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

ANNUAL REPORT 2016

2017-019

March 2017

Section I Important Statements, Contents and Definitions

The board of directors (the "Board"), the supervisory board (the "Supervisory Board"), as well as the directors, supervisors and executive officers of ShenZhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd. (the "Company") hereby guarantee the factuality, accuracy and completeness of the contents of this Report, and shall be jointly and severally liable for any false representation, misleading statements or material omissions in this Report.

Zhou Jianguo, board chairman, Chen Maozheng, GM, Tang Xiaoping, accounting head for this Report, and Qiao Yanjun, head of the accounting department (head of accounting), hereby guarantee that the Financial Report carried in this Report is factual, accurate and complete.

All directors attended the board meeting for the review of this Report.

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

This Annual Report and its abstract have been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

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Definitions

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

Section II Corporate Profile and Financial Results

I Corporate information

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

II Contact information

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

III Information disclosure and place where this Report is kept

Newspapers designated by the Company for information disclosure	Domestic: Securities Times and China Securities Journal Overseas: Ta Kung Pao (HK)
Website designated by the China Securities Regulatory Commission (CSRC) for the publication of this Report	http://www.cninfo.com.cn
Place where this Report is kept	47/F, SPG Plaza, 3005 Renmin South Road, Luohu District, Shenzhen, Guangdong, P.R.China

IV Company registration and alteration

Credibility code	19217958-5
Changes in main business activities of the Company after going public (if any)	No changes
Changes of controlling shareholder	On 24 Mar. 1999, the controlling shareholder was changed from Shenzhen

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

V Other information

The CPAs firm hired by the Company

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

Sponsor engaged by the Company to continuously perform its supervisory function during this Reporting Period

□ Applicable √ Not applicable

Financial advisor engaged by the Company to continuously perform its supervisory function during this Reporting Period

□ Applicable √ Not applicable

VI Accounting and financial results

Indicate by tick mark whether the Company performed any retroactive adjustments to or restatement of its accounting data due to changes of accounting policies or correction of accounting errors

□ Yes √ No

	2016	2015	+/-%	2014
Operating revenues (RMB)	2,352,023,528.43	2,163,365,575.33	8.72%	2,132,311,222.93
Net profit attributable to shareholders of the Company (RMB)	311,567,386.94	301,129,840.84	3.47%	298,033,316.49
Net profit attributable to shareholders of the Company before exceptional profit and loss (RMB)	303,613,457.72	300,963,536.83	0.88%	297,166,883.74
Net cash flows from operating activities (RMB)	526,691,326.20	1,097,144,254.51	-51.99%	322,162,063.36
Basic earnings per share (RMB/share)	0.3080	0.2977	3.46%	0.2946
Diluted earnings per share (RMB/share)	0.3080	0.2977	3.46%	0.2946
Weighted average return on equity (%)	12.53%	13.21%	-0.68%	14.81%
	December 31, 2016	December 31, 2015	+/-%	December 31, 2014
Total assets (RMB)	3,785,600,783.23	4,179,937,120.75	-9.43%	4,375,098,314.05
Net assets attributable to shareholders of the Company (RMB)	2,643,860,443.09	2,331,704,116.07	13.39%	2,161,537,401.78

VII Differences in accounting data under domestic and foreign accounting standards

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

√ Applicable □ Not applicable

Unit: RMB

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	2016	2015	Closing amount	Opening amount
According to Chinese accounting standards	311,567,386.94	301,129,840.84	2,643,860,443.09	2,331,704,116.07
Items and amounts adjusted according to international accounting standards				
According to international accounting standards	311,567,386.94	301,129,840.84	2,643,860,443.09	2,331,704,116.07

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

√ Applicable □ Not applicable

Unit: RMB

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	2016	2015	Closing amount	Opening amount
According to Chinese accounting standards	311,567,386.94	301,129,840.84	2,643,860,443.09	2,331,704,116.07
Items and amounts adjusted according to overseas accounting standards				
According to overseas accounting standards	311,567,386.94	301,129,840.84	2,643,860,443.09	2,331,704,116.07

3. Reasons for the differences in accounting data under domestic and foreign accounting standards

□ Applicable √ Not applicable

VIII Financial results by quarter

Unit: RMB

	1Q	2Q	3Q	4Q
Operating revenues	332,573,819.86	765,313,149.82	646,575,128.32	607,561,430.43
Net profit attributable to shareholders of the Company	31,138,409.00	103,622,712.51	102,114,004.00	74,692,261.43
Net profit attributable to shareholders of the Company before exceptional profit and loss	31,099,423.53	96,222,162.57	101,810,300.34	74,481,571.28
Net cash flows from operating activities	127,807,035.61	298,360,945.15	124,933,785.65	-24,410,440.21

Indicate by tick mark whether there are any material differences between the financial indicators above or their summations and those which have been disclosed in quarterly or semi-annual reports

□ Yes √ No

IX Exceptional profit/loss

√ Applicable □ Not applicable

Unit: RMB

Item	2016	2015	2014	Note
Profit/loss on disposal of non-current assets (including offset asset impairment provisions)	-301,584.30	-65,371.34	-133,442.39	
Profit/loss on contingencies irrelevant to the Company's routine business activities	5,393,358.79			Receipt of the executed money of the Luofu Mountain case
Impairment provision reversal for accounts receivable on which the impairment test is carried out separately	4,800,000.00			Receipt of the executed money of the Luofu Mountain case and reversal of the relevant bad-debt provision
Non-operating income and expense other than the above	713,464.47	287,110.02	1,319,554.06	
Less: Corporate income tax	2,651,309.74	55,434.67	319,678.92	
Total	7,953,929.22	166,304.01	866,432.75	--

Explanation of why the Company classified an item as exceptional profit/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Profit and Loss, or reclassified any exceptional profit/loss item given as an example in the said explanatory announcement to recurrent profit/loss

□ Applicable √ Not applicable

No such cases in this Reporting Period.

Section III Business Profile

I Main business scope for this Reporting Period

Is the Company subject to any disclosure requirements for special industries?

Yes. For the Company engages in real estate, it is subject to the Guideline No. 3 of the Shenzhen Stock Exchange on Information Disclosure by Industry—for Listed Companies Engaging in Real Estate.

In 2016, the country's policies for real estate went through the status from loose to tight for hot cities. The full-year turnover reached a record high. However, the trend of differentiation among cities kept aggravating, being accompanied by fierce market competitions. Local governments intensively issued regulatory policies around the National Day, and as a result, the market behavior gradually turned to be stable in the fourth quarter. The Company concentrated on developing the housing real estate, strictly controlled on the quality and progress of products, and made efforts to build exquisite projects, bringing the emerging brand effect, the gradual growth of operation efficiency, as well as a virtuous circle of the development and management of main businesses.

Real estate development and sales of the Company mainly concentrate on Shenzhen and Shantou. As for Cuilinyuan and Tianjv Jingtian Apartment in Shenzhen, the two projects have entered the stage of constructing the main part. As for Chuanqi Donghu Mingyuan in Shenzhen, its foundation trench is in construction. As for Shantou Tianyuewan, the roof capping was finished on 9 Jan 2017. The development progress of all projects is basically in line with the schedule. As for SPG Chuanqishan, it has been almost sold out. As for Chuanqi Shanglin, there are only a little bit remaining units. As for Tianyuewan Phase I, there have been more than 100 suits sold out since the project opened to sale on the National Day in 2016.

II Significant changes in main assets

1. Significant changes in main assets

Main assets	Reason for any significant change
Equity assets	RMB37,447,267.61 as at 31 Dec. 2016, with RMB20,321,536.75 less than the opening amount, down 35.18% -- mainly because Shenzhen Properties Group Bao'an Development Co., Ltd. accomplished registration deregister in the Market Supervision Administration of Shenzhen Municipality on 30 Dec 2016
Fixed assets	RMB45,531,813.41 as at 31 Dec. 2016, with RMB6,682,171.90 less than the opening amount, down 12.80% -- mainly due to depreciation in the reporting year
Intangible assets	No significant changes
Construction in progress	No significant changes
Monetary funds	RMB1,266,057,324.40 as at 31 Dec. 2016, with RMB90,301,018.04 more than the opening amount, up 7.68% -- mainly due to collection of sales payment
Notes receivable	RMB20,606,778.91 as at 31 Dec. 2016, with RMB1,942,906.89 more than the opening amount, up 10.41% -- mainly due to new sales

Prepayments	RMB15,865,139.33 as at 31 Dec. 2016, with RMB7,087,240.07 less than the opening amount, down 30.88% -- mainly due to the carry-over of construction impacts of projects
Inventories	RMB1,734,553,042.10 as at 31 Dec. 2016, with RMB411,670,853.51 less than the opening amount, down 19.18% -- mainly due to the carry-over from the real estate sales to cost in current period, as well as the carry-over of income from construction projects
Other current assets	RMB13,358,714.45 as at 31 Dec. 2016, with RMB26,957,116.61 less than the opening amount, down 66.86% -- mainly due to punctual business tax payment for the project of "replacing business tax with value-added tax" in current year, as well as the settlement of land VAT for Chuanqishan
Deferred income tax assets	RMB35,781,937.87 as at 31 Dec. 2016, with RMB3,584,569.66 more than the opening amount, up 11.13% -- mainly due to provision of the land VAT

2. Main assets overseas

□ Applicable √ Not applicable

III Core competitiveness analysis

Is the Company subject to any disclosure requirements for special industries?

Yes. For the Company engages in real estate, it is subject to the Guideline No. 3 of the Shenzhen Stock Exchange on Information Disclosure by Industry—for Listed Companies Engaging in Real Estate.

As one of the earliest real estate listed companies in Shenzhen, the Company has a history over 30 years in real estate development in Shenzhen and rich experience in the main business of real estate development. In recent years, thanks to the experience learned from the SPG Chuanqishan project in Guangming, Shenzhen, the SPG Shanglin Garden project in Longgang, Shenzhen and the project in Shantou, the Company accelerates the establishment of a modern enterprise HR management system and works hard in building a professional and high-quality development team. It also keeps improving the management mechanism and processes for project development. As a result, the professionalism and management capability of the Company have improved significantly; planning, construction, cost control, marketing capability and brand image have been effectively enhanced; and the operational capability in the main business of real estate keeps increasing, along with the core competitiveness.

In this Reporting Period, the Company was rated as the Best Faithful Enterprise in Guangdong Province, and one of the Top 500 Enterprises in Guangdong Province by Guangdong Provincial Enterprise Confederation and Guangdong Provincial Association of Entrepreneurs, rated as one of the Top Ten Enterprises with Comprehensive Strength in Shenzhen Real Estate Industry by Shenzhen Real Estate Association, and was rated as a Two-Star Unit in the 1st Social Responsibility Rating Activity in Shenzhen by Shenzhen Municipal Association of Promoting Corporate Social Responsibility.

Section IV Performance Discussion and Analysis

I Overview

For this Reporting Period, the Company achieved, on a consolidated basis, operating revenues of RMB2,352,023,500, up 8.72% from last year; total profits of RMB425,291,700, up 3.75% from last year; and net profits of RMB311,567,400 attributable to the shareholders of the Company, up 3.47% from last year. As of December 31, 2016, the net assets attributable to the shareholders of the Company stood at RMB2,643,860,400, up 13.39% from the year-beginning amount.

Business management review for Y2016

Y2016, the start of the Company's 13th Five Year Plan, was also a transition year for the Company. The whole Company united in a concerted effort and overcame difficulties, which promoted the business management to a new height, firmly carried forward the progress of major assets restructuring, obviously improved the capability of developing main businesses, and achieved the 8-year continuous profit growth, as well as the good development trend. The employees were aggressive and motivated with more and more strengthening cohesion, the professional teams gradually became mature, and the brand effect gradually showed up. The two-civilization construction made new progress.

(I) Fundamentals of the Company kept making progress, and the business performance obtained 8-year continuous stable growth. In this Reporting Period, business performance of the Company made new progress, representing a good start for the 13th Five Year Plan. The structure of assets and liabilities of the Company was in rational distribution, with good financial status and abundant cash flow.

(II) The main business development reached the expected goal. The Company further perfected the development and management system, attached importance to safety production management, and strengthened cost control. As for Cuilinyuan and Tianjv Jingtian Apartment in Shenzhen, the two projects have entered the stage of constructing the main part. As for Chuanqi Donghu Mingyuan, its foundation trench is in construction. As for Shantou Tianyuewan Phase I, the roof capping ceremony was held on 9 Jan 2017.

(III) The sales of real estate went well. The Company adjusted marketing strategies based on policy update in due course, reinforced the sales of villas and shops, and scheduled the development progress of all projects basically in line with expectation. As for SPG Chuanqishan, it has been almost sold out. As for Chuanqi Shanglin, there are only a little bit remaining units. As for Tianyuewan Phase I, there have been more than 100 suits sold out since the project opened to sale on the National Day in 2016.

(IV) The capability of management and control of the Company was improved. The Company standardized corporate governance, continuously perfected its system and mechanism, carried out internal control in order; detailed finance management, accelerated the return of capital, strictly controlled on budget management, emphasized on supervising all kinds of expenditures; achieved obvious progress of lawsuit settlement; enhanced talent team construction and business training, and raised the level of expertise.

(V) All subsidiary enterprises fulfilled business assignments. All subsidiary enterprises further enhanced management, improved service level, worked hard to enlarge market, improved the profitability, made new progress in business performance, and fulfilled the budget index.

(VI) The Company made greater efforts to construct party and corporate culture. The Party Committee of the Company practically enhanced the grass-roots party construction, as well as the construction of the party conduct of honesty and incorruption, deeply developed the learning and education of “Two Studies, One Action”, positively initiated, supported, and developed corporate culture activities, cultivated common values, constructed new types of corporate culture, and strengthened the cohesive force of the Company.

(VII) The progress of asset restructuring was carried forward steadily. The Company suspended its share trading on 14 Sep. 2016, and signed the Cooperation Agreement on Restructuring and Listing with restructuring parties on 3 Oct. 2016. During the suspension period, the Company, in strict accordance with rules and requirements from related laws and regulations, disclosed the progress at regular intervals. The Company accomplished the selection and recruitment of agencies. The Company’s congress of workers and staffs reviewed and approved the Scheme of Guarantee of Rights and Interests for Employees. Currently, the Company is positively propelling the work of due diligence investigation, audit, assessment, as well as drafting and negotiation of related schemes, and so on. In view of the large scale of assets to be purchased by the restructuring this time, together with the complicated transaction structure, resulting to certain particularity in aspects of scale and coverage of assets purchased, the Company regarded the event as a significant case without example. The Company held online investor presentation, applied to Shenzhen Stock Exchange for the deferral of trading resumption for shares, and disclosed the notice of deferral of trading resumption for shares on 14 Mar. 2017.

