of the reporting period.

V. Asset transactions

1. Asset acquisition

Applicable Inapplicable

There was no such situation.

2. Sale of assets

Applicable Inapplicable

There was no such situation.

3. Business combination

Applicable Inapplicable

There was no such situation.

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

Applicable Inapplicable

There was no implementation and influence of equity incentive plan of the Company of the reporting period.

VII. Significant related-party transactions

1. Related-party transactions concerning routine operation

Applicable Inapplicable

Related transaction party	Relationship	Type of the related-party transaction	Contents of the related-party transaction	Pricing principle of the related-party transaction	Transaction price	Transaction amount (RMB 0,000)	Proportion in same kind of transactions	Settlement method of the related-party transaction	Market price	Date of disclosure	Index of disclosure
Shenzhen Jianan Group Co., Ltd.	Under the same control of the Company's controlling shareholder	The related party offered bid for the wholly subsidiary	Construction	Negotiated price	Contractual amount of RMB 40,519,400	150	100.00%	Bank transfer	-		
Total				--	--	150	--	--	--	--	--
Details about return of large-amount sales				N/A							
Necessity and consistency of the related-party transaction, as well as the reasons why the related party is chosen over other parties in the market to deal with				The related-party transactions above were helpful to the main business of the Company and they were within the normal business scope of the Company. They were carried out with the transaction prices determined according to market prices of transactions of the same kind. They were fair and rational, with no harm done to the interests of the Company.							
Influence of the related-party transaction on independency of the Company				The related-party transactions above had no influence on the independency of the Company.							
The Company's independence on the related part and the relevant solutions (if any)				The Company would not have to rely on or be controlled by the related parties due to these transactions.							
Where the Company classifies and estimates the total amount of routine related-party transactions for the reporting period, explain the actual implementation during the reporting period (if any)				Inapplicable							
Explain why the transaction price is greatly different from the market price				Inapplicable							

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

Applicable Inapplicable

There was no related-party transaction arising from asset acquisition or sale of the Company of the reporting period.

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

Applicable Inapplicable

There was no significant related-party transaction concerning joint investment in external parties of the Company of the reporting period.

4. Credits and liabilities with related parties

Applicable Inapplicable

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

Yes No

Related party	Relation	Type of credit/liability	Reason for credit/liability	Non-operating capital occupation (Yes/No)	Opening balance (RMB Thousand Yuan)	Amount during the reporting period (RMB Thousand Yuan)	Closing balance (RMB Thousand Yuan)
Shenzhen Xinfeng Property Consultant Co., Ltd	Subsidiary (has conducted the employees' shareholding reform)	Credit receivable from related party	The subsidiary handled the agent business for the Company or the Company provided investment or loans for it in previous years	No	108.48	0.24	108.72
Guangdong province Huizhou Luofu Hill mineral water Co., Ltd	Joint venture	Credit receivable from related party	The Company provided investment or loans for the subsidiary in previous years	No	1,046.52	-	1,046.52
Shenzhen Runhua Automobile Trading Co., Ltd	Associated enterprise	Credit receivable from related party	The Company provided investment or loans for the subsidiary in previous years	No	307.28	-	307.28
Canada Great Wall (Vancouver) Co., Ltd	Subsidiary	Credit receivable from related	The Company provided	No	8,903.57	-	8,903.57

		party	investment or loans for the subsidiary in previous years				
Bekaton Property Limited	Subsidiary	Credit receivable from related party	The Company provided investment or loans for the subsidiary in previous years	No	1,255.93	-	1,255.93
Paklid Limited	Subsidiary	Credit receivable from related party	Current accounts in previous years	No	1,842.81	1.81	1,844.62
Shenzhen Shenfang Department Store Co. Ltd.	Subsidiary	Credit receivable from related party	Current accounts in previous years	No	23.76	-	23.76
Shenzhen Real Estate Consolidated Service Co., Ltd.	Subsidiary	Credit receivable from related party	Current accounts in previous years	No	108.65	-	108.65
Shenzhen City Shenfang Construction and Decoration Materials Ltd.	Subsidiary	Credit receivable from related party	Current accounts in previous years	No	832.72	-	832.72
Shenzhen Ronghua JiDian Co., Ltd	Subsidiary (has conducted the employees' shareholding reform)	Credit receivable from related party	Current accounts in previous years	No	47.52	-	47.52
Xi'an Fresh Peak Building Co. Ltd.	Joint venture	Credit receivable from related party	Current accounts in previous years	No	841.92	-	841.92
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd.	Subsidiary	Liability payable to related party	Current accounts in previous years	No	59.80	-	59.80
Shenzhen Shen Fang Industrial Development Co., Ltd	Subsidiary	Liability payable to related party	Current accounts in previous years	No	153.49	-	153.49
Shenzhen ZhongGang Haiyan Enterprise Ltd.	Subsidiary	Liability payable to related party	Current accounts in previous years	No	13.59	-	13.59
Shenzhen Dongfang New	Subsidiary	Liability payable to	Current accounts in	No	90.30	-	90.30

world store Co., Ltd		related party	previous years				
Shenzhen Xin Dongfang Store Ltd.	Subsidiary	Liability payable to related party	Current accounts in previous years	No	139.47	-	139.47
Fengkai Lain Feng Cement Manufacturing Co., Ltd.	Subsidiary	Liability payable to related party	Current accounts in previous years	No	186.73	-	186.73
Shenzhen CyberPort Co., Ltd	Subsidiary	Liability payable to related party	Current accounts in previous years	No	796.47	-	796.47
ShenZhen ShenFang BaoAn development Co., Ltd	Subsidiary	Liability payable to related party	Current accounts in previous years	No	2,009.34	-	2,009.34
Shenzhen Investment Holdings Co., Ltd.	Controlling shareholder	Liability payable to related party	The principal and interest of loans from the controlling shareholder	No	7,038.41	-	7,038.41
Effects of the credits and liabilities with related parties on the Company's operating results and financial situation	There was no appropriation of funds of the Company by the controlling shareholder and its controlled related parties, the Company's credits and liabilities with the subsidiaries, joint ventures and associated enterprises arose from investment and current accounts, which had no negative influence on the normal operation of the Company.						

5. Other significant related-party transactions

Applicable Inapplicable

There was no other significant related-party transaction.

VIII. Particulars about significant contracts and their fulfillment

1. Particulars about trusteeship, contract and lease

(1) Trusteeship

Applicable Inapplicable

There was no such situation.

(2) Contract

Applicable Inapplicable

There was no such situation.

(3) Lease

Applicable Inapplicable

There was no such situation.

2. Guarantees provided by the Company

Applicable Inapplicable

Unit: RMB Ten Thousand Yuan

Guarantees provided by the Company for external parties (excluding those for subsidiaries)								
Guaranteed party	Disclose date of relevant announcement on the guarantee amount	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not
Total external guarantee line approved during the reporting period (A1)				0	Total actual occurred amount of external guarantee during the reporting period (A2)		0	
Total external guarantee line that has been approved at the end of the reporting period (A3)				0	Total actual external guarantee balance at the end of the reporting period (A4)		0	
Guarantees provided by the Company for its subsidiaries								
Guaranteed party	Disclose date of relevant announcement on the guarantee amount	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not
Shantou SEZ, Wellam FTY, Building Development Co., Ltd.		13,000	17 Apr. 2013	13,000	Joint liability guarantee	Three years	No	No
Total guarantee line approved for the subsidiaries during the reporting period (B1)				0	Total actual occurred amount of guarantee for the subsidiaries during the reporting period (B2)		0	
Total guarantee line that has been approved for the subsidiaries at the end of the reporting period (B3)				13,000	Total actual guarantee balance for the subsidiaries at the end of the reporting period (B4)		13,000	
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				13,000	Total actual guarantee		13,000	

been approved at the end of the reporting period (A3+B3)		balance at the end of the reporting period (A4+B4)	
Proportion of total guarantee amount (A4+B4) to the net assets of the Company			6.01%
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
Explanation on possible bearing joint responsibility of liquidation due to immature guarantee	The Company offered mortgage loan guarantees for the commercial residential building purchaser. Up to 31 Dec. 2013, the amount of the unsettled guarantee was of RMB 35,406.6 million.		
Explanation on provision of guarantees for external parties in violation of the prescribed procedure	N/A		

Explanation on particulars about the guarantees by complex ways:

The Company offered mortgage loan guarantees for the commercial residential building purchaser. Up to 31 Dec. 2014, the amount and the term of the unsettled guarantee were as follows:

Item	Term	Unsettled amount (RMB Ten Thousand Yuan)
Shenzhen Properties Chuanqi Hill Project	From the issuing of the loans to the completion of the transaction of the mortgage registration of contract of advance sales	11,641.00
Shenzhen Properties Chuanqi Hill Project	Till the completion of the mortgage registration of property ownership certificate and should submit to the bank for custody	1,072.70
Shenzhen Properties Shanglin Garden Project	From the issuing of the loans to the completion of the transaction of the mortgage registration of contract of advance sales	21,271.90
Shenzhen Properties Shanglin Garden Project	Till the completion of the mortgage registration of property ownership certificate and should submit to the bank for custody	1,421.00
Total		35,406.60

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

(1) Illegal external guarantee

Applicable Inapplicable

There was no such situation.

3. Other significant contract

Applicable Inapplicable

There was no such situation.

4. Other significant transactions

Applicable Inapplicable

There was no such situation.

IX. 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**

Applicable Inapplicable

There was no commitment made by the Company or shareholders holding over 5% of the Company's shares in the reporting period, or such commitment carried down into the reporting period.

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

Applicable Inapplicable

X. Particulars about engagement and disengagement of CPAs firm

CPAs firm engaged at present

Name of domestic CPAs firm	Ruihua Certified Public Accountants (LLP)
Remuneration of domestic CPAs firm (RMB Ten Thousand Yuan)	58
Consecutive years of the audit services provided by domestic CPAs firm	1
Name of the certified public accountants from the domestic CPAs firm	Cai Xiaodong, Liu Yuxiang
Name of overseas CPAs firm (if any)	N/A
Remuneration of overseas CPAs firm (RMB Ten Thousand Yuan) (if any)	0
Consecutive years of the audit services provided by overseas CPAs firm (if any)	N/A
Name of the certified public accountants from the overseas CPAs firm (if any)	N/A

Reengage 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

In the reporting period, the Company engaged Ruihua Certified Public Accountants (LLP) to offer the internal control audit service with the service expenses of RMB 0.25 million.

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

Applicable Inapplicable

XII. Punishment and rectification

Applicable Inapplicable

There was no punishment and rectification of the Company of the reporting period.

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

Applicable Inapplicable

XIV. Explanation on other significant events

Applicable Inapplicable

In 2014, according to the government plan, the land plot ratio of the Land Plot of H312-0061 of Donghu Dijing Mingyuan Project had reduced from 10.1 to 5.8, and for compensation, the first directly authority under Urban Planning Land and Resources Commission of Shenzhen Municipality issued a document that to replaced the covered area of the reduced the Land Plot of H312-0061 of Donghu Dijing Mingyuan Project to the statutory plan of No. 0.8-22 Land Plot of [Jingtian District] statutory plan with the relevant formalities were under transaction.

XV. Significant events of the subsidiaries of the Company

Applicable Inapplicable

XVI. Particulars about issuing corporate bonds by the Company

Applicable Inapplicable

Section VII. Changes in Shares and Particulars about Shareholders

I. Changes in share capital

(I) Chart on changes in share capital

Unit: Share

	Before the change		Increase/decrease (+, -)					After the change	
	Amount	Proportion (%)	Issuance of new shares	Share bonus	Capitalization of capital reserve	Other	subtotal	Amount	Proportion (%)
I. Shares subject to trading moratorium	0	0.00%	0	0	0	0	0	0	0.00%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned corporation	0	0.00%	0	0	0	0	0	0	0.00%
3. Other shares held by domestic investors	0	0.00%	0	0	0	0	0	0	0.00%
Including: share held by domestic legal person	0	0.00%		0	0	0	0	0	0.00%
Shares held by domestic natural person	0	0.00%	0	0	0	0	0	0	0.00%
4. Shares held by foreign investors	0	0.00%	0	0	0	0	0	0	0.00%
Including: Share held by foreign corporation	0	0.00%	0	0	0	0	0	0	0.00%
Share held by foreign natural person	0	0.00%	0	0	0	0	0	0	0.00%
II. Shares not subject to trading moratorium	1,011,660,000	100.00%	0	0	0	0	0	1,011,660,000	100.00%
1. RMB ordinary shares	891,660,000	88.14%	0	0	0	0	0	891,660,000	88.14%
2. Domestically listed foreign shares	120,000,000	11.86%	0	0	0	0	0	120,000,000	11.86%
3. Overseas listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	1,011,660,000	100.00%	0	0	0	0	0	1,011,660,000	100.00%

Reasons for change in share capital

Applicable Inapplicable

Particulars about the approval of the change in share capital

Applicable Inapplicable

The transfer of change in share capital

Applicable Inapplicable

Change in share capital's impacts on basic EPS and diluted EPS in recent year and recent issue, and net assets per share attributed to equity shareholder and financial index etc.

Applicable Inapplicable

Other contents was necessary to the company or the securities regulators required to be disclosed

Applicable Inapplicable

Changes of the Company's share number and structure, as well as the corresponding changes in its asset-liability structure

Applicable Inapplicable

2. Changes in restricted shares

Applicable Inapplicable

II. Issuance and listing of securities

1. Issuance of securities over the past three years

Applicable Inapplicable

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

Applicable Inapplicable

3. Particulars about staff shares

Applicable Inapplicable

III. Particulars about the shareholders and actual controller

1. Total number of shareholders and their shareholding

Unit: share

Total number of shareholders at the reporting period	66,337	Total number of shareholders on the fifth trading day before the disclosure date of the annual report		Total number of preferred stockholder with vote right restored(if any note 8)	0		
Shareholding of shareholders holding more than 5% shares							
Name of shareholder	Nature of shareholder	Holding percentage (%)	Number of shareholding at the end	Increase and decrease of shares	Number of shares held subject	Pledged or frozen shares	
						Number of shares held not subject to	Status of shares

			of the reporting period	during reporting period	to trading moratorium	trading moratorium		
SHENZHEN INVESTMENT HOLDINGS CO., LTD	State-owned corporation	63.55%	642,884,262			642,884,262		
SHENZHEN TOURISM (GROUP) CO., LTD.	Domestic non-state-owned corporation	2.73%	27,625,861			27,625,861		
WEN JIANJUN	Domestic natural person	0.42%	4,250,092			4,250,092		
WANG JINBO	Domestic natural person	0.32%	3,220,515			3,220,515		
QIAN HONGRUI	Domestic natural person	0.22%	2,193,250			2,193,250		
DACHENG VALUE GROWTH SECURITIES INVESTMENT FUND	Domestic non-state-owned corporation	0.18%	1,834,085			1,834,085		
LIN ZHANGYOU	Domestic natural person	0.16%	1,594,500			1,594,500		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	0.16%	1,583,150			1,583,150		
CHEN CHAO	Domestic natural person	0.15%	1,520,000			1,520,000		
GAO QIANG	Domestic natural person	0.14%	1,439,687			1,439,687		
Strategic investor or general corporation becoming a top ten shareholder due to placing of new shares (if any) (See note 3)	Naught							
Explanation on associated relationship or/and persons acting in concert among the above-mentioned shareholders:	The Company found no relationship between the shareholders above, and also did not find them belong to the shareholders Listed Company change in shareholding ownership Information Management Approach specified in the act in concert.							
Particulars about shares held by the top ten shareholders holding shares not subject to trading moratorium								
Name of shareholder	Number of tradable shares held at the year-end (Note 4)	Type of shares						
		Type	Number					
SHENZHEN INVESTMENT HOLDINGS CO., LTD	642,884,262	Renminbi ordinary shares	642,884,262					
SHENZHEN TOURISM (GROUP) CO., LTD.	27,625,861	Renminbi ordinary shares	27,625,861					
WEN JIANJUN	4,250,092	Renminbi ordinary shares	4,250,092					
WANG JINBO	3,220,515	Renminbi ordinary shares	3,220,515					
QIAN HONGRUI	2,193,250	Renminbi ordinary shares	2,193,250					

DACHENG VALUE GROWTH SECURITIES INVESTMENT FUND	1,834,085	Renminbi ordinary shares	1,834,085
LIN ZHANGYOU	1,594,500	Renminbi ordinary shares	1,594,500
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	1,583,150	Domestically listed foreign shares	1,583,150
CHEN CHAO	1,520,000	Renminbi ordinary shares	1,520,000
GAO QIANG	1,439,687	Renminbi ordinary shares	1,439,687
Explanation on associated relationship or/and persons acting in concert among the top ten tradable shareholders and between the top ten tradable shareholders and the top ten shareholders	The Company found no relationship between the shareholders above, and also did not find them belong to the shareholders Listed Company change in shareholding ownership Information Management Approach specified in the act in concert.		
Explanation on shareholders participating in securities margin trading (if any) (See note 4)	The 7 th and 10 th shareholders participated in securities margin trading.		

Whether the shareholders of a company conducted the transaction of repurchase under the agreement during the reporting period

Yea No

The shareholders of a company did not conduct the transaction of repurchase under the agreement during the reporting period.

2. Particulars about the controlling shareholder

Corporation

Name of controlling shareholder	Legal representative / company principal	Date of establishment	Organization code	Registered capital	Business scope
Shenzhen Investment Holdings Co., Ltd.	Fan Mingchun	Oct. 13, 2004	76756642-1	RMB 10.9 billion	State-owned equity investment and management, the government allocation of land development and management and strategic emerging industry investment and service.
Future development strategy	In the future, the Company will centre on the overall goal of transformation development and innovative development to intensify deepening comprehensive reform; perfect corporate governance structure, Innovate management system and mechanism, further strengthen the construction of staff team and corporate culture, and enhance the control and influence of state-owned capital.				
Operating results, financial situation, cash flow and future development strategy, etc.	As of 31 Dec. 2014, the Company's total assets were RMB 316.625 billion, net assets was RMB130.685 billion. In 2014 from Jan. to Dec. the Company had realized the operating income RMB 33.336 billion, and the total profit was 13.609 billion (The above data were not audited).				
Shares held by the	SWY (000011): with a total of 380,366,000 shares held and shareholding proportion of				

controlling shareholder in other listed companies by holding or shareholding during the reporting period	63.81%; SFZ (000045): with a total of 23,406,900 shares held and shareholding proportion of 46.21%; SSB (000019): with a total of 40,143,600 shares held and shareholding proportion of 16%; STD (000023): with a total of 18,134,900 shares held and shareholding proportion of 11%; ZGPA (601318): with a total of 481,359,600 shares held and shareholding proportion of 6.08%; SZGJ (00152): listed on the main board of HongKong Stock Exchange): with a total of 7,955,216,800 shares held and shareholding proportion of 48.59%. GXZQ (002736): with a total of 2,749,526,814(shares held and shareholding proportion of 33.53%.
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Change of the controlling shareholder during the reporting period

Applicable Inapplicable

There was no change of controlling shareholders during the reporting period

3. Particulars about the actual controller

Corporation

Name of the actual controller	Legal representative / company principal	Date of establishment	Organization code	Registered capital	Business scope
Shenzhen State-owned Assets Supervision and Administration Commission	Zhang Xiaoli	1 Aug. 2004	K3172806-7		Perform the responsibilities of investor on behalf of the state, and supervise and manage the authorized state-owned assets legally.
Future development strategy	As the special organization directly under Shenzhen Municipal Government, it performs the responsibilities of investor on behalf of the state, and supervises and manages the authorized state-owned assets legally.				
Operating results, financial situation, cash flow and future development strategy, etc.	Shenzhen Municipal State-owned Assets Commission was established on 31 Jul. 2004, and changed its name as "Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Bureau" in 2009, and changed its name as "Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission".				
Equity of shareholding and participating shares of actual controllers in other domestic and foreign listed company during the reporting period	In addition to the Company controlling shareholder - Shenzhen Investment Holding Co., Ltd. Other domestic and overseas listed companies whose equity held by the actual controllers did not rank among the top ten shareholders of the Company before.				

Changes on actual controller during the reporting period

Applicable Inapplicable

There was no change of actual controlling shareholders during the reporting period

Block diagram of equity and control relationship between the company and actual controller:



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

Applicable Inapplicable

4. Particulars about other corporate shareholders with shareholding proportion over 10%

Applicable Inapplicable

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

Applicable Inapplicable

Within the scope of the Company known, there was no shareholding increase scheme during the reporting period proposed or implemented by the shareholders and act-in-concert persons

Section VIII. Preferred stock

Applicable Inapplicable

There was no preferred stock during reporting period.

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

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

Name	Office title	Tenure status	Sex	Age	Start date	Ending date	Shares held at the year-begin (share)	Amount of shares increased at the reporting period (share)	Amount of shares decreased at the reporting period (share)	Amount shares held at the period-end (share)
Zhou Jianguo	Chairman of the Board	Current	Male	59	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Chen Maozheng	General Manager and Director	Current	Male	50	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Zhuang Quan	Supervisor	Current	Male	59	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Deng Kangcheng	Director	Current	Male	48	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Wen Li	Director	Current	Female	45	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Jiang Lihua	Director	Current	Female	50	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Zhang Lei	CFO and Director	Current	Male	46	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Liu Quanmin	Independent Director	Current	Male	50	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Song Botong	Independent Director	Current	Male	46	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Zhang Shunwen	Independent Director	Current	Male	48	23 Apr. 2014	16 Apr. 2015				
Wang Xiuyan	Supervisor	Current	Female	52	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Li Yufei	Supervisor	Current	Female	36	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Xiong Xingnong	Supervisor	Current	Male	58	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Shi Chunrong	Supervisor	Current	Male	58	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Teng Xianyou	Vice General	Current	Male	57	17 Apr. 2012	16 Apr. 2015	0	0	0	0

	Manager									
Wei Hanping	Vice General Manager	Current	Female	48	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Tang Xiaoping	Vice president	Current	Male	44	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Chen Ji	Secretary of the board	Current	Male	43	17 Apr. 2012	16 Apr. 2015	0	0	0	0
Zhou Hanjun	Independent Director	Former	Male	45	17 Apr. 2012	23 Apr. 2014	0	0	0	0
Total	--	--	--	--	--	--	0	0	0	0

II. Post-holding situation

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

1. Zhou Jianguo: he was once the Vice GM of Shenzhen Investment Holdings Co., Ltd. And he has been the Secretary of the Party Committee and Chairman of the Board of the Company since Feb. 2009.
2. Chen Maozheng: he once was the Vice GM, Vice Secretary of the Party Committee, Director GM of Shenzhen City Construction Development (Group) Co. Ltd. And he has been the Vice Secretary of the Party Committee and Director as well as GM of the Company since Oct. 2009.
3. Zhuang Quan: he once was Chairman of the Supervisory Committee of Shenzhen Shenfubao Group Co., Ltd.. He has been the Chairman of the Supervisory Committee of the Company since Apr. 2012.
4. Deng Kangcheng: he was once deputy director, director of the Office of Shenzhen Investment Holdings Co., Ltd., and supervisor of the Company. And he has been director, Vice Secretary of CPC and Secretary in Discipline Inspection Committee of the Company since Feb. 2009.
5. Zhang Lei: he was once the CFO and Secretary to the Board of SDIC ZHONGLU FRUIT Co., Ltd. And he has been the Director and CFO of the Company since Oct. 2010.
6. Liu Quanmin: he ever worked as the full-time lawyer of Shaanxi Hengda Law Firm, and the partner and licensed lawyer of Guangdong Shenyatai Law Firm. Now he is the director of the center for real estate investment and financing in Shenzhen Yingke law firm, He has been the independent director of the Company since Oct. 2010.
7. Song Botong: he ever took posts of Deputy Chief of Civil Engineering Department in College of Architecture and Civil Engineering and Chairman of Labor Union of Shenzhen University. Now he acts as Standing Deputy Director of Research Center for Real Estate of Shenzhen University. He has been the Independent Director of the Company since Oct. 2010.
8. Zhang Shunwen: he acted as Director of the Shenzhen Juyuan Certified Public Accounting, now he acts as partner of BDO China Shu Lun Pan Certified Public Accountants LLP. He acts as Independent Directors of the Company since Apr. 2014.
9. Wen Li: she once worked as the Vice Chief of the Investment and Development Department, Vice Director of Management Center for Construction Project of Shenzhen Investment Holdings Co., Ltd. And she has been the Director of the Company since Sept. 2006.
10. Jiang Lihua: she once was the Vice Manager, Manager and Vice Chief of the Finance Department of Shenzhen Investment Holdings Co., Ltd. And she has been acting as Director of the Company since Feb. 2009.
11. Wang Xiuyan: she once was the Audit Project Manager of the Audit Department of Shenzhen Investment Holdings Co., Ltd. and vice minister of ministry of audit and risk management and she has been acting as Supervisor of the Company since Feb. 2009.

