

HaiNan Pearl River Holdings Co., Ltd.

Abstract of Semi-annual Report 2016

1. Important notes

The Abstract is based on the full text of the semi-annual report. For more details, investors are suggested to read the full text disclosed at the same time with the Abstract on <http://www.cninfo.com.cn>, the website of the Shenzhen Stock Exchange or any other websites designated by the CSRC.

The Abstract has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

Corporate profile

Stock name	*ST Pearl River A, *ST Pearl River B	Stock code	000505, 200505
Stock exchange	Shenzhen Stock Exchange		
Contact information	Board Secretary	Securities Representative	
Name	Yu Cuihong	Yu Cuihong	
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2. Financial highlights and shareholder changes

(1) Financial highlights

Whether the Company performs any retroactive adjustments to or restatements of its accounting data of last year due to change in accounting policies or correction of accounting errors

Yes No

	Reporting Period	Same period of last year	+/- (%)
Operating revenues (RMB)	149,032,528.40	136,117,829.19	9.49%
Net profit attributable to shareholders of the Company (RMB)	-47,370,594.88	21,492,625.03	-320.40%
Net profit attributable to shareholders of the Company excluding exceptional profit and loss (RMB)	-85,764,505.67	-103,796,313.13	17.37%
Net cash flows from operating activities (RMB)	161,345,565.54	-94,962,794.82	269.90%
Basic earnings per share (RMB/share)	-0.11	0.05	-320.00%
Diluted earnings per share (RMB/share)	-0.11	0.05	-320.00%
Weighted average return on equity (%)	0.00%	0.00%	0.00%
	As at the end of the Reporting Period	As at the end of last year	+/- (%)
Total assets (RMB)	1,790,195,248.41	1,714,444,000.65	4.42%
Net assets attributable to shareholders of the Company (RMB)	-264,507,464.03	-217,136,869.15	-21.82%

(2) Shareholdings of the top 10 ordinary shareholders

Unit: share

Total number of ordinary shareholders at the end of the Reporting Period		35,610				
Shareholdings of the top 10 ordinary shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of ordinary shares held	Number of restricted ordinary shares held	Pledged or frozen shares	
					Status	Number
Beijing Wanfa Real Estate Development Co., Ltd.	State-owned corporation	26.36%	112,479,478			
Li Leon Zhan Wei	Foreign individual	2.63%	11,215,043			
Yao Xiu Guang	Foreign individual	2.31%	9,850,128			
Chongqing International Trust Co., Ltd.—Yuxin Innovation Advantage No. 11 Assembled Funds Trust	Domestic non-state-owned corporation	1.83%	7,827,463			
Chen Huanan	Domestic individual	0.66%	2,802,117			
Xu Zhen	Domestic individual	0.58%	2,462,300			
Beijing Shen Zhou Mu Investment Fund Management Co., Ltd.—Hongyan Shen Zhou Mu Fund	Domestic non-state-owned corporation	0.55%	2,343,818			
Yao Liyuan	Foreign individual	0.47%	2,005,600			
Zhang Xiaoxia	Domestic individual	0.46%	1,949,250			
Beijing Shen Zhou Mu Investment Fund Management Co., Ltd.—Shangshan Shen Zhou Mu No. 5 Securities	Domestic non-state-owned corporation	0.42%	1,795,300			

Investment Fund						
Related or act-in-concert parties among the shareholders above	Among shareholders above, there exists no related-party relationship between the principal shareholder and other shareholders of the Company. Nor they are parties with concerted action as prescribed in the Information Disclosure Administrative Methods for Changes in Shareholding of Shareholders of Listed Companies. And it is unknown whether there is related-party relationship among other shareholders and whether they are prescribed parties with concerted action.					

(3) Shareholdings of the top 10 preference shareholders

Applicable Not applicable

No such cases in the Reporting Period.

(4) Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

Change of the actual controller in the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

3. Discussion and analysis by the management

In the first half of 2016, we carried out a series of plans to maintain our listed position. We initiated the procedure for transferring equity interests of our hotel in Sanya, beefed up the construction and marketing of our Meilin Qingcheng Phase III project in the Hubei Province, acquired the Huilong Shanzhuang real estate project in Chengde, Hebei Province, and repaid the loans from Chongqing International Trust Co., Ltd. and the Bank of China. Meanwhile, all our subsidiaries worked hard to increase income and reduce expenditure. However, due to the fact that these measures were still in progress, we have failed to turn around for the first half of the year.

As at 30 June 2016, our unaudited total assets stood at RMB1.79 billion, and the unaudited net assets attributable to our shareholders stood at RMB-263 million. For January-June 2016, we achieved operating revenues of RMB149 million and net profit of RMB-46.61 million.

A. Operation review for the Reporting Period:

a. During the Reporting Period, the sales of Phase III of Hubei Meiling Qingcheng Project was quite well that totally completed the sales area of 21,133 square meter with 210 sets of commercial residential buildings and sales volume of RMB285.01 million. There were 33 underground parking spaces of Phase I rented with the rental of RMB5.47 million. And the Company expected to realize the recognition plan of the sales revenue at the year-begin of RMB750 million.

b. The business season of the Snow Town of the controlling shareholder, Mudanjiang Tourist

Development Group in 2016 was from January to March and since April, the Group went out of business after the snow season. The realized operating income of the business season of the first half year was of RMB14.2779 million with the required revenues from transferring the subsidiary Longshi Zhujiang of RMB38.1556 million and the net profits of RMB23.9142 million as well as realized the safety without accidents work target in the aspects such as the staffs, vehicles, equipments facilities and fire fighting.

The operating income of Days Hotel and Suites Sanya Resort of the first half year in Y2016 was of RMB12.3896 million with the gross margin of RMB1.6 million. Owing to the tourists resources competition of the hotels in Sanya became fiercer and fiercer and the equipments as well as the facilities of the hotel getting older and older, the Company had decided to transfer the hotel in whole.

c. Property management: up to the end of June, the management projects of the property company involved with the areas such as Haikou, Qionghai, Wenchang, Lingao, Baoting, Sanya, Changsha, Wuhan, Nanning, Zhengzhou and so on with 86 management projects, over 7.5 million square meter comprehensive management area, of which there were 66 residential projects and 14 office projects. . In terms of the structure of the project, the percentage of the residence projects was of 80%, while under the situation of the unraised property fee of more than ten years but the operating cost increased by twofoldness, the profit sources of the residence projects became smaller even was in the loss state. The property company realized the operating income of RMB117.1001 million of the first half year in Y2016, with the operating cost of RMB117.1597 million, the sales tax of RMB11.5184 million and the realized profits of RMB-0.1014 million.

d. For repaying the schuldenberg for Chongqing ITIC, the Board of Directors of the Company approved to execute the public listing and transfer of the equities of Sanya Wanjia Hotel Management Co., Ltd. on 29 January 2016 and approved to sale three villa properties which attributed to the Company on 16 June 2016. On 23 June 2016, the equity evaluation report received the verification from Beijing State Capital Office with the equity evaluation value of RMB68.4 million. And the Company executed the preliminary listing since 20 July 2016 in China Beijing Equity Exchange, of which the preliminary quotation had completed at present with the listing procedures were being managing. The listing events of the Company were expected to be completetd in the middle of September in 2016. If the equity transfer of Sanya Hotel and the sales of three villas could be completed with the transfer procedures done before the year-end of 2016, would increase the net profits and the net assets by RMB0.16 billion for the Company in Y2016.

e. 26 April 2016, the Board of Director of the Company approved transferring investment of the coal logistics project of Mulin Town into purchase of Chengde Huilong Town project. Pearl River Holdings and Zhonghe Investment Co., Ltd. in 2012 was unable to continue, due to the change of state policies to the energy and significant change in the coal market, the Company through several negotiations with Zhonghe Investment Co., Ltd., Zhonghe Investment Co., Ltd. agreed to transfer 60% of its holding of 100% equity of Chengde Dongda Property Development Co., Ltd. (Chengde Huilong Town project) to the Company, and used to deduct the investment income to our Company. On 20 May 2016, the Company had completed the purchase of 60% equity of Chengde Dongda Property Development Co., Ltd. The Company

will raise construction fund of the project together with the bank and financial institutions, and continued to complete the construction of Huilong Town project. The property development project is expected to bring continuous profits for recent three years.

f. From 3 May 2015, under the leading of Beijing State Capital Office, the substantial shareholder and actual controller Beijing Xinxing Company and Beijing Grain Group started to conduct significant assets recombination, the stock of the Company suspended since 3 May 2016. The significant assets recombination including three transactions: significant asset replacement, purchase assets by issuing shares and related mechanism of financing. Due to the head of Beijing Xinxing Property Development Co., Ltd. and Beijing Grain Group are all under the control of Beijing State Capital Office, the significant assets recombination was related transaction. On 29 July 2016, the Board of the Company reviewed and approved the preplan of recombination. At present, the audit, recognition of the evaluation of the relevant assets and the reply to the SZSE were under processing.

4. Matters related to financial reporting

(1) Explain any changes in the accounting policies, accounting estimates and measurement methods as compared with the financial reporting of last year

Applicable Not applicable

No such cases in the Reporting Period.

(2) Explain any retroactive restatements due to correction of significant accounting errors in the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

(3) Explain any changes in the consolidation scope as compared with the financial reporting of last year

Applicable Not applicable

No such cases in the Reporting Period.

(4) Explanation of the Board of Directors and the Board of Supervisors concerning the “non-standard” auditor’s report issued by the CPAs firm for the Reporting Period

Applicable Not applicable

Hainan Pearl River Holding Company Limited

Consolidated Balance Sheet

Unit: RMB

ASSETS	Note(VII)	30 June 2016	31 December 2015
Current assets		—	—
Currency Funds	1	143,110,210.79	205,762,131.54
Provision of settlement fund			
Funds lent			
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable	2	24,294,222.61	17,161,981.62
Advances to suppliers	3	174,617,724.95	108,236,943.90
Interest receivable			
Dividends receivable	4	260,015.00	260,015.00
Other receivables	5	228,052,885.48	256,036,391.03
Buying back the sale of financial assets			
Inventories	6	642,409,074.77	531,145,489.05
Reclassified to assets held for sale			
Current portion of non-current assets			
Other current assets	7	4,000,000.00	
Total current assets		1,216,744,133.60	1,118,602,952.14
Non-current assets		—	—
Available-for-sale financial assets	8	11,411,309.90	11,411,309.90
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	9	35,049,837.38	35,284,761.64
Investment property	10	19,785,327.64	20,890,800.30
Fixed assets	11	391,923,929.89	409,326,778.05
Construction in progress	12	81,307,762.39	79,403,655.02
Construction materials	13	393,706.60	393,706.60
Fixed assets pending for disposal			
Productive biological assets			
Oil and gas assets			
Intangible assets	14	28,608,452.96	29,519,153.74
Development disbursements			
Goodwill			
Long-term prepaid expenses	15	3,388,948.05	8,029,043.26
Deferred tax assets			
Other non-current assets	17	1,581,840.00	1,581,840.00
Total non-current assets		573,451,114.81	595,841,048.51
Total assets		1,790,195,248.41	1,714,444,000.65

The accompanying notes form an integral part of the financial statements.

Legal representative: zhengqing

Principal in charge of accounting: liyan

Head of the accounting department:wuxiukun

Hainan Pearl River Holding Company Limited

Consolidated Balance Sheet

Unit: RMB

ASSETS	Note(VII)	30 June 2016	31 December 2015
Current liabilities		—	—
Short-term borrowings			
Financial liabilities at fair value through profit or loss			
Derivative financial assets			
Notes payable			
Accounts payable	19	67,235,402.17	24,313,483.40
Advances from customers	20	754,711,163.32	428,054,670.19
Employee benefits payable	21	12,908,152.22	13,353,268.66
Taxes payable	22	-33,545,360.10	-5,255,663.63
Interest payable	23	212,107,203.95	178,429,980.05
Dividends payable	24	3,213,302.88	3,213,302.88
Other payables	25	546,272,136.93	561,278,959.68
Current portion of non-current liabilities	26	287,761,902.11	353,287,364.69
Other current liabilities			
Total current liabilities		1,850,663,903.48	1,556,675,365.92
Non-current liabilities		—	—
Long-term borrowings	27	215,500,000.00	390,333,333.34
Bonds payable			
Long-term payable			
Grants payable			
Provisions			
Deferred income			
Deferred tax liabilities	16	613,562.37	629,227.79
Other non-current liabilities			
Total non-current liabilities		216,113,562.37	390,962,561.13
Total liabilities		2,066,777,465.85	1,947,637,927.05
Equity		—	—
Share capital	28	426,745,404.00	426,745,404.00
Capital reserve	29	334,690,837.45	334,690,837.45
Less: Treasury Share			
Other comprehensive income			0.00
Surplus reserve	30	109,487,064.39	109,487,064.39
Provision for general risks			
Retained earnings	31	-1,135,430,769.87	-1,088,060,174.99
Equity attributable to parent company		-264,507,464.03	-217,136,869.15
*Minority interests		-12,074,753.41	-16,057,057.25
Total owner's equity		-276,582,217.44	-233,193,926.40
Total liabilities and owner's equity		1,790,195,248.41	1,714,444,000.65

The accompanying notes form an integral part of the financial statements.

Legal representative: zhengqing

Principal in charge of accounting: liyan

Head of the accounting department: wuxiukun

Hainan Pearl River Holding Company Limited
Consolidated Income Statement

Unit: RMB

ITEM	Note(VII)	Jan.-Jun. 2016	Jan.-Jun. 2015
I. Revenue		149,032,528.40	136,117,829.19
Including: Operating income	32	149,032,528.40	136,117,829.19
II.Total cost		237,320,083.66	226,073,509.86
Including: Operating cost	32	122,029,925.99	100,737,341.87
Interest expenses			
Handling charges and commissions expenses			
Business taxes and surcharges	33	10,405,923.57	7,631,999.47
Selling expenses	34	8,871,001.02	2,806,121.97
Administrative expenses	35	45,226,141.70	48,527,378.52
Including:research and development expenses			
Finance expenses	36	48,791,814.72	65,550,902.11
Including: Interest expenses			
Interest income			
Net loss on foreign exchange			
Impairment losses of assets	37	1,995,276.66	819,765.92
Others			
Add: Gain on fair-value changes (“-”for loss)			-
Investment income (“-”for loss)	38	37,928,898.30	124,137,366.75
Including: investment income from associates and joint ventures		-234,924.26	-205,388.30
Gain or loss on foreign exchange (“-”for loss)			
III.Operating profits (“—”for loss)		-50,358,656.96	34,181,686.08
Add: Non-operating income	39	2,651,492.34	508,533.86
Including: Gains on disposal of non-current assets		2,555,707.19	12,073.95
Gains from exchange of non-monetary assets			
Government grants			
Gains from debt restructuring			
Less: Non-operating expenses	40	3,278,378.77	194,835.62
Including: Losses on disposal of non-current assets		131,916.10	
Losses from exchange of non-monetary assets			
Losses from debt restructuring			
IV.Profit before tax (“—”for loss)		-50,985,543.39	34,495,384.32
Less: Income tax expenses	41	183,697.96	15,854,110.26
V.Net profit (“—”for loss)		-51,169,241.35	18,641,274.06
Net profit attributable to owners of the Company		-47,370,594.88	21,492,625.03
*Profit/loss attributable to minority shareholders		-3,798,646.47	-2,851,350.97
VI.Post-tax net value of other comprehensive income		-	-125,127,595.63
Post-tax net value of other comprehensive income attributable to owners of the Company		-	-125,127,595.63
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss			
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		-	-125,127,595.63
i.Other comprehensive incomes that be able to reclassify as profit under equity method.			
ii.Gain or loss from fair-value changes on available for sale financial assets		0.00	-125,127,595.63
iii.Reclassify held-to-maturity investment to hold-to-sale financial assets gain or loss			
iv. The effective cash flow hedging gain or loss			
v. Translation differences arising on translation of financial statements denominated in foreign currencies			
Post-tax net value of other comprehensive income attributable to minority shareholders			
VII.Total comprehensive income attributable to:		-51,169,241.35	-106,486,321.57
Owners of the Company		-47,370,594.88	-103,634,970.60
*Minority shareholders		-3,798,646.47	-2,851,350.97
VIII.Earnings per share			
i.Basic earnings per share		-0.11	0.05
ii.Diluted earnings per share		-0.11	0.05

The accompanying notes form an integral part of the financial statements.

Hainan Pearl River Holding Company Limited

Consolidated Cash Flow Statement

Unit: RMB

ITEM	Note(VII)	Jan.-Jun. 2016	Jan.-Jun. 2015
I .Cash flows from operating activities:		—	—
Cash received from sales and services		479,504,679.10	131,025,358.54
Tax refunds			
Net cash from other operating activities	42	40,079,903.61	23,284,389.75
Sub-total of cash inflows from operating activities		519,584,582.71	154,309,748.29
Cash paid for goods and services		187,434,195.91	108,549,739.93
Cash paid to and on behalf of employees		101,699,085.20	84,422,863.01
Payment of taxes and surcharges		45,957,728.39	13,664,710.40
Other cash payments relating to operating activities	42	23,148,007.67	42,635,229.77
Sub-total of cash outflows from operating activities		358,239,017.17	249,272,543.11
Net cash flows from operating activities		161,345,565.54	-94,962,794.82
II .Cash flows from investing activities:		—	—
Cash receipts from withdraw of investments		12,000,000.00	139,371,794.42
Cash received from investment income		8,271.82	-
Net cash from disposal of fixed assets, intangible assets and other long-term assets		4,849,613.03	439,810.00
Net cash received from disposal of subsidiaries and other business units			
Other cash receipts relating to investing activities			-
Sub-total of cash inflows from investing activities		16,857,884.85	139,811,604.42
Cash paid for fixed assets, intangible assets and other long-term assets		3,287,207.48	5,131,894.84
Cash payments for investments		8,000,000.00	3,000,000.00
Net cash paid for acquiring subsidiaries and other business units			
Net cash used in other investing activities	42	123,352.41	-
Sub-total of cash outflows from investing activities		11,410,559.89	8,131,894.84
Net cash flows from investing activities		5,447,324.96	131,679,709.58
III.Cash flows from financing activities. Cash flows from financing activities:		—	—
Cash proceeds from investments by others			
Including: cash received by subsidiaries from minority shareholders' investment			
Cash received from borrowings		43,968,657.29	380,748,000.00
Cash received from issuance of bonds			
Cash receipts related to other financing activities			
Sub-total of cash inflows from financing activities		43,968,657.29	380,748,000.00
Cash repayments for debts		254,610,856.00	327,745,062.26
Cash payments for distribution of dividends, profit and interest expenses		14,499,908.50	39,602,363.55
Including: dividends or profit paid by subsidiaries to minority shareholders			
Other cash payments relating to financing activities	42	4,302,704.04	11,504,695.28
Sub-total of cash outflows from financing activities		273,413,468.54	378,852,121.09
Net cash flows from financing activities		-229,444,811.25	1,895,878.91
IV.Effect of foreign exchange rate changes on cash and cash equivalents		-	-
V.Net increase in cash and cash equivalents		-62,651,920.75	38,612,793.67
Add: beginning balance of cash and cash equivalents		205,762,131.54	97,404,192.62
VI. Ending balance of cash and cash equivalents		143,110,210.79	136,016,986.29

The accompanying notes form an integral part of the financial statements.

Hainan Pearl River Holding Company Limited
Consolidated Statement of Changes in Owners' Equity

Unit: RMB

ITEM	Note(VII)	Jan.-Jun.2016												Minority interests	Total owner's equity
		Attributable to the parent company													
		Paid-in capital	Other equity instruments	Capital reserve	Less:treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	Provision for general risks	Retained earnings	Others	Sub-total			
1	2	3	4	5	6	7	8	9	10	11	12	13			
I.Closing balance of the preceding year		426,745,404.00	-	334,690,837.45	-	-	-	109,487,064.39	-	-1,088,060,174.99	-	-217,136,869.15	-16,057,057.25	-233,193,926.40	
Add:Changes in accounting policies		—	—	—	—	—	—	—	—	—	—	—	—	—	
Corrections of errors in Prior Period		—	—	—	—	—	—	—	—	—	—	—	—	—	
Others		-	-	-	-	-	-	-	-	-	-	-	-	-	
II.Opening balance of the current year		426,745,404.00	-	334,690,837.45	-	-	-	109,487,064.39	-	-1,088,060,174.99	-	-217,136,869.15	-16,057,057.25	-233,193,926.40	
III.Changes for the year		-	-	-	-	-	-	-	-	-47,370,594.88	-	-47,370,594.88	3,982,303.84	-43,388,291.04	
(I) Total comprehensive income		-	-	-	-	-	-	-	-	-47,370,594.88	-	-47,370,594.88	-3,798,646.47	-51,169,241.35	
(II) Capital contribution and withdrawals by owners		-	-	-	-	-	-	-	-	-	-	-	7,780,950.31	7,780,950.31	
i.Capital contributions from owners		-	-	-	-	-	-	-	-	-	-	-	-	-	
ii.Capital contribute from other equity instrument holders		-	-	-	-	-	-	-	-	-	-	-	-	-	
iii.Share-based payment recorded in owner's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	
iv.Others		-	-	-	-	-	-	-	-	-	-	-	7,780,950.31	7,780,950.31	
(III).Profits distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	
i.Appropriation to surplus reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	
Including:Statutory surplus reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	
Optional surplus reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	
ii.Appropriation of provision for general risks		-	-	-	-	-	-	-	-	-	-	-	-	-	
iii.Profit distribution to equity owners		-	-	-	-	-	-	-	-	-	-	-	-	-	
iv.Others		-	-	-	-	-	-	-	-	-	-	-	-	-	
(V).Transfer within owner's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	
i.Capital reserve transferred to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	
ii.Surplus reserve transferred to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	
iii.Recover of loss by surplus reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	
iv.Others		-	-	-	-	-	-	-	-	-	-	-	-	-	
IV. Closing balance of the year		426,745,404.00	-	334,690,837.45	-	-	-	109,487,064.39	-	-1,135,430,769.87	-	-264,507,464.03	-12,074,753.41	-276,582,217.44	

The accompanying notes form an integral part of the financial statements.

Legal representative: zhengqing

Principal in charge of accounting: liyan

Head of the accounting department:wuxiukun

Hainan Pearl River Holding Company Limited
Consolidated Statement of Changes in Owners' Equity

Unit: RMB

ITEM	Note(VII)	Jan.-Jun.2015												
		Attributable to the parent company											Minority interests	Total owner's equity
		Paid-in capital	Other equity instruments	Capital reserve	Less:treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	Provision for general risks	Retained earnings	Others	Sub-total		
1	2	3	4	5	6	7	8	9	10	11	12	13		
I.Closing balance of the preceding year		426,745,404.00		334,690,837.45		125,127,595.63		109,487,064.39		-980,486,431.07		15,564,470.40	3,490,581.24	19,055,051.64
Add:Changes in accounting policies		-	-				-	-	-	-	-	-	-	-
Corrections of errors in Prior Period		-	-	-	-	-	-	-	-	-	-	-	-	-
Others		-	-	-	-	-	-	-	-	-	-	-	-	-
II.Opening balance of the current year		426,745,404.00	-	334,690,837.45	-	125,127,595.63	-	109,487,064.39	-	-980,486,431.07	-	15,564,470.40	3,490,581.24	19,055,051.64
III.Changes for the year		-	-	-	-	-125,127,595.63	-	-	-	21,492,625.03	-	-103,634,970.60	-2,851,350.97	-106,486,321.57
(I) Total comprehensive income		-	-	-	-	-125,127,595.63	-	-	-	21,492,625.03	-	-103,634,970.60	-2,851,350.97	-106,486,321.57
(II) Capital contribution and withdrawals by owners		-	-	-	-	-	-	-	-	-	-	-	-	-
i.Capital contributions from owners		-	-	-	-	-	-	-	-	-	-	-	-	-
ii.Capital contribute from other equity instrument holders		-	-	-	-	-	-	-	-	-	-	-	-	-
iii.Share-based payment recorded in owner's equity		-	-	-	-	-	-	-	-	-	-	-	-	-
iv.Others		-	-	-	-	-	-	-	-	-	-	-	-	-
(III).Profits distribution		-	-	-	-	-	-	-	-	-	-	-	-	-
i.Appropriation to surplus reserve		-	-	-	-	-	-	-	-	-	-	-	-	-
Including:Statutory surplus reserve		-	-	-	-	-	-	-	-	-	-	-	-	-
Optional surplus reserve		-	-	-	-	-	-	-	-	-	-	-	-	-
ii.Appropriation of provision for general risks		-	-	-	-	-	-	-	-	-	-	-	-	-
iii.Profit distribution to equity owners		-	-	-	-	-	-	-	-	-	-	-	-	-
iv.Others		-	-	-	-	-	-	-	-	-	-	-	-	-
(V).Transfer within owner's equity		-	-	-	-	-	-	-	-	-	-	-	-	-
i.Capital reserve transferred to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-
ii.Surplus reserve transferred to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-
iii.Recover of loss by surplus reserve		-	-	-	-	-	-	-	-	-	-	-	-	-
iv.Others		-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the year		426,745,404.00	-	334,690,837.45	-	-	-	109,487,064.39	-	-958,993,806.04	-	-88,070,500.20	639,230.27	-87,431,269.93

The accompanying notes form an integral part of the financial statements.

