



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

The 2015 Annual Report

2016-006

March 2016

Section I Important Statements, Contents & Terms

The Board of Directors, the Supervisory Committee as well as the 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 statements or material omissions. And they shall be jointly and severally liable for that.

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 carried in this Report is factual, accurate and complete.

All directors attended the board meeting for reviewing this Report.

China Securities Journal, Ta Kung Pao (HK) and www.cninfo.com.cn were designated by the Company for its information disclosure in 2015. And all information about the Company shall be subject to what’s disclosed on the aforesaid media. Investors are kindly reminded to pay attention to possible investment risks.

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

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

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Terms

Term		Specific meaning
Company, the Company, the Group		Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd.
The controlling company of the Company		Shenzhen Investment Holdings Co., Ltd.

Section II Company Profile & Financial Highlights

I. Basic information of the Company

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

II. Contact information

	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 address	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, 3005 Renmin South Road, Luohu District, Shenzhen, Guangdong, P.R.China

IV. Changes in the registered information

Organizational code	19217958-5
Changes in main business since listing (if any)	Inapplicable
Changes of controlling shareholder	On 24 Mar. 1999, the controlling shareholder was changed from Shenzhen

(if any)	Investment Management Co., Ltd. to Shenzhen Construction Investment Holdings Co., Ltd. And on 14 Feb. 2006, it was changed to Shenzhen Investment Holdings Co., Ltd.
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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, Wang Huansen

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

Applicable Inapplicable

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

Applicable Inapplicable

VI. Accounting and financial highlights

Does the Company adjust retrospectively or restate the accounting data of previous years due to changes in the accounting policy or correction of accounting errors?

Yes No

	2015	2014	Increase/decrease of current year over last year	2013
Operating revenues (RMB Yuan)	2,163,365,575.33	2,132,311,222.93	1.46%	2,116,482,684.93
Net profits attributable to shareholders of the Company (RMB Yuan)	301,129,840.84	298,033,316.49	1.04%	228,268,271.23
Net profits attributable to shareholders of the Company after extraordinary gains and losses (RMB Yuan)	300,963,536.83	297,166,883.74	1.28%	222,844,093.95
Net cash flows from operating activities (RMB Yuan)	1,097,144,254.51	322,162,063.36	240.56%	194,953,683.40
Basic EPS (RMB Yuan/share)	0.2977	0.2946	1.05%	0.2256
Diluted EPS (RMB Yuan/share)	0.2977	0.2946	1.05%	0.2256
Weighted average ROE (%)	13.21%	14.81%	-1.60%	13.05%
	As at 31 Dec. 2015	As at 31 Dec. 2014	Increase/decrease of current year-end than last year-end	As at 31 Dec. 2013
Total assets (RMB Yuan)	4,179,937,120.75	4,375,098,314.05	-4.46%	4,215,099,296.67
Net assets attributable to shareholders of the Company (RMB Yuan)	2,331,704,116.07	2,161,537,401.78	7.87%	1,863,347,135.33

VII. Differences of the accounting data under the domestic and the overseas accounting standards

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

Applicable Inapplicable

Unit: RMB Yuan

	Net profits attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	2015	2014	Closing amount	Opening amount
According to Chinese accounting standards	301,129,840.84	298,033,316.49	2,331,704,116.07	2,161,537,401.78
Items and amounts adjusted according to international accounting standards				
According to international accounting standards	301,129,840.84	298,033,316.49	2,331,704,116.06	2,161,537,401.78

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

Applicable Inapplicable

Unit: RMB Yuan

	Net profits attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	2015	2014	Closing amount	Opening amount
According to Chinese accounting standards	301,129,840.84	298,033,316.49	2,331,704,116.07	2,161,537,401.78
Items and amounts adjusted according to overseas accounting standards				
According to overseas accounting standards	301,129,840.84	298,033,316.49	2,331,704,116.06	2,161,537,401.78

3. Reason for any differences in the accounting data under the domestic and the overseas accounting standards

Applicable Inapplicable

VIII. Financial highlights by quarter

Unit: RMB Yuan

	Q1	Q2	Q3	Q4
Operating revenues	321,122,572.61	826,430,201.35	460,650,552.32	555,162,249.05
Net profits attributable to shareholders of the Company	24,918,992.83	161,488,831.55	47,584,448.58	67,137,567.88
Net profits attributable to shareholders of the Company after extraordinary gains and losses	24,919,437.35	161,208,719.55	48,001,073.77	66,834,306.16
Net cash flows from operating activities	-21,091,779.41	476,978,723.36	347,789,579.83	293,467,730.73

Any material differences between the financial indicators above or their summations and those which have been

disclosed in quarterly or semi-annual reports?

Yes No

IX. Extraordinary gains and losses

Applicable Inapplicable

Unit: RMB Yuan

Item	2015	2014	2013	Note
Gains/losses on disposal of non-current assets (including offset part of asset impairment provisions)	-65,371.34	-133,442.39	5,778,882.64	
Non-operating income and expense other than above	287,110.02	1,319,554.06	812,505.76	
Less: Income tax effects	55,434.67	319,678.92	1,167,211.12	
Total	166,304.01	866,432.75	5,424,177.28	--

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 III Business Profile

I. Main business during the reporting period

Specializing in housing real estate development, we upheld the operating strategy of “Carefully Devise Our Development Strategy, Meticulously Carry on Our Main Business, Strictly Control Our Costs and Continuously Improve Our Management Capability” and dedicated ourselves to building up quality projects. As a result, our brand effect gradually emerged and our operating results saw a steady growth. In the reporting period, the three projects of SPG Chuanqishan, Chuanqi Shanglin and Shantou Yuejing Dongfang were all completed; Cuizhuyuan, Tianyuewan and Jingtian started construction; Chuanqi Donghu Mingyuan found its general contractor through bids invitation and would also start construction soon.

In 2015, with consumption promotion and destocking as its keynote, China’s real estate market saw quite a few easing policies for supply and demand, which resulted in a stable rebound in both the turnover and the prices. However, polarization among cities remained and market competition was still fierce. To deal with that, we worked hard on our project quality and progress and adjusted our marketing strategies in a timely manner. As a result, the development and sales of our projects proceeded smoothly and the development and operation of our main business entered a positive cycle.

II. Significant changes in the main assets

1. Significant changes in the main assets

Main asset	Reason for any significant change
Equity assets	No significant changes
Fixed assets	No significant changes
Intangible assets	No significant changes
Construction in progress	No significant changes
Monetary funds	RMB1,175,756,306.36 as at 31 Dec. 2015, up 73.17% from opening amount, mainly because of increase in housing sales
Notes receivable	RMB18,663,872.02 as at 31 Dec. 2015, down 84.43% from opening amount, mainly because customers changed their settlement modes
Accounts receivable	RMB112,543,908.66 as at 31 Dec. 2015, up 33.36% from opening amount, mainly because of increase in engineering receivables
Prepayments	RMB22,952,379.40 as at 31 Dec. 2015, up 28.79% from opening amount, mainly because prepayments for materials had not yet satisfied condition to be carried over to inventories
Inventories	RMB2,146,223,895.61 as at 31 Dec. 2015, down 23.25% from opening amount, mainly because inventories were carried over to costs as houses were sold
Other current assets	RMB40,315,831.06 as at 31 Dec. 2015, up 224.19% from opening amount, mainly because business tax and land VAT were prepaid
Deferred income tax assets	RMB32,197,368.21 as at 31 Dec. 2015, up 132.36% from opening amount, mainly because of increase in corresponding deferred income tax assets of anticipated profits of real estate subsidiaries on advance house payments from customers and non-deductible land VAT provision

2. Main assets overseas

Applicable Inapplicable

III. 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 Chuanqishan project in Guangming, Shenzhen, the SPG Shanglin Garden project in Longgang, Shenzhen and the project in Shantou, the Company accelerates the establishment of a modern enterprise HR management system and works hard in building a professional and high-quality development team. It also keeps improving the management mechanism and processes for project development. As a result, the professionalism and management capability of the Company have improved significantly; planning, construction, cost control, marketing capability and brand image have been effectively enhanced; and the operational capability in the main business of real estate keeps increasing, along with the core competitiveness. The Company has carried out a profit distribution for the first half of 2015. And the reporting period has witnessed a consecutive seventh-year growth in the Company's operating revenues and profits. In the third quarter of 2015, the stocks of the Company were included in the component stocks of the "Hang Seng Shenzhen & Hong Kong Index" and the "Hang Seng Shenzhen & Hong Kong Real Estate Index". What's more, in 2015, the Company was granted quite a few titles such as "The Most Honest Enterprise in the Guangdong Province" and "The Five-Star Well-Behaved & Law-Abiding Lessor".

Section IV Discussion & Analysis by the Management

I. Business review

2015 marked the closing year for the 12th Five-Year Development Plan of the Company. In the year, with common efforts, we overcame difficulties and achieved remarkable results in our business performance and corporate culture. Our development capability in the main business improved significantly, and our profits saw a consecutive seventh-year growth and maintained a rising trend. Our employees became more enterprising, united and professional. And our brand effect gradually emerged.

For the reporting period, the Company achieved operating revenues of RMB2,163,365,600, up 1.46% from last year; operating profits of RMB409,683,200, up 2.56% from last year; total profits of RMB409,904,900, up 2.31% from last year; and net profits of RMB301,129,800 attributable to the shareholders of the Company, up 1.04% from last year. As at 31 Dec. 2015, the net assets attributable to the shareholders of the Company stood at RMB2,331,704,100, up 7.87% from last year.

II. Main business analysis

1. Overview

See “I. Business review” in “Discussion & Analysis by the Management”.

2. Revenues and costs

(1) Breakdown of the operating revenues

Unit: RMB Yuan

	2015		2014		+/-
	Amount	In operating revenues	Amount	In operating revenues	
Operating revenues	2,163,365,575.33	100%	2,132,311,222.93	100%	1.46%
By segment					
Real estate	1,451,882,212.00	67.11%	1,476,320,296.06	69.24%	-2.12%
Construction	518,895,054.20	23.99%	488,183,328.15	22.89%	1.09%
Leasing	79,149,162.72	3.66%	78,833,382.73	3.70%	-0.04%
Property management	128,945,973.91	5.96%	118,842,883.81	5.57%	0.39%
Other	21,421,062.40	0.99%	20,671,548.67	1.42%	-2.88%
Internally offset	-36,927,889.90	-1.71%	-50,540,216.49	-2.37%	0.66%
By product					
Residential houses	1,267,905,057.00	58.61%	1,418,885,068.06	66.54%	-7.93%
Shops	18,977,155.00	0.88%	57,435,228.00	2.69%	-1.81%
Warehouses	165,000,000.00	7.63%			

Other products	748,411,253.23	34.59%	706,531,143.36	33.13%	1.46%
Less: Internally offset	-36,927,889.90	-1.71%	-50,540,216.49	-2.37%	0.66%
By area					
Guangdong Province	2,143,635,244.42	99.09%	2,121,324,452.84	99.48%	-0.40%
Other regions in China	56,204,916.71	2.60%	60,941,449.28	2.86%	-0.26%
Overseas	453,304.10	0.02%	585,537.30	0.03%	-0.01%
Internally offset	-36,927,889.90	-1.71%	-50,540,216.49	-2.37%	0.66%

(2) Segments, products or areas contributing over 10% of the operating revenues or profits

√ Applicable □ Inapplicable

Unit: RMB Yuan

	Operating revenue	Operating cost	Gross profit margin	Operating revenue: YoY +/-%	Operating cost: YoY +/-%	Gross profit margin: YoY +/-%
By segment						
Real estate	1,451,882,212.00	782,516,505.63	46.10%	-1.66%	-7.86%	3.63%
Construction	518,895,054.20	490,709,048.87	5.43%	6.29%	6.40%	-0.09%
By product						
Residential houses	1,267,905,057.00	760,996,677.08	39.98%	-10.64%	-7.82%	-1.84%
Shops	18,977,155.00	7,004,414.66	63.09%	-66.96%	-70.45%	4.35%
Warehouses	165,000,000.00	14,515,413.89	91.20%	100.00%	100.00%	0.00%
By area						
Guangdong Province	2,143,635,244.42	1,360,470,301.42	36.53%	1.03%	-1.74%	1.80%

Main business data of the previous year restated according to the changed statistical caliber for the reporting period

□ Applicable √ Inapplicable

(3) Product sales revenue higher than the service revenue

√ Yes □ No

Business segment	Item	Unit	2015	2014	+/-
Real estate development (RMB Ten Thousand Yuan)	Sales volume		78,251.65	84,926.85	-7.86%
	Output		28,876.86	65,175.16	-55.69%
	Stock		192,479.09	241,853.88	-20.42%

Reason for any over 30% YoY movements in the data above

√ Applicable □ Inapplicable

The real estate investment decreased from last year.

(4) List of the execution of the signed significant sales contracts of the Company up to the reporting period

□ Applicable √ Inapplicable

(5) Operating cost form

Classified by industries

Unit: RMB Yuan

Classified by industries	Items	2015		2014		YoY +/- (%)
		Amount	Ratio to the operating cost	Amount	Ratio to the operating cost	
Real estate		782,516,505.63	56.31%	1,476,320,296.06	60.25%	-3.93%
Engineering construction		490,709,048.87	35.31%	488,183,328.15	32.72%	2.59%
Lease		29,731,750.12	2.14%	78,833,382.73	2.11%	0.03%
Property management		110,204,670.86	7.93%	118,842,883.81	7.19%	0.74%
Other		15,185,380.88	1.09%	20,671,548.67	1.13%	-0.04%
Internal offset amount		-38,720,066.88	-2.79%	-50,540,216.49	-3.39%	0.61%

Notes

(6) Whether there were changes of the consolidation scope during the reporting period Yes No**(7) List of the significant changes or adjustment of the industries, products or services of the Company during the reporting period** Applicable Inapplicable**(8) List of the major trade debtors and major suppliers**

List of the major trade debtors of the Company

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 of the top 5 customers of the Company

Serial No.	Name of customer	Sales amount (RMB Yuan)	Proportion in annual total sales
1	Legal person I	40,784,800.00	1.91%
2	Legal person II	29,987,587.93	1.41%
3	Legal person III	18,298,000.00	0.86%
4	Legal person IV	16,290,000.00	0.76%
5	Legal person V	13,813,383.45	0.65%
Total	--	119,173,771.38	5.59%

Notes of the other situation of the major customers

 Applicable Inapplicable

List of the major suppliers of the Company

Total purchase to the top 5 suppliers (RMB Yuan)	113,367,326.53
Ratio of the total purchase to the top 5 suppliers to the annual total purchase	18.33%

Information of the top 5 suppliers of the Company

No.	Name of supplier	Purchase amount (RMB)	Ratio to the annual purchase amount
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		Yuan)	
1	Legal person I	59,255,206.00	9.58%
2	Legal person II	27,989,572.20	4.53%
3	Legal person III	13,581,059.80	2.20%
4	Legal person IV	6,444,000.00	1.04%
5	Natural person	6,097,488.53	0.99%
Total	--	113,367,326.53	18.33%

Notes of the other situation of the major suppliers

Applicable Inapplicable

3. Expenses

Unit: RMB Yuan

	2015	2014	YoY +/-	Notes of the significant changes
Selling expenses	46,977,100.96	44,525,387.33	5.51%	
Management expenses	58,883,597.38	64,982,801.88	-9.39%	
Financial expenses	32,367,511.56	33,816,128.14	-4.28%	

4. R&D investment

Applicable Inapplicable

5. Cash flow

Unit: RMB Yuan

Item	2015	2014	YoY +/-
Subtotal of cash inflows from operating activities	2,593,917,264.63	1,867,088,183.88	38.93%
Subtotal of cash outflows from operating activities	1,496,773,010.12	1,544,926,120.52	-3.12%
Net cash flows from operating activities	1,097,144,254.51	322,162,063.36	240.56%
Subtotal of cash inflows from investing activities	386,230.00	24,690.00	1,464.32%
Subtotal of cash outflows from investing activities	7,894,632.61	3,016,118.70	161.75%
Net cash flows from investing activities	-7,508,402.61	-2,991,428.70	-151.00%
Subtotal of cash inflows from financing activities	227,837,400.00	362,013,496.47	-37.06%
Subtotal of cash outflows from financing activities	818,348,503.54	530,373,267.61	54.30%
Net cash flows from financing activities	-590,511,103.54	-168,359,771.14	-250.74%
Net increase in cash and cash equivalents	499,636,457.33	150,835,476.59	231.25%

Notes of the major effects on the YoY significant changes occurred of the data above

Applicable Inapplicable

The amount of the cash inflow from operating activities was of RMB2,593,917,264.63 in 2015 that

increased of 38.93% over that of last year with the main reason of the increase of the houses selling and the engineering amount received from providing the labor services and the goods selling of 2015.

The amount of the cash outflow from operating activities was of RMB1,496,773,010.12 in 2015 that decreased of 3.12% over that of last year with the main reason of the decrease of the engineering amount paid for purchasing the goods and the accepting the labor services.。

Net amount of the cash flow from operating activities was of RMB1,097,144,254.51 in 2015 that increased of 240.56% over that of last year with the main reason of the increase of the houses selling and the engineering amount received from providing the labor services and the goods selling of 2015.

The amount of the cash inflow from investment activities was of RMB386,230.00 in 2015 that increased of 1464.32% over that of last year with the main reason of receiving the bonus of the financial assets available-for-sale during the holding period in 2015.

The amount of the cash outflow from investment activities was of RMB7,894,632.61 in 2015 that increased of 161.75% over that of last year with the main reason of the increase of the purchase of the fixed assets, intangible assets and other long-term assets as well as the entrust financial products of 2015.

The net amount of the cash flow from investment activities was of RMB-7,508,402.61 in 2015 that decreased of 151.00% over that of last year with the main reason of the increase of the purchase of the fixed assets, intangible assets and other long-term assets as well as the investment of the entrust financial products of 2015.

The amount of the cash inflow from financing activities was of RMB227,837,400.00 in 2015 that decreased of 37.06% over that of last year with the main reason of the increase of the cash flow from operating activities and the decrease of the external financing demand of 2015.

The amount of the cash outflow from financing activities was of RMB818,348,503.54 in 2015 that increased of 54.30% over that of last year with the main reason of the increase of the paid bank loans of 2015.