The Company is subject to the disclosure requirements in the Guideline No. 3 of the Shenzhen Stock Exchange on Information Disclosure by Industry—for Listed Companies Engaging in Real Estate.

II Analysis of main business

1. Overview

See “I Overview” in “Performance Discussion and Analysis”.

2. Revenues and costs

(1) Breakdown of operating revenues

Unit: RMB

	2016		2015		+/-%
	Amount	As a percentage of operating revenues (%)	Amount	As a percentage of operating revenues (%)	
Operating revenues	2,352,023,528.43	100%	2,163,365,575.33	100%	8.72%
By business segment					
Real estate	1,344,124,795.75	57.15%	1,451,882,212.00	67.11%	-9.96%
Construction	808,558,753.43	34.38%	518,895,054.20	23.99%	10.39%

Leasing	75,779,681.07	3.22%	79,149,162.72	3.66%	-0.44%
Property management	136,128,709.12	5.79%	128,945,973.91	5.96%	-0.17%
Other	21,069,704.87	0.90%	21,421,062.40	0.99%	-0.09%
Internally offset	-33,638,115.81	-1.43%	-36,927,889.90	-1.71%	0.28%
By product					
Residential houses	1,212,599,201.90	51.56%	1,267,905,057.00	58.61%	-7.05%
Shops	131,525,593.85	5.59%	18,977,155.00	0.88%	4.71%
Warehouses			165,000,000.00	7.63%	-7.63%
Other products	1,041,536,848.49	43.39%	748,411,253.23	33.60%	9.78%
Less: Internally offset	-33,638,115.81	-1.43%	-36,927,889.90	-1.71%	0.28%
By geographical segment					
Guangdong Province	2,249,649,529.50	95.65%	2,143,635,244.42	99.09%	-3.44%
Other regions in China	135,452,938.12	5.76%	56,204,916.71	2.60%	3.16%
Overseas	559,176.62	0.02%	453,304.10	0.02%	0.00%
Internally offset	-33,638,115.81	-1.43%	-36,927,889.90	-1.71%	0.28%

(2) Business segments, products or geographical segments contributing over 10% of the operating revenues or profit

√ Applicable □ Not applicable

Is the Company subject to any disclosure requirements for special industries?
Yes, for the Company engages in real estate.

Unit: RMB

	Operating revenue	Operating cost	Gross profit margin	Operating revenue: YoY +/-%	Operating cost: YoY +/-%	Gross profit margin: YoY +/-%
By business segment						
Real estate	1,344,124,795.75	753,861,210.15	43.91%	-7.42%	-3.66%	-2.19%
Construction	808,558,753.43	777,725,613.02	3.81%	55.82%	58.49%	-1.62%
By product						
Residential houses	1,212,599,201.90	688,043,767.30	43.26%	-4.36%	-9.59%	3.28%
Shops	131,525,593.85	65,817,442.85	49.96%	593.07%	839.66%	-13.13%
By geographical segment						
Guangdong Province	2,249,649,529.50	1,570,680,163.87	43.23%	4.95%	15.45%	6.70%

Main business data of the prior year restated according to the changed statistical caliber for this Reporting Period
□ Applicable √ Not applicable

(3) Whether revenue from physical sales is higher than service revenue

√ Yes □ No

Business segment	Item	Unit	2016	2015	+/-%

Real estate development (RMB'0,000)	Sales volume		75,386.12	78,251.65	-3.66%
	Output volume		36,812.82	28,876.86	27.48%
	Inventory		153,905.79	192,479.09	-20.04%

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

□ Applicable √ Not applicable

(4) Execution progress of major signed sales contracts in this Reporting Period

□ Applicable √ Not applicable

(5) Breakdown of operating costs

By business segment

Unit: RMB

Business segment	Item	2016		2015		+/-%
		Amount	As a percentage of operating costs (%)	Amount	As a percentage of operating costs (%)	
Real estate		753,861,210.15	45.18%	782,516,505.63	56.31%	-11.13%
Construction		777,725,613.02	46.61%	490,709,048.87	35.31%	11.30%
Leasing		30,635,008.91	1.84%	29,731,750.12	2.14%	-0.30%
Property management		121,051,398.64	7.25%	110,204,670.86	7.93%	-0.68%
Other		16,257,255.61	0.97%	15,185,380.88	1.09%	-0.12%
Internally offset		-30,884,645.86	-1.85%	-38,720,066.88	-2.79%	0.94%

Notes:

(6) Changes in the scope of the consolidated financial statements for this Reporting Period

□ Yes √ No

(7) Major changes in the business, products or services in this Reporting Period

□ Applicable √ Not applicable

(8) Main customers and suppliers

Main customers

Total sales to top five customers (RMB)	149,204,144.32
Total sales to top five customers as a percentage of the total sales for this Reporting Period (%)	6.34%
Total sales to related parties among top five customers as a percentage of the total sales for this Reporting Period (%)	0.00%

Information about top five customers

No.	Customer	Sales amount (RMB)	As a percentage of the total sales for

			this Reporting Period (%)
1	Corporate customer A	36,121,765.71	1.54%
2	Corporate customer B	34,682,769.33	1.47%
3	Corporate customer C	33,387,291.50	1.42%
4	Corporate customer D	24,036,087.38	1.02%
5	Corporate customer E	20,976,230.40	0.89%
Total	--	149,204,144.32	6.34%

Other information about the main customers

□ Applicable √ Not applicable

Main suppliers

Total purchases from top five suppliers (RMB)	272,072,746.26
Total purchases from top five suppliers as a percentage of the total purchases for this Reporting Period (%)	23.15%
Total purchases from related parties among top five suppliers as a percentage of the total purchases for this Reporting Period (%)	7.72%

Information about top five suppliers

No.	Supplier	Purchase amount (RMB)	As a percentage of the total purchases for this Reporting Period (%)
1	Corporate supplier A	134,640,526.17	11.46%
2	Corporate supplier B	90,678,261.74	7.72%
3	Corporate supplier C	26,000,000.00	2.21%
4	Corporate supplier D	18,251,558.35	1.55%
5	Corporate supplier E	2,502,400.00	0.21%
Total	--	272,072,746.26	23.15%

Other information about the main suppliers

□ Applicable √ Not applicable

3. Expense

Unit: RMB

	2016	2015	+/-%	Reason for any significant change
Selling expenses	20,688,512.41	46,977,100.96	-55.96%	Decreased sales agent fees and commissions
Administrative expenses	71,955,523.95	58,883,597.38	22.20%	Intermediary fees of a large amount in the Current Year due to the launch of a significant asset reorganization
Finance costs	-12,642,048.48	32,367,511.56	-139.06%	Products under construction meeting the conditions for interest capitalization, considerably decreased bank loans

4. R&D input

□ Applicable √ Not applicable

5. Cash flows

Unit: RMB

Item	2016	2015	+/-%
Subtotal of cash inflows from operating activities	2,354,513,956.22	2,593,917,264.63	-9.23%
Subtotal of cash outflows due to operating activities	1,827,822,630.02	1,496,773,010.12	22.12%
Net cash flows from operating activities	526,691,326.20	1,097,144,254.51	-51.99%
Subtotal of cash inflows from investing activities	1,890,997.58	386,230.00	389.60%
Subtotal of cash outflows due to investing activities	1,821,040.16	7,894,632.61	-76.93%
Net cash flows from investing activities	69,957.42	-7,508,402.61	100.93%
Subtotal of cash inflows from financing activities	24,000,000.00	227,837,400.00	-89.47%
Subtotal of cash outflows due to financing activities	455,429,367.18	818,348,503.54	-44.35%
Net cash flows from financing activities	-431,429,367.18	-590,511,103.54	26.94%
Net increase in cash and cash equivalents	96,010,984.21	499,636,457.33	-80.78%

Explanation of why the data above varied significantly

√ Applicable □ Not applicable

The subtotal of cash inflow from operating activities in 2016 showed a year-on-year decrease of 9.23%, mainly caused by the decrease of the houses selling and the engineering amount received from providing the labor services and the goods selling of 2016.

The subtotal of cash outflow from operating activities in 2016 showed a year-on-year increase of 22.12%, mainly due to the common effects caused by the increase of the engineering amount paid for purchasing the goods and accepting the labor services, as well as the decrease of tax payments.

The subtotal of cash inflow from investment activities in 2016 showed a year-on-year increase of 389.60%, mainly because of receiving financial cash and the bonus of the financial assets available-for-sale during the holding period in 2016.

The subtotal of cash outflow from investment activities in 2016 showed a year-on-year decrease of 76.93%, mainly because of the decrease of the purchase of the fixed assets, intangible assets and other long-term assets in 2016.

The subtotal of cash inflow from financing activities in 2016 showed a year-on-year decrease of 89.47%, mainly because of the decrease of financing in 2016.

The subtotal of cash outflow from financing activities in 2016 showed a year-on-year decrease of 44.35%, mainly because of the decrease of the paid bank loans and the distributed cash dividends.

Reason for any big difference between the net operating cash flow and the net profit for this Reporting Period

□ Applicable √ Not applicable

III Analysis of non-core business

□ Applicable √ Not applicable

IV Analysis of assets and liabilities

1. Significant changes in the asset composition

Unit: RMB

	December 31, 2016		December 31, 2015		Change in percentage (%)	Reason for any significant change
	Amount	As a percentage of total assets (%)	Amount	As a percentage of total assets (%)		
Monetary funds	1,266,057,324.40	33.44%	1,175,756,306.36	28.13%	5.31%	Increased payments from house buyers and decreased total assets
Accounts receivable	108,298,050.40	2.86%	112,543,908.66	2.69%	0.17%	
Inventories	1,734,553,042.10	45.82%	2,146,223,895.61	51.35%	-5.53%	Carry-forward of sales costs due to sales of houses
Investment property	416,227,686.30	11.00%	435,058,564.20	10.41%	0.59%	
Long-term equity investments	37,447,267.61	0.99%	57,768,804.36	1.38%	-0.39%	
Fixed assets	45,531,813.41	1.20%	52,213,985.31	1.25%	-0.05%	
Short-term borrowings	111,709,916.44	2.95%	143,418,286.29	3.43%	-0.48%	
Long-term borrowings	136,000,000.00	3.59%	382,233,324.88	9.14%	-5.55%	Long-term borrowings repaid
Accounts payable	168,614,299.95	4.45%	290,453,110.50	6.95%	-2.50%	
Accounts received in advance	325,851,112.54	8.61%	475,620,347.35	11.38%	-2.77%	Carry-forward of sales revenue
Taxes and fares payable	65,765,997.90	1.74%	63,459,415.42	1.52%	0.22%	
Non-current liabilities due within one year	37,234,933.67	0.98%	168,727,608.54	4.04%	-3.06%	Long-term borrowings repaid

2. Assets and liabilities measured at fair value

□ Applicable √ Not applicable

3. Restricted asset rights as of the end of this Reporting Period

Type of asset	Project name	Closing book value	Reason for restriction
Monetary funds		290,033.83	See Note VI 1 for details
Notes receivable		20,606,778.91	Pledge for a short-term borrowing
Accounts receivable		73,103,137.53	Pledge for a short-term borrowing
Investment property	Petrel Building	64,969,223.83	Mortgage for a long-term borrowing
Investment property	Guoshang Building	52,223,202.52	Mortgage for a long-term borrowing

Investment property	SPG Plaza	223,598,885.86	Mortgage for a long-term borrowing
Total		434,791,262.48	

V Investments made

1. Total investments made

□ Applicable √ Not applicable

2. Significant equity investments made in this Reporting Period

□ Applicable √ Not applicable

3. Significant non-equity investments ongoing in this Reporting Period

□ Applicable √ Not applicable

4. Financial investments

(1) Securities investments

□ Applicable √ Not applicable
No such cases in this Reporting Period

(2) Investment in derivative financial instruments

□ Applicable √ Not applicable
No such cases in this Reporting Period

5. Use of funds raised

□ Applicable √ Not applicable
No such cases in this Reporting Period.

VI Sale of major assets and equity interests

1. Sale of major assets

□ Applicable √ Not applicable
No such cases in this Reporting Period.