Legal representative: zhengqing

Principal in charge of accounting: liyan

Head of the accounting department:wuxiukun

Hainan Pearl River Holding Company Limited
Balance Sheet of the Company

Unit: RMB

ASSETS	Note(XVII)	30 June 2016	31 December 2015
Current assets:		—	—
Cash and cash equivalent		614,094.31	479,720.71
Provision of settlement fund			
Funds lent			
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable	1	1,746,148.46	1,701,828.46
Advances to suppliers		130,530,000.00	50,277,830.00
Interest receivable			
Dividends receivable		260,015.00	260,015.00
Other receivables	2	691,973,462.93	684,683,017.06
Buying back the sale of financial assets			
Inventories		4,824,035.45	4,824,035.45
Reclassified to assets held for sale			
Current portion of non-current assets			
Other current assets			
Total current assets		829,947,756.15	742,226,446.68
Non-current assets:		—	—
Available-for-sale financial assets		11,411,309.90	11,411,309.90
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	3	293,072,507.30	293,231,762.82
Investment property		6,534,885.83	6,686,104.13
Fixed assets		11,279,913.56	13,311,762.29
Construction in progress			
Construction materials			
Fixed assets pending for disposal			
Productive biological assets			
Oil and gas assets			
Intangible assets		1,386,217.86	1,410,049.68
Development disbursements			
Goodwill			
Long-term prepaid expenses		335,622.00	604,524.68
Deferred tax assets			
Other non-current assets			
Total non-current assets		324,020,456.45	326,655,513.50
Total assets		1,153,968,212.60	1,068,881,960.18

The accompanying notes form an integral part of the financial statements.

Legal representative: zhengqing

Principal in charge of accounting: liyan

Head of the accounting department: wuxiukun

Hainan Pearl River Holding Company Limited
Balance Sheet of the Company(Continued)

Unit: RMB

ASSETS	Note(XVII)	30 June 2016	31 December 2015
Current liabilities:		—	—
Short-term borrowings			
Financial liabilities at fair value through profit or loss			
Derivative financial assets			
Notes payable			
Accounts payable		2,482,949.70	2,482,949.70
Advances from customers		538,896.41	38,896.41
Financial assets sold for repurchase			
Employee benefits payable		1,102,872.24	1,050,861.22
Including:Accrued payroll		1,102,872.24	1,050,861.22
Welfare benefits payable			
Including:Staff and workers' bonus and selfare			
Taxes and surcharges payable		10,387,085.61	7,576,662.32
Including:Taxes payable		10,387,085.61	7,576,662.32
Interest payable		158,942,005.70	126,077,364.57
Dividends payable		3,213,302.88	3,213,302.88
Other payables		605,653,472.85	430,555,824.81
Cession insurance premiums payable			
Provision for insurance contracts			
Funds received as agent of stock exchange			
Funds received as stock underwrite sale			
Reclassified to liabilities held for sale			
Current portion of non-current liabilities		196,805,306.92	272,856,962.92
Other current liabilities			
Total current liabilities		979,125,892.31	843,852,824.83
Non-current liabilities:		—	—
Long-term borrowings			
Bonds payable			
Long-term payable			
Grants payable			
Provisions			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		979,125,892.31	843,852,824.83
Equity:		—	—
Share capital		426,745,404.00	426,745,404.00
Capital reserve		337,276,496.52	337,276,496.52
Less:Treasury Share			
Other comprehensive income			
Surplus reserve		109,487,064.39	109,487,064.39
Provision for general risks			
Retained earnings		-698,666,644.62	-648,479,829.56
Total owner's equity		174,842,320.29	225,029,135.35
Total liabilities and owner's equity		1,153,968,212.60	1,068,881,960.18

The accompanying notes form an integral part of the financial statements.

Legal representative: zhengqing

Principal in charge of accounting: liyan

Head of the accounting department:wuxiukun

Hainan Pearl River Holding Company Limited
Income Statement of the Company

Unit: RMB

ITEM	Note(XVII)	Jan.-Jun. 2016	Jan.-Jun. 2015
I. Revenue		620,935.59	512,071.26
Including: Operating income	4	620,935.59	512,071.26
II.Total cost		51,302,567.04	55,982,552.69
Including: Operating cost	4	173,367.05	177,796.80
Business taxes and surcharges		4,203,229.46	21,956.02
Selling expenses			
Administrative expenses		8,249,999.98	8,057,788.45
Including:research and development expenses			
Finance expenses		38,649,091.37	47,714,085.92
Including: Interest expenses			
Interest income			
Net loss on foreign exchange			
Impairment losses of assets		26,879.18	10,925.50
Others			
Add: Gain on fair-value changes (“-”for loss)			
Investment income (“-”for loss)	5	-159,255.52	124,217,340.81
Including: Investment income from associates and joint ventures		-159,255.52	-125,414.24
Gain or loss on foreign exchange (“-”for loss)			
III.Operating profits (“—”for loss)		-50,840,886.97	68,746,859.38
Add: Non-operating income		2,456,114.61	
Including: Gains on disposal of non-current assets		2,456,114.61	
Gains from exchange of non-monetary assets			
Government grants			
Gains from debt restructuring			
Less: Non-operating expenses		1,802,042.70	577.22
Including: Losses on disposal of non-current assets			
Losses from exchange of non-monetary assets			
Losses from debt restructuring			
IV.Profit before tax (“—”for loss)		-50,186,815.06	68,746,282.16
Less: Income tax expenses			15,210,270.77
V.Net profit (“—”for loss)		-50,186,815.06	53,536,011.39
VI.Post-tax net value of other comprehensive income		-	-125,127,595.63
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss			
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		-	-125,127,595.63
i.Other comprehensive incomes that be able to reclassify as profit under equity method.			
ii.Gain or loss from fair-value changes on available for sale financial assets			-125,127,595.63
iii.Reclassify held-to-maturity investment to hold-to-sale financial assets gain or loss			
iv. The effective cash flow hedging gain or loss			
v. Translation differences arising on translation of financial statements denominated in foreign currencies			
VII.Total comprehensive income		-50,186,815.06	-71,591,584.24

The accompanying notes form an integral part of the financial statements.

Legal representative: zhengqing

Principal in charge of accounting: liyan

Head of the accounting department:wuxiukun

Hainan Pearl River Holding Company Limited
Cash Flow Statement of the Company

Unit: RMB

ITEM	Note(XVII)	Jan.-Jun. 2016	Jan.-Jun. 2015
I .Cash flows from operating activities:		—	—
Cash received from sales and services		12,455,200.00	1,269,936.85
Tax refunds			
Net cash from other operating activities		136,609,030.88	152,644,738.55
Sub-total of cash inflows from operating activities		149,064,230.88	153,914,675.40
Cash paid for goods and services		76,485,200.00	
Cash paid to and on behalf of employees		3,292,324.17	3,092,486.56
Payment of taxes and surcharges		2,107,925.47	258,008.24
Other cash payments relating to operating activities		6,410,947.28	55,872,045.25
Sub-total of cash outflows from operating activities		88,296,396.92	59,222,540.05
Net cash flows from operating activities		60,767,833.96	94,692,135.35
II .Cash flows from investing activities:		—	—
Cash receipts from withdraw of investments		8,000,000.00	139,371,794.42
Cash received from investment income			
Net cash from disposal of fixed assets, intangible assets and other long-term assets		3,060,360.00	
Net cash received from disposal of subsidiaries and other business units			
Other cash receipts relating to investing activities			
Sub-total of cash inflows from investing activities		11,060,360.00	139,371,794.42
Cash paid for fixed assets, intangible assets and other long-term assets		26,549.00	6,199.00
Cash payments for investments		13,330,000.00	30,066,000.00
Net increase of pledged loans			
Net cash paid for acquiring subsidiaries and other business units			
Net cash used in other investing activities			
Sub-total of cash outflows from investing activities		13,356,549.00	30,072,199.00
Net cash flows from investing activities		-2,296,189.00	109,299,595.42
III.Cash flows from financing activities:		—	—
Cash proceeds from investments by others			
Including: cash received by subsidiaries from minority shareholders' investment			
Cash received from borrowings		27,585,780.73	80,748,000.00
Cash received from issuance of bonds			
Cash receipts related to other financing activities			
Sub-total of cash inflows from financing activities		27,585,780.73	80,748,000.00
Cash repayments for debts		78,870,856.00	260,505,000.00
Cash payments for distribution of dividends, profit and interest expenses		6,875,492.05	18,880,311.44
Including: dividends or profit paid by subsidiaries to minority shareholders			
Other cash payments relating to financing activities		176,704.04	5,338,995.28
Sub-total of cash outflows from financing activities		85,923,052.09	284,724,306.72
Net cash flows from financing activities		-58,337,271.36	-203,976,306.72
IV.Effect of foreign exchange rate changes on cash and cash equivalents		-	-
V .Net increase in cash and cash equivalents		134,373.60	15,424.05
Add: beginning balance of cash and cash equivalents		479,720.71	2,034,649.76
VI. Ending balance of cash and cash equivalents		614,094.31	2,050,073.81

The accompanying notes form an integral part of the financial statements.

Legal representative: zhengqing

Principal in charge of accounting: liyan

Head of the accounting department:wuxiukun

Hainan Pearl River Holding Company Limited
Statement of Changes in Owners' Equity of the Company

Unit: RMB

ITEM	Note(XVII)	Jan.-Jun.2016										
		Paid-in capital	Other equity instruments	Capital reserve	Less:treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	Provision for general risks	Retained earnings	Others	Total owner's equity
		1	2	3	4	5	6	7	8	9	10	11
I.Closing balance of the preceding year		426,745,404.00	-	337,276,496.52	-	-	-	109,487,064.39	-	-648,479,829.56	-	225,029,135.35
Add:Changes in accounting policies		—	—	—	—	—	—	—	—	—	—	—
Corrections of errors in Prior Period		—	—	—	—	—	—	—	—	—	—	—
Others		-	-	-	-	-	-	-	-	-	-	-
II.Opening balance of the current year		426,745,404.00	-	337,276,496.52	-	-	-	109,487,064.39	-	-648,479,829.56	-	225,029,135.35
III.Changes for the year		-	-	-	-	-	-	-	-	-50,186,815.06	-	-50,186,815.06
(I) Total comprehensive income		-	-	-	-	0.00	-	-	-	-50,186,815.06	-	-50,186,815.06
(II) Capital contribution and withdrawals by owners		-	-	-	-	-	-	-	-	-	-	-
i.Capital contributions from owners		-	-	-	-	-	-	-	-	-	-	-
ii.Capital contribute from other equity instrument holders		-	-	-	-	-	-	-	-	-	-	-
iii.Share-based payment recorded in owner's equity		-	-	-	-	-	-	-	-	-	-	-
iv.Others		-	-	-	-	-	-	-	-	-	-	-
(III).Profits distribution		-	-	-	-	-	-	-	-	-	-	-
i.Appropriation to surplus reserve		-	-	-	-	-	-	-	-	-	-	-
Including:Statutory surplus reserve		-	-	-	-	-	-	-	-	-	-	-
Optional surplus reserve		-	-	-	-	-	-	-	-	-	-	-
ii.Appropriation of provision for general risks		-	-	-	-	-	-	-	-	-	-	-
iii.Profit distribution to equity owners		-	-	-	-	-	-	-	-	-	-	-
iv.Others		-	-	-	-	-	-	-	-	-	-	-
(V).Transfer within owner's equity		-	-	-	-	-	-	-	-	-	-	-
i.Capital reserve transferred to paid-in capital		-	-	-	-	-	-	-	-	-	-	-
ii.Surplus reserve transferred to paid-in capital		-	-	-	-	-	-	-	-	-	-	-
iii.Recover of loss by surplus reserve		-	-	-	-	-	-	-	-	-	-	-
iv.Others		-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the year		426,745,404.00	-	337,276,496.52	-	-	-	109,487,064.39	-	-698,666,644.62	-	174,842,320.29

The accompanying notes form an integral part of the financial statements.

Legal representative:: zhengqing

Principal in charge of accounting: yiyuan

Head of the accounting department:

wuxiukun

Hainan Pearl River Holding Company Limited
Statement of Changes in Owners' Equity of the Company

Unit: RMB

ITEM	Note(XVII)	Jan.-Jun.2016										
		Paid-in capital	Other equity instruments	Capital reserve	Less:treasury shares	Other comprehensive income	Specialized reserve	Surplus reserve	Provision for general risks	Retained earnings	Others	Total owner's equity
		1	2	3	4	5	6	7	8	9	10	11
I.Closing balance of the preceding year		426,745,404.00		337,276,496.52		125,127,595.63		109,487,064.39		-628,364,574.11		370,271,986.43
Add:Changes in accounting policies		-	-		-		-	-	-	-	-	-
Corrections of errors in Prior Period		-	-	-	-	-	-	-	-	-	-	-
Others		-	-	-	-	-	-	-	-	-	-	-
II.Opening balance of the current year		426,745,404.00	-	337,276,496.52	-	125,127,595.63	-	109,487,064.39	-	-628,364,574.11	-	370,271,986.43
III.Changes for the year		-	-	-	-	-125,127,595.63	-	-	-	53,536,011.39	-	-71,591,584.24
(I) Total comprehensive income		-	-	-	-	-125,127,595.63	-	-	-	53,536,011.39	-	-71,591,584.24
(II) Capital contribution and withdrawals by owners		-	-	-	-	-	-	-	-	-	-	-
i.Capital contributions from owners		-	-	-	-	-	-	-	-	-	-	-
ii.Capital contribute from other equity instrument holders		-	-	-	-	-	-	-	-	-	-	-
iii.Share-based payment recorded in owner's equity		-	-	-	-	-	-	-	-	-	-	-
iv.Others		-	-	-	-	-	-	-	-	-	-	-
(III).Profits distribution		-	-	-	-	-	-	-	-	-	-	-
i.Appropriation to surplus reserve		-	-	-	-	-	-	-	-	-	-	-
Including:Statutory surplus reserve		-	-	-	-	-	-	-	-	-	-	-
Optional surplus reserve		-	-	-	-	-	-	-	-	-	-	-
ii.Appropriation of provision for general risks		-	-	-	-	-	-	-	-	-	-	-
iii.Profit distribution to equity owners		-	-	-	-	-	-	-	-	-	-	-
iv.Others		-	-	-	-	-	-	-	-	-	-	-
(V).Transfer within owner's equity		-	-	-	-	-	-	-	-	-	-	-
i.Capital reserve transferred to paid-in capital		-	-	-	-	-	-	-	-	-	-	-
ii.Surplus reserve transferred to paid-in capital		-	-	-	-	-	-	-	-	-	-	-
iii.Recover of loss by surplus reserve		-	-	-	-	-	-	-	-	-	-	-
iv.Others		-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the year		426,745,404.00	-	337,276,496.52	-	-	-	109,487,064.39	-	-574,828,562.72	-	298,680,402.19

The accompanying notes form an integral part of the financial statements.

Legal representative: zhengqing

Principal in charge of accounting: liyan

Head of the accounting department:

wuxiukun

Hainan Pearl River Holding Company Limited

Notes on the Financial Statements for the half year of 2016

I . General information

Hainan Pearl River Holding Company Limited, referred to as ‘the Company’ or ‘Pearl River Holding’, grew out of the lawful re-registration by the original Hainan Pearl River Industry Company Limited on January 11 1992. The re-registration was based on the document of Qiong Fu Ban [1992] No.1 issued by the General Office of Hainan People’s Government and City Management Office Qiong Yin [1992] No. 6 issued by the People’s Bank of Hainan province. By the time when the re-registration took place, the Company issued a total amount of 81,880,000 shares, among which 60,793,600 shares were folded from the predecessor’s net assets while the rest amount, 21,086,400 shares, were newly issued and were listed on Shenzhen Stock Exchange according to the document of securities administration office [1992] No. 83 issued by the People’s Bank of China in December 1992. The parent company of the Pearl River Holding, the Guangjiang Industrial Company held the amount of 36,393,600 shares in 1992, equivalent to a shareholding ratio of 44.45%. The business license registration number is 20128455-6 and the company is defined as belonging to the real estate industry.

On 25th March 1993, approved by the Hainan joint-stock system pilot leading group office with the supporting document of Qiong joint-stock office [1993] No.028 and the Shenzhen special economic zone branch of the People’s Bank of China with the corresponding document of Shen People’s Bank Fu [1993] No.099, the company increased its share capital by stock-for stock: five new shares for every ten shares held plus two freely delivered new shares. As a result, the share capital increased to 139,196,000 shares, of which the shareholder, Guangzhou Pearl River Industrial Company occupied 48,969,120 shares, holding an equity stake of 35.18%.

In 1994, the equity capital was raised to the amount of 278,392,000 shares through delivering 10 new free shares for every 10 shares held. Guangzhou Pearl River Industrial Company occupied 97,938,240 shares, holding an equity stake of 35.18%.

In 1995, based on the approval stated at the document of Shenzhen BanFu [1995] No. 45 and Shenzhen BanFu [1995] No.12, the company issued 50 million B shares. An incremental share capital was thus followed based on the fact that every 1.5 new shares were generated for every ten B shares, resulting in the amount of 377,650,800 shares outstanding in total. Guangzhou Pearl River Industrial Company occupied 112,628,876 shares, holding an equity stake of 29.82%.

In 1999, 112,628,976 shares that were held by the Guangzhou Pearl River Industrial Group Co., Company were transferred to Beijing Wanfa Real Estate Development Company. Consequently, Beijing Wanfa Real Estate Development Company became the first majority shareholder, holding the amount of 112,628,976 shares, which accounts for 29.82% of the total outstanding shares of the company.

On 10th January 2000, with the Business License for Legal Person issued by the Hainan Administrative Bureau for Industry and Commerce and the registration number 4600001006830 obtained, the name of the company was formally changed to Hainan Pearl River Holding Company Limited.

August 17, 2006, with the implementation of equity division reform, an incremental of share capital to the total amount of 49.094604 million shares took place since additional shares were delivered to all shareholders based on a 10 : 1.3 (1.3 free new shares for every 10 held) distribution regime. The total amount of shares outstanding was thus increased to 426,745,404 shares with the Wanfa Real Estate Development Company occupying 107,993,698 shares, taking

up the ownership percentage of 25.31%. In 2007 and 2009, non-circulation stock shareholders paid back consideration for reform of the shareholder structure; the corresponding value was respectively 3,289,780 and 1,196,000 shares of stock. Beijing Wanfa Real Estate Development Company held an amount of 112,479,478 shares at the end of 2009, which was equivalent to an equity stake of 26.36%. In 2010, the controlling shareholder Beijing Wanfa Real Estate Development Stock Limited Company changed its name to Beijing Wanfa Real Estate Development Limited Liability Company. At the end of 2011, this dominant shareholder held an amount of 112,479,478 shares, equivalent to an ownership percentage of 26.36%.

Registered capital: RMB 426,745,400 Yuan

The business license number: 4600001006830

Office address: 29/F., Dihao Building, Pearl River Plaza, Binhai Avenue, Haikou, Hainan, the PRC.

Corporate representative: Zheng Qing

The operation scope: Industrial investment, tropical farming, aquaculture, real estate development and management, hotel investment and management, material supply, construction equipment purchasing, leasing, hardware, chemical, trade of household items, decoration, vehicle parking, and high-tech investment projects, investment in environmental protection projects, investment advice. The company mainly engaged in real estate development and property management, which belong to real estate aspect.

The Company's basic organizational structure: General meeting of shareholders is the highest organ of power. Board of directors is the executing agency. Supervisory board is the Company's internal auditing agency. General Manager is responsible for the Company's daily operational management.

There are General Manager Office, Securities Department, and Tourism Real Estate Department, Financial Department, Management Department, Auditing Department and others in the Company.

II . Preparation basis of simulated financial statement

Preparation of the financial statements is based on going concern postulate. Recognition and measurement comply with actual transactions or events, and the Company prepares financial statements on these bases.

III . Accounting policies, accounting estimates and error correction of previous years

1. Announcement about compliance with Accounting Standards for Business Enterprises

The Company's financial statements are prepared in accordance with the requirements of the Accounting Standards for Business Enterprises, and they fairly and completely present the financial position, operation results, cash flow and other relevant information of the Company.

2. Accounting year

Accounting year of the Group is the calendar year from January 1 to December 31. This report covers the period from January 1, 2016 to June 30, 2016.

3. Reporting currency

The Company's reporting and presentation currency is Renminbi ("RMB").

4. Business combinations

5.1. Where a business combination achieved in stages, such multiple transactions accounted as a package deal if one or more following conditions are satisfied:

- i. such transactions made simultaneously or after consider each other's effect;
- ii. only such transactions made in whole,a complete commercial result achieved;
- iii. one transactions made depend upon at least one other transaction;
- iv. one transactions is not commercial invidually,but when consider with other transactions,it is commercial.

5.2. Business combinations involving enterprises under common control

(1) separate financial statement

The consideration is the cash given, non-monetary assets transferred, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. The initial cost of the long-term equity investment is the share of the consolidated financial statements, at the acquisition date, of ultimate controlling parties's net assets. The difference between the initial cost of the long-term equity investment obtained and the consideration paid for the combination is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings. If there is contingent consideration and need to recognize contingent assets or liabilities, the difference between amounts of the contingent assets or liabilities and the subsequent settlement price is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Where a business combination involving enterprises under common control is achieved in stages that involve multiple transactions, if such transaction is a package deal, the all transactions are accounted as a package deal to obtain control power. If not, at the acquisition date, the difference between the initial cost of the long-term equity investment and the aggregate of the carrying amount of the long-term equity investment held before acquisition date and the new consideration paid in order to achieve further equity is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings. As for the other comprehensive income relating to the equity held in the acquiree before the acquisition date are not accounted until dispose such investment. when disposed, adopt the basis, which is same to investee dispose related assets or liabilities, to accounted. The other comprehensive income recognized on the changes of other owner's equity except for net profit, other comprehensive income and dividend declared are not accounted until transferred to investment income when dispose such investment.

Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity for the business combination are adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be successively adjusted against surplus reserve and retained earnings.

Transaction costs associated with the issue of debt securities for the business combination are included in the initially recognized amounts of the debt securities.

If the combined parties prepared consolidated financial statements, the initial cost of the long-term equity investment is determined on the basis of owner's equity attributed to parent company.