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

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

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

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

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

17. Tang Xiaoping: he ever act as CFO of Shenzhen HRD Assets Management Company, minister of Financial Operations Management Department of Shenzhen Foreign Labor Service Co., Ltd. Legal representative, the executive director of the Shenzhen Foreign Affairs Service Center, and financing plan department manager of the Company. Since 22 Dec. 2013 he acts as deputy GM of the Company.

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

Post-holding in shareholders' units

√ Applicable □ Inapplicable

Name of the person holding any post in any shareholder's unit	Name of the shareholder's unit	Position in the shareholder's unit	Beginning date of office term	Ending date of office term	Receives payment from the shareholder's unit?
Wen Li	Shenzhen Investment Holdings Co., Ltd.	Minister of the 1 department of the enterprise	1 Apr. 2013		Yes
Jiang Lihua	Shenzhen Investment Holdings Co., Ltd.	Deputy Minister of finance	1 Dec. 2007		Yes
Wang Xiuyan	Shenzhen Investment Holdings Co., Ltd.	Vice minister of ministry of audit and risk management	1 May 2013		Yes
Li Yufei	Shenzhen Investment Holdings Co., Ltd.	Senior director of	1 Jan. 2010		Yes

		the 1 department of the enterprise			
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Post-holding in other units

Applicable Inapplicable

Name of the person holding any post in other units	Name of other unit	Position in other unit	Beginning date of office term	Ending date of office term	Receives payment from other unit?
Liu Quanmin	Investment and Financing Center of Real Estate and Energy of Beijing Yingke Law Firm (Shenzhen)	Director, practicing lawyer	1 Jun. 2013		Yeas
Song Botong	Infrastructure Department of Shenzhen University	Director,	1 Mar. 2013		Yeas
Zhang Shunwen	BDO China Shu Lun Pan Certified Public Accountants LLP.	Partner	1 Mar. 2008		Yeas
Notes to post-holding in shareholder's unit	No				

III. Remuneration for directors, supervisors and senior management staffs

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

Decision-making procedure for the remuneration of directors, supervisors and senior management staffs	It was executed according to the procedures stipulated in the Interim Measures for the Administration of Human Resources of the Company.
Determining basis for the remuneration of directors, supervisors and senior management staffs	Their remuneration was decided in accordance with the Interim Provisions of the Annual Salary System for Managers of the State-owned Enterprises in Shenzhen and spirit of relevant documents as well as the Interim Measures for the Administration of Human Resources of the Company. The Directors Jiang Lihua and Wen Li, and the Supervisor Wang Xiuyan and Li Yufei took posts in the shareholders' units without drawing remuneration from the Company. With review and approval of the Shareholders' General Meeting 2013 convened on 23 Apr. 2014, allowance for each independent director was adjusted to RMB 7,000 (tax included) per month since May. 2014. Besides, they received no other rewards from the Company.
Actual payment for the remuneration of directors, supervisors and senior management staffs	The Company paid their remuneration monthly according to relevant systems for remuneration management of the Company.

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

Unit: Ten thousand Yuan

Name	Position	Sex	Age	Tenure status	Total remuneration gained from	Total remuneration gained from	Actual remuneration at the
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					the Company (Yuan)	shareholder's unit Yuan)	period-end
Zhou Jianguo	Chairman of the Board	Male	59	Current	88.22		88.22
Chen Maozheng	General Manager and Director	Male	50	Current	86.32		86.32
Zhuang Quan	Supervisor	Male	59	Current	44		44
Deng Kangcheng	Director	Male	48	Current	67.55		67.55
Wen Li	Director	Female	45	Current	0		0
Jiang Lihua	Director	Female	50	Current	0		0
Zhang Lei	CFO and Director	Male	46	Current	43		43
Liu Quanmin	Independent Director	Male	50	Current	7.6		7.6
Song Botong	Independent Director	Male	46	Current	7.6		7.6
Zhang Shunwen	Independent Director	Male	48	Current	5.6		5.6
Wang Xiuyan	Supervisor	Female	52	Current	0		0
Li Yufei	Supervisor	Female	36	Current	0		0
Shi Chunrong	Supervisor	Male	58	Current	42.56		42.56
Xiong Xingnong	Supervisor	Male	58	Current	32.05		32.05
Teng Xianyou	Vice General Manager	Male	57	Current	67.55		67.55
Wei Hanping	Vice General Manager	Female	48	Current	67.55		67.55
Tang Xiaoping	Vice General Manager	Male	44	Current	57.39		57.39
Chen Ji	Secretary to the Board	Male	43	Current	42.56		42.56
Zhou Hanjun	Independent Director	Male	42	Former	2		2
Total	--	--	--	--	661.55	0	661.55

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

Applicable Inapplicable

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

Name	Position	Type	Date	Reason
Zhou Hanjun	Independent Director	Former	23 Apr. 2014	Left as the service term expired
Zhang Shunwen	Independent Director	Elected	23 Apr. 2014	Elected by the board of directors

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

During the reporting period, there were five staffs gaining promotion of positions, three staffs adjusted the positions within the same level. And it introduced a total of six the project cost, accounting, civil engineering, electrical automation and etc., of which five persons with the education level above the bachelor degree and two persons with the professional title above the intermediate.

VI. Particulars about employers of the Company

Up to the end of 2014, the Company in total had 1,839 employees, of which 1,185 production personnel, 439 technicians, 76 sales personnel, 64 financial personnel and 75 administrative personnel. Among them, 169 employers are undergraduates or above, 236 personnel are holders of associate degree, 182 graduated from technical secondary school, 1,225 from senior high school or below.

Section X. Corporate Governance

I. Basic situation of corporate governance

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

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

(II) Directors and the Board of Directors: power of decision-making was exercised normatively; preparations, holding and disclosure of resolution of the Board sessions were normatively in line with the Articles of Association and Rules of Procedure for the Board of Directors; Special committees concerning strategy, audit, nomination, remuneration and appraisal under the Board can operate positively and effectively; all directors performed their obligations in an honest and diligence manner. In the year of 2014, the Board of Director had completed a change of Independent Director, the new independent director was accounting professional, which improved the professional knowledge structure of independent director, provided a powerful guarantee for the scientific decision of the board of directors.

(III) Supervisors and the Supervisory Committee: structure of the Supervisory Committee was reasonable. The Supervisory Committee conducted the supervision and inspection for the significant events of the Company strictly in accordance with the Rules for Procedure of the Supervisory Committee, and exercised its supervision right effectively and brought its supervision function into fully play.

(IV) Manager level: the manager level of the Company was fully responsible for the production and management of the Company, performed their obligations in an honest and diligence manner. Implemented the resolution of the Board with efficient supervision and restriction and acquired good achievement.

Whether it exists any difference between the corporate governance and the Company Law and relevant rules of CSRC or not?

Yes No

There is no difference between the corporate governance and the Company Law and relevant rules of CSRC.

Progress of corporate governance activities, promulgation and implementation of Registration System for Information Insiders

(I) Progress of special activities of corporate governance

1. In order to implement "Basic Standards for Internal Control" and relevant assorted guidelines, the

Company officially started relevant work of enterprise internal control in April 2011 in accordance with the Notification on Doing a Good Job Related to Internal Control Regulation Pilot in Listed Companies of Shenzhen(SZJGSZ No.[2011]31) from Shenzhen Securities Regulatory Bureau. In the reporting period, on the basis of the original internal control unit, the Company will incorporated the Company, Shantou SEZ Wellam FTY Building development Co., Ltd., Shenzhen SPG Longgang Development Co., Ltd. , Shenzhen engineering Tong engineering Co., Ltd., Shenzhen Petrel Hotel Co., Ltd., Shenzhen Property Management Co., Ltd. and Shenzhen Huazhan Supervision Co., Ltd. in the scope of implementation, including the total assets, net profit and proportion of the operating income in the Company’s total amount of consolidated statement over the internal control standard and implementation guidelines The Company has already employed Rui Hua Certified Public Accountants (Special General Partnership) to conduct independent audit of internal. In the reporting period, the Company established internal control for business and events within appraisal scope, effectively implemented internal control and achieved the goals of internal control without any significant defect. From base date of assessment report on internal control to its issue date, there existed no significant factors in internal control which exerted substantial effects on assessment results.

II. The formulation and implementation of registration and management system of insiders

In order to further standardized management of inside information, behavior of selling and buying shares of the Company by insiders. According to “Company Laws”, “Securities Laws”, “Registration and Management Regulation of Insiders of Listed Companies” from CSRC and “Rules of Listing Shares in Shenzhen Stock Exchange”, “Management Rules for Insiders” was reviewed and passed by the board of directors of the Company on 28 Oct. 2009. In the reporting period, the Company, in accordance with relevant laws, regulations and Articles of Association, conducted disclosure of information authentically, accurately, completely, timely and fairly. In the reporting period, the relevant works are strictly in accordance with the system and the Shenzhen Securities Regulatory Bureau and the relevant requirements of Shenzhen Stock Exchange to perform.

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

1. Particulars about annual shareholder

Meeting	Date of holding the meeting	Name of proposal passing on the meeting	Resolution	Date of disclosure	Index for disclosure
2013annual shareholders’ general meeting	23 Apr. 2014	2013 Annual Work Report of the Board of Directors, 2013 Annual Work Report of the Supervisory Committee, 2013 Annual Report, 2013 Annual Financial Settlement and 2013 Annual Plan of Financial Budget; 2013 Annual Plan on Profit Distribution, Work Report of Independent Directors, 2013 Annual Internal Control Self Assessment Report, Proposal on	Approved	24 Apr. 2014	Announcement on resolution of 2013 annual shareholders’ general meeting (Cninfo website) www.cninfo.com.cn

		Change of Independent Director, Proposal on Adjust the Independent Director's Remuneration, Proposal on continuing recruiting accounting firm.			
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2. Particulars about temporary shareholders' general meetings in the reporting period

Meeting	Date of holding the meeting	Name of proposal passing on the meeting	Resolution	Date of disclosure	Index for disclosure
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3. Preferred shareholders with the recovery of voting right request for an special shareholders' meeting

Applicable Inapplicable

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

Attendance of independent directors in board meetings						
Name of independent director	Number of meetings independent directors are supposed to attend during the reporting period	Number of meetings attended on the spot	Number of meetings attended in the means of communication	Number of meetings attended by mandatory	Number of meetings skipped from	Whether being absent from meetings in person two times in succession
Zhou Hanjun	2	1	1	0	0	No
Liu Quanmin	5	3	1	1	0	No
Song Botong	5	3	1	1	0	No
Zhang Shunwen	3	3	0	0	0	No
Presence of independent directors in shareholders' general meeting (times)						1

Explanation on failing to present in person for two consecutive sessions

Inapplicable

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?

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

Non-applicable

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

Due to the Independent Director of the Company Zhou Hanjun left as the service term expired, through deliberation of 2013 Annual Shareholders' General Meeting on 23 Apr. 2014, the meeting agreed to appoint Zhang Shunwen as the Independent Director of the Company. On 23 Apr. 2014,

the Company held 20th Meeting of the 7th Session of Board of Directors. The meeting reviewed and approved proposal on the adjustment of related committees, after the adjustment, the member of the committee were:

Strategy committee: Zhou Jianguo, Chen Maozheng, Wen Li, Liu Quanmin (Independent Director), Song Botong (Independent Director);

Nominating committee: Liu Quanmin (Independent Director), Deng Kangcheng, Zhang Shunwen (Independent Director);

Remuneration and appraisal committee: Song Botong (Independent Director); Zhang Lei, Zhang Shunwen (Independent Director);

Audit Committee: Zhang Shunwen (Independent Director); Jiang Lihua, Song Botong (Independent Director).

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

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

Upon the start of the audit for the 2013 Annual Report, the Audit Committee actively promoted the progress of the audit work and conducted communication with the CPAs firm to determine the arrangements for the audit. During the reporting period, the Audit Committee has convened three sessions, reviewed the Company's 2013 financial statements for two times and the preliminary auditing result issued by the annual auditors of the Company, as well as issued their opinions after the review. The Audit Committee made the summary for the 2013 annual audit work as followings:

1. Review opinions issued concerning the Company's 2013 Annual Financial Report

Based on their professional knowledge and experience, the members of Audit Committee reviewed the 2013 Annual Financial Report prepared by the Company. In the reporting period, according to relevant regulations of CSRC, the Audit Committee issued two review opinions on the annual report.

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

After the preliminary audit opinion had been issued by the registered accountants on the Company's 2013 Financial Report, the Audit Committee reviewed, for a second time, the financial report and conducted discussions with the registered accountants. And they were of the same opinion that the 2013 Financial Report prepared by RSM China Certified Public Accountants (Special General Partnership) for the Company was in accordance with the requirements of the accounting standards for business enterprises, factually and completely presenting the Company's operating results and cash flows in 2013 and its financial position as at 31 Dec. 2013 in all major aspects.

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

Before the audit, the Audit Committee formulated a comprehensive plan for the annual audit by

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

3. Summary report on the 2014 annual audit conducted by Ruihua Accounting Firm (Special General Partnership)

In accordance with stipulations on relevant work for 2014 annual report by CSRC and Shenzhen Stock Exchange, the Company's Audit Committee summarized the 2014 annual audit conducted by Ruihua Accounting Firm (Special General Partnership) (hereinafter referred to as "Ruihua") as follows:

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

(1) Preparation before the audit

① Formulation of the audit plan

The 2013 annual audit lasted from 17 Nov. 2014 to 27 March 2015 as schedule.

Of which, the pre-audit and internal test lasted from 17 Nov. 2014 to 5 Jan. 2015; the substantial test lasted from 6 Jan. 2014 to 28 Feb. 2014; the compilation of audit report, its re-check in CPAs firm and formulation of first draft lasted from 1 Mar. 2015 to 10 Mar. 2015.

② Review of the financial statements

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

(2) Audit process

From 17 Nov. 2014, the audit team from Ruihua conducted a thorough audit on the Company and its subsidiaries. During the audit process, the Audit Committee, for several times, urged Ruihua to closely follow the audit schedule and finish the audit on time. Ruihua submitted to the Audit Committee the first draft of the Audit Report of the 2014 Annual Report on 10 March 2015, issued preliminary audit opinions on financial accounting statements and internal control assessment. The Audit Committee reviewed again the financial accounting statements and assessment report on internal control after conducting preliminary audit and held the opinion that: the above statements factually, accurately, completely demonstrated financial status and operation results of the Company up to 31 Dec. 2014, and they approved the formation of 2014 Annual Report and Abstract on the basis of the above statements; the above assessment report on internal control factually, accurately, completely demonstrated construction results of internal control of the Company up to 31 Dec. 2014, and they approved the formation of assessment report on internal control and audit report on internal control on the basis of the above report. On 27 March 2014, the final version of audit report was issued. And this marked the end of the site audit conducted by Ruihua on the Company's 2014 financial report.

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

In the reporting period, due to Nomination Committee issued Opinion on the Resign of the Company's Independent Director on event of the resign of Independent Director Zhou Hanjun,

meanwhile, through seriously examine and verify and discuss the research, issued Resolution of Hiring Independent Director on the event of the employment of Zhang Shunwen as the Independent Director of the Company agreed and submitted to the Board of Directors.

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

The Remuneration and Appraisal Committee under the Board carefully examined the annual remuneration of the Company's directors, supervisors and senior executives disclosed in the 2014 Annual Report. And it was of the opinion that: the decision-making procedure concerning the remuneration of the directors, supervisors and senior executives was in line with relevant regulations; the standards for remuneration paid to the Company's directors, supervisors and senior executives complied with the remuneration system; and the remuneration disclosed in the 2014 Annual Report was factual and accurate.

During reporting period, on the basis of Nomination Committee under the Board of Directors examine the performance, integrity and diligence responsibility etc. and in line with remuneration level of domestic similar listed company form Opinion about adjustment of remuneration of Independent Directors upon the remuneration of Independent Directors.

V. Particulars about work of the supervisory committee

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

Yes No

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

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

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

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

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

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

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

VII. Particulars about horizontal competition

There objectively existed operation in the same business between the Company and Shenzhen Properties & Resources Development (Group) Ltd. (hereinafter referred to "Properties Group"), but substantial competition was never formed. Properties Group and our company were both founded under the leadership of government in order to meet the need of constructing Shenzhen Special Economic Zone. Controlling shareholder of the Company— Shenzhen Investment Holdings Co., Ltd. is independent corporate enterprise wholly owned by Shenzhen SASRC, executed shareholder's rights to listed companies in conformity with laws; it was able to ensure the independence of listed companies in respect of corporate governance such as decision-making, execution, supervision; there did not exist such situations as occupying funds of listed companies

that damaged interests of our company and medium and small shareholders. On 11 Oct. 2010, Shenzhen Investment Holdings Co., Ltd., according to requirements of Shenzhen Stock Exchange, officially submitted “Statements and Commitments” in which it explicitly promised 10 items about ensuring the legal and independent operation of listed companies. The Company, in strict accordance with requirements of normative governance of listed companies, formulated and perfected Articles of Association and a series of systems in financing, audit, human resource, development and sale; standardized corporate governance, independently and legally operated and basically avoided horizontal competition with controlling shareholders, actual controller and enterprises they belong to.

VIII. Particulars about appraisal and incentive for senior executives

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

Section XI. Internal Control

I. Construction of internal control

In order to implement “Basic Standards for Internal Control” and relevant assorted guidelines, the Company officially started relevant work of enterprise internal control in April 2011 in accordance with the Notification on Doing a Good Job Related to Internal Control Regulation Pilot in Listed Companies of Shenzhen(SZJGSZ No.[2011]31) from Shenzhen Securities Regulatory Bureau. In the reporting period, on the basis of the original internal control unit, the Company will incorporate the Company, Shantou SEZ Wellam FTY Building development Co., Ltd., Shenzhen SPG Longgang Development Co., Ltd. , Shenzhen engineering Tong engineering Co., Ltd., Shenzhen Petrel Hotel Co., Ltd., Shenzhen Property Management Co., Ltd. and Shenzhen Huazhan Supervision Co., Ltd. in the scope of implementation, including the total assets, net profit and proportion of the operating income in the Company’s total amount of consolidated statement over the internal control standard and implementation guidelines The Company has already employed Rui Hua Certified Public Accountants (Special General Partnership) to conduct independent audit of internal in 2014.

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

According to requirement of the enterprise internal control standard system, establishing, perfecting and effectively conducting internal control, evaluate its effectiveness and accurately disclose internal control evaluation report are the liability of the Board of Directors; establishment and implementation of internal control conducted by the Board is under the supervision of the supervisory committee; the management is responsible for organizing and guiding daily operation of internal control.

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

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

Besides, the change of situation may lead to internal control become inappropriate or reducing the degree of control policies and procedures following. There is a certain future risk in Speculating the effectiveness of internal control in the future according to the result of internal control evaluation.

III. Basis of establishing internal control of financial statements

According to requirement of the enterprise internal control standard system, combined with the enterprise internal control system and evaluation method, the Company organized the internal control evaluation.

The Company’s board of directors according to requirement to major defects, the cognizance of the important defect and general defect of the enterprise internal control standard system, combining with the size of the company, industry characteristics, factors such as risk appetite and risk tolerance, to separate the internal control over financial report from internal control over

non-financial report, study and determine the suitable for the Company's internal control defects specific standards and consistent with the previous year.

IV. Self-assessment report of internal control

Specific details about significant defects of internal control during the reporting period found in self-assessment report of internal control	
During the reporting period, no significant defect of internal control was found.	
Disclosure date of whole article of self-assessment report of internal control	28 Mar. 2015
Index for disclosure of whole article of self-assessment report of internal control	Cninfo website (www.cninfo.com.cn) "Self-assessment Report of Internal Control"

V. Audit report of internal control

Applicable Non-applicable

Audit opinion in audit report of internal control	
We believe, Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd. maintained effective internal control of financial statements in all significant aspects on 31 Dec. 2014 in accordance with Basic Standards for Internal Control and relevant regulations	
Disclosure date of whole article of audit report of internal control	28 Mar. 2015
Index for disclosure of whole article of audit report of internal control	Cninfo website (www.cninfo.com.cn) "Audit Report of Internal Control"

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

Yes No

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

Yes No

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

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

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

Section XII. Financial Report

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

Financial Statements with Auditors' Report

For The Year Ended 31 December 2014

(English Translation for Reference Only)

Ruihua Shen Zi [2015] No. 48400006

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Auditor's Report

Ruihua Shen Zi [2015]48400006

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

We have audited the accompanying consolidated financial statements of SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) CO., Ltd. and its subsidiaries (hereinafter shall be referred as "the Group") consisting of the company's and the consolidated balance sheet as of December 31, 2014, and the consolidated income statement, cash flow statement and consolidated statement of change in owner's equity for the year then ended, and the notes to financial statements.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

An audit includes performing audit process to obtain evidence supporting the amounts and disclosures in the financial statements. Auditing procedures are based on the CPAs' judgment, including assessing the risk of material misstatement caused by accounting fraud or errors. When assessing the risk, we consider the internal control related to the preparation of financial statements in order to select the proper auditing process. An audit also includes assessing the accounting principles used and significant estimates made by the Group, as well as evaluating the overall financial statements presentation.