2. Sale of major equity interests

□ Applicable √ Not applicable

VII Main controlled and joint stock companies

√ Applicable □ Not applicable

Main subsidiaries and joint stock companies with an over 10% influence on the Company's net profit

Unit: RMB

Company name	Relationship with the Company	Main business scope	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Shenzhen SPG Longgang Development Co., Ltd.	Subsidiary	Real estate	Development of real estate	713,405,013.98	224,772,965.41	561,014,093.23	193,382,023.63	144,517,486.60
Shantou SEZ, Wellam FTY, Building Development, Co., Ltd.	Subsidiary	Real estate	Development of real estate	265,842,780.28	123,430,090.23	61,820,627.58	2,279,351.28	346,348.12
Shantou Huafeng Real Estate Development Co., Ltd.	Subsidiary	Real estate	Development of real estate	602,595,600.04	7,395,155.55		-8,072,973.23	-6,054,729.92
Great Wall Estate Co., Inc. (U.S.)	Subsidiary	Real estate	Development of real estate	19,855,883.60	-87,512,090.59	559,176.62	-201,946.18	-201,946.18
Shenzhen Zhentong Engineering Co., Ltd.	Subsidiary	Service	Fixing and maintenance of projects	249,808,994.35	20,488,753.19	809,627,735.50	3,464,976.05	2,904,540.63
Shenzhen Property Management Co., Ltd.	Subsidiary	Service	Property management	87,931,093.16	19,726,014.18	136,128,709.12	2,203,641.08	1,683,150.55
Shenzhen Petrel Hotel Co., Ltd.	Subsidiary	Service	Hotel Service	46,713,475.91	39,821,504.38	27,771,080.42	2,958,890.80	2,205,120.10
Shenzhen SPG Mini-bus Rent Co., Ltd.	Subsidiary	Service	Rent of mini-bus	16,660,318.03	13,586,374.15	4,022,498.40	652,384.13	489,288.10
Shenzhen Huazhan Construction Supervision Co., Ltd.	Subsidiary	Service	Construction supervision	9,186,842.08	8,475,241.39	3,693,244.49	103,991.21	83,192.97
Xin Feng Enterprise Co., Ltd.	Subsidiary	Investment management	Investment and management	152,034,691.58	-419,243,841.18	144,500.00	-10,943,036.09	-10,945,610.90

Subsidiaries obtained or disposed in this Reporting Period

□ Applicable √ Not applicable

Information about the main controlled and joint stock companies

1. The subordinate subsidiaries engaged in real estate development mainly include: Shenzhen SPG Longgang Development Co., Ltd., Shantou SEZ, Wellam FTY, Building Development, Co., Ltd. and Shantou Huafeng Real Estate Development Co., Ltd.. The Longgang Company was responsible for the development of the SPG Shanglin Garden Project with the carried forward sales of 2016 of RMB0.561 billion for the north area, and the proportion of the operating income to that of the Group Company of 23.85% as well as the proportion of the net profits which was of RMB0.144 billion to that of the Group Company of 46.39%. Shantou Wellam Company took the responsibility of developing the projects such as the Jinye Island and Yuejing Dongfang, with the 2016 carried forward sales of the Yuejing Dongfang Project of RMB0.056 billion, and the carried forward sales of the remaining building of Jinye Island of RMB0.006 billion. Shantou Huafeng Company took the responsibility of developing the Tianyuewan Project (namely the Shantou Jingzaiwan Project), of which the Phase I was opened to sale in Oct. 2016, and is expected to be completed in Dec 2017. The sales revenue of Tianyuewan Phase I has not been carried forward yet, and its operating profit of RMB-8.07 million was caused by marketing expense.

2. Shenzhen Zhentong Engineering Co., Ltd. was engaged in the business of building installation and maintenance with the 2016 operating income of RMB0.809 billion and of 34.42% to the operating income of the Group Company.

3. The 2016 operating income of Shenzhen Property Management Co., Ltd. was of RMB0.136 billion that was of 5.79% to the operating income of the Group Company.

4. The 2016 net profits of Xin Feng Enterprise Co., Ltd. was of RMB-10.94 million which mainly due to the losses of the exchange rate changes of RMB9.12 million.

VIII Structured bodies controlled by the Company

□ Applicable √ Not applicable

IX Outlook for the future development of the Company

Facing the complicated domestic and overseas political and economic situation in 2017, China will implement more prudent and improved macroeconomic policy, more proactive and powerful fiscal policy, prudent monetary policy with an appropriate amount of intensity and further intensified economic structure adjustment. In the aspect of real estate market, China will strengthen the classified regulation and control of real estate market and accelerate the establishment and improvement of long-term mechanism to facilitate the steady and sound development of real estate market so as to accomplish the rational development of the market.

The Company will adhere to the management strategy of "carefully planning the development strategies, executing refine cultivation on the main business operating, making careful calculation and strict budgeting on the intensification of the cost control and keeping enhancing of the management and control level", continue to optimize and improve the development strategies and business planning put forward in the 13th Five-Year Plan, make overall arrangements for and take into consideration of enterprise management and production safety, actively push forward material assets reorganization of the company, accelerate the projects construction and sales, and strive for the stable and continuous development of the Company.

In 2017, the Company will make great efforts to grasp the following work of five aspects:

(I) To pay adequate attention to main business. To ensure project development and sales progress: first, to promote project construction such as Cuilinyuan, Chuanqi Donghu Mingyuan, Tianyuewan and Tianjv Jingtian Apartment and to ensure the smooth realization of development plan of projects under construction; second, to do a good job of project sales, to achieve sell-out of villas of SPG Chuanqishan project, to speed up the sales of remaining villas and shops of Chuanqi Shanglin project, to increase the sales efforts of Tianyuewan Phase I and Cuilinyuan and to make full preparation for marketing planning of Tianjv Jingtian Apartment; third, pay constant attention to and increase at proper time land reserve so as to ensure the sustained and steady development of the Company in the future.

(II) To strengthen the control over main business. To further enhance the overall planning, coordination and control capability in the whole development process of main business: first, to strengthen cost control, to cover the whole development process with cost control and to implement the fine cost management target; second, to improve financial management capability, to do a good job in comprehensive budget management and financing management and to ensure the safety and efficiency of fund utilization; to strengthen tax management and to actively prevent various tax risks; third, to intensify the learning, absorbing and reference of the new technology, new process and the new mode of the management during the process of the projects development and construction, to raise the level of planning and design management and to strive for the building of the boutique projects; fourth, to strengthen the project management and supervision level and production safety during the process of project construction and to ensure project quality, progress and security.

(III) Strengthen the business management of the owning enterprise. The owning enterprise shall stress the main business, clarify responsibility, and ensure the smooth accomplishment of business indicator and the proceeding of key work according to annual highlights and the responsibility book. The property company shall fully enable the property management service information system and improve service level as well as management level. Zhentong Company shall increase market exploitation efforts, actively participate in foreign bid competition and improve the proportion of self operating project; Petrel Hotel shall improve management mechanism and incentive system, continuously extend guest source and strive to build new pattern of new business hotel; Huazhan Supervision shall focus efforts on the supervision on group development projects and strengthen production safety supervision.

(IV) To strengthen basic-level Party construction work and implement the spirit learning activity put forward on the 19th National Congress of the CPC. To consolidate the "Two Studies, One Action" learning and education achievements, to enhance the "Two Responsibilities" in the process of clean government construction, to strengthen the anti-corruption and clean government promotion of state-owned enterprise and the construction of basic-level Party organization and Party member troop, to organize various enterprise culture activities, to strengthen the cohesion of the team and to ensure the harmony and stability of the enterprise.

(V) To actively push forward material assets reorganization: first, to continue to push forward material assets reorganization jointly with all parties concerned, to actively facilitate and cooperate in due diligence, auditing, evaluation, and negotiation of various parties concerned in the trade on the scheme, as well as necessary regulation communication in strict accordance with the requirements of regulatory department supervision department; to ensure the compliance and smooth proceeding of material assets reorganization; second, to attach great importance to the stability of employee team and the guarantee of rights and interests during assets reorganization; to ensure the normal implementation of all management work of the Company.

X Visits paid to the Company for purposes of research, communication, interview, etc.

1. In this Reporting Period

√ Applicable □ Not applicable

Date of visit	Way of visit	Type of visitor	Index to main inquiry information
29 Jan. 2016	Telephone communication	Individual	Inquired of the progress of the projects development and the number of the shareholders etc. and didn't offer written materials
9 Mar. 2016	Telephone communication	Individual	Inquired of the appointed disclosure time of the annual report and the situation of the projects development and the sales in 2015 and didn't offer written materials
13 May 2016	Telephone communication	Individual	Inquired of the process of the projects development and the impact of Shenzhen state-funded and state-owned enterprise reform on the Company and didn't offer written materials
28 Jun. 2016	Telephone communication	Individual	Inquired of the appointed disclosure time of the semi-annual report and the number of the shareholders etc. and didn't offer written materials
25 Jul. 2016	Telephone communication	Individual	Inquired of the appointed disclosure time of the semi-annual report, the progress of the projects development in the first half year and the impact of Shenzhen state-funded and state-owned enterprise reform on the Company and didn't offer written materials
17 Aug. 2016	Telephone communication	Individual	Inquired of the progress of state-funded and state-owned enterprise in Shenzhen and the impact on the company and the semi-annual operating of the Company and didn't offer written materials
14 Sep. 2016	Telephone communication	Individual	Inquired of the delisting reason and relisting time and didn't offer written materials
28 Sep. 2016	Telephone communication	Individual	Inquired of the delisting reason and relisting time, the appointed disclosure time of the three-quarter report and didn't offer written materials
10 Oct. 2016	Telephone communication	Individual	Inquired of the progress of major assets reorganization and estimated relisting time and didn't offer written materials
14 Nov. 2016	Telephone communication	Individual	Inquired of the progress of major assets reorganization and estimated relisting time and didn't offer written materials
28 Nov. 2016	Telephone communication	Individual	Inquired of the progress of major assets reorganization and estimated relisting time and didn't offer written materials
13 Dec. 2016	Telephone communication	Individual	Inquired of the progress of major assets reorganization and estimated relisting time and didn't offer written materials
30 Dec. 2016	Telephone communication	Individual	Inquired of the progress of major assets reorganization, estimated relisting time and the situation of the projects development in 2016 and didn't offer written materials

Times of visit	13
Number of visiting institutions	0
Number of visiting individuals	13
Number of other visitors	0
Significant undisclosed information disclosed, revealed or leaked	None

Section V Significant Events

I Profit distribution and converting capital reserve into share capital for common shareholders

Formulation, execution or adjustments of profit distribution policy, especially cash dividend policy, for common shareholders in this Reporting Period

√ Applicable □ Not applicable

The 2015 semi-annual profit distribution proposal was considered and approved at the 26th meeting of the 7th Board held on August 28, 2015 and the 1st special meeting of shareholders in 2015 held on September 21, 2015. As such, it was decided to distribute, based on the Company's total shares of 1,011,660,000, a cash dividend of RMB1.30 (tax inclusive) per 10 shares to all the shareholders of the Company, and that no bonus shares would be granted, nor would any capital reserve be converted into share capital. The said profit distribution has been carried out.

Explanation on cash dividend policy	
In compliance with the Company's Articles of Association and the relevant resolution of the meeting of shareholders	The conditions and process of formulation of the Retribution Plan for the Company's Shareholders, the revision of the Articles of Association was compliance and transparent with the contents met with the requirements of the relevant laws and regulations as well as CSRC.
Specific and clear dividend standard and ratio	The dividend standard and the proportion were definite and clear after revision.
Complete decision-making procedure and mechanism	The relevant decision-making process and system was completed.
Independent directors fulfilled their responsibilities and played their due role	The independent director executed dutifully and gave independent advice of the cash dividend policy of the Company.
Minority interests have the chance to fully express their opinion and desire and their legal rights and interests were fully protected	Yes
In adjustment or alteration of the cash dividend policy, the conditions and procedure were in compliance with applicable regulations and transparent	Yes

Plans/proposals for profit distribution and converting capital reserve into share capital for common shareholders for the past three years (including this Reporting Period):

For the year 2014, the net profit was used for covering the deficit of the previous years. Thus, no profit distribution or share capital increase from capital reserve was conducted.

For the first half of 2015, based on its total shares of 1,011,660,000, the Company distributed a cash dividend of RMB1.30 (tax inclusive) per 10 shares to all of its shareholders; and no bonus shares were granted, nor was any capital reserve converted into share capital.

For the year 2015, no profit distribution or share capital increase from capital reserve was conducted.

For the year 2016, no profit distribution or share capital increase from capital reserve would be conducted.

Cash dividend distribution of the Company to common shareholders over the past three years (including this Reporting Period)

Unit: RMB

Year	Cash dividends (tax included)	Net profit attributable to common shareholders of the Company in the consolidated statements for the year	Proportion in net profit attributable to common shareholders of the Company in the consolidated statements for the year (%)	Cash dividends in other forms	Ratio of cash dividends in other forms
2016	0.00	311,567,386.94	0.00%	0.00	0.00%
2015	131,515,800.00	301,129,840.84	43.67%	0.00	0.00%
2014	0.00	298,033,316.49	0.00%	0.00	0.00%

Indicate by tick mark whether the Company made profit in this Reporting Period and the profit distributable to common shareholders of the Company was positive, but it did not put forward a proposal for cash dividend distribution to its common shareholders

√ Applicable □ Not applicable

Reason	Intended use of retained profit
Significant asset reorganization still underway	Retained profit mainly used for construction in progress and increasing the land reserve when the time is right so as to ensure the sustained development of the Company

II Proposal for profit distribution and converting capital reserve into share capital for this Reporting Period

□ Applicable √ Not applicable

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

III Fulfillment of commitments

1. Commitments of the Company's actual controller, shareholders, related parties and acquirer, as well as the Company and other commitment makers, fulfilled in this Reporting Period or ongoing at the period-end

□ Applicable √ Not applicable

No such cases in this Reporting Period.

2. Where there had been an earnings forecast for an asset or project and this Reporting Period was still within the forecast period, explain why the forecast has been reached for this Reporting Period.

□Applicable √ Not applicable

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

□ Applicable √ Not applicable

No such cases in this Reporting Period.

V Explanations given by the Board of Directors, the Supervisory Board and the independent directors (if any) regarding the "modified auditor's report" issued by the CPAs firm for this Reporting Period

□ Applicable √ Not applicable

VI YoY changes in accounting policies, estimations and methods

□ Applicable √ Not applicable
No such cases in this Reporting Period.

VII Retroactive restatement due to correction of material accounting errors in this Reporting Period

□ Applicable √ Not applicable
No such cases in this Reporting Period.

VIII YoY changes in the scope of the consolidated financial statements

□ Applicable √ Not applicable
No such cases in this Reporting Period.

IX Engagement and disengagement of CPAs firm

Current CPAs firm

Name of the domestic CPAs firm	Ruihua Certified Public Accountants LLP
The Company's payment for the domestic CPAs firm (RMB'0,000)	58
Consecutive years of the audit service provided by the domestic CPAs firm	4
Names of the certified public accountants from the domestic CPAs firm	Cai Xiaodong, Wang Huansen
Name of the foreign CPAs firm (if any)	N/A
The Company's payment for the foreign CPAs firm (RMB'0,000) (if any)	0
Consecutive years of the audit service provided by the foreign CPAs firm (if any)	N/A
Names of the certified public accountants from the foreign CPAs firm (if any)	N/A

Indicate by tick mark whether the CPAs firm was changed during this Reporting Period.

□ Yes √ No

CPAs firm, financial advisor or sponsor engaged for internal control audit

√ Applicable □ Not applicable

The Company hired Ruihua Certified Public Accountants LLP to provide internal control audit service for this Reporting Period at the cost of RMB0.25 million.

X Possibility of listing suspension or termination after disclosure of this Report

□ Applicable √ Not applicable

XI Bankruptcy and restructuring

□ Applicable √ Not applicable
No such cases in this Reporting Period.