(2) consolidated financial statements

The assets and liabilities obtained by the absorbing party in a business combination are measured at the carrying amount.

Where a business combination involving enterprises under common control is achieved in stages that involve multiple transactions, if such transaction is a package deal, the all transactions are accounted as one transaction to obtain control power.

If not, the long-term equity investment held by absorbing party before acquisition date and the profit or loss, other comprehensive income and other equity changes recognized from the later of the acquisition date and the date on which absorbing party or combined party ultimately controlled by same party to combining date offset beginning retained earnings of comparative financial statements and current P/L respectively.

Where the accounting policy adopted by the combined party is different from that adopted by the combining party, the combining party shall, according to accounting policy it adopts, adjust the relevant items in the financial statements of the absorbing party, and shall, pursuant to the present Standard, recognize them on the basis of such adjustment.

5.3. Business combinations not involving enterprises under common control

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree.

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. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognized as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognizes the remaining difference immediately in profit or loss for the current period.

Where a business combination not involving enterprises under common control is achieved in stages that involve multiple transactions, the cost of combination is the sum of the consideration paid at the acquisition date and the fair value of the equity in the acquiree held before the acquisition. The equity held in the acquiree before the acquisition date is remeasured at its fair value at the acquisition date, with any difference between its fair value and its carrying amount being recognized as investment income, and the other comprehensive income relating to the equity held in the acquiree before the acquisition date being transferred to investment income.

5. Preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. All subsidiaries(including separate entities controled parent company) should be included in the consolidated financial statements.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company.

The consolidated financial statements are prepared on the basis of the financial statements of the Company and all of its subsidiaries.

All significant intra-group balances and transactions are eliminated on consolidation.

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

For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party.

Their operating results and cash flows from the beginning of the current reporting period are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

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

For a subsidiary disposed of by the Company, 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.

When the company loses control over a subsidiary due to disposal of equity investment or other reason, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received on disposal and the fair value of any retained interest and (ii) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interests is recognized as investment income in the period in which control is lost. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

6. Cash and Cash equivalents

Cash refers to cash on hand and demand deposits. "Cash equivalents" refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk on change in value.

7. Foreign currency transactions

8.1. Transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction.

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognised in profit or loss for the period, except the exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalisation are capitalised as part of the cost of the qualifying asset during the capitalisation period.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions; the amounts in functional currency remain unchanged.

Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value including changes of exchange rate and is recognized in profit and loss or as other comprehensive income included in capital reserve. The difference arising on available for sale non-monetary items is recognized in other comprehensive income.

8.2. Translation of financial statements denominated in foreign currencies

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items except for retained earnings are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at the spot exchange rates on the dates of the transactions; The difference between the translated assets and the aggregate of liabilities and shareholders' equity items is separately presented as the exchange differences arising on translation of financial statements denominated in foreign currencies under the shareholders' equity in the balance sheet.

On disposal of the Company's entire interest in a foreign operation, the Company transfers the accumulated translation differences that relating to translation of the financial statements of that foreign operation, presented in comprehensive income, to profit or loss in the period in which the disposal occurs. As for part disposal, the Company transfers the accumulated translation differences that relating to translation of the financial statements to profit or loss in the period in proportion to the weight of part disposal interest in a foreign operation.

8. Financial Instruments

Financial Instruments comprises financial assets, financial liabilities and equity instruments.

9.1. Classification of financial assets and financial liabilities

Financial instruments are classified into the following categories at initial recognition: financial assets (or liabilities) at fair value through profit or loss, entrusted loans, receivables, available-for-sale financial assets and held-to-maturity investments, other financial liabilities. The classification of financial assets depends on not only commercial substance in contract but also the Company's intention and ability to hold the financial assets.

9.2. Recognition and measurement

(3) Financial assets(or liabilities) at fair value through profit or loss ("FVTPL")

Financial assets or financial liabilities at FVTPL include financial assets or financial liabilities held for trading and those designated as at fair value through profit or loss.

A financial asset or financial liabilities is classified as held for trading if one of the following conditions is satisfied:

- (i) It has been acquired principally for the purpose of selling in the near term; or
- (ii) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Company has a recent actual pattern of short-term profit-taking; or
- (iii) It is a derivative that is not designated and effective as a hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

A financial asset or financial liabilities may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied:

- (i) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets (or liabilities) or recognizing the gains or losses on them on different bases; or
- (ii) The financial asset(or liabilities) forms part of a group of financial assets (or liabilities) or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis;
- (iii) Hybrid instruments associated with embedded derivatives, except for embedded derivatives have not significant impact on cash flow of hybrid instrument, or obviously embedded derivatives should not be split from hybrid instrument.
- (iv) Hybrid instruments associated with embedded derivatives, which are needed to split but not measured separately at initial acquisition date or at subsequent balance sheet date.

For financial assets and financial liabilities at FVTPL are initially measured at fair value, and transaction costs are immediately recognized in profit or loss. Financial assets or financial liabilities at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognized in profit or loss.

When disposed, the difference between fair value and initial cost are recognized in investment income; besides, adjust gain or loss from fair-value changes.

(4) Receivables

Accounts receivable arising from sale of goods or rendering of services are initially recognised at fair value of the contractual payments from the buyers or service recipients.

Receivables are classified into the following categories: receivable, other receivables, notes receivable, advances to suppliers and long-term receivables.

When the Company recover or dispose the accounts receivable, the difference between the proceeds received from the transaction and their carrying amounts is recognised in profit or loss for the current period.

(5) Entrusted loans

Entrusted loans are recognized at the actual amounts that lent out by financial institutes as an agent. And the interest is accounted on the accrual basis. If the previously recognized interest is overdue but not recover, cease to accrue and reverse it.

Entrusted loans are subsequently measured at lower of carrying amount and recoverable amount on the individual basis at the half year or whole year ended date.

(6) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are initially measured at fair value, and transaction costs are included in their initial recognized amounts.

Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method. effective interest determined at acquisition date and keep remain unchanged in estimated period or appropriate shorter period. Gain or loss arising from DE recognition, impairment or amortization is recognized in profit or loss. When dispose, the difference between proceeds received from the transaction and their carrying amounts are recognized in investment income.

(7) Available-for-sale financial assets

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

Available-for-sale financial assets are initially measured at fair value, and transaction costs are included in their initial recognized amounts. Interests obtained and the dividends declared by the investee during the period in which the available-for-sale financial assets are held, are recognized in investment gains.

Available-for-sale financial assets are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognized as other comprehensive income, 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.

9.3. Transfer of financial assets

The Company derecognizes a financial asset if the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; If not, continue to recognize as a financial asset.

When determine whether the transfer of financial assets satisfies DE recognition criteria or not, the substance over form should be taken into consideration

For a transfer of a financial asset in its entirety that satisfies the DE recognition criteria, the difference between (1) the carrying amounts of the financial asset transferred; and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that has 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 respective fair values of those parts. The difference between (1) the carrying amount allocated to the part derecognized; and (2) 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.

If a transfer of a financial asset are not satisfies the DE recognition criteria, such financial asset continuing involved in the transferred financial asset and recognizes consideration as an financial liability.

9.4. Derecognition of financial liabilities

The Company derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Company (an existing borrower) and an existing lender to replace the 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 financial liability. When the Company derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

If the Company buy back part of financial liability, the carrying amounts of financial liability should be allocated between the derecognized parts and continuing recognized parts in proportion to ratio of its fair value. The difference between the carrying amount of part of the financial liability derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) is recognized in profit or loss.

9.5. Basis for fair values of the financial assets and financial liabilities

The fair value of financial assets and financial liabilities traded on active markets are determined with reference to quoted market bid prices; The fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on

discounted cash flow analysis or using prices from observable current market transactions; The fair value of initial acquired or derivative instruments are determined with reference to quoted market prices.

9.6. Impairment of financial assets(except for receivables)

The Company assesses at each balance sheet date the carrying amounts of financial assets other than those at fair value through profit or loss. If there is objective evidence that a financial asset is impaired, the Company determines the amount of any impairment loss.

Objective evidence that a financial asset is impaired includes the following observable events:

- (1) Significant financial difficulty of the issuer or obligor;

- (2) A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
- (3) The Company, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower;
- (4) It becoming probable that the borrower will enter bankruptcy or other financial reorganizations;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;
- (6) Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes:
 - Adverse changes in the payment status of borrower in the group of assets; Economic conditions in the country or region of the borrower which may lead to a failure to pay the group of assets;
- (7) Significant adverse changes in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;
- (8) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost;

The method for impairment loss of financial assets are set out below:

- (1) Impairment of available-for-sale financial assets:

The Company assesses the available-for-sale equity instruments individually for impairment at balance sheet date. If the fair value of the equity instruments are reduced to 50%(or over 50%) of the cost or less than its cost and lasts more than one year, the impairment is recognized. If the the fair value of the equity instruments at the balance sheet date are less than 20% but more than 50% of the cost, the Company determines the impairment loss taking into account other related factors such as price fluctuation.

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value previously recognized directly in capital reserve is reclassified from the capital reserve to profit or loss. The amount of the cumulative loss that is reclassified from capital reserve to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

If, subsequent to the recognition of an impairment loss on available-for-sale financial assets, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognized, the previously recognized impairment loss is reversed. The amount of reversal of impairment loss on available-for-sale equity instruments is recognized as other comprehensive income, while the amount of reversal of impairment loss on available-for-sale debt instruments is recognized in profit or loss.

But for the impairment loss incurred on an investment in unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, or on a derivative

financial asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the impairment loss on such financial asset is not reversed once it is recognized.

(2) Impairment of held-to-maturity investments:

If there is objective evidence that a held-to-maturity investments is impaired, the difference between carrying amounts and present value of estimated future cash flows is recognized as an impairment loss in profit or loss. If there is objective evidence of a recovery in value of a held-to-maturity investments which can be related objectively to an event occurring after the impairment is recognized, the previously recognized impairment loss is reversed. However, the reversal is made to the extent that the carrying amount of the held-to-maturity investments at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

9.7. Offsetting financial assets and financial liabilities

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

9. Receivables

(1) Measurement method and the percentage of bad debts

Measurement method of bad debts: accounted with allowance method.

At the end of the period, impairment test shall be made on individual accounts receivable with significant amounts. If there is objective evidence that they have been impaired, bad debt loss shall be recognized and provision for bad debts shall be made base on the differences between book values and the present value of future cash flows.

For those individual accounts receivable without significant amounts at the end of the period, along with those accounts receivable that have been tested individually but not impaired, the Company classifies them in line with similar credit risk characteristics into several groups, and make a specific percentage of bad debts provision on the accounts receivable balances at balance sheet date. On the basis of the actual loss rate of receivable accounts, with same or similar credit risk characteristics of accounts receivable package in previous year, the Company also considers current situation and determine the percentage of bad debt provision.

Here is the Company's bad debts provision policy:

Ages	Percentage of Accounts Receivable (%)	Percentage of Others Receivable (%)
Within 1 year (including 1 year, same as following)	2	2
1 year to 2 years	5	5
2 years to 3 years	10	10
3 years to 4 years	20	20
4 years to 5 years	30	30
Over 5 years	50	50

There is strong evidence that accounts receivable can't be recovered or little possibility of recovery (it is unable to pay in the short term due to bankruptcy, insolvent, serious shortage of cash flow, serious natural disasters and etc.) as well as other evidences of occurring loss, the Company can make full provision for the accounts receivable.

(2) The accounts receivable meeting the following criteria are recognized as bad debts:

For accounts receivable that are surely uncollectible, such as they can be written off as bad debts after the approval of the general meeting of shareholders or the board of directors.

10. Inventories

(1) Inventories include: development cost (constructing development product), development product, finished goods, low-value consumable supplies and etc. All inventories are calculated at actual cost when acquire. The issue of inventories is calculated according to individual cognizance method. The low-value consumable supplies are amortized at one time. Inventories stock physical count system: perpetual inventory method

Measurement method of land used for development: the land used for development is included in "Inventories - development cost".

Public facilities costs: public facilities such as schools, as well as public facilities fees acquired by government departments, the cost is included in "development costs" and its apportionment and detailed calculation are in accordance with calculation objects and cost items.

(2) For inventories at balance sheet date, the evaluation criteria should base on the lower value between costs and net values that can be converted into cash. When net values that can be converted into cash are lower than costs, provision for impairment loss of inventories shall be made and recorded into current profit and loss.

11. Long-term equity investment

12.1. Determination of investment cost

(1) For a long-term equity investment acquired through a business combination, please refer to Notes "IV-4" in detail.

(2) Long-term equity investment acquired through other ways

The initial cost of a long-term equity investment obtained by making payment in cash shall be the purchase cost which is actually paid. The initial cost consists of the expenses directly relevant to the obtainment of the long term equity investment, taxes and other necessary expenses.

The initial cost of a long-term equity investment obtained on the basis of issuing equity securities shall be the fair value of the equity securities issued. Transaction cost of issuing or obtaining equity directly attributed to equity transaction can subtract from equity.

If the transaction is commercial in nature and fair values of both the assets received and surrendered can be reliably measured, the fair value of the assets surrendered shall be the basis for the determination of the cost of the assets received, unless there is any exact evidence showing that the fair value of the assets received is more reliable. Where any non-monetary assets transaction does not meet the conditions as prescribed in above, the carrying value and relevant payable taxes of the assets surrendered shall be the initial cost of a long-term investment obtained.

The initial cost of a long-term equity investment obtained by debt restructuring shall be

ascertained on the basis of fair value.

12.2. Subsequent measurement and recognition of profit or loss

(1) A long-term equity investment accounted for using the cost method

For long-term equity investments over which the Company can exercise control, the Company accounts for such long-term equity investments using the cost method. Under the cost method, a long-term equity investment is measured at initial investment cost. Except for cash dividends or profits already 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) A long-term equity investment accounted for using the equity method

The Company accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence and a joint venture is an entity over which the Group exercises joint control along with other investors.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Company's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

For long-term equity investments accounted for using the equity method, the Company recognises the investment income and other comprehensive income according to its share of net profit or loss and other comprehensive income of the investee, and the cost of the long-term equity investment is adjusted accordingly. The Company discontinues recognising its share of net losses of an investee after the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the investor's net investment in the investee are reduced to zero. However, if the Company has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Company continues recognising the investment losses and the provisions. For changes in owners' equity of the investee other than those arising from its net profit or loss, other comprehensive income, and profit distribution, the Company adjusts the book value of the investment and records capital surplus accordingly. The carrying amount of the investment is reduced by the Company's share of the profit distribution or cash dividends declared by an investee. The unrealised profits or losses arising from the intra-company transactions amongst the Company and its investees are eliminated in proportion to the Company's equity interest in the investees, and then based on which the investment gains or losses are recognised. For the loss on the intra-company transaction amongst the Company and its investees attributable to asset impairment, any unrealised loss is not eliminated.

12.3. Basis for determining existence of control, jointly control or significant influence over investees

Control is the power to govern the financial and operating policies of the investee so as to obtain benefits from its operating activities. In determining whether the Company is able to exercise control over the investee, the effect of potential voting rights over the investee is considered, such as convertible debts and warrants currently exercisable, etc.

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

12.4. The transfer of accounting methods

According to CAS No.22 – Financial Instrument Recognition and Measurement, if the investor can exert significant influence on the investee or implement co-control but not solely-control, the cost of long-term investment shall be the fair value plus the newly invested cost.

Where equity investment disposed part of equity and lose control over investee, the investor can exert significant influence on the investee or implement co-control but not solely-control, the cost of long-term investment shall be changed to use equity-method and adjust the residual equity investments as accounted with equity-method from acquisition date.

12.5. Disposal of long-term equity investments

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 a long-term equity investment accounted for using the equity method, the amount included in the shareholders' equity attributable to the percentage interest disposed is transferred to profit or loss for the period.

12.6. Impairment of long-term equity investments

The Group reviews the long-term equity investments at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amounts are estimated. Recoverable amount refers to the higher of net realizable value (fair value less disposal cost) and present value of expected future cash flow. If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognized in profit or loss for the period.

Once an impairment loss is recognized for a long-term equity investment, it will not be reversed in any subsequent period.

12. Investment property

The term "investment property" refers to the real estates held for generating rent and/or capital appreciation, including: the right to use any land which has already been rented; the right to use any land which is held and prepared for transfer after appreciation; and the right to use any building which has already been rented. The initial measurement of the investment property shall be made at its cost. An enterprise shall make a follow-up measurement to the investment real estate through the cost pattern. For buildings which have already been rented, the Company calculates depreciation as the same method of fixed assets. For the right to use any land, it is amortized with straight-line method according to the serviceable life. At the balance sheet date, where any evidence shows that there is possible assets impairment, the impairment provision is made.

13. Fixed assets

(1) Recognition of fixed assets

Fixed assets are tangible assets that are held for use in production or supply of goods or services, for rental to others, or for administrative purpose, and have useful lives more than one accounting year.

The expected discard expenses should be taken into consideration in the ascertainment of the cost of a fixed asset.

(2) The category and depreciation method of fixed assets

Fixed assets include buildings and structures, vehicles, general equipments, specific equipments and other equipments. Straight-line method is in used to calculate the depreciation of fixed assets. The estimated useful lives, expected residual value and annual depreciation rate of various types fixed assets are listed as follows:

Category	Estimated useful lives (years)	Expected residual value (%)	Annual depreciation rate (%)
Buildings and structures	25	5	3.8
Vehicles	5	5	19.0
General equipments	10	5	9.5
Other equipments	5	5	19.0

Depreciation shall be made for the fixed assets on a monthly basis. Fixed assets increased this month shall make depreciation from next month; fixed assets decreased this month shall stop making depreciation from next month.

The company shall, at least at the end of each year, have a check on the useful life, expected residual value and the depreciation method of the fixed assets, and adjust them when necessary.

At the balance sheet date, where any evidence shows that there is possible assets impairment, the impairment provision is made according to Notes II. 17.

(3) Idle fixed assets

Fixed assets that are not used for six months continuously due to underemployment or natural disasters are identified as idle fixed assets (except for seasonal break).

The depreciation method of idle fixed assets is consistent with other fixed assets.

(4) Fixed assets under financing lease

When one or more of the following criteria are met, a lease shall be classified as a financial lease:

- a. the lease transfers ownership of the leased asset to the lessee by the end of the lease term;
- b. the lessee has the option to purchase the leased asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable such that, at the inception of the lease, it is reasonably certain that the option will be exercised by the lessee;
- c. the lease term is for the major part of the useful life of the leased asset even if title is not transferred;
- d. in the case of the lessee, at the inception of the lease the present value of the minimum lease payments amounts to substantially all of the fair value of the leased asset; in the case of lesser, at the inception of the lease the present value of the minimum lease receipts amounts to substantially all of the fair value of the leased asset;
- e. the leased assets are of a specialized nature such that only the lessee can use them without major modifications being made.

Fixed assets under financing lease shall be recorded at the lower one of the fair value of the leased asset and the present value of the minimum lease payments. The depreciation method is consistent with fixed assets of the Company.

14. Construction in progress

Construction in progress (“CIP”) includes all costs incurred during the preparation period before commencement of construction and until the asset is ready for its intended use. These costs include direct materials, direct labour, equipment for installation, construction and installation charges, management fees, gain or loss on trial run production and borrowing costs which are qualified for capitalization.

CIP is transferred to fixed assets when the asset is ready for its intended use.

At the balance sheet date, where any evidence shows that there is possible CIP impairment, the impairment provision is made according to Notes II.17.

15. Borrowing Costs

Borrowing costs are interest and other related costs incurred by the Company in connection with the borrowing of funds, and 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. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset. The amounts of other borrowing costs incurred shall be recognized as an expense in the period in which they are incurred.

Qualifying assets are assets (fixed assets, investment property, inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale. The capitalization of borrowing costs can commence only when all of the following conditions are satisfied: (1) expenditures for the asset are being incurred; (2) borrowing costs are being incurred; (3) activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

When the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased; then the borrowing costs incurred shall be recorded into the profits and losses of the current period. Borrowing costs due to loans from real estate development are recorded into development cost before the completion of the project and recorded into current profit and loss after the completion of the project. Borrowing costs are recorded into development cost and amortized quarterly.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended. The borrowing costs incurred during such period shall be recognized as expenses, and shall be recorded into the profits and losses of the current period.

During the capitalization period, the amount of interest to be capitalized for each accounting period shall be determined as follows:

(1) for a specific-purpose borrowing, the amount of interest to be capitalized shall be the actual interest expense incurred for the period less temporary deposit’s interest or investment income;

(2) Where funds are borrowed under general-purpose borrowings, the Company shall determine the amount of interest to be capitalized by applying a capitalization rate to the weighted average of

the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings. The capitalization rate shall be the weighted average of the interest rates applicable to the general-purpose borrowings.

16. Intangible assets

The term "intangible assets" refers to the identifiable non-monetary assets possessed or controlled by enterprises which have no physical shape. If it is unable to forecast the period when the intangible asset can bring economic benefits to the enterprise, it shall be regarded as an intangible asset with uncertain service life. The intangible assets shall be initially measured according to its cost. If it is unable to determine the expected realization pattern reliably, intangible assets shall be amortized by the straight-line method. An enterprise shall, at least at the end of each year, check the service life and the amortization method of intangible assets with limited service life, and adjust them when necessary. Intangible assets with uncertain service life may not be amortized. An enterprise shall check the service life of intangible assets with uncertain service life during each accounting period. Where any evidence shows that there is possible assets impairment, the impairment provision is made.

17. Long-term prepaid expenses

Long-term prepaid expenses mainly include spending paid with the benefit period of more than one year (excluding the year period) such as car parking fees, housing renovation fees, etc. Long-term prepaid expenses shall be amortized the costs over the duration of the project beneficiary.

18. Contingencies liabilities

The obligation pertinent to a Contingencies shall be recognized as accrued liabilities when the following conditions are satisfied simultaneously: (1) That obligation is a current obligation of the enterprise; (2) It is likely to cause any economic benefit to flow out of the enterprise as a result of performance of the obligation; (3) The amount of the obligation can be measured in a reliable way. The estimated debts shall be initially measured in accordance with the best estimate of the necessary expenses for the performance of the current obligation.

19. Revenue recognition

20.1. Revenue from sale of goods

Revenue from sale of goods is recognised when (1) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; (2) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (3) the amount of revenue can be measured reliably; (4) it is probable that the associated economic benefits will flow to the Group; and (5) the associated costs incurred or to be incurred can be measured reliably.

Where the receivable is delayed beyond the normal credit conditions, which is of financing intention, the revenue shall be determined on the basis of the fair value of the contract or agreement price.

Real estate sales revenue: the Company can recognize real estate sales revenue after the completion and acceptance of the property, signing sale contract, acquiring payment proof from buyer and delivery. When the buyer receives written delivery notice and has no warrant to refuse to accept it, the sales revenue is realized after delivery limit closed of delivery notice. For the development project consigned by other, as well as in accordance with "Accounting Standards

for Business Enterprises -Construction Contract", the revenue shall be recognized in light of the percentage-of- completion method. The percentage-of- completion is determined by the proportion of finished workload.

Revenue from rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognized by reference the stage of completion of the transaction at the reporting date. The stage of completion of the transaction is recognized according to the proportion of the cost having taken place occupied the estimated total cost.

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

the amount of revenue can be measured reliably;

it is probable that the associated economic benefits will flow to the enterprise;

the stage of completion of the transaction can be measured reliably;

the costs incurred and to be incurred for the transaction can be measured reliably

When the outcome of a transaction involving the rendering of services cannot be estimated reliably at the balance sheet date: when the costs incurred are expected to be recoverable, revenue shall be recognized to the extent of costs incurred and an equivalent amount shall be charged to profit or loss as service costs; when the costs incurred are not expected to be recoverable, the costs incurred shall be recognized in profit or loss for the current period and no service revenue shall be recognized.