The net increase amount of the cash and cash equivalents was of RMB499,636,457.33 in 2015 that increased of 231.25% over that of last year with the main reason of the increase of the net amount of the cash flow from operating activities of 2015.

Notes to the reason of the significant differences between the net cash flow from the operating activities and the net profits of 2015 of the Company during the reporting period

Applicable Inapplicable

III. Analysis of the non-core business

Applicable Inapplicable

IV. List of the assets and liabilities

1. List of the significant changes of the assets form

Unit: RMB Yuan

	As at 31 Dec. 2015		As at 31 Dec. 2014		Proportion on change	Explain any major change
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary funds	1,175,756,306.36	28.13%	678,957,249.03	15.52%	12.61%	Mainly due to the increase of the sales amount of the buildings.
Accounts receivable	112,543,908.66	2.69%	84,388,842.43	1.93%	0.76%	
Inventories	2,146,223,895.61	51.35%	2,796,551,656.42	63.92%	-12.57%	Mainly due to the transfer of the cost from the sales of the buildings in 2015.
Investing real estate	435,058,564.20	10.41%	454,628,505.97	10.39%	0.02%	
Long-term equity investment	57,768,804.36	1.38%	57,730,086.79	1.32%	0.06%	
Fixed assets	52,213,985.31	1.25%	54,321,296.22	1.24%	0.01%	
Short-term loans	143,418,286.29	3.43%	149,846,192.64	3.42%	0.01%	
Long-term loans	382,233,324.88	9.14%	478,985,579.95	10.95%	-1.81%	
Accounts payable	290,453,110.50	6.95%	541,538,762.36	12.38%	-5.43%	Mainly due to the settlement of the final payment of the completion of the products development of 2015.
Prepayments	475,620,347.35	11.38%	144,315,921.34	3.30%	8.08%	Mainly due to the increase of the sales of the houses of 2015.
Taxes payable	63,459,415.42	1.52%	96,394,993.67	2.20%	-0.68%	Mainly due to the increase of the taxes payment of 2015.
Non-current liabilities due in 1 year	168,727,608.54	4.04%	453,207,700.00	10.36%	-6.32%	Mainly due to the decrease of the long-term loans due in 1 year of 2015.

2. List of the significant changes of the liabilities items

Applicable Inapplicable

V. List of the investment

1. Overall condition

Applicable Inapplicable

2. List of the significant equity investment acquired from the reporting period

Applicable Inapplicable

3. List of the significant non-equity investment has been executing during the reporting period

Applicable Inapplicable

4. Investment on the financial assets**(1) List of the securities investment**

Applicable Inapplicable

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

(2) List of the derivative investment

Applicable Inapplicable

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

5. Use of raised funds

Applicable Inapplicable

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

VI. Selling of the significant assets and the equities**1. List of the selling of the significant assets**

Applicable Inapplicable

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

2. List of the selling of the significant equities

Applicable Inapplicable

VII. Analysis of the major controlling and stock-participating companies

Applicable Inapplicable

List of the stock-participating companies with more than 10% influences on the net profits of the major subsidiaries and the Company

Unit: RMB Yuan

Name	Type	Main services	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Shenzhen SPG Longgang Development Co., Ltd.	Subsidiary	Real estate	Development of real estate	797,490,525.11	80,255,478.81	408,928,149.00	113,068,391.02	84,073,455.52
Shantou SEZ, Wellam Building Development, Co., Ltd.	Subsidiary	Real estate	Development of real estate	302,321,667.23	123,083,742.11	54,196,300.00	2,162,911.06	385,208.94
Shantou Huafeng Real Estate	Subsidiary	Real estate	Development of real estate	409,834,859.42	13,449,885.47		-6,431,751.95	-4,823,813.96

Development Co., Ltd.			estate						
Great Wall Estate Co., Inc. (U.S.)	Subsidiary	Real estate	Development of real estate	18,731,758.14	-81,485,573.98	453,304.10	-153,716.45	-153,716.45	
Shenzhen Zhentong Engineering Co., Ltd.	Subsidiary	Service	Fixing and maintenance of projects	252,040,392.51	17,584,212.56	520,664,605.34	3,154,043.92	2,343,417.15	
Shenzhen Property Management Co., Ltd.	Subsidiary	Service	Property management	84,891,078.21	18,042,863.63	128,945,973.91	1,460,618.67	1,641,497.14	
Shenzhen Petrel Hotel Co., Ltd.	Subsidiary	Service	Hotel Service	45,258,407.04	37,616,384.28	28,311,969.62	2,428,111.07	1,940,189.36	
Shenzhen SPG Mini-bus Rent Co., Ltd.	Subsidiary	Service	Rent of mini-bus	17,112,905.81	13,097,086.05	4,382,090.55	941,124.27	669,583.66	
Shenzhen Huazhan Construction Supervision Co., Ltd.	Subsidiary	Service	Construction supervision	9,260,085.42	8,392,048.42	3,655,609.36	116,226.91	87,170.19	
Xin Feng Enterprise Ltd.	Subsidiary	Investment management	Investment and management	152,968,245.77	-408,298,230.28	148,000.00	-17,335,428.27	-17,338,902.85	

Subsidiaries acquired or disposed during the reporting period

Applicable Inapplicable

Notes to the major controlling stock-participating companies

The subordinate subsidiaries of the Company

1. The subordinate subsidiaries engaged in real estate development mainly include: Shenzhen SPG Longgang Development Co., Ltd., Shantou SEZ, Wellam FTY, Building Development, Co., Ltd. and Shantou Huafeng Real Estate Development Co., Ltd.. The Longgang Company was responsible for the development of Shenzhen Properties Shanglin Garden Project with the carried forward sales of 2015 of RMB0.409 billion, the carry forward ratio of the sales of 25.36%, and the proportion of the operating income to that of the Group Company of 18.9% as well as the proportion of the net profits which was of RMB0.084 billion to that of the Group Company of 27.9%. Shantou Wellam Company took the responsibility of developing the projects such as the Jinye Island and Yuejing Dongfang, with the 2015 carried forward sales of the Yuejing Dongfang Project of RMB0.029 billion, the carry forward ratio of the sales of 10.21% and the carried forward sales of the remaining building of Jinye Island of RMB0.025 billion. Shantou Huafeng Company took the responsibility of developing the Shantou Jingzaiwan Project which had carried out full-scale production after the completion of the started licensing of 2015 and the operating revenues of RMB-6.43 million was the interests expenses before the formally starting.
2. Shenzhen Zhentong Engineering Co., Ltd. was engaged in the business of building installation and maintenance with the 2015 operating income of RMB0.521 billion and of 24.09% to the operating income of the Group Company.
3. The 2015 operating income of Shenzhen Property Management Co., Ltd. was of RMB0.129 billion that was of 5.96% to the operating income of the Group Company.
4. The 2015 net profits of Xin Feng Enterprise Co., Ltd. was of RMB-17.34 million which mainly due to the bad debt provision of RMB8.42 million and the losses of the exchange rate changes of RMB7.05 million.

VIII. List of the structured main bodies controlled by the Company

Applicable Inapplicable

IX. Outlook of the Company's future development

Y2016 is the starting year of the national Thirteenth Five-Year Plan with the marco economy insisting to seek improvement in stability while the economy downward pressure was rather big and the property market was of polarization, thus the Company carefully planned the development strategics, executed refine cultivation on the main business operating, made careful calculation and strict budgeting on the intensification of the cost control, kept improving the enhancing of the management and control level, accelerated the projects construction and sales, and strived for the improvement of the professional level and the brand influence to seek for the stable devleopment of the Company.

In 2016, the Company will make great efforts to grasp the following work of three aspects:

(I) To guarantee the construction, development and sales of the projects could be as quick as possible. To base on the pitch point of the projects, to comprehensively strengthen the planning and coordination as well as the control ability during the development process, to improve the merchanism and process to ensure the quality and progress especially to intensify the control of the engineering quality. To accelerate the to-the-rate-of the property sales, to seize the current favorable situation, to intensify the management and urgency of the marketing of the intermediaries and to accelerate the remaining building sales. To highly pay attention to the safety production. To insist the working policy of "Safety First, Prevention First, Comprehensive Treatment", to implement the safety production responsibility and to intensify the safety management measures. To intensify the ability construction of the owned enterprises and to promote the transformation and upgrade.

(II) To constantly enhance the management and control level. To improve the corporate governance structure which regarded the construction of the Board of the Directors as the core and to revise and improve the Thirteenth Five-Year Plan strategic planning; to earnestly carry out the responsibilities of the listed companies and to intensify the information disclosure and the investors relationship management; to intensify the enterprise internal construction for building the base for realizing the capital opterion of the enterprises. To intensify the enterprise management, to constantly improve the management and control mechanism and the business process of the Company, to improve the informatization management, to intensify the planning, arrangement, management and control ability of the property projects during the whole development process; to intensify the cost control to cover the whole process of the development for realizing the value creation; to improve the planning and the design level as well as the engineering management level, to pay close attention to the quality system of the engineering construction and the to close the good quality most; to intensify the learning, absorbing and reference of the new technology, new process and the new mode of the management during the process of the projects development and construction, to strive for the building of the boutique projects

(III) To constantly intensify the team construction. To carry on the execution of the constrution of "Elite Talent, Excellent Team" that forge the professional team. To perfect the incentive system, to deepen the salary system reform, to constantly improve the performance appraisal management approach and to positively explore the long term stimulation mechanism of the listed companies. To

propose the professional and specialized talents mechanism, to encourage the whole staffs to possess with promotion position and self-taught ability, to cultivate the staffs to become the expert of their own work and the technicians become the expert of their own profession as well as the department heads of the expert of their department and profession.

X. List of the received researches, visits and interviews

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

√ Applicable □ Inapplicable

Time of reception	Way of reception	Visitor type	Index of the researches basic information
22 Jan. 2015	Telephone communication	Individual	Inquired of the progress of the projects development and the number of the shareholders etc. and didn't offer written materials
16 Mar. 2015	Telephone communication	Individual	Inquired of the appointed disclosure time of the annual report and the number of the shareholders etc. and didn't offer written materials
27 Apr. 2015	Telephone communication	Individual	Inquired of the progress of the state-funded and state-owned enterprise reform and didn't offer written materials
15 May 2015	Telephone communication	Individual	Inquired of the process of the projects development and the sales and didn't offer written materials
29 Jun. 2015	Telephone communication	Individual	Inquired of the operating of the first-half year of the Company and the progress of the state-funded and state-owned enterprise and didn't offer written materials
6 Jul. 2015	Telephone communication	Individual	Inquired of the definiment of the Company and the measures facing with the crises didn't offer written materials
31 Jul. 2015	Telephone communication	Individual	Inquired of the operating situation of the first-half year of the Company and the appointed disclosure date of the semi-annual report and didn't offer written materials
31 Aug. 2015	Telephone communication	Individual	Inquired of the relevant information of the disclosed semi-annual report and the relevant events of the semi-annual profits distribution and didn't offer written materials
29 Sep. 2015	Telephone communication	Individual	Inquired of the third-quarter operating situation and the third-quarter report disclosure time didn't offer written materials
28 Oct. 2015	Telephone communication	Individual	Inquired of the situation of the projects development and sales progress and didn't offer written materials
28 Dec. 2015	Telephone communication	Individual	Inquired of the annual operating situation and didn't offer written materials
Reception times			11
Number of reception institutions			0
Number of reception person			11
Number of receipting other targets			0
Whether disclose, reveal or let out unpublished significant information			No

2. Particulars about researches, visits and interviews received from the period-end to the disclosure date

√ Applicable □ Inapplicable

Time of reception	Way of reception	Visitor type	Index of the researches basic information
11 Jan. 2016	Telephone communication	Individual	Inquired of the annual operating situation of the Company and the reasons of the falling stock price and didn't offer written materials
9 Mar. 2016	Telephone	Individual	Inquired of the annual operating situation of the

	communication		Company and progress of the state-funded and state-owned enterprise reform and didn't offer written materials
Reception times			2
Number of reception institutions			0
Number of reception person			2
Number of receipting other targets			0
Whether disclose, reveal or let out unpublished significant information		No	

Section V Significant Events

I. List of the profits distribution of the common shares and turning capital reserve into share capital of the Company

List of the formulation, execution or adjustment of the profits distribution policies of the common shares, especially the cash dividend policies

√ Applicable □ Inapplicable

The 2014 profits distribution proposal of the Company had been reviewed and approved by the 24th Session of the 7th Board of the Directors held on 27 Mar. 2015 and the 2014 Annual General Meeting held on 28 Apr. 2015 by the Company, which confirmed that the 2014 net profits be used for making up the losses of the previous years and neither execute the profits distribution nor the turn from capital reserve to share capital.

The 2015 semi-annual profits distribution proposal had been reviewed and approved by the 26th Session of the 7th Board of the Directors held on 28 Aug. 2015 and the 2015 1st Extraordinary General Meeting held on 21 Sep. 2015 by the Company, which confirmed to base on 1,011,660,000 shares of the total share capitao of the Company that to distribute the cash of RMB1.30 (tax included) for every 10 shares held by its shareholders, and there was neither the bonus shares (tax included) nor the turn from capital reserve to share capital.

Special explanation of 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 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 2014 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 the semi-annual of 2015, based on the 1,011,660,000 shares of the current general capital, the Company distributed the cash of RMB1.30 (tax included) for every 10 shares held by its shareholders, and there was neither the bonus shares (tax included) nor the turn from capital reserve to share capital;

In 2015, the net profit of 2015 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 common shares of the Company of the recent 3 years (including the reporting period)

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	Amount of the cash dividend by other methods	Ratio of the cash dividend by other methods
2015	131,515,800.00	301,129,840.84	43.67%	0.00	0.00%
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%

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

Applicable Inapplicable

Reason	Usage and utility plan of the retained profits of the Company
2015 semi-annual profits distribution had been executed.	The retained and undistributed profits were mainly used for the development of the projects in construction and the newly increase of the land reserves when appropriate and properly reduced the external loans balance that efficiently reduced the financial expenses and ensured the sustainable operating and development of the Company.

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

Applicable Inapplicable

The Company planned not to distribute the cash bonus, not to distribute the bonus shares and no turn from capital reserve to share capital of 2015.

III. Performance of commitments

1. Commitments completed by the Company, the shareholders, the actual controllers, the purchasers, the Directors, the Supervisors and the Senior Executives or the other related parties during the reporting period and those hadn't been completed execution up to the period-end

Applicable Inapplicable

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

2. Assets or projects existing profit forecast, which were still in the profit forecast period, the Company made note and explain to the assets or project arrived at original profit forecast

Applicable Inapplicable

IV. Occupation of the Company's capital by the controlling shareholder or its related parties for non-operating purposes

Applicable Inapplicable

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

V. Explanation by the Board of Directors, the Supervisory Committee and the Independent Directors (if any) about the “non-standard audit report” issued by the CPAs firm for the reporting period

Applicable Inapplicable

VI. Explanation of the changes of the accounting policy, the accounting estimates and the accounting methods compared to the last financial report

Applicable Inapplicable

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

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

Applicable Inapplicable

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

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

Applicable Inapplicable

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

IX. Particulars about engagement and disengagement of CPAs firm

CPAs firm engaged at present

Name of domestic CPAs firm	Ruihua CPAs (LLP)
Remuneration for domestic CPAs firm for the reporting period (RMB Ten Thousand Yuan)	58
Consecutive years of the audit services provided by domestic CPAs firm	3
Name of domestic CPAs firm	Cai Xiaodong, Wang Huansen
Name of overseas CPAs firm	N/A
Remuneration for overseas CPAs firm for the reporting period (RMB Ten Thousand Yuan)	0
Consecutive years of the audit services provided by overseas CPAs firm	N/A
Name of overseas CPAs firm	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

During the reporting period, the Company engaged Ruihua CPAs (LLP) to provide internal control audit service with the service expenditures of RMB0.25 million.

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

Applicable Inapplicable

XI. Bankruptcy and reorganization

Applicable Inapplicable

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

XII. Significant lawsuit or arbitration

Applicable Inapplicable

Basic situation of lawsuit (arbitration)	Lawsuit amount (RMB Ten Thousand d)	Whether form into estimated liabilities	Process of lawsuit (arbitration)	Trial results and influences of lawsuit (arbitration)	Situation of execution of judgment of lawsuit (arbitration)	Disclosure date	Disclosure index
Xi'an Project Lawsuit (For details, see "Notes X"—"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 RMB36,620 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 RMB227,500 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 Aug. 2015	2015 Semi-annual Report on www.cninfo.com.cn
Luofu Hill project Lawsuit (For details, see "Notes X"—"Contingent Events"—"1. Contingent liabilities due to pending lawsuits or arbitrations, as well as the financial influence thereof".)	960	No	In execution	① Luofu Hill Tourism Company has paid back RMB9.6 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 RMB167,700 of the case acceptance fee and the security fee.	Because the state-owned land resource administration cannot work out the planning key points for the sealed land, the land cannot be auctioned.	29 Aug. 2015	2015 Semi-annual Report on www.cninfo.com.cn

XIII. Punishment and rectification

Applicable Inapplicable

No such cases in the reporting period.

XIV. Honesty situations of the Company, its controlling shareholders and actual controller

Applicable Inapplicable

XV. List of the execution of the stock incentive plan, ESOP, or other Staff incentives

Applicable Inapplicable

No such cases in the reporting period.

XVI. Significant related-party transactions

1. Related-party transactions relevant to routine operation

Applicable Inapplicable

Related party	Relationship	Type of the related-party transaction	Content of the related-party transaction	Pricing principle of the related-party transaction	Transaction price	Transaction amount (RMB Ten Thousand and Yuan)	Proportion in same kind of transactions	Approved transaction quota (RMB Ten Thousand Yuan)	Whether exceed the approved quota	Settlement method of the related-party transaction	Similar market price	Disclosure date	Disclosure index
Shenzhen Jianan Group Co., Ltd.	Shenzhen Zhentong Engineering Co., Ltd.	Construction	1 Jun. 2012	Negotiated price	-	707.22	1.36%	707.22	No	Bank transfer	-	28 Mar. 2015	2014 Annual Report on www.cninfo.com.cn
Total				--	--	707.22	--	707.22	--	--	--	--	--
Details of large amount of sales returns						N/A							
As for the prediction on the total amount of routine related-party transactions to be occurred in the reporting period by relevant types, the actual performance in the reporting period (if any)						Inapplicable							
Reason for significant difference between the transaction price and the market price (if any)						Inapplicable							

2. Related-party transactions regarding purchase and sales of assets

Applicable Inapplicable

No such cases in the reporting period.