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

Audit opinion

In our opinion, the financial statements of the Group present fairly, in all material respects, the Company's and its subsidiaries' financial position as of December 31, 2014 and the company's results of operation and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Ruihua Certified Public Accountants

Certified Public Accountants

Cai Xiaodong

Beijing, China

Certified Public Accountants

Liu Yuxiang

March 27, 2015

Consolidated Balance Sheet

As of 31 December 2014

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

Item	Note	Closing balance	Opening balance
Current Assets:			
Monetary funds	6.1	678,957,249.03	525,374,372.44
Notes receivable	6.2	119,846,192.64	--
Account receivables	6.3	84,388,842.43	14,102,124.06
Prepayments	6.4	17,821,748.23	12,206,598.30
Dividends receivable	6.5	1,052,192.76	1,052,192.76
Other receivables	6.6	59,528,298.21	54,672,501.81
Inventories	6.7	2,796,551,656.42	2,967,935,589.04
Other current assets	6.8	12,436,024.40	3,451,107.04
Total current assets		3,770,582,204.12	3,578,794,485.45
Non-current assets			
Available- for- sale financial assets	6.9	17,464,240.74	17,464,240.74
Long-term equity investments	6.10	57,730,086.79	57,736,411.85
Investment properties	6.11	454,628,505.97	466,314,091.90
Fixed assets	6.12	54,321,296.22	60,715,687.71
Intangible assets	6.13	6,201,226.83	6,753,566.79
Long-term deferred assets	6.14	314,159.41	528,352.21
Deferred tax assets	6.15	13,856,593.97	26,792,460.02
Other non-current assets		--	--
Total non-current assets		604,516,109.93	636,304,811.22
TOTAL ASSETS		4,375,098,314.05	4,215,099,296.67

Consolidated Balance Sheet

As at 31 December 2014

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

Item	Note	Closing balance	Opening balance
Current liabilities:			
Short-term loans	6.16	149,846,192.64	23,000,000.00
Notes payable	6.17	2,780,000.00	--
Accounts payable	6.18	541,538,762.36	389,345,271.46
Deferral	6.19	144,315,921.34	312,967,028.85
Employee benefits payable	6.20	38,068,842.03	37,159,445.41
Taxes payable	6.21	96,394,993.67	148,006,651.37
Interest payables	6.22	18,716,395.18	18,482,515.18
Other payables	6.23	406,871,917.76	394,687,837.29
Non-current liabilities due within one year	6.24	453,207,700.00	331,482,489.72
Total current liabilities		1,851,740,724.98	1,655,131,239.28
Non-current liabilities:			
Long-term loans	6.25	478,985,579.95	814,213,536.85
Long-term payables	6.26	11,267,012.97	10,749,885.53
Total non-current liabilities		490,252,592.92	824,963,422.38
Total liabilities		2,341,993,317.90	2,480,094,661.66
Owners' equity:			
Share capital	6.27	1,011,660,000.00	1,011,660,000.00
Capital reserve	6.28	978,244,910.11	978,244,858.10
Less: treasury shares			--
Other comprehensive income	6.29	9,510,918.16	9,354,020.21
Surplus reserve	6.30	4,974,391.15	4,974,391.15
Undistributed profit	6.31	157,147,182.36	-140,886,134.13
Total owners' equity attributable to parent company		2,161,537,401.78	1,863,347,135.33
Minority interests		-128,432,405.63	-128,342,500.32
Total owners' equity		2,033,104,996.15	1,735,004,635.01
Total liabilities and owners' equity		4,375,098,314.05	4,215,099,296.67

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Consolidated Income Statement

For the Year 2014

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

Currency: RMB Yuan

Item	Note	Amount for the current period	Amount for the prior period
I . Total operating income	6.32	2,132,311,222.93	2,116,482,684.93
Including: Operating income	6.32	2,132,311,222.93	2,116,482,684.93
II . Total operating Costs		1,732,830,070.97	1,819,173,771.32
Including: Operating costs	6.32	1,409,664,863.08	1,547,170,059.64
Business tax and surcharge	6.33	179,371,317.23	163,921,565.69
Selling expenses	6.34	44,525,387.33	45,139,220.41
Administrative expense	6.35	64,982,801.88	63,843,291.44
Financial expense	6.36	33,816,128.14	-1,567,205.86
Impairment losses of assets	6.37	469,573.31	666,840.00
Add: Gains from changes in fair value ("- " means loss)		--	--
Investment income ("- " means loss)	6.38	-6,325.06	-25,316.71
Including: Investment income from associates and joint venture	6.38	-6,325.06	-25,316.71
III. Operating profit ("- " means loss)		399,474,826.90	297,283,596.90
Add: Non-operating income	6.39	1,596,644.62	7,242,022.95
Including: Gains from disposal of non-current assets	6.39	396.00	5,889,805.93
Less: Non-operating expenses	6.40	410,532.95	650,634.55
Including: Loss on disposal of non-current assets	6.40	133,838.39	110,923.29
IV . Total profit ("- " means loss)		400,660,938.57	303,874,985.30
Less: Income tax expenses	6.41	102,602,788.98	75,557,227.17
V . Net profit ("- " means loss)		298,058,149.59	228,317,758.13
Net attributable to owners of parent company		298,033,316.49	228,268,271.23
Minority interests		24,833.10	49,486.90
VI . After-tax net of other comprehensive incomes	6.42	42,159.54	-424,620.90
After-tax net of other comprehensive incomes owned by owner of the parent company		156,897.95	-297,234.63
(I)Other comprehensive incomes that cannot be classified into profit and loss in the future		--	--
(II)Other comprehensive incomes that would be classified into profit and loss in the future		156,897.95	-297,234.63
1.Loss and profit of change in fair value of available-for-sale financial assets		--	--
2.Loss and profit of held-to-maturity investments reclassifying into available-for-sale financial assets		--	--
3.Translation difference in the foreign currency financial statement		156,897.95	-297,234.63
Net of tax from other comprehensive incomes owned by minority stockholders		-114,738.41	-127,386.27
VII . Total comprehensive income		298,100,309.13	227,893,137.23
Total comprehensive income attributable to owners of parent company		298,190,214.44	227,971,036.60
Total comprehensive income attributable to minority interests		-89,905.31	-77,899.37
VIII . Earnings per share			
Basic Earnings per share		0.2946	0.2256
Diluted Earnings per share		0.2946	0.2256

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

**Consolidated Cash Flow Statement
For the Year 2014**

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

Items	Note	Amount for the current period	Amount for the prior period
I . Cash Flow from Operating Activities:			
Cash received from sales of goods or rendering of services		1,804,972,330.58	2,031,850,194.26
Refund of taxes and levies		--	697,514.50
Cash received relating to other operating activities	6.43(1)	62,115,853.30	50,096,274.13
Sub-total of Cash Inflows		1,867,088,183.88	2,082,643,982.89
Cash paid for goods and services		990,792,625.54	1,556,632,034.88
Cash paid to and on behalf of employees		138,814,983.27	127,334,091.75
Cash paid on taxes and levies		313,460,106.78	125,782,642.55
Cash paid relating to other operating activities	6.43(2)	101,858,404.93	77,941,530.31
Sub-total of Cash Outflows		1,544,926,120.52	1,887,690,299.49
Net Cash Flows from Operating Activities		322,162,063.36	194,953,683.40
II . Cash Flows from Investing Activities:			
Cash received from return of investments		--	131,473.86
Cash received investing income		--	--
Net cash received from disposal of fixed assets, intangible assets and other long assets"		24,690.00	7,572,643.95
Net cash flows from disposal subsidiary and other operating unite		--	--
Other cash received relating to investing activities		--	--
Sub-total of Cash Inflows		24,690.00	7,704,117.81
Cash paid to acquire fixed assets, intangible assets and other long assets		3,016,118.70	6,079,076.26
Cash paid on investments		--	--
Net cash paid on obtain subsidiary and other operating unite		--	--
Cash paid on other investing activities		--	--
Sub-total of Cash Outflows		3,016,118.70	6,079,076.26
Net Cash Flows from Investing Activities		-2,991,428.70	1,625,041.55
III. Cash flow from Financing Activities			
Cash received from investments		--	--
Including: Cash received from investments by minority interests of subsidiaries		--	--
Cash received from borrowing		361,980,844.46	445,989,352.23
Cash received from issuing bonds		--	--
Other cash received relating to Financing activities	6.43(3)	32,652.01	25,000,000.00
Sub-total of Cash Inflows		362,013,496.47	470,989,352.23
Cash repayments on borrowed amounts		456,502,746.62	527,190,674.71
Cash payments for distribution of dividends or profits		71,090,520.99	78,560,662.88
Including: Dividends or profit paid to minority interests of subsidiaries		--	--
Cash payments on other financing activities	6.43(4)	2,780,000.00	6,000,000.00
Sub-total of cash Outflows		530,373,267.61	611,751,337.59
Net cash flows from financing activities		-168,359,771.14	-140,761,985.36
IV. Effect of foreign exchange rate on cash		24,613.07	-246,069.92
V . Net increase in cash and cash equivalents		150,835,476.59	55,570,669.67
Add: cash equivalents at the beginning of the period		519,284,372.44	463,713,702.77
VI. Cash equivalents at the end of the period		670,119,849.03	519,284,372.44

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

CONSOLIDATED STATEMENT OF CHANGE IN OWNER'S EQUITY
For the Year 2014

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

Currency: RMB Yuan

Items	Attribute to the equity of parent company								Minority interests	Total owners' equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profit		
I. Balance at the end of last period	1,011,660,000.00	978,244,858.10	--	9,354,020.21	--	4,974,391.15	--	-140,886,134.13	-128,342,500.32	1,735,004,635.01
Add: Changes of accounting policies	--	--	--	--	--	--	--	--	--	--
Prior year adjustments	--	--	--	--	--	--	--	--	--	--
Corporate combination under common control	--	--	--	--	--	--	--	--	--	--
Others	--	--	--	--	--	--	--	--	--	--
II. Balance at the Beginning of the Year	1,011,660,000.00	978,244,858.10	--	9,354,020.21	--	4,974,391.15	--	-140,886,134.13	-128,342,500.32	1,735,004,635.01
III. Increase/Decrease movements in this Year ("-" means loss)	--	52.01	--	156,897.95	--	--	--	298,033,316.49	-89,905.31	298,100,361.14
(I) Total comprehensive income	--	--	--	156,897.95	--	--	--	298,033,316.49	-89,905.31	298,100,309.13
(II) Capital paid in and reduced by the shareholders	--	52.01	--	--	--	--	--	--	--	52.01
1. Ordinary shares invested by shareholders	--	--	--	--	--	--	--	--	--	--
2. Capital invested by the other equity investments holders	--	--	--	--	--	--	--	--	--	--
3. Amounts of share-based payments recognized in shareholders' equity	--	--	--	--	--	--	--	--	--	--
4. Others	--	52.01	--	--	--	--	--	--	--	52.01
(III) Profit distribution	--	--	--	--	--	--	--	--	--	--
(IV) Internal carry-forward of shareholders' equity	--	--	--	--	--	--	--	--	--	--
(V) Special Reserve	--	--	--	--	--	--	--	--	--	--
(VI) Others	--	--	--	--	--	--	--	--	--	--
IV. Balance at the end of the period	1,011,660,000.00	978,244,910.11	--	9,510,918.16	--	4,974,391.15	--	157,147,182.36	-128,432,405.63	2,033,104,996.15

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

CONSOLIDATED STATEMENT OF CHANGES IN OWNER'S EQUITY
For the Year 2013

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

Currency: RMB Yuan

Items	Attribute to the equity of parent company								Minority interests	Total owners' equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Special reserve	General risk provision	Undistributed profit		
I. Balance at the end of last period	1,011,660,000.00	978,244,858.10	--	9,651,254.84	4,974,391.15	--	--	-369,154,405.36	-128,264,600.95	1,507,111,497.78
Add: Changes of accounting policies	--	--	--	--	--	--	--	--	--	--
Prior year adjustments	--	--	--	--	--	--	--	--	--	--
Corporate combination under common control	--	--	--	--	--	--	--	--	--	--
Others	--	--	--	--	--	--	--	--	--	--
II. Balance at the Beginning of the Year	1,011,660,000.00	978,244,858.10	--	9,651,254.84	4,974,391.15	--	--	-369,154,405.36	-128,264,600.95	1,507,111,497.78
III. Increase/Decrease movements in this Year ("-" means loss)	--	--	--	-297,234.63	--	--	--	228,268,271.23	-77,899.37	227,893,137.23
(I) Total comprehensive income	--	--	--	-297,234.63	--	--	--	228,268,271.23	-77,899.37	227,893,137.23
(II) Capital paid in and reduced by the shareholders	--	--	--	--	--	--	--	--	--	--
1. Ordinary shares invested by shareholders	--	--	--	--	--	--	--	--	--	--
2. Capital invested by the other equity investments holders	--	--	--	--	--	--	--	--	--	--
3. Amounts of share-based payments recognized in shareholders' equity	--	--	--	--	--	--	--	--	--	--
4. Others	--	--	--	--	--	--	--	--	--	--
(III) Profit distribution	--	--	--	--	--	--	--	--	--	--
(IV) Internal carry-forward of shareholders' equity	--	--	--	--	--	--	--	--	--	--
(V) Special Reserve	--	--	--	--	--	--	--	--	--	--
(VI) Others	--	--	--	--	--	--	--	--	--	--
IV. Balance at the end of the period	1,011,660,000.00	978,244,858.10	--	9,354,020.21	4,974,391.15	--	--	-140,886,134.13	-128,342,500.32	1,735,004,635.01

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Balance Sheet

As at 31 December 2014

Prepared by: SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP)

Co., Ltd.

Currency: RMB Yuan

Item	Note	Closing balance	Opening balance
Current assets			
Monetary funds		332,170,340.34	362,953,152.47
Accounts receivable	14.1	39,403,575.24	4,359,289.23
Prepayments		69,000.00	--
Other receivables	14.2	675,944,666.16	669,806,773.71
Inventories		1,481,149,880.16	1,830,603,734.72
Other current assets		7,961,089.71	--
Total current assets		2,536,698,551.61	2,867,722,950.13
Non-current Assets:			
Available-for-sale financial assets		12,000,000.00	12,000,000.00
Long-term equity investments	14.3	316,365,042.13	316,371,367.19
Investment properties		398,040,383.57	407,900,089.95
Fixed assets		31,477,401.72	34,263,366.14
Intangible assets		1,031,266.83	1,406,066.79
Long-term deferred assets		76,395.75	132,925.95
Deferred tax assets		850,769.96	3,230,636.28
Other non-current assets		--	--
Total non-current assets		759,841,259.96	775,304,452.30
Total Assets		3,296,539,811.57	3,643,027,402.43

Balance Sheet (Continued)**As at 31 December 2014****Prepared by: SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP)
Co., Ltd. Currency: RMB Yuan**

LIABILITIES AND OWNERS' EQUITY	Note	Closing balance	Opening balance
Current liabilities:			
Short-term loans		--	--
Account payable		225,934,147.53	393,715,301.47
Deferral		36,334,967.00	82,398,193.00
Employee benefits payable		13,613,754.45	11,614,479.62
Taxes payable		48,212,677.31	149,643,182.39
Interest payable		18,328,034.07	18,094,154.07
Other payables		390,836,659.90	648,978,988.66
Non-current liability due within one year		253,207,700.00	331,482,489.72
Other current liability		--	--
Total current liabilities		986,467,940.26	1,635,926,788.93
Non-current liabilities:			
Long-term loans		445,996,227.72	581,224,184.62
Total non-current liabilities		445,996,227.72	581,224,184.62
Total liabilities		1,432,464,167.98	2,217,150,973.55
Owners' equity:			
Share capital		1,011,660,000.00	1,011,660,000.00
Capital reserve		978,244,910.11	978,244,858.10
Undistributed profit		-125,829,266.52	-564,028,429.22
Total owners' equity attributable to parent company		1,864,075,643.59	1,425,876,428.88
Total liabilities and owners' equity		3,296,539,811.57	3,643,027,402.43

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

Income Statement

For the Year 2014

Prepared by: SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP)

Co., Ltd.

Currency: RMB Yuan

Item	Note	Amount for the current period	Amount for the prior period
I. Total operating income	14.4	634,628,332.73	1,334,203,505.49
Less: Operating cost	14.4	369,071,677.90	898,116,935.10
Business tax and surcharge		43,735,811.30	107,352,413.53
Selling expenses		14,077,556.37	26,298,856.99
Administrative expense		33,934,825.55	31,312,746.27
Financial expense		18,105,774.80	1,952,132.73
Impairment losses of assets		-51,045,921.78	666,840.00
Add: Gain from changes in fair value ("- " means loss)		--	--
Investment income ("- " means loss)	14.5	270,602,716.90	-25,316.71
Including: Investment income from associates and joint venture	14.5	-6,325.06	-25,316.71
II. Operating profit ("- " means loss)		477,351,325.49	268,478,264.16
Add: Non-operating income		603,903.72	603,003.89
Including: gains from disposal of non-current assets		--	--
Less: Non-operating expenses		70,687.90	48,607.28
Including: Loss from disposal of non-current assets		11,687.90	7,607.28
III. Total profit ("- " means loss)		477,884,541.31	269,032,660.77
Less: Income tax expenses		39,685,378.61	62,859,275.91
IV. Net profit ("- " means loss)		438,199,162.70	206,173,384.86
V. Other comprehensive income		--	--
VI. Total comprehensive income		438,199,162.70	206,173,384.86

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Cash Flow Statement

For the Year 2014

Prepared by: SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP)

Co., Ltd.

Currency: RMB Yuan

Item	Note	Amount for the current period	Amount for the prior period
I . Cash Flow from Operating Activities:			
Cash received from sales of goods or rendering of services		553,520,820.72	1,144,966,241.22
Refund of taxes and levies		--	697,514.50
Cash received relating to other operating activities		73,572,569.13	76,214,774.35
Sub-total of cash inflows		627,093,389.85	1,221,878,530.07
Cash paid for goods and services		169,494,543.93	453,758,678.80
Cash paid to and on behalf of employees		42,143,223.14	27,614,061.43
Cash paid on taxes and levies		192,165,574.72	41,219,939.77
Cash paid relating to other operating activities		33,954,055.89	302,321,288.97
Sub-total of Cash Outflows		437,757,397.68	824,913,968.97
Net Cash Flows from Operating Activities		189,335,992.17	396,964,561.10
II . Cash Flows from Investing Activities:			
Cash received from return of investments		30,000,000.00	131,473.86
Cash received investing income		--	--
Net cash received from disposal of fixed assets, intangible assets and other long assets		10,400.00	3,000.00
Other cash received relating to investing activities		17,251,324.21	15,962,247.98
Sub-total of Cash Inflows		47,261,724.21	16,096,721.84
Cash paid to acquire fixed assets, intangible assets and other long assets		828,454.00	2,342,950.46
Cash paid on investments		--	90,000,000.00
Cash paid on other investing activities		--	--
Sub-total of cash outflows		828,454.00	92,342,950.46
Net Cash Flows from Investing Activities		46,433,270.21	-76,246,228.62
III. Cash flow from Financing Activities			
Cash received from investments		--	--
Cash received from borrowing		220,000,000.00	390,000,000.00
Cash received from issuing bonds		--	--
Cash received from other financing activities		52.01	25,000,000.00
Sub-total of cash inflows		220,000,052.01	415,000,000.00
Cash repayments on borrowed amounts		433,502,746.62	501,190,674.71
Cash payments for distribution of dividends or profits		53,049,461.10	62,399,178.33
Cash payments on other financing activities		--	6,000,000.00
Sub-total of cash Outflows		486,552,207.72	569,589,853.04
Net cash flows from financing activities		-266,552,155.71	-154,589,853.04
IV. Effect of foreign exchange rate on cash		81.20	-577.80
V .Net increase in cash and cash equivalents		-30,782,812.13	166,127,901.64
Add: cash equivalents at the beginning of the period		356,953,152.47	190,825,250.83
VI. Cash equivalents at the end of the period		326,170,340.34	356,953,152.47

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Statement of Changes in Owners' Equity
For the year 2014

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

Currency: **RMB Yuan**

Items	Attribute to the equity of parent company							Total owners' equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	General risk provision	Undistributed profit	
I. Balance at the End of Last Period	1,011,660,000.00	978,244,858.10	--	--	--	--	-564,028,429.22	1,425,876,428.88
Add: Changes of accounting policies	--	--	--	--	--	--	--	--
Prior year adjustments	--	--	--	--	--	--	--	--
Corporate combination under common control	--	--	--	--	--	--	--	--
Others	--	--	--	--	--	--	--	--
II. Balance at the Beginning of the Year	1,011,660,000.00	978,244,858.10	--	--	--	--	-564,028,429.22	1,425,876,428.88
III. Increase/Decrease movements in this Year ("-" means loss)	--	52.01	--	--	--	--	438,199,162.70	438,199,214.71
(I) Total comprehensive income	--	--	--	--	--	--	438,199,162.70	438,199,162.70
(II) Capital paid in and reduced by the shareholders	--	52.01	--	--	--	--	--	52.01
1. Ordinary shares invested by shareholders	--	--	--	--	--	--	--	--
2. Capital invested by the other equity investments holders	--	--	--	--	--	--	--	--
3. Amounts of share-based payments recognized in shareholders' equity	--	--	--	--	--	--	--	--
4. Others	--	52.01	--	--	--	--	--	52.01
(III) Profit distribution	--	--	--	--	--	--	--	--
(IV) Internal carry-forward of shareholders' equity	--	--	--	--	--	--	--	--
(V) Special Reserve	--	--	--	--	--	--	--	--
(VI) Others	--	--	--	--	--	--	--	--
IV. Balance at the end of the period	1,011,660,000.00	978,244,910.11	--	--	--	--	-125,829,266.52	1,864,075,643.59

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Statement of Changes in Owners' Equity
For the year 2013

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

Currency: RMB Yuan

Items	Attribute to the equity of parent company							Total owners' equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	General risk provision	Undistributed profit	
I. Balance at the End of Last Period	1,011,660,000.00	978,244,858.10	--	--	--	--	-770,201,814.08	1,219,703,044.02
Add: Changes of accounting policies	--	--	--	--	--	--	--	--
Prior year adjustments	--	--	--	--	--	--	--	--
Corporate combination under common control	--	--	--	--	--	--	--	--
Others	--	--	--	--	--	--	--	--
II. Balance at the Beginning of the Year	1,011,660,000.00	978,244,858.10	--	--	--	--	-770,201,814.08	1,219,703,044.02
III. Increase/Decrease movements in this Year ("-" means loss)	--	--	--	--	--	--	206,173,384.86	206,173,384.86
(I) Total comprehensive income	--	--	--	--	--	--	206,173,384.86	206,173,384.86
(II) Capital paid in and reduced by the shareholders	--	--	--	--	--	--	--	--
1. Ordinary shares invested by shareholders	--	--	--	--	--	--	--	--
2. Capital invested by the other equity investments holders	--	--	--	--	--	--	--	--
3. Amounts of share-based payments recognized in shareholders' equity	--	--	--	--	--	--	--	--
4. Others	--	--	--	--	--	--	--	--
(III) Profit distribution	--	--	--	--	--	--	--	--
(IV) Internal carry-forward of shareholders' equity	--	--	--	--	--	--	--	--
(V) Special Reserve	--	--	--	--	--	--	--	--
(VI) Others	--	--	--	--	--	--	--	--
IV. Balance at the end of the period	1,011,660,000.00	978,244,858.10	--	--	--	--	-564,028,429.22	1,425,876,428.88

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Note 1 General information

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

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

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

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

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

The Financial statement published on Mar 27th, 2015, which approved by Group’s Board of Directors.

Note 2 The Basis of Preparation of Financial Statements

The financial statements of the Group have been prepared on the basis of going concern in conformity with the Chinese Accounting Standards for Business Enterprises –The basic standards(Issued by order No.33 of the Ministry of Finance,

Revised by order No.76 of the Ministry of Finance), the 41 specified Accounting Standards for Business Enterprise issued and revised by the Ministry of Finance of People's Republic of China on 15 February, 2006 and thereafter, the guidance for the application of the Accounting Standards for Business Enterprise, the explanation for the Accounting Standards for Business Enterprise and other relevant regulations(thereafter referred as "Accounting Standards for Business Enterprises") and Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.15—General Provisions on Financial Reports (2014 Revision) issued by the China Securities Regulatory Commission (CSRC).