The revenue of property management service is recognized when following conditions are satisfied: the property management service has been offered; the associated economic benefits will flow to the enterprise; the associated costs can be measured reliably.

Transfer of asset with buy-back condition

The company determined whether sale of goods or transfer of assets with buy-back condition in contract is satisfy criterias of revenue recognition or not according to clauses of agreement. If it is a financing transaction, revenue are not be recorded. The amount of buy-back price after sales price is recognized in financial cost during the term of buy-back.

Government grants

Government grants shall be recognized at fair value on the conditions that the Company can receive the grant and comply with the conditions attaching to the grant. For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred by the Company in subsequent period, the grant shall be recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized. A government grant related to an asset shall be recognized as deferred income, and evenly amortized to profit or loss over the useful life of the related asset.

Recognition of deferred income tax assets and liabilities

(1) The Company shall recognize the deferred income tax assets arising from a deductible temporary difference to the extent of the amount of the taxable income which it is most likely to obtain and which can be deducted from the deductible temporary difference. However, the deferred income tax assets, which are arising from the initial recognition of assets or liabilities during a transaction which is simultaneously featured by the following, shall not be recognized:

- (i) This transaction is not business combination; and
- (ii) At the time of transaction, the accounting profits will not be affected, nor will the taxable amount (or the deductible loss) be affected.

(2) Where the deductible temporary difference related to the investments of the subsidiary companies, associated enterprises and joint enterprises can meet the following requirements simultaneously, the enterprise shall recognize the corresponding deferred income tax assets:

- (i) The temporary differences are likely to be reversed in the expected future; and
- (ii) It is likely to acquire any amount of taxable income tax that may be used for making up the deductible temporary differences.

(iii) As for any deductible loss or tax deduction that can be carried forward to the next year, the corresponding deferred income tax assets shall be determined to the extent that the amount of future taxable income to be offset by the deductible loss or tax deduction to be likely obtained.

(3) Recognition of deferred income tax liabilities

Except for the deferred income tax liabilities arising from the following transactions, an enterprise shall recognize the deferred income tax liabilities arising from all taxable temporary differences:

- (i) The initial recognition of business reputation;
- (ii) The initial recognition of assets or liabilities arising from the following transactions which are simultaneously featured by the following:
 - (a) The transaction is not business combination;
 - (b) At the time of transaction, the accounting profits will not be affected, nor will the taxable amount (or the deductible loss) be affected.

(4) The income taxes of the current period and deferred income tax of an enterprise shall be treated as income tax expenses or incomes, and shall be recorded into the current profits and losses, excluding the income taxes incurred under the following circumstances:

- (i) The business combination; and
- (ii) The transactions or events directly recognized as the owner's rights and interests.

(5) Impairment on the deferred income tax assets

On the balance sheet date, the carry amounts of the deferred income tax assets shall be reviewed.

Maintenance fund

The Company's property management company receives and manages public maintenance fund consigned by owners, and charges to "agency fund". The fund is used in the maintenance and update of the common apparatus and common position of the house and communal facilities of property management region.

Quality assurance reserve funds

Construction party should remain quality assurance reserve funds according to the amount in the construction contract, and list in "accounts payable". The funds should be paid according to the actual conditions and contract after guarantee period.

Changes of accounting policies and accounting estimates and error correction

IV . Changes of significant accounting policies and accounting estimates and prior error correction

1. Changes of accounting policies

No alteration of accounting policies occurred in the report period.

2. Changes in accounting estimations

No alteration of accounting estimations occurred in the report period.

3. Corrections of previous period critical errors

No corrections of previous period critical errors occurred in the report period.

V. Taxation

The main taxes include: business tax, city construction and maintenance tax, education fee, income tax and etc. The tax rates are as following:

Category	Rate	Taxable base
Value-added tax	3%、5%、6%、 11%、13%、 17%	Sales of goods or rendering of taxable services
Business tax	5%	Revenue of house property sale and lease, property management income and etc.
Business tax	3%	Revenue of culture and sports
Business tax	20%	Revenue of entertainment
City construction and maintenance tax	5%、7%	Business tax and value-added tax
Education fee	3%	Business tax and value-added tax
Income tax	10%、25%	Taxable income

Note: For the year 30,June 2016, except that income tax of companies in Shanghai Sea Pearl Property Management Co., Ltd is levied at 10% of taxable income, the income tax of other companies is levied at 25% of taxable income.

VI. Business combinations and consolidation financial statements

The Company shall include all subsidiaries within the scope of consolidation.

The consolidated financial statements shall be prepared by parent based on the financial statements of the parent and its subsidiaries, using other related information and after adjusting the long-term equity investments in subsidiaries using the equity method according to “Accounting Standard for Business Enterprises No.33—Consolidated Financial Statements”.

1. Subsidiaries established by the Company

Subsidiary's name	Registered address	Registered capital (RMB 0'000)	Principal activities	Holding proportion	Voting rights proportion	Amount invested by the Company (RMB 0'000)
Hainan Pearl River Properties and Hotels Management Co., Ltd.	Hainan Haikou	500	Properties and Hotels Management	98%	98%	490
Hainan Pearl River Environmental Projects Co., Ltd.	Hainan Haikou	100	Gardens engineering construction	100%	100%	100
Hainan Pearl River Estate Cleaning Company	Hainan Haikou	50	Cleaning projects	100%	100%	50
Hainan Pearl River Estate Machine Engineering Company	Hainan Haikou	150	Mechanical and electrical products sales	100%	100%	150
Sanya Wanjia Hotel Management Co., Ltd.	Hainan Sanya	12,000	Hotel service	100%	100%	12,000
Hubei Pearl River Real Estate Development Co., Ltd.	Hubei Wuhan	7,222	Real estate development and management	89.2%	89.2%	6,442
Wuhan Pearl River Meilin Hotels Management Co., Ltd.	Hubei Wuhan	50	Service	100%	100%	50
Hainan Pearl River Holding(Shanghai)Real Estate Co., Ltd.	Shanghai	4,000	Real estate development and management	100%	100%	4,000
Beijing Jiubo Culture Development Co., Ltd.	Beijing	500	Cultural and sports services	100%	100%	500
Mudanjiang Pearl River Wanjia Tourism Investment Development Group	Mudanjiang	6,000	Hotel management	100%	100%	6,000
Mudanjiang Wanjia Star Hotel Co., Ltd.	Mudanjiang	50	Hotel service	100%	100%	50
Mudanjiang Jingbohu Wanjia Hotel Co., Ltd.	Mudanjiang	50	Hotel service	100%	100%	50
Harbin Wanjia Travel Agent	Harbin	30	touring	100%	100%	30
Shanghai Sea Pearl Property Management Co., Ltd.	Shanghai	US \$ 20	Property management	50%	50%	83

Subsidiary's name	Registered address	Registered capital (RMB 0'000)	Principal activities	Holding proportion	Voting rights proportion	Amount invested by the Company (RMB 0'000)
Hebei Zhengshi Qinghui Real Estate Development Co., Ltd.	Hebei Shijiazhuang	1,000	Real estate development and property services	51%	51%	510
Hailin Wanjia Snowtown Holiday Hotel Management Co., Ltd.	Heilongjiang Hailin	2,000				

Note: Included in the scope of consolidated financial statements to reduce 2 units in the final : Heilongjiang Longshi Pearl River Culture Communication Co., Ltd. and Hainan Pearl River Estate Marketing Co., Ltd. The Heilongjiang Longshi Pearl River Culture Communication Co., Ltd. complete equity delivery procedure on 16 May 2016. The Hainan Pearl River Estate Marketing Co., Ltd complete the cancellation procedures for industry and commerce on 9 March 2016.

VII. Notes to significant items of the consolidated financial statements

(All amounts are stated in RMB Yuan unless otherwise stated)

Note 1 Currency Funds

Items	Closing Balance	Opening Balance
Cash in treasury	787,971.21	620,470.49
Bank deposit	142,306,678.57	205,111,692.83
Other monetary funds	15,561.01	29,968.22
Total	143,110,210.79	205,762,131.54

Note 2 Accounts receivable

1) Disclosure of category details of accounts receivable:

Categories	Closing Balance				Book Value
	Book Balance		Provision for Bad Account		
	Amounts	Ratio (%)	Amounts	Rate Chargeable (%)	
Accounts receivable with significant single amount and individual provision for bad debts	7,761,707.60	21.65	7,761,707.60	100.00	-
Accounts receivable with combinational withdrawal of the bad debt provision by credit risks characteristics	26,042,287.59	72.65	1,800,096.98	6.91	24,242,190.61

Categories	Closing Balance				
	Book Balance		Provision for Bad Account		Book Value
	Amounts	Ratio (%)	Amounts	Rate Chargeable (%)	
Accounts receivable with non-significant single amount and individual provision for bad debts	2,042,724.02	5.70	1,990,692.02	97.45	52,032.00
Total	35,846,719.21	100.00	11,552,496.60	---	24,294,222.61

Continued:

Categories	Opening Balance				
	Book Balance		Provision for Bad Account		Book Value
	Amounts	Ratio (%)	Amounts	Rate Chargeable (%)	
Accounts receivable with significant single amount and individual provision for bad debts	7,761,707.60	27.46	7,761,707.60	100.00	
Accounts receivable with combinational withdrawal of the bad debt provision by credit risks characteristics	18,244,347.09	64.54	1,353,019.47	7.42	16,891,327.62
Accounts receivable with non-significant single amount and individual provision for bad debts	2,261,420.02	8.00	1,990,766.02	88.03	270,654.00
Total	28,267,474.71	100.00	11,105,493.09	—	17,161,981.62

Description of categories of accounts receivable:

(1) Accounts receivable with significant single amount and individual provision for bad debts at the end of period:

Name	Closing Balance			
	Accounts Receivable	Provision for Bad Account	Rate Chargeable (%)	Reasons of Withdrawal
Hainan dragon film studio	1,046,985.40	1,046,985.40	100.00	Irrecoverable
Hainan Baoping company	2,218,494.43	2,218,494.43	100.00	Irrecoverable
Hainan racing entertainment Co., LTD	2,406,158.00	2,406,158.00	100.00	Irrecoverable
Hainan centaline property agency	2,090,069.77	2,090,069.77	100.00	Irrecoverable
Total	7,761,707.60	7,761,707.60	—	

(2) Accounts receivable in the combination which adopts aging analysis method to determine provision for bad debt:

Aging	Closing Balance		
	Accounts Receivable	Provision for Bad Account	Rate Chargeable (%)
Within 1 year	20,689,480.39	413,789.61	2.00
1—2 years	593,462.12	29,673.11	5.00
2—3 years	918,322.22	91,832.23	10.00
3—4 years	1,378,817.39	275,763.48	20.00
4—5 years	1,102,372.05	330,711.62	30.00
Over 5 years	1,359,833.42	679,916.71	50.00
Total	26,042,287.59	1,821,686.75	—

Continued:

Aging	Opening Balance		
	Accounts Receivable	Provision for Bad Account	Rate Chargeable (%)
Within 1 year	12,701,815.74	254,036.31	2.00
1—2 years	1,307,984.56	65,399.23	5.00
2—3 years	1,515,278.05	151,527.81	10.00
3—4 years	1,187,553.93	237,510.79	20.00
4—5 years	606,560.39	181,968.12	30.00
Over 5 years	925,154.42	462,577.21	50.00
Total	18,244,347.09	1,353,019.47	—

(3) Accounts receivable with non-significant single amount and individual provision for bad debts at the end of period:

Name	Closing Balance			
	Accounts Receivable	Provision for Bad Account	Rate Chargeable (%)	Reasons of Withdrawal
Haikou Peijie clothing company	497,520.00	497,520.00	100.00	Irrecoverable
Hainan International silver city Real estate company	451,712.00	451,712.00	100.00	Irrecoverable
Haikou Jingye trading development company	250,000.00	250,000.00	100.00	Irrecoverable
Hainan Jinhe Real estate company	119,446.00	119,446.00	100.00	Irrecoverable
Hainan Qionshan Tianxin Pawn Investment company	112,116.50	112,116.50	100.00	Irrecoverable
Amount below RMB100000 (23 units)	611,929.52	559,897.52	91.50	Withdrawn as per the estimated non-recoverable amount

Name	Closing Balance			Reasons of Withdrawal
	Accounts Receivable	Provision for Bad Account	Rate Chargeable (%)	
Total	2,042,724.02	1,990,692.02	—	

2) Situation of the current bad debt provision withdrawn, recovered or reversed:

The amount of current bad debt provision withdrawn was RMB 447,003.51 yuan.

3) There is no money owed by the shareholders who hold more than 5% (5% is included) of voting shares of the Company in the closing accounts receivable.

4) Top 5 units of accounts receivable of the closing balance gathered on the basis of parties which owe the money:

Name	Closing Balance	Ratio in Closing Amount of Accounts Receivable (%)	Bad Account Provisions Withdrawn
Hainan racing entertainment Co., LTD	2,406,158.00	6.71	2,406,158.00
Hainan Baoping company	2,218,494.43	6.19	2,218,494.43
Hainan Zhongyuan tenement agency company	2,090,069.77	5.83	2,090,069.77
Hunan Railway Lianchuang Technology Development Co., Ltd.	9,265,804.60	25.85	185,316.09
Sino (Zhengzhou) Real Estate Co., Ltd.	3,525,276.00	9.83	81,205.68
Total	19,505,802.80	54.41	6,981,243.97

Note 3 Advance payment

1) Advance payment is listed as per the aging.

Aging	Closing Balance		
	Accounts Paid in Advance	Ratio (%)	Provision for Bad Account
Within 1 year	107,624,351.42	59.24	
1—2 years	890,814.18	0.49	
2—3 years	112,794.95	0.06	
Over 3 years	73,039,925.40	40.21	7,050,161.00
Total	181,667,885.95	100.00	7,050,161.00

Continued:

Aging	Opening Balance		
	Accounts Paid in Advance	Ratio (%)	Provision for Bad Account
Within 1 year	50,234,581.47	43.57	
1—2 years	881,530.07	0.77	
2—3 years	6,437,794.95	5.58	5,800,000.00
Over 3 years	57,733,198.41	50.08	1,250,161.00

Aging	Opening Balance		
	Accounts Paid in Advance	Ratio (%)	Provision for Bad Account
Total	115,287,104.90	100.00	7,050,161.00

2) Description on the reasons why the advance payment whose aging is more than one year and amount is significant fails to be timely settled accounts

Name	Closing Balance	Aging	Reasons why to fail to be settled timely
Haikou citic hongzhou coastal construction co., Ltd	50,000,000.00	over 5 years	Not check and accept the house
Dahailin Forestry Bureau	4,596,469.00	4-5 years	Advance payment for the construction cost
Guangdong Angyang Technology Development Co., Ltd.	1,189,800.00	over 3 years	Non-completion of engineering
Sanya is the cast gen and travel trade co., LTD	763,785.18	1-2 years	Advance payment for the materials
Harbin Chaoyang Tianxia Culture Transmission Co., Ltd.	500,000.00	over 3 years	Money for the electronic devices
Beijing Putian Yihua Technology	500,000.00	over 3 years	Advance payment for the materials
Total	57,550,054.18		

3) Top 5 units of advance payments of the closing balance gathered on the basis of parties for which the Company prepaid:

Name	Closing Balance	Ratio in the total advance payment (%)	Advance Payment Time	Reasons why to be outstanding
Beijing science and technology development co., Ltd	80,530,000.00	44.33	Within 1 year	The money for the procurement advance payment is
Haikou citic hongzhou coastal construction co., Ltd	50,000,000.00	27.52	over 5 years	The house under the advance payment is not checked and accepted temporarily
Heilongjiang Mudanjiang Forestry Engineering Company	8,339,855.99	4.59	over 1 years	The money for the construction under the advance payment is outstanding temporarily
Wuhai Huatao Real Estate Brokers Co., Ltd.	7,510,000.00	4.13	over 1 years	The money for the Sales agency fee settlement not settlement
Firsta decorated Beijing co., Ltd	4,941,737.78	2.72	over 1 years	The money for the construction under the advance payment is outstanding temporarily
Total	151,321,593.77	83.30		

4) Other descriptions on advance payment

According to the Arrangement agreed upon “Supplementary Agreement of Execution of Longzhu Phase-III Project” made by between the Company and Haikou Real Estate Development Co., Ltd. (hereinafter referred to as “Hongzhou Real Estate”), the Company prepaid with RMB50 million

yuan for purchasing Longzhu Phase-III Project---Office Building covering 15000 square meters with the qualified acceptance. On August 22, 2013, the Company and Hongzhou Real Estate, Haikou HongZhou Coastal Construction Co., Ltd. (hereinafter referred to as “HongZhou Construction”), Haikou HongZhou Real Estate Group Co.,Ltd. (hereinafter referred to as “HongZhou Group”) signed "Supplementary Agreement on the Implementation of Original Six Agreements in Haikou Hongzhou Center Project ". The rights, obligations and legal responsibilities owned by HongZhou Real Estate in the original contract are inherited by HongZhou Construction. The original guarantee contract signed by between the Company and HongZhou Group shall continue to keep effective. HongZhou Group handed over the land and housing ownership certificate of basement of Times Mansion of Sanya HongZhou Aiderui Hotel located in Yuya Road, Hedong District, Sanya City to the Company for being held in trust. As at December 31, 2015, the second planning of this project had been approved, the construction plan is in preparation at present, it is estimated to start the construction at the end of 2016.

5) There is no money owed by the shareholders who hold more than 5% (5% is included) of voting shares of the Company in the closing accounts paid in advance.

Note 4 Dividends receivable

Investee	Closing Balance	Opening Balance
Hainan PEARL RIVER Tube-pile Co., Ltd.	260,015.00	260,015.00
Total	260,015.00	260,015.00

Note 5 Other receivables

1) Disclosure of category details of other receivables

Categories	Closing Balance				Book Value
	Book Balance		Provision for Bad Account		
	Amounts	Ratio (%)	Amounts	Rate Chargeable (%)	
Other receivables with significant single amount and individual provision for bad debts	31,978,479.90	9.69	31,978,479.90	100.00	
Other receivables with combinational withdrawal of the bad debt provision by credit risks characteristics	290,550,767.22	88.06	64,171,558.00	22.09	226,379,209.22
Other receivables with non-significant single amount and individual provision for bad debts	7,399,227.84	2.24	5,725,551.58	77.38	1,673,676.26
Total	329,928,474.96	99.99	101,875,589.48	—	228,052,885.48

Continued:

Categories	Opening Balance				Book Value
	Book Balance		Provision for Bad Account		
	Amounts	Ratio (%)	Amounts	Rate Chargeable (%)	
Other receivables with significant single amount and individual provision for bad debts	25,978,479.90	7.40	25,978,479.90	100.00	
Other receivables with combinational withdrawal of the bad debt provision by credit risks characteristics	317,243,239.62	90.34	64,708,352.54	20.40	252,534,887.08
Other receivables with non-significant single amount and individual provision for bad debts	7,922,155.40	2.26	4,420,651.45	55.80	3,501,503.95
Total	351,143,874.92	100.00	95,107,483.89	—	256,036,391.03

Description of categories of other receivables:

(1) Other receivables with significant single amount and individual provision for bad debts at the end of period:

Name	Closing Balance			
	Other Receivables	Provision for Bad Account	Rate Chargeable (%)	Reasons of Withdrawal
Hainan Yangtze River Travel	1,000,000.00	1,000,000.00	100.00	Irrecoverable
Xinhua Liming Aviation Decoration Company	1,208,804.70	1,208,804.70	100.00	Irrecoverable
Dabao Cement Factory	1,901,383.56	1,901,383.56	100.00	Irrecoverable
Hainan Shenhai Real Estate Co., Ltd.	1,029,850.32	1,029,850.32	100.00	Irrecoverable
Shenzhen State-Investment Securities Co., Ltd.	1,409,934.28	1,409,934.28	100.00	Irrecoverable
Shenzhen Zhuce Real Estate Company	1,550,278.23	1,550,278.23	100.00	Irrecoverable
Sanya Land and Housing Administration	1,000,000.00	1,000,000.00	100.00	Irrecoverable
Jinguang Real Estate Company	1,752,100.00	1,752,100.00	100.00	Irrecoverable
Dingjia International Co., Ltd.	2,725,702.71	2,725,702.71	100.00	Irrecoverable
Hainan Zhongda Real Estate Company	2,210,779.10	2,210,779.10	100.00	Irrecoverable
Hainan Enxin Industry Co., Ltd.	2,314,592.00	2,314,592.00	100.00	Irrecoverable

Name	Closing Balance			
	Other Receivables	Provision for Bad Account	Rate Chargeable(%)	Reasons of Withdrawal
Haikou Industrial Development Import and Export Co., Ltd.	1,392,430.00	1,392,430.00	100.00	Irrecoverable
Shenzhen Yinxiang Computers Co., Ltd.	6,482,625.00	6,482,625.00	100.00	Irrecoverable
Hainan Macun Port Company	6,000,000.00	6,000,000.00	100.00	Irrecoverable
Total	31,978,479.90	31,978,479.90	—	

(2) Other receivables in the combination which adopts aging analysis method to determine provision for bad debt:

Aging	Closing Balance		
	Other Receivables	Provision for Bad Account	Rate Chargeable (%)
Within 1 year	30,024,764.50	600,495.29	2.00
1—2 years	11,726,501.13	586,325.06	5.00
2—3 years	29,495,156.54	2,949,515.65	10.00
3—4 years	81,219,807.75	16,243,961.55	20.00
4—5 years	126,255,041.04	37,876,512.31	30.00
Over 5 years	11,829,496.26	5,914,748.14	50.00
Total	290,550,767.22	64,171,558.00	—

Continued:

Aging	Opening Balance		
	Other Receivables	Provision for Bad Account	Rate Chargeable (%)
Within 1 year	50,759,123.93	1,015,182.50	2.00
1—2 years	10,927,487.54	546,374.38	5.00
2—3 years	38,628,684.84	3,862,868.48	10.00
3—4 years	80,510,988.51	16,102,197.70	20.00
4—5 years	125,133,739.57	37,540,121.87	30.00
Over 5 years	11,283,215.23	5,641,607.61	50.00
Total	317,243,239.62	64,708,352.54	—

(3) Other receivables with non-significant single amount and individual provision for bad debts at the end of period

Name	Closing Balance			
	Other Receivables	Provision for Bad Account	Rate Chargeable (%)	Reasons of Withdrawal
Reserve fund ,personal social security borrowed by the employees	1,346,656.20	26,933.12	2.00	Management assertion
Sell Dabao cement on a commission basis	560,610.00	560,610.00	100.00	Irrecoverable
Hainan Development Bank	440,000.00	440,000.00	100.00	Irrecoverable
Hainan Sanli Industry and Trade Company	283,478.62	283,478.62	100.00	Irrecoverable
Chamber of Commerce of Hainan Province	270,000.00	270,000.00	100.00	Irrecoverable
Telephone rate of customers of PEARL RIVER Square	268,542.54	268,542.54	100.00	Irrecoverable
China Construction Sixth Engineering Division Group, Ltd	260,335.00	260,335.00	100.00	Irrecoverable
Huazhou Jianan Company	200,000.00	200,000.00	100.00	Irrecoverable
PEARL RIVER Advertisement Company	184,911.62	184,911.62	100.00	Irrecoverable
Initial installation charge of telephone	156,271.60	156,271.60	100.00	Irrecoverable
Amount below RMB150000 (87 units)	3,428,422.26	3,074,469.08	89.68	Withdrawal of non-recoverable amount according to the estimate
Total	7,399,227.84	5,725,551.58	—	

2) Situation of the current bad debt provision withdrawn, recovered or reversed:

The amount of current bad debt provision withdrawn was RMB 6,768,105.59 yuan.

3) There is no money owed by the shareholders who hold more than 5% (5% is included) of voting shares of the Company in the closing other receivables.