3. Related-party transactions common external investment

Applicable Inapplicable

No such cases in the reporting period.

4. Credits and liabilities with related parties

Applicable Inapplicable

No such cases in the reporting period.

5. Other significant related-party transactions

Applicable Inapplicable

No such cases in the reporting period.

XVII. Significant contracts and their execution

1. Trusteeship, contracting and leasing

(1) Trusteeship

Applicable Inapplicable

No such cases in the reporting period.

(2) Contract

Applicable Inapplicable

No such cases in the reporting period.

(3) Lease

Applicable Inapplicable

No such cases in the reporting period.

2. Significant guarantees

Applicable Inapplicable

(1) Guarantees provided by the Company

Unit: RMB Ten Thousand Yuan

Guarantees provided by the Company and its subsidiaries for external parties (excluding those for subsidiaries)								
Guaranteed party	Disclosure date of relevant announcement on the guarantee amount	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not
Total external guarantee line approved during the reporting period (A1)			0	Total actual occurred amount of external guarantee during the reporting period (A2)			0	
Total external guarantee line that has been approved at the end of the reporting period (A3)			0	Total actual external guarantee balance at the end of the reporting period (A4)			0	
Guarantees provided by the Company for its subsidiaries								
Guaranteed party	Disclosure date of relevant announcement on the 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.	31 Oct. 2012	13,000	17 Apr. 2013	0	Joint liability guarantee	3 years	Yes	Yes
Total guarantee line approved for the			0	Total actual occurred amount of guarantee for			0	

subsidiaries during the reporting period (B1)					the subsidiaries during the reporting period (B2)				
Total guarantee line that has been approved for the subsidiaries at the end of the reporting period (B3)				0	Total actual guarantee balance for the subsidiaries at the end of the reporting period (B4)				0
Guarantees provided by the subsidiaries for its subsidiaries									
Guaranteed party	Disclosure date of relevant announcement on the guarantee amount	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not	
Total guarantee line approved for the subsidiaries during the reporting period (C1)				0	Total actual occurred amount of guarantee for the subsidiaries during the reporting period (C2)				0
Total guarantee line that has been approved for the subsidiaries at the end of the reporting period (C3)				0	Total actual guarantee balance for the subsidiaries at the end of the reporting period (C4)				0
Total guarantee amount provided by the Company (total of the above-mentioned three kinds of guarantees)									
Total guarantee line approved during the reporting period (A1+B1+C1)				0	Total actual occurred amount of guarantee during the reporting period (A2+B2+C2)				0
Total guarantee line that has been approved at the end of the reporting period (A3+B3+C3)				0	Total actual guarantee balance at the end of the reporting period (A4+B4+C4)				0
Proportion of total guarantee amount (A4+B4+C4) to the net assets of the Company									0.00%
Of which:									
Amount of guarantee for shareholders, actual controller and related parties (D)									0
Amount of debt guarantee provided for the guaranteed party whose asset-liability ratio is not less than 70% directly or indirectly (E)									0
Part of the amount of the total guarantee over 50% of net assets (F)									0
Total amount of the above three guarantees (D+E+F)									0
Explanation on the occurred warranty liability or possible bearing joint responsibility of liquidation due to immature guarantee (if any)				The Company needed to provide the mortgage loan guarantees for the bank for the commercial residential building purchasers and up to 31 Dec. 2015, the unsettled guaranteed amount was of RMB44.87 million.					
Explanation on provision of guarantees for external parties in violation of the prescribed procedure (if any)				N/A					

Explanation on particulars about the guarantees by complex ways:

The Company belongs to the property industry and according to the relevant regulations of the People's Bank of China, the developers must provide the mortgage loan guarantees for the home buyers, and the guarantee that the Company recently provided for the home buyers was the phased joint guarantee with the period from the date when the bank released the loans to the date when the home buyers completed the real estate license. If during the above guarantee period, the home buyers didn't execute the debtor responsibility, the Company has the right to recover the sold property and the guarantee would not cause any actual loss for the Company.

(2) Illegal external guarantee

Applicable Inapplicable

There was no such situation.

3. Cash assets management entrustment

(1) Wealth management entrustment

Applicable Inapplicable

There was no such situation.

(2) Entrustment loans

Applicable Inapplicable

There was no such situation.

4 Other significant contracts

Applicable Inapplicable

There was no such situation.

XVIII. Other significant events

Applicable Inapplicable

There was no such situation.

XIX. Significant events of subsidiaries

Applicable Inapplicable

XX. Social responsibilities

Applicable Inapplicable

The Company paid attention on the execution of the social responsibilities and positively protect the legal interests of the stakeholders such as the creditors, employees, customers, suppliers and community as well as executed the social responsibilities. During the reporting period, the Company organized the volunteer team and the party member volunteer service team and positively developed the volunteer service and the party member volunteer service activities; to insist on developing the donation activity of “Municipal State-owned Enterprises Arm in Arm, Love and Assis Heart to Heart” to release the condolence payments to the party members in difficulties, the staffs and the staffs in hospital owing to illness, and to donate the money as well as clothes to the Hujing Community, Luohu Districts etc; to positively develop the interest teams activities such as the badminton, table tennis, mountain climbing and basketball as well as the activities of the health knowledge lectures. During the reporting period, the Company gained the title of “2014 Best High-integrity Enterprise of Guangdong Province”.

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

Yes No

Whether issue social responsibility report or not?

Yes No

XXI. Corporation bonds

Whether existing corporation bonds public issued and listed in Stock Exchange and maturity or maturity but not fully paid on the approval report date of annual report

No

Section VI Share Changes & Particulars about the Shareholders

I. Changes in shares

I. Changes in shares

Unit: share

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

Reason for the change in shares

 Applicable Inapplicable

Approval of the change in shares

 Applicable Inapplicable

Reason for the change in shares

 Applicable Inapplicable

Effects of the change in shares on the basic EPS, diluted EPS, net assets per share attributable to common

shareholders of the Company and other financial indexes over the last year and last period

Applicable Inapplicable

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

Applicable Inapplicable

2. Changes in restricted shares

Applicable Inapplicable

Unit: share

Name of shareholder	Number of opening restricted share	Number of unlocked restricted shares	Increase number of restricted share	Number of closing restricted share	Reason	Date of unlocked
Qiu Lihua	0	0	45,382	0	Share held by Senior Executives relatives	The settlement Company did not unlock the restricted shares, in line with the relevant regulations of decrease of shareholding by directors and supervisors issued by CSRC, 1,250 shares of restricted share was unlocked on 8 Jan. 2016, and 10,096 shares unlocked on 9 Jan. 2016.
Deng Kangcheng	0	0	10,000	7,500	Share held by Senior Executives	2,500 shares of restricted share was unlocked on 8 Jan. 2016
Zhuang Quan	0	0	80,000	60,000	Share held by Senior Executives	20,000 shares of restricted share was unlocked on 9 Jan. 2016
Wang Xiulan	0	0	10,000	0	Share held by Senior Executives relatives	The settlement Company did not unlock the restricted shares, in line with the relevant regulations of decrease of shareholding by directors and supervisors issued by CSRC, 2,500 shares of restricted share was unlocked on 1 Jan. 2016.
Total	0	0	145,382	67,500	--	--

II. Issuance and listing of securities

1. Issuance of securities (excluding preferred stock) in reporting period

Applicable Inapplicable

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

Applicable Inapplicable

3. Existent shares held by internal staffs of the Company

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	71,731	Total number of shareholders on the 30th trading day before the disclosure date of the annual report	76,765	Total number of preferred stockholder with vote right restored(if any)	0	Total number of preferred stockholder with vote right restored on the 30th trading day before the disclosure date of the annual report(notes 8)	0	
Shareholding of shareholders holding more than 5% shares								
Name of shareholder	Nature of shareholder	Holding percentage (%)	Number of shareholding at the end of the reporting period	Increase and decrease of shares during reporting period	Number of shares held subject to trading moratorium	Number of shares held not subject to trading moratorium	Pledged or frozen shares	
							Status of shares	Amount
Shenzhen Investment Holdings Co., Ltd	State-owned corporation	63.55%	642,884,262	0	0	642,884,262		
Tang Yidan	Domestic individual	0.82%	6,350,000	0	0	6,350,000		
Century Securities Co., Ltd.	Domestic non-state-owned corporation	0.43%	4,411,700	0	0	4,411,700		
Lu Zhigao	Domestic individual	0.38%	4,241,449	0	0	4,241,449	Pledged	2,724,402
Zhou Qijia	Domestic individual	0.34%	2,339,009	0	0	2,339,009		
Chen Jianxin	Domestic individual	0.18%	2,216,700	0	0	2,216,700		
CCB -Huafu Competitiveness Selected Mixed Type Open-Ended Fund	Domestic non-state-owned corporation	0.14%	1,430,000	0	0	1,430,000		
Lion Fund -CCB -China Life Insurance -Lion Fund Stock Mixed Type Entrusted by China Life Insurance	Domestic non-state-owned corporation	0.12%	1,275,400	0	0	1,275,400		

Xu Yiqiao	Domestic individual	0.11%	1,234,100	0	0	1,234,100		
Central Huijin Asset Management Co., Ltd.	State-owned corporation	0.11%	1,165,500	0	0	1,165,500		
Strategic investors or the general legal person due to the placement of new shares become the top 10 shareholders (if any) (notes 3)		N/A						
Explanation on associated relationship or/and persons		No related parties or acting-in-concert parties as defined in the Information Administration Measures for Shareholding Changes in Listed Companies are found among the shareholders above.						
Particulars about shares held by top 10 shareholders not subject to trading moratorium								
Name of shareholder	Number of shares held not subject to trading moratorium at the end of the period	Type of share						
		Type of share	Amount					
Shenzhen Investment Holdings Co., Ltd	642,884,262	RMB ordinary shares	642,884,262					
Tang Yidan	6,350,000	RMB ordinary shares	6,350,000					
Century Securities Co., Ltd.	4,411,700	RMB ordinary shares	4,411,700					
Lu Zhigao	4,241,449	RMB ordinary shares	4,241,449					
Zhou Qijia	2,339,009	RMB ordinary shares	2,339,009					
Chen Jianxin	2,216,700	RMB ordinary shares	2,216,700					
CCB -Huafu Competitiveness Selected Mixed Type Open-Ended Fund	1,430,000	RMB ordinary shares	1,430,000					
Lion Fund -CCB -China Life Insurance -Lion Fund Stock Mixed Type Fund Entrusted by China Life Insurance	1,275,400	RMB ordinary shares	1,275,400					
Xu Yiqiao	1,234,100	RMB ordinary shares	1,234,100					
Central Huijin Asset Management Co., Ltd.	1,165,500	RMB ordinary shares	1,165,500					
Explanation on associated relationship among the top ten shareholders of tradable share not subject to trading moratorium, as well as among the top ten shareholders of tradable share not subject to trading moratorium and top ten shareholders, or explanation on acting-in-concert		No related parties or acting-in-concert parties as defined in the Information Administration Measures for Shareholding Changes in Listed Companies are found among the shareholders above.						
Particular about shareholder participate in the securities lending and borrowing business (if any)		The 2 nd and 5 th shareholders hold all of their shares in the Company in a credit securities account, and the 4 th shareholder holds part of his shares in the Company in such an account.						

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

Yes No

There were no shareholders of a company conduct the transaction of repurchase under the agreement during the reporting period.

2. Particulars about the controlling shareholder

Nature of controlling shareholder: Local state-controlled

Type of controlling shareholder: legal person

Name of controlling	Legal representative / company principal	Date of establishment	Organization code	Business scope
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shareholder				
SHENZHEN INVESTMENT HOLDINGS CO., LTD	Xiong Peijin	13 Oct. 2004	76756642-1	State-owned equity investment and management, the government allocation of land development and management and strategic emerging industry investment and service.
Shares held by the controlling shareholder in other listed companies holding or shareholding during the reporting period	SWY (000011): with a total of 379,740,000 shares held and shareholding proportion of 63.72%; SFZ (000045): with a total of 234,069,000 shares held and shareholding proportion of 46.21%; SSB (000019): with a total of 48,170,000 shares held and shareholding proportion of 14%; STD (000023): with a total of 14,790,000 shares held and shareholding proportion of 10.66%; ZGPA (601318): with a total of 962,720,000 shares held and shareholding proportion of 5.27%; Guotai Junan (601211): with a total of 624,070,000 shares held and shareholding proportion of 8.18%; E-top (834386): with a total of 42,000,000 shares held and shareholding proportion of 60%;			

Change of the controlling shareholder during the reporting period

Applicable Inapplicable

The controlling shareholder did not change during the reporting period

3. Particulars about actual controller

Nature of actual controllers: local state-owned assets management institutions

Type of actual controller: legal person

Name of the actual controller	Legal representative / company principal	Date of establishment	Organization code	Business scope
Shenzhen State-owned Assets Supervision and Administration Commission	Gao Zimin	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.
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.			

Change of the actual controller during the reporting period

Applicable Inapplicable

The actual controller did not change during the reporting period

The ownership and controlling relationship between the actual controller of the Company and the Company is detailed as follows:



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

5. Particulars about restriction of reducing holding-shares of controlling shareholders, actual controller, restructuring parties and other commitment entities

Applicable Inapplicable

Section VII Preference Shares

Applicable Inapplicable

There was no preferred stock during reporting period.

Section VIII Directors, Supervisors, Senior Management Staff & Employees

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

Name	Position	Current/former	Gender	Age	Beginning date of office term	Ending date of office term	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)	Other changes increase/decrease	Shares held at the year-begin (share)
Zhou Jianguo	Chairman of the Board	Current	Male	60	17 Apr. 2012	16 Apr. 2015	0	0	0	0	
Chen Maozhen	General Manager and Director	Current	Male	51	17 Apr. 2012	16 Apr. 2015	0	0	0	0	
Zhuang Quan	Supervisor	Current	Male	60	17 Apr. 2012	16 Apr. 2015	0	80,000	0	0	80,000
Deng Kangcheng	Director	Current	Male	49	17 Apr. 2012	16 Apr. 2015	0	10,000	0	0	10,000
Wen Li	Director	Current	Female	46	17 Apr. 2012	16 Apr. 2015	0	0	0	0	
Jiang Lihua	Director	Current	Female	51	17 Apr. 2012	16 Apr. 2015	0	0	0	0	
Zhang Lei	CFO and Director	Current	Male	47	17 Apr. 2012	16 Apr. 2015	0	0	0	0	
Liu Quanmin	Independent director	Current	Male	51	15 Oct. 2010	14 Oct. 2016	0	0	0	0	
Song Botong	Independent director	Current	Male	47	15 Oct. 2010	14 Oct. 2016	0	0	0	0	
Zhang Shunwen	Independent director	Current	Male	49	23 Apr. 2014	22 Apr. 2017					
Wang Xiuyan	Supervisor	Current	Female	51	17 Apr. 2012	16 Apr. 2015	0	0	0	0	
Li Yufei	Supervisor	Current	Female	37	17 Apr. 2012	16 Apr. 2015	0	0	0	0	
Xiong Xingnon	Supervisor	Current	Male	59	17 Apr. 2012	16 Apr. 2015	0	0	0	0	
Shi Chunrong	Supervisor	Current	Male	59	17 Apr. 2012	16 Apr. 2015	0	0	0	0	
Teng	Vice	Current	Male	58	17 May	16 May	0	0	0	0	

Xianyou	GM				2012	2015					
Wei Hanping	Vice GM	Current	Female	49	28 Sept. 2012	16 May 2015	0	0	0	0	
Tang Xiaoping	Vice GM	Current	Male	45	22 Oct. 2013	16 May 2015	0	0	0	0	
Chen Ji	Chairman Secretary	Current	Male	44	17 May 2012	16 May 2015	0	0	0	0	
Total	--	--	--	--	--	--	0	90,000	0	0	90,000

II. Particulars about changes of Directors, Supervisors and Senior Executives

Name	Position	Type	Date	Reason
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III. Resumes of important personnel

Main working experience of current directors, supervisors and senior management staff

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 shareholder units

√ Applicable □ Inapplicable

Name of the person holding any post in any shareholder unit	Name of the shareholder unit	Position in the shareholder unit	Beginning date of office term	Ending date of office term	Receives payment from the shareholder 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	The minister of inspection distribution department	1 Apr. 2015		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 the 2 department of the enterprise	1 Jul. 2015		Yes
Notes	to	Naught			

post-holding in shareholder units	
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Post-holding in other units

Applicable Inapplicable

Name of the person holding any post in any shareholder unit	Name of other unit	Position in other unit	Beginning date of office term	Ending date of office term	Receives payment from the shareholder unit?
Liu Quanmin	Investment and Financing Center of Real Estate and Energy of Beijing Yingke Law Firm (Shenzhen)	Director, practicing lawyer	1 Jun. 2013		Yes
Song Botong	Infrastructure Department of Shenzhen University	Director	1 Mar. 2013		Yes
Zhang Shunwen	BDO China Shu Lun Pan Certified Public Accountants LLP.	Partner	1 Mar. 2008		Yes
Notes to post-holding in other units	Naught				

Particulars about the Company's current directors, supervisors and senior executives 'punishments from Securities Regulatory Institution of recent three years in reporting period

Applicable Inapplicable

IV. Remuneration for directors, supervisors and senior management

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

It was executed according to the procedures stipulated in the Interim Measures for the Administration of Human Resources of the Company.
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 2014 convened on 23 Apr. 2014, allowance for each independent director was adjusted to RMB7,000 (tax included) per month since May. 2014. Besides, they received no other rewards from the Company.
The Company paid their remuneration monthly according to relevant systems for remuneration management of the Company.