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

Note 3 Statement of Compliance with Accounting Standards

3.1 Basis of Preparation

The financial statements of the Group are recognized and measured in accordance with the regulations of the Chinese Accounting Standards for Business Enterprises and they give a true and fair view of the financial position, business result and cash flow of the Group as of 31 December 2014. In addition, the financial statements of the Group comply, in all material respects, with the revised disclosure requirements for financial statements and the notes of Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.15—General Provisions on Financial Reports (2014 Revision) issued by China Securities Regulatory Commission (CSRC).

3.2 Going Concern

There do not exist any significant suspicious events and conditions to the Group's ability to operate as going concern within 12 months since the report date.

Note 4 Important Accounting Principles and Accounting Estimates

The Group and its subsidiaries are engaged in the business of real estate development. The Group and its subsidiaries have established several specified accounting policies and accounting estimations for its transactions and events, such as the revenue recognition, according to the Group's and its subsidiaries' actual operating characters and relevant requirements of Accounting Standards for

Business Enterprises. Please refer to note 4.22- Revenue for details. For the significant accounting judgments and estimates made by the management, please refer to note 4.28 - Significant accounting judgments and estimates.

4.1 Accounting period

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

4.2 Operating cycle

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

4.3 Monetary Unit

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

4.4 Accounting Treatment Under Common/Non-common control

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

(1) Business combination involving entities under common control

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

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

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

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

(2) Business combination involving entities under non common control

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

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

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

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

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

Acquirer 's combination cost and the obtained identifiable net assets are measured

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

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

For a business combination achieved in stages that involves multiple exchange transactions, according to the "No.5 Inform of Printing and Distributing the Explanation of Accounting Standards issued by the Finance of Ministry (Caikuai [2012] No.19)" and Article 51 of "Chinese Accounting Standards for Business Enterprises No.33- Consolidated financial statement", relating with the judgment standards of package deal(refer to note 4.5(2)), a judgment about whether it is package deal or not should be made. If it is package deal, please refer to the note 4.13 - Long-term equity investment for accounting treatment; if it is not package deal, distinguish them as individual financial statement and consolidated financial statement for accounting treatment.

For the individual financial statements, the book value of the long-term equity investment held before the acquisition date plus the newly added equity investment on the acquisition date, and then sum should be recorded as the original investment cost; the long-term equity investment involved with other comprehensive income held before the acquisition date, the way to deal with the investment will be the same with the way the acquiree directly dispose the related assets and liabilities (i.e., under the equity method, beside the portion caused by the acquiree's recalculated defined benefit plan's net assets and net liabilities, the rest are transferred into investment

income).

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

4.5 Preparation of consolidated financial statements

(1)The standards of determining the scope of consolidation

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

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

(2)The method of preparing the consolidated financial statements

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

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

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

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements. The results of operations and its cash flow are appropriately included in the consolidated balance sheet and the consolidated income statement, respectively, from the beginning of the year to the date of acquisition and the comparative figures of the consolidated financial statements are restated.

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

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

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

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

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

current period when control is lost. The retained interest is subsequently measured according to the rules stipulated in the “Chinese Accounting Standards for Business Enterprises No.2—Long-term equity investment” or “Chinese Accounting Standards for Business Enterprises No.22—Determination and measurement of financial instruments” (see note 4.13-Long-term equity investment and 4.9-Financial instruments).

The Group’s losing control of subsidiaries through multistep transactions of disposing of the long-term equity investment, need to indentify whether every transaction, involving with disposing of the investment in subsidiary until losing the control, is belonging to package deal. Several transactions should be accounted for as a package deal if conditions and the economic impact of disposal of investments in subsidiaries are in compliance with one or more of the following circumstances: ① These transactions are considered simultaneously or ② these transactions as a whole in order to reach a complete business results; another case of the occurrence of the impact of entering into a transaction depends ③ had at least one other transaction; ④ see a transaction alone is not economical, but, it is economical when other transactions are taken into account. If it is not package deal, every transaction of the non-package deals is treated according to the applicable accounting standards of “partly disposing of the long-term equity investment without losing control ”(refer to 4.13(2) ④ for detail) and “losing the control to subsidiary due to partly disposing the equity investment or other reasons ” (see the former paragraph for details). When every transaction involving with disposing of equity investment in subsidiary until losing control is a package deal, they will be treated as a single deal of disposing of the investment in subsidiary until losing control for accounting treatment. But, before the control are lost, the difference between each receipt of every transaction and the related shared proportion of indentified net assets are recognized as other comprehensive income. The other comprehensive income will be transferred into profit and loss in the period when losing control.

4.6 Joint venture arrangement classification& mutual office account treatment

Joint venture arrangement is referred to the arrangement that are under common control of two or more participating parties. The Group classifies the joint venture arrangement into mutual office and joint venture, according to the rights shared and obligation undertaken in the joint venture arrangement. Mutual office represents the joint venture arrangement that the Group shares the assets related with arrangement

and undertakes the obligations related with the arrangement. Joint venture is referred to the joint venture arrangement that the Group only have the right to the net assets of the arrangement.

The Group measures the joint venture investment using the equity method. Please refer to accounting policies listed on note 4.13 (2) ②-long-term equity investment measured using the equity method.

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

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

4.7 Cash and cash equivalent

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

4.8 Foreign exchange

(1) Translation in foreign exchange transactions

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

exchange relevant transactions, is recorded by the functional currency translated by the exchange rate actually used.

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

On the balance sheet date, foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. All the exchange differences thus resulted are taken into profit or loss, except for ①those relating to foreign currency borrowings specifically for construction and acquisition of qualifying assets, which are capitalized in accordance with the principle of capitalization of borrowing costs; ②The exchange difference from changes of other account balance of foreign currency monetary items available-for-trade is recorded into profit or loss except for amortization cost.

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

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

(3) The translation of financial statement in foreign currency

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

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

1) Assets and liabilities in the balance sheet are translated at the spot exchange

rate prevailing on the balance sheet date; All equity items except for retained earnings are translated at the spot exchange rates at the date on which such items occur;

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

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

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

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

6) When losing control over Group's oversea operation due to disposal, the translation difference of translating foreign currency financial statements related with the oversea operation which is separately presented under the shareholder's equity section as accumulated other comprehensive income, should be fully or proportionately transferred into the current period profit and loss according to the disposal percentage.

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

8) The opening balance and actual figures of last year are displayed as the figures translated last year.

9) When disposing the Group's all shareholders' equity of oversea operation or the Group losing control over the oversea operation due to partial disposal of the oversea equity investment or other reasons, the translation difference caused by the translating of foreign currency financial statement related with the oversea operation, which is presented under the equity section on the balance sheet and is attributable to the parent company's shareholders, should be transferred to the current period profit and loss.

10) When the partial disposal of the equity investment of oversea operation and other reasons cause the share percentage of oversea operation to decrease without making the power of control to disappear, the translation difference of translation

foreign currency financial statement related with the part of oversea operation disposed should be attributable to the minority interest and do not transfer to the current period profit and loss. When the oversea operation disposing is a jointly run business or joint venture, the translation difference of translating foreign currency financial statements should be transferred to the current period profit and loss according to the percentage of oversea operation disposal.

4.9 Financial instruments

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

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

(2) Classification of financial assets

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

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

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

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

- A. The financial asset is acquired for the purpose of selling it in a short term;
 - B. The financial asset is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits;
 - C. The financial asset is a derivative, except for a derivative that is designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured.
- For such kind of financial assets, fair values are adopted for subsequent measurement.

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

- A. The designation eliminates or significantly reduces the inconsistency in the measurement or recognition of relevant gains or losses that would otherwise arise from measuring the financial instruments on different bases.
- B. A group of financial instruments is managed and its performance is evaluated on a fair value basis, and is reported to the enterprise's key management personnel. Formal documentation regarding risk management or investment strategy has prepared.

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

2) Investment held-to maturity

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

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

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

3) Loans and receivables

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

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

4) Financial assets available-for-sell

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

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

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

The Group's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss and other financial liabilities. For financial

liabilities at fair value through profit or loss, relevant transaction costs are immediately recognized in profit or loss for the current period, and transaction costs relating to other financial liabilities are included in the initial recognition amounts.

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

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

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

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

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

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

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

When an available-for-trade financial asset is impaired, the cumulative loss arising

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

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

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

(4) Recognition and measurement of financial assets transfer

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

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

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

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

If a part of the transferred financial asset qualifies for derecognition, the carrying

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

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

(5) Classification of the financial liabilities and measurement

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

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

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

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

to these financial liabilities are recognized in profit or loss for the current period.

2) Other financial liabilities

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

3) Financial guarantee contracts

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

(6) Derecognition

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

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

4.10 Account receivables

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

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

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

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

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

For an account receivable that is individually significant, the asset is individually assessed for impairment. If there is objective evidence indicating that the asset is impaired. The impairment loss is recognized in the profit and loss at the excess of carrying value over its predicted future cash flow (excluding the non-incurred future credit loss) discounted with original actual interest rate.

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

For the accounts receivables that is individually insignificant, if there are signs indicating the impairment, such as long-aging, having a dispute with the obligator or obligator suffering serious financial difficulties, it should be individually tested for impairment.

4.11 Inventories

(1) Classification of inventory

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

(2) Valuation method of inventories upon delivery

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

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

Net realizable value is the estimated selling price in the ordinary course of business

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

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

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

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

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

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

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

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

(7)Public Facilities Fee: The cost is the actual construction cost incurred. If several estate projects benefit from the same facility, they stay in the same category. The cost of fee should be measured according to the allocation of sales area. If they got benefit but in different categories, the cost was measured according to the allocation of the area covered.

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

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

4.12 Held-for-sale assets

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

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

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

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

4.13 Long-term equity investments

The long-term equity investment mentioned in this section is about the equity investment of which the Group has control, common control or significant influences over the investee. For the investments that the Group has no control, common control or significant influences over the investee, they will be recorded as available-for-sale or financial instrument assets measured at fair value with its changes into profit and loss. Please refer to note 4.9-Financial instruments for detail.

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

(1) Determination of investment cost

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

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

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

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

(2) Subsequent measurement

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

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

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

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

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

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

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

When determining the share percentage of investee's net profit, it should be made based on the fair value of investee's identifiable assets after adjusting the investee's net profit on the acquisition date. When the investee's accounting period and accounting policies are different with the Group's, the subsidiary's financial statements should be adjusted according to the Group's and recognize the

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

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

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

3) Acquisition of minority interest

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

4) Disposal of long-term equity investment

Where the parent company disposes long-term investment in a subsidiary without a change in control, the difference in the net asset between the amount of disposed long-term investment and the amount of the consideration paid or received is adjusted to the owner's equity. If the disposal of long-term investment in a subsidiary involves loss of control over the subsidiary, the related accounting policies in Note 4.5 applies.

(3) Accounting policies retailed on “the method of preparing consolidated financial statements”

On disposal of a long-term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognized in profit or loss for the period.

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

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

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

between the fair value and book value is taken into current profit and loss.

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

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

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

4.14 Investment properties

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

investment properties.

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

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

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

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

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

4.15 Fixed assets

(1) The conditions of recognition

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

(2) Recognition and measurement of financial lease

Finance leases which transfer substantially all the risks and rewards of ownership. The depreciation policy for assets held under finance leases should be consistent

with that for owned assets. If there is no reasonable certainty that the lessee will obtain ownership at the end of the lease – the asset should be depreciated over the shorter of the lease term or the life of the asset

(3) The method for depreciation

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

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

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

(4) Measurement and recognition of fixed assets impairment

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

(5) Others

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

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

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

4.16 Construction in progress

(1) The types of construction in progress

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

(2) The standards and time of transferring the construction in progress to fixed assets.

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

(3) The method of testing the impairment and the provision for impairment loss

The method of testing the impairment loss for the construction in progress and the way to accrue the provision for the impairment loss is detailed listed on the note 4.20-“long-term assets impairment”.

4.17 Borrowing costs

(1) The standards for capitalizing the borrowing cost

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

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. The amounts of other borrowing costs incurred are recognized as an expense in the period in which they are incurred.

(2) The period of capitalizing the borrowing costs

The period of borrowing costs capitalization is calculated from the point when borrowing costs beginning capitalizing to the time stopping capitalizing. The period suspending capitalizing the borrowing costs are excluded.

(3) The period suspending capitalizing the borrowing costs

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

incurred during these periods recognized as an expense for the current period until the acquisition, construction or production is resumed.

(4) The method for calculating the amount of borrowing cost capitalized

Where funds are borrowed for a specific-purpose, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds.

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

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

4.18 Intangible assets

(1) Recognition and calculation of intangible asset

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

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

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

When an intangible asset with a definite useful life is available for use, its original cost less net residual value and any accumulate impairment losses is amortized over its estimated useful life using the straight-line method. An intangible asset with an

indefinite useful life is not amortized.

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

(2) The estimation of the useful life of the indefinite intangible assets

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

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

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

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

The testing method for intangible assets impairment and the calculation of the provision for impairment is detailed listed on the note 4.20-Long-term assets impairment.

(5) The standards to distinguishing the research stage and development stage of internally developed intangible assets

Research stage: the stage when the creative planned investigation and research activities are carried on, in order to obtain and understand the new sciences and technical knowledge;

Development stage: the stage of applying the research results and other knowledge to the specified plan or design so as to produce new or substantially improved materials , equipments and products before commercial production or use.

(6) The accounting of expenditures of internally researched and developed project

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

Expenditure during the development phase that meets all of the following conditions

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

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

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

4.19 Long-term deferred assets

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

4.20 Long-term assets impairment

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

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

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

The disposal expenses include the legal expenses, related taxes, delivery fees and other direct fees incurred for making the assets reach the salable condition. The present value of the predicted future cash flows is calculated according to the predicted future cash flows generated from the continuous use of the assets and final disposal discounted with the applicable discounted rate. The provision for impairment test should be recognized based on the individual asset. If it is hard to estimate the recoverable amount to individual asset, the recoverable amount of the assets group of which the individual assets are included should be determined. Assets group is the smallest unit that can independently generate the cash inflow.

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

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

4.21 Accrued liabilities

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

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

money.

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

(1) Onerous contracts

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

(2) Restructuring Obligation

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

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

4.22 Revenue

(1) Revenue from sales of goods

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

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

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

procedures;

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

(2) Revenue from rendering service

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

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

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

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

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

(3) Revenue from construction contracts

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

The outcome of a construct contract can be measured reliably when the following

conditions are met:

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

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

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

4.23 Government Grants

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

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

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

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

4.24 Deferred income tax assets and deferred income tax liabilities

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

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

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

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

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

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

For taxable temporary deductible differences associated with investments in

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

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

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

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

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

4.25 Leases

(1) Operating Lease

①The Group as Lessee under Operating Lease

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

②The Group as Leaser under Operating Lease

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

(2)Financing Lease

①The Group as Lessee under Operating Lease

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

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

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

②The Group as Leaser under Operating Lease

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

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

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

4.26 Employee Benefits

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

The short-term benefits include the employees' salary, bonus, allowance and compensation, employee welfare, medical insurance, maternity insurance, employment injury insurance, housing fund, labor union expense and employee

education expense and non-currency welfare etc. The Group recognizes the actually incurred short-term employee benefits as liability during the period when the employees' services are rendered, the expenses are recorded into the current period profit and loss or related asset costs according to the benefit object. For the non-currency welfare, it is recognized according to its fair value.

Welfare after demission mainly includes the defined contribution plan and the defined benefit plan. The defined contribution plan and the defined benefit plan mainly include the basic endowment insurance premium, unemployment insurance expense and pension etc..For the defined contribution plan, the sinking fund deposited to the an independent entity for the service provided by employee in the accounting period on the balance sheet is recognized as the debt and included in the current profit and loss or related asset costs according to the benefit object. There is no defined benefit plan in the Group.

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

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

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

4.27 Changes in major accounting policies and accounting estimates

(1) Changes of accounting policies

There were changes of accounting policies due to complication with the new

accounting standards.

At the beginning of the year 2014, the Ministry of Finance issued or revised the following accounting standards by documents Caikuai [2014] No.6, No.7, No.8, No.10, No.11, No.14 and No.16 respectively: "Accounting standards for business enterprise No.39- Fair Value Measurement", "Accounting standards for business enterprise No.30- The presentation of financial statements(revised in 2014)", "Accounting standards for business enterprise No.9- Employee's benefits (revised in 2014)", "Accounting standards for business enterprise No.33-The consolidation of financial statements(revised in 2014)", "Accounting standards for business enterprise No.40-The joint venture arrangement", "Accounting standards for business enterprise No.2- long-term equity investment(revised in 2014)" and "Accounting standards for business enterprise No.41-disclosure interest in other entities", requiring all business enterprises applying with the Accounting Standards for Business Enterprises to implement it and encouraging the business enterprises listed on the foreign stock market to implement in advance from July.1,2014. Meanwhile, the Ministry of Finance issued the "Accounting standards for business enterprises No.37-The presentation on financial instrument (revised in 2014)" (thereinafter referred as "The standards for financial instrument presentation"), requiring to comply with the standards in the financial reports of year 2014 and thereafter when presenting the financial instrument.

According to the requirements of Ministry of Finance, the Group began to comply with the seven newly issued or revised Accounting Standards for Business Enterprises beside the Standards for presentation of financial instruments mentioned above from July, 2014. The Group complied with the standards for presentation of financial instruments and made some adjustments when preparing the financial report of year 2014. The influences of financial statements items and amounts of current and previous periods are listed below:

Standards	The accounting policies changed and influences on the	Amount influenced to financial statement items of Jan.1,2014/2013
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		Item	Amount influenced increase “+” /decrease “-”
Accounting Standards for Business Enterprise No.2-Long-term equity investments:	Before the “Accounting Standards for Business Enterprises No.2-Long-term equity investments(revised in 2014)” are implemented, the Group used the cost method when no significant influences or common control, no quotation are available in the active market and the fair value cannot be reliably measured to the investment in investee. After the “Accounting Standards for Business Enterprise No.2-Long-term equity investments(revised in 2014)” are adapted, the investments in investees which the Group have no significant influences or common control, no quotation are available in the active market and the fair value cannot be reliably measured, are classified as available-for-sale financial assets. The Group adopted the retroactive adjustment approach for such accounting policy change and the comparative statements of 2014 were restated.	Available-for-sale financial statement	17,464,240.74
		Long-term equity investment	-17,464,240.74
Accounting Standards for Business Enterprise No.30-Financial statements presentation:	“Accounting Standards for Business Enterprise No.30-Financial statements presentation(revised in 2014)” classify the other comprehensive income into two categories:(1) Other comprehensive income that cannot be reclassified into profit and loss in the future; (2)Other comprehensive income that would be classified into profit and loss when the specified conditions are met, meanwhile, regulate the presentation of the held-for-sale etc.. The Group has complied with the new requirement when presenting the financial statements and restate the comparative financial statements presented.	Other comprehensive income	9,354,020.21
		Translation difference in the foreign currency financial statement	-9,354,020.21

Accounting policies changes for other newly issued and revised Accounting Standards for Business Enterprise.

① “Accounting Standards for Business Enterprise No.9- Employee Benefits(revised in 2014)”:

Before the “Accounting Standards for Business Enterprise No.9- Employee Benefits (revised in 2014)” are implemented, when the Group cannot unilaterally withdraw the dismissal welfare provided for the plan on the cancellation of labor relationship or layoff proposal which is officially made and will be implemented soon, the related contingency liability incurred would be recorded into current period profits and losses. After the “Accounting Standards for Business Enterprise No.9- Employee Benefits (revised in 2014)” are implemented, the detailed policies about the dismissal welfare are presented on note 2.26. The adaption of “Accounting Standards for

Business Enterprise No.9- Employee Benefits (revised in 2014)” have no significant influences on the Group’s current financial statements presented. The Group has complied with the new disclosure requirements.

②” Accounting Standards for Business Enterprise No.33- Consolidated financial statements(revised in 2014)”:

For “Accounting Standards for Business Enterprise No.33- Consolidated financial statements(revised in 2014)”, has same regulation :”The scope of consolidated financial statement should be specified based on the control ”,but amends the definition of control as “the investor having the rights on the investee , can get return through joining the relevant activity of investee and have the ability to influence the return by using the rights”. The revised standards require the investor to make a judgment about whether the investee is controlled based on having a comprehensive consideration of all relevant facts and conditions and provides more guidance on the control power judgment. The Group’s subsidiaries that had been included in the scope of consolidation of financial statement in the previous years met the requirements regulated by the revised standards. This change has no significant influence on current year’s financial statements presented.

③”Accounting Standards for Business Enterprise No.37- the presentation of financial instrument (revised in 2014)”:

“Accounting Standards for Business Enterprise No.37- the presentation of financial instrument (revised in 2014)” adds the requirement on elimination and disclosure, adds the disclosure requirement on transferring of financial assets, amends the disclosure requirement for analysis on the maturity date of financial assets and financial liabilities. Current financial statements presented have complied with the new requirements and the disclosure on comparative financial statements notes have also been correspondently adjusted.

④”Accounting Standards for Business Enterprise No.39-Fair value measurement”:

“Accounting Standards for Business Enterprise No.39-Fair value measurement” regulates the fair value measurement and disclosure. The adaption of the standards has no significant influences on the current financial statement items, but it cause the Group to disclose more widely about the fair value information on the notes to financial statement. The current year financial statement has complied with the disclosure requirement.

⑤”Accounting Standards for Business Enterprise No.40-The joint venture

arrangement”:

“Accounting Standards for Business Enterprise No.40-The joint venture arrangement” regulate the accounting method for the joint venture having common control. The standard regulates two kinds of joint venture arrangement: mutual office and joint venture. The classification of the joint venture arrangement depends on the involved parties’ rights and obligations to the joint venture arrangement. Mutual office is referred to as the joint venture management where common operators have the right to share and arrange the related assets and are obligated to undertake and arrange the related liabilities. Its accounting treatment is based on common operators’ right and obligation during the common operating. Joint venture is referred to as the joint venture arrangement where the involving parties have the rights to the arranged net assets and use the equity method to according to “Accounting Standards for Business Enterprise Nno.2- Long-term equity investment”. The adaption of the “Accounting Standards for Business Enterprise No.40-The joint venture arrangement” has no significant influences on the current year financial statement items presented.

⑥”Accounting Standards for Business Enterprise No.41-disclosure interest in other equities”:

“Accounting Standards for Business Enterprise No.41-disclosure interest in other equities” is applicable to disclose the enterprise’ interest in subsidiary, joint venture arrangement, joint operation and structured body not included in the scope of consolidated financial statement. The adaption of the “Accounting Standards for Business Enterprise No.41-disclosure interest in other equities” cause the enterprise to disclose more widely in the notes to the financial statements. The Group’s current year financial statements have complied with the standards and make the correspondent adjustments to the notes of comparative financial statements.

(2)Changes of accounting estimates

There were no changes of main accounting estimations during this period.

4.28 Material accounting judgments and accounting estimations

Because of the inherent uncertainties of the operating activities, the Group need to make judgments, estimations and assumptions to the financial statement items whose carrying amount cannot be accurately measured. Those judgments, estimations and assumptions are made based on the management’s historical experience and taking other relevant factors into account. Those judgments,

estimations and assumptions would influence the reported amount of revenue, expense, asset and liability and disclosure of the contingency liability on the balance sheet date. However, the actual result caused by the uncertainty of these estimations may be different with the present estimation made by the management, which may cause significant adjustments to the carrying amount of the influenced assets and liabilities in the future.