4) Top 5 units of other receivables of the closing balance gathered on the basis of parties which owe the money:

Name	Nature of Money	Closing Balance	Aging	Ratio in Closing Amount of Other Receivables (%)	Closing Balance of Bad Debt Provisions
Public Investment Co., Ltd	Payment for the project	100,400,000.00	3-5 years	30.43	26,420,000.00
Beijing Kangtai Xingye Investment Co.,Ltd	Payment for the project and intercourse funds	102,500,000.00	3-5 years	31.07	26,000,000.00
Singapore Great Land Holdings Co.,Ltd	Payment for the project and intercourse funds	67,951,701.88	1-5 years	20.60	9,319,843.71
Shenzhen Yinxiang Computers Co., Ltd.	Intercourse funds	6,482,625.00	Over 5 years	1.96	6,482,625.00

Name	Nature of Money	Closing Balance	Aging	Ratio in Closing Amount of Other Receivables (%)	Closing Balance of Bad Debt Provisions
Hainan living department store	The owner owes	3,240,753.61	Within 1 year	0.98	89,472.52
Total		280,575,080.49		85.04	68,311,941.23

In 2011, “Agreement on Special Railway Sidings for Mulin Town as well as Coal Wholesale Market Construction Cooperation Project” and supplementary agreement of project were signed by between the Company and Zhonghe Investment Co., Ltd. (hereinafter referred to as “Zhonghe Investment”), which stipulate the joint investment of both parties in the special railway sidings for Mulin town as well as coal wholesale market construction project. Under the agreement, the staged financing is required from both parties, of which covers the upper limit investment amount for the PEARL RIVER Holding is RMB140 million. The Beijing Branch of Investment & Consultation Firm which belongs to the Company will supervise the use of license and official seal of Zhonghe Investment. Both parties signed the supplementary agreement of investment in 2012, which stipulates an additional increase of RMB37 million yuan contributed by the Company. As the project is not approved and initiated and production line is not carried out really, the Company recovered the investment of RMB40 million yuan in 2013 and RMB36.6 million in 2014. Zhonghe Investment mortgaged the project land and real estate to the Company in 2014, but no registration of mortgage was carried out.

The main intercourse funds between the Company and Beijing Kangtai Xingye Investment Co., Ltd. (hereinafter referred to as “Kangtai Xingye”) consist of the money for cooperation of project. In 2011, the Company has signed a Cooperation Agreement together with Beijing Kangtai Xingye Investment Co., Ltd. and the natural person, GU Lijun. Under this agreement, a project company will be co-founded by the capital contribution of RMB70 million from the natural person and the capped capital contribution of RMB64 million from the Company, with responsibility for *the* development and sales of the iron and ore resources at Dujiawan Magnetite Iron Ore and Zhaojiayuan Iron Ore located at Shiyan City, Hubei Province. Kangtai Xingye used its own 70% of equities holding in Yuxi Shengying Mining, Zhongjia Sun Energy Technology (Group) Co., Ltd. used its own 10% of equities holding in Yuxi Shengying Mining and Natural Person, GU

Lijun used his own 70% of equities holding in Yuxi Shengying Mining as the pledged collateral to the Company, but no registration of pledge was carried out. In 2012, according to the progress of investment in the project, three parties signed a Supplementary Agreement which stipulated an additional increase of investment of RMB36 million from the Company, those investments would be used for the upgrading of production lines in above-mentioned two mining areas and building more production lines.

In May 2013 and August 2013, the Company has signed a Cooperation Agreement together with Singapore Great Land Holdings Ltd. (hereinafter referred to as “Singapore Great Land”), According to this Agreement, the Company planned to develop the Land No. 20 owned by Sanya PEARL RIVER Tube-pipe Co., Ltd. and located in Lizhigou Industrial Park, Hairun Road, Sanya City. The Company has paid with RMB50 million for planning to become the assignee of 80% equities in the project company owned by Singapore Great Land. In June 2015, the use certificate of this land was issued. At present, all parties are discussing for the procedures of transferring ownership.

Note 6 Inventories

1) Classification of inventories

Items	Closing Balance			Opening Balance		
	Book Balance	Provision for Fall in Price	Book Value	Book Balance	Provision for Fall in Price	Book Value
Raw materials	1,934,289.39		1,934,289.39	3,842,806.40		3,842,806.40
Low-value consumption goods:						
Finished goods	368,586.95		368,586.95	468,875.07		468,875.07
Constructing development product	336,527.00		336,527.00	481,325.15		481,325.15
Development products	618,569,588.54	17,439,325.19	601,130,263.35	505,152,399.54	17,439,325.19	487,713,074.35
Consumptive biological assets	60,332,670.16	21,726,889.27	38,605,780.89	60,332,670.16	21,726,889.27	38,605,780.89
	33,627.19		33,627.19	33,627.19		33,627.19
Total	681,575,289.23	39,166,214.46	642,409,074.77	570,311,703.51	39,166,214.46	531,145,489.05

The closing book value of inventories used for the guarantee was RMB 106,500,759.37 yuan, the details are set forth in Note 44

2) Provision for fall in price of inventories

Categories	Opening Balance	Current Increase		Current Decrease			Closing Balance
		Amount Withdrawn	Other	Amount Reversed	Amount Written Off	Other	
Products Developed	21,726,889.27						21,726,889.27
Constructing development product	17,439,325.19						17,439,325.19
Total	39,166,214.46						39,166,214.46

3) Description on capitalization of borrowing cost included in the closing balance of inventories

Name of Inventory	Opening Balance	Current Increase	Current Decrease		Closing Balance	Capitalization rate of capitalized amount confirmed in this period (%)
			Decrease of Sales	Other Decrease		
Meilin Qingcheng (Phase III)	67,446,185.56	7,186,859.93	-	-	58,338,205.49	4.42%
Total	67,446,185.56	7,186,859.93	-	-	58,338,205.49	4.42%

4) Development Cost

Name of Project	Starting Time	Estimated Completion Time	Total Investment Estimated	Closing Balance	Opening Balance
Wuhan Meilin Qingcheng, Phase III	April 2013	June 2016	640,000,000.00	601,130,263.35	487,713,074.35
Hebei New Residential Project				17,439,325.19	17,439,325.19
Total			640,000,000.00	618,569,588.54	505,152,399.54

Phase III of Meilin Qingcheng of Hubei Real Estate owned by the subsidiary covers 18138 square meters of land area and 73363 square meters of construction area.

New Residential Project of Hebei Real Estate owned by the subsidiary is located in Luoling Community, Luquan City, Shijiazhuang City, covers 1000 acres of land area and about 1600000 square meters of construction area, it is planned to cover 400000 square meters of construction area in Phase I with a building period of 3-5 years, no any progress was carried out because the relocation plan is not completed.

5) Products Developed

Name of Project	Completion Time	Opening Balance	Current Increase	Current Decrease	Closing Balance
Wuhan Meilin Qingcheng, Phase I	August 2006	497,649.84			497,649.84
Wuhan Meilin Qingcheng, Phase II	September 2009	7,117,653.91			7,117,653.91
Haikou Dijing Building, 6 floors	In 1995	5,315,696.54			5,315,696.54

Name of Project	Completion Time	Opening Balance	Current Increase	Current Decrease	Closing Balance
Haikou Longzhu Building, 21 floors	In 2004	1,598,659.60			1,598,659.60
Garage of Haikou PEARL RIVER Square		6,919,373.98			6,919,373.98
Garage of Haikou Longzhu Building	In 2004	2,664,000.00			2,664,000.00
Rear Cubicle of		954,436.94			954,436.94
Underground Garage of Shanghai Rose Garden		35,265,199.35			35,265,199.35
Total		60,332,670.16			60,332,670.16

6) Consumptive Biological Assets

Item	Closing Balance	Opening Balance
Meat Animals	33,627.19	33,627.19
Total	33,627.19	33,627.19

Note 7 Other current assets

Item	Closing Balance	Opening Balance
Hua bao Trust co.,LTD	4,000,000.00	
Total	4,000,000.00	

Note: The subsidiaries of Hainan Pearl River Industrial Co., Ltd. Shanghai real estate company signed a "cash and increased profits by the collection of Funds Trust Scheme funds trust contract" with Warburg trust limited liability company, share subscription RMB 4 million yuan

Note 8 Available-for-sale financial assets

1) Information of available-for-sale financial assets

Item	Closing Balance			Opening Balance		
	Book Balance	Impairment Provision	Book Value	Book Balance	Impairment Provision	Book Value
Available-for-sale equity instruments :						
Measured at fair value						
Measured at the cost	29,263,555.29	17,852,245.39	11,411,309.90	35,263,555.29	23,852,245.39	11,411,309.90
Total	29,263,555.29	17,852,245.39	11,411,309.90	35,263,555.29	23,852,245.39	11,411,309.90

2) Available-for-sale financial assets measured at the fair value at the end of report period

There is no available-for-sale financial assets measured at the fair value at the end of report period.

3) Equity instruments measured at the cost at the end of report period

Investee	Ratio of shares held in the investee (%)	Book Balance			
		Opening Balance	Current Increase	Current Decrease	Closing Balance
Hainan PEARL RIVER Tube-pipe Co., Ltd.	1.33	426,315.00			426,315.00
Chamber of Commerce of Hainan Province	6.67	500,000.00			500,000.00
Zhong Wang Cu Technology Investment Co., Ltd.	10.00	10,000,000.00			10,000,000.00
Hainan Great Land PEARL RIVER Foundation Work Co., Ltd.	2.00	160,000.00			160,000.00
Guangzhou PEARL RIVER Investment Management Co., Ltd.	9.4785	18,177,240.29			18,177,240.29
Hainan Nanyang Ships Industry Co., Ltd.	0.66	0.00			
Hainan Macun Port Company	15.00	6,000,000.00		6,000,000.00	
Total		35,263,555.29		6,000,000.00	29,263,555.29

Continued:

Investee	Impairment Provision				Current Cash Bonus
	Opening Balance	Current Increase	Current Decrease	Closing Balance	
Hainan PEARL RIVER Tube-pipe Co., Ltd.					
Chamber of Commerce of Hainan Province	500,000.00			500,000.00	
Zhong Wang Cu Technology Investment Co., Ltd.	10,000,000.00			10,000,000.00	
Hainan Great Land PEARL RIVER Foundation Work Co., Ltd.					
Guangzhou PEARL RIVER Investment Management Co., Ltd.	7,352,245.39			7,352,245.39	
Hainan Nanyang Ships Industry Co., Ltd.	0.00				
Hainan Macun Port Company	6,000,000.00		6,000,000.00		
Total	23,852,245.39		6,000,000.00	17,852,245.39	

Note 9 Long-term Equity Investment

Investee	Opening Balance	Current Increase or Decrease			
		Additional Contribution	Contribution Reduced	Investment Results Recognized by Equity Method	Adjustment of Other Comprehensive Income
1. Associated Enterprises					
Sanya Wanjia Industry Co., Ltd.	33,811,762.82			-159,255.52	
Beijing Viewpoint Discovery Media Co., Ltd.	1,472,998.82			-75,668.74	
Sub-total	35,284,761.64			-234,924.26	
Total	35,284,761.64			-234,924.26	

Continued:

Investee	Current Increase or Decrease				Closing Balance	Closing Balance of Impairment Reserve
	Change of Other Equities	Declared to grant cash dividends or profits	Impairment Provision Withdrawn	Other		
1. Associated Enterprises						
Sanya Wanjia Industry Co., Ltd.					33,652,507.30	
Beijing Viewpoint Discovery Media Co., Ltd.					1,397,330.08	
Sub-total					35,049,837.38	
Total					35,049,837.38	

The Company's long-term equity investment does not the situation that the capacity of remitting funds to the other companies is restricted.

Note 10 Investment-based real estate

1) Information of investment-based real estate

Item	Houses and buildings	Land Use Right	Construction in Progress	Total
1. Book Value				
1.1 Opening Balance	32,389,865.79			32,389,865.79
1.2 Current Increase				
1.3 Current Decrease	858,834.08			858,834.08
(1) Disposal	858,834.08			858,834.08
1.4 Closing Balance	31,531,031.71			31,531,031.71
2. Accumulative Depreciation (Amortization)				
2.1 Opening Balance	8,417,866.08			8,417,866.08
2.2 Current Increase	551,085.46			551,085.46

Item	Houses and buildings	Land Use Right	Construction in Progress	Total
(1) Amount Withdrawn or Amortized	551,085.46			551,085.46
2.3 Current Decrease	304,446.88			304,446.88
(1) Disposal	304,446.88			304,446.88
2.4 Closing Balance	8,664,504.66			8,664,504.66
3. Impairment Provision				
3.1 Opening Balance	3,081,199.41			3,081,199.41
3.2 Current Increase				
3.3 Current Decrease				
(1) Disposal				
3.4 Closing Balance	3,081,199.41			3,081,199.41
4. Book Value				
4.1 Closing Book Value	19,785,327.64			19,785,327.64
4.2 Opening Book Value	20,890,800.30			20,890,800.30

2) Description on investment-based real estate

The closing book value of assets mortgaged was RMB15,739,646.26 yuan, the details are set forth in Note 44.

Note 11 Original value and depreciation of fixed assets

1) Information of fixed assets

Item	Houses and buildings	Common Equipments	Transportation	Other Equipments	Total
1. Totality of Original Book Value					
1.1 Opening Balance	484,171,297.64	67,638,005.65	36,370,053.11	54,509,261.26	642,688,617.66
1.2 Current Increase		8,030.00	198,700.00	548,077.31	754,807.31
(1) Purchase		8,030.00	198,700.00	548,077.31	754,807.31
(2) Transferred in from Construction in Progress					
(3) Other Transfer-in					
1.3 Current Decrease	3,407,368.69	16,430,430.43	5,518,890.23	6,772,202.16	32,128,891.51
(1) Disposal or Scrap	3,407,368.69	16,430,430.43	5,518,890.23	5,787,366.86	31,144,056.21
(2) Other Transfer-out	-	-	-	984,835.30	984,835.30
1.4 Closing Balance	480,763,928.95	51,215,605.22	31,049,862.88	48,285,136.41	611,314,533.46
2. Accumulative Depreciation					

Item	Houses and buildings	Common Equipments	Transportation	Other Equipments	Total
2.1 Opening Balance	108,533,367.07	42,330,717.73	27,975,750.89	47,022,708.00	225,862,543.69
2.2 Current Increase	9,053,737.00	2,460,312.56	2,964,764.06	176,840.17	14,655,653.79
(1) Amount Withdrawn	9,053,737.00	2,457,365.01	2,964,764.06	176,840.17	14,652,706.24
2.3 Current Decrease	2,836,738.54	15,383,909.16	4,584,177.15	5,822,064.98	28,626,889.83
(1) Disposal or Scrap	2,836,738.54	15,383,909.16	4,584,177.15	5,455,968.80	28,260,793.65
(2) Other Transfer-out				366,096.18	366,096.18
2.4 Closing Balance	114,750,365.53	29,407,121.13	26,356,337.80	41,377,483.19	211,891,307.65
3. Impairment Reserve					
3.1 Opening Balance	7,499,295.92				7,499,295.92
3.2 Current Increase					
3.3 Current Decrease					
3.4 Closing Balance	7,499,295.92				7,499,295.92
4. Totality of Book Value					
4.1 Closing Book Value	358,514,267.50	21,808,484.09	4,693,525.08	6,907,653.22	391,923,929.89
4.2 Opening Book Value	368,138,634.65	25,307,287.92	8,394,302.22	7,486,553.26	409,326,778.05

2) Other descriptions on fixed assets

(1) The closing book value of assets used for the guarantee was RMB 263,115,406.80 yuan, the details are set forth in Note 44.

(2) The closing original value of fixed assets that continued to work after being depreciated fully was RMB42,464,170.02 yuan.

Note 12 Construction in progress

1) Information of construction in progress

Item	Closing Balance			Opening Balance		
	Book Balance	Impairment Reserve	Book Value	Book Balance	Impairment Reserve	Book Value
Snow Town Train 550	5,648,964.09	2,650,000.00	2,998,964.09	5,648,964.09	2,400,000.00	3,248,964.09
Snow Town Train 400	4,180,000.00	1,766,000.00	2,414,000.00	4,180,000.00	1,600,000.00	2,580,000.00
Early Stage of Snow Town	360,000.00	360,000.00	-	360,000.00		360,000.00
Snow Town Integrated	75,894,798.30	-	75,894,798.30	73,214,690.93		73,214,690.93

Item	Closing Balance			Opening Balance		
	Book Balance	Impairment Reserve	Book Value	Book Balance	Impairment Reserve	Book Value
Service Center						
Total	86,083,762.39	4,776,000.00	81,307,762.39	83,403,655.02	4,000,000.00	79,403,655.02

2) Current change of important constructions in progress

Item	Opening Balance	Current Increase	Current amount transferred into fixed assets	Other Decrease	Closing Balance
Snow Town Integrated Service Center	73,214,690.93	2,680,107.37			75,894,798.30
Total	73,214,690.93	2,680,107.37			75,894,798.30

Continued:

Item	Budget (10 thousand yuan)	Ratio of investment in the construction in the budget (%)	Progress of Construction (%)	Accumulative Interest Capitalized	Including: Current Interest Capitalized	Current Capitalization Rate of Interest (%)	Sources of Funds
Snow Town Integrated Service Center	10,605.84	72.00		16,158,756.11	2,591,467.37	3.18%	Borrowing from the Bank
Total	10,605.84	72.00	—	16,158,756.11	2,591,467.37	3.18%	

3) Information of withdrawal of impairment provision of construction in progress in this report period

Item	Current Amount Withdrawn	Reasons of Withdrawal
Snow Town Train 550	250,000.00	The progress of project starting fails to reach the expectation, which causes the reduction of use value of assets
Snow Town Train 400	166,000.00	
Early Stage of Snow Town	360,000.00	The scheme design termination
Total	776,000.00	

Note 13 Materials for the construction

Item	Closing Balance	Opening Balance
Devices with Special Uses	393,706.60	393,706.60
Total	393,706.60	393,706.60

Note 14 Intangible Assets

1) Information of intangible assets

Item	Software	Land Use Right	Trademark Right	Other	Total
1. Totality of Original Book Value					
1.1 Opening Balance	2,048,798.28	36,008,635.65	93,900.00	2,087,132.00	40,238,465.93
1.2 Current Increase	37,547.17				37,547.17
(1) Purchase	37,547.17				37,547.17
1.3 Current Decrease	15,920.00			695,732.00	711,652.00
1.4 Closing Balance	2,070,425.45	36,008,635.65	93,900.00	1,391,400.00	39,564,361.10
2. Accumulative Depreciation					
2.1 Opening Balance	1,497,757.23	7,854,990.76	14,867.50	440,296.70	9,807,912.19
2.2 Current Increase	81,678.64	458,507.22	4,695.00	13,727.80	558,608.66
(1) Amount Withdrawn	81,678.64	448,194.90	4,695.00	13,727.80	548,296.34
2.3 Current Decrease	4,643.39			317,369.32	322,012.71
2.4 Closing Balance	1,574,792.48	8,313,497.98	19,562.50	136,655.18	10,044,508.14
3. Impairment Reserve					
3.1 Opening Balance				911,400.00	911,400.00
3.2 Current Increase					
3.3 Current Decrease					
3.4 Closing Balance				911,400.00	911,400.00
4. Totality of Book Value					
4.1 Closing Book Value	495,632.97	27,695,137.67	74,337.50	343,344.82	28,608,452.96
4.2 Opening Book Value	551,041.05	28,153,644.89	79,032.50	735,435.30	29,519,153.74

2) Description of intangible assets

The closing book value of land use rights used for the guarantee or mortgage was RMB 26,024,578.81yuan, the details are set forth in Note 44.

Note 15 Long-term deferred expenses

Item	Opening Balance	Current Increase	Current Amortization	Other Decrease	Closing Balance
Decoration and Reform	4,818,919.52		1,212,877.28	2,497,394.99	1,108,647.25
Lease of Snow Park	1,200,000.00		450,000.00		750,000.00

Item	Opening Balance	Current Increase	Current Amortization	Other Decrease	Closing Balance
Publicity of Snow Town	66,733.49		30,799.98		35,933.51
Use of Fish Pool in Snow Town	544,885.02		139,413.00		405,472.02
Use of Small Skiing Park in Snow Town	808,505.23		189,609.96		618,895.27
Use of Facilities of Yangcao Mountain	350,000.00		60,000.00		290,000.00
Use of Recreation Facility of Cinema City in Erlong Mountain	240,000.00		60,000.00		180,000.00
Total	8,029,043.26		2,142,700.22	2,497,394.99	3,388,948.05

Note 16 Deferred tax assets/deferred tax liabilities

1) Deferred tax liabilities not offset

Item	Closing Balance		Opening Balance	
	Taxable Temporary Differences	Deferred Tax Liabilities	Taxable Temporary Differences	Deferred Tax Liabilities
Variation of Fair Value of Available-for-Sale Financial Assets				
The difference between the carrying amount of the net assets and the fair value of the identifiable net assets recognized in business combinations	2,454,249.48	613,562.37	2,516,911.15	629,227.79
Total	2,454,249.48	613,562.37	2,516,911.15	629,227.79

2) Deferred tax assets/deferred tax liabilities presented in the net amount after the offsetting

Item	Closing offset amount of deferred tax assets and liabilities	Closing balance of deferred tax assets or liabilities after the offsetting	Opening offset amount of deferred tax assets and liabilities	Opening balance of deferred tax assets or liabilities after the offsetting
Deferred Tax Assets				
Deferred Tax Liabilities		613,562.37		629,227.79

3) Details of deductible temporary difference of deferred tax assets not recognized

Item	Closing Balance	Opening Balance
Provision for Asset Impairment	193,764,602.26	191,773,493.16
Deductible Losses	443,668,594.90	377,242,517.95
Total	637,433,197.16	569,016,011.11

It is uncertain whether to obtain the sufficient taxable income in the future, so we did not recognize the deferred tax assets in relevant to the deductible temporary difference and deductible

loss.

4) Deductible losses for which no deferred tax assets are recognized will expire in the following

Item	Closing Balance	Opening Balance	Remark
2016	43,504,057.87	43,504,057.87	
2017	70,183,647.33	70,183,647.33	
2018	73,280,356.39	73,280,356.39	
2019	98,440,117.30	98,440,117.30	
2020	109,230,149.28	91,834,339.06	
2021	49,030,266.73		
Total	443,668,594.90	377,242,517.95	

Note 17 Other Non-current Assets

Category and Item	Closing Balance	Opening Balance
Properties	1,581,840.00	1,581,840.00
Total	1,581,840.00	1,581,840.00

Note: on September 20, 2014, an Agreement on Debt Offset was signed by between Mudanjiang Mingzhen Real Estate Development Co., Ltd. (hereinafter referred to as “Mingzhen Company”), Mudanjiang Jingbo Lake Scenery Environmental Production Property Management Co., Ltd. (hereinafter referred to as “Environmental Protection Property Company”) and our subsidiary Mudanjiang Wanjia Star Hotel Co., Ltd.. Because the above-mentioned three parties have the debt relation with each other, three parties reach an Agreement as follows: Mingzhen Company used its Shangjing Chuanshuo D12# brick-concrete villa (located in Jingbo Lake Town) with a value of RMB1,581,840.00 (131.82 square meters x RMB12 thousand) offsetting the compensation for the lease of RMB1,019,340.00 that Environmental Protection Property Company owed the Company, of which covered a difference of RMB562,500.00 that had been recognized in the income for the year 2014, but no procedure of ownership transfer was carried out as December 31, 2015.