XII Significant lawsuits and arbitrations

√ Applicable □ Not applicable

Lawsuit/arbitration	Amount involved (RMB'0,000)	Provision (yes/no)	Progress	Decision and influence	Execution of decision	Disclosure date	Index to disclosed information
Xi'an Project Lawsuit	2,100	No	In execution	① Business Tourism Company had to pay for the compensation RMB36,620 thousand and the relevant interest (from 14 Sept. 1998 to the payment day) to Xi'an Fresh Peak Company within one month after the judgment entering into force. If the Business Tourism Company failed to pay in time, it had to pay double debt interests to Xi'an Fresh Peak Company for the overdue period; ② Xi'an Joint Commission on Commerce had jointly and severally obligation of the interests of the compensation; . ③ Business Tourism Company shall bear RMB227,500 of the acceptance fee and the security fee.	The applicant has received RMB 15.20 million. Now Business Tourism Company has no executable properties and Xi'an Joint Commission on Commerce has been refusing to execute the ruling. It is difficult to recover the rest.	08/27/2016	Semi-Annual Report 2015 (full text) on www.cninfo.com.cn
Luofu Mountain project Lawsuit	960	No	Execution completed	① Luofu Mountain Tourism Company has paid back RMB9.6 million; ② Luofu Mountain Administration Committee had to undertake one third of the debts which Luofu	On 21 April. 2016, the Company had signed the Pacification Agreement on Enforcement with the Guangdong Luofu Mountain	08/27/2016	Announcement on the Progress of the Lawsuits on www.cninfo.com.cn

				Mountain Tourism was unable to repay; ③ Luofu Mountain Tourism Company shall bear RMB167,700 of the case acceptance fee and the security fee.	Tourism Development Corporation, Administration Committee of Guangdong Luofu Mountain Scenic Area. According to the agreement, Guangdong Luofu Mountain Tourism Development Corporation had transferred the settlement agreement amount of RMB18 million in the appointed account of the Company and the case had closed since then.		

XIII Punishments and rectifications

□ Applicable √ Not applicable

No such cases in this Reporting Period.

XIV Credit conditions of the Company as well as its controlling shareholder and actual controller

□ Applicable √ Not applicable

XV Implementation of any equity incentive plan, employee stock ownership plan or other incentive measures for employees

□ Applicable √ Not applicable

No such cases in this Reporting Period.

XVI Significant related-party transactions

1. Related-party transactions relevant to routine operation

□ Applicable √ Not applicable

No such cases in this Reporting Period.

2. Related-party transactions regarding purchase or sales of assets or equity interests

□ Applicable √ Not applicable

No such cases in this Reporting Period.

3. Related-party transitions regarding joint investments

□ Applicable √ Not applicable
No such cases in this Reporting Period.

4. Credits and liabilities with related parties

√ Applicable □ Not applicable
Indicate by tick mark whether there were any credits and liabilities with related parties for non-operating purposes.
□ Yes √ No
No such cases in this Reporting Period.

5. Other significant related-party transactions

□ Applicable √ Not applicable
No such cases in this Reporting Period.

XVII Significant contracts and execution

1. Entrustment, contracting and leasing

(1) Entrustment

□ Applicable √ Not applicable
No such cases in this Reporting Period.

(2) Contracting

□ Applicable √ Not applicable
No such cases in this Reporting Period.

(3) Leasing

□ Applicable √ Not applicable
No such cases in this Reporting Period.

2. Significant guarantees

√ Applicable □ Not applicable

(1) Guarantees

Unit: RMB'0,000

Guarantees provided by the Company and its subsidiaries for external parties (excluding those for subsidiaries)

Guaranteed party	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date (date of agreement signing)	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for a related party or not
Total external guarantee line approved during this Reporting Period (A1)			0	Total actual external guarantee amount during this Reporting Period (A2)				0
Total approved external guarantee line at the end of this Reporting Period (A3)			0	Total actual external guarantee balance at the end of this Reporting Period (A4)				0
Guarantees between the Company and its subsidiaries								
Guaranteed party	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date (date of agreement signing)	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for a related party or not
Shantou SEZ, Wellam FTY, Building Development Co., Ltd.	10/31/2012	0	04/17/2013	13,000	Joint-liability	3 years	Yes	Yes
Total guarantee line for subsidiaries approved during this Reporting Period (B1)			0	Total actual guarantee amount for subsidiaries during this Reporting Period (B2)				0
Total approved guarantee line for subsidiaries at the end of this Reporting Period (B3)			13,000	Total actual guarantee balance for subsidiaries at the end of this Reporting Period (B4)				0
Guarantees between subsidiaries								
Guaranteed party	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date (date of agreement signing)	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for a related party or not
Total guarantee line for subsidiaries approved during this Reporting Period (C1)			0	Total actual guarantee amount for subsidiaries during this Reporting Period (C2)				0
Total approved guarantee line for subsidiaries at the end of this Reporting Period (C3)			0	Total actual guarantee balance for subsidiaries at the end of this Reporting Period (C4)				0
Total guarantee amount (total of the above-mentioned three kinds of guarantees)								
Total guarantee line approved during this Reporting Period (A1+B1+C1)			0	Total actual guarantee amount during this Reporting Period (A2+B2+C2)				0

Total approved guarantee line at the end of this Reporting Period (A3+B3+C3)	13,000	Total actual guarantee balance at the end of this Reporting Period (A4+B4+C4)	0
Proportion of the total actual guarantee amount (A4+B4+C4) in net assets of the Company		0.00%	
Of which:			
Amount of guarantees provided for shareholders, the actual controller and their related parties (D)		0	
Amount of debt guarantees provided directly or indirectly for entities with a liability-to-asset ratio over 70% (E)		0	
Portion of the total guarantee amount in excess of 50% of net assets (F)		0	
Total amount of the three kinds of guarantees above (D+E+F)		0	
Joint responsibilities possibly borne or already borne in this Reporting Period for undue guarantees (if any)		The Company is its house buyers' guarantee for mortgage loans from banks. As of December 31, 2016, the outstanding guaranteed amount was RMB8.01 million.	
Provision of external guarantees in breach of the prescribed procedures (if any)		N/A	

Composite guarantees:

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

(2) Illegal provision of guarantees for external parties

□ Applicable √ Not applicable

No such cases in this Reporting Period.

3. Entrusted cash management

(1) Entrusted cash management

□ Applicable √ Not applicable
No such cases in this Reporting Period.

(2) Entrusted loans

□ Applicable √ Not applicable
No such cases in this Reporting Period.

4. Other significant contracts

□ Applicable √ Not applicable

No such cases in this Reporting Period.

XVIII Social responsibilities

1. Targeted measures taken to help people lift themselves out of poverty

□ Applicable √ Not applicable

2. Other social responsibilities taken

The Company paid attention on the execution of the social responsibilities and positively protected the legal interests of the stakeholders such as the creditors, employees, customers, suppliers and community as well as executed the social responsibilities. During this Reporting Period, the Company organized the volunteer team and the Party member volunteer service team and positively developed the volunteer service and the Party member volunteer service activities; furthermore, the Company also executed the social responsibilities as a state-owned enterprise, helped families with family planning difficulty, paid consolation money to Party members and employees in hardship and hospitalized employees due to diseases; carried out condolence activities for employees on their birthday and for retired cadres on festivals; positively developed the interest teams activities such as the badminton, table tennis, mountain climbing and basketball as well as the activities of the health knowledge lectures. During this Reporting Period, the Company was honored by GuangDong Provincial Enterprise Confederation and Guangdong Provincial Association of Entrepreneurs as "Best honesty enterprise of Guangdong Province" and honored by Shenzhen Corporate Social Responsibility Promotion Association as "Two-Star Entity of Shenzhen 1st Social Responsibility Evaluation Session".

Is the Company or any of its subsidiaries a heavily polluting business identified by the environmental protection authorities of China?

No.

Indicate by tick mark whether a social responsibility report is released.

□ Yes √ No

XIX Other significant events

√ Applicable □ Not applicable

Since the planning of controlling shareholders of the Company involves major issues, based on the application submitted to Shenzhen Stock Exchange, certain shares of the Company (A share: short name of stock: SSFA, stock code: 000029; B share: short name of stock: SSFB, stock code: 200029) ware delisted as of 14 Sep., 2016. The Company disclosed the *Announcement on Delisting Due to Planning of Major Issues* (No. 2016-022), the *Announcement on Continued Delisting Due to Planning of Major Issues* (No. 2016-023) and the *Announcement on Continued Delisting Due to*

Planning of Major Issues (No. 2016-024) on 14 Sep. 2016, 22 Sep. 2016 and 29 Sep. 2016 respectively. Upon verification, the issues constitute major assets reorganization. The listed company disclosed the *Announcement on Delisting Due to Planning of Major Assets Reorganization* (No. 2016-025) on 30 Sep. 2016 and the *Announcement on Signing the Cooperation Agreement on Assets Reorganization for Listing on Market* (No. 2016-027) on 10 Oct. 2016.

Upon expiration of delisting period of 1 month, based on the application submitted by the Company, shares of the Company were delisted continuously as of 14 Oct. 2016 after market opening. The listed company disclosed the Announcement on Relisting in the Period of Major Assets Reorganization Progress Delay (No. 2016-028) on 14 Oct. 2016.

Prior to the expiration of delisting period of 2 months, based on the *Motion on Continued Delisting Due to Major Assets Reorganization* reviewed and approved by the 33rd Session of the 7th Board of the Directors held on 11 Nov. 2016, the Company applied to Shenzhen Stock Exchange for continued delisting as of 14 Nov. 2016. The delisting period shall not exceed 3 months accumulatively from the first day of delisting. The Company disclosed the *Announcement on Continued Delisting after Expiration of Delisting Period Due to Planning of Assets Reorganization* (No. 2016-039) on 14 Nov. 2016.

Prior to the expiration of delisting period of 3 months, the Company held the 1st Extraordinary General Meeting on 12 Dec. 2016, reviewed and approved the *Motion on Continued Delisting Due to Planning of Assets Reorganization*, and disclosed the *Announcement on Application for Continued Delisting after Expiration of Delisting Period Due to Planning of Assets Reorganization* (No. 2016-047). Upon the application, the Company shall continue to delist shares as of 14 Dec, 2016 after market opening and undertook that the delisting period shall not exceed 6 months accumulatively from the first day of delisting (i.e., to 13 Mar. 2017).

Prior to the expiration of delisting period of 6 months, the Company held the online illustration meeting to investors on 10 Mar. 2017, exchanged and communicated relevant information of the major assets reorganization event with investors and answered the questions that have caused the general concern of investors. Please refer to the *Announcement on Holding Online Illustration Meeting to Investors* (No. 2017-012) disclosed on 11 Mar. 2017 for details. Upon application to the exchange, the Company issued the *Announcement on Relisting Delay Due to Planning of Major Assets Reorganization* (No. 2017-013) on 14 Mar. 2017. To ensure the smooth progress of the major assets reorganization work, prevent abnormal fluctuation of the share price of the Company and protect the rights and interests of medium and small shareholder investors, upon application to Shenzhen Stock Exchange, the Company will continue to delist shares for no more than 1 month as of 14 Mar. 2017 and is expected to disclose the major assets reorganization plan or report and apply for relisting according to the requirements of the *Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 26—Major Assets Reorganization of Listed Companies* prior to 14 Apr. 2017.

During delisting period, the Company shall disclose the progress of relevant issues every five business days at least in strict accordance with the requirements of relevant laws and regulations. At present, all work involved with the major assets reorganization is proceeding smoothly.

The major assets reorganization planned by the Company is still very uncertain, thus the investors should take invest risk into account.

XX Significant events of subsidiaries

□ Applicable √ Not applicable

Section VI Share Changes and Shareholders' Profile

I Share changes

1. Share changes

Unit: share

	Before		Increase/decrease (+/-)					After	
	Number	Percentage (%)	New issues	Bonus shares	Increase from capital reserve	Other	Subtotal	Number	Percentage (%)
1. Restricted shares	0	0.00%	0	0	0	0	0	0	0.00%
1.1 Shares held by the State	0	0.00%	0	0	0	0	0	0	0.00%
1.2 Shares held by state-owned corporations	0	0.00%	0	0	0	0	0	0	0.00%
1.3 Shares held by other domestic investors	0	0.00%	0	0	0	0	0	0	0.00%
Among which: Shares held by domestic corporations	0	0.00%		0	0	0	0	0	0.00%
Shares held by domestic individuals	0	0.00%	0	0	0	0	0	0	0.00%
1.4 Shares held by foreign investors	0	0.00%	0	0	0	0	0		0.00%
Among which: Shares held by foreign corporations	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by foreign individuals	0	0.00%	0	0	0	0	0	0	0.00%
2. Non-restricted shares	1,011,660,000	100.00%	0	0	0	0	0	1,011,660,000	100.00%
2.1 RMB common shares	891,660,000	88.14%	0	0	0	0	0	891,660,000	88.14%
2.2 Domestically listed foreign shares	120,000,000	11.86%	0	0	0	0	0	120,000,000	11.86%
2.3 Overseas listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
2.4 Other	0	0.00%	0	0	0	0	0	0	0.00%
3. Total shares	1,011,660,000	100.00%	0	0	0	0	0	1,011,660,000	100.00%

Reasons for any share changes

□ Applicable √ Not applicable

Approval of share changes

□ Applicable √ Not applicable

Transfer of share ownership

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

2. Changes in restricted shares

√ Applicable □ Not applicable

Unit: share

Name of shareholder	Opening restricted shares	Unlocked in this Reporting Period	Increased in this Reporting Period	Closing restricted shares	Reason for lock-up	Date of unlocking
Qiu Lihua	45,382	11,346	0	34,036	Shares held by executive officer's relative	Not restricted by the clearing company and as per the relevant regulations of decrease of shareholding by directors, supervisors and executive officers issued by CSRC, 11,346 restricted shares were unlocked on January 1, 2017
Deng Kangcheng	10,000	2,500	0	7,500	Shares held by executive officer	2,500 restricted shares were unlocked on January 1, 2017
Zhuang Quan	80,000	20,000	0	60,000	Shares held by executive officer	20,000 restricted shares were unlocked on January 1, 2017
Wang Xiulan	10,000	2,500	0	7,500	Shares held by executive officer's relative	Not restricted by the clearing company and as per the relevant regulations of decrease of shareholding by directors, supervisors and executive officers issued by CSRC, 2,500 restricted shares were unlocked on January 1, 2017
Total	145,382	36,346	0	109,036	--	--