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

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

(1) The classification of lease

The lease are classified into operating lease and finance lease, according to the “Accounting Standards for Business Enterprise No.21-Lease” .When making the classification, the management need to make analysis and judgment about whether all risk and reward related with the ownership of assets leased out have been substantially transferred to the lessee or not ,or whether all risk and reward related with the ownership of the assets leased have substantially assumed by the Group.

(2) The provision for allowance for bad debt

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

(3) Provision for inventory

According to inventory accounting policy, the ending inventory is measured by the lower of cost and net realizable value. When the cost is greater than the net realizable value and the obsolete and unsalable inventory, the inventory falling price reserve shall be reserve shall be withdrawn. Reduce the inventory to the net realizable value is based on the evaluation the salable of the inventory and its net realizable value. Estimates of net realizable value are based on the most reliable

evidence available at the time the estimates are made and take into consideration the purpose for which the inventory is held and the influences of events occurring after the balance sheet date. The difference between the actual result and original estimation will influence the carrying amount of the inventory and cause the provision for inventory to increase or reverse back during the period when the estimation is changed.

(4) The fair value of financial instrument

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

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

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

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

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

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

The Group will test the goodwill for impairment at least once a year, which requires to

estimate the present value of the future cash flows of the assets and assets group allocated with the goodwill. When estimating the present value to the future cash flow, the Group need to estimate the cash flows generating from the assets and assets group, and choose the applicable discount rate to determine the present value.

(6) Depreciation and amortization

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

(7) Deferred tax asset

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

(8) Income tax

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

**Note 5 Principal Taxes Applied
Taxes and their rates**

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

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

Note 6 Notes to the Consolidated Financial Statements

Unless specified, the items of the Opening in the followings (including the notes to the Company financial statements) refers to the date of January 1, 2014, the Closing refers to the December 31, 2014; the items of the prior period refers to the year 2013, the current period refers to the year 2014.

6.1 Monetary funds

Item	Closing balance	Opening balance
Cash on hand	61,413.08	185,502.41
Cash in bank	670,058,435.95	519,098,870.03
Other monetary funds	8,837,400.00	6,090,000.00
Total	678,957,249.03	525,374,372.44
Including amount deposited in the foreign countries	9,057,907.94	9,187,440.82

Note: (1)As of Dec.31,2014, for the funds that the Group's ownership are restricted they are classified in Other monetary funds (totaling :RMB 8,837,400.00 as of Dec.31,2014) ,including RMB 57,400.00 the tender bonds margin, RMB 2,780,000.00 bank acceptance deposit and RMB 6,000,000.00 deposited in the Company's rent escrow account for the Company's borrowings.

6.2 Note receivables

(1) Note receivables by types

Item	Closing balance	Opening balance
Bank acceptance	--	--
Trade acceptance	119,846,192.64	--
Total	119,846,192.64	--

(2) Note receivables pledged at year end

Item	Amount pledged at year end
Bank acceptance	--
Trade acceptance	42,812,597.17
Total	42,812,597.17

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

Item	Amt. derecognized at year end	Amt. not derecognized at year end
Bank acceptance	--	--
Trade acceptance	--	77,033,595.47
Total	--	77,033,595.47

Note: As of Dec.31,2014, the trade acceptance discounted but not matured is RMB

77,033,595.47(RMB 0.00 as of Dec.31,2013), the balance of related pledged borrowing is 77,033,595.47(RMB 0.00 as of Dec.31,2013) (referring to the note 6.16). When the trade acceptance cannot be honored when it is mature, the bank has the power to ask the Group to repay the amount un-settled. The Group continues to recognize the carrying amount of the trade acceptance and records the amount received as pledged borrowing because of the transfer, due to the Group's undertaking the main risk, such as credit risk, relating with the trade acceptance.

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

6.3Accounts receivables

(1) Accounts receivable by categories

Category	Closing balance			
	Carrying amount		Bad debt provision	
	Amount	(%)	Amount	(%)
Accounts receivable of which provision for bad debts is of individually significant	--	--	--	--
Accounts receivable of which provision for bad debts is of individually insignificant	103,554,193.95	100.00	19,165,351.52	18.51
Total	103,554,193.95	100.00	19,165,351.52	18.51

(Continued)

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

(2) Accounts receivable by aging balance

	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)
Within 1 year	75,192,337.53	72.61	4,984,386.26	14.99
1-2 years	3,040,957.54	2.94	2,898,070.94	8.72
2-3 years	253,116.00	0.24	24,802.70	0.08
Over 3 years	25,067,782.88	24.21	25,335,983.27	76.21
Total	103,554,193.95	100.00	33,243,243.17	100.00

(3) Bad debt provision**Bad debt provision of accounts receivable which is of individually insignificant**

Content of accounts receivable	Carrying amount	Amount of bad debt	Proportion of provision	Reasons for the provision
Receivables of import and export agency business	11,574,556.00	11,574,556.00	100.00	A separate provision is established according to the recoverability of each receivable with long aging and little retrievability.
House pay to be collected	84,918,300.78	6,968,694.02	8.21	
Engineering construction funds and others	7,061,337.17	622,101.50	8.81	
Total	103,554,193.95	19,165,351.52	18.51	

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

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

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

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

Name of entity	Relationship with the Group	Amount	Age	Proportion of the amount to the total AR (%)
Individual No.1	Un-related party	2,830,000.00	Within 1 year	2.73
Individual No.2	Un-related party	2,420,000.00	Within 1 year	2.34
Individual No.3	Un-related party	2,290,000.00	Within 1 year	2.21
Corporate unit No.1	Un-related party	2,039,200.00	Within 1 year	1.97
Individual No.4	Un-related party	1,900,000.00	Within 1 year	1.83
Total		11,479,200.00		11.08

(8) Details for receivables due from related parties, please refer to Note 9.6.

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

(10) There were no any accounts receivable which had been securitized.

6.4 Prepayments

(1) Aging analysis

Aging	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)
Within 1 year	17,816,263.48	99.96	12,101,114.11	99.14
1-2 years	2,735.00	0.02	100,002.35	0.82
2-3 years	--	--	196.84	0.00
Over 3 years	2,749.75	0.02	5,285.00	0.04
Total	17,821,748.23	100.00	12,206,598.30	100.00

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

Name of entities	Relationship with the Group	Amount	Timing	Reasons for unsettlement
Project 1	Un-related party	2,740,340.89	Within 1 year	The un-settled prepayment of engineering materials and materials un-warehousing
Project 2	Un-related party	2,452,145.20	Within 1 year	The un-settled prepayment of engineering materials and materials un-warehousing
Project 3	Un-related party	2,284,781.29	Within 1 year	The un-settled prepayment of engineering materials and materials un-warehousing
Project 4	Un-related party	1,769,232.00	Within 1 year	The un-settled prepayment of engineering materials and materials un-warehousing
Project 5	Un-related party	1,080,000.00	Within 1 year	The un-settled prepayment of engineering materials and materials un-warehousing
Total		10,326,499.38		

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

6.5 Dividends receivables

(1) Details of dividends receivable

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

(2) Dividends receivable aging over 1 year

Item(Or name of investee)	Closing balance	Aging	Reasons for uncollected amounts	Whether the amount is impaired and the base of judgment
Yunnan KunPeng Flight service Co., Ltd	1,052,192.76	2-3 years	Delay to pay	
Total	1,052,192.76			

6.6 Other receivables

(1) Other receivables by categories

Category	Closing balance			
	Carrying amount		Bad debt provision	
	Amount	(%)	Amount	(%)
Other receivables of which provision for bad debts is of individually significant	162,317,209.49	68.13	148,762,358.18	91.65
Other receivables of which provision for bad debts is of individually insignificant	75,916,605.39	31.87	29,943,158.49	39.44
Total	238,233,814.88	100.00	178,705,516.67	75.01

(Continued)

Category	Opening balance			
	Carrying amount		Bad debt provision	
	Amount	(%)	Amount	(%)
Other receivables of which provision for bad debts is of individually significant	162,299,084.48	69.70	148,744,256.33	91.65
Other receivables of which provision for bad debts is of individually insignificant	70,540,348.70	30.30	29,422,675.04	41.71
Total	232,839,433.18	100.00	178,166,931.37	76.52

(2) Other receivables by aging balance

	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)
Within 1 year	13,021,175.42	5.47	6,594,259.31	2.83
1-2 years	4,521,021.36	1.90	10,001,333.18	4.30
2-3 years	4,927,273.39	2.07	1,594,693.57	0.68
Over 3 years	215,764,344.71	90.56	214,649,147.12	92.19
Total	238,233,814.88	100.00	232,839,433.18	100.00

(3) Bad debt provision**(a) Bad debt provision of other receivables which is of individually significant**

Content of accounts receivable	Carrying amount	Amount of bad debt	Proportion of provision	Reasons for the provision
Other receivables between subsidiaries that are not included in the consolidated statement	128,368,442.90	128,365,490.77	99.99	A separate provision is established according to the recoverability of each receivables with long aging and little retrievability
Others	33,948,766.59	20,396,867.41	60.08	
Total	162,317,209.49	148,762,358.18	91.65	

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

Content of other receivables	Carrying amount	Proportion of provision	Amount of bad debt	Reasons for the provision
Other receivables between subsidiaries that are not included in the consolidated statement	1,324,136.04	1,116,316.04	84.31	A separate provision is established according to the recoverability of each receivables with long aging and little retrievability
Others	74,592,469.35	28,826,842.45	38.65	
Total	75,916,605.39	29,943,158.49	39.44	

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

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

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

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

Name of entity	Relationship with the Group	Amount	Age	Proportion of the amount to the total OR (%)	Provision for bad debt at year end
Canada Great Wall(Vancouver) Co.,Ltd *	Subsidiary	89,035,748.07	Above 3 years	37.37	89,035,748.07
Paklid Limited *	Subsidiary	18,446,223.54	Above 3 years	7.74	18,443,271.41
Bekaton property Limited *	Subsidiary	12,559,290.58	Above 3 years	5.27	12,559,290.58

Name of entity	Relationship with the Group	Amount	Age	Proportion of the amount to the total OR (%)	Provision for bad debt at year end
Guangdong province Huizhou Luofu Hill Mineral Water Co.,Ltd	Joint venture	10,465,168.81	Above 3 years	4.39	10,465,168.81
Luofu Hill Travelling Corporation	Un- related party	9,600,000.00	Above 3 years	4.03	4,800,000.00
Total		140,106,431.00		58.80	135,303,478.87

Note: The above subsidiaries were not included in the Group's consolidated financial statements. Refer to Note 6.1 for details.

(8) For details of receivables due from related parties, please refer to Note 9.6.

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

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

6.7 Inventory

(1) Categories of inventory

Item	Closing balance		
	Carrying amount	Provision for inventories	Net carrying amount
Real estate development projects			
Real estate developing products	206,672,758.28	--	206,672,758.28
Real estate developed products	2,236,980,404.61	25,114,387.88	2,211,866,016.73
Real estate which are going to be developed	324,164,580.02	--	324,164,580.02
Non real estate development projects			
Raw materials	522,104.77	--	522,104.77
Finished products	643,946.37	278,891.91	365,054.46
Low-value consumable products	--	--	--
Construction in progress	52,961,142.16	--	52,961,142.16
Total	2,821,944,936.21	25,393,279.79	2,796,551,656.42

(Continued)

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

(2) Real estate developing products

	Starting time	Finished time	Estimated total investment	Closing balance	Opening balance
DongHuDiJing Building				136,423,233.30	130,652,182.51
ShanTou Yuejing Dongfang	2008	2014	150,000,000.00	--	128,934,749.12
Shengfang Shanglin Garden	2007	2014	1,400,000,000.00	46,371,960.75	607,303,194.82
ShanTou Fresh Peak Building				23,877,564.23	23,427,282.12
Total				206,672,758.28	890,317,408.57

Note: (a) The decrease of the balance of developing product of ShanTou Yuejing Dongfang and Shengfang Shanglin Garden are caused by transference into Real estate developed products. The balance of the Shengfang Shanglin Garden developing product is about Shengfang Shanglin Garden South area project.

(b) In 2014, according to the government planning, DongHuDiJing Building project's H312-0061 land parcel volume rate is decreased from 10.1 to 5.8, the related procedures are completed. In order to compensate the Group, Shenzhen Municipal

Land Planning Commission's first direct authority issued the document, determining to replace DongHuDiJing Building project's decreased H312-0061 land parcel with the area of Jingtian, statutory chart 08-22 land parcel.

(3) Real estate developed products

Name of project	Finished time	Opening balance	Additions	Reductions	Closing balance
Jinye Island Multi-tier villa	1997	38,933,768.09	--	--	38,933,768.09
Jinye Island villa No.6	2007	2,961,996.22	--	--	2,961,996.22
Jinye Island villa No.9	2009	--	--	--	--
Jinye Island villa No.10	2010	47,182,628.45	10,367.75	14,714,801.82	32,478,194.38
Jinye Island villa No.11	2008	17,891,536.90	--	4,714,168.62	13,177,368.28
HuangPuXinChun No.1	1994	121,283.88	--	--	121,283.88
HuangPuXinChun No.2	2007	228,961.81	--	--	228,961.81
HuaFeng Building	2000	1,631,743.64	--	--	1,631,743.64
XingHu Garden Multi-tier	2003	156,848.69	--	--	156,848.69
BeiJing Fresh Peak Buliding		671,820.67	--	--	671,820.67
Wenjin warehouse 1-5 floor		13,507,895.61	--	--	13,507,895.61
Real Estate building		11,025,444.77	--	--	11,025,444.77
Wenjing Garden		3,818,939.87	--	--	3,818,939.87
Shenfang Chuanqishan	2013	1,635,189,965.26	28,887,255.20	353,114,241.66	1,310,962,978.80
Shantou Yuejing Dongfang	2014	--	223,773,286.89	106,425,625.95	117,347,660.94
Shenfang Shanglin Garden	2014	--	1,087,883,430.03	397,927,931.07	689,955,498.96
Total		1,773,322,833.86	1,340,554,339.87	876,896,769.12	2,236,980,404.61

(4) Real estate which are going to be developed

	Opening balance	Additions	Reductions	Closing balance
Shantou Jingzaiwan	298,632,911.82	25,531,668.2	--	324,164,580.02
Total	298,632,911.82	25,531,668.2	--	324,164,580.02

(5) Movement of Provision of inventories

Item	Opening balance	Increase	Decrease		Closing balance
			Reversals	Write-off	
Shengfang Shanglin Garden	47,584,499.31	--	--	22,470,111.43	25,114,387.88
Finished products	278,891.91	--	--	--	278,891.91
Total	47,863,391.22	--	--	22,470,111.43	25,393,279.79

(6) Capitalized borrowing cost at year end is RMB 101,247,068.84.

6.8 Other current assets

Item	Contents	Closing balance	Opening balance
Value added tax	Input tax to be deducted	4,382,360.04	3,451,107.04
Business tax	Tax paid for advances from customers	--	--
City construction surcharge	Tax paid for advances from customers	32,221.30	--
Education surcharge	Tax paid for advances from customers	--	--
Local education surcharge	Tax paid for advances from customers	--	--
Embankment Protection Fee	Tax paid for advances from customers	60,353.35	--
Increment tax on land value	Tax paid for advances from customers	7,961,089.71	--
Total		12,436,024.40	3,451,107.04

6.9 Available-for-sale financial assets**(1) Details of available-for-sale financial assets**

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

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

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

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

6.10 Long-term equity investments

(1) Long-term equity investments by types

Invested company	Opening balance	Change amount of this year				
		Additional investment	Negative investment	Profit and loss on investments confirmed with equity method	Other comprehensive income adjustment	Other equity change
I. Joint ventures						
Guangdong province Huizhou Luofu Hill Mineral Water Co., Ltd	9,969,206.09	--	--	--	--	--
Fengkai Xinhua Hotel	9,455,465.38	--	--	--	--	--
Jiangmen Xinjiang Real Estate Co., Ltd	9,037,070.89	--	--	--	--	--
Xi'an Fresh Peak Property Trading Co., Ltd	32,840,729.61	--	--	--	--	--
Dongyi Real Estate Co., Ltd	30,376,084.89	--	--	--	--	--

Invested company	Opening balance	Change amount of this year				
		Additional investment	Negative investment	Profit and loss on investments confirmed with equity method	Other comprehensive income adjustment	Other equity change
Subtotal	91,678,556.86	--	--	--	--	--
II. Affiliated enterprises						
Shenzhen Ronghua JiDian Co.,Ltd	1,378,532.26	--	--	-6,325.06	--	--
Shenzhen Runhua Automobile trading Co.,Ltd	1,445,425.56	--	--	--	--	--
Subtotal	2,823,957.82	--	--	-6,325.06	--	--
III. Other equity investments						
Subtotal	206,636,006.42	--	--	--	--	--
Total	301,138,521.10	--	--	-6,325.06	--	--

(Continued)

Invested company	Change amount of this year			Ending balance	Provision for impairment balance at year end
	Invested company	Change amount of this year	Ending balance		
I. Joint ventures					
Guangdong province Huizhou Luofu Hill Mineral Water Co.,Ltd	--	--	--	9,969,206.09	9,969,206.09
Fengkai Xinhua Hotel	--	--	--	9,455,465.38	9,455,465.38
Jiangmen Xinjiang Real Estate Co., Ltd	--	--	--	9,037,070.89	912,537.16
Xi'an Fresh Peak Property Trading Co., Ltd	--	--	--	32,840,729.61	20,673,831.77
Dongyi Real Estate Co., Ltd	--	--	--	30,376,084.89	21,225,715.87
Subtotal	--	--	--	91,678,556.86	62,236,756.27

Invested company	Change amount of this year			Ending balance	Provision for impairment balance at year end
	Invested company	Change amount of this year	Ending balance		
II. Affiliated enterprises					
Shenzhen Ronghua JiDian Co.,Ltd	--	--	--	1,372,207.20	1,076,954.64
Shenzhen Runhua Automobile trading Co.,Ltd	--	--	--	1,445,425.56	1,445,425.56
Subtotal	--	--	--	2,817,632.76	2,522,380.2
III. Other equity investments	--	--	--	206,636,006.42	178,642,972.78
Subtotal	--	--	--	206,636,006.42	178,642,972.78
Total	--	--	--	301,132,196.04	243,402,109.25

Note: The details of other equity investments are listed on note 8.1-Equity in subsidiaries.

6.11 Investment properties

Investment properties measured at cost.

Item	House& building	Land-use right	Construction in progress	Total
I.Original carrying value				
1.Opening balance	748,891,106.42	94,060,385.91	--	842,951,492.33
2.Increase in the year	8,669,256.62	308,273.42	--	8,977,530.04
(1) Outsourcing	--	--	--	--
(2) Carried over from inventory	8,669,256.62	--	--	8,669,256.62
(3) Others	--	308,273.42	--	308,273.42
3.Decrease in the year	--	--	--	--
4.Closing balance	757,560,363.04	94,368,659.33	--	851,929,022.37
II.Accumulative depreciation& amortization				
1.Opening balance	285,309,108.18	--	--	285,309,108.18
2.Increase in the year	20,410,101.60	--	--	20,410,101.60
(1) Withdrawing or amortization	20,410,101.60	--	--	20,410,101.60
(2) Carried over from assets	--	--	--	--
3.Decrease in the year	--	--	--	--
4. Closing balance	305,719,209.78	--	--	305,719,209.78
III.Provision for impairment				
1.Opening balance	14,128,544.62	77,199,747.63	--	91,328,292.25
2.Increase in the year	--	253,014.37	--	253,014.37
3.Decrease in the year	--	--	--	--
4.Closing balance	14,128,544.62	77,452,762.00	--	91,581,306.62
IV. Book value				
1.Closing book value	437,712,608.64	16,915,897.33	--	454,628,505.97
2.Opening book value	449,453,453.62	16,860,638.28	--	466,314,091.90

Note:(a) Current year depreciation and amortization is RMB 20,410,101.60;

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

(c)Among the investment properties, there were house &building with carrying value

RMB 377,082,461.09 that were used as mortgage of long-term loans(including the long-term loans that will mature within one year), referring to note 6.45 for details.

6.12 Fixed assets

Item	Houses& Buildings	Transportation equipment	Electronic equipment and others	Total
I.Original carrying value				
1.Opening balance	106,068,689.59	17,588,269.60	15,932,028.71	139,588,987.90
2. Increase in the year	--	461,072.08	835,958.40	1,297,030.48
(1) Purchasing	--	461,072.08	835,958.40	1,297,030.48
(2) Transferred from the construction in progress	--	--	--	--
3. Decrease in the year	--	2,121,872.50	2,535,154.39	4,657,026.89
(1) Disposal or discard as useless	--	2,121,872.50	2,535,154.39	4,657,026.89
(2) Decrease of cooperation combination	--	--	--	--
(3) Transferred to investment property	--	--	--	--
4. Closing balance	106,068,689.59	15,927,469.18	14,232,832.72	136,228,991.49
II.Accumulated depreciation				
1.Opening balance	55,206,608.19	12,452,082.73	11,214,609.27	78,873,300.19
2. Increase in the year	4,616,153.46	1,420,355.50	1,411,013.22	7,447,522.18
Including: withdrawing	4,616,153.46	1,420,355.50	1,411,013.22	7,447,522.18
3. Decrease in the year	--	1,963,540.30	2,449,586.80	4,413,127.10
(1) Disposal or discard as useless	--	1,963,540.30	2,449,586.80	4,413,127.10
(2) Decrease of corporate combination	--	--	--	--
(3) Transferred to investment property	--	--	--	--
4. Closing balance	59,822,761.65	11,908,897.93	10,176,035.69	81,907,695.27
III.Provision for Impairment				
1.Opening balance	--	--	--	--
2. Increase in the year	--	--	--	--
Including: Withdrawing	--	--	--	--
3. Decrease in the year	--	--	--	--

Item	Houses& Buildings	Transportation equipment	Electronic equipment and others	Total
4. Closing balance	--	--	--	--
IV. Book value				
1. Ending book value	46,245,927.94	4,018,571.25	4,056,797.03	54,321,296.22
2. Beginning book value	50,862,081.40	5,136,186.87	4,717,419.44	60,715,687.71

Note: (1)The depreciation for the current year is RMB 7,447,522.18. There were no constructions in progress transferred to fixed assets during the period.

(2)Details of fixed assets whose ownership are restricted

As of 31 December 2014, amounting to RMB 23,597,554.47 (original cost is RMB 49,696,185.15) of houses& buildings (book value RMB 25,171,333.23 with original cost RMB 49,696,185.15 as of Dec.31,2013) were used as mortgage for the long-term loans (including long-term loans that would mature within one year). Refer to Note 6.45).

6.13 Intangible assets

Item	Software	Taxi license	Total
I. Carrying value			
1. Opening balance	2,241,800.00	6,368,000.00	8,609,800.00
2. Increase in the year	--	--	--
(1) Purchased	--	--	--
(2) Internally developed	--	--	--
(3) Increase of corporate combination	--	--	--
3. Decrease in the year	--	--	--
(1) Disposal	--	--	--
(2) Decrease of corporate combination	--	--	--
4. Closing balance	2,241,800.00	6,368,000.00	8,609,800.00
II. Accumulated amortization			
1. Opening balance	795,893.21	1,060,340.00	1,856,233.21
2. Increase in the year	384,759.96	167,580.00	552,339.96
Including: withdrawing	384,759.96	167,580.00	552,339.96
3. Decrease in the year	--	--	--
(1) Disposal	--	--	--
(2) Decrease of corporate combination	--	--	--
4. Closing balance	1,180,653.17	1,227,920.00	2,408,573.17

Item	Software	Taxi license	Total
III. Provision for impairment	--	--	--
1. Opening balance	--	--	--
2. Increase in the year	--	--	--
Including: withdrawing	--	--	--
3. Decrease in the year	--	--	--
4. Closing balance	--	--	--
IV. Book value			
1. Ending book value	1,061,146.83	5,140,080.00	6,201,226.83
2. Beginning book value	1,445,906.79	5,307,660.00	6,753,566.79

Note: The amortization for the current period is RMB 552,339.96.