Note 18 Provision of asset impairment

Item	Opening Balance	Current Increase		Current Decrease		Closing Balance
		Current Withdrawal	Current Transfer-in	Current Reverse	Current Transfer-out	
Bad debt provision	113,263,137.98	7,246,937.31		27,660.65	4,167.56	120,478,247.08
Provision for decline in value of inventories	39,166,214.46	-				39,166,214.46
Provision for impairment of available-for-sale financial assets	23,852,245.39	-			6,000,000.00	17,852,245.39
Provision for impairment of investment-based real estate	3,081,199.41	-				3,081,199.41

Item	Opening Balance	Current Increase		Current Decrease		Closing Balance
		Current Withdrawal	Current Transfer-in	Current Reverse	Current Transfer-out	
Provision for impairment of fixed assets	7,499,295.92	-				7,499,295.92
Provision for impairment of construction in progress	4,000,000.00	776,000.00				4,776,000.00
Provision for impairment of intangible assets	911,400.00	-				911,400.00
Total	191,773,493.16	8,022,937.31		27,660.65	6,004,167.56	193,764,602.26

Note 19 Accounts Payable

Item	Closing Balance	Opening Balance
Accounts Payable for the Construction	50,734,520.24	8,603,542.20
Accounts Payable for the Materials	6,254,501.97	6,290,670.38
Final Payment of Investment	5,000,000.00	5,000,000.00
Deposit	1,174,934.45	1,178,601.33
Intercourse Payment for Suppliers	3,376,792.10	2,582,997.37
Other	694,653.41	657,672.12
Total	67,235,402.17	24,313,483.40

Significant accounts payable with aging of more than one year

Name	Closing Balance	Reasons of Outstanding Accounts
Lin Deying, Chen Guanwen	5,000,000.00	Final Payment for Desi Hotel in Snow Town
Supervision Company	3,572,235.33	No Urging Payment by Counterpart
Heilongjiang Juncheng Wood Manufacturing Co., Ltd.	2,073,495.01	Financial Strain
Mudanjiang Longxiang Boiler Installation Co., Lt.	1,425,651.00	Financial Strain
Total	12,071,381.34	

Note 20 Accounts Received in Advance

1) Information of accounts received in advance

Item	Closing Balance	Opening Balance
Lease of Garage	19,245,501.17	13,271,791.17
Tourist Team		2,611,333.20
Heating		1,615,580.49
Cooperative Operation	400,000.00	3,151,256.99
Pre-deposit for Consumption	1,605,117.84	223,528.25
Property Management	13,520,433.90	9,972,544.08

Item	Closing Balance	Opening Balance
Supporting of Heating Facilities		3,154,530.45
Houses in Pre-sell	719,879,774.00	393,459,984.00
Other	60,336.41	594,121.56
Total	754,711,163.32	428,054,670.19

2) Significant accounts received in advance with aging of more than one year

Name	Closing Balance	Reasons of Outstanding Accounts
Taxi Garage	12,884,718.17	Accounts received in advance with pending to be transferred in (Hubei Pearl River received the rent in advance)
Total	12,884,718.17	

Note 21 Remunerations payable for employees

1) List of remunerations payable for employees

Item	Opening Balance	Current Increase	Current Decrease	Closing Balance
Short-term Wage	13,280,321.02	91,818,925.75	92,220,430.29	12,878,816.48
Post-employment Benefit - Defined Contribution Plans Payable	68,947.64	6,769,465.22	6,809,077.12	29,335.74
Dismiss Welfare	4,000.00	15,700.00	19,700.00	
Total	13,353,268.66	98,604,090.97	99,049,207.41	12,908,152.22

2) List of Short-term Wage

Item	Opening Balance	Current Increase	Current Decrease	Closing Balance
Salary, Reward, Allowance and Subsidy	4,398,887.58	82,644,756.98	83,585,205.23	3,458,439.33
Employee Services and Benefits		3,285,651.86	3,285,651.86	
Social Insurance Charges	31,211.98	3,340,914.33	3,358,855.38	13,270.93
Including : Basic Medical Insurance	26,420.72	2,823,266.95	2,838,512.15	11,175.52
Employment Injury Insurance	3,131.84	181,504.40	183,239.30	1,396.94
Maternity Insurance	1,659.42	202,823.78	203,784.73	698.47
Other		133,319.20	133,319.20	
Housing Fund	92,438.40	914,012.70	971,947.50	34,503.60
Union Funds and Staff Training Expense	8,757,783.06	1,621,289.88	1,006,470.32	9,372,602.62
Short-term Absence from Duty Paid		12,300.00	12,300.00	
Other Short-term Wage				
Total	13,280,321.02	91,818,925.75	92,220,430.29	12,878,816.48

3) List of Defined Contribution Plans

Item	Opening Balance	Current Increase	Current Decrease	Closing Balance
Basic Endowment Insurance	65,696.80	6,390,219.73	6,427,977.73	27,938.80
Unemployment Insurance	3,250.84	379,245.49	381,099.39	1,396.94
Total	68,947.64	6,769,465.22	6,809,077.12	29,335.74

Note 22 Taxes Payable

Item	Closing Balance	Opening Balance
Value added tax	382,371.13	
Individual income tax	-21,639,530.80	-908,809.20
City construction and maintenance tax	-1,416,429.93	-33,603.19
Corporate income tax	-3,974,963.92	505,401.42
Property tax	1,527,658.82	617,550.29
Business tax	273,906.73	93,587.79
Land use tax	-8,114,779.09	-5,878,951.29
Increment tax on land value	346,088.02	260,668.02
Educational surtax	-1,106,727.10	-163,049.32
Others	177,046.04	251,541.85
Total	-33,545,360.10	-5,255,663.63

Note: The debit balance of current taxes payable mainly includes the taxes paid in advance for the houses resold by Bubei Pearl River Real Estate Company.

Note 23 Interest Payable

Item	Closing Balance	Opening Balance
Interest on Long-term Loans under Straight Mortgage	88,548,041.37	59,153,440.18
Interest on Loans from Other Companies	110,665,858.87	104,399,517.62
Interest on Entrusted Loans	10,449,888.49	12,437,889.25
Others	2,443,415.22	2,439,133.00
Total	212,107,203.95	178,429,980.05

Note 24 Dividends Payable

Item	Closing Balance	Opening Balance	Reasons why not to be paid over one year
Dividends payable for the legal person	3,213,302.88	3,213,302.88	Suspend payment
Total	3,213,302.88	3,213,302.88	

Note 25 Other Payables

1) Other payables presented as per the nature of accounts

Nature of Account	Closing Balance	Opening Balance
Borrowing	402,857,649.92	420,603,739.10
Payment for land transfer	43,741,510.75	43,000,000.00
Collection for property management	45,149,561.20	53,147,608.29
Money owned by the suppliers	3,934,276.29	1,854,276.29
Accrued Expenses	6,418,338.19	5,568,338.41
Deposit for Quality of Decoration	7,927,465.21	8,415,340.21
Maintenance Fund	3,014,488.35	2,956,074.81
Funds Raised for Houses	1,770,000.00	2,770,000.00
Risk Funds of Employees	1,190,387.57	1,136,920.09
Working Fund of Water and Electricity	6,053,932.19	4,514,698.79
Sincerity gold	10,000,000.00	
Others	14,214,527.26	17,311,963.69
Total	546,272,136.93	561,278,959.68

2) Significant other payables with aging of more than one year

Name	Closing Balance	Reasons of Outstanding Accounts
Beijing Xinxing Real Estate Development General company	156,897,912.90	The borrowing is not expired
Beijing Wangfa Real Estate Development Holdings Co., Ltd	78,525,000.00	The borrowing is not expired
Chongqing international trust co., LTD	21,981,589.12	Financial Strain
Wuhan Zhongsenhua Century Real Estate Development Co., Ltd.	43,000,000.00	Accounts Received in Advance for Land Transfer
Henan letter and home water utilities	20,912,299.82	Financial Strain
Haikou CITIC Hong Chau Coastal Construction Co., Ltd.	12,275,933.34	The borrowing is not expired
Total	333,592,735.18	

Note 26 Non-current liabilities matured within one year

Item	Closing Balance	Opening Balance
Long-term Borrowing Matured Within One Year	287,761,902.11	353,287,364.69
Including: Pledged Loan		76,051,656.00
Mortgage Loan	222,805,306.92	229,805,306.92
Guaranteed Loan	64,956,595.19	47,430,401.77
Total	287,761,902.11	353,287,364.69

Note 27 Long-term Borrowing

1) Classification of long-term borrowing

Category	Closing Balance	Opening Balance
Pledged Loan		76,051,656.00
Mortgage Loan	363,805,306.92	523,805,306.92
Guaranteed Loan	139,456,595.19	143,763,735.11
Sub-total	503,261,902.11	743,620,698.03
Less : Long-term Borrowing Matured Within One Year	287,761,902.11	353,287,364.69
Total	215,500,000.00	390,333,333.34

2) Long-term borrowings with large amount

Lender	Starting Date of Borrowing	Ending Date of Borrowing	Currency	Interest Rate	Closing Balance	Opening Balance
Chongqing International Trust Co., Ltd.	2012-9-27	2016-4-28	RMB	21.42%	196,805,306.92	196,805,306.92
Guotai Yuanxin Assets Management Co., Ltd.	2014-9-15	2016-3-15	RMB	10.86%	-	76,051,656.00
Harbin Branch of China CITIC Bank	2014-10-30	2019-3-30	RMB	The benchmark interest rate has a float by 10%	24,000,000.00	24,000,000.00
Mudanjiang Taiping Road Branch of Industrial & Commercial Bank of China	2014-3-28	2020-3-20	RMB	The benchmark interest rate has a float by 10%	81,456,595.19	81,763,735.11
Mudanjiang Branch of China Construction Bank	2012-1-12	2019-1-11	RMB	The benchmark interest rate has a float by 10%	58,000,000.00	62,000,000.00
Haikou Yeshumen Branch of Bank of China	2009-8-2	2019-8-2	RMB	The benchmark interest rate has a float by 10%	43,000,000.00	53,000,000.00
Wuhan Branch of Shanghai Pudong Development Bank	2015-1-20	2018-1-19	RMB	The benchmark interest rate has a float by 20%	-	150,000,000.00
Wuhan Branch of Shanghai Pudong Development Bank	2015-6-24	2018-6-23	RMB	The benchmark interest rate has a float by 20%	100,000,000.00	100,000,000.00
Total					503,261,902.11	743,620,698.03

3) Mortgage Loan:

Lender	Balance of Loan	Pledge
Bank of China, Haikou Yeshumen Branch	196,805,306.92	Three properties owned by Sanya Wanjia Hotel Management Co., Ltd and the company has property in Sanya
Chongqing International Trust Co., Ltd	43,000,000.00	
China Citic Bank Haerbin Branch	24,000,000.00	Ten properties owned by Mudanjiang Pearl River Wanjia Tourism Investment Development Group
Wuhan Branch of Shanghai Pudong Development Bank	100,000,000.00	The Meilin Qingcheng (Phase III) owned by Hubei Pearl River Real Estate Development Co., Ltd.
Total	363,805,306.92	—

4) Guaranteed Loan:

Lender	Balance of Loan	Guarantor
China construction bank Mudanjiang Branch	58,000,000.00	Heilongjiang Xinzheng Guarantee Co., Ltd.
Industrial and Commercial Bank of China Mudanjiang Branch	81,456,595.19	Mengneng International Energy Exploitation Co., Ltd.
Total	139,456,595.19	

5) Other descriptions on long-term borrowing

The interest rate of long-term borrowing is ranged from 7.04% to 21.42%.

Note 28 Capital stock

Item	Opening Balance	Current Increase (+) or Decrease (-)					Closing Balance
		Issuance of New Shares	Bonus Shares	Capitalization of Public Reserve Fund	Other	Sub-total	
1. Shares with conditions limited to sell							
(1) Shares held by the state							
(2) Shares held by the state-owned artificial persons							
(3) Shares held by other domestic enterprises	1,325,131.00						1,325,131.00
Including:							
Shares held by the domestic legal persons	1,299,500.00						1,299,500.00
Shares held by the domestic natural persons	25,631.00						25,631.00
(4). Shares held by the foreign companies							
Including:							
Shares held by the foreign legal persons							
Shares held by the foreign natural persons							
Total shares with conditions limited to sell	1,325,131.00						1,325,131.00
2. Outstanding shares without conditions limited to sell							
(1) Common Share in RMB	360,445,273.00						360,445,273.00
(2) Foreign Shares Listed at Home	64,975,000.00						64,975,000.00
(3) Foreign Shares Listed at Oversea							
(4) Others							

Item	Opening Balance	Current Increase (+) or Decrease (-)					Closing Balance
		Issuance of New Shares	Bonus Shares	Capitalization of Public Reserve Fund	Other	Sub-total	
Total shares without conditions limited to sell	425,420,273.00						425,420,273.00
Total	426,745,404.00						426,745,404.00

Note 29 Capital reserve

Item	Opening Balance	Current Increase	Current Decrease	Closing Balance
Capital premium	225,390,819.63			225,390,819.63
Others capital reserve	109,300,017.82			109,300,017.82
Total	334,690,837.45			334,690,837.45

Note 30 Surplus Reserve

Item	Opening Balance	Current Increase	Current Decrease	Closing Balance
Statutory surplus reserve	71,852,236.46			71,852,236.46
General surplus reserve	37,634,827.93			37,634,827.93
Total	109,487,064.39			109,487,064.39

Note 31 Undistributed profits

Item	Amount	Ratio of Withdrawal or Undistributed Amount (%)
Undistributed Profits at the End of Previous Period Before Adjustment	-1,088,060,174.99	—
Total Amount of Undistributed Profits at the Beginning of Adjustment Period (+/-)		—
Undistributed Profits at the Beginning of Period After Adjustment	-1,088,060,174.99	—
Plus: Current Net Profits Attributive to the Owners of the Parent Company	-47,370,594.88	—
Less: Appropriation of Statutory Surplus Reserve Withdrawn		
Appropriation of Discretionary Surplus Reserve		
Plus: Surplus Reserve Made up for Losses		
Other Internal Carry-over of Owner's Equity		
Closing Undistributed Profit	-1,135,430,769.87	

Note 32 Operating income and operating cost

1) Operating income and operating cost

Item	Current Amount		Previous Amount	
	Income	Cost	Income	Cost
Main Business	139,890,677.66	119,343,421.77	125,940,552.56	98,834,069.35
Other Business	9,141,850.74	2,686,504.22	10,177,276.63	1,903,272.52
Total	149,032,528.40	122,029,925.99	136,117,829.19	100,737,341.87

2) Main Business (Accounted as per Industries)

Industry	Current Amount		Previous Amount	
	Operating Income	Operating Cost	Operating Income	Operating Cost
Real Estate Development				
Property Management	118,897,725.42	108,945,720.20	95,547,448.69	85,885,239.27
Tourist Hotel	20,992,952.24	10,397,701.57	30,393,103.87	12,948,830.08
Total	139,890,677.66	119,343,421.77	125,940,552.56	98,834,069.35

3) Main Business (Accounted as per Regions)

Region	Current Amount		Previous Amount	
	Operating Income	Operating Cost	Operating Income	Operating Cost
Hainan	129,263,957.43	114,904,019.82	109,822,764.56	92,811,348.53
Heilongjiang	8,258,678.00	3,126,864.51	14,326,957.30	4,895,210.17
Hubei	570,446.04	385,963.46	349,224.00	310,731.36
Shanghai	1,797,596.19	926,573.98	1,441,606.70	816,779.29
Total	139,890,677.66	119,343,421.77	125,940,552.56	98,834,069.35

Note 33 Business tax and surcharges

Item	Current Amount	Previous Amount
Business Tax	5,376,975.72	6,805,891.46
Urban Maintenance & Construction Tax	442,857.90	476,412.41
Education Surcharges	253,712.29	204,176.76
Increment Tax on Land Value	4,205,515.05	9,200.00

Item	Current Amount	Previous Amount
Other Taxes	126,862.61	136,318.84
Total	10,405,923.57	7,631,999.47

Note 34 Selling expenses

Item	Current Amount	Previous Amount
Employees' Wages	405,220.67	1,114,145.29
Advertisement	1,392,667.57	1,144,346.31
Repair	140,530.00	
Selling Service	6,690,000.00	-
Others	242,582.78	547,630.37
Total	8,871,001.02	2,806,121.97

Note 35 Administrative expenses

Item	Current Amount	Previous Amount
Employees' Wages	13,206,958.52	15,493,989.52
Depreciation	14,189,830.37	16,106,092.25
Business Entertainment	2,728,763.69	3,441,034.93
Business Travel	1,526,947.44	1,592,768.54
Tax	1,793,692.10	1,682,603.42
Amortization of intangible assets and long-term deferred expenses	2,602,040.00	2,670,407.66
Repair	328,378.88	577,886.60
Insurance	817,666.46	
Consulting fees, service charges	2,343,637.99	410,000.00
Traffic	2,153,757.83	2,244,310.77
Office and office supplies	413,401.22	556,518.87
Property management, water and electricity, heating costs	1,820,962.03	1,612,223.90
Others	1,300,105.17	2,139,542.06
Total	45,226,141.70	48,527,378.52

Note 36 Financial expenses

Category	Current Amount	Previous Amount
Interest Expense	45,230,435.59	53,473,422.46
Less: Interest Income	3,616,128.15	1,752,443.40
Financial Consultant		
Financing Expenses	6,800,478.63	13,433,655.28
Others	377,028.65	396,267.77
Total	48,791,814.72	65,550,902.11

Note 37 Loss on assets impairment

Item	Current Amount	Previous Amount
Loss on Bad Debts	7,219,276.66	819,765.92
Loss of Impairment of Construction in Progress	776,000.00	
Impairment losses on available for sale financial assets	-6,000,000.00	
Total	1,995,276.66	819,765.92

Note 38 Investment income

1) Details of investment income

Item	Current Amount	Previous Amount
Investment Income from the Long-term Equity Measured Under Equity Method	-234,924.26	-205,388.30
me from the Disposal of Long-term Equity	38,155,550.74	-
Investment Income from the Disposal of Long-term Equity		
Investment Income from the Disposal of Financial Assets Which Are Measured at Their Fair Values and of Which the Variation Is Included in the Current Profits and Losses		
Investment Income from the Available-for-sale Financial Assets, etc.		
Investment Income from the Disposal of Available-for-sale Financial Assets	-	124,342,755.05
Others	8,271.82	-
Total	37,928,898.30	124,137,366.75

Note 39 Non-operating income

Item	Current Amount	Previous Amount	Amount Recorded in Current Extraordinary Gain and Loss
Total Gain on the Disposal of Non-current Assets	2,555,707.19	12,073.95	2,555,707.19
Including: Gain on the Disposal of Fixed Assets	2,462,319.87	12,073.95	2,462,319.87
Gain on the Disposal of Intangible Assets	93,387.32	-	93,387.32
Gain on Debt Restructuring			
Gain on Inventory Profit			
Income from Compensation for Breach of Contract	-	43,773.33	-
Others	95,785.15	452,686.58	95,785.15
Total	2,651,492.34	508,533.86	2,651,492.34

Note 40 Non-operating cost

Item	Current Amount	Previous Amount	Amount Recorded in Current Extraordinary Gain and Loss
Total Loss on the Disposal of Non-current Assets	131,916.10		2,497,989.19
Including: Loss on the Disposal of Fixed Assets	131,916.10		2,497,989.19
Amount Paid for Donation		1,100.00	
Loss on Scrap and Damage of Assets	2,456,199.23		90,126.14
Expenditure for Penalty	69,714.35		69,714.35
Expenditure for Compensation, Penalty and Fine	500,032.27	175,648.42	500,032.27
Others	120,516.82	18,087.20	120,516.82
Total	3,278,378.77	194,835.62	3,278,378.77

Note 41 Income tax expenses

1) List of income tax expenses

Item	Current Amount	Previous Amount
Current Income Tax Expenses	199,363.38	643,839.49
Deferred Income Tax Expenses	-15,665.42	15,210,270.77
Total	183,697.96	15,854,110.26

2) Accounting profits and adjustment process of the income tax expenses

Item	Current Amount
Total Profits	-50,985,543.39
Income Tax Expenses Calculated at the Statutory/Applicable Tax Rate	-12,746,385.85
Influence of Different Tax Rate Adopted by the Subsidiaries	
Influence of Adjustment of Previous Income Tax	
Influence of the Other Non-taxable Income	
Influence of the Non-deductible Cost, Expense and Loss	18,107,402.30
Influence of the Deducible Loss of the Previous Deferred Income Tax Assets Not Recognized	
Current Influence of the Deducible Temporary Difference or the Deducible Loss of the Current Deferred Income Tax Assets Not Recognized	-5,191,256.75
Recognition of Deferred Tax Assets of Previous Deducible Loss	
Other	13,938.26
Income Tax Expenses	183,697.96

Note 42 Notes to cash flow statement

1) Other cash received relating to operating activities

Item	Current Amount	Previous Amount
Intercourse funds received from Beijing Yuanrongtong Assets Management Co., Ltd.	12,300,000.00	2,500,000.00
Intercourse funds received from Beijing era model culture media Co., Ltd.		205,000.00
Intercourse funds received from Xie Ruilong	-	200,000.00
Intercourse funds received from Cheng Shuxian	300,000.00	
Intercourse funds received from Chen Jilin	100,000.00	

Item	Current Amount	Previous Amount
Intercourse funds received from Li Peng	11,500,000.00	-
Intercourse funds received from Rent deposit, maintenance fund and client's payment and transfer tax	3,500,000.00	4,023,600.00
Intercourse funds received from Collecting customer's water and electricity, garbage disposal, heating gas, viewing fee, etc.	5,502,810.13	7,001,038.50
Staff petty cash refund	-	436,528.39
Others intercourse funds	3,400,000.00	3,680,000.00
Non-operating income	65,141.94	
Interest income	389,354.93	447,100.97
Intercourse funds received from Hailin city Changting town snow hostel Scenic Area	1,237,761.89	-
Intercourse funds received from Harbin Jiangshan International Travel Agency	-	3,642,340.00
Others	1,784,834.72	1,148,781.89
Total	40,079,903.61	23,284,389.75

2) Other cash paid relating to operating activities

Item	Current Amount	Previous Amount
Intercourse funds paid for Beijing Yuanrongtong Assets Management Co., Ltd.	11,948,840.00	17,300,000.00
Intercourse funds paid for Shan Dong Hui Yu	3,000,000.00	
Intercourse funds paid for Xie Lin	-	200,000.00
Intercourse funds paid for Cheng Shuxian	300,000.00	
Other Intercourse Funds		3,400,000.00
Intercourse funds paid for Rent deposit, maintenance fund and client's payment and transfer tax		3,023,000.00
Intercourse funds paid for Collecting customer's water and electricity, garbage disposal, heating gas, viewing fee, etc.		3,619,893.57
Expenditure for administration	4,533,549.75	12,008,726.54
Expenditure for Selling	1,185,538.64	1,180,341.32
Non-operating Cost	583,275.43	158,017.54
Reserve Funds Paid	632,304.85	290,735.74
Bank Commission	338,768.84	280,936.05
Others	625,730.16	1,173,579.01
Total	23,148,007.67	42,635,229.77

3) Other cash paid to investment activities

Item	Current Amount	Previous Amount
the cash outflow of Disposal subsidiary	123,352.41	
Total	123,352.41	

4) Other cash payments relating to financing activities

Item	Current Amount	Previous Amount
Service Charge for Financing	4,302,704.04	11,446,555.28
Commission loan fee		58,140.00
Total	4,302,704.04	11,504,695.28

Note 43 Supplementary information of cash flow statement

1) Supplementary information of cash flow statement

Item	Current Amount	Previous Amount
1. Cash Flow to Adjust the Net Profit into the Operating Activities		
Net Profit	-51,169,241.35	18,641,274.06
Plus: Provision for Asset Impairment	1,995,276.66	819,765.92
Depreciation of Fixed Assets, Consumption of Oil and Gas Assets and Depreciation of Productive Biological Assets	15,164,316.52	17,226,883.18
Amortization of Intangible Assets	559,669.98	605,337.98
Amortization of Long-term Deferred Expenses	2,142,700.22	2,454,539.88
Loss on the Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets (Income is Marked as "-")	-3,224,684.28	-204,803.91
Loss on the Discarding of Fixed Assets (Income is Marked as "-")	2,500,181.85	-7,067.42
Loss on the Variation of Fair Value (Income is Marked as "-")		
Financial Expenses (Income is Marked as "-")	48,936,433.19	65,403,843.97
Investment Loss (Income is Marked as "-")	-37,928,898.30	-124,137,366.75

Item	Current Amount	Previous Amount
Decrease in Deferred Income Tax Assets (Increase is Marked as “-”)	-	15,210,270.77
Increase in Deferred Income Tax Liabilities (Decrease is Marked as “-”)	-15,665.42	-
Decrease in Inventory (Increase is Marked as “-”)	-102,163,618.46	-46,689,362.00
Decrease in Operating Items Receivable (Increase is Marked as “-”)	-114,889,161.41	46,525,715.08
Increase in Operating Items Payable (Decrease is Marked as “-”)	399,438,256.34	-90,811,825.58
Other		
Net Cash Flow from Operating Activities	161,345,565.54	-94,962,794.82
2. Significant Investment and Financing Activities without Cash Receipts and Payments		
Conversion of Debt Into Capital		
Convertible Bonds Maturing Within One Year		
Fixed Assets Acquired Under Financial Lease		
3. Change in Cash and Cash Equivalent		
Closing Balance of the Cash	143,110,210.79	136,016,986.29
Less: Opening Balance of the Cash	205,762,131.54	97,404,192.62
Plus: Closing Balance of the Cash Equivalent		
Less: Opening Balance of the Cash Equivalent		
Net Increase of Cash and Cash Equivalent	-62,651,920.75	38,612,793.67
2) Composition of cash and cash equivalent		
Item	Closing Balance	Opening Balance
1. Cash	143,110,210.79	205,762,131.54
1.1 Cash in Stock	787,971.21	620,470.49

Item	Closing Balance	Opening Balance
Bank Deposit Available for Immediate Payment	142,315,051.10	205,111,692.83
Other Currency Available for Immediate Payment	7,188.48	29,968.22
2. Cash Equivalent		
Including: Bond Investment Maturing Within Three Months		
3. Balance of Closing Cash and Cash Equivalent	143,110,210.79	205,762,131.54
Including: Restricted Cash and Cash Equivalent Used by the Subsidiaries of the Parent Company or the Group		

Note 44 Assets with restriction on ownership or use right

Item	Balance	Reason of Restriction
Inventories	106,500,759.37	Borrowing on Mortgage
Investment-based Real Estate	15,739,646.26	Borrowing on Mortgage
Fixed Assets	263,115,406.80	Borrowing on Mortgage
Intangible Assets	26,024,578.81	Borrowing on Mortgage
Total	411,380,391.24	

VIII. Change of Consolidation Scope

1、 Disposal of Subsidiary

Subsidiary's Name	Price for Equity Disposal	Proportion of Equity Disposal (%)	Disposal Pattern	Time of Losing Control	Determination Basis for Time of Losing Control	Difference between Disposal Price and Net Value of Such Subsidiary Indicated on Consolidated Financial Statement
Heilongjiang Longshi Pearl River Culture Communication Co., Ltd.	20,000,000.00	70%	Agreed transfer	May 16, 2016	Equity Transfer Agreement; Articles of Association; Resolution of Shareholder's Meeting; Resolution of Director's Meeting	38,155,550.74

Note: as at this date, the Company has fully transferred the 70% share of Heilongjiang Longshi Pearl River Culture Communication Co., Ltd.