II Issuance and listing of securities

1. Securities (excluding preference shares) issued in this Reporting Period

□ Applicable √ Not applicable

2. Changes in total shares of the Company and the shareholder structure, as well as the asset and liability

structures

□ Applicable √ Not applicable

3. Existing employee-held shares

□ Applicable √ Not applicable

III Shareholders and actual controller

1. Total number of shareholders and their shareholdings

Unit: share

Total number of common shareholders at the period-end	74,659	Total number of common shareholders at the prior month-end before the disclosure of this Report	74,638	Total number of preference shareholders with resumed voting rights at the period-end (if any) (see note 8)	0	Total number of preference shareholders with resumed voting rights at the prior month-end before the disclosure of this Report (if any) (see note 8)	0

5% or greater shareholders or the top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	Increase /decrease during this Reporting Period	Number of restricted shares held	Number of non-restricted shares held	Pledged or frozen shares	
							Status	Number
Shenzhen Investment Holdings Co., Ltd	State-owned corporation	63.55%	642,884,262		0	642,884,262		
Shanjin Jinkong Capital Management Co., Ltd. —Shanjin Jinkong Sustaining Fund No. 1	Domestic non-state-owned corporation	1.02%	10,300,000		0	10,300,000		
Lu Zhigao	Domestic individual	0.32%	3,246,949		0	3,246,949		
Tan Shiqing	Domestic individual	0.13%	1,286,701		0	1,286,701		
Yang Shuilian	Domestic individual	0.13%	1,273,700		0	1,273,700		
Yang Jianxiong	Domestic individual	0.12%	1,255,750		0	1,255,750		

Central Huijin Asset Management Co., Ltd.	State-owned corporation	0.12%	1,165,500		0	1,165,500		
Peng Wei	Domestic individual	0.11%	1,129,082		0	1,129,082		
Wu Haoyuan	Foreign individual	0.11%	1,109,300		0	1,109,300		
Guotai Junan Securities (Hong Kong) Limited	Foreign corporation	0.10%	1,015,683		0	1,015,683		
Strategic investors or general corporations becoming top-ten shareholders due to placing of new shares (if any) (see Note 3)		N/A						
Related or acting-in-concert parties among the shareholders above		The Company finds no related parties or acting-in-concert parties as defined in the Administrative Measures for Shareholding Changes in Listed Companies among the above shareholders.						

Shareholdings of the top ten non-restricted shareholders			
Name of shareholder	Number of non-restricted shares held at the period-end	Type of shares	
		Type	Number
Shenzhen Investment Holdings Co., Ltd	642,884,262	RMB common share	642,884,262
Shanjin Jinkong Capital Management Co., Ltd.－Shanjin Jinkong Sustaining Fund No. 1	10,300,000	RMB common share	10,300,000
Lu Zhigao	3,246,949	RMB common share	3,246,949
Tan Shiqing	1,286,701	RMB common share	1,286,701
Yang Shuilian	1,273,700	RMB common share	1,273,700
Yang Jianxiong	1,255,750	Overseas listed foreign share	1,255,750
Central Huijin Asset Management Co., Ltd.	1,165,500	RMB common share	1,165,500
Peng Wei	1,129,082	RMB common share	1,129,082
Wu Haoyuan	1,109,300	Overseas listed foreign share	1,109,300
Guotai Junan Securities (Hong Kong) Limited	1,015,683	Overseas listed foreign share	1,015,683
Related or acting-in-concert parties among the top ten non-restrictedly tradable share holders and between the top ten non-restrictedly tradable share holders and the top ten shareholders	The Company finds no related parties or acting-in-concert parties as defined in the Administrative Measures for Shareholding Changes in Listed Companies among the above shareholders.		
Top ten common shareholders conducting securities margin trading (if any) (see Note 4)	The 4th shareholder holds all of his shares in the Company in a credit securities account, and the 3rd shareholder holds part of his shares in the Company in such an account.		

Indicate by tick mark whether any of the top ten common shareholders or the top ten non-restricted common shareholders of the Company conducted any promissory repo during this Reporting Period.

□ Yea √ No

No such cases in this Reporting Period.

2. Information about the controlling shareholder

Nature of the controlling shareholder: Controlled by the local government

Type of the controlling shareholder: Corporation

Name of controlling shareholder	Legal representative/person in charge	Date of establishment	Credibility code	Main business scope
Shenzhen Investment Holdings Co., Ltd.	Peng Haibin	10/13/2004	767566421	Investment in equities on behalf of the government and management of those investments; development and operation of government-allocated land; and investment in and provision of services for strategic emerging industries
Shareholdings of the controlling shareholder in other listed companies at home or abroad in this Reporting Period	380,380,000 shares in SZPRD A (000011), representing a stake of 63.82%; 234,060,000 shares in STHC (000045) , representing a stake of 46.21%; 72,250,000 shares in SBSY A (000019) , representing a stake of 16.00%; 14,440,000 shares in Shenzhen Universe A (000023) , representing a stake of 10.41%; 962,720,000 shares in Ping An (601318) , representing a stake of 5.27%; 2,749,520,000 shares in Guosen Securities (002736) , representing a stake of 33.53%; 624,070,000 shares in Guotai Junan (601211) , representing a stake of 8.18%; 131,917,569 shares in Telling Holding (000829) , representing a stake of 13.76%; 42,000,000 shares in E-top (834386) , representing a stake of 60.00%; and 20,000,000 shares in CCIC Testing (836325) , representing a stake of 40.00%.			

Change of the controlling shareholder during this Reporting Period

□ Applicable √ Not applicable

No such cases in this Reporting Period.

3. Information about the actual controller

Nature of the actual controller: Local institution for state-owned assets management

Type of the actual controller: Corporation

Name of actual controller	Legal representative/ person in charge	Date of establishment	Credibility code	Main business scope
Shenzhen State-owned Assets Supervision and Administration Commission	Peng Haibin	07/31/2004	K3172806-7	Perform the responsibilities of investor on behalf of the state, and supervise and manage the authorized

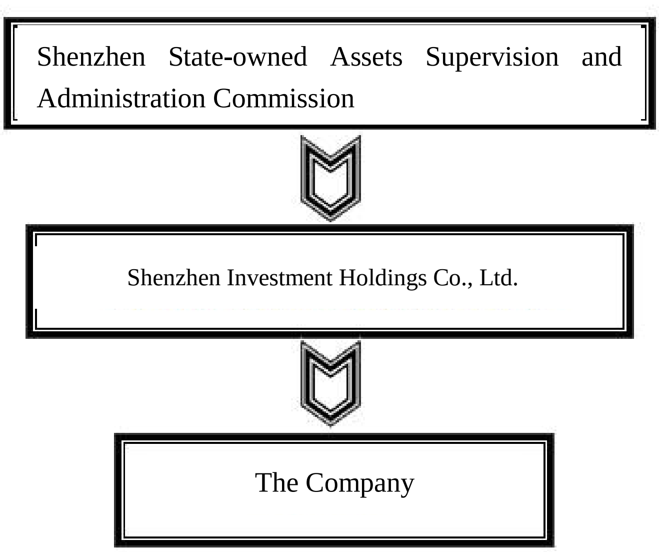
				state-owned assets legally.
Shareholdings of the actual controller in other listed companies at home or abroad in this Reporting Period	In addition to the Company controlling shareholder - Shenzhen Investment Holding Co., Ltd. Other domestic and overseas listed companies whose equity held by the actual controllers did not rank among the top ten shareholders of the Company before.			

Change of the actual controller during this Reporting Period

□ Applicable √ Not applicable

No such cases in this Reporting Period.

Ownership and control relations between the actual controller and the Company



Indicate by tick mark whether the actual controller controls the Company via trust or other ways of asset management.
□ Applicable √ Not applicable

4. 10% or greater corporate shareholders

□ Applicable √ Not applicable

5. Limitations on shareholding decrease by the Company's controlling shareholder, actual controller, reorganizer and other commitment makers

□ Applicable √ Not applicable

Section VII Preference Shares

□ Applicable √ Not applicable

No preference shares in this Reporting Period.

Section VIII Directors, Supervisors, Executive Officers and Staff

I Changes in shareholdings of directors, supervisors and executive officers

Name	Office title	Incumbent/former	Gender	Age	Starting date of tenure	Ending date of tenure	Opening shareholding (share)	Increase in this Reporting Period (share)	Decrease in this Reporting Period (share)	Other increase/decrease (share)	Closing shareholding (share)
Zhou Jianguo	Chairman of the Board	Incumbent	Male	61	04/17/2012	When a new Board is elected	0	0	0	0	0
Chen Maozheng	General Manager and Director	Incumbent	Male	52	04/17/2012	When a new Board is elected	0	0	0	0	0
Zhuang Quan	Supervisor	Incumbent	Male	61	04/17/2012	When a new Supervisory Board is elected	80,000	0	0	0	80,000
Deng Kangcheng	Director	Incumbent	Male	50	04/17/2012	When a new Board is elected	10,000	0	0	0	10,000
Wen Li	Director	Incumbent	Female	47	04/17/2012	When a new Board is elected	0	0	0	0	0
Jiang Lihua	Director	Incumbent	Female	52	04/17/2012	When a new Board is elected	0	0	0	0	0
Zhang Lei	CFO and Director	Incumbent	Male	48	04/17/2012	When a new Board is elected	0	0	0	0	0
Liu Quanmin	Independent director	Incumbent	Male	52	10/15/2010	When a new Board is elected	0	0	0	0	0
Song Botong	Independent director	Incumbent	Male	48	10/15/2010	When a new Board is elected	0	0	0	0	0
Zhang Shunwen	Independent director	Incumbent	Male	49	04/23/2014	When a new Board is elected	0	0	0	0	0
Wang Xiuyan	Supervisor	Incumbent	Female	52	04/17/2012	When a new Supervisory Board is elected	0	0	0	0	0
Li Yufei	Supervisor	Incumbent	Female	38	04/17/2012	When a new Supervisory Board is elected	0	0	0	0	0
Xiong	Supervis	Former	Male	60	04/17/201	03/02/2017	0	0	0	0	0

Xingnong	or				2						
Shi Chunrong	Supervisor	Former	Male	60	04/17/2012	04/27/2016	0	0	0	0	0
Teng Xianyou	Vice GM	Incumbent	Male	59	05/17/2012	When new executive officers are hired	0	0	0	0	0
Wei Hanping	Vice GM	Incumbent	Female	50	09/28/2012	When new executive officers are hired	0	0	0	0	0
Tang Xiaoping	Vice GM	Incumbent	Male	46	10/22/2013	When new executive officers are hired	0	0	0	0	0
Chen Ji	Board Secretary	Incumbent	Male	45	05/17/2012	When a new board secretary is hired	0	0	0	0	0
Feng Hongwei	Supervisor	Incumbent	Male	45	03/02/2017	When a new Supervisory Board is elected	0	0	0	0	0
Lin Jun	Supervisor	Incumbent	Female	47	04/27/2016	When a new Supervisory Board is elected	0	0	0	0	0
Total	--	--	--	--	--	--	90,000	0	0	0	90,000

II Changes in directors, supervisors and executive officers

Name	Office title	Type of change	Date	Reason
Shi Chunrong	Supervisor	Outgoing	04/27/2016	Retired
Xiong Xingnong	Supervisor	Outgoing	03/02/2017	Passed away from illness

III Brief biographies

Professional backgrounds, main working experience and current responsibilities in the Company of the incumbent directors, supervisors and executive officers

1. Zhou Jianguo: he was once the Vice GM of Shenzhen Investment Holdings Co., Ltd. And he has been the Secretary of the Party Committee and Chairman of the Board of the Company since Feb. 2009.
2. Chen Maozheng: he once was the Vice GM, Vice Secretary of the Party Committee, Director GM of Shenzhen City Construction Development (Group) Co. Ltd. And he has been the Vice Secretary of the Party Committee and Director as well as GM of the Company since Oct. 2009.
3. Zhuang Quan: he once was Chairman of the Supervisory Board of Shenzhen Shenfubao Group Co., Ltd.. He has been the Chairman of the Supervisory Board of the Company since Apr. 2012.

4. Deng Kangcheng: he was once deputy director, director of the Office of Shenzhen Investment Holdings Co., Ltd., and supervisor of the Company. And he has been director, Vice Secretary of CPC and Secretary in Discipline Inspection Committee of the Company since Feb. 2009.
5. Zhang Lei: he was once the CFO and Secretary to the Board of SDIC ZHONGLU FRUIT Co., Ltd. And he has been the Director and CFO of the Company since Oct. 2010.
6. Liu Quanmin: he ever worked as the full-time lawyer of Shaanxi Hengda Law Firm, and the partner and licensed lawyer of Guangdong Shenyatai Law Firm. Now he is the practicing lawyer of Beijing Yingke Law Firm (Shenzhen), He has been the independent director of the Company since Oct. 2010.
7. Song Botong: he ever took posts of Deputy Chief of Civil Engineering Department in College of Architecture and Civil Engineering and Chairman of Labor Union of Shenzhen University. Now he acts as Standing Deputy Director of Research Center for Real Estate of Shenzhen University. He has been the Independent Director of the Company since Oct. 2010.
8. Zhang Shunwen: he acted as Director of the Shenzhen Juyuan Certified Public Accounting, now he acts as partner of BDO China Shu Lun Pan Certified Public Accountants LLP. He acts as Independent Directors of the Company since Apr. 2014.
9. Wen Li: she once worked as the Vice Chief of the Investment and Development Department, Vice Director of Management Center for Construction Project of Shenzhen Investment Holdings Co., Ltd. And she has been the Director of the Company since Sept. 2006.
10. Jiang Lihua: she once was the Vice Manager, Manager and Vice Chief of the Finance Department of Shenzhen Investment Holdings Co., Ltd. And she has been acting as Director of the Company since Feb. 2009.
11. Wang Xiuyan: she once was the Audit Project Manager of the Audit Department of and is now the Vice Chief of the Audit and Risk Control Department (the Supervisory Board’s Office) of Shenzhen Investment Holdings Co., Ltd. And she has been acting as Supervisor of the Company since Feb. 2009.
12. Feng Hongwei: He once was the Vice Chief of the Board Secretariat, the Securities Representative and the Audit Supervisory Manager of the Company. And he has been acting as a supervisor of the Company since March 2017.
13. Lin Jun: She once was the Vice Chief of the Party-Mass Work Department and the Vice Discipline Inspection Secretary & Chief of the Party-Mass Work Department of the Company. And she has been acting as a supervisor of the Company since April 2016.
14. Li Yufei: she ever worked as the Assistant Manager of the Investment Department and Assistant Manager & Vice Manager of Assets Management Centre as well as Senior Management Staff of Enterprise Dept. I in Shenzhen Investment Holdings Co., Ltd. And she has been the Supervisor of the Company since Apr. 2012.
15. Teng Xianyou: he once was the Assistant GM and Vice GM of Shenzhen Tonge Group Co., Ltd., and concurrently as GM of Shenzhen Municipal Engineering Corp. And he has been Vice GM of the Company since Dec. 2009.
16. Wei Hanping: he ever worked as the Manager of the Leasing Operation Department in Shenzhen City Construction Development (Group) Co. and the Manager of Cost Control Department of the Company. And he has been the Vice GM of the Company since Sept. 2012.
17. Tang Xiaoping: he ever act as CFO of Shenzhen HRD Assets Management Company, minister of Financial Operations Management Department of Shenzhen Foreign Labor Service Co., Ltd. Legal representative, the executive director of the Shenzhen Foreign Affairs Service Center, and financing plan department manager of the Company. Since 22 Dec. 2013 he acts as deputy GM of the Company.