6.14 Long-term deferred assets

Item	Opening balance	Increase	Amortization	Other reductions	Closing balance	Reason for other reductions
Renovation costs	380,435.47	--	143,192.88	--	237,242.59	
Others	147,916.74	--	70,999.92	--	76,916.82	
Total	528,352.21	--	214,192.80	--	314,159.41	

6.15 Deferred tax assets

(1) Recognized deferred tax assets

Item	Closing balance		Opening balance	
	Deferred tax assets	Deductible or taxable temporary differences	Deferred tax assets	Deductible or taxable temporary differences
Provision for impairment losses of assets	6,278,596.97	25,114,387.88	11,896,124.83	47,584,499.31
Dismission welfare	--	--	764,437.76	3,057,751.04
Deductible loss	3,908,766.86	15,635,067.44	6,539,335.08	26,157,340.32
Sales agency fees	--	--	1,291,717.89	5,166,871.56
Expected profit for advances from customers	2,324,965.32	9,299,861.26	6,300,844.46	25,203,377.84
Eliminated unrealized profit when consolidating financial statement	1,344,264.82	5,377,059.31	--	--
Total	13,856,593.97	55,426,375.89	26,792,460.02	107,169,840.07

(2) Details of unrecognized deferred tax assets

Item	Closing balance	Opening balance
Deductible operating losses	1,718,556.24	10,768,552.19
Bad debt provision	49,444,405.95	49,327,012.62
Provision for decline in value of inventories	69,722.98	69,722.98
Provision for impairment of long-term investments	60,850,527.31	60,850,527.31
Provision for impairment of investment properties	22,895,326.66	22,832,073.06
Total	134,978,539.14	143,847,888.16

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

Year	Closing balance	Opening balance
2014	--	36,309,943.43
2015	2,662,914.18	2,662,914.18
2016	1,008,640.93	1,008,640.93
2017	136,226.52	150,392.58
2018	2,942,317.62	2,942,317.62
2019	124,125.69	--
Total	6,874,224.94	43,074,208.74

6.16 Short-term loans

Item	Closing balance	Opening balance
Entrusted loan	--	--
Credit Loan	30,000,000.00	23,000,000.00
Mortgage Loan	--	--
Pledged Loan	119,846,192.64	--
合计	149,846,192.64	23,000,000.00

Note: Refer to note 6.2/Notes receivable for the details of pledged loan.

6.17 Notes payable

Item	Closing balance	Opening balance
Trade acceptance	--	--
Bank acceptance	2,780,000.00	--
Total	2,780,000.00	--

Note: There were no notes payable that were mature but not paid at the end of the year.

6.18 Accounts payable**(1) Details of accounts payable**

Item	Closing balance	Opening balance
Within 1 year	298,794,068.00	347,527,527.67
Over 1 year	242,744,694.36	41,817,743.79
Total	541,538,762.36	389,345,271.46

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

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

6.19 Advances from customers**(1) Details of advances from customers**

Item	Closing balance	Opening balance
Within one year	116,587,933.19	289,325,916.04
Over one year	27,727,988.15	23,641,112.81
Total	144,315,921.34	312,967,028.85

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

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

(4) Details of advances from customers

Item	Closing balance	Opening balance	Estimated time of completion
Jinye Island villa No.6	6,500,000.00	6,500,000.00	Completed
Jinye Island villa No.10	27,191,578.00	32,853,668.00	Completed
Jinye Island villa No.11	632,624.00	12,535,317.00	Completed
Shenfang Chuangqishan	36,241,532.00	82,398,193.00	Completed
Shenfang Shanlin Garden	20,315,434.00	123,407,161.00	Completed
Yuejing dongfang	8,637,269.00	12,172,080.00	Completed
Total	99,518,437.00	269,866,419.00	

6.20 Employee benefits payable**(1) Details of employee benefits payable**

Item	Opening balance	Increase	Decrease	Closing balance
I.Short-term remuneration	32,824,049.00	136,082,709.56	132,115,561.90	36,791,196.66
II.Post-employment benefit-defined benefit plans	1,277,645.37	9,702,623.03	9,702,623.03	1,277,645.37
III.Severance welfares	3,057,751.04	354,311.00	3,412,062.04	--
IV. Other benefits due within 1 year	--	--	--	--
Total	37,159,445.41	146,139,643.59	145,230,246.97	38,068,842.03

(2) Details of short-term remuneration

Item	Opening balance	Increase	Decrease	Closing balance
I.Salary, bonus, allowance and subsidies	30,810,103.33	114,874,005.29	110,778,788.64	34,905,319.98
II. Employee welfare	--	6,322,851.01	6,322,851.01	--
III. Social insurance premium	1,094,679.31	6,198,647.18	6,198,647.18	1,094,679.31
Including: Medical insurance premium	1,093,804.76	5,528,016.24	5,528,016.24	1,093,804.76
Industries insurance premium	672.12	367,202.37	367,202.37	672.12
Maternity insurance premium	202.43	303,428.57	303,428.57	202.43
IV. Housing fund	4,140.10	5,417,871.83	5,417,871.83	4,140.10
V. Union expenses and employee education expenditure	915,126.26	3,269,334.25	3,397,403.24	787,057.27
VI. Short-term paid absence	--	--	--	--
VII. Short-term profit share plan	--	--	--	--
Total	32,824,049.00	136,082,709.56	132,115,561.97	36,791,196.66

(3) The details of defined contribution plans

Item	Opening balance	Increase	Decrease	Closing balance
I. Basic endowment insurance premium	1,250,798.81	5,929,495.38	5,929,495.38	1,250,798.81
II. Unemployment insurance premium	114.92	313,547.22	313,547.22	114.92
III. Company annuity payment	26,731.64	3,459,580.43	3,459,580.43	26,731.64
Total	1,277,645.37	9,702,623.03	9,702,623.03	1,277,645.37

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

6. 21 Taxes payable

Item	Closing balance	Opening balance
Corporate income tax	71,199,952.35	67,471,436.36
Individual income tax	732,767.28	777,703.15
Property tax	1,763,706.34	1,763,706.34
Land appreciation tax	7,142,066.16	28,852,426.99
Business tax	13,509,112.94	43,433,203.80
Construction tax	856,235.33	2,930,393.52
Education surcharge	475,089.21	1,373,204.96
Local Education surcharge	298,969.54	913,809.35
Others	417,094.52	490,766.90
Total	96,394,993.67	148,006,651.37

6.22 Interest payable

Item	Closing balance	Opening balance
Interest of long-term loans with interest payable by installments and principle payable on maturity	2,181,117.24	1,947,237.24
Interest payable on short-term loans	--	--
Others	16,535,277.94	16,535,277.94
Total	18,716,395.18	18,482,515.18

Note: The balance of "Other" interests payable due to Shenzhen Investment Holdings Co., Ltd., being accrued for the loans interest. Please to note 9.6 (2).

6.23 Other payables**(1) Details of other payables**

Item	Closing balance	Opening balance
Land appreciation tax accrued	128,273,955.95	109,138,661.21
Payable to related parties	88,340,761.01	93,340,761.01
Deposit	48,535,401.89	46,711,864.34
Others	141,721,798.91	145,496,550.73
Total	406,871,917.76	394,687,837.29

(2) Other payables to shareholders holding at least 5% of the Group's shares with voting right or to related parties in the reporting period. Please refer to Note 9.6 Related party accounts receivable and payable.

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

Name of entity	Amount	Reason for overdue	If paid after reporting date
Tax accrued- land appreciation tax	91,838,661.21	Unexpired	No
Shenzhen Investment Holdings Co., Ltd.	53,848,819.24	Unsettled	No
Total	145,687,480.45		

(4) Description for significant balances of other payables

The Group made provision for LAT, according to Guo Shui Fa [2006] No. 187 "LAT liquidation management issues of real estate development enterprises made by the State Administration of Taxation ". As at December 31, 2014, the closing balance is RMB 128,273,955.95.

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

Item	Closing balance	Opening balance
Long-term loans due within one year (Note 6.25)	453,207,700.00	331,482,489.72
Total	453,207,700.00	331,482,489.72

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

Item	Closing balance	Opening balance
Loan with mortgage	453,207,700.00	331,482,489.72
Total	453,207,700.00	331,482,489.72

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

Lender	Inception date of loans	Maturity date	Currency	Closing balance	Opening balance
Huashang Bank (Shenzhen Branch)	2012.12.6	2014.12.6	RMB	--	50,000,000.00
ICBC (Guangming Branch)	2012.8.24	2014.10.17	RMB	--	61,428,572.00
CCB (Shenzhen Branch)	2012.8.28	2015.8.27	RMB	100,000,000.00	--
	2012.11.21	2015.8.27	RMB	100,000,000.00	--
Shenzhen Rural Commercial Bank	2014.11.27	2015.12.27	RMB	24,000,000.00	--
	2014.12.1	2015.12.1	RMB	50,000,000.00	--
	2013.8.29	2015.12.21	RMB	13,200,000.00	--
	2012.6.14	2015.6.14	RMB	40,909,090.94	98,181,818.16
Huaxia Bank (Buji Branch)	2012.9.29	2015.12.29	RMB	20,000,000.00	20,000,000.00
	2012.10.24	2015.12.24	RMB	20,000,000.00	20,000,000.00
Bank of Shanghai (Shenzhen Branch)	2013.12.27	2015.12.27	RMB	48,000,000.00	48,000,000.00
Zheshang Bank(Shenzhen Branch)	2013.8.23	2015.12.22	RMB	20,000,000.00	--
Total				436,109,090.94	297,610,390.16

Note: (a) Amounts repaid after the balance sheet date are RMB 62,580.10 thousand.
(b) The rates of above borrowing depend on the benchmark interest rate of the People's Bank of China for the same period plus a certain proportion floating of the benchmark interest rate.

6.25 Long-term loans

(1) Long-term loans categories

Item	Closing balance	Opening balance
Loan with mortgage	932,193,279.95	1,145,696,026.57
Less: long-term loans due within one year (Note 6.24)	453,207,700.00	331,482,489.72
Total	478,985,579.95	814,213,536.85

Note: The categories and amounts of mortgaged assets of mortgaged loans are shown in note 6.45.

(2) Top 5 significant long-term loans

Lender	The inception of loans	Maturity date	Currency	Closing balance	Opening balance
Huashang Bank (Shenzhen Branch)	2012.12.6	2015.12.6	RMB	--	100,000,000.00
China Construction Bank (Shenzhen Branch)	2012.8.28	2015.8.27	RMB	--	100,000,000.00
	2012.11.21	2015.8.27	RMB	--	100,000,000.00
Shenzhen Rural Commercial Bank	2014.11.27	2019.11.27	RMB	94,000,000.00	--
	2013.8.29	2018.8.29	RMB	79,200,000.00	--
Huaxia Bank (Buji Branch)	2012.9.29	2017.9.29	RMB	35,000,000.00	--
	2012.10.24	2017.10.24	RMB	40,000,000.00	--
Zheshang Bank (Shenzhen Branch)	2013.8.23	2018.8.16	RMB	93,000,000.00	113,000,000.00
Bank of Shanghai (Shenzhen Branch)	2013.12.27	2016.12.27	RMB	54,000,000.00	102,000,000.00
Beijing Bank (Shenzhen Branch)	2014.12.9	2017.12.9	RMB	40,000,000.00	--
Total				435,200,000.00	515,000,000.00

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

6.26 Long-term payables

Details of long-term payables

Item	Closing balance	Opening balance
Maintenance fund	11,267,012.97	10,749,885.53
Total	11,267,012.97	10,749,885.53

6.27 Share capital

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

6.28 Capital surplus

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium	557,433,036.93	--	--	557,433,036.93
Including: Capital contributed by investors	557,433,036.93	--	--	557,433,036.93
Other capital reserve	420,811,821.17	52.01	--	420,811,873.18
Including: Transfer from capital reserve under the previous accounting system	420,811,821.17	--	--	420,811,821.17
Total	978,244,858.10	52.01	--	978,244,910.11

6.29 Other comprehensive income

Item	Opening balance	Amount incurred this year					Closing balance
		Accrual before income tax this year	Less: previous years' OCI transferred to P&L in current period	Less: income tax	Attributable to parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive income that could not be classified into profit and loss in the future	--	--	--	--	--	--	--
II. Other comprehensive income that would be classified into profit and loss in the future	9,354,020.21	42,159.54	--	--	156,897.95	-114,738.41	9,510,918.16
including: the difference of foreign currency financial statement translation	9,354,020.21	42,159.54	--	--	156,897.95	-114,738.41	9,510,918.16
Total	9,354,020.21	42,159.54	--	--	156,897.95	-114,738.41	9,510,918.16

6.30 Surplus reserve

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

6.31 Undistributed profit

Item	Amount for the current period	Amount for the prior period	Proportion of appropriation
Before adjustment: Undistributed profits at the end of prior year	-140,886,134.13	-369,154,405.36	
Adjustment: adjust the beginning undistributed profits (Increase +, decrease -)	--	--	
After adjustment: Undistributed profits at beginning of year	-140,886,134.13	-369,154,405.36	
Plus: net profit attributable to the shareholders of the parent company in the period	298,033,316.49	228,268,271.23	
Less: Appropriation to the statutory surplus reserve	--	--	
Appropriation to discretionary surplus reserve	--	--	
Common stock dividends declared	--	--	
Conversion of ordinary shares' dividends into share capital	--	--	
Undistributed profit at the end of the period	157,147,182.36	-140,886,134.13	

6.32 Operating income and costs**(1) Operating income and operating costs**

Item	Amount for the current period	Amount for the prior period
Principal operating income	2,111,639,674.26	2,097,641,366.62
Other operating income	20,671,548.67	18,841,318.31
Total of operating income	2,132,311,222.93	2,116,482,684.93
Principal operating costs	1,393,715,283.78	1,532,916,384.45
Other operating costs	15,949,579.30	14,253,675.19
Total of operating costs	1,409,664,863.08	1,547,170,059.64

(2) Principal operating activities (classified by industries)

Name of industry	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Real estate	1,476,320,296.06	849,268,477.47	1,406,885,587.82	925,436,497.61
Construction	488,183,328.15	461,212,716.07	521,749,290.73	495,387,515.85
Leasing	78,833,382.73	29,729,040.27	82,280,047.28	31,939,508.32

Name of industry	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Property management	118,842,883.81	101,337,156.50	100,150,419.76	89,941,397.44
Subtotal	2,162,179,890.75	1,441,547,390.31	2,111,065,345.59	1,542,704,919.22
Less: offset the internal amount	50,540,216.49	47,832,106.53	13,423,978.97	9,788,534.77
Total	2,111,639,674.26	1,393,715,283.78	2,097,641,366.62	1,532,916,384.45

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

Name of geographical area	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Domestic:				
GuangDong Province	2,100,652,904.17	1,384,529,733.71	2,044,677,358.30	1,481,628,032.64
Others	60,941,449.28	57,017,656.60	65,791,782.57	61,076,886.58
Overseas:	585,537.30	--	596,204.72	--
Subtotal	2,162,179,890.75	1,441,547,390.31	2,111,065,345.59	1,542,704,919.22
Less: offset the internal amount	50,540,216.49	47,832,106.53	13,423,978.97	9,788,534.77
Total	2,111,639,674.26	1,393,715,283.78	2,097,641,366.62	1,532,916,384.45

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

	Amount for the current period	
	Total operating income	Proportion to total operating income of the Company (%)
Corporation unit No.1	40,784,800.00	1.91
Corporation unit No.2	29,987,587.93	1.41
Corporation unit No.3	18,298,000.00	0.86
Corporation unit No.4	16,290,000.00	0.76
Corporation unit No.5	13,813,383.45	0.65
Total	119,173,771.38	5.59

(Continued)

	Amount for the prior period	
	Total operating income	Proportion to total operating income of the Company (%)
Corporation unit No.1	41,353,108.34	1.95
Corporation unit No.2	28,920,000.00	1.37
Corporation unit No.3	18,700,000.00	0.88
Corporation unit No.4	13,618,979.81	0.64
Corporation unit No.5	10,328,275.02	0.49
Total	112,920,363.17	5.33

6.33 Business taxes and surcharges

Item	Amount for the current period	Amount for the prior period
Business tax	101,441,087.90	96,963,676.15
City construction and maintenance tax	7,095,458.59	6,788,981.24
Education surcharges	3,165,740.76	3,037,183.43
Property tax	6,295,071.12	6,295,071.12
Land appreciation tax	58,854,846.05	48,358,322.07
Local education surcharges	1,896,642.68	1,746,934.77
Embankment Protection Fee	622,470.13	731,396.91
Total	179,371,317.23	163,921,565.69

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

6.34 Selling expenses

Item	Amount for the current period	Amount for the prior period
Employee benefits	5,240,288.53	3,878,801.45
Advertising expenses	13,677,234.58	23,111,772.32
Entertainment expenses	841,499.20	728,647.50
Sales agency fees and commissions	19,912,951.23	12,095,665.26
Others	4,853,413.79	5,324,333.88
Total	44,525,387.33	45,139,220.41

6.35 Administrative expenses

Item	Amount for the current period	Amount for the prior period
Employee benefits	39,210,987.99	35,573,985.45
Taxes	3,276,939.04	2,972,356.58
Depreciation	3,795,871.58	4,425,284.79
Entertainment expenses	3,801,841.81	4,056,167.49
Intermediary fee	1,878,341.50	2,081,388.74
Travel expense	849,727.48	853,911.15
Administrative expenses	1,369,033.33	1,308,248.38
Repair charge	903,451.80	1,140,378.95
Water and electricity charges	1,274,269.17	1,230,536.76
Other amortization	797,152.36	723,520.85
Others	7,825,185.82	9,477,512.30
Total	64,982,801.88	63,843,291.44

6.36 Financial expenses

Item	Amount for the current period	Amount for the prior period
Interest expenses	71,704,900.26	80,512,861.53
Less: Interest income	6,613,297.55	5,164,403.64
Less: capitalized interest expenses	31,645,239.33	77,809,014.14
Exchange differences	-33,766.19	370,385.54
Less: Capitalized exchange differences	--	--
Others	403,530.95	522,964.85
Total	33,816,128.14	-1,567,205.86

6.37 Impairment losses of assets

Item	Amount for the current period	Amount for the prior period
Bad debt loss	469,573.31	666,840.00

6.38 Investment income**(1) Details of investment income**

Item	Amount for the current period	Amount for the prior period
Investment income from long-term investments under cost method	--	--
Investment income from long-term investments under equity method	-6,325.06	-25,316.71
Investment income on disposal of long-term investments	--	--
Investment income from holding trading financial assets	--	--
Total	-6,325.06	-25,316.71

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

Name of investee	Amount for the current period	Amount for the prior period	Reasons for changes
Shenzhen Ronghua JiDian Co.,Ltd	-6,325.06	-25,316.71	Investee's operating loss
Total	-6,325.06	-25,316.71	

6.39 Non-operating income

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the period
Total gains on disposal of non-current assets	396.00	5,889,805.93	396.00
Including: Gains on disposal of fixed assets	396.00	5,889,805.93	396.00
Gains on penalty	12,000.00	--	12,000.00
Others	1,584,248.62	1,352,217.02	1,584,248.62
Total	1,596,644.62	7,242,022.95	1,596,644.62

6.40 Non-operating expenses

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the period
Total losses on disposal of non-current assets	133,838.39	110,923.29	133,838.39
Including: Losses on disposal of fixed assets	133,838.39	110,923.29	133,838.39
Donations to third parties	93,000.00	79,000.00	93,000.00
Penalty expense	15,320.95	10,309.08	15,320.95
Compensation expense	12,229.96	23,752.24	12,229.96
Others	156,143.65	426,649.94	156,143.65
Total	410,532.95	650,634.55	410,532.95

6.41 Income tax expenses**(1) Details of income tax expenses**

Item	Amount for the current period	Amount for the prior period
Current tax expense calculated according to tax laws and relevant requirements	89,666,922.93	82,468,037.57
Adjustments to deferred tax	12,935,866.05	-6,910,810.40
Total	102,602,788.98	75,557,227.17

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

Item	Incurred in the current year
Consolidated profit this year	400,660,938.57
Income tax calculated at legal or applicable tax rate	100,165,234.64
Impact of various tax rates applicable to subsidiaries	--
Adjustment of impact on the income tax in the previous period	-187,695.48
Impact of non-taxable income	--
Impact of non-deductible cost, expense and loss	1,307,651.41
Impact of deductible losses deferred income tax assets unconfirmed in the previous use period	--
Impact of the deductible temporary differences or deductible loss of unconfirmed deferred tax assets of this year.	1,317,598.41
Changes of the deferred tax assets/liability caused by the adjustment of tax rate	--
Income taxes	102,602,788.98

6.42 Other comprehensive income

Note: Please refer to note 6.29.