Remuneration of the directors, supervisors and senior management of the Company during the reporting period is as follow:

Unit: RMB Thousand Yuan

Name	Position	Gender	Age	Current/former	Total before-tax remuneration gained from the Company	Whether gained remuneration from the related parties of the Company
Zhou Jianguo	Chairman of	Male	60	Current	90.18	No

	the Board					
Chen Maozheng	General Manager and Director	Male	51	Current	86.88	No
Zhuang Quan	Supervisor	Male	60	Current	44	No
Deng Kangcheng	Director	Male	49	Current	71.27	No
Wen Li	Director	Female	46	Current	0	Yes
Jiang Lihua	Director	Female	51	Current	0	Yes
Zhang Lei	CFO and Director	Male	47	Current	43	No
Liu Quanmin	Independent director	Male	51	Current	8.4	No
Song Botong	Independent director	Male	47	Current	8.4	No
Zhang Shunwen	Independent director	Male	49	Current	8.4	No
Wang Xiuyan	Supervisor	Female	53	Current	0	Yes
Li Yufei	Supervisor	Female	37	Current	0	Yes
Shi Chunrong	Supervisor	Male	59	Current	46.28	No
Xiong Xingnong	Supervisor	Male	59	Current	35.85	No
Teng Xianyou	Vice GM	Male	58	Current	71.27	No
Wei Hanping	Vice GM	Female	49	Current	71.27	No
Tang Xiaoping	Vice GM	Male	45	Current	71.27	No
Chen Ji	Chairman Secretary	Male	44	Current	46.28	No
Total	--	--	--	--	702.75	--

Situations of equity incentives awarded to the directors, supervisors and senior management of the Company during the reporting period

Applicable Inapplicable

V. About employees

1. Number of employee, professional structure and education

Amount of the incumbent employees of the Company	125
Amount of the incumbent employees of the main subsidiaries	1,660
Total amount of the incumbent employees	1,785
Total number of employees accepted salaries(person)	1,785
Number of retirees whose retirement pension shall be borne by the Company and the main subsidiaries	441
Professional structure	
Category	Number
Production personnel	1,163
Sales personnel	71
Technicians	434
Financial personnel	49
Administrative personnel	68
Total	1,785
Education	
Category	Number

Doctoral candidate	1
Master Degree Candidate	27
Bachelor	150
Junior college	241
Technical secondary school	151
High school or below	1,215
Total	1,785

Remuneration policy

The vice GM and management personnel above conducted annual salary system, other employees conducted contacting the performance with the benefit salary system.

Training plan

The Company established annual training plan in line with Measures for the Management of Employee Training. The Company adopts internal training, hires experts give lectures to the Company or participate professional training, train the on job employees with job knowledge, professional skills, rules and regulations, the business process etc., which enrich and renew the professional knowledge, enhance the comprehensive quality and business skills of the employees.

4. Particulars about labor outsourcing

Applicable Inapplicable

Total labor hours of labor outsourcing (hour)	
Total remuneration paid for labor outsourcing (RMB)	

Note: If the labor outsourcing is large, the Company shall disclose the total labor hours and total remuneration for labor outsourcing.

Section IX Corporate Governance

I. Basic details 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.

(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, 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.

II. Particulars about the Company's separation from the controlling shareholder in respect of business, personnel, assets, organization and financial affairs

(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.

III. Horizontal competition

Applicable Inapplicable

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

Particulars about the shareholders' general meeting in reporting period

Session	Type	Proportion of investors' participation	Convening date	Disclosure date	Index to the disclosed
The Annual Shareholders' General Meeting of 2014	The Annual Shareholders' General Meeting	63.59%	28 Apr. 2015	29 Apr. 2015	Announcement on resolution of 2014 annual shareholders' general meeting (Cninfo website) www.cninfo.com.cn
The First Special Shareholders' General Meeting for 2015	Special Shareholders' General Meeting	63.55%	21 Sept. 2015	22 Sept. 2015	Announcement on resolution of 2015 first special meeting of shareholders (Cninfo website) www.cninfo.com.cn

Particulars about institution investors

Name of investors	Number of directors attended	Attendance times in shareholders' general meeting
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2. Special Shareholders' General Meeting applied by the preferred stockholder with restitution of voting right

Applicable Inapplicable

V. Performance of the Independent Directors

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

1. Particulars about the independent directors attending the board sessions						
Independent director	Sessions required to attend during the reporting period	Attendance in person	Attendance by way of telecommunication	Entrusted presence (times)	Absence rate	Non-attendance in person for two consecutive times
Liu Quanmin	5	3	2	0	0	No
Song Botong	5	2	2	1	0	No
Zhang Shunwen	5	3	2	0	0	No
General meetings sat in on by independent directors						2

Note to non-attendance in person for two consecutive times

N/A

2. Particulars about independent directors proposing objection on relevant events

Whether independent directors propose objection on relevant events or not?

Yes No

During the reporting period, no independent directors proposed any objection on relevant events of the Company.

3. Other explanations about the duty performance of independent directors

Whether advices to the Company from independent directors were adopted or not

Yes No

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

N/A

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

During reporting period, there was no change in the relevant committees of the board of directors, the committees actively, effectively work, providing powerful guarantee to the scientific decision-making, the relevant situations are as follows:

(I) Performance of the Audit Committee of the Board

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 2014 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 2014 annual audit work as followings:

1. Review opinions issued concerning the Company's 2014 Annual Financial Report

Based on their professional knowledge and experience, the members of Audit Committee reviewed the 2014 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 2014 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 2014 Financial Report prepared by Ruihua 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 2014 and its financial position as at 31 Dec. 2014 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 2015 annual audit conducted by Ruihua Certified Public Accountants (Special General Partnership)

In accordance with stipulations on relevant work for 2015 annual report by CSRC and Shenzhen Stock Exchange, the Company's Audit Committee summarized the 2015 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 2015 annual audit lasted from 5 Dec. 2015 to 29 Mar. 2016 as schedule.

Of which, the pre-audit and internal test lasted from 5 Dec. 2015 to 5 Jan. 2016; the substantial test lasted from 6 Jan. 2016 to 5 Mar. 2016; the compilation of audit report, its re-check in CPAs firm and formulation of first draft lasted from 6 Mar. 2016 to 10 Mar. 2016

② Review of the financial statements

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

(2) Audit process

From 5 Dec. 2015, 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 2015 Annual Report on 10 March 2016, 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. 2015, and they approved the formation of 2015 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. 2015, 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 29 March 2016, the final version of audit report was issued. And this marked the end of the site audit conducted by Ruihua on the Company's 2015 financial report.

(II) Performance of the Nomination, Remuneration and Evaluation Committee

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 2015 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 2015 Annual Report was factual and accurate.

VII. Performance of the Supervisory Committee

During the reporting period, the Supervisory Committee found whether there was risk in the Company in the supervisory activity

Yes No

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

In 2015, the supervisors in line with the Company Law and Article of Association, and under the energetically support of board of directors, management team and lots of shareholders, actively maintain the equity of shareholders and faithfully fulfill their duties of supervision.

(I) Performance of the Supervisory Committee

Conduct effective right of supervision in each kinds of resolution meeting. Focus on the enterprise core assets operation and the usage of significant capital and compliance of significant engineering

projects, enforce and perfect the enterprise supervision and restraint mechanism and internal control system, continue to perfect and curing the supervision system new pattern, integrated supervision power, implement the joint conference system of supervision, which ensure the enterprise funds and assets risk under control. Promote the public Company affairs, decision democratization, supervising decision-making rules, specification and effectiveness of program; strengthen the daily the supervision of the significant business activities. Enhance each special supervision and inspection, conduct capital safety inspection, and the contract inspection, property leasing inspection supervision, and enhance the supervision to the lawsuit cases, and each invitation for bids of engineering projects and the inspection to the efficiency implementation of enterprise system. Supervision of internal audit, conduct performance assessment, operation management, capital management and audit of financial expenses. Enhance the supervision of information disclosure, and disclosure of report of directors and the Company, reviewed in progress, ensure the authenticity, accuracy, completeness, and timeliness of the disclosure of information.

(II)Particulars about the meetings held by the Supervisory Committee

1. On 27 Mar. 2015, the 12th Meeting of the 7th Board of Directors was held, the meeting reviewed and approved the Annual Report and Abstract of 2015, Profit Allocation Pre-plan of 2015, Supervision Committee Report of 2015, Report on Self-appraisal Internal Control in 2015, there were 5 supervisors participated the meeting, the voting situation: 5 consent, 0 against, 0 abstention.
2. On 28 Apr. 2015, the 13th Meeting of the 7th Board of Directors was held, the meeting reviewed and approved the First Quarter Report and Abstract of 2015, there were 5 supervisors participated the meeting, the voting situation: 5 consent, 0 against, 0 abstention
3. On 28 Aug.2015, the 14th Meeting of the 7th Board of Directors was held, the meeting reviewed and approved the Semi-annual Report and Abstract of 2015. There were 5 supervisors participated the meeting, the voting situation: 5 consent, 0 against, 0 abstention
4. On 30 Oct.2015, the 11th Meeting of the 7th Board of Directors was held, the meeting reviewed and approved the Third Quarter Report and Abstract of 2015, there were 5 supervisors participated the meeting, the voting situation: 5 consent, 0 against, 0 abstention. There were 5 supervisors participated the meeting, the voting situation: 5 consent, 0 against, 0 abstention

(III)The independent opinions of the relevant events of the Company given by Supervisor Committee

- 1.the Company's legal operation: in 2015, the members of supervisor committee attended the meetings of the Board of Directors, and the chief of supervisors, Zhuang Quan represented the supervisor committee to attend the resolution meetings of the management, the GM office meetings and other important meetings. In line with each stipulations, the Supervisor Committee believed that: during reporting period, the decision-making of the Company conducted in line with the laws and regulations and Articles of Association, and had no damage to the equity of shareholders, and

further perfected the internal management mechanism and the Company control system. The Directors, senior executives implemented Company position without violating to laws and laws and regulations, Article and Associations, and damages the equity of the Company, and was conscientious and compliance in their performance.

2. Financial status: during reporting period, the Supervisor Committee seriously perform their supervision to the financial status, the operation and risk situation of the Company, and issue audit opinion to each periodic report. The Supervisor Committee believed that: the standard unqualified opinions of the financial report issued by Ruihua Certified Public Accountants (Special General Partnership) truly and objectively reflected the operation results of financial status of the Company.

3. During reporting period, there was no fund-raising in the Company.

4. During reporting period, the related transaction and guarantee of the Company:

(1) During reporting period, there was no non-operating occupying capital of the Company by controlling shareholders, actual controllers and other related party; and there was no controlling shareholders, other related party, illegal person, unit or individual providing guarantee.

(2) During reporting period, the wholly-owned Company Zhentong Company undertook the project implementation of related party Shenzhen Jianan (Group) Co., Ltd. (the total package contractor of Chuan Qi Mountain project of the Company), and received RMB7.0722 million of project funds.

(3) During reporting period, the related transaction of the Company was fairness and compliance, there was no any damage to equity of minority shareholders and profits of the Company; there was no new increase of guarantee events in the Company during reporting period.

5. Opinion on self-appraisal report of internal control:

In 2015, the Company continue enforce the risk management and standardized construction of internal control, the internal control of the Company covered the department and its affiliated companies, and the important activities of internal control was in line with the stipulations of each rules, there was no defect, the Company's self-appraisal was confirm with the actual situation of the Company.

VIII. Performance Evaluation and Incentive Mechanism for Senior Management Staff

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.

IX. Internal Control

1. Particulars about significant defects found in the internal control during reporting period

Yes No

2. Self-appraisal report on internal control

Disclosure date of the Self-appraisal Report on Internal Control	30 Mar. 2016	
Disclosure index of the Self-appraisal Report on Internal Control	Cninfo website (www.cninfo.com.cn) “Self-assessment Report of Internal Control”	
The proportion of total assets included in evaluation scope entities in the Company's total assets of the consolidated financial statements		100.00%
The proportion of operation revenue included in evaluation scope entities in the Company's operation revenue of the consolidated financial statements		100.00%
Defect judging standards		
Category	Section XI. Financial Report	Non-Financial Report
Qualitative criteria	The Company in line with the actual situation, when the follows events or indications happen, which means there probably existing large or significant defects in the financial report; (1) the directors, supervisors and senior executives were fraud. (2) Certified Public Accountant find that there is a significant error in the financial report, however, the internal control did not discover it when conducting internal control; (3) The Audit Committee under the Board and Internal Audit Service's supervision to the internal control is invalid. (4) The accounting personnel were without necessary qualities to complete the preparation of financial statements.	The criterion of quality of the recognition of defects of internal control in the non-financial statements mainly were order of severity of defect involving business nature, the direct or potential negative influence nature and the influence scope and other factors. If the follows events or indicators occur, there may be large or significant defects of internal control in the non-financial statements : (1) Lack democratic decision-making process, if lack significant problem decision-making, important appointment and dismissal of cadres, significant project investment decision-making; usage of large capital (three important, one large); (2) Unscientific decision-making process, such as the major decision-making errors, has caused a serious property loss to the company; (3) Seriously violating state laws and regulations; (4) Loss of key management personnel or important talent; (5) Negative news media appear frequently and widely spread; (6) The results of the internal control evaluation especially large or significant defects have not been corrected. (7) Important business systems lack control rules, or systemic failure.
Quantitative criteria	Large defects: the defects, or defect group may lead to the financial results misstatement or potential losses >3% of net assets; significant defects: 1% of net assets<the defects, or defect group may lead to the financial results misstatement or potential losses ≤ 3% of net assets;	The criterion of quantity of the recognition of defects of internal control in the non-financial statements mainly were amount of direct economy losses, in line with the criterion of quantity of the recognition of defects of internal control in financial report of the Company.

	General defects: the defects, or defect group may lead to the financial results misstatement or potential losses \leq 1% of net assets. Note: Net assets in a recent issue of the audited financial report shall prevail	
Number of significant defects of financial report (piece)		0
Number of significant defects of non- financial report (piece)		0
Number of important defects of financial report (piece)		0
Number of important defects of non-financial report (piece)		0

X. Audit report on internal control

Applicable Inapplicable

Audit opinion paragraphs in the Audit Report on 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. 2015 in accordance with Basic Standards for Internal Control and relevant regulations	
Particulars about Audit Report on Internal Control	Disclosure
Disclosure date of the Audit Report on Internal Control	30 Mar. 2016
Disclosure index of the Audit Report on Internal Control	Cninfo website (www.cninfo.com.cn) "Audit Report on Internal Control"
Type of Audit Report on Internal Control	Unqualified auditor's report
Whether there is significant defect in non-financial report	No

Whether the CPAs firm issues an Audit Report on Internal Control with non-standard opinion or not?

Yes No

Whether the Audit Report on Internal Control from the CPAs firm is in consistent with the Self-appraisal Report from the Board or not?

Yes No

Section X Financial Report

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

Financial Statements with Auditors' Report

For The Year Ended 31 December 2015

(English Translation for Reference Only)

Ruihua Shen Zi [2016] No. 48400009

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Auditor's Report

Ruihua Shen Zi [2016]48400009

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, 2015, 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, 2015 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 29, 2016

Consolidated Balance Sheet

As of 31 December 2015

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	1,175,756,306.36	678,957,249.03
Notes receivable	6.2	18,663,872.02	119,846,192.64
Account receivables	6.3	112,543,908.66	84,388,842.43
Prepayments	6.4	22,952,379.40	17,821,748.23
Dividends receivable	6.5	1,052,192.76	1,052,192.76
Other receivables	6.6	61,673,343.42	59,528,298.21
Inventories	6.7	2,146,223,895.61	2,796,551,656.42
Other current assets	6.8	40,315,831.06	12,436,024.40
Total current assets		3,579,181,729.29	3,770,582,204.12
Non-current assets			
Available- for- sale financial assets	6.9	17,464,240.74	17,464,240.74
Long-term equity investments	6.10	57,768,804.36	57,730,086.79
Investment properties	6.11	435,058,564.20	454,628,505.97
Fixed assets	6.12	52,213,985.31	54,321,296.22
Intangible assets	6.13	5,654,820.00	6,201,226.83
Long-term deferred assets	6.14	397,608.64	314,159.41
Deferred tax assets	6.15	32,197,368.21	13,856,593.97
Other non-current assets		--	--
Total non-current assets		600,755,391.46	604,516,109.93
TOTAL ASSETS		4,179,937,120.75	4,375,098,314.05

Consolidated Balance Sheet

As at 31 December 2015

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	143,418,286.29	149,846,192.64
Notes payable	6.17	--	2,780,000.00
Accounts payable	6.18	290,453,110.50	541,538,762.36
Deferral	6.19	475,620,347.35	144,315,921.34
Employee benefits payable	6.20	38,750,019.72	38,068,842.03
Taxes payable	6.21	63,459,415.42	96,394,993.67
Interest payables	6.22	17,535,277.94	18,716,395.18
Other payables	6.23	385,811,304.33	406,871,917.76
Non-current liabilities due within one year	6.24	168,727,608.54	453,207,700.00
Total current liabilities		1,583,775,370.09	1,851,740,724.98
Non-current liabilities:			
Long-term loans	6.25	382,233,324.88	478,985,579.95
Long-term payables	6.26	10,480,629.35	11,267,012.97
Total non-current liabilities		392,713,954.23	490,252,592.92
Total liabilities		1,976,489,324.32	2,341,993,317.90
Owners' equity:			
Share capital	6.27	1,011,660,000.00	1,011,660,000.00
Capital reserve	6.28	978,244,910.11	978,244,910.11
Less: treasury shares			
Other comprehensive income	6.29	10,063,591.61	9,510,918.16
Surplus reserve	6.30	40,823,841.35	4,974,391.15
Undistributed profit	6.31	290,911,773.00	157,147,182.36
Total owners' equity attributable to parent company		2,331,704,116.07	2,161,537,401.78
Minority interests		-128,256,319.64	-128,432,405.63
Total owners' equity		2,203,447,796.43	2,033,104,996.15
Total liabilities and owners' equity		4,179,937,120.75	4,375,098,314.05

The notes to the financial statements set out on pages 15 to 127 are an integral part of these financial statements

Financial statements on pages 3 to page 14 signed by the following persons:

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

**Consolidated Income Statement
For the Year 2015**

**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	2,163,365,575.33	2,132,311,222.93
Including: Operating income	6.32	2,163,365,575.33	2,132,311,222.93
II . Total operating Costs		1,754,071,091.19	1,732,830,070.97
Including: Operating costs	6.32	1,389,627,289.48	1,409,664,863.08
Business tax and surcharge	6.33	217,613,031.65	179,371,317.23
Selling expenses	6.34	46,977,100.96	44,525,387.33
Administrative expense	6.35	58,883,597.38	64,982,801.88
Financial expense	6.36	32,367,511.56	33,816,128.14
Impairment losses of assets	6.37	8,602,560.16	469,573.31
Add: Gains from changes in fair value ("-" means loss)		--	--
Investment income ("-" means loss)	6.38	388,717.57	-6,325.06
Including: Investment income from associates and joint venture	6.38	38,717.57	-6,325.06
III. Operating profit ("-" means loss)		409,683,201.71	399,474,826.90
Add: Non-operating income	6.39	974,019.63	1,596,644.62
Including: Gains from disposal of non-current assets	6.39	--	396.00
Less: Non-operating expenses	6.40	752,280.95	410,532.95
Including: Loss on disposal of non-current assets	6.40	23,390.74	133,838.39
IV . Total profit ("-" means loss)		409,904,940.39	400,660,938.57
Less: Income tax expenses	6.41	108,835,873.61	102,602,788.98
V . Net profit ("-" means loss)		301,069,066.78	298,058,149.59
Net attributable to owners of parent company		301,129,840.84	298,033,316.49
Minority interests		-60,774.06	24,833.10
VI . After-tax net of other comprehensive incomes	6.42	789,533.50	42,159.54
After-tax net of other comprehensive incomes owned by owner of the parent company		552,673.45	156,897.95
(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		552,673.45	156,897.95
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		552,673.45	156,897.95
Net of tax from other comprehensive incomes owned by minority stockholders		236,860.05	-114,738.41
VII . Total comprehensive income		301,858,600.28	298,100,309.13
Total comprehensive income attributable to owners of parent company		301,682,514.29	298,190,214.44
Total comprehensive income attributable to minority interests		176,085.99	-89,905.31
VIII . Earnings per share		--	
Basic Earnings per share		0.2977	0.2946
Diluted Earnings per share		0.2977	0.2946

The notes to the financial statements set out on pages 15 to 127 are an integral part of these financial statements

Financial statements on pages 3 to page 14 signed by the following persons:

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Consolidated Cash Flow Statement For the Year 2015

**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		2,567,618,949.74	1,804,972,330.58
Refund of taxes and levies		--	--
Cash received relating to other operating activities	6.43(1)	26,298,314.89	62,115,853.30
Sub-total of Cash Inflows		2,593,917,264.63	1,867,088,183.88
Cash paid for goods and services		874,557,874.73	990,792,625.54
Cash paid to and on behalf of employees		140,617,529.10	138,814,983.27
Cash paid on taxes and levies		402,794,877.07	313,460,106.78
Cash paid relating to other operating activities	6.43(2)	78,802,729.22	101,858,404.93
Sub-total of Cash Outflows		1,496,773,010.12	1,544,926,120.52
Net Cash Flows from Operating Activities		1,097,144,254.51	322,162,063.36
II . Cash Flows from Investing Activities:			
Cash received from return of investments		--	--
Cash received investing income		350,000.00	--
Net cash received from disposal of fixed assets, intangible assets and other long assets"		36,230.00	24,690.00
Net cash flows from disposal subsidiary and other operating unite		--	--
Other cash received relating to investing activities		--	--
Sub-total of Cash Inflows		386,230.00	24,690.00
Cash paid to acquire fixed assets, intangible assets and other long assets		4,894,632.61	3,016,118.70
Cash paid on investments		--	--
Net cash paid on obtain subsidiary and other operating unite		--	--
Cash paid on other investing activities		3,000,000.00	--
Sub-total of Cash Outflows		7,894,632.61	3,016,118.70
Net Cash Flows from Investing Activities		-7,508,402.61	-2,991,428.70
III. Cash flow from Financing Activities			
Cash received from investments		--	--
Including: Cash received from investments by minority interests of subsidiaries		--	--
Cash received from borrowing		225,000,000.00	361,980,844.46
Cash received from issuing bonds		--	--
Other cash received relating to Financing activities	6.43(3)	2,837,400.00	32,652.01
Sub-total of Cash Inflows		227,837,400.00	362,013,496.47
Cash repayments on borrowed amounts		636,232,346.53	456,502,746.62
Cash payments for distribution of dividends or profits		182,116,157.01	71,090,520.99
Including: Dividends or profit paid to minority interests of subsidiaries		--	--
Cash payments on other financing activities	6.43(4)	--	2,780,000.00
Sub-total of cash Outflows		818,348,503.54	530,373,267.61
Net cash flows from financing activities		-590,511,103.54	-168,359,771.14
IV. Effect of foreign exchange rate on cash		511,708.97	24,613.07
V . Net increase in cash and cash equivalents		499,636,457.33	150,835,476.59
Add: cash equivalents at the beginning of the period		670,119,849.03	519,284,372.44
VI. Cash equivalents at the end of the period		1,169,756,306.36	670,119,849.03

The notes to the financial statements set out on pages 15 to 127 are an integral part of these financial statements

Financial statements on pages 3 to page 14 signed by the following persons:

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

CONSOLIDATED STATEMENT OF CHANGE IN OWNER'S EQUITY
For the Year 2015

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	978,244,910.11	--	9,510,918.16	--	4,974,391.15	--	157,147,182.36	-128,432,405.63	2,033,104,996.15
Add: Changes of accounting policies	--	--	--	--	--	--	--	--	--	--
Prior year adjustments	--	--	--	--	--	--	--	--	--	--
Corporate combination under common control	--	--	--	--	--	--	--	--	--	--
Others	--	--	--	--	--	--	--	--	--	--
II. Balance at the Beginning of the Year	1,011,660,000.00	978,244,910.11	--	9,510,918.16	--	4,974,391.15	--	157,147,182.36	-128,432,405.63	2,033,104,996.15
III. Increase/Decrease movements in this Year ("-" means loss)	--	--	--	552,673.45	--	35,849,450.20	--	133,764,590.64	176,085.99	170,342,800.28
(I) Total comprehensive income	--	--	--	552,673.45	--	--	--	301,129,840.84	176,085.99	301,858,600.28
(II) Capital paid in and reduced by the shareholders	--	--	--	--	--	--	--	--	--	--
(III) Profit distribution	--	--	--	--	--	35,849,450.20	--	-167,365,250.20	--	-131,515,800.00
1. Draw statutory surplus reserve	--	--	--	--	--	35,849,450.20	--	-35,849,450.20	--	--
2. Draw generic risk reserve	--	--	--	--	--	--	--	--	--	--
3. Distribution to shareholders	--	--	--	--	--	--	--	-131,515,800.00	--	-131,515,800.00
4. Others	--	--	--	--	--	--	--	--	--	--
(IV) Internal carry-forward of shareholders' equity	--	--	--	--	--	--	--	--	--	--
(V) Special Reserve	--	--	--	--	--	--	--	--	--	--
(VI) Others	--	--	--	--	--	--	--	--	--	--
IV. Balance at the end of the period	1,011,660,000.00	978,244,910.11	--	10,063,591.61	--	40,823,841.35	--	290,911,773.00	-128,256,319.64	2,203,447,796.43

The notes to the financial statements set out on pages 15 to 133 are an integral part of these financial statements

Financial statements on pages 3 to page 14 signed by the following persons:

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

CONSOLIDATED STATEMENT OF CHANGES 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	Surplus reserve	Special reserve	General risk provision	Undistributed profit		
I. Balance at the end of last period	1,011,660,000.0 0	978,244,858.1 0	--	9,354,020.21	--	4,974,391.15	--	-140,886,134.1 3	-128,342,500.3 2	1,735,004,635.0 1
Add: Changes of accounting policies	--	--	--	--	--	--	--	--	--	--
Prior year adjustments	--	--	--	--	--	--	--	--	--	--
Corporate combination under common control	--	--	--	--	--	--	--	--	--	--
Others	--	--	--	--	--	--	--	--	--	--
II. Balance at the Beginning of the Year	1,011,660,000.0 0	978,244,858.1 0	--	9,354,020.21	--	4,974,391.15	--	-140,886,134.1 3	-128,342,500.3 2	1,735,004,635.0 1
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	1,011,660,000.0 0	978,244,910.1 1	--	9,510,918.16	--	4,974,391.15	--	157,147,182.36	-128,432,405.6 3	2,033,104,996.1 5

The notes to the financial statements set out on pages 15 to 127 are an integral part of these financial statements

Financial statements on pages 3 to page 14 signed by the following persons:

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Balance Sheet
As at 31 December 2015

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		858,492,165.42	332,170,340.34
Accounts receivable	14.1	9,412,675.23	39,403,575.24
Prepayments		--	69,000.00
Dividends receivable		140,763,284.58	--
Other receivables	14.2	682,468,446.16	675,944,666.16
Inventories		892,015,463.86	1,481,149,880.16
Other current assets		24,782,301.67	7,961,089.71
Total current assets		2,607,934,336.92	2,536,698,551.61
Non-current Assets:			
Available-for-sale financial assets		12,000,000.00	12,000,000.00
Long-term equity investments	14.3	316,403,759.70	316,365,042.13
Investment properties		379,377,363.53	398,040,383.57
Fixed assets		28,849,484.59	31,477,401.72
Intangible assets		662,400.00	1,031,266.83
Long-term deferred assets		377,908.74	76,395.75
Deferred tax assets		5,717,550.76	850,769.96
Other non-current assets		--	--
Total non-current assets		743,388,467.32	759,841,259.96
Total Assets		3,351,322,804.24	3,296,539,811.57

Balance Sheet (Continued)

As at 31 December 2015

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		69,300,670.37	225,934,147.53
Deferral		243,559,137.60	36,334,967.00
Employee benefits payable		13,579,802.91	13,613,754.45
Taxes payable		37,099,690.34	48,212,677.31
Interest payable		17,535,277.94	18,328,034.07
Other payables		292,391,556.70	390,836,659.90
Non-current liability due within one year		168,727,608.54	253,207,700.00
Other current liability		--	--
Total current liabilities		842,193,744.40	986,467,940.26
Non-current liabilities:			
Long-term loans		382,233,324.88	445,996,227.72
Total non-current liabilities		382,233,324.88	445,996,227.72
Total liabilities		1,224,427,069.28	1,432,464,167.98
Owners' equity:			
Share capital		1,011,660,000.00	1,011,660,000.00
Capital reserve		978,244,910.11	978,244,910.11
Surplus reserve		17,694,227.94	--
Undistributed profit		119,296,596.91	-125,829,266.52
Total owners' equity attributable to parent company		2,126,895,734.96	1,864,075,643.59
Total liabilities and owners' equity		3,351,322,804.24	3,296,539,811.57

The notes to the financial statements set out on pages 15 to 127 are an integral part of these financial statements

Financial statements on pages 3 to page 14 signed by the following persons:

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Income Statement
For the Year 2015

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	1,056,966,713.96	634,628,332.73
Less: Operating cost	14.4	568,667,535.09	369,071,677.90
Business tax and surcharge		128,014,886.94	43,735,811.30
Selling expenses		25,444,324.18	14,077,556.37
Administrative expense		30,232,942.46	33,934,825.55
Financial expense		-3,785,029.66	18,105,774.80
Impairment losses of assets		159,351.00	-51,045,921.78
Add: Gain from changes in fair value ("- " means loss)		--	--
Investment income ("- " means loss)	14.5	163,210,586.51	270,602,716.90
Including: Investment income from associates and joint venture	14.5	-129,692.73	-6,325.06
II. Operating profit ("- " means loss)		471,443,290.47	477,351,325.49
Add: Non-operating income		93,670.00	603,903.72
Including: gains from disposal of non-current assets		--	--
Less: Non-operating expenses		52,469.13	70,687.90
Including: Loss from disposal of non-current assets		2,310.77	11,687.90
III. Total profit ("- " means loss)		471,484,491.34	477,884,541.31
Less: Income tax expenses		77,148,599.96	39,685,378.61
IV. Net profit ("- " means loss)		394,335,891.37	438,199,162.70
V. Other comprehensive income		--	--
VI. Total comprehensive income		394,335,891.37	438,199,162.70

The notes to the financial statements set out on pages 15 to 127 are an integral part of these financial statements

Financial statements on pages 3 to page 14 signed by the following persons:

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Cash Flow Statement

For the Year 2015

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		1,294,181,784.57	553,520,820.72
Refund of taxes and levies		--	--
Cash received relating to other operating activities		20,687,551.72	73,572,569.13
Sub-total of cash inflows		1,314,869,336.29	627,093,389.85
Cash paid for goods and services		119,247,297.98	169,494,543.93
Cash paid to and on behalf of employees		30,177,724.69	42,143,223.14
Cash paid on taxes and levies		245,411,338.53	192,165,574.72
Cash paid relating to other operating activities		47,664,610.80	33,954,055.89
Sub-total of Cash Outflows		442,500,971.99	437,757,397.68
Net Cash Flows from Operating Activities		872,368,364.30	189,335,992.17
II . Cash Flows from Investing Activities:			
Cash received from return of investments		--	30,000,000.00
Cash received investing income		350,000.00	--
Net cash received from disposal of fixed assets, intangible assets and other long assets		--	10,400.00
Other cash received relating to investing activities		--	17,251,324.21
Sub-total of Cash Inflows		350,000.00	47,261,724.21
Cash paid to acquire fixed assets, intangible assets and other long assets		740,321.05	828,454.00
Cash paid on investments		--	--
Cash paid on other investing activities		--	--
Sub-total of cash outflows		740,321.05	828,454.00
Net Cash Flows from Investing Activities		-390,321.05	46,433,270.21
III. Cash flow from Financing Activities			
Cash received from investments		--	--
Cash received from borrowing		200,000,000.00	220,000,000.00
Cash received from issuing bonds		--	--
Cash received from other financing activities		--	52.01
Sub-total of cash inflows		200,000,000.00	220,000,052.01
Cash repayments on borrowed amounts		373,242,994.30	433,502,746.62
Cash payments for distribution of dividends or profits		172,425,222.27	53,049,461.10
Cash payments on other financing activities		--	--
Sub-total of cash Outflows		545,668,216.57	486,552,207.72
Net cash flows from financing activities		-345,668,216.57	-266,552,155.71
IV. Effect of foreign exchange rate on cash		11,998.40	81.20
V .Net increase in cash and cash equivalents		526,321,825.08	-30,782,812.13
Add: cash equivalents at the beginning of the period		326,170,340.34	356,953,152.47
VI. Cash equivalents at the end of the period		852,492,165.42	326,170,340.34

The notes to the financial statements set out on pages 15 to 127 are an integral part of these financial statements

Financial statements on pages 3 to page 14 signed by the following persons:

Legal representative:

Person in charge of accounting:

Person in charge of accounting organ:

Statement of Changes in Owners' Equity
For the year 2015

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	978,244,910.11	--	9,510,918.16	4,974,391.15	--	-125,829,266.52	1,864,075,643.59
Add: Changes of accounting policies	--	--	--	--	--	--	--	--
Prior year adjustments	--	--	--	--	--	--	--	--
Corporate combination under common control	--	--	--	--	--	--	--	--
Others	--	--	--	--	--	--	--	--
II. Balance at the Beginning of the Year	1,011,660,000.00	978,244,910.11	--	--	--	--	-125,829,266.52	1,864,075,643.59
III. Increase/Decrease movements in this Year ("-" means loss)	--	--	--	17,694,227.94	--	--	245,125,863.43	262,820,091.37
(I) Total comprehensive income	--	--	--	--	--	--	394,335,891.37	394,335,891.37
(II) Capital paid in and reduced by the shareholders	--	--	--	--	--	--	--	--
(IV) Profit distribution	--	--	--	--	17,694,227.94	--	-149,210,027.94	-131,515,800.00
1. Draw statutory surplus reserve	--	--	--	--	17,694,227.94	--	-17,694,227.94	--
2. Draw generic risk reserve	--	--	--	--	--	--	--	--
3. Distribution to shareholders	--	--	--	--	--	--	-131,515,800.00	-131,515,800.00
4. Others	--	--	--	--	--	--	--	--
(V) Internal carry-forward of shareholders' equity	--	--	--	--	--	--	--	--
(VI) Special Reserve	--	--	--	--	--	--	--	--
(VII) Others	--	--	--	--	--	--	--	--
IV. Balance at the end of the period	1,011,660,000.00	978,244,910.11	--	--	17,694,227.94	--	119,296,596.91	2,126,895,734.96

The notes to the financial statements set out on pages 15 to 127 are an integral part of these financial statements

Financial statements on pages 3 to page 14 signed by the following persons:

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

The notes to the financial statements set out on pages 15 to 127 are an integral part of these financial statements

Financial statements on pages 3 to page 14 signed by the following persons:

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. The Company’ s registered site is 45-48 floor, ShenFang Square, renmin nan Road, Shenzhen. The headquarters office address is 47 floor, ShenFang Square, renmin nan Road, Shenzhen.

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.

As of Dec.31,2015, 26 subsidiary companies have been consolidated in the company, for the detail refer to Note “Equities in other entities”.There were no changes in the consolidation scope during 2015.

The Financial statement published on Mar 29th, 2016, 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 2015. 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 51of "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 ① those relating to foreign currency borrowings specifically for construction and acquisition of qualifying assets, which are capitalized in accordance with the principle of capitalization of borrowing costs; ② The exchange difference from changes of other account balance of foreign currency monetary items available-for-trade is recorded into 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 overseas operation and other reasons cause the share percentage of overseas operation to decrease without making the power of control disappear, the translation difference of translation foreign currency financial statement related with the part of overseas operation disposed should be attributable to the minority interest and do not transfer to the current period profit and loss. When the overseas 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 overseas 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 participants can get when selling an asset or need to pay when transferring an obligation incurred in an orderly transaction on the measurement date. When there is an 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-sale 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

① The Group as Lessee under Operating Lease

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

② The Group as Leaser under Operating Lease

Lease income from operating leases shall be recognized by the leaser in profit or loss

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

(2) Financing Lease

① The 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.

② The Group as Lessor 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 no changes of accounting policies during this period.