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

Posts concurrently held in shareholding entities

√ Applicable □ Not applicable

Name	Shareholding entity	Post in shareholding entity	Starting date of tenure	Ending date of tenure	Allowance from the shareholding entity (yes/no)
Wen Li	Shenzhen Investment Holdings Co., Ltd	Minister of the 1 department of the enterprise	1 Apr. 2013		Yes
Jiang Lihua	Shenzhen Investment Holdings Co., Ltd	The minister of inspection distribution department	1 Apr. 2015		Yes
Wang Xiuyan	Shenzhen Investment Holdings Co., Ltd	Vice minister of ministry of audit and risk management (the Supervisory Board's Office)	1 Apr. 2013		Yes
Li Yufei	Shenzhen Investment Holdings Co., Ltd	Senior director of the 2 department of the enterprise (Periodical Center)	1 Jul. 2015		Yes
Notes	N/A				

Posts held concurrently in other entities

√ Applicable □ Not applicable

Name	Other entity	Post in other entity	Starting date of tenure	Ending date of tenure	Allowance from the entity (yes/no)
Liu Quanmin	Beijing Yingke Law Firm (Shenzhen)	practicing lawyer	1 Jun. 2013		Yes
Song Botong	Infrastructure Department of Shenzhen University	Director	1 Mar. 2013		Yes
Zhang Shunwen	BDO China Shu Lun Pan Certified Public Accountants LLP.	Partner	1 Mar. 2008		Yes
Notes	N/A				

Punishments imposed in the recent three years by the securities regulators on the incumbent directors, supervisors and executive officers as well as those who left in this Reporting Period

□ Applicable √ Not applicable

IV Remuneration of directors, supervisors and executive officers

Decision-making procedure, determination basis and actual remuneration payment of directors, supervisors and executive officers

It was executed according to the procedures stipulated in the Interim Measures for the Administration of Human Resources of the Company.
Their remuneration was decided in accordance with the Interim Provisions of the Annual Salary System for Managers of the State-owned Enterprises in Shenzhen and spirit of relevant documents as well as the Interim Measures for the Administration of Human Resources of the Company. The Directors Jiang Lihua and Wen Li, and the Supervisor Wang Xiuyan and Li Yufei took posts in the shareholders' units without drawing remuneration from the Company. With review and approval of the Shareholders' General Meeting 2014 convened on 23 Apr. 2014, allowance for

each independent director was adjusted to RMB7,000 (tax included) per month since May. 2014. Besides, they received no other rewards from the Company.
The Company paid their remuneration monthly according to relevant systems for remuneration management of the Company.

Remuneration of directors, supervisors and executive officers in this Reporting Period

Unit: RMB'0,000

Name	Office title	Gender	Age	Incumbent/former	Total before-tax remuneration from the Company	Remuneration from related parties of the Company (yes/no)
Zhou Jianguo	Chairman of the Board	Male	61	Incumbent	78.19	No
Chen Maozheng	General Manager and Director	Male	52	Incumbent	86.5	No
Zhuang Quan	Supervisor	Male	61	Incumbent	42.88	No
Deng Kangcheng	Director	Male	50	Incumbent	65.98	No
Wen Li	Director	Female	47	Incumbent	0	Yes
Jiang Lihua	Director	Female	52	Incumbent	0	Yes
Zhang Lei	CFO and Director	Male	48	Incumbent	41.88	No
Liu Quanmin	Independent director	Male	52	Incumbent	8.4	No
Song Botong	Independent director	Male	48	Incumbent	8.4	No
Zhang Shunwen	Independent director	Male	50	Incumbent	8.4	No
Wang Xiuyan	Supervisor	Female	54	Incumbent	0	Yes
Li Yufei	Supervisor	Female	38	Incumbent	0	Yes
Xiong Xingnong	Supervisor	Male	59	Incumbent	30.12	No
Lin Jun	Supervisor	Female	47	Incumbent	44.17	No
Teng Xianyou	Vice GM	Male	59	Incumbent	65.98	No
Wei Hanping	Vice GM	Female	50	Incumbent	65.98	No
Tang Xiaoping	Vice GM	Male	46	Incumbent	65.98	No
Chen Ji	Board Secretary	Male	45	Incumbent	45.8	No
Shi Chunrong	Supervisor	Male	60	Former	18.27	No
Total	--	--	--	--	676.93	--

Equity incentives for directors, supervisors and executive officers in this Reporting Period

□ Applicable √ Not applicable

V Employees

1. Number, functions and educational backgrounds of employees

Number of in-service employees of the Company	121
Number of in-service employees of main subsidiaries	1,848
Total number of in-service employees	1,969

Total number of employees with remuneration in this Reporting Period	1,969
Number of retirees to whom the Company or its main subsidiaries need to pay retirement pension	500
Functions	
Function	Number of employees
Production	1,346
Sales	82
Technical	412
Financial	55
Administrative	74
Total	1,969
Educational backgrounds	
Educational background	Number of employees
Doctors	1
Masters	25
Bachelors	163
College graduates	268
Technical secondary school graduates	184
High school graduates and below	1,328
Total	1,969

2. Employee remuneration policy

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

3. Employee training plans

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

4. Labor outsourcing

□ Applicable √ Not applicable

Section IX Corporate Governance

I Basic situation of corporate governance

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

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

(II) Directors and the Board of Directors: The Board is responsible for decision-making and choosing directions. It exercised its power as per the corporate governance requirements. Preparations, holding and disclosure of resolution of the Board sessions were normatively in line with the Articles of Association and Rules of Procedure for the Board of Directors; all directors performed their obligations in an honest and diligent manner; independent directors had a rational profession structure; and special committees concerning strategy, audit, nomination, remuneration and appraisal under the Board can operate positively and effectively.

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

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

Any significant incompliance with the regulatory documents issued by the CSRC governing the governance of listed companies

□ Yes √ No

No such cases in this Reporting Period.

II Independence of businesses, personnel, asset, organizations and finance which are separate from the controlling shareholder

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

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

(III) In respect of assets, the Company possessed independent and integrated assets and the property of the Company is transparent.
(IV) In respect of organization, the Board of Directors and the Supervisory Board operated independently. There existed no superior-inferior relationship between the controlling shareholder and its function department and the Company.
(V) In respect of finance, the Company has independent financial department, independently accounted and paid taxes according to the law. The Company established a complete accounting system, financial accounting system and financial administrative systems. The Company opened independent bank accounts.

III Horizontal competition

□ Applicable √ Not applicable

IV Annual and special meetings of shareholders convened during this Reporting Period

1. Meetings of shareholders convened during this Reporting Period

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Index to disclosed information
2015 Annual Meeting of Shareholders	Annual	63.55%	04/28/2016	04/29/2016	Announcement on Resolutions of 2015 Annual Meeting of Shareholders disclosed on www.cninfo.com.cn
The 1st Special Meeting of Shareholders in 2016	Special	63.85%	12/12/2016	12/13/2016	Announcement on Resolutions of the 1st Special Meeting of Shareholders in 2016 disclosed on www.cninfo.com.cn

2. Special meetings of shareholders convened at the request of preference shareholders with resumed voting rights

□ Applicable √ Not applicable

V Performance of independent directors in this Reporting Period

1. Attendance of independent directors in board meetings and meetings of shareholders

Attendance of independent directors in board meetings						
Independent director	Due presence in this Reporting Period (times)	Presence on site (times)	Presence by telecommunication (times)	Presence through a proxy (times)	Absence (times)	Absent for two consecutive times
Liu Quanmin	7	5	2	0	0	No
Song Botong	7	5	2	0	0	No
Zhang Shunwen	7	4	2	1	0	No
Attendance of independent directors in meetings of shareholders as non-voting delegates (times)						2

Notes to any absence for two consecutive times:

N/A

2. Objections raised by independent directors on issues of the Company

Indicate by tick mark whether any independent directors raised any objections on issues of the Company.

□ Yes √ No

No such cases in this Reporting Period.

3. Other details about the performance of duties by independent directors

Indicate by tick mark whether any suggestions from independent directors were adopted by the Company.

√ Yes □ No

Suggestions from independent directors adopted or not adopted by the Company:

N/A

VI Performance of duties by specialized committees under the Board during this Reporting Period

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

(I) Performance of the Audit Committee of the Board

During this Reporting Period, the Audit Committee actively promoted the progress of the annual audit and the relevant work. It reviewed on the Company's following issues: Arrangement on the Annual Audit Work, Periodic Financial Report, Profit Distribution Plan, Engagement of CPAs Firm, Written Submission of the Administration on CPAs Firm, Construction of Internal Control, Fund Transfer Between Listed Companies and Related Parties and Guarantee Events, etc.. Besides, it also kept full and necessary communication with the annual auditor of the Company. During this Reporting Period, the Audit Committee has convened three sessions, reviewed the Company's financial statements and the preliminary auditing result issued by the annual auditor of the Company, as well as issued their opinions after the review.

(II) Performance of the Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee under the Board carefully examined the annual remuneration of the Company's directors, supervisors and senior executives disclosed in the 2015 Annual Report. And it was of the opinion that: the decision-making procedure concerning the remuneration of the directors, supervisors and senior executives was in line with relevant regulations; the standards for remuneration paid to the Company's directors, supervisors and senior executives complied with the remuneration system; and the remuneration disclosed in the 2015 Annual Report was factual and accurate.

(III) Performance of Nominating Committee of the Board of Directors

By 14 Oct. 2016, independent directors Mr. Liu Quanmin and Mr. Song Botong have served for 6 years consecutively. They submitted the *Resignation of Independent Director* to the Company on 8 Oct. 2016 and the Nominating Committee of the Board of Directors gave independent opinions on the resignation of these 2 independent directors: Since Mr. Liu Quanmin and Mr. Song Botong's resignation will result in a lower proportion of independent directors than the minimum requirement of relevant laws, their resignation will come into force after new independent directors fill the vacancy. Before new independent directors assume the office, Mr. Liu Quanmin and Mr. Song

Botong will continue to perform their duties according to relevant provisions of laws, administrative laws and regulations and the Articles of Association. The Company shall elect new independent directors promptly according to the requirements of relevant documents of China Securities Regulatory Commission and Shenzhen Stock Exchange.

VII Performance of duties by the Supervisory Board

Indicate by tick mark whether the Supervisory Board found any risks to the Company during its supervision in this Reporting Period.

□ Yes √ No

The Supervisory Board raised no objections in this Reporting Period.

In 2016, the supervisors in line with the Company Law and Article of Association, and under the energetically support of board of directors, management team and lots of shareholders, actively maintain the equity of shareholders and faithfully fulfill their duties of supervision.

(I) Performance of the Supervisory Board

During this Reporting Period, the Supervisory Board effectively exercised its supervisory power on various decision-making meetings of the Company. Focus on the enterprise core assets operation and the usage of significant capital and compliance of significant engineering projects, enforce and perfect the enterprise supervision and restraint mechanism and internal control system, continue to perfect and curing the supervision system new pattern, integrated supervision power, implement the joint conference system of supervision, which ensure the enterprise funds and assets risk under control. Promote the public Company affairs, decision democratization, supervising decision-making rules, specification and effectiveness of program; strengthen the daily the supervision of the significant business activities. Enhance each special supervision and inspection, conduct capital safety inspection, and enhance the supervision to the lawsuit cases, and each invitation for bids of engineering projects. Supervision of internal audit, conduct performance assessment, operation management, capital management and audit of financial expenses. It also enhanced its supervision over the information disclosure of the Company, reviewing the Company’s information to be disclosed as per the prescribed procedure so as to ensure the authenticity, accuracy, completeness, and timeliness of the disclosure of information.

During this Reporting Period, the Supervisory Board kept an eye on the progress of the Company’s significant asset reorganization and focused its supervision on regulation compliance of the decision-making procedure for the significant asset reorganization.

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

1. On March 29, 2016, the 16th Meeting of the 7th Supervisory Board was held, the meeting reviewed and approved the Annual Report and Abstract of 2015, Profit Allocation Pre-plan of 2015, Supervision Committee Report of 2015, Report on Self-appraisal Internal Control in 2015, there

were 5 supervisors participated the meeting, the voting situation: 5 consent, 0 against, 0 abstention.

2. On April 28, 2016, the 17th Meeting of the 7th Supervisory Board was held, the meeting reviewed and approved the First Quarter Report and Abstract of 2016, there were 4 supervisors participated the meeting, the voting situation: 4 consent, 0 against, 0 abstention.

3. On August 26, 2016, the 18th Meeting of the 7th Supervisory Board was held, the meeting reviewed and approved the Semi-annual Report and Abstract of 2016. There were 4 supervisors participated the meeting, the voting situation: 4 consent, 0 against, 0 abstention.

4. On October 26, 2016, the 19th Meeting of the 7th Supervisory Board was held by way of telecommunication, the meeting reviewed and approved the Third Quarter Report and Abstract of 2016, there were 5 supervisors participated the meeting, the voting situation: 5 consent, 0 against, 0 abstention.