6.43 Notes to items in the cash flow statements**(1) Other cash receipts relating to operating activities**

Item	Amount for the current period	Amount for the prior period
Interest income	5,044,373.39	5,164,403.64
Cash pledge and security deposits	38,607,800.67	24,079,303.24
Security deposit for mortgage	--	8,001,929.14
Property license fee and survey fee	6,519,298.92	4,754,076.64
Others	11,944,380.32	8,096,561.47
Total	62,115,853.30	50,096,274.13

(2) Other cash payments relating to operating activities

Item	Amount for the current period	Amount for the prior period
Cash paid to general and administrative expenses	20,489,046.66	17,393,479.01
Cash paid to operating expenses	27,594,595.89	34,759,632.48
Cash pledge and security deposits	40,716,209.41	14,094,488.98
Property license fee and survey fee	6,161,991.56	4,060,599.71
Others	6,896,561.41	7,633,330.13
Total	101,858,404.93	77,941,530.31

(3) Other cash receipts relating to financing activities

Item	Amount for the current period	Amount for the prior period
Certificate of deposit pledged	--	25,000,000.00
The guarantee deposit	32,600.00	--
Others	52.01	--
Total	32,652.01	25,000,000.00

(4) Other cash payment relating to financing activities

Item	Amount for the current period	Amount for the prior period
Regulatory capital for bank borrowings	--	6,000,000.00
The guarantee deposit	2,780,000.00	--
Total	2,780,000.00	6,000,000.00

6.44 Supplementary information to the cash flow statement**(1) Supplementary information to the cash flow statement**

Item	Amount for the current period	Amount for the prior period
I.Reconciliation of net profit to cash flows from operating activities:		
Net profit	298,058,149.59	228,317,758.13
Add: Provision for asset impairment	469,573.31	666,840.00
Depreciation of fixed assets, bio-assets, and natural gas	27,855,133.72	28,321,567.87
Amortization of intangible assets	552,339.96	542,339.96
Amortization of long-term deferred expense	214,192.80	208,276.14
Losses on disposal of fixed assets, intangible assets and other long-term assets(deduct: gains)	121,754.49	-5,786,489.92
Losses on scrapping of fixed assets (deduct: gains)	11,687.90	7,607.28
Loss of fair value variation (deduct: gains)	--	--
Financial expenses (deduct: gains)	39,110,007.69	2,949,917.31
Losses from investments (deduct: gains)	6,325.06	25,316.71
Decrease in deferred tax assets (deduct: increase)	12,935,866.05	-6,910,810.40
Increase in deferred tax liabilities (deduct: decrease)	--	--
Decrease in inventories (deduct: increase)	180,053,189.23	-461,228,656.63
Decrease in operating receivables (deduct: increase)	-177,878,359.98	46,031,043.85
Increase in operating payables (deduct: decrease)	-59,347,796.46	361,808,973.10
Others	--	--
Net cash flows from operating activities	322,162,063.36	194,953,683.40
II.Investing and financing activities that do not affect cash receipt and payment		
Liabilities converted capital	--	--
Reclassify convertible bonds to be expired within one year as current liability	--	--
Fixed assets subject to finance leases	--	--
III.Net increase in cash and cash equivalents:		
Cash at the end of the period	670,119,849.03	519,284,372.44
Less: cash at the beginning of the period	519,284,372.44	463,713,702.77
Add: cash equivalents at the end of the period	--	--
Less: cash equivalents at the beginning of the period	--	--
Net increase in cash and cash equivalents	150,835,476.59	55,570,669.67

(2)Information of cash and cash equivalents

Item	Amount for the current period	Amount for the prior period
------	-------------------------------	-----------------------------

Item	Amount for the current period	Amount for the prior period
I.Cash		
Including: Cash on hand	61,413.08	185,502.41
Bank deposits	670,058,435.95	519,098,870.03
Other monetary funds	--	--
Deposits with the central bank	--	--
Deposits made with other banks	--	--
Placements with banks	--	--
II.Cash equivalents	--	--
Including: Investments in debt securities due within three months	--	--
III.Closing balance of cash and cash equivalents	670,119,849.03	519,284,372.44

6.45 Ownership or use-right restricted assets

Categories of assets	Item	Closing balance	The reasons for restriction
Subtotal of pledged or mortgaged assets:			
Inventories (Real estate developed product)	Jinye Island Multi-tier villa	38,933,768.09	mortgaged
Inventories (Real estate developed product)	Real Estate Building 5-6 floor	7,492,175.18	mortgaged
Investment property	Shenfang Square	246,523,284.18	mortgaged
Investment property	Petrel Building	70,875,517.03	mortgaged
Investment property	GuoShang North 2 floor	59,683,659.88	mortgaged
Fixed assets	Shenfang Square 46-48 floor	23,597,554.47	mortgaged
Subtotal of assets whose ownership or use-right are restricted by other reasons:		--	
Monetary fund	Other monetary fund	6,000,000.00	Refer to note 6.1
Monetary fund	Other monetary fund	57,400.00	Refer to note 6.1
Monetary fund	Other monetary fund	2,780,000.00	Refer to note 6.1
Total		455,943,358.83	

6.46 The items of foreign currency

(1) Details of items of foreign currency

Item	Balance of foreign currency at year end	Exchange rate	Balance of RMB converted
Monetary fund			
Including: USD	156,998.36	6.1190	960,672.96
HKD	10,240,922.33	0.78887	8,078,756.37
Other accounts receivable			

Item	Balance of foreign currency at year end	Exchange rate	Balance of RMB converted
Including: USD	-	--	--
HKD	20,184,867.00	0.78887	15,923,236.03
Other accounts payable			
Including: USD	15,465,863.08	6.1190	94,635,616.19
HKD	15,918,034.59	0.78887	12,557,259.95

(2) Oversea operating entities

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

Note 7 The changes of the scope of consolidation

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

Note 8 Equities in other entities.

8.1 Equities in the subsidiaries

(1) The formation of the Group

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

Name of the subsidiary	Main operating area	Reg. place	Business nature	Shareholding proportion (%)		Method of acquiring
				Direct	Indirect	
Development Ltd.						
Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Property and Estate Co., Ltd.	Guangzhou	Guangzhou	Real estate	100	--	Acquiring through establishment or investment
Beijing fresh peak property development management limited company	Beijing	Beijing	Real estate	75.00	25.00	Acquiring through establishment or investment
Beijing SPG Property Management Limited	Beijing	Beijing	Services	10.00	90.00	Acquiring through establishment or investment
Shenzhen ShenWu Elebator Co.,Ltd	Shenzhen	Shenzhen	Services	--	100.00	Acquiring through establishment or investment
Shenzhen Lain Hua Industry and Trading Co. Ltd.	Shenzhen	Shenzhen	Services	95.00	5.00	Acquiring through establishment or investment
Fresh Peak Holding Ltd.	HongKong	HongKong	Investment and management	100.00	--	Acquiring through establishment or investment
Wellam Ltd.	HongKong	HongKong	Investment holding	100.00	--	Acquiring through establishment or investment
Shantou SEZ Wellam Fty Bldg., Dev. Co.	ShanTou	ShanTou	Real estate	--	100.00	Acquiring through establishment or investment
Shantou Huafeng Estate Dev.Co.	ShanTou	ShanTou	Real estate	100.00	--	Acquiring through establishment or investment
Great Wall Estate Co., Inc	USA	USA	Real estate	70.00	--	Acquiring through establishment or investment
Fresh Peak Holdings Ltd.	HongKong	HongKong	Investment and management	100.00	--	Acquiring through establishment or investment
Fresh Peak Investment Ltd.	HongKong	HongKong	Investment	--	55.00	Acquiring through establishment or investment
Openice Ltd.	HongKong	HongKong	Investment and management	20.00	80.00	Acquiring through establishment or investment
Barenie Co. Ltd.	HongKong	HongKong	Investment	80.00	--	Acquiring through establishment or investment
Keyear Development Ltd.	HongKong	HongKong	Investment	--	100.00	Acquiring through establishment or investment
Guangzhou Huangpu Xizun real estate limited company	GuangZhou	GuangZhou	Real estate	--	100.00	Acquiring through establishment or investment

Name of the subsidiary	Main operating area	Reg. place	Business nature	Shareholding proportion (%)		Method of acquiring
				Direct	Indirect	
Fresh Peak Real Estate Dev. Construction (Wuhan) Co. Ltd.*	WuHan	WuHan	Real estate	--	100.00	Acquiring through establishment or investment
Shantou Special Economic Zone Real Estate (Group) Songshan Property and Estate Co., Ltd.	Shantou	Shantou	Real estate	--	100.00	Subsidiary acquired through emerge under non-common control
Shenzhen Shenfang Department Store Co. Ltd.* ①	Shenzhen	Shenzhen	Commercial trade	95.00	5.00	Acquiring through establishment or investment
Shenzhen CyberPort Co., Ltd *②	Shenzhen	Shenzhen	Consultant	70.00	--	Acquiring through establishment or investment
Shenzhen City SPG Bao An Development Ltd.* ③	Shenzhen	Shenzhen	Real estate	95.00	5.00	Acquiring through establishment or investment
Shenzhen Real Estate Consolidated Service Co., Ltd *④	shenzhen	shenzhen	Integrated Services	100.00	--	Acquiring through establishment or investment
Shenzhen Shen Fang Industrial Development Co., Ltd.* ⑤	Shenzhen	Shenzhen	Investment	100.00	--	Acquiring through establishment or investment
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd.* ⑥	Shenzhen	Shenzhen	Services	100.00	--	Acquiring through establishment or investment
Bekaton Property Limited *⑦	Australia	Australia	Real estate	60.00	--	Acquiring through establishment or investment
Canada Great Wall (Vancouver) *⑦	Canada	Canada	Real estate	--	60.00	Acquiring through establishment or investment
Paklid Limited *⑦	HongKong	HongKong	Commercial trade	100.00	--	Acquiring through establishment or investment
Shenzhen City Shenfang Construction and Decoration Materials Ltd *⑧	Shenzhen	Shenzhen	Commercial trade	100.00	--	Acquiring through establishment or investment
Shenzhen ZhongGang Haiyan Enterprise Ltd. *⑨	Shenzhen	Shenzhen	Integrated Services	68.00	--	Acquiring through establishment or investment
Shenzhen Xing Dongfang Store Ltd.* ⑩	Shenzhen	Shenzhen	Commercial trade	100.00	--	Acquiring through establishment or investment

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

*① Shenzhen Shenfang Department Store Co. Ltd

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

*② Shenzhen CyberPort Co., Ltd

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

*③ Shenzhen City SPG Bao An Development Ltd.

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

Shenzhen City SPG Bao An Development Ltd.

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

*④ Shenzhen Real Estate Consolidated Service Co., Ltd.

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

*⑤ Shenzhen Shen Fang Industrial Development Co., Ltd

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

*⑥ Shenzhen Tefa Real Estate Consolidated Service Co., Ltd

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

*⑦ Bekaton Property Limited ,Canada Great Wall (Vancouver)and Paklid Limited

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

*⑧ Shenzhen City Shenfeng Construction and Decoration Materials Ltd

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

*⑨Shenzhen ZhongGang Haiyan Enterprise Ltd

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

*⑩ Shenzhen Xin Dongfang Store Ltd

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

Investee	Accounting Method	Investment cost	Opening balance	Changes	Closing balance
Shenzhen Shen Fang Industrial Development Co., Ltd	Cost Method	4,500,000.00	4,500,000.00	--	4,500,000.00
Shenzhen ZhongGang Haiyan Enterprise Ltd	Cost Method	12,940,900.00	12,940,900.00	--	12,940,900.00
Shenzhen Real Estate Consolidated Service Co., Ltd	Cost Method	5,958,305.26	5,958,305.26	--	5,958,305.26
Paklid Limited	Cost Method	201,100.00	201,100.00	--	201,100.00
Bekaton Property Limited	Cost Method	906,630.00	906,630.00	--	906,630.00
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd	Cost Method	8,180,003.63	8,180,003.63	--	8,180,003.63
Shenzhen Xing Dongfang Store Ltd	Cost Method	18,500,000.00	18,500,000.00	--	18,500,000.00
Shenzhen City Shenfang Construction and Decoration Materials Ltd	Cost Method	2,680,000.00	2,680,000.00	--	2,680,000.00
Shenzhen Shenfang Department Store Co. Ltd	Cost Method	10,000,000.00	10,000,000.00	--	10,000,000.00
Shenzhen CyberPort Co., Ltd	Cost Method	14,000,000.00	7,613,507.96	--	7,613,507.96
Shenzhen City SPG Bao An Development Ltd	Cost Method	20,000,000.00	20,379,525.68	--	20,379,525.68
Shantou Huafeng Building	Cost Method	68,731,560.43	58,547,652.25	--	58,547,652.25
Guangdong Province Fengkai Lian Feng Cement Manufacturing Co., Ltd	Cost Method	121,265,000.00	56,228,381.64	--	56,228,381.64
Total		287,863,499.32	206,636,006.42	--	206,636,006.42

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

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

Except for *①, *②, *③,* , the above subsidiaries which are not included the company's consolidated financial statement had ceased operations for many years. And the entities of the corporations didn't exist. And the Company has no control over its subsidiaries' businesses. According to the principle of "Enterprise Accounting Standards No.33- the Consolidation Financial Statement", the corporation will not be included in the Company's consolidated financial statement. The book value of the investment account of the Company is zero. The following are the details.

(Continued)

Investee	Provision for impairment	Increased current year provision for impairment	Current year cash dividends	Remarks
Shenzhen Shen Fang Industrial Development Co., Ltd	4,500,000.00	--	--	
Shenzhen ZhongGang Haiyan Enterprise Ltd	12,940,900.00	--	--	
Shenzhen Real Estate Consolidated Service Co., Ltd	5,958,305.26	--	--	
Paklid Limited	201,100.00	--	--	
Bekaton Property Limited	906,630.00	--	--	
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd	8,180,003.63	--	--	
Shenzhen Xing Dongfang Store Ltd	18,500,000.00	--	--	
Shenzhen City Shenfang Construction and Decoration Materials Ltd	2,680,000.00	--	--	
Shenzhen Shenfang Department Store Co. Ltd	10,000,000.00	--	--	
Shenzhen CyberPort Co., Ltd	--	--	--	
Shenzhen City SPG Bao An Development Ltd	--	--	--	
Sahntou Huafeng Building	58,547,652.25	--	--	
Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd	56,228,381.64	--	--	
Total	178,642,972.78	--	--	

(2) Significant non-wholly owned subsidiary

Name of subsidiary	Minority interest share proportion (%)	Current year profit and loss attributable to minority interest shareholders	Current year dividends distributed to minority interest shareholders	Minority interest equity balance at the end of the year
Great Wall Estate Co., Inc	30.00	35,957.56	--	-21,846,466.12
Fresh Peak Investment Ltd.	45.00	-7,700.40	--	-104,560,254.40
Barenie Co. Ltd.	20.00	-3,424.06	--	-2,025,685.11

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

Name fo subsidiary	Closing balance					
	Current assets	Non-current assets	Total Assets	Current liabilities	Non-current liabilities	Total liabilities
Great Wall Estate Co., Inc	948,985.22	16,915,897.33	17,864,882.55	94,759,937.32	--	94,759,937.32
Fresh Peak Investment Ltd.	220,030,019.94	24,793,206.35	244,823,226.29	254,671,467.24	--	254,671,467.24

	Closing balance					
Barenie Co. Ltd.	919.27	30,373,713.87	30,374,633.14	32,736,713.60	--	32,736,713.60

(Continued)

Name of subsidiary	Opening balance					
	Current assets	Non-current assets	Total Assets	Current liabilities	Non-current liabilities	Total liabilities
Great Wall Estate Co., Inc	829,120.22	16,860,638.28	17,689,758.50	94,450,385.72	--	94,450,385.72
Fresh Peak Investment Ltd.	220,030,017.98	24,793,206.35	244,823,224.33	254,654,353.29	--	254,654,353.29
Barenie Co. Ltd.	916.65	30,373,713.87	30,374,630.52	32,719,590.69	--	32,719,590.69

(Continued)

Name of subsidiary	Incurred in current year				Incurred in previous year			
	Operating income	Net profit	Total of comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total of comprehensive income	Cash flow from operating activities
Great Wall Estate Co., Inc	585,537.30	119,858.52	--	119,858.52	596,204.72	121,238.94	--	121,238.94
Fresh Peak Investment Ltd.	--	-17,111.99	--	--	--	-4,984.17	--	--
Barenie Co. Ltd.	--	-17,120.29	--	--	--	-93,910.81	--	--

8.2 Equities in joint ventures or associated enterprises**(1) Insignificant joint ventures or associated enterprises**

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

Item	Closing balance/Incurred this year	Opening balance/Incurred last year
Associated enterprises*②:		
Total investment book value	295,252.56	301,577.62
Totals of the following items calculated per respective shareholding proportion		
—Net profit	-6,325.06	-20,253.36
—Other comprehensive income	--	--
—Total comprehensive income	--	--

*① All of the Group's joint ventures are insignificant. For details of the joint ventures, please refer to 6.10, including:

1) Guangdong province Huizhou Luofu Hill Mineral Water Co.,Ltd

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

2) Fengkai Xinghua Hotel

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

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

The above corporations were the joint ventures set up with the local partners for the properties developing projects. Consider the projects had been stopped, and the joint ventures had closed operating activities for many years with no preparation of financial statements. Already the corresponding provision for the investment of these joint ventures was accrued. Refer to Note 6.10 for details.

*② All associated enterprises of the Group are insignificant. For details of associated

enterprises, please refer to note 6.10, including:

1) Shenzhen Runhua Automobile Trading Co., Ltd

The operating period of this corporation was from Feb 24, 1992 to Feb 24, 1997, and it had ceased operations because of operating loss for many years. Besides, it had been terminated its licenses by law because it failed to pass the annual inspection and no financial statement was prepared afterwards. As the end of the year, the book value of the investment account of the company is zero. According to the associate agreement, the company didn't have the obligation to bear the additional loss.

2) Shenzhen Dongfang New World Store Co., Ltd

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

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

Name of the joint ventures or associated enterprises	Accumulated unrecognized losses as of the end of last year	Unrecognized losses this year (or shared net profit this year)	Accumulated unrecognized losses as of the end of this year
Shenzhen Fresh Peak property consultant Co., Ltd	741,966.91	-40,149.38	701,817.53

Note 9 Related party relationships and transactions

9.1 Parent of the Company

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

(Continued)

Name of the parent	Registered capital	Proportion of the Company's ownership interest held by the parent (%)	Proportion of the Company's voting power held by the parent (%)	Ultimate controlling party of the Company	Organization code
Shenzhen Investment	RMB 10.926	63.55	63.55	State-owned assets	76756642-1

Shareholding Co. Ltd	billion			management committee
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9.2 Subsidiaries of the Company

Please refer to Note 8.1.

9.3 Associates and joint ventures of the entity

Please refer to Note 8.2 –Equities in joint venture or associated enterprises

9.4 Other related parties of the Company

Name of other related party	Relationship between other related parties and the Company	Organization code
Shenzhen Jian'an Group Co., Ltd.	The same controlling shareholders	19219737X

9.5 Related party transactions

(1) Contracting with related parties

List of contracting item

Name of main contract issuing party	Name of contractor	Type of assets under contracting	Reception date of contracting	Expiration date of contracting	Basis of pricing of contracting income	Contracting income recognized in the current year
Shenzhen Jian'an Group Co., Ltd.	Shenzhen Zhen Tung Engineering Ltd	Construction	2012-6-1		Negotiations	1,500,000.00

(2) Guarantees with related parties

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
The Group	Shantou Hualin Estate Dev. Co.	130,000,000.00	2013.4.17	2016.4.16	No

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

(3) Compensation for key management personal

Item	Amount for the current period	Amount for the prior period
Total	6.6153 [million]	5.6149 [million]

9.6 Amounts due from / to related parties

(1) Amounts due from related party

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

	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable				
Shenzhen Fresh Peak property consultant Co.,Ltd	1,087,214.22	--	1,084,758.36	--
Total	1,087,214.22	--	1,084,758.36	--
Other receivables				
Guangdong Province Huizhou Luofu Hill Mineral Water Co., Ltd	10,465,168.81	10,465,168.81	10,465,168.81	10,465,168.81
Shenzhen Runhua Automobile Trading Co., Ltd	3,072,764.42	3,072,764.42	3,072,764.42	3,072,764.42
Canada GreatWall (Vancouver) Co.,Ltd	89,035,748.07	89,035,748.07	89,035,748.07	89,035,748.07
Bekaton Property Limited	12,559,290.58	12,559,290.58	12,559,290.58	12,559,290.58
Paklid Limited	18,446,223.54	18,443,271.41	18,428,098.53	18,425,169.56
Shenzhen Shenfang Department Store Co. Ltd.	237,648.82	189,179.82	237,648.82	189,179.82
Shenzhen Real Estate Consolidated Service Co., Ltd.	1,086,487.22	927,136.22	1,086,487.22	927,136.22
Shenzhen City Shenfang Construction and Decoration Materials Ltd.	8,327,180.71	8,327,180.71	8,327,180.71	8,327,180.71
Shenzhen RongHua JiDian Co.,Ltd	475,223.46	--	475,223.46	--
Xi'an Fresh Peak property management& Trading Co.,Ltd	8,419,205.19	--	8,419,205.19	--
Total	152,124,940.82	143,019,740.04	152,106,815.81	143,001,638.19

(2) Amounts due to related party

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

Shenzhen Shenfang Group BaoAn Developing Co.,Ltd	20,093,445.07	20,093,445.07
Shenzhen Investment Holding Co.,Ltd	53,848,819.24	58,848,819.24
Total	88,340,761.01	93,340,761.01
Interest payable:		
Shenzhen Investment Holding Co.,Ltd	16,535,277.94	16,535,277.94
Total	16,535,277.94	16,535,277.94

Note 10 Contingencies

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

① Xi'an project Lawsuit

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

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

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

As at 31 December 2014, the book value of the investment of Xi'an Fresh Peak

Company was Rmb 12,166,897.84. The provision for investment was Rmb 20,673,831.77. And the amount of debt was Rmb 8,419,205.19.

②Luofu Hill project Lawsuit

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

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

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

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

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

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

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

department at the price of RMB 51,200 thousand.

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

As at 31 December 2014, the book value of the Company's creditor rights on Tourism Company was RMB 9,600,000.00. The provision for bad debt was RMB 4,800,000.00.

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

① The company provided debt guarantees for its related parties, please refer to note 9.5 (2) .

② The Company provided loan guarantees for purchaser of real estate. Up to Dec 31, 2014, the amount and duration of the unsettled guarantee is as follows:

Items	Duration	Unsettled amount (ten thousand)
Shenfang Chuangqishan	From loans provided to registration of mortgage of pre-sale contract	11,641.00
Shenfang Chuangqishan	From real estate license granted and mortgaged	1,072.70
Shenfang Shanglin Garden	From loans provided to registration of mortgage of pre-sale contract	21,271.90
Shenfang Shanglin Garden	From real estate license granted and mortgaged	1,421.00
Total		35,406.60

Note 11 Commitments

11.1 Significant commitments

Item	Amount for the current period	Amount for the prior period
Capital commitments that have been entered into but have not been recognized in the financial statements	--	--
- Significant outsourcing contracts	11,293,531.55	349,491,097.84

Total	11,293,531.55	349,491,097.84
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11.2 Fulfillment progress of previous commitments

The amount of significant outsourcing contracts is RMB 306,911,900.32, which was paid during the report period and has been entered into the prior period but has not been recognized in the financial statements.

Note 12 Events after Balance Sheet Date

On 27 March, 2015, the proposal of distributing the profit of 2014 was approved by the Group's board of directors. The Group's BOD decided to use the profit to make up the losses of previous years, without distributing the profit to shareholders and converting the capital surplus to capital. The proposal still needs to be submitted to the Company's general meeting of stockholders for voting.

Note 13 Other material facts

As of 31 Dec, 2014, there were no other material facts that need to be disclosed by the Group.