(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 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 Educationsurcharge)	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, 2015, the Closing refers to the December 31, 2015; the items of the prior period refers to the year 2014, the current period refers to the year 2015.

6.1 Monetary funds

Item	Closing balance	Opening balance
Cash on hand	54,487.37	61,413.08
Cash in bank	1,169,701,818.99	670,058,435.95
Other monetary funds	6,000,000.00	8,837,400.00
Total	1,175,756,306.36	678,957,249.03
Including amount deposited in the foreign countries	9,096,056.99	9,057,907.94

Note: (1)As of Dec.31,2015, for the funds that the Group's ownership are restricted is 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	18,663,872.02	119,846,192.64
Total	18,663,872.02	119,846,192.64

(2) Note receivables pledged at year end

As at end of the year, there were no any note receivables which had been pledged.

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

Item	Amt. derecognized at year end	Amt. not derecognized at year end
Bank acceptance	--	--
Trade acceptance	--	18,663,872.02
Total	--	18,663,872.02

Note: As of Dec.31,2015, the trade acceptance discounted but not matured is RMB 18,663,872.02(RMB 77,033,595.47 as of Dec.31,2014), the balance of related pledged borrowing is 18,663,872.02(RMB 77,033,595.47 as of Dec.31,2014) (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.

6.3 Accounts receivables

(1) Accounts receivable by categories

Category	Closing balance			
	Carrying amount		Bad debt provision	
	Amount	(%)	Amount	(%)
Accounts receivable of which provision for bad debts is of individually significant	--	--	--	--
Accounts receivable of which provision for bad debts is of individually insignificant	131,787,566.17	100.00	19,243,657.51	14.60
Total	131,787,566.17	100.00	19,243,657.51	14.60

(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	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

(2) Accounts receivable by aging balance

	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)
Within 1 year	102,662,642.01	77.90	75,192,337.53	72.61
1-2 years	1,190,655.05	0.90	3,040,957.54	2.94
2-3 years	2,631,545.04	2.00	253,116.00	0.24
Over 3 years	25,302,724.07	19.20	25,067,782.88	24.21
Total	131,787,566.17	100.00	103,554,193.95	100.00

(3) Bad debt provision

The bad debt provision of accounts receivable during this period is RMB 78,306.00.

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	A separate provision is established according to the recoverability of each receivable with long aging and little retrievability.
House pay to be collected	11,049,363.77	6,968,694.02	63.07	
Engineering construction funds and others	109,163,646.40	700,407.49	0.64	
Total	131,787,566.17	19,243,657.51	14.60	

(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 (%)
Corporate unit No.1	Un-related party	99,754,414.27	Within 1 year	75.69
Corporate unit No.2	Un-related party	1,898,129.55	Within 1 year	1.44
Individual No.1	Un-related party	1,200,000.00	over 5 years	0.91
Corporate unit No.3	Related party	1,137,877.25	Within 1 year	0.86
Individual No.2	Un-related party	876,864.11	over 5 years	0.67
Total		104,867,285.18		79.57

(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	20,002,413.22	87.15	17,816,263.48	99.96
1-2 years	2,949,204.73	12.85	2,735.00	0.02

2-3 years	--	--	--	--
Over 3 years	761.45	0.00	2,749.75	0.02
Total	22,952,379.40	100.00	17,821,748.23	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	9,679,720.01	Within 1 year	The un-settled prepayment of engineering materials and materials un-warehousing
Project 2	Un-related party	6,772,528.16	Within 1 year	The un-settled prepayment of engineering materials and materials un-warehousing
Project 3	Un-related party	2,042,190.43	Within 1 year	The un-settled prepayment of engineering materials and materials un-warehousing
Project 4	Un-related party	1,291,000.00	Within 1 year	The un-settled prepayment of engineering materials and materials un-warehousing
Project 5	Un-related party	654,289.00	Within 1 year	The un-settled prepayment of engineering materials and materials un-warehousing
Total		20,439,727.60		

(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	3-4 years	Delay to pay	No
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	162,687,688.88	65.17	157,552,042.76	96.84
Other receivables of which provision for bad debts is of individually insignificant	86,943,815.99	34.83	30,406,118.69	34.97
Total	249,631,504.87	100.00	187,958,161.45	75.29

(Continued)

Category	Opening 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

(2) Other receivables by aging balance

	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)
Within 1 year	17,952,055.06	7.19	13,021,175.42	5.47
1-2 years	9,312,721.81	3.73	4,521,021.36	1.90
2-3 years	3,130,052.57	1.25	4,927,273.39	2.07
Over 3 years	219,236,675.43	87.83	215,764,344.71	90.56
Total	249,631,504.87	100.00	238,233,814.88	100.00

(3) Other receivables by nature

Nature	Closing balance	Opening balance
Other receivables between subsidiaries that are not included in the consolidated statement	130,433,537.72	129,692,578.94
Others	119,197,967.15	108,541,235.94
Total	249,631,504.87	238,233,814.88

(4) 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	129,109,401.68	129,109,401.68	100.00	A separate provision is established according to the recoverability of each receivables with long aging and little retrievability
Others	33,578,287.20	28,442,641.08	84.71	
Total	162,687,688.88	157,552,042.76	96.84	

(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	85,619,679.95	29,289,802.65	34.21	
Total	86,943,815.99	30,406,118.69	34.97	

(5) 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.

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

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

(8) 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	35.66	89,035,748.07
Bekaton property Limited *	Subsidiary	12,559,290.58	Above 3 years	5.03	12,559,290.58
Paklid Limited *	Subsidiary	18,816,702.93	Above 3 years	7.54	18,816,702.93
Guangdong province Huizhou Luofu Hill Mineral Water	Joint venture	10,465,168.81	Above 3 years	4.19	10,465,168.81

Name of entity	Relationship with the Group	Amount	Age	Proportion of the amount to the total OR (%)	Provision for bad debt at year end
Co.,Ltd					
Luofu Hill Travelling Corporation	Un- related party	9,600,000.00	Above 3 years	3.85	4,800,000.00
Total		140,476,910.39		56.27	135,676,910.39

Note: The above subsidiaries were not included in the Group's consolidated financial statements. Refer to Note 8.1 for details.

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

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

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

6.7 Inventory

(1) Categories of inventory

Item	Closing balance		Net carrying amount
	Carrying amount	Provision for inventories	
Real estate development projects			
Real estate developing products	545,991,041.32	--	545,991,041.32
Real estate developed products	1,391,791,237.50	12,991,351.75	1,378,799,885.75
Real estate which are going to be developed	159,653,497.75	--	159,653,497.75
Non real estate development projects			
Raw materials	525,723.92	--	525,723.92
Finished products	673,786.32	278,891.91	394,894.41
Low-value consumable products	--	--	--
Construction in progress	60,858,852.46	--	60,858,852.46
Total	2,159,494,139.27	13,270,243.66	2,146,223,895.61

(Continued)

Item	Opening balance		Net carrying amount
	Carrying amount	Provision for inventories	
Real estate development projects			
Real estate developing product	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

(2) Real estate developing products

	Starting time	Finished time	Estimated total investment	Closing balance	Opening balance
ChuanQi DongHu Building(Former DongHuDiJing Building)		2018	73,200.00	97,301,146.79	136,423,233.30
JingTian Heaven International Apartment (Shengfang CuiLin Building)	2015	2017	11,000.00	49,285,247.15	--
ShanTou Fresh Peak Building				24,396,781.61	23,877,564.23
TianYue Bay No.1	2015	2018	79,801.00	227,492,576.79	--
Total				545,991,041.32	206,672,758.28

Note: 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. 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. the related procedures are completed in 2015. The general contracting bidding of ChuanQi DongHu Building is completed and is going to be constructed. JingTian project has already been on operation in 2015.

(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.10	2010	32,478,194.38	--	8,879,414.94	23,598,779.44
Jinye Island villa No.11	2008	13,177,368.28	--	98,764.74	13,078,603.54
YueJing dongfang Project	2014	117,347,660.94	--	22,329,624.03	95,018,036.91
Wenjing Garden		3,818,939.87	--	--	3,818,939.87
Real Estate building		11,025,444.77	--	--	11,025,444.77
HuaFeng Building		1,631,743.64	--	--	1,631,743.64
HuangPuXinCun		350,245.69	--	60,442.81	289,802.88
Wenjin Warehouse		13,507,895.61	--	13,507,895.61	--
XingHu Garden		156,848.69	--	--	156,848.69
Chuanqishan Project	2013	1,310,962,978.80	--	583,742,826.06	727,220,152.74
Shenfang Shanglin Garden	2014	689,955,498.96	--	216,202,935.30	473,752,563.66
BeiJing Fresh Peak Buliding		671820.67	--	367,263.62	304,557.05
Total		2,236,980,404.61	--	845,189,167.11	1,391,791,237.50

Real estate which are going to be developed

	Opening balance	Additions	Reductions	Closing balance
TianYue Bay No.2 (Shantou Jingzaiwan)	324,164,580.02	--	164,511,082.27	159,653,497.75
Total	324,164,580.02	--	164,511,082.27	159,653,497.75

The reduction of this year is as the development of Shantou Jingzaiwan project is separated into two-part operation, first phase construction begun in this year and the land premium is put into construction product development - TianYue Bay No.1.

(5) Movement of Provision of inventories

Item	Opening balance	Increase	Decrease		Closing balance
			Reversals	Write-off	
Shengfang Shanglin Garden	25,114,387.88	--	--	12,123,036.13	12,991,351.75
Finished products	278,891.91	--	--	--	278,891.91
Total	25,393,279.79			12,123,036.13	13,270,243.66

(6) Capitalized borrowing cost at year end is RMB 53,885,784.79, for the detail please refer the following information:

Name of project	Opening balance	Capitalization fund	Indirect import	Closing balance	Capitalization rate
YueJing dongfang Project	1,692,512.28	--	340,168.31	1,352,343.97	

Name of project	Opening balance	Capitalization fund	Indirect import	Closing balance	Capitalization rate
Chuangqishan Project	55,379,950.40	--	33,432,600.82	21,947,349.59	
Shengfang Shanglin Garden	40,855,564.42	--	19,720,803.58	21,134,760.84	
Shengfang CuiLin Building	--	705,566.51	--	705,566.51	
TianYue Bay No.1	--	8,745,763.89	--	8,745,763.89	5.35%
合 计	97,928,027.11	9,451,330.40	53,493,572.71	53,885,784.79	

6.8 Other current assets

Item	Contents	Closing balance	Opening balance
Value added tax	Input tax to be deducted	4,747,581.57	4,382,360.04
Business tax	Tax paid for advances from customers	12,721,511.78	--
City construction surcharge	Tax paid for advances from customers	991,440.88	32,221.30
Education surcharge	Tax paid for advances from customers	300,938.18	--
Local education surcharge	Tax paid for advances from customers	214,188.54	--
Embankment Protection Fee	Tax paid for advances from customers	5,737.34	60,353.35
Increment tax on land value	Tax paid for advances from customers	18,334,432.77	7,961,089.71
Financial products of trust		3,000,000.00	--
Total		40,315,831.06	12,436,024.40

6.9 Available-for-sale financial assets

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

Item	Closing balance		Book value	Opening balance		
	Book balance	Impairment		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	1,372,207.20	--	--	38,717.57	--	--
Shenzhen Runhua Automobile trading Co.,Ltd	1,445,425.56	--	--	--	--	--
Subtotal	2,817,632.76	--	--	38,717.57	--	--
III. Other equity investments	206,636,006.42	--	--	--	--	--
Subtotal	206,636,006.42	--	--	--	--	--
Total	301,132,196.04	--	--	38,717.57	--	--

(Continued)

Invested company	Change amount of this year		Ending balance	Ending balance	Provision for impairment balance at year end
	Invested company	Change amount of this year			
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	Ending balance	Provision for impairment balance at year end
	Invested company	Change amount of this year			
II. Affiliated enterprises					
Shenzhen Ronghua JiDian Co.,Ltd	--	--	--	1,410,924.77	1,076,954.64
Shenzhen Runhua Automobile trading Co.,Ltd	--	--	--	1,445,425.56	1,445,425.56
Subtotal	--	--	--	2,856,350.33	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	--	--	--	301,170,913.61	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	757,560,363.04	94,368,659.33	--	851,929,022.37
2.Increase in the year	--	5,434,860.40	--	5,434,860.40
(1) Outsourcing	--	--	--	--
(2) Carried over from inventory	--	--	--	--
(3) Others	--	5,434,860.40	--	5,434,860.40
3.Decrease in the year	--	--	--	--
4.Closing balance	757,560,363.04	99,803,519.73	--	857,363,882.77
II.Accumulative depreciation& amortization				
1.Opening balance	305,719,209.78	--	--	305,719,209.78
2.Increase in the year	20,544,158.64	--	--	20,544,158.64
(1) Withdrawing or amortization	20,544,158.64	--	--	20,544,158.64
(2) Carried over from assets	--	--	--	--
3.Decrease in the year	--	--	--	--
4. Closing balance	326,263,368.42	--	--	326,263,368.42
III.Provision for impairment				
1.Opening balance	14,128,544.62	77,452,762.00	--	91,581,306.62
2.Increase in the year	--	4,460,643.53	--	4,460,643.53
3.Decrease in the year	--	--	--	--
4.Closing balance	14,128,544.62	81,913,405.53	--	96,041,950.15
IV. Book value				
1.Closing book value			--	

Item	House& building	Land-use right	Construction in progress	Total
	417,168,450.00	17,890,114.20		435,058,564.20
2. Opening book value	437,712,608.64	16,915,897.33		454,628,505.97

Note:(a) Current year depreciation and amortization is RMB 20,544,158.64;

(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 358,193,091.33 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	15,927,469.18	14,232,832.72	136,228,991.49
2. Increase in the year	2,870,061.83	2,796,742.64	510,328.92	6,177,133.39
(1) Purchasing	2,870,061.83	2,796,742.64	510,328.92	6,177,133.39
(2) Transferred from the construction in progress	--	--	--	--
3. Decrease in the year	1,828,000.00	1,459,444.00	514,833.36	3,802,277.36
(1) Disposal or discard as useless	--	--	--	--
(2) Decrease of cooperation combination	--	--	--	--
(3) Transferred to investment property	--	--	--	--
4. Closing balance	107,110,751.42	17,264,767.82	14,228,328.28	138,603,847.52
II. Accumulated depreciation				
1. Opening balance	59,822,761.65	11,908,897.93	10,176,035.69	81,907,695.27
2. Increase in the year	5,281,127.97	1,342,714.30	1,399,238.41	8,023,080.68
Including: withdrawing	5,281,127.97	1,342,714.30	1,399,238.41	8,023,080.68
3. Decrease in the year	1,668,237.72	1,386,471.80	486,204.22	3,540,913.74

Item	Houses& Buildings	Transportation equipment	Electronic equipment and others	Total
(1) Disposal or discard as useless	1,668,237.72	1,386,471.80	486,204.22	3,540,913.74
(2) Decrease of corporate combination	--	--	--	--
(3) Transferred to investment property	--	--	--	--
4. Closing balance	63,435,651.90	11,865,140.43	11,089,069.88	86,389,862.21
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	43,675,099.52	5,399,627.39	3,139,258.40	52,213,985.31
2. Beginning book value	46,245,927.94	4,018,571.25	4,056,797.03	54,321,296.22

Note: (1)The depreciation for the current year is RMB 8,023,080.68. 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 2015, amounting to RMB 22,023,775.71 of houses& buildings 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	--	--	--

Item	Software	Taxi license	Total
(2) Decrease of corporate combination	--	--	--
4. Closing balance	2,241,800.00	6,368,000.00	8,609,800.00
II. Accumulated amortization			
1. Opening balance	1,180,653.17	1,227,920.00	2,408,573.17
2. Increase in the year	167,580.00	378,826.83	546,406.83
Including: withdrawing	167,580.00	378,826.83	546,406.83
3. Decrease in the year	--	--	--
(1) Disposal	--	--	--
(2) Decrease of corporate combination	--	--	--
4. Closing balance	1,348,233.17	1,606,746.83	2,954,980.00
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	893,566.83	4,761,253.17	5,654,820.00
2. Beginning book value	1,061,146.83	5,140,080.00	6,201,226.83

6.14 Long-term deferred assets

Item	Opening balance	Increase	Amortization	Other reductions	Closing balance	Reason for other reductions
Renovation costs	237,242.59	441,475.05	287,025.90	--	391,691.74	
Others	76,916.82		70,999.92	--	5,916.90	
Total	314,159.41	441,475.05	358,025.82	--	397,608.64	

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 land appreciation tax liquidation reserves	13,815,126.66	55,260,506.64	--	--

Provision for impairment losses of assets	3,247,837.94	12,991,351.75	6,278,596.97	25,114,387.88
Deductible loss	5,516,704.85	22,066,819.40	3,908,766.86	15,635,067.44
Expected profit for advances from customers	8,937,569.06	35,750,276.24	2,324,965.32	9,299,861.26
Eliminated unrealized profit when consolidating financial statement	680,129.70	2,720,518.78	1,344,264.82	5,377,059.31
Total	32,197,368.21	128,789,472.81	13,856,593.97	55,426,375.89

(2) Details of unrecognized deferred tax assets

Item	Closing balance	Opening balance
Deductible operating losses	3,374,340.71	1,718,556.24
Bad debt provision	49,490,244.69	49,444,405.95
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	22,895,326.66
Total	136,680,162.35	134,978,539.14

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

Year	Closing balance	Opening balance
2015	--	2,662,914.18
2016	1,008,640.93	1,008,640.93
2017	138,864.68	136,226.52
2018	1,665,661.89	2,942,317.62
2019	124,125.69	124,125.69
2020	17,615,495.00	--
Total	20,552,788.19	6,874,224.94

6.16 Short-term loans

Item	Closing balance	Opening balance
Entrusted loan	--	--
Credit Loan	25,000,000.00	30,000,000.00
Mortgage Loan	--	--
Pledged Loan	118,418,286.29	119,846,192.64
合计	143,418,286.29	149,846,192.64

Note: Refer to note 6.2/Notes receivable for the details of pledged loan and note 6.45.