2、 Other Causes for Change of Consolidation Scope

Hainan Pearl River Estate Marketing Co., Ltd, a third layer subsidiary of the Company, which stop project operation because of poor management, has been approved to be cancelled as stated in the Resolution of shareholder's meeting held on February 22, 2016.

IX. Equities in other entities

1) Equities in the subsidiary

(1) Composition of the Company

Company name	Place of operation	Place of registration	Nature of business	Equity interest held (%)		Accounting method
				Direct	Indirect	
Hainan Pearl River Properties and Hotels Management Co., Ltd.	Hainan, Zhenzhou	Haikou, Hainan	Property management	98.00		set-up
Hainan Pearl River Environmental Projects Co., Ltd.	Haikou, Hainan	Haikou, Hainan	Property management	100.00		set-up
Hainan Pearl River Estate Cleaning Company	Haikou, Hainan	Haikou, Hainan	Property management	100.00		set-up
Hainan Pearl River Estate Machine Engineering Company	Haikou, Hainan	Haikou, Hainan	Property management	100.00		set-up

Company name	Place of operation	Place of registration	Nature of business	Equity interest held (%)		Accounting method
				Direct	Indirect	
Sanya Wanjia Hotel Management Co., Ltd.	Sanya,Hainan	Sanya,Hainan	Hotel service	100.00		set-up
Hubei Pearl River Real Estate Development Co., Ltd.	Wuhan, Hubei	Wuhan, Hubei	Real estate development	89.20		set-up
Wuhan Pearl River Meilin Hotels Management Co., Ltd.	Wuhan, Hubei	Wuhan, Hubei	Hotel service	100.00		set-up
Hainan Pearl River Holding(Shanghai)Real Estate Co.,Ltd.	Shanghai	Shanghai	Real estate development	100.00		set-up
Beijing Jiubo Culture Development Co., Ltd.	Beijing	Beijing	Cultural and sports services	100.00		set-up
Mudanjiang Pearl River Wanjia Tourism Investment Development Group	Mudanjiang City	Mudanjiang City	Hotel service , tourism	100.00		set-up
Hailin Wanjia Snowtown Holiday Hotel Management Co., Ltd.	Mudanjiang City	Mudanjiang City	Hotel service	100.00		Business combinations involving enterprises not under common control
Mudanjiang Jingbohu Wanjia Hotel Co., Ltd.	Mudanjiang City	Mudanjiang City	Hotel service	100.00		set-up
Mudanjiang Wanjia Star Hotel Co., Ltd.	Mudanjiang City	Mudanjiang City	Hotel service	100.00		set-up
Harbin Wanjia Travel Agent	Harbin	Harbin	Tourism	100.00		set-up
Hebei Zhengshi Qinghui Real Estate Development Co., Ltd.	Shijiazhuang	Shijiazhuang	Real estate development	51.00		set-up
Shanghai Sea Pearl Property Management Co., Ltd.	Shanghai	Shanghai	Property management	50.00		set-up

① Significant non-wholly-owned subsidiaries

Company name	Proportion of minority(%)	Current attributable minority shareholders	P/L to	Current dividend payments to minority	Closing balance of minority interest	Company name
Hainan Pearl River Properties and Hotels Management Co., Ltd.	2.00	-6,081.95			195,534.64	
Hubei Pearl River Real Estate Development Co., Ltd.	10.80	-1,398,463.99			8,085,153.09	
Hebei Zhengshi Qinghui Real Estate Development Co., Ltd.	49.00	-1,269,368.31			-20,905,834.82	
Shanghai Sea Pearl Property Management Co., Ltd.	50.00	235,757.25			550,393.68	
Total	—	-2,438,157.00			-12,074,753.41	

② Main Financial Information of the Significant Non-wholly-owned Subsidiaries

Unit: Yuan

Company name	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Hainan Pearl River Properties and Hotels Management Co., Ltd.	86,912,358.46	3,210,121.07	90,122,479.53	80,345,747.70		80,345,747.70
Hubei Pearl River Real Estate Development	1,225,047,484.21	11,462,953.90	1,236,510,438.11	1,061,650,212.95	100,000,000.00	1,161,650,212.95

Company name	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Co., Ltd.						
Hebei Zhengshi Qinghui Real Estate Development Co., Ltd.	2,902,391.91	285,344.26	3,187,736.17	45,852,705.19		45,852,705.19
Shanghai Sea Pearl Property Management Co., Ltd.	3,255,873.39	15,770.75	3,271,644.14	2,170,856.78		2,170,856.78

Continued:

Company name	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Hainan Pearl River Properties and Hotels Management Co., Ltd.	102,021,965.09	3,497,651.59	105,519,616.68	95,438,786.84		95,438,786.84
Hubei Pearl River Real Estate Development Co., Ltd.	1,026,454,667.86	11,777,968.10	1,038,232,635.96	700,424,068.58	250,000,000.00	950,424,068.58
Hebei Zhengshi Qinghui Real Estate Development Co., Ltd.	2,896,046.09	518,796.15	3,414,842.24	43,489,263.69		43,489,263.69
Shanghai Sea Pearl Property Management Co., Ltd.	2,602,195.07	10,688.30	2,612,883.37	1,983,610.50		1,983,610.50

Continued:

Company name	Year 2015			
	Operating income	Net profit	Total comprehensive income	Net cash flows from investing activities
Hainan Pearl River Properties and Hotels Management Co., Ltd.	117,100,129.23	-304,098.01	-304,098.01	-16,640,735.33
Hubei Pearl River Real Estate Development Co., Ltd.	957,519.04	-12,948,342.22	-12,948,342.22	118,558,721.37
Hebei Zhengshi Qinghui Real Estate Development Co., Ltd.		-2,590,547.57	-2,590,547.57	-70,898.18
Shanghai Sea Pearl Property Management Co., Ltd.	1,797,596.19	471,514.49	471,514.49	661,708.32

Continued:

Company name	Year 2014			
	Operating income	Net profit	Total comprehensive income	Net cash flows from investing activities
Hainan Pearl River Properties and Hotels Management Co., Ltd.	94,105,841.99	-1,121,522.01	-1,121,522.01	-4,361,051.32
Hubei Pearl River Real Estate Development Co., Ltd.	732,797.00	-4,952,211.94	-4,952,211.94	-203,987,668.35
Hebei Zhengshi Qinghui Real Estate Development Co., Ltd.	-	-2,595,687.05	-2,595,687.05	-236,750.04
Shanghai Sea Pearl Property Management Co., Ltd.	1,441,606.70	25,994.81	25,994.81	289,777.66

2) Transactions that the shares of the owners' equities in the subsidiary changed but still control such subsidiary

(1) Description on the change of shares of owners' equities in the subsidiary

There is no the change of shares of the owners' equities in the Company at the end of report period.

(2) Influence of such transaction on the minority shareholders' equities and owners' equities attributive to the parent company

There is no transaction with influence on the minority shareholders' equities and owners' equities attributive to the parent company at the end of report period.

3) Equities in the cooperative enterprises or associated enterprises

(1) Significant cooperative enterprises or associated enterprises

Name	Place of operation	Place of registration	Nature of business	Equity interest held (%)		Accounting method
				Direct	Direct	
Sanya Wanjia Industrial Co. Ltd	Sanya	Sanya	Real estate development	40		Sanya Wanjia Industrial Co. Ltd

(2) Main financial information of significant cooperative enterprises

Item	Closing balance	Opening balance
	Sanya Wanjia Industrial Co. Ltd	Sanya Wanjia Industrial Co. Ltd
Current asset	84,886,484.53	85,241,163.90
Non-current asset	580,129.40	580,373.54
Total asset	85,466,613.93	85,821,537.44
Current liability	1,335,345.69	1,292,130.39
Non-current liability		
Total liability	1,335,345.69	1,292,130.39
Minority interests		
Equity attributable to parent company	84,131,268.24	84,529,407.05
Net assets share calculated according to proportion of shareholding	33,652,507.30	33,811,762.82
Net book value of the equity investment in associates	33,652,507.30	33,811,762.82

Continued:

Item	Year 2015	Year 2014
	Sanya Wanjia Industrial Co. Ltd	Sanya Wanjia Industrial Co. Ltd
Operating income	17,766.67	
Net profit	-398,138.81	-313,535.59

Item	Year 2015	Year 2014
	Sanya Wanjia Industrial Co. Ltd	Sanya Wanjia Industrial Co. Ltd
Other comprehensive income		
Total comprehensive income	-398,138.81	-313,535.59

(3) Summary of financial information of insignificant cooperative enterprises or associated enterprises

Item	31 December 2014/ Year 2014	31 December 2013/ Year 2013
Net book value of the equity investment in associates	1,397,330.08	1,472,998.82
calculated according to proportion of shareholding:	—	—
Net profit	-154,426.00	-79,974.06
Other comprehensive income		
Total comprehensive income	-154,426.00	-79,974.06

(4) Unrecognized commitment relating to cooperative enterprises or associated enterprises

There is no commitment needing to be disclosed in the Company.

(5) Contingent liabilities relating to cooperative enterprises or associated enterprises

There is no contingency needing to be disclosed in the Company.

X. Disclosure of risks related to the financial instruments

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (primarily interest rate risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

1) Credit risk

The Company's credit risk mainly arises from the monetary funds, accounts receivable, available-for-sale financial assets, etc. The management has formulated the appropriate credit policy and will continuously monitor the exposure of those credit risks.

The Company's monetary funds are mainly deposited in the financial institutions such as commercial bank, etc., the Company's management believe that those commercial banks have bigger credit and conditions of assets with lower risk of credit. The Company adopts the policy of quota for avoiding the credit risk of any financial institution.

The Company expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

In regard with the accounts receivable and other receivables, the Company has policies to control

the credit exposure on those accounts receivable and other receivables. The Company assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from the third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Company. In respect of customers with a poor credit history, the Company will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Company is limited to a controllable extent.

The biggest credit exposure faced by the Company is the book value of each asset in the balance sheet. Except for the Company's guarantee stated in Notes, the Company does not provide any guarantee possible to make the Company face the credit risk.

2) Liquidity risk

Liquidity risk refers to the risk that the Company fails to obtain the sufficient capital to meet operational needs or pay for the due debts and other obligations.

The Company's finance department monitors rolling forecasts of the Company's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institution so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

As at 30 June 2016, the financial assets and liabilities of the Company are analyzed by their maturity date below at their undiscounted contractual cash flows :

Item	30 June 2016					
	Net book value	Carrying amount	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Currency Funds	143,110,210.79	143,110,210.79	143,110,210.79			
Accounts receivable	24,294,222.61	35,846,719.21	35,846,719.21			
Other receivables	228,052,885.48	329,928,474.96	329,928,474.96			
Available-for-sale financial assets	11,411,309.90	29,263,555.29	29,263,555.29			
Subtotal	406,868,628.78	538,148,960.25	538,148,960.25			
Short-term borrowings						
Accounts payable	67,235,402.17	67,235,402.17	67,235,402.17			
Other payables	546,272,136.93	546,272,136.93	546,272,136.93			
Long-term borrowings	503,261,902.11	503,261,902.11	287,761,902.11	41,583,333.30	173,916,666.70	
Subtotal	1,116,769,441.21	1,116,769,441.21	901,269,441.21	41,583,333.30	173,916,666.70	

Continued:

Item	31 December 2015					
	Net book value	Carrying amount	Within 1year	1 to 2 years	2 to 5 years	Over 5 years
Currency Funds	205,762,131.54	205,762,131.54	205,762,131.54			
Accounts receivable	17,161,981.62	28,267,474.71	28,267,474.71			
Other receivables	256,036,391.03	351,143,874.92	351,143,874.92			
Available-for-sale financial assets	11,411,309.90	35,263,555.29	35,263,555.29			
Subtotal	490,371,814.09	620,437,036.46	620,437,036.46			
Short-term borrowings						
Accounts payable	24,313,483.40	24,313,483.40	24,313,483.40			
Other payables	561,278,959.68	561,278,959.68	561,278,959.68			
Long-term borrowings	743,620,698.03	743,620,698.03	353,287,364.69	140,666,666.68	249,666,666.66	
Subtotal	1,329,213,141.11	1,329,213,141.11	938,879,807.77	140,666,666.68	249,666,666.66	

3) Market risk

(1) Risk from exchange rate

None.

(2) Interest rate risk

The Company's interest rate risk arises from the borrowings from bank. Financial liabilities issued at floating rates expose the Company to cash flow interest rate risk. The Company determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions.

For the year ended 30 June 2016, the amount of interest rates contract on the floating rate for long-term borrowings amounted to RMB541,879,508.09, the amount of interest rates contract on the fixed rate for long-term borrowings amounted to RMB293,830,746.92.

XI. Fair Value

1) Financial instruments measured at fair value

There is no financial instrument measured at fair value in the Company

2) Financial instruments measured at fair value at the end of report period

There is no financial instrument measured at fair value at the end of report period

3) Basis of determination of market price for the items measured at fair value

There is no financial instrument measured at fair value in the Company.

4) Information of fair value of financial assets and liabilities not measured at fair value

The financial assets and liabilities not measured at fair value include: the accounts receivable, short-term borrowing, accounts payable, non-current liabilities and long-term borrowings matured within one year, investment in equities that are not quoted in active market and whose fair value cannot be measured reliably.

The Company's management gives a view that the difference between the book value of above-mentioned financial assets and liabilities not measured at fair value and the fair value is very small.

XII. Related party relationship and transactions

1) Information of parent company of the Company

Name	Registered address	Real estate development and operation	Registered capital	Holding proportion	Voting rights proportion
Beijing Wangfa Real Estate Development Holdings Co., Ltd	Beijing		28,012.89	26.36	26.36

The Company's ultimate controller is Beijing Xinxing Real Estate Development Company.

2) The information of the Company's subsidiaries is set forth in Note 7-1 "Equities in the Subsidiaries".

3) The information of the Company's cooperative enterprises and associated enterprises is set forth in Note 7-3 "Equities in the cooperative enterprises and associated enterprises"

4) Information of Other Related Parties

Name of Other Related Party	Relationship between other related party and the Company
Beijing Zhongjia Yangguang energy technology (Company) Co., Ltd.	With same controller

5) Transactions with related parties

(1) In regard with any subsidiary that has the control relationship with the Company and has been included in the Company's consolidated financial statements, its intercourse transaction and the transaction with the parent company has been offset.

(2) Relation of sales of goods and rendering of service

Related party	Nature of related transaction	Year 2015	Year 2014
Beijing Zhongjia Sunny Energy Technology (Company) Co., Ltd.	Rent services		120,000.00
Total			120,000.00

(3) Information of related guarantee

When the Company is the guarantor:

Guarantor	Amount	Beginning date of guarantee contract	Maturity date of guarantee contract	Guarantee obligation expired
Beijing Zhongjia Sunny Energy Technology (Company) Co., Ltd.	15,100,000.00	2013/9/12	2016/9/12	No
Total	15,100,000.00			

(4) Fund calling between related parties

As at 30 June 2016, the total amount of loan principal that Beijing Xinxing Real Estate Development corporation has been made to the Pearl River Holding has a balance of RMB124,867,912.90 with interest payable of RMB 31,669,464.73.

As at 30 June 2016, the total amount of loan principal that the controlling shareholder Beijing Wanfa Real Estate Development Corporation has been made to the Pearl River Holding has a balance of RMB 58,825,000.00 with interest payable of RMB29,815,322.86.

As at 30 June 2016, the total amount of loan principal that Beijing Xinxing Real Estate Development general company has been made to Sanya Wanjia Hotel Management Co., Ltd has a balance of RMB 32,030,000.00 with interest payable of RMB35,782,553.93. The total amount of loan principal that Beijing Wanfa Real Estate Development corporation has been made to Sanya Wanjia Hotel Management Co., Ltd has a balance of RMB 19,700,000.00 with interest payable of RMB12,808,068.08.

For the loans listed between related parties, the total amount of interest carried for this reporting period was RMB5,675,891.98, and the balance of interest payable is RMB110,075,409.60Yuan.

(5) Remuneration of key management personnel (10 thousand yuan)

Item	Current Amount	Previous Amount
Key management personnel salary	59.62	76.47

(6) Accounts payable for related parties

(1) Accounts payable for related parties by the Company

Items	Company Name	31 December 2015	31 December 2014
Other payables	Beijing Xinxing Real Estate Development General company	156,897,912.90	156,497,912.90
Other payables	Beijing Wangfa Real Estate Development Holdings Co., Ltd	78,525,000.00	78,525,000.00
Other payables	Beijing Zhongjia Yangguang energy technology (Company) Co., Ltd.	3,970,021.00	3,970,021.00
	Total	239,392,933.90	238,992,933.90
Interest payable	Beijing Xinxing Real Estate Development General company	67,452,018.66	63,512,510.75
Interest payable	Beijing Wangfa Real Estate Development Holdings Co., Ltd.	42,623,390.94	40,887,006.87
Other payables	Total	110,075,409.60	104,399,517.62

XIII. Commitments and Contingency

1) Significant commitments

There is no commitment needing to be disclosed in the Company.

2) Contingency incurred after the balance sheet

1、 On February of 2016, The company received the Haikou Municipal Public Security Bureau and the Sanya Municipal Public Security Bureau issued to the company on the seizure of the company's real estate notice. As the result of the company through Hainan Zhuye Investment Management Co., Ltd. to Lv Gengying, Ma Xiaonan, Wang Hongying, Zhang Hua, Wen Xiaosheng, Shi Xuyun, Pu Ding, Wo Zhongli, Li Ming, Wang Xiaoning 's personal loans and to the company owned property for mortgage. The company of Hainan Zhuye Investment Management Co., Ltd. deposits on suspicion of illegal from the public in early 2016. Criminal investigation by the public security organs. These loans have been involved in the case of public security organs and case processing. Involved in the mortgage property were seized. At present, the company temporarily unable to continue to fulfill the obligations of repayment. After the case is concluded. The company will perform the relevant obligations under the judgment results. Up to the reporting date. The total amount of the loan amounted to 43,525,440.00 yuan

2、 Hainan Pearl River Property Management Co., Ltd., a second-layer subsidiary of the Company, sued Haikou Zanglong Market Management Co., Ltd. and Hainan Baihuifeng Market Co., Ltd. to recover the property service fee and utilities amounting to RMB 2,127,800. As the owner, the Company is sued with joint responsibility. As at this date, the trial is still pending.

3、 On March 23 of 2016, Haikou Zanglong Market Management Co., Ltd. sued the Company for unilaterally termination of the Property Tenancy Agreement for a compensation of RMB 3,000,000. And the Company lodged a countersuit against Haikou Zanglong Market Management Co., Ltd. for its material breach of agreement to recover rents and penalty of RMB 2,061,400. As at this date, the case hasn't been on trial yet.

4、 On November 3 of 2014, Hainan Fangyuan Law Firm filed a lawsuit against the Company for dispute on ownership of #57, #61, #62, #63 and #64 (formerly known as #101-105) parking space, requesting handling of the ownership certificate of those parking spaces. As at this date, the trial is still pending.

5、 Hainan Pearl River Industrial Co., Ltd. Shanghai Office, a second-layer subsidiary of the Company, signed a Borrowing Contract of RMB 50,000,000 with creditor Wu Haoyan on collateral of the property and parking space of Shanghai Office. In the first half of 2015, the Company repaid the principal of RMB 50,000,000 to the account of Beijing Yuanrongtong Assets Management Co., Ltd. as indicated in Wu Haoyan's payment instruction. But Beijing Yuanrongtong Assets Management Co., Ltd. didn't forward said sum of money to Wu Haoyan because of a dispute between them, so Wu Haoyan sued against Shanghai Office for sealing up its assets on the ground of no repayment from the Company. As at this date, the case is pending, but the mortgaged assets has been sealed up.

XIV. Events after the balance sheet

1) Information of profit distribution

There was no profit distribution plan in 30 June 2016 because of the losses.

2) Information of other events after the balance sheet date

The Company will transfer the 100% shares of Sanya Wanjia Hotel Management Co., Ltd. in public at Beijing Property Rights Trading Center, and the first listed price will not be lower than its assessed value. This matter has been approved at the 19th round of meeting of the seventh director's meeting. This transaction won't constitute reorganization of material assets, and said share is not involved in major disputes, litigation or arbitration concerning said assets, neither involved in sealing up, freezing up or other judicial measures. The transfer price hasn't confirmed yet at present.