Note 14 Notes to Items in the Financial Statements of the Company

14.1 Accounts receivable

(1) Accounts receivable by categories

Category	Closing balance			
	Carrying amount		Bad debt provision	
	Amount	(%)	Amount	(%)
Accounts receivable of which provision for bad debts is of individually significant	--	--	--	--
Accounts receivable of which provision for bad debts is of individually insignificant	46,372,269.26	100.00	6,968,694.02	15.03
Total	46,372,269.26	100.00	6,968,694.02	15.03

(Continued)

Category	Opening balance			
	Carrying amount		Bad debt provision	
	Amount	(%)	Amount	(%)
Accounts receivable of which provision for bad debts is of individually significant	--	--	--	--
Accounts receivable of which provision for bad debts is of individually insignificant	11,327,983.25	100.00	6,968,694.02	61.52
Total	11,327,983.25	100.00	6,968,694.02	61.52

(2) Accounts receivable by aging balance

Item	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)
Within 1 year	35,580,792.53	76.72	--	--
1-2 years	--	--	766,274.00	6.76
2-3 years	253,116.00	0.55	--	--
Over 3 years	10,538,360.73	22.73	10,561,709.25	93.24
Total	46,372,269.26	100.00	11,327,983.25	100.00

(3) Bad debt provision**Bad debt provision of accounts receivable which is of individually significant**

Content of accounts receivable	Carrying amount	Amount of bad debt	Proportion of provision	Reasons for the provision
House pay to be collected	42,791,896.78	6,968,694.02	16.29	A separate provision is established according to the recoverability of each receivable with long aging and little retrievability.
Rental to be collected	3,580,372.48	--	--	
Total	46,372,269.26	6,968,694.02	15.03	

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

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

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

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

Name of entity	Relationship with the Group	Amount	Age	Proportion of the amount to the total AR (%)
Corporation No.1	Related party	3,577,256.48	Within 1year	7.71
Individual No.1	Un-related party	2,830,000.00	Within 1year	6.10
Individual No.2	Associate	2,420,000.00	Within 1year	5.22
Individual No.3	Un-related party	2,290,000.00	Within 1year	4.94

Name of entity	Relationship with the Group	Amount	Age	Proportion of the amount to the total AR (%)
Corporation No.2	Un-related party	2,039,200.00	Within 1year	4.40
Total		13,156,456.48		28.37

(8) Receivables due from related parties

Name of entity	Relationship with the Group	Amount	(%) of receivables
Shenzhen Fresh Peak property consultant Co.,Ltd	Associate	1,087,214.22	2.34
Shenzhen Petrol Hotel Co., Ltd	Related party	3,577,256.48	7.71
Total		4,664,470.70	10.05

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

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

14.2 Other receivables**(1) Other receivables by categories**

Category	Closing balance			
	Carrying amount		Bad debt provision	
	Amount	(%)	Amount	(%)
Other receivables of which provision for bad debts is of individually significant	1,463,080,604.66	98.32	799,518,692.30	54.65
Other receivables of which provision for bad debts is of individually insignificant	25,011,319.74	1.68	12,628,565.94	50.49
Total	1,488,091,924.40	100.00	812,147,258.24	54.58

(Continued)

Category	Opening balance			
	Carrying amount		Bad debt provision	
	Amount	(%)	Amount	(%)
Other receivables of which provision for bad debts is of individually significant	1,474,220,614.49	98.22	818,545,417.98	55.52
Other receivables of which provision for bad debts is of individually insignificant	26,760,143.14	1.78	12,628,565.94	47.19
Total	1,500,980,757.63	100.00	831,173,983.92	55.38

(2) Other receivables by aging balance

Item	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)
Within 1 year	86,119,834.17	5.79	332,019,493.89	22.12
1-2 years	322,059,351.67	21.64	75,700,471.51	5.04

2-3 years	67,471,437.25	4.53	36,006,151.76	2.40
Over 3 years	1,012,441,301.31	68.04	1,057,254,640.47	70.44
Total	1,488,091,924.40	100.00	1,500,980,757.63	100.00

(3) Bad debt provision**(a) Bad debt provision of other receivables which is of individually significant**

Content of accounts receivable	Carrying amount	Amount of bad debt	Proportion of provision	Reasons for the provision
Other receivables between subsidiaries that are included in consolidated statement	1,316,556,723.71	658,127,505.34	49.99	A separate provision is established according to the recoverability of each receivables with long aging and little retrievability
Other receivables between subsidiaries that are not included in consolidated statement	120,994,319.55	120,994,319.55	100.00	
Others	25,529,561.40	20,396,867.41	79.90	
Total	1,463,080,604.66	799,518,692.30	54.65	

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

Content of other receivables	Carrying amount	Proportion of provision	Amount of bad debt	Reasons for the provision
Other receivables between subsidiaries that are included in consolidated statement	9,020,576.23	--	--	A separate provision is established according to the recoverability of each receivable with long aging and little retrievability
Other receivables between subsidiaries that are not included in consolidated statement	1,324,136.04	1,116,316.04	84.31	
Others	14,666,607.47	11,512,249.90	78.49	
Total	25,011,319.74	12,628,565.94	50.49	

(3) Provision for bad debt reversed back or collected

Name of entity	Reversed back	Method of collecting
Shenzhen Fresh Peak property consultant Co., Ltd	32,019,196.10	
Shenzhen City SPG Long Gang Development Co., Ltd	19,026,725.68	
Total	51,045,921.78	

The company's subsidiaries, Shenzhen Fresh Peak property consultant Co., Ltd and Shenzhen City SPG Long Gang Development Co., Ltd, realize profit. The value of receivables originally recognized with impairment have been recovered and the factors of impairment disappeared, so the company reversed back the bad debt provision for the receivables listed above totaling RMB 51,045,921.78.

(5) There were no any other significant receivables written off for in the current period.

(6) There were no any other receivables due from shareholders owning at least 5% of the Company's shares with voting power in the reporting period.

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

Name of Entity	Relationship with the Group	Amount	Age	Proportion of the amount to the total OR (%) (%)
Fresh Peak Enterprise Co., Ltd	Subsidiary	918,538.43	Within 1 year	35.35
		500,000.00	1-2 years	
		3,416,239.85	2-3 years	
		521,178,572.76	Over 3years	
Shantou Huafeng Estate Development Co., Ltd	Subsidiary	23,292,246.48	Within 1 year	19.04
		260,000,000.00	1-2year	
Shenzhen ShenFang Group LongGang Development Co., Ltd	Subsidiary	1,550,181.82	Within 1 year	17.82
		60,000,000.00	1-2 years	
		51,518,370.00	2-3 years	
		152,158,634.72	Over 3 years	
American Great Wall Co., Ltd	Subsidiary	101,379,954.81	Over 3 years	6.81
Canada Great Wall(Vancouver) Co., Ltd	Subsidiary	89,035,748.07	Over 3 years	5.98
Total		1,264,948,486.94		85.00

(8) Receivables due from related parties

Name of entity	Relationship with the Group	Amount	(%) in receivables
Fresh Peak Enterprise Co., Ltd.	Subsidiary	526,013,351.04	35.35
Shenzhen ShenFang Group LongGang Development Co.,Ltd	Subsidiary	265,227,186.54	17.82
American Great Wall Co.,Ltd	Subsidiary	101,379,954.81	6.81
Canada Great Wall(Vancouver) Co.,Ltd	Subsidiary	89,035,748.07	5.98
Shenzhen City Shenfang Free Trade Trading Ltd.	Subsidiary	32,392,459.91	2.18
Shenzhen Lian Hua Industry and Trading Co. Ltd.	Subsidiary	16,170,762.46	1.09
Bekaton Property Limited	Subsidiary	12,559,290.58	0.84
Paklid Limited	Subsidiary	11,072,100.19	0.74
Guangdong province Huizhou Luofu Hill Mineral Water Co.,Ltd	Joint venture	10,465,168.81	0.70
Shenzhen City Shenfang Construction and Decoration Materials Ltd.	Subsidiary	8,327,180.71	0.56
Shenzhen City Shenfang Investment Ltd.	Subsidiary	5,897,431.45	0.40

Name of entity	Relationship with the Group	Amount	(%) in receivables
Shenzhen Runhua Automobile trading Co.,Ltd	Associate	3,072,764.42	0.21
Shenzhen Real Estate Consolidated Service Co., Ltd.	Subsidiary	1,086,487.22	0.07
Shenzhen Ronghua JiDian Co.,Ltd	Associate	475,223.46	0.03
Shenzhen Shenfang Department Store Co. Ltd	Subsidiary	237,648.82	0.02
Shenzhen Zhen Tung Engineering Ltd	Subsidiary	4,196,603.99	0.28
Shantou Huafeng estate dev.co.	Subsidiary	283,292,246.48	19.04
Shantou Hualin estate dev.co.	Subsidiary	1,508,246.55	0.10
Shantou Songshan estate dev.co	Subsidiary	3,315,725.69	0.22
Shenzhen Fresh Peak property consultant Co., Ltd	Subsidiary	86,163,331.02	5.79
Total		1,461,888,912.22	98.24

(9) There were no any other receivables which had been derecognized in this reporting year.

(10) There were no any other receivables which had been securitized in this reporting year.

14.3 Long-term equity investments

(1) Long-term equity investments by types

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	437,984,380.71	121,914,591.14	316,069,789.57	437,984,380.71	121,914,591.14	316,069,789.57
Investment in associates and joint ventures	22,242,304.23	21,947,051.67	295,252.56	22,248,629.29	21,947,051.67	301,577.62
Total	460,226,684.94	143,861,642.81	316,365,042.13	460,233,010.00	143,861,642.81	316,371,367.19

(2) investment in subsidiaries

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

Name of investee	Opening balance	Curr. year Increase	Curr. year decrease	Closing balance	Curr. year impairment provision	Closing balance of impairment provision
Shantou City Huafeng Real Estate Devepment Co., Ltd	30,000,000.00	--	--	30,000,000.00	--	--
Shenzhen Shen Fang Industrial Development Co., Ltd	4,500,000.00	--	--	4,500,000.00	--	4,500,000.00
Shenzhen ZhongGang Haiyan Enterprise Ltd.	12,940,900.00	--	--	12,940,900.00	--	12,940,900.00
Shenzhen Real Estate Consolidated Service Co., Ltd.	5,958,305.26	--	--	5,958,305.26	--	5,958,305.26
Paklid Limited	201,100.00	--	--	201,100.00	--	201,100.00
Bekaton Property Limited	906,630.00	--	--	906,630.00	--	906,630.00
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd.	8,180,003.63	--	--	8,180,003.63	--	8,180,003.63
Shenzhen Xin Dongfang Store Ltd.	18,500,000.00	--	--	18,500,000.00	--	18,500,000.00
Shenzhen City Shenfang Construction and Decoration Materials Ltd.	2,680,000.00	--	--	2,680,000.00	--	2,680,000.00
Shenzhen Shenfang Department Store Co. Ltd.	9,500,000.00	--	--	9,500,000.00	--	9,500,000.00
Shenzhen CyberPort Co., Ltd	12,401,018.42	--	--	12,401,018.42	--	--
ShenZhen ShenFang BaoAn Development Co., Ltd	19,000,000.00	--	--	19,000,000.00	--	--
Shantou Fresh Peak Building	58,547,652.25	--	--	58,547,652.25	--	58,547,652.25
Total	437,984,380.71	--	--	437,984,380.71	--	121,914,591.14

(3) Investment in associates and joint ventures

Name of investee	Opening balance	Changes in this period				
		Add investment	Reduce investment	Investment income under equity method	Adjustments of other comprehensive income	Changes of other equity
I. Joint ventures						
Guangdong Huizhou Luofu Hill Mineral Water Co., Ltd	9,969,206.09	--	--	--	--	--
Fengkai Xinghua Hotel	9,455,465.38	--	--	--	--	--
Subtotal	19,424,671.47	--	--	--	--	--
II. Associates						
Shenzhen Runhua Automobile Trading Co., Ltd	1,445,425.56	--	--	--	--	--
Shenzhen Ronghua Jidian Co., Ltd	1,378,532.26	--	--	-6,325.06	--	--
Subtotal	2,823,957.82	--	--	-6,325.06	--	--
Total	22,248,629.29	--	--	-6,325.06	--	--

(Continued)

Name of investee	Changes in this period			Closing balance	Closing balance of impairment provision
	Cash dividend or profit declared	Provision for impairment	Others		
I. Joint ventures					
Guangdong Huizhou Luofu Hill Mineral Water Co., Ltd	--	--	--	9,969,206.09	9,969,206.09
Fengkai Xinghua Hotel	--	--	--	9,455,465.38	9,455,465.38
Subtotal	--	--	--	19,424,671.47	19,424,671.47
II. Associates					
Shenzhen Runhua Automobile Trading Co., Ltd	--	--	--	1,445,425.56	1,445,425.56
Shenzhen Ronghua Jidian Co., Ltd	--	--	--	1,372,207.20	1,076,954.64
Subtotal	--	--	--	2,817,632.76	2,522,380.2
Total	--	--	--	22,242,304.23	21,947,051.67

14.4 Operating income and costs

(1) Operating income and operating costs

Item	Amount for the current period	Amount for the prior period
Principal operating income	634,382,232.73	1,333,553,618.35
Other operating income	246,100.00	649,887.14
Total of operating income	634,628,332.73	1,334,203,505.49
Principal operating costs	369,071,677.90	898,116,935.10
Other operating costs	--	--
Total of operating costs	369,071,677.90	898,116,935.10

(2) Principal operating activities (classified by industries)

Name of industry	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Real estate	569,913,978.06	346,555,648.74	1,273,471,953.82	875,844,405.12
Leasing	64,468,254.67	22,516,029.16	60,081,664.53	22,272,529.98
Total	634,382,232.73	369,071,677.90	1,333,553,618.35	898,116,935.10

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

Name of geographical area	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Shenzhen	634,382,232.73	369,071,677.90	1,333,553,618.35	898,116,935.10
Total	634,382,232.73	369,071,677.90	1,333,553,618.35	898,116,935.10

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

Name of customers	Amount for the current period	
	Operating income	Proportion to total operating income of the Company (%)
Corporation No.1	40,784,800.00	6.43
Individual No.1	7,296,706.00	1.15
Individual No.2	6,403,792.00	1.01
Individual No.3	6,210,119.00	0.98
Individual No.4	6,179,028.00	0.97
Total	66,874,445.00	10.54

(Continued)

Name of customers	Amount for the prior period	
	Operating income	Proportion to total operating income of the Company (%)
Individual No.1	7,003,851.00	0.52
Individual No.2	6,607,234.00	0.50
Individual No.3	6,580,394.00	0.49
Individual No.4	6,256,239.00	0.47
Individual No.5	6,220,517.00	0.47
Total	32,668,235.00	2.45

14.5 Investment income**(1) Details of investment income**

Item	Amount for the current period	Amount for the prior period
Investment income from long-term equity investment	270,602,716.90	-25,316.71
Including: Investment income from investee's dividend distributed	270,609,041.96	--
Investment income from long-term investments under equity method	-6,325.06	-25,316.71
Total	270,602,716.90	-25,316.71

(2) Investment income from investee's dividend distributed

Name of investee	Amount for the current period	Amount for the prior period	Reasons for changes
Fresh Peak Zhiye Co.,Ltd	270,609,041.96	--	
Total	270,609,041.96	--	

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

Name of investee	Amount for the current period	Amount for the prior period	Reasons for changes
Shenzhen Ronghua JiDian Co.,Ltd	-6,325.06	-25,316.71	
Total	-6,325.06	-25,316.71	

14.6 Supplementary information to the cash flow statement

Item	Amount for the current period	Amount for the prior period
(1) Reconciliation of net profit to cash flows from operating activities:		
Net profit	438,199,162.69	206,173,384.86
Add: Provision for impairment loss of assets	-51,045,921.78	666,840.00
Depreciation of fixed assets, bio-assets, and natural gas	21,333,217.10	21,290,498.10
Amortization of intangible assets	374,799.96	301,199.96
Amortization of long-term deferred expenses	56,530.20	56,530.20
Losses on disposal of fixed assets, intangible assets and other long-term assets(deduct: gains)	--	--
Losses on scrapping of fixed assets (deduct: gains)	11,687.90	7,607.28
Loss of fair value variation (deduct: gains)	--	--
Financial expenses (deduct: gains)	20,154,884.77	1,344,930.45
Losses from investments (deduct: gains)	-270,602,716.90	25,316.71
Decrease in deferred tax assets (deduct: increase)	2,379,866.32	-3,223,822.08
Increase in deferred tax liabilities (deduct: decrease)	--	--
Decrease in inventories (deduct: increase)	340,784,597.95	67,118,991.33
Decrease in operating receivables (deduct: increase)	-21,222,262.78	-257,412,103.70
Increase in operating payables (deduct: decrease)	-291,087,853.26	360,615,187.99
Others		
Net cash flows from operating activities	189,335,992.17	396,964,561.10
(2) Investing and financing activities that do not affect cash receipt and payment		
Liabilities converted capital	--	--
Reclassify convertible bonds to be expired within one year as current liability	--	--
Fixed assets subject to finance leases	--	--
(4) Net increase in cash and cash equivalents:		
Cash at the end of the period	326,170,340.34	356,953,152.47
Less: cash at the beginning of the period	356,953,152.47	190,825,250.83
Add: cash equivalents at the end of the period	--	--
Less: cash equivalents at the beginning of the period	--	--
Net increase in cash and cash equivalents	-30,782,812.13	166,127,901.64

Note15. Supplementary Materials**15.1 Breakdown non-recurring profit or loss**

Items	Amount for the current period	Amount for the prior period
Profit or loss on disposal of non-current assets	-133,442.39	5,778,882.64
Tax refunds or reductions with ultra vires approval or without official approval documents	--	--
Government grants recognized in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	--	--
Income earned from lending funds to non-financial institutions and recognized in profit or loss	--	--
The excess of attributable fair value of identifiable net assets over the consideration paid for the acquisition of subsidiaries, associates and joint ventures	--	--
Profit or loss on exchange of non-monetary assets	--	--
Profit or loss on entrusted investments or assets management	--	--
Impairment losses on assets due to force majeure events, e.g, natural disasters	--	--
Profit or loss on debt restructuring	--	--
Entity restructuring expenses, e.g., expenditure for layoff of employees, integration expenses, etc.	--	--
Profit or loss attributable to the evidently unfair portion of transaction price, being transacted price in excess of fair transaction price, of a transaction	--	--
Net profit or loss of subsidiaries from the beginning of the period up to the business combination date recognized as a result of business combination of enterprises under common control	--	--
Profit or loss arising from contingencies other than those related to normal operating business	--	--
Profit or loss on changes in the fair value of held-for-trade financial assets, and held-for-trade financial liabilities and financial	--	--

Items	Amount for the current period	Amount for the prior period
assets available-for-sale, other than those used in the effective hedging activities relating to normal operating business		
Reversal of provision for account receivables that are tested for impairment losses individually	--	--
Profit or loss on entrusted loans	--	--
Profit or loss on changes in the fair value of investment properties that are subsequently measured using the fair value model	--	--
Effects on profit or loss of one-off adjustment to profit or loss for the period according to the period requirements of tax laws and accounting laws and regulations	--	--
Custodian fees earned from entrusted operation	--	--
Other non-operating income or expenses other than the above	1,319,554.06	812,505.76
Other profit or loss that meets the definition of non-recurring profit or loss	--	--
Subtotal	1,186,111.67	6,591,388.40
Tax effects	-319,678.92	-1,167,211.12
Effects attributable to minority interests (after tax)	--	--
Total	866,432.75	5,424,177.28

Note: "+" means income or gain and "-" means loss or expense

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

15.2 Return rate of net assets and earning per share

Profit the in the reporting year	Weighted return rate of net assets	Earning per share (yuan / stock) (元/股)	
		Basic EPS	Diluted EPS
Net profit attributable to common stockholders	14.81%	0.2946	0.2946
Less: Net profit attributable to common stockholders after deducting non-recurring losses	14.77%	0.2937	0.2937

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

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

	Net profit attributable to shareholders of listed companies t		Net assets attributable to shareholders of listed companies	
	Amount for the current period	Amount for the prior period	Amount for the current period	Amount for the prior period
	In accordance with CASs	298,033,316.49	228,268,271.23	2,161,537,401.78
In accordance with IFRS	298,033,316.49	228,268,271.23	2,161,537,401.78	1,863,347,135.33

15.4 List of abnormal situations and reasons for the variances of main consolidated financial statement items

(1) Balance sheet items

The closing balance of note receivables as of 31 Dec,2014 was RMB 119,846,192.64, which increased by 100% comparing with the opening balance. It's mainly due to the customers' changing of the method of settlement.

The closing balance of account receivables as of 31 Dec,2014 was RMB 84,388,842.43, which increased by 498.41% comparing with the opening balance. The main reasons for that are the increases of receivables of mortgage payment.

The closing balance of payment in advance as of 31 Dec,2014 was RMB 17,821,748.23, which increased by 46.00%. It is mainly caused by the advance payment for materials had not met the conditions to be transferred into inventory.

Other current assets have a balance of RMB 12,436,024.40 as of 31 Dec,2014, which increased by 260.35% comparing with the opening balance, because of the

prepayment of current period land appreciation tax.

The ending balance of deferred tax assets was RMB 13,856,593.97 as of 31 Dec, 2014, which decreased by 48.28% compared with the opening balance. It is mainly due to the transferring of deferred tax assets caused by the temporary deductible differences of advances from customer for house received in previous years and the temporary differences related with write-off of provision for the inventory.

The short-term loan balance as of 31 Dec, 2014 was RMB 149,846,192.64, which increased by 551.51% comparing with the opening balance. It's mainly caused by the increase of finance.

Accounts payable balance as of 31 Dec, 2014 was RMB 541,538,762.36, which increased by 39.09% compared with the beginning balance. The main reason is the increase of unsettled project payment.

The balance of advance from customer as of as of 31 Dec, 2014 was RMB 144,315,921.34, which decreased by 53.89% compared with the opening balance due to transferring the advances from customer to revenue.

The balance of tax payable is RMB 96,394,993.67 which decreased by 34.87% comparing with the beginning balance. It's mainly caused by the decreased accrual of tax during this reporting period.

The balance of non-current liabilities that will mature within one year as of 31 Dec, 2014 was RMB 453,207,700.00 which increased by 36.72%. It is mainly caused by the increased amount of long-term loans that will mature within one year.

The balance of long-term loan as of 31 Dec, 2014 was RMB 478,985,579.95 which decreased by 41.17%. It is mainly due to some of long-term loans are repaid in the current year.

(2) Income statement and statement of cash flow items

The financial expense incurred in 2014 is RMB 33,816,128.14 which increased by 2257.73% compared with the opening balance. The reason is that the main real estate project have completed and interest capitalization has been terminated.

The non-operating income incurred in 2014 was RMB 1,596,644.62 which decreased by 77.95% comparing with opening balance. It is mainly due to no disposal of high-value fixed assets in the current reporting period.

Income tax expense incurred in 2014 was RMB 102,602,788.98, which increased by 35.79% comparing with the balance of last year, for the current period total profit is great than last year's.

The current period cash inflow from operating activities is RMB 1,867,088,183.88 which decreased by 10.35% comparing with last year's balance, because there is

some decreases of the cash receipts from selling house and the project payment .

The current period cash outflow from operating activities was RMB 1,544,926,120.52, which decreased by 18.16% comparing with the last year's balance, for the payment of project is less than last year's when purchasing goods and accepting services.

The net cash flow from operating activities incurred in 2014 was RMB 322,162,063.36, which increased by 65.25%. It's mainly caused by the reduction of cash for purchasing goods and accepting services.

The cash inflow from investing activities incurred in 2014 was RMB 24,690.00 which decreased by 99.68% comparing with the opening balance, for there were no cash inflow from the investment and no disposal of high-value fixed assets.

The cash outflow from investing activities incurred in 2014 was RMB 3,016,118.70 which decreased by 50.39% comparing with the one of last year, for it is mainly caused by the decreased purchase of fixed assets, intangible assets and other long-term assets in this period.

The net cash flow from investing activities incurred in 2014 was RMB -2,991,428.70, which decreased by 284.08% comparing with that of last year. It is mainly due to the comparatively decrease of cash receipts from disposal of fixed assets, intangible assets and other long-term assets and decrease of cash payments to purchase the fixed assets, intangible assets and other long-term assets, comparing with that of last year.

The cash inflow from financing incurred in 2014 was RMB 362,013,496.47, which decreased by 23.14% comparing with that of last year, because of the decrease of borrowing from bank.

The cash outflow from financing incurred in 2014 was RMB 530,373,267.61, which decreased by 13.30% comparing with that of last year, for the repaying of bank borrowing decreased.

Net increase in cash and cash equivalents was RMB 150,835,476.59 during 2014, which increased by 171.43% comparing with prior year's .The reason for such increase is that the cash from operating activities have a net increase.

Section XIII. Documents Available for Reference

1. The accounting statements with personal signatures and seals of Legal Representative, Chief Accountant and the person in charge of the accounting agency.
2. The original of the Auditor's Report with the seals of the CPA firm, as well as the signatures and seals of the registered accountants.
3. The originals of all the documents and public notices disclosed on China Securities Journal and Ta Kung Pao by the Company during the reporting period.