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	23,462,580.29	298,794,068.00
Over 1 year	266,990,530.21	242,744,694.36
Total	290,453,110.50	541,538,762.36

(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	469,766,020.08	116,587,933.19
Over one year	5,854,327.27	27,727,988.15
Total	475,620,347.35	144,315,921.34

(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	11,504,069.00	27,191,578.00	Completed
Jinye Island villa No.11	2,926,326.00	632,624.00	Completed
Shenfang Chuanqishan	243,465,702.60	36,241,532.00	Completed
Shenfang Shanlin Garden	96,077,847.00	20,315,434.00	Completed
Yuejing dongfang	40,497,969.00	8,637,269.00	Completed
Total	400,971,913.60	99,518,437.00	

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

Item	Opening balance	Increase	Decrease	Closing balance
I.Short-term remuneration	36,791,196.66	129,443,745.47	128,762,567.78	37,472,374.35
II.Post-employment benefit-defined benefit plans	1,277,645.37	11,854,961.34	11,854,961.34	1,277,645.37
III.Severance welfares	--	--	--	--
IV. Other benefits due within 1 year	--	--	--	--
Total	38,068,842.03	141,298,706.81	140,617,529.12	38,750,019.72

(2) Details of short-term remuneration

Item	Opening balance	Increase	Decrease	Closing balance
I.Salary, bonus, allowance and subsidies	34,905,319.98	114,533,192.24	113,808,784.68	35,629,727.54
II. Employee welfare	--	2,975,940.99	2,975,940.99	--
III. Social insurance premium	1,094,679.31	5,102,895.62	5,102,895.62	1,094,679.31
Including: Medical insurance premium	1,093,804.76	3,283,431.75	3,283,431.75	1,093,804.76
Industries insurance premium	672.12	314,930.26	314,930.26	672.12
Maternity insurance premium	202.43	1,504,533.61	1,504,533.61	202.43
IV. Housing fund	4,140.10	5,563,506.18	5,519,485.42	48,160.86
V.Union expenses and employee education expenditure	787,057.27	1,268,210.44	1,355,461.07	699,806.64
VI. Short-term paid absence	--	--	--	--
VII. Short-term profit share plan	--	--	--	--
Total	36,791,196.66	129,443,745.47	128,762,567.78	37,472,374.35

(3) The details of defined contribution plans

Item	Opening balance	Increase	Decrease	Closing balance
I. Basic endowment insurance premium	1,250,798.81	8,388,863.52	8,388,863.52	1,250,798.81
II. Unemployment insurance premium	114.92	3,246,699.07	3,246,699.07	114.92
III. Company annuity payment	26,731.64	219,398.75	219,398.75	26,731.64
Total	1,277,645.37	11,854,961.34	11,854,961.34	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	52,363,258.82	71,199,952.35
Individual income tax	923,572.01	732,767.28
Property tax	1,715,996.96	1,763,706.34
Land appreciation tax	5,708,711.22	7,142,066.16
Business tax	2,066,816.91	13,509,112.94
Construction tax	106,889.20	856,235.33
Education surcharge	50,165.66	475,089.21
Local Education surcharge	22,824.84	298,969.54
Others	501,179.80	417,094.52
Total	63,459,415.42	96,394,993.67

6.22 Interest payable

Item	Closing balance	Opening balance
Interest of long-term loans with interest payable by installments and principle payable on maturity	1,000,000.00	2,181,117.24
Interest payable on short-term loans	--	--
Others	16,535,277.94	16,535,277.94
Total	17,535,277.94	18,716,395.18

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

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

Item	Closing balance	Opening balance
Land appreciation tax accrued	146,838,995.86	128,273,955.95
Payable to related parties	63,340,761.01	88,340,761.01
Deposits	82,194,532.63	48,535,401.89
Others	93,437,014.83	141,721,798.91
Total	385,811,304.33	406,871,917.76

(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	43,347,446.23	Unexpired	No
Shenzhen Investment Holdings Co., Ltd.	28,848,819.24	Unsettled	No
Total	72,196,265.47		

(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, 2015, the closing balance is RMB 146,838,995.86.

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)	168,727,608.54	453,207,700.00
Total	168,727,608.54	453,207,700.00

(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	168,727,608.54	453,207,700.00
Total	168,727,608.54	453,207,700.00

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)	2015.4.1	2016.12.1	RMB	40,000,000.00	--
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	2016.12.27	RMB	24,000,000.00	24,000,000.00
	2014.12.1	2015.12.1	RMB		50,000,000.00
	2013.8.29	2016.12.21	RMB	13,200,000.00	13,200,000.00
	2012.6.14	2015.6.14	RMB	--	40,909,090.94
Huaxia Bank (Buji Branch)	2012.9.29	2015.12.29	RMB	--	20,000,000.00
	2012.10.24	2015.12.24	RMB	--	20,000,000.00
Bank of Shanghai (Shenzhen Branch)	2013.12.27	2016.12.27	RMB	48,000,000.00	48,000,000.00
Zheshang Bank (Shenzhen Branch)	2013.8.23	2016.12.22	RMB	20,000,000.00	20,000,000.00
NCB Bank (Shenzhen Branch)	2007.12.29	2016.12.29	RMB	13,527,608.54	--
Total				158,727,608.54	436,109,090.94

Note: (a) Amounts repaid after the balance sheet date are RMB 17,431,440.20.
(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	550,960,933.42	932,193,279.95
Less: long-term loans due within one year (Note 6.24)	168,727,608.54	453,207,700.00
Total	382,233,324.88	478,985,579.95

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)	2015.4.1	2025.4.1	RMB	140,000,000.00	--
Shenzhen Rural Commercial Bank	2014.11.27	2019.11.27	RMB	70,000,000.00	94,000,000.00
	2013.8.29	2018.8.29	RMB	66,000,000.00	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	73,000,000.00	93,000,000.00
Bank of Shanghai (Shenzhen Branch)	2013.12.27	2016.12.27	RMB	6,000,000.00	54,000,000.00
Beijing Bank(Shenzhen Branch)	2014.12.9	2017.12.9	RMB	30,000,000.00	40,000,000.00
Total				385,000,000.00	435,200,000.00

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	10,480,629.35	11,267,012.97
Total	10,480,629.35	11,267,012.97

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	420,811,873.18	--	--	420,811,873.18
Including: Transfer from capital reserve under the previous		--	--	

accounting system	420,811,821.17			420,811,821.17
Total	978,244,910.11	--	--	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	9,510,918.16	789,533.50	--	--	552,673.45	236,860.05	10,063,591.61
including: the difference of foreign currency financial statement translation	9,510,918.16	789,533.50	--	--	552,673.45	236,860.05	10,063,591.61
Total	9,510,918.16	789,533.50	--	--	552,673.45	236,860.05	10,063,591.61

6.30 Surplus reserve

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	4,974,391.15	35,849,450.20	--	40,823,841.35
Total	4,974,391.15	35,849,450.20	--	40,823,841.35

6.31 Undistributed profit

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

Item	Amount for the current period	Amount for the prior period	Proportion of appropriation
Before adjustment: Undistributed profits at the end of prior year	157,147,182.36	-140,886,134.13	
Adjustment: adjust the beginning undistributed profits (Increase +, decrease -)	--	--	
After adjustment: Undistributed profits at beginning of year	157,147,182.36	-140,886,134.13	
Plus: net profit attributable to the shareholders of the parent company in the period	301,129,840.84	298,033,316.49	
Less: Appropriation to the statutory surplus reserve	35,849,450.20	--	
Appropriation to discretionary surplus reserve	--	--	
Common stock dividends declared	131,515,800.00	--	
Conversion of ordinary shares' dividends into share capital	--	--	
Undistributed profit at the end of the period	290,911,773.00	157,147,182.36	

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	2,141,944,512.93	2,111,639,674.26
Other operating income	21,421,062.40	20,671,548.67
Total of operating income	2,163,365,575.33	2,132,311,222.93
Principal operating costs	1,374,441,908.60	1,393,715,283.78
Other operating costs	15,185,380.88	15,949,579.30
Total of operating costs	1,389,627,289.48	1,409,664,863.08

(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	1,451,882,212.00	782,516,505.63	1,476,320,296.06	849,268,477.47
Construction	518,895,054.20	490,709,048.87	488,183,328.15	461,212,716.07
Leasing	79,149,162.72	29,731,750.12	78,833,382.73	29,729,040.27
Property management	128,945,973.91	110,204,670.86	118,842,883.81	101,337,156.50
Subtotal	2,178,872,402.83	1,413,161,975.48	2,162,179,890.75	1,441,547,390.31
Less: offset the internal amount	36,927,889.90	38,720,066.88	50,540,216.49	47,832,106.53
Total	2,141,944,512.93	1,374,441,908.60	2,111,639,674.26	1,393,715,283.78

(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	2,122,214,182.02	1,360,470,301.42	2,100,652,904.17	1,384,529,733.71
Others	56,204,916.71	52,691,674.06	60,941,449.28	57,017,656.60
Overseas:	453,304.10	--	585,537.30	--
Subtotal	2,178,872,402.83	1,413,161,975.48	2,162,179,890.75	1,441,547,390.31
Less: offset the internal amount	36,927,889.90	38,720,066.88	50,540,216.49	47,832,106.53
Total	2,141,944,512.93	1,374,441,908.60	2,111,639,674.26	1,393,715,283.78

(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	165,000,000.00	7.63
Corporation unit No.2	39,730,600.00	1.84
Corporation unit No.3	23,868,952.16	1.10
Corporation unit No.4	15,591,000.00	0.72
Corporation unit No.5	13,218,403.95	0.61
Total	257,408,956.11	11.90

(Continued)

	Amount for the prior 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

6.33 Business taxes and surcharges

Item	Amount for the current period	Amount for the prior period
Business tax	100,574,853.07	101,441,087.90
City construction and maintenance tax	7,202,367.40	7,095,458.59
Education surcharges	3,141,809.89	3,165,740.76
Property tax	6,251,947.02	6,295,071.12

Land appreciation tax	98,251,399.57	58,854,846.05
Local education surcharges	1,901,070.30	1,896,642.68
Embankment Protection Fee	289,584.40	622,470.13
Total	217,613,031.65	179,371,317.23

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	4,493,027.23	5,240,288.53
Advertising expenses	4,159,095.26	13,677,234.58
Entertainment expenses	844,005.00	841,499.20
Sales agency fees and commissions	31,508,093.81	19,912,951.23
Others	5,972,879.66	4,853,413.79
Total	46,977,100.96	44,525,387.33

6.35 Administrative expenses

Item	Amount for the current period	Amount for the prior period
Employee benefits	35,263,753.44	39,210,987.99
Taxes	3,382,248.49	3,276,939.04
Depreciation	3,611,960.02	3,795,871.58
Entertainment expenses	3,652,195.72	3,801,841.81
Intermediary fee	2,555,594.06	1,878,341.50
Travel expense	781,756.73	849,727.48
Administrative expenses	1,270,535.48	1,369,033.33
Repair charge	762,712.36	903,451.80
Water and electricity charges	1,074,552.33	1,274,269.17
Other amortization	733,201.97	797,152.36
Others	5,795,086.78	7,825,185.82
Total	58,883,597.38	64,982,801.88

6.36 Financial expenses

Item	Amount for the current period	Amount for the prior period
Interest expenses	49,419,239.77	71,704,900.26
Less: Interest income	7,906,007.15	6,613,297.55
Less: capitalized interest expenses	9,131,179.11	31,645,239.33
Exchange differences	-678,825.12	-33,766.19

Less: Capitalized exchange differences	--	--
Others	664,283.17	403,530.95
Total	32,367,511.56	33,816,128.14

6.37 Impairment losses of assets

Item	Amount for the current period	Amount for the prior period
Bad debt loss	8,602,560.16	469,573.31

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	38,717.57	-6,325.06
Investment income on disposal of long-term investments	--	--
Investment income from holding trading financial assets	--	--
Investment income for the sale of financial assets during the holding period	350,000.00	--
Total	388,717.57	-6,325.06

(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	38,717.57	-6,325.06	Investee's operating profit
Total	38,717.57	-6,325.06	

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

Name of investee	Amount for the current period	Amount for the prior period	Reasons for changes
Shantou Small &Medium Enterprises Financing Guarantee Co., Ltd	350,000.00	--	Profit for the year
Total	350,000.00	--	

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	--
Including: Gains on disposal of fixed assets	--	396.00	--
Gains on penalty	795,492.54	12,000.00	795,492.54

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the period
Others	178,527.09	1,584,248.62	178,527.09
Total	974,019.63	1,596,644.62	974,019.63

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	65,371.34	133,838.39	65,371.34
Including: Losses on disposal of fixed assets	55,410.59	133,838.39	55,410.59
Donations to third parties	69,000.00	93,000.00	69,000.00
Penalty expense	548,033.70	15,320.95	548,033.70
Compensation expense	--	12,229.96	--
Others	69,875.91	156,143.65	69,875.91
Total	752,280.95	410,532.95	752,280.95

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	113,361,521.19	89,666,922.93
Adjustments to deferred tax	-4,525,647.58	12,935,866.05
Total	108,835,873.61	102,602,788.98

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

Item	Incurring in the current year
Consolidated profit this year	409,904,940.39
Income tax calculated at legal or applicable tax rate	102,476,235.10
Impact of various tax rates applicable to subsidiaries	2,358,059.06
Adjustment of impact on the income tax in the previous period	6,058.10
Impact of non-taxable income	-97,179.39
Impact of non-deductible cost, expense and loss	439,457.12
Impact of deductible losses deferred income tax assets unconfirmed in the previous use period	-594,521.83
Impact of the deductible temporary differences or deductible loss of unconfirmed deferred tax assets of this year.	4,247,765.45
Changes of the deferred tax assets/liability caused by the adjustment of tax rate	--
Income taxes	108,835,873.61

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	7,906,007.15	5,044,373.39
Cash pledge and security deposits	7,001,005.92	38,607,800.67
The collecting and paying on another's behalf	8,719,760.61	6,519,298.92
Others	2,671,541.21	11,944,380.32
Total	26,298,314.89	62,115,853.30

(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	17,633,788.35	20,489,046.66
Cash paid to operating expenses	42,462,419.13	27,594,595.89
Cash pledge and security deposits	5,209,609.78	40,716,209.41
The collecting and paying on another's behalf	9,844,225.31	6,161,991.56
Others	3,652,686.65	6,896,561.41
Total	78,802,729.22	101,858,404.93

(3) Other cash payments relating to investment activities

Item	Amount for the current period	Amount for the prior period
Financial products of trust	3,000,000.00	--
Total	3,000,000.00	--

(4) Other cash receipts relating to financing activities

Item	Amount for the current period	Amount for the prior period
Bank acceptance	2,837,400.00	--
The guarantee deposit	--	32,600.00
Others	--	52.01
Total	2,837,400.00	32,652.01

(5) Other cash payment relating to financing activities

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

Item	Amount for the current period	Amount for the prior period
Total	--	2,780,000.00

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	301,069,066.78	298,058,149.59
Add: Provision for asset impairment	8,602,560.16	469,573.31
Depreciation of fixed assets, bio-assets, and natural gas	28,567,239.32	27,855,133.72
Amortization of intangible assets	546,406.83	552,339.96
Amortization of long-term deferred expense	358,025.82	214,192.80
Losses on disposal of fixed assets, intangible assets and other long-term assets(deduct: gains)	53,099.82	121,754.49
Losses on scrapping of fixed assets (deduct: gains)	2,310.77	11,687.90
Loss of fair value variation (deduct: gains)	-	--
Financial expenses (deduct: gains)	40,288,060.66	39,110,007.69
Losses from investments (deduct: gains)	-388,717.57	6,325.06
Decrease in deferred tax assets (deduct: increase))	-18,340,774.24	12,935,866.05
Increase in deferred tax liabilities (deduct: decrease)	-	--
Decrease in inventories (deduct: increase)	658,722,395.41	180,053,189.23
Decrease in operating receivables (deduct: increase)	28,540,820.59	-177,878,359.98
Increase in operating payables (deduct: decrease)	49,123,760.16	-59,347,796.46
Others	-	--
Net cash flows from operating activities	1,097,144,254.51	322,162,063.36
II.Investing and financing activities that do not affect cash receipt and payment		
Liabilities converted capital	--	--
Reclassify convertible bonds to be expired within one year as current liability	--	--
Fixed assets subject to finance leases	--	--
III.Net increase in cash and cash equivalents:		
Cash at the end of the period	1,169,756,306.36	670,119,849.03
Less: cash at the beginning of the period	670,119,849.03	519,284,372.44
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	499,636,457.33	150,835,476.59

(2) Information of cash and cash equivalents

Item	Amount for the current period	Amount for the prior period
I. Cash		
Including: Cash on hand	54,487.37	61,413.08
Bank deposits	1,169,701,818.99	670,058,435.95
Other monetary funds	--	--
Deposits with the central bank	--	--
Deposits made with other banks	--	--
Placements with banks	--	--
II. Cash equivalents	--	--
Including: Investments in debt securities due within three months	--	--
III. Closing balance of cash and cash equivalents	1,169,756,306.36	670,119,849.03

6.45 Ownership or use-right restricted assets

Categories of assets	Item	Closing balance	The reasons for restriction
Subtotal of pledged or mortgaged assets:			
Monetary fund		6,000,000.00	Refer to note 6.1
Notes receivable		18,663,872.02	Short-term loan mortgaged
Accounts receivable		99,754,414.27	Short-term loan mortgaged
Inventories (Real estate developed product)	Real Estate Building 5-6 floor	7,492,175.18	Long-term loan mortgaged
Investment property	Shenfang Square	234,317,289.70	Long-term loan mortgaged
Investment property	Petrel Building	67,922,370.43	Long-term loan mortgaged
Investment property	GuoShang North 2 floor	55,953,431.20	Long-term loan mortgaged
Fixed assets	Shenfang Square 46-48 floor	22,023,775.71	Long-term loan mortgaged
Total		512,127,328.51	

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	131,879.82	6.49360	853,921.84
HKD	10,130,478.68	0.83778	8,462,794.43
Other accounts receivable			

Item	Balance of foreign currency at year end	Exchange rate	Balance of RMB converted
Including: USD	--	--	--
HKD	20,174,699.60	0.83778	16,709,792.39
Other accounts payable			
Including: USD	643,582.16	6.49360	4,179,165.11
HKD	15,918,034.59	0.83778	12,856,112.05

(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	vestment	--	55.00	Acquiring through establishment or investment
Openice Ltd.	HongKong	HongKong	vestment 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	vestment	--	100.00	Acquiring through establishment or investment
Guangzhou Huangpu Xizun real	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	
estate limited company						
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

Name of the subsidiary	Main operating area	Reg. place	Business nature	Shareholding proportion (%)		Method of acquiring
				Direct	Indirect	
Shenzhen Xing Dongfang Store Ltd.* ^⑩	Shenzhen	Shenzhen	Commercial trade	100.00	--	Acquiring through establishment or investment
Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd.* ^⑪	Guangdongfengkai	Guangdongfengkai	Manufacture	--	90.00	Acquiring through establishment or investment

*^⑩ 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.