XVI. Other significant events

1. The Company's working fund is RMB-63,391.98 yuan at the end of 30 June 2016, of which covered RMB-26,450.75 yuan attributive to the shareholders' equities of parent company, the net profit attributive to the shareholders' equities of parent company was RMB -4,737.06 yuan in 30 June 2016. The Company will improve profitability and the ability to continuous operation through following ways: to speed up the development of real estates, dispose the available-for sale financial assets, exploit the financing channel and obtain financial support of significant shareholders.

2. On April 26 of 2016, the Company signed Agreement on Transfer of 60% Shares of Chengde Dongda Property Development Co., Ltd. with Zonghe Investment Co., Ltd. and Li Yuqiang, specifying transfer of 60% shares of Chengde Dongda Property Development Co., Ltd. held by Li Yuqiang to the Company at the price of RMB 30,000,000, to cover the debt of RMB 30,000,000 of Zonghe Investment Co., Ltd.. Later on July 4 of 2016, a supplementary agreement to said Agreement was signed, indicating that after becoming a shareholder of Chengde Dongda Property Development Co., Ltd., the Company shall promise that Chengde Dongda Property Development Co., Ltd. would pay RMB 150,000,000 to Li Yuqiang prior to July 19 of 2016, and the rest debt of RMB 300,000,000 would be paid off prior to August 19 of 2016, and that if Chengde Dongda Property Development Co., Ltd. deferred payment over one month, Li Yuqiang has the right to unilaterally suspend said Agreement and its supplementary agreement, and the Company shall unconditionally return the share of Chengde Dongda Property Development Co., Ltd. to Li Yuqiang. As at this date, Chengde Dongda Property Development Co., Ltd. hasn't repaid RMB 150,000,000 to Li Yuqiang as scheduled.

3. The Company is planning for reorganization of material assets, which includes: replacement of material assets, issue of shares, and purchase of assets and supporting financing. Object of said transaction is 100% shares of Beijing Grain Co., Ltd. held by Beijing Grain Group and other

stakeholders. As at this date, Preliminary Program on Replacement of Material Assets & Issue of Shares & Purchase of Assets and Supporting Financing & Affiliate Transaction has been approved at the 30th round of the 7th director' s meeting of the Company.

4. On July 19 of 2016, Beijing Wanfa Real Estate Development Co. Ltd. signed Shares Transfer Agreement with Beijing Grain Group to transfer the 26.36% shares of the Company it held to Beijing Grain Group. This matter has been approved by the state owned assets supervision and Administration Commission of the State Council. But it has not completed the transfer of equity procedures as at this date.

XVII. Notes to significant items of the parent company's financial statements

Note 1 Accounts receivable

1) Disclosure of category details of accounts receivable:

Categories	Closing Balance				
	Book Balance		Provision for Bad Account		Book Value
	Amounts	Ratio (%)	Amounts	Rate Chargeable (%)	
Accounts receivable with significant single amount and individual provision for bad debts	7,761,707.60	65.03	7,761,707.60	100.00	-
Accounts receivable with combinational withdrawal of the bad debt provision by credit risks characteristics	2,254,961.81	18.89	529,613.35	23.49	1,725,348.46
Accounts receivable with non-significant single amount and individual provision for bad debts	1,919,490.60	16.08	1,898,690.60	98.92	20,800.00
Total	11,936,160.01	100.00	10,190,011.55		1,746,148.46

Continued:

Categories	Opening Balance				
	Book Balance		Provision for Bad Account		Book Value
	Amounts	Ratio (%)	Amounts	Rate Chargeable (%)	
Accounts receivable with significant single amount and individual provision for bad debts	7,761,707.60	65.27	7,761,707.60	100.00	
Accounts receivable with combinational withdrawal of the bad debt provision by credit risks characteristics	2,230,961.81	18.76	529,133.35	23.72	1,701,828.46
Accounts receivable with non-significant single amount and individual	1,898,690.60	15.97	1,898,690.60	100.00	

Categories	Opening Balance				Book Value
	Book Balance		Provision for Bad Account		
	Amounts	Ratio (%)	Amounts	Rate Chargeable (%)	
provision for bad debts					
Total	11,891,360.01	100.00	10,189,531.55	—	1,701,828.46

Description of categories of accounts receivable:

(1) Accounts receivable with significant single amount and individual provision for bad debts at the end of period:

Name	Closing Balance			Reasons of Withdrawal
	Accounts Receivable	Provision for Bad Account	Rate Chargeable (%)	
Hainan racing entertainment Co., LTD	2,406,158.00	2,406,158.00	100.00	Irrecoverable
Hainan Baoping company	2,218,494.43	2,218,494.43	100.00	Irrecoverable
Hainan centaline property agency	2,090,069.77	2,090,069.77	100.00	Irrecoverable
Hainan dragon film studio	1,046,985.40	1,046,985.40	100.00	Irrecoverable
Total	7,761,707.60	7,761,707.60	—	

(2) Accounts receivable with non-significant single amount and individual provision for bad debts at the end of period:

Name	Closing Balance			Reasons of Withdrawal
	Accounts Receivable	Provision for Bad Account	Rate Chargeable (%)	
Haikou Peijie clothing company	497,520.00	497,520.00	100.00	Irrecoverable
Hainan International silver city Real estate company	451,712.00	451,712.00	100.00	Irrecoverable
Haikou Jingye trading development company	250,000.00	250,000.00	100.00	Irrecoverable
Hainan Jinhe Real estate company	119,446.00	119,446.00	100.00	Irrecoverable
Hainan Qiongsan Tianxin Pawn Investment company	112,116.50	112,116.50	100.00	Irrecoverable
Amount less than one hundred thousand yuan (total of 19)	488,696.10	467,896.10	95.74	Irrecoverable
Total	1,919,490.60	1,898,690.60	—	

(2) Accounts receivable in the combination which adopts aging analysis method to determine provision for bad debt:

Aging	Closing Balance		
	Accounts Receivable	Provision for Bad Account	Rate Chargeable (%)
Within 1 year	966,807.39	19,336.15	2.00
1—2 years	96,000.00	4,800.00	5.00
2—3 years	100,000.00	10,000.00	10.00
3—4 years	102,000.00	20,400.00	20.00
4—5 years	100,000.00	30,000.00	30.00
Over 5 years	890,154.42	445,077.20	50.00
Total	2,254,961.81	529,613.35	—

Continued:

Aging	Opening Balance		
	Accounts Receivable	Provision for Bad Account	Rate Chargeable (%)
Within 1 year	942,807.39	18,856.14	2.00
1—2 years	96,000.00	4,800.00	5.00
2—3 years	100,000.00	10,000.00	10.00
3—4 years	102,000.00	20,400.00	20.00
4—5 years	100,000.00	30,000.00	30.00
Over 5 years	890,154.42	445,077.21	50.00
Total	2,230,961.81	529,133.35	—

2) Situation of the current bad debt provision withdrawn, recovered or reversed:

The amount of current bad debt provision reversed was RMB 480.00 yuan.

3) There is no money owed by the shareholders who hold more than 5% (5% is included) of voting shares of the Company in the closing accounts receivable.

4) Top 5 units of accounts receivable of the closing balance gathered on the basis of parties which owe the money:

Name	Closing Balance	Ratio in Closing Amount of Accounts Receivable (%)	Bad Account Provisions Withdrawn
Hainan racing entertainment Co., LTD	2,406,158.00	20.16	2,406,158.00
Hainan Baoping company	2,218,494.43	18.59	2,218,494.43
Hainan Zhongyuan tenement agency company	2,090,069.77	17.51	2,090,069.77
Singapore China holding co., LTD	1,190,500.00	9.97	403,850.00
Hainan Longzhu Cinema City	1,046,985.40	8.77	1,046,985.40

Name	Closing Balance	Ratio in Closing Amount of Accounts Receivable (%)	Bad Account Provisions Withdrawn
Total	8,952,207.60	75.00	8,165,557.60

5) There is no account receivable from the related party at the end of report period.

Note 2 Other Receivables

1) Disclosure of category details of other receivables

Categories	Closing Balance				
	Book Balance		Provision for Bad Account		Book Value
	Amounts	Ratio (%)	Amounts	Rate Chargeable (%)	
Other receivables with significant single amount and individual provision for bad debts	92,743,380.89	11.81	27,378,380.89	29.52	65,365,000.00
Other receivables with combinational withdrawal of the bad debt provision by credit risks characteristics					
Combination 1 : Aging Combination	269,012,314.93	34.26	61,930,858.57	23.02	207,081,456.36
Combination 2 : Receivables in the inter-companies in range of consolidation	419,094,317.92				419,094,317.92
Totally of Combination	688,106,632.85	87.63	61,930,858.57	23.02	626,175,774.28
Other receivables with non-significant single amount and individual provision for bad debts	4,417,591.24	0.56	3,984,902.59	90.21	432,688.65
Total	785,267,604.98	100.00	93,294,142.05		691,973,462.93

Continued:

Categories	Opening Balance				
	Book Balance		Provision for Bad Account		Book Value
	Amounts	Ratio (%)	Amounts	Rate Chargeable (%)	
Combination 1 : Aging Combination	88,243,380.89	11.43	21,378,380.89	24.23	66,865,000.00
Combination 2 : Receivables in the inter-companies in range of consolidation					
Totally of Combination	268,711,768.54	34.81	61,917,347.64	23.04	206,794,420.9
Other receivables with non-significant single amount and individual provision for bad debts	410,950,908.14	53.24			410,950,908.14

Categories	Opening Balance				
	Book Balance		Provision for Bad Account		Book Value
	Amounts	Ratio (%)	Amounts	Rate Chargeable (%)	
Total	679,662,676.68	88.05	61,917,347.64	9.11	617,745,329.04
Combination 1 : Aging Combination	4,044,702.36	0.52	3,972,014.34	98.20	72,688.02
Combination 2 : Receivables in the inter-companies in range of consolidation	771,950,759.93	100.00	87,267,742.87	—	684,683,017.06

Description of categories of other receivables:

(1) Other receivables with significant single amount and individual provision for bad debts at the end of period:

Name	Closing Balance			
	Other Receivables	Provision for Bad Account	Rate Chargeable (%)	Reasons of Withdrawal
Hainan macun port harbor company	6,000,000.00	6,000,000.00	100.00	Irrecoverable
Hainan Yangtze River Travel	1,000,000.00	1,000,000.00	100.00	Irrecoverable
Xinhua Liming Aviation Decoration Company	1,208,804.70	1,208,804.70	100.00	Irrecoverable
Dabao Cement Factory	1,901,383.56	1,901,383.56	100.00	Irrecoverable
Hainan Shenhai Real Estate Co., Ltd.	1,029,850.32	1,029,850.32	100.00	Irrecoverable
Shenzhen State-Investment Securities Co., Ltd.	1,409,934.28	1,409,934.28	100.00	Irrecoverable
Shenzhen Zhuze Real Estate Company	1,550,278.23	1,550,278.23	100.00	Irrecoverable
Sanya Land and Housing Administration	1,000,000.00	1,000,000.00	100.00	Irrecoverable
Jinguang Real Estate Company	1,752,100.00	1,752,100.00	100.00	Irrecoverable
Dingjia International Co., Ltd.	2,725,702.71	2,725,702.71	100.00	Irrecoverable
Hainan Zhongda Real Estate Company	2,210,779.10	2,210,779.10	100.00	Irrecoverable
Hainan Enxin Industry Co., Ltd.	2,314,592.00	2,314,592.00	100.00	Irrecoverable
Haikou Industrial Development Import and Export Co., Ltd.	1,392,430.00	1,392,430.00	100.00	Irrecoverable
Shanghai Real Estate Company of Hainan PEARL RIVER Industry Co., Ltd.	67,247,525.99	1,882,525.99	2.80	Withdrawn as per the estimated non-recoverable amount
Total	92,743,380.89	27,378,380.89	—	

(2) Other receivables with non-significant single amount and individual provision for bad debts at the end of period

Name	Closing Balance			
	Other Receivables	Provision for Bad Account	Rate Chargeable (%)	Reasons of Withdrawal
Sell Dabao cement on a commission basis	560,610.00	560,610.00	100.00	Irrecoverable
Hainan Development Bank	440,000.00	440,000.00	100.00	Irrecoverable
Hainan Sanli Industry and Trade Company	283,478.62	283,478.62	100.00	Irrecoverable
Chamber of Commerce of Hainan Province	270,000.00	270,000.00	100.00	Irrecoverable
Telephone rate of customers of PEARL RIVER Square	268,542.54	268,542.54	100.00	Irrecoverable
China Construction Sixth Engineering Division Group, Ltd	260,335.00	260,335.00	100.00	Irrecoverable
Huazhou Jianan Company	200,000.00	200,000.00	100.00	Irrecoverable
PEARL RIVER Advertisement Company	184,911.62	184,911.62	100.00	Irrecoverable
Initial installation charge of telephone	156,271.60	156,271.60	100.00	Irrecoverable
Amount below RMB150000 (31 units)	1,793,441.86	1,360,753.21	75.87	Withdrawal of non-recoverable amount according to the estimate
Total	4,417,591.24	3,984,902.59	—	

(3) Other receivables in the combination which adopts aging analysis method to determine provision for bad debt:

Aging	Closing Balance		
	Other Receivables	Provision for Bad Account	Rate Chargeable (%)
Within 1 year	22,714,882.05	454,297.64	2.00
1—2 years	1,343,200.00	67,160.00	5.00
2—3 years	31,393,200.00	3,139,320.00	10.00
3—4 years	78,743,146.00	15,748,629.20	20.00
4—5 years	124,437,458.54	37,331,237.56	30.00
Over 5 years	10,380,428.34	5,190,214.17	50.00
Total	269,012,314.93	61,930,858.57	—

Continued:

Aging	Opening Balance		
	Other Receivables	Provision for Bad Account	Rate Chargeable (%)
Within 1 year	22,414,335.66	448,286.72	2.00
1—2 years	1,393,200.00	69,660.00	5.00
2—3 years	31,393,200.00	3,139,320.00	10.00

Aging	Opening Balance		
	Other Receivables	Provision for Bad Account	Rate Chargeable (%)
3—4 years	78,693,146.00	15,738,629.20	20.00
4—5 years	124,437,458.54	37,331,237.56	30.00
Over 5 years	10,380,428.34	5,190,214.16	50.00
Total	268,711,768.54	61,917,347.64	—

(4) No bad account provision is withdrawn for the accounts receivable in the inter-company included in the range of consolidation.

2) Situation of the current bad debt provision withdrawn, recovered or reversed

The amount of current bad debt provision withdrawn was RMB 6,026,399.18 yuan.

3) Category of other receivables under the natures of accounts

Item	Closing Balance	Opening Balance
Investment	250,400,000.00	250,400,000.00
Intercourse Funds with Related Parties	486,341,843.91	479,698,434.13
Borrowing, interest	17,951,701.88	16,981,016.24
Other	30,574,059.19	24,871,309.56
Total	785,267,604.98	771,950,759.93

4) There is no money owed by the shareholders who hold more than 5% (5% is included) of voting shares of the Company in the closing other receivables.

5) Top 5 units of other receivables of the closing balance gathered on the basis of parties which owe the money:

Name	Nature of Money	Closing Balance	Aging	Ratio in Closing Amount of Other Receivables (%)	Closing Balance of Bad Debt Provisions
Mudanjiang Pearl River Wanjia Tourism Investment Development Group	Borrowing	228,962,841.55	1-5 years	29.16	
Sanya Wanjia Hotel Management Co., Ltd.	Intercompany Funds, Borrowings	141,305,145.51	Within one year (10,179,479.46yuan), 1-5 years (131,125,666.05yuan)	17.99	
Public Investment	Money	100,400,000.00	3-5 years	12.79	26,420,000.00

Name	Nature of Money	Closing Balance	Aging	Ratio in Closing Amount of Other Receivables (%)	Closing Balance of Bad Debt Provisions
Co., Ltd	for Project Combination				
Beijing Kangtai Xingye Investment Co.,Ltd	Money for Cooperation with Project	100,000,000.00	3-5 years	12.73	26,000,000.00
Singapore Land Co.,Ltd	Intercompany Funds	67,951,701.88	Within one year (22,714,024.00yuan), 1-5 years (45,237,677.88yuan)	8.65	9,319,843.71
Total		638,619,688.94		81.32	61,739,843.71

6) There is no other accounts receivable from the related parties

Note 3 Long-term Equity Investment

Nature of Money	Closing Balance			Opening Balance		
	Book Balance	Impairment Provision	Book Value	Book Balance	Impairment Provision	Book Value
Investment subsidiaries in	299,420,000.00	40,000,000.00	259,420,000.00	299,420,000.00	40,000,000.00	259,420,000.00
Investment associated companies in	33,652,507.30		33,652,507.30	33,811,762.82		33,811,762.82
Total	333,072,507.30	40,000,000.00	293,072,507.30	333,231,762.82	40,000,000.00	293,231,762.82

1) Investment in subsidiaries

Investee	Initial Investment Cost	Opening Balance	Current Increase	Current Decrease	Closing Balance	Current Impairment Provision Withdrawn	Closing Balance of Impairment Provision
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Investee	Initial Investment Cost	Opening Balance	Current Increase	Current Decrease	Closing Balance	Current Impairment Provision Withdrawn	Closing Balance of Impairment Provision
Hainan PEARL RIVER Property and Hotel Management Co., Ltd.	4,900,000.00	4,900,000.00			4,900,000.00		
Hubei PEARL RIVER Real Estate Development Co., Ltd.	64,420,000.00	64,420,000.00			64,420,000.00		
Sanya Wanjia Hotel Management Co., Ltd.	120,000,000.00	120,000,000.00			120,000,000.00		
Shanghai Real Estate Company of Hainan PEARL RIVER Industry Co., Ltd.	40,000,000.00	40,000,000.00			40,000,000.00		40,000,000.00
Mudanjiang Pearl River Wanjia Tourist Investment Development Group Co., Ltd.	60,000,000.00	60,000,000.00			60,000,000.00		
Beijing Jiubo Culture Development Co., Ltd.	5,000,000.00	5,000,000.00			5,000,000.00		
Hebei Zhengshi Qinghui Real Estate Development Co., Ltd.	5,100,000.00	5,100,000.00			5,100,000.00		
Total	299,420,000.00	299,420,000.00			299,420,000.00		40,000,000.00

2) Investment in cooperative enterprises and associated enterprises

Investee	Opening Balance	Current Increase or Decrease			
		Additional Contribution	Contribution Reduced	Investment Results Recognized by Equity Method	Adjustment of Other Comprehensive Income
1. Associated Enterprises					
Sanya Wanjia Industry Co., Ltd.	33,811,762.82			-159,255.52	
Total	33,811,762.82			-159,255.52	

Continued:

Investee	Current Increase or Decrease				Closing Balance	Closing Balance of Impairment Reserve
	Change of Other Equities	Declared to grant cash dividends or profits	Impairment Provision Withdrawn	Other		
1. Associated Enterprises						
Sanya Wanjia Industry Co., Ltd.					33,652,507.30	
Total					33,652,507.30	

Note 4 Operating income and operating cost

1) Operating income and operating cost

Item	Current Amount		Previous Amount	
	Income	Cost	Income	Cost
Other Business	620,935.59	173,367.05	512,071.26	177,796.80

Note 5 Investment income

Item	Current Amount	Previous Amount
Investment Income from the Long-term Equity Measured Under Equity Method	-159,255.52	-125,414.24
Made during the period of tradable financial assets investment returns		
Made during the period of available for sale financial assets investment returns		
Disposal of tradable financial assets investment returns		
Disposal of available for sale financial assets investment returns		124,342,755.05
Total	-159,255.52	124,217,340.81

XVIII. Supplementary information

1) Breakdown of non-recurring profit or loss

Items	Amount	Description
Profit and loss on disposal of non-current assets	2,423,791.09	
Fund occupation fee from non-financial enterprises included in the current profit and loss	838,294.10	
In addition to the normal operation of the same business related effective hedging business, holding the fair value of financial assets transaction, transaction financial liabilities generated by the movement of the profit and loss, and the disposal of trading financial assets, financial liabilities held for trading and available for sale financial assets to obtain investment income		

Items	Amount	Description
Others non-operating income and expenses excluded as above	-3,050,677.52	
Other non-operating income and costs	38,155,550.74	
Tax effects	-1,696.96	
Effects attributable to minority interests (after tax)	-25,255.42	
Total	38,393,910.79	

2) Return on equity (ROE) and earnings per share ("EPS")

Profit During Report Period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	0.00	-0.11	-0.11
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	0.00	-0.20	-0.20

3) Abnormal financial statements items ("F/S items") and description of reasons

(1) Consolidated balance sheet of consolidated financial statements

Item	Closing Balance	Opening Balance	Ratio of Change	Reason of Change
Currency Funds	143,110,210.79	205,762,131.54	-30.45%	Mainly due to the reduction in the current financing
Accounts receivable	24,294,222.61	17,161,981.62	41.56%	Mainly due to Hainan property management company property management services due to the increase in property management services
Advances to suppliers	174,617,724.95	108,236,943.90	61.33%	The main line of the increase in the advance of food trade
Long term prepaid expenses	3,388,948.05	8,029,043.26	-57.79%	Mainly due to the Longshi company no longer included in the merger, reducing the cost of long-term prepaid expenses due
Accounts payable	67,235,402.17	24,313,483.40	176.54%	Mainly due to the Hu Bei company the increase in Engineering
Advances from customers	754,711,163.32	428,054,670.19	76.31%	Mainly due to the Hubeicompany ,the increase of the advance payment
Taxes payable	-33,545,360.10	-5,255,663.63	-538.27%	Mainly due to hubei property company opens to booking a house money to prepay taxes
Current portion of non-current liabilities	215,500,000.00	390,333,333.34	-44.79%	Mainly due to the repayment of part of the loan
Minority interests	-12,074,753.41	-16,057,057.25	24.80%	Mainly due to the Longshi company no longer included in the merger

(2) Consolidated Profit Statement and Cash Flow Statement

Item	Closing Balance	Opening Balance	Ratio of Change	Reason of Change
Business taxes and surcharges	10,405,923.57	7,631,999.47	36.35%	Mainly due to paid to the Pearl River square land value-added tax

Selling expenses	8,871,001.02	2,806,121.97	216.13%	Mainly due to the hubei province Pearl River company the leads to increased sales agency fee
Impairment Loss of Assets	1,995,276.66	819,765.92	143.40%	Mainly due to the subsidiary of Mudanjiang million Ka Tourism Investment Development Group Co., Ltd. in the construction of the provision for impairment
Investment income	37,928,898.30	124,137,366.75	-69.45%	Mainly due to a lot of cash on the transfer of Southwest Securities, but no such item in this period
Non-operating income	2,651,492.34	508,533.86	421.40%	Mainly due to the Income from disposal of fixed assets
income tax expenses	3,278,378.77	194,835.62	1582.64%	Mainly due to part of the fixed assets due to the application of scrap
Net Profit/loss attributable to minority shareholders	183,697.96	15,854,110.26	-98.84%	Mainly due to the reversal of deferred income tax assets confirmation
Other comprehensive income		-125,127,595.63	100.00%	Mainly due to a lot of cash on the transfer of Southwest Securities, but no such item in this period
Net cash flows from investing activities	161,345,565.54	-94,962,794.82	269.90%	Mainly due to the increase of money for presale of houses of Meilin Qingcheng Phase III project in subsidiary , Hubei Pearl River Real Estate Development Co., Ltd
Net cash flows from investing activities	5,447,324.96	131,679,709.58	-95.86%	Mainly due to a lot of cash on the transfer of Southwest Securities, but no such item in this period
Net cash flows from financing activities	-229,444,811.25	1,895,878.91	-12202.29 %	Mainly due to the period of financing is reduced, return the loan

Hainan Pearl River Holding Company Limited

31 August 2016