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

1. The Company's legal operation: In 2016, the members of supervisor committee attended the meetings of the Board of Directors, and the chief of supervisors, Zhuang Quan represented the supervisor committee to attend the resolution meetings of the management, the GM office meetings and other important meetings. In line with each stipulations, the Supervisor Committee believed that: during reporting period, the decision-making of the Company conducted in line with the laws and regulations and Articles of Association, and had no damage to the equity of shareholders, and further perfected the internal management mechanism and the Company control system. The Directors, senior executives implemented Company position without violating to laws and laws and regulations, Article and Associations, and damages the equity of the Company, and was conscientious and compliance in their performance.

2. Financial status: during reporting period, the Supervisor Committee seriously perform their supervision to the financial status, the operation and risk situation of the Company, and issue audit opinion to each periodic report. The Supervisor Committee believed that: the standard unqualified opinions of the financial report issued by Ruihua Certified Public Accountants (Special General Partnership) truly and objectively reflected the operation results of financial status of the Company in 2015.

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

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

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

(2) During reporting period, the wholly-owned Company Shenzhen SPG Longgang Development Co., Ltd. paid RMB 90.6783 million of general contract funds to related party Shenzhen Jianan

(Group) Co., Ltd; the wholly-owned Company Shenzhen Zhentong Engineering Co., Ltd. undertook the project implementation of related party Shenzhen Jianan (Group) Co., Ltd., and received RMB 3.1838 million of project funds. Shenzhen Jianan (Group) Co., Ltd won the general contract of Cuilinyuan project and east area of SPG Chuanqishan project of the Company through the public tender system of Shenzhen Construction Engineering Trade Center.

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

5. Opinion on self-appraisal report of internal control: In 2016, the Company continue enforce the risk management and standardized construction of internal control, the internal control of the Company covered the department and its affiliated companies, and the important activities of internal control was in line with the stipulations of each rules, there was no defect, the Company's self-appraisal was confirm with the actual situation of the Company.

IX Internal control

1. Serious internal control defects found in this Reporting Period

□ Yes √ No

2. Internal control self-evaluation report

Disclosure date of the internal control self-evaluation report	03/30/2017	
Index to the disclosed internal control self-evaluation report	See the Internal Control Self-Evaluation Report on www.cninfo.com.cn	
Total assets of the evaluated entities as a percentage in the consolidated total assets	100.00%	
Operating revenues of the evaluated entities as a percentage in the consolidated operating revenues	100.00%	
Defect identification standards		
Type	Financial-report related	Non-financial-report related
Nature standard	The Company in line with the actual situation, when the follows events or indications happen, which means there probably existing serious or important defects in the financial report; (1) the directors, supervisors and senior executives were fraud.（2）Certified Public Accountant find that there is a significant error in the financial report, however, the internal control did not discover it when conducting internal control;（3）The Audit Committee	The criterion of quality of the recognition of defects of internal control in the non-financial statements mainly were order of severity of defect involving business nature, the direct or potential negative influence nature and the influence scope and other factors. If the follows events or indicators occur, there may be serious or important defects of internal control in the non-financial

	under the Board and Internal Audit Service's supervision to the internal control is invalid. (4) The accounting personnel were without necessary qualities to complete the preparation of financial statements.	statements： (1) Lack democratic decision-making process, if lack significant problem decision-making, important appointment and dismissal of cadres, significant project investment decision-making; usage of large capital (three important, one large); (2) Unscientific decision-making process, such as the major decision-making errors, has caused a serious property loss to the company; (3) Seriously violating state laws and regulations; (4) Loss of key management personnel or important talent; (5) Negative news media appear frequently and widely spread; (6) The results of the internal control evaluation especially large or significant defects have not been corrected. (7) Important business systems lack control rules, or systemic failure.
Quantitative standard	Serious defects: the defects, or defect group may lead to the financial results misstatement or potential losses >3% of net assets; important defects: 1% of net assets<the defects, or defect group may lead to the financial results misstatement or potential losses ≤ 3% of net assets; General defects: the defects, or defect group may lead to the financial results misstatement or potential losses ≤ 1% of net assets. Note: Net assets in a recent issue of the audited financial report shall prevail	The criterion of quantity of the recognition of defects of internal control in the non-financial statements mainly were amount of direct economy losses, in line with the criterion of quantity of the recognition of defects of internal control in financial report of the Company.
Number of serious financial-report-related defects	0	
Number of serious non-financial-report-related defects	0	
Number of important financial-report-related defects	0	
Number of important non-financial-report-related defects	0	

X Auditor’s report on internal control

√ Applicable □ Not applicable

Opinion paragraph in the auditor’s report on internal control	
We believe that Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd. maintained effective internal control of financial statements in all significant aspects on December 31, 2016 in accordance with Basic Standards for Internal Control and relevant regulations	
Auditor’s report on internal	Disclosed

control disclosed or not	
Disclosure date	03/30/2017
Index to the disclosed auditor's report on internal control	See the Internal Control Self-Evaluation Report on www.cninfo.com.cn
Type of the auditor's opinion	Standard unqualified opinion
Serious non-financial-report-related defects	None

Indicate by tick mark whether any modified opinions are expressed by the CPAs firm in its auditor's report on the Company's internal control.

□ Yes √ No

Indicate by tick mark whether the auditor's report on the Company's internal control issued by the CPAs firm is consistent with the self-evaluation report of the Board.

√ Yes □ No

Section X Corporate Bonds

Are there any corporate bonds publicly offered and listed on the stock exchange, which were undue before the approval date of this Report or were due but could not be redeemed in full?

No.

Section XI Financial Report

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

Financial Statements with Auditors' Report
For The Year Ended 31 December 2016

（English Translation for Reference Only）

Ruihua Shen Zi [2017] No. 48400003

CONTENTS

瑞华会计师事务所
RUIHUA CERTIFIED PUBLIC ACCOUNTANTS

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Auditor's Report

Ruihua Shen Zi [2017]48400003

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

We have audited the accompanying consolidated financial statements of SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) CO., Ltd. and its subsidiaries (hereinafter shall be referred as "the Group") consisting of the company's and the consolidated balance sheet as of December 31, 2016, and the consolidated income statement, cash flow statement and consolidated statement of change in owner's equity for the year then ended, and the notes to financial statements.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Audit opinion

In our opinion, the financial statements of the Group present fairly, in all material respects, the Company's and its subsidiaries' financial position as of December 31, 2016 and the company's results of operation and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Ruihua Certified Public Accountants

Certified Public Accountants
Cai Xiaodong

Beijing. China

Certified Public Accountants
Wang Huansen

March 29, 2017

Consolidated Balance Sheet

As of 31 December 2016

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

Currency: RMB Yuan

Item	Note	Closing balance	Opening balance
Current Assets：			
Monetary funds	6.1	1,266,057,324.40	1,175,756,306.36
Notes receivable	6.2	20,606,778.91	18,663,872.02
Account receivables	6.3	108,298,050.40	112,543,908.66
Prepayments	6.4	15,865,139.33	22,952,379.40
Dividends receivable	6.5	1,052,192.76	1,052,192.76
Other receivables	6.6	67,514,794.65	61,673,343.42
Inventories	6.7	1,734,553,042.10	2,146,223,895.61
Other current assets	6.8	13,358,714.45	40,315,831.06
Total current assets		3,227,306,037.00	3,579,181,729.29
Non-current assets			
Available- for- sale financial assets	6.9	17,464,240.74	17,464,240.74
Long-term equity investments	6.10	37,447,267.61	57,768,804.36
Investment properties	6.11	416,227,686.30	435,058,564.20
Fixed assets	6.12	45,531,813.41	52,213,985.31
Intangible assets	6.13	5,146,080.00	5,654,820.00
Long-term deferred assets	6.14	695,720.30	397,608.64
Deferred tax assets	6.15	35,781,937.87	32,197,368.21
Other non-current assets		--	--
Total non-current assets		558,294,746.23	600,755,391.46
TOTAL ASSETS		3,785,600,783.23	4,179,937,120.75

Consolidated Balance Sheet

As at 31 December 2016

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

Currency: RMB Yuan

Item	Note	Closing balance	Opening balance
Current liabilities:			
Short-term loans	6.16	111,709,916.44	143,418,286.29
Notes payable		--	--
Accounts payable	6.17	168,614,299.95	290,453,110.50
Deferral	6.18	325,851,112.54	475,620,347.35
Employee benefits payable	6.19	38,949,995.06	38,750,019.72
Taxes payable	6.20	65,765,997.90	63,459,415.42
Interest payables	6.21	17,142,210.94	17,535,277.94
Other payables	6.22	358,208,718.03	385,811,304.33
Non-current liabilities due within one year	6.23	37,234,933.67	168,727,608.54
Total current liabilities		1,123,477,184.53	1,583,775,370.09
Non-current liabilities:			
Long-term loans	6.24	136,000,000.00	382,233,324.88
Long-term payables	6.25	10,156,728.82	10,480,629.35
Total non-current liabilities		146,156,728.82	392,713,954.23
Total liabilities		1,269,633,913.35	1,976,489,324.32
Owners' equity：			
Share capital	6.26	1,011,660,000.00	1,011,660,000.00
Capital reserve	6.27	978,244,910.11	978,244,910.11
Less: treasury shares			
Other comprehensive income	6.28	10,652,531.69	10,063,591.61
Surplus reserve	6.29	59,394,668.24	40,823,841.35
Undistributed profit	6.30	583,908,333.05	290,911,773.00
Total owners' equity attributable to parent company		2,643,860,443.09	2,331,704,116.07
Minority interests		-127,893,573.21	-128,256,319.64
Total owners’ equity		2,515,966,869.88	2,203,447,796.43
Total liabilities and owners’ equity		3,785,600,783.23	4,179,937,120.75

The notes to the financial statements set out on pages 15 to 112 are an integral part of these financial statements

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

Legal representative: Person in charge of accounting:

Person in charge of accounting organ:

Consolidated Income Statement

For the Year 2016

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

Currency: RMB Yuan

Item	Note	Amount for the current period	Amount for the prior period
Ⅰ. Total operating income	6.31	2,352,023,528.43	2,163,365,575.33
Including: Operating income	6.31	2,352,023,528.43	2,163,365,575.33
Ⅱ. Total operating Costs		1,933,284,014.05	1,754,071,091.19
Including: Operating costs	6.31	1,668,645,840.47	1,389,627,289.48
Tax and surcharge	6.32	189,436,185.70	217,613,031.65
Selling expenses	6.33	20,688,512.41	46,977,100.96
Administrative expense	6.34	71,955,523.95	58,883,597.38
Financial expense	6.35	-12,642,048.48	32,367,511.56
Impairment losses of assets	6.36	-4,800,000.00	8,602,560.16
Add: Gains from changes in fair value ("-" means loss)			--
Investment income ("-" means loss)	6.37	460,908.32	388,717.57
Including: Investment income from associates and joint venture	6.37	57,988.93	38,717.57
Ⅲ. Operating profit ("-" means loss)		419,200,422.70	409,683,201.71
Add: Non-operating income	6.38	6,283,457.38	974,019.63
Including: Gains from disposal of non-current assets	6.38	48,601.21	--
Less: Non-operating expenses	6.39	192,137.81	752,280.95
Including: Loss on disposal of non-current assets	6.39	64,104.90	65,371.34
Ⅳ .Total profit ("-" means loss)		425,291,742.27	409,904,940.39
Less: Income tax expenses	6.40	113,795,992.17	108,835,873.61
Ⅴ . Net profit ("-" means loss)		311,495,750.10	301,069,066.78
Net attributable to owners of parent company		311,567,386.94	301,129,840.84
Minority interests		-71,636.84	-60,774.06
Ⅵ . After-tax net of other comprehensive incomes	6.41	1,023,323.35	789,533.50
After-tax net of other comprehensive incomes owned by owner of the parent company		588,940.08	552,673.45
(I)Other comprehensive incomes that cannot be classified into profit and loss in the future		--	--
(II)Other comprehensive incomes that would be classified into profit and loss in the future		588,940.08	552,673.45
1.Loss and profit of change in fair value of available-for-sale financial assets		--	--
2.Loss and profit of held-to-maturity investments reclassifying into available-for-sale financial assets		--	--
3.Translation difference in the foreign currency financial statement		588,940.08	552,673.45
Net of tax from other comprehensive incomes owned by minority stockholders		434,383.27	236,860.05
Ⅶ . Total comprehensive income		312,519,073.45	301,858,600.28
Total comprehensive income attributable to owners of parent company		312,156,327.02	301,682,514.29
Total comprehensive income attributable to minority interests		362,746.43	176,085.99
Ⅷ .Earnings per share		--	--
Basic Earnings per share		0.3080	0.2977
Diluted Earnings per share		0.3080	0.2977

The notes to the financial statements set out on pages 15 to 112 are an integral part of these financial statements

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

Legal representative: Person in charge of accounting:

Person in charge of accounting organ:

Consolidated Cash Flow Statement

For the Year 2016

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

Currency: RMB Yuan

Items	Note	Amount for the current period	Amount for the prior period
Ⅰ. Cash Flow from Operating Activities：			
Cash received from sales of goods or rendering of services		2,319,080,824.99	2,567,618,949.74
Refund of taxes and levies			--
Cash received relating to other operating activities	6.42(1)	35,433,131.23	26,298,314.89
Sub-total of Cash Inflows		2,354,513,956.22	2,593,917,264.63
Cash paid for goods and services		1,289,960,998.17	874,557,874.73
Cash paid to and on behalf of employees		157,458,455.70	140,617,529.10
Cash paid on taxes and levies		297,609,228.53	402,794,877.07
Cash paid relating to other operating activities	6.42(2)	82,793,947.62	78,802,729.22
Sub-total of Cash Outflows		1,827,822,630.02	1,496,773,010.12
Net Cash Flows from Operating Activities		526,691,326.20	1,097,144,254.51
Ⅱ. Cash Flows from Investing Activities:			
Cash received from return of investments		--	--
Cash received investing income		842,481.58	350,000.00
Net cash received from disposal of fixed assets, intangible assets and other long assets"		48,516.00	36,230.00
Net cash flows from disposal subsidiary and other operating unite		--	--
Other cash received relating to investing activities	6.42(3)	1,000,000.00	--
Sub-total of Cash Inflows		1,890,997.58	386,230.00
Cash paid to acquire fixed assets, intangible assets and other long assets		1,821,040.16	4,894,632.61
Cash paid on investments		--	--
Net cash paid on obtain subsidiary and other operating unite		--	--
Cash paid on other investing activities	6.42(4)		3,000,000.00
Sub-total of Cash Outflows		1,821,040.16	7,894,632.61
Net Cash Flows from Investing Activities		69,957.42	-7,508,402.61
Ⅲ. Cash flow from Financing Activities			
Cash received from investments		--	--
Including: Cash received from investments by minority interests of subsidiaries		--	--
Cash received from borrowing		18,000,000.00	225,000,000.00
Cash received from issuing bonds			--
Other cash received relating to Financing activities	6.42(5)	6,000,000.00	2,837,400.00
Sub-total of Cash Inflows		24,000,000.00	227,837,400.00
Cash repayments on borrowed amounts		431,574,818.99	636,232,346.53
Cash payments for distribution of dividends or profits		23,564,514.36	182,116,157.01
Including: Dividends or profit paid to minority interests of subsidiaries		--	--
Cash payments on other financing activities	6.42(6)	290,033.83	--
Sub-total of cash Outflows		455,429,367.18	818,348,503.54
Net cash flows from financing activities		-431,429,367.18	-590,511,103.54
Ⅳ. Effect of foreign exchange rate on cash		679,067.77	511,708.97
Ⅴ. Net increase in cash and cash equivalents		96,010,984.21	499,636,457.33
Add: cash equivalents at the beginning of the period		1,169,756,306.36	670,119,849.03
Ⅵ. Cash equivalents at the end of the period		1,265,767,290.57	1,169,756,306.36

The notes to the financial statements set out on pages 15 to 112 are an integral part of these financial statements

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

Legal representative: Person in charge of accounting:

Person in charge of accounting organ:

CONSOLIDATED STATEMENT OF CHANGE IN OWNER'S EQUITY

For the Year 2016

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

Items	The amount in current year									
	Attribute to the equity of parent company								Minority interests	Total owners' equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Generic risk reserve	Undistributed profit		
I.Balance at the end of last period	1,011,660,000.00	978,244,910.11	--	10,063,591.61	--	40,823,841.35	--	290,911,773.00	-128,256,319.64	2,203,447,796.43
Add: Changes of accounting policies	--	--	--	--	--	--	--	--	--	--
Prior year adjustments	--	--	--	--	--	--	--	--	--	--
Corporate combination under common control	--	--	--	--	--	--	--	--	--	--
Others	--	--	--	--	--	--	--	--	--	--
II. Balance at the Beginning of the Year	1,011,660,000.00	978,244,910.11	--	10,063,591.61	--	40,823,841.35	--	290,911,773.00	-128,256,319.64	2,203,447,796.43
III.Increase/Decrease movements in this Year ("-" means loss)	--	--	--	588,940.08	--	18,570,826.89	--	292,996,560.05	362,746.43	312,519,073.45
(I) Total comprehensive income	--	--	--	588,940.08	--	--	--	311,567,386.94	362,746.43	312,519,073.45
(II) Capital paid in and reduced by the shareholders	--	--	--	--	--	--	--	--	--	--
(III) Profit distribution	--	--	--	--	--	18,570,826.89	--	-18,570,826.89	--	--
1.Draw statutory surplus reserve	--	--	--	--	--	18 ,570,826.89	--	-18,570,826.89	--	--
2.Draw generic risk reserve	--	--	--	--	--	--	--	--	--	--
3.Distribution to shareholders	--	--	--	--	--	--	--	--	--	--
4.Others	--	--	--	--	--	--	--	--	--	--
(IV)Internal carry-forward of shareholders’ equity	--	--	--	--	--	--	--	--	--	--
(V) Special Reserve	--	--	--	--	--	--	--	--	--	--
(VI) Others	--	--	--	--	--	--	--	--	--	--
IV. Balance at the end of the period	1,011,660,000.00	978,244,910.11	--	10,652,531.69	--	59,394,668.24	--	583,908,333.05	-127,893,573.21	2,515,966,869.88

The notes to the financial statements set out on pages 15 to 112 are an integral part of these financial statements

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

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

CONSOLIDATED STATEMENT OF CHANGE IN OWNER'S EQUITY

For the Year 2016

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

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

The notes to the financial statements set out on pages 15 to 112 are an integral part of these financial statements

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

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

Balance Sheet

As at 31 December 2016

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

Currency: RMB Yuan

Item	Note	Closing balance	Opening balance
Current assets			
Monetary funds		818,261,250.52	858,492,165.42
Accounts receivable	14.1	7,327,250.98	9,412,675.23
Prepayments		--	--
Dividends receivable			140,763,284.58
Other receivables	14.2	844,149,690.07	682,468,446.16
Inventories		538,828,597.52	892,015,463.86
Other current assets		1,884,516.01	24,782,301.67
Total current assets		2,210,451,305.10	2,607,934,336.92
Non-current Assets:			
Available-for-sale financial assets		12,000,000.00	12,000,000.00
Long-term equity investments	14.3	297,461,748.63	316,403,759.70
Investment properties		360,712,864.13	379,377,363.53
Fixed assets		26,785,752.21	28,849,484.59
Intangible assets		331,200.00	662,400.00
Long-term deferred assets		623,881.08	377,908.74
Deferred tax assets		3,313,320.43	5,717,550.76
Other non-current assets		--	--
Total non-current assets		701,228,766.48	743,388,467.32
Total Assets		2,911,680,071.58	3,351,322,804.24

Balance Sheet (Continued)

As at 31 December 2016

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

Currency: RMB Yuan

LIABILITIES AND OWNERS' EQUITY	Note	Closing balance	Opening balance
Current liabilities:			
Short-term loans		--	--
Account payable		32,687,289.94	69,300,670.37
Deferral		96,638,512.60	243,559,137.60
Employee benefits payable		16,433,909.11	13,579,802.91
Taxes payable		30,504,993.33	37,099,690.34
Interest payable		17,142,210.94	17,535,277.94
Other payables		232,434,218.15	292,391,556.70
Non-current liability due within one year		37,234,933.67	168,727,608.54
Other current liability		--	--
Total current liabilities		463,076,067.74	842,193,744.40
Non-current liabilities：			
Long-term loans		136,000,000.00	382,233,324.88
Total non-current liabilities		136,000,000.00	382,233,324.88
Total liabilities		599,076,067.74	1,224,427,069.28
Owners' equity:			
Share capital		1,011,660,000.00	1,011,660,000.00
Capital reserve		978,244,910.11	978,244,910.11
Surplus reserve		36,265,054.83	17,694,227.94
Undistributed profit		286,434,038.90	119,296,596.91
Total owners' equity attributable to parent company		2,312,604,003.84	2,126,895,734.96
Total liabilities and owners' equity		2,911,680,071.58	3,351,322,804.24

The notes to the financial statements set out on pages 15 to 112 are an integral part of these financial statements

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

Legal representative: Person in charge of accounting:

Person in charge of accounting organ:

Income Statement

For the Year 2016

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

Currency: RMB Yuan

Item	Note	Amount for the current period	Amount for the prior period
I. Total operating income	14.4	784,219,541.36	1,056,966,713.96
Less: Operating cost	14.4	446,959,866.02	568,667,535.09
Tax and surcharge		80,897,945.80	128,014,886.94
Selling expenses		5,726,275.69	25,444,324.18
Administrative expense		43,275,942.99	30,232,942.46
Financial expense		-29,181,309.00	-3,785,029.66
Impairment losses of assets		-4,800,000.00	159,351.00
Add: Gain from changes in fair value ("-" means loss)		--	--
Investment income ("-" means loss)	14.5	746,988.93	163,210,586.51
Including: Investment income from associates and joint venture	14.5	57,988.93	38,717.57
II. Operating profit ("-" means loss)		242,087,808.79	471,443,290.47
Add: Non-operating income		6,541,450.82	93,670.00
Including: gains from disposal of non-current assets		--	--
Less: Non-operating expenses		35,526.96	52,469.13
Including: Loss from disposal of non-current assets		1,189.98	2,310.77
III. Total profit ("-" means loss)		248,593,732.65	471,484,491.34
Less: Income tax expenses		62,885,463.77	77,148,599.96
IV.Net profit ("-" means loss)		185,708,268.88	394,335,891.37
V. Other comprehensive income		--	--
VI. Total comprehensive income		185,708,268.88	394,335,891.37

The notes to the financial statements set out on pages 15 to 112 are an integral part of these financial statements

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

Legal representative: Person in charge of accounting:

Person in charge of accounting organ:

Cash Flow Statement

For the Year 2016

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

Currency: RMB Yuan

Item	Note	Amount for the current period	Amount for the prior period
Ⅰ. Cash Flow from Operating Activities：			
Cash received from sales of goods or rendering of services		650,307,551.32	1,294,181,784.57
Refund of taxes and levies			--
Cash received relating to other operating activities		29,113,708.20	20,687,551.72
Sub-total of cash inflows		679,421,259.52	1,314,869,336.29
Cash paid for goods and services		92,038,468.28	119,247,297.98
Cash paid to and on behalf of employees		29,390,880.93	30,177,724.69
Cash paid on taxes and levies		139,179,811.86	245,411,338.53
Cash paid relating to other operating activities		180,482,068.63	47,664,610.80
Sub-total of Cash Outflows		441,091,229.70	442,500,971.99
Net Cash Flows from Operating Activities		238,330,029.82	872,368,364.30
Ⅱ. Cash Flows from Investing Activities:			
Cash received from return of investments		--	--
Cash received investing income		141,452,284.58	350,000.00
Net cash received from disposal of fixed assets, intangible assets and other long assets		48,516.00	--
Other cash received relating to investing activities		--	--
Sub-total of Cash Inflows		141,500,800.58	350,000.00
Cash paid to acquire fixed assets, intangible assets and other long assets		860,509.82	740,321.05
Cash paid on investments		--	--
Cash paid on other investing activities		--	--
Sub-total of cash outflows		860,509.82	740,321.05
Net Cash Flows from Investing Activities		140,640,290.76	-390,321.05
Ⅲ. Cash flow from Financing Activities			
Cash received from investments		--	--
Cash received from borrowing		--	200,000,000.00
Cash received from issuing bonds		--	--
Cash received from other financing activities		6,000,000.00	--
Sub-total of cash inflows		6,000,000.00	200,000,000.00
Cash repayments on borrowed amounts		406,574,818.99	373,242,994.30
Cash payments for distribution of dividends or profits		12,680,430.34	172,425,222.27
Cash payments on other financing activities		--	--
Sub-total of cash Outflows		419,255,249.33	545,668,216.57
Net cash flows from financing activities		-413,255,249.33	-345,668,216.57
Ⅳ. Effect of foreign exchange rate on cash		54,013.85	11,998.40
Ⅴ.Net increase in cash and cash equivalents		-34,230,914.90	526,321,825.08
Add: cash equivalents at the beginning of the period		852,492,165.42	326,170,340.34
Ⅵ. Cash equivalents at the end of the period		818,261,250.52	852,492,165.42

The notes to the financial statements set out on pages 15 to 112 are an integral part of these financial statements

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

Legal representative: Person in charge of accounting:

Person in charge of accounting organ:

Statement of Changes in Owners' Equity

For the year 2016

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

Items	The amount in current year							
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Generic risk reserve	Undistributed profit	Total owners' equity
Ⅰ Balance at the End of Last Period	1,011,660,000.00	978,244,910.11	--	--	17,694,227.94	--	119,296,596.91	2,126,895,734.96
Add: Changes of accounting policies	--	--	--	--	--	--	--	--
Prior year adjustments	--	--	--	--	--	--	--	--
Corporate combination under common control	--	--	--	--	--	--	--	--
Others	--	--	--	--	--	--	--	--
II. Balance at the Beginning of the Year	1,011,660,000.00	978,244,910.11	--	--	-17,694,227.94	--	119,296,596.91	2,126,895,734.96
III. Increase/Decrease movements in this Year ("-" means loss)	--	--	--	--	--	--	167,137,441.99	185,708,268.88
(I) Total comprehensive income	--	--	--	--	--	--	185,708,268.88	185,708,268.88
(II) Capital paid in and reduced by the shareholders	--	--	--	--	--	--	--	--
(III) Profit distribution	--	--	--	--	18,570,826.89	--	-18,570,826.89	--
1.Draw statutory surplus reserve	--	--	--	--	18,570,826.89	--	-18,570,826.89	--
2.Draw generic risk reserve	--	--	--	--	--	--	--	--
3.Distribution to shareholders	--	--	--	--	--	--	--	--
4.Others	--	--	--	--	--	--	--	--
(IV)Internal carry-forward of shareholders' equity	--	--	--	--	--	--	--	--
(V) Special Reserve	--	--	--	--	--	--	--	--
(VI) Others	--	--	--	--	--	--	--	--
IV. Balance at the end of the period	1,011,660,000.00	978,244,910.11	--	--	36,265,054.83		286,434,038.90	2,312,604,003.84

The notes to the financial statements set out on pages 15 to 112 are an integral part of these financial statements

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

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

Statement of Changes in Owners' Equity

For the year 2016

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

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

The notes to the financial statements set out on pages 15 to 112 are an integral part of these financial statements

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

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

Note 1 General information

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

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

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

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

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

The Financial statement published on Mar 29th, 2017, which approved by Group's Board of Directors.

27 units were consolidated into the Group in 2016, detailed in this note. " Equities in other entities". The company did not change the range of consolidation this year compared with last year

Note 2 The Basis of Preparation of Financial Statements

The financial statements of the Group have been prepared on the basis of going concern in conformity with the Chinese Accounting Standards for Business Enterprises –The basic standards(Issued by order No.33 of the Ministry of Finance, Revised by order No.76 of the Ministry of Finance), the 41 specified Accounting Standards for Business Enterprise issued and revised by the Ministry of Finance of People's Republic of China on 15 February, 2006 and thereafter, the guidance for the application of the Accounting Standards for Business Enterprise, the explanation for the Accounting Standards for

Business Enterprise and other relevant regulations(thereinafter referred as “Accounting Standards for Business Enterprises”) and Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.15—General Provisions on Financial Reports (2014 Revision) issued by the China Securities Regulatory Commission (CSRC