*^⑪ 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.

*^⑫ 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 Shenfang Construction and Decoration Materials Ltd

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

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

*⑪ 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.

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 Lain 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

(Continued)

Investee	Provision for impairment	Increased current year provision for impairment	Current year cash dividends	Remarks
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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	-46,114.94	--	-21,655,721.01
Fresh Peak Investment Ltd.	45.00	-10,393.29	--	-104,570,647.69
Barenie Co. Ltd.	20.00	-4,265.83	--	-2,029,950.94

(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	841,643.94	17,890,114.20	18,731,758.14	100,217,332.12	--	100,217,332.12
Fresh Peak Investment Ltd.	220,030,060.27	24,793,206.35	244,823,266.62	254,694,603.78	--	254,694,603.78

Name of subsidiary	Closing balance					
Barenie Co. Ltd.	973.38	30,373,713.87	30,374,687.25	32,758,096.84	--	32,758,096.84

(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	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
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	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	453,304.10	-153,716.45	--	-150,839.00	585,537.30	119,858.52	--	119,858.52
Fresh Peak Investment Ltd.	--	-23,096.21	--	--	--	-17,111.99	--	--
Barenie Co. Ltd.	--	-21,329.13	--	--	--	-17,120.29	--	--

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	--	--

Item	Closing balance/Incurred this year	Opening balance/Incurred last year
—Total comprehensive income	--	--
Associated enterprises*②:		
Total investment book value	295,252.56	295,252.56
Totals of the following items calculated per respective shareholding proportion		
—Net profit	38,717.57	-6,325.06
—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	701,817.53	-120,605.82	581,211.71

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	Xiong Peijin	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
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Shenzhen Investment Shareholding Co. Ltd	RMB 21.450 billion	63.55	63.55	State-owned assets management committee	76756642-1
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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	7,072,153.00

(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. As of Dec.31,2015, the loans balance of Shantou Hualin Estate Dev. Co at the Bank is zero.

(3) Compensation for key management personal

Item	Amount for the current period	Amount for the prior period
Total	6.7755 [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	1,137,877.25	--	1,087,214.22	--
Total	1,137,877.25	--	1,087,214.22	--
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	18,816,702.93	18,816,702.93	18,446,223.54	18,443,271.41
Shenzhen Shenfeng 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 Shenfeng Construction and Decoration Materials Ltd.	8,327,180.71	8,327,180.71	8,327,180.71	8,327,180.71
Shenzhen RongHua JiDian Co.,Ltd	475,223.46	--	475,223.46	--
Xi'an Fresh Peak property management& Trading Co.,Ltd	8,419,205.19	8,419,205.19	8,419,205.19	--
Total	152,495,420.21	151,812,376.75	152,124,940.82	143,019,740.04

(2) Amounts due to related party

Item	Closing balance	Opening balance
Other payables		
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd.	598,012.16	598,012.16
Shenzhen Shen Fang Industrial Development Co., Ltd	1,534,854.91	1,534,854.91
Shenzhen ZhongGang Haiyan Enterprise Ltd.	135,853.52	135,853.52
Shenzhen Dongfang New world store Co., Ltd	902,974.64	902,974.64
Shenzhen Xin Dongfang Store Ltd.	1,394,704.21	1,394,704.21
Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd.	1,867,348.00	1,867,348.00
Shenzhen Cyber Port Co., Ltd	7,964,749.26	7,964,749.26

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
Item	Closing balance	Opening balance
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 2015, 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.

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 167,714.00). The expense of first instance and the second instance had to pay to the company during the duration of payment.

There was no any new substantive progress after the 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 2015, 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, 2015, the amount and duration of the unsettled guarantee is as follows:

Items	Duration	Unsettled amount (ten thousand)
Yuejing Dongfang project	From real estate license granted and mortgaged	255.00
Shenfang Chuanqishan	From real estate license granted and mortgaged	862.00
Shenfang Shanglin Garden	From real estate license granted and mortgaged	3,370.00
Total		4,487.00

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	697,895,950.68	11,293,531.55

Total	697,895,950.68	11,293,531.55
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11.2 Fulfillment progress of previous commitments

The amount of significant outsourcing contracts is RMB 11,293,531.55, 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 ,2016, the proposal of distributing the profit of 2015 was approved by the Group's board of direct. The Group's BOD decide 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 need to be submitted to the Company's general meeting of stockholders for voting.

Note 13 Other material facts

As of 31 Dec,2015, 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	16,381,369.25	100.00	6,968,694.02	42.54
Total	16,381,369.25	100.00	6,968,694.02	42.54

(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	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

(2) Accounts receivable by aging balance

Item	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)
Within 1 year	5,573,731.28	34.02	35,580,792.53	76.72
1-2 years	34,336.05	0.21	--	--
2-3 years	--	--	253,116.00	0.55
Over 3 years	10,773,301.92	65.77	10,538,360.73	22.73
Total	16,381,369.25	100.00	46,372,269.26	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	11,049,363.77	6,968,694.02	63.07	A separate provision is established according to the recoverability of each receivable with long aging and little retrievability.
Rental to be collected	5,455,121.48	--	--	
Total	16,504,485.25	6,968,694.02	42.54	

(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	3,457,256.48	Within 1year	21.10
Corporation No.2	Un-related party	1,898,129.55	Within 1year	11.59
Individual No.1	Un-related party	1,200,000.00	Over 5year	7.33
Corporation No.3	Related party	1,137,877.25	Within 1year	6.95
Individual No.2	Un-related party	876,864.11	Over 5year	5.35
Total		8,570,127.39		52.32

(8) Receivables due from related parties

Name of entity	Relationship with the Group	Amount	(%) of receivables
Shenzhen Fresh Peak property consultant Co.,Ltd	Associate	1,137,877.25	6.95

Name of entity	Relationship with the Group	Amount	(%) of receivables
Shenzhen Petrol Hotel Co., Ltd	Related party	3,457,256.48	21.10
Total		4,595,133.73	28.05

(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	1,473,146,864.58	98.55	802,518,692.30	54.48
Other receivables of which provision for bad debts is of individually insignificant	21,628,190.82	1.45	9,787,916.94	45.26
Total	1,494,775,055.40	100	812,306,609.24	54.34

(Continued)

Category	Opening 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

(2) Other receivables by aging balance

Item	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)
Within 1 year	145,341,611.20	9.72	86,119,834.17	5.79
1-2 years	405,973,492.62	27.16	322,059,351.67	21.64
2-3 years	18,868,896.02	1.26	67,471,437.25	4.53
Over 3 years	924,591,055.56	61.86	1,012,441,301.31	68.04
Total	1,494,775,055.40	100.00	1,488,091,924.40	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	1,323,622,983.63	658,127,505.34	49.72	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	28,529,561.40	23,396,867.41	82.01	
Total	1,473,146,864.58	802,518,692.30	54.48	

(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	8,712,048.49	--	--	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	11,592,006.29	8,671,600.90	74.81	
Total	21,628,190.82	9,787,916.94	45.26	

(4) Provision for bad debt reversed back or collected

There were no any other bad debt reversed back or collected in the current period.

(5) There were no any other significant receivables written off for in the current period.

(6) There were no any other receivables due from shareholders 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	7,993,662.28	Within 1 year	35.02
		918,538.43	1-2 years	
		500,000.00	2-3 years	
		514,023,745.20	Over 3years	
Shantou Huafeng Estate Development Co.,	Subsidiary	43,722,391.26	Within 1 year	21.88

Name of Entity	Relationship with the Group	Amount	Age	Proportion of the amount to the total OR (%) (%)
Ltd		23,292,246.48		
		260,000,000.00	1-2year	
		82,692,281.29	Within 1 year	
Shenzhen ShenFang Group LongGang Development Co., Ltd	Subsidiary	1,540,861.82	1-2 years	14.67
		60,000,000.00	2-3 years	
		75,000,000.00	Over 3 years	
American Great Wall Co., Ltd	Subsidiary	101,379,954.81	Over 3 years	6.78
Canada Great Wall(Vancouver) Co., Ltd	Subsidiary	89,035,748.07	Over 3 years	5.96
Total		1,260,099,429.64		84.31

(8) There were no any other receivables which had been derecognized in this reporting year.

(9) 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	22,281,021.80	21,947,051.67	333,970.13	22,242,304.23	21,947,051.67	295,252.56
Total	460,265,402.51	143,861,642.81	316,403,759.70	460,226,684.94	143,861,642.81	316,365,042.13

(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	Add investment	Changes in this period			
			Reduce investment	Investment income under equity method	Adjustments of other comprehensive income	Change of other equity
I. Joint ventures						
Guangdong Huizhou Luofu Hill Mineral Water Co., Ltd	9,969,206.09	--	--	--	--	--
Fengkai Xinghua Hotel	9,455,465.38	--	--	--	--	--
Subtotal	19,424,671.47	--	--	--	--	--
II. Associates						
Shenzhen Runhua Automobile Trading Co., Ltd	1,445,425.56	--	--	--	--	--
Shenzhen Ronghua Jidian Co., Ltd	1,372,207.20	--	--	38,717.57	--	--
Subtotal	2,817,632.76	--	--	38,717.57	--	--
Total	22,242,304.23	--	--	38,717.57	--	--

(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	--	--	--	1,410,924.77	1,076,954.64
Subtotal	--	--	--	2,856,350.33	2,522,380.2
Total	--	--	--	22,281,021.80	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	1,056,257,548.27	634,382,232.73
Other operating income	709,165.69	246,100.00
Total of operating income	1,056,966,713.96	634,628,332.73
Principal operating costs	568,667,535.09	369,071,677.90
Other operating costs	--	--
Total of operating costs	568,667,535.09	369,071,677.90

(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	988,757,763.00	546,260,030.84	569,913,978.06	346,555,648.74
Leasing	67,499,785.27	22,407,504.25	64,468,254.67	22,516,029.16
Total	1,056,257,548.27	568,667,535.09	634,382,232.73	369,071,677.90

(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	1,056,257,548.27	568,667,535.09	634,382,232.73	369,071,677.90
Total	1,056,257,548.27	568,667,535.09	634,382,232.73	369,071,677.90

(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	165,000,000.00	15.62
Individual No.1	12,845,576.00	1.22
Individual No.2	10,147,591.00	0.96
Individual No.3	10,147,591.00	0.96
Individual No.4	10,725,034.00	1.02
Total	208,865,792.00	19.78

(Continued)

Name of customers	Operating income	Amount for the prior period
		Proportion to total operating income of the Company (%)
Individual No.1	40,784,800.00	6.43
Individual No.2	7,296,706.00	1.15
Individual No.3	6,403,792.00	1.01
Individual No.4	6,210,119.00	0.98
Individual No.5	6,179,028.00	0.97
Total	66,874,445.00	10.54

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	350,000.00	--
Including: Investment income from investee's dividend distributed	162,860,586.51	270,602,716.90
Investment income from long-term investments under equity method	162,821,868.94	270,609,041.96
Total	38,717.57	-6,325.06
	163,210,586.51	270,602,716.90

(2) Investment income from investee's dividend distributed

Name of investee	Amount for the current period	Amount for the prior period
Fresh Peak Zhiye Co.,Ltd	10,401,320.27	270,609,041.96
Shenzhen Zhen Tung Engineering Ltd	2,089,355.74	--
Shenzhen City Car Rental Ltd.	2,449,516.66	--
Shenzhen City Shenfang Investment Ltd.	7,118,391.69	--
Shenzhen City SPG Long Gang Development Ltd.	140,763,284.58	--
Total	162,821,868.94	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	38,717.57	-6,325.06	
Total	38,717.57	-6,325.06	

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	394,335,891.37	438,199,162.70
Add: Provision for impairment loss of assets	159,351.00	-51,045,921.78
Depreciation of fixed assets, bio-assets, and natural gas	21,427,710.12	21,333,217.10
Amortization of intangible assets	368,866.83	374,799.96
Amortization of long-term deferred expenses	139,962.06	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)	2,310.77	11,687.90
Loss of fair value variation (deduct: gains)	-	--
Financial expenses (deduct: gains)	39,775,198.08	20,154,884.77
Losses from investments (deduct: gains)	-163,210,586.51	-270,602,716.90
Decrease in deferred tax assets (deduct: increase)	-4,866,780.80	2,379,866.32
Increase in deferred tax liabilities (deduct: decrease)	-	--
Decrease in inventories (deduct: increase)	589,134,416.29	340,784,597.95
Decrease in operating receivables (deduct: increase)	50,703,922.59	-21,222,262.79
Increase in operating payables (deduct: decrease)	-55,601,897.50	-291,087,853.26
Others	-	--
Net cash flows from operating activities	872,368,364.30	189,335,992.17
(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	--	--
(3) Net increase in cash and cash equivalents:		
Cash at the end of the period	852,492,165.42	326,170,340.34
Less: cash at the beginning of the period	326,170,340.34	356,953,152.47
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	526,321,825.08	-30,782,812.13

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	-65,371.34	-133,442.39
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	287,110.02	1,319,554.06
Other profit or loss that meets the definition of non-recurring profit or loss	--	--
Subtotal	221,738.68	1,186,111.67
Tax effects	-55,434.67	-319,678.92
Effects attributable to minority interests (after tax)	--	--
Total	166,304.01	866,432.75

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	13.21%	0.2977	0.2977
Less: Net profit attributable to common stockholders after deducting non-recurring losses	13.20%	0.2975	0.2975

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		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	301,129,840.84	298,033,316.49	2,331,704,116.06
In accordance with IFRS	301,129,840.84	298,033,316.49	2,331,704,116.06	2,161,537,401.78

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 monetary fund as of 31 Dec,2015 was RMB 1,175,756,306.36, which increased by 73.17% comparing with the opening balance. It's mainly due to the increased of the income of building sales.

The closing balance of note receivables as of 31 Dec,2015 was RMB 18,663,872.02, which decreased by 84.43% 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,2015 was RMB 112,543,908.66, which increased by 33.36% comparing with the opening balance. The main reasons for that are the increases of receivables of project payment.

The closing balance of payment in advance as of 31 Dec,2015 was RMB 22,952,379.40, which increased by 28.79%. It is mainly caused by the advance

payment for materials had not met the conditions to be transferred into inventory. Inventory have a balance of RMB 2,146,223,895.61 as of 31 Dec,2015, which decreased by 23.25% comparing with the opening balance, for the sale of building,the inventory had been transferred into cost of sales.

Other current assets have a balance of RMB 40,315,831.06 as of 31 Dec,2015, which increased by 224.19% comparing with the opening balance, because of the prepayment of current period land appreciation tax.

The ending balance of deferred tax assets was RMB 32,197,368.21 as of 31 Dec, 2015, which increased by 132.36% compared with the opening balance. It is mainly due to the confirmation of advance house fund profit of real estate enterprises corresponding to deferred income tax assets is expected to increase.

Accounts payable balance as of 31 Dec,2015 was RMB 290,453,110.50, which decreased by 46.37% compared with the beginning balance. The main reason is the payment of real estate developed product's settlement balance.

The balance of advance from customer as of as of 31 Dec, 2015 was RMB 475,620,347.35, which increased by 229.57% compared with the opening balance due to building sale increasement.

The balance of tax payable is RMB 63,459,415.42 which decreased by 34.17% comparing with the beginning balance. It's mainly caused by the increased accrual of tax during this reporting period.

The balance of non-current liabilities that will mature within one year as of 31 Dec,2015 was RMB 168,727,608.54 which decreased by 62.77%. It is mainly caused by the decreased amount of long-term loans that will mature within one year.

The balance of long-term loan as of 31 Dec,2015 was RMB 382,233,324.88 which decreased by 20.20%.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

Impairment losses of assets incurred in 2015 is RMB 8,602,560.16 which increased by 1732% compared with that of last year. The reason is that the provision of Xi' an Fresh Peak Holding limited company's creditor rights caused by special preparation in this year.

The current period cash inflow from operating activities is RMB 2,593,917,264.63 which increased by 38.93% comparing with that of last year. It's mainly caused by the increased of cash for house fund and project fund received while providing labor services in selling goods.

The current period cash outflow from operating activities was RMB 1,496,773,010.12, which decreased by 3.12% 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 2015 was RMB 1,097,144,254.51, which increased by 240.56%. It's mainly caused by the increased of cash for house fund and project fund received while providing labor services in selling goods.

The cash inflow from investing activities incurred in 2015 was RMB 386,230.00 which increased by 1464.32% comparing with that of last year, It's mainly from the sale of financial assets dividend received during the holding period.

The cash outflow from investing activities incurred in 2015 was RMB 7,894,632.61 which increased by 161.75% comparing with the one of last year, for it is mainly caused by the increased purchase of fixed assets, intangible assets, other long-term assets and financial products of trust in this period.

The net cash flow from investing activities incurred in 2015 was RMB-7,508,402.61, which decreased by 151.00% comparing with that of last year. for it is mainly caused by the increased purchase of fixed assets, intangible assets, other long-term assets and financial products of trust in this period.

The cash inflow from financing incurred in 2015 was RMB 227,837,400.00, which decreased by 37.06% comparing with that of last year. As the increased of cash inflow from operating activities led to external financing needed decreased.

The cash outflow from financing incurred in 2015 was RMB 818,348,503.54, which increased by 54.30% comparing with that of last year, for the repaying of bank borrowing increased.

Net increase in cash and cash equivalents was RMB 499,636,457.33 during 2015, which increased by 231.25% comparing with prior year's. The reason for such increase is that the cash from operating activities have a net increase.

Section XI 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. Original document of audit report stamped by accountant firm, signed and sealed by certificated accountant;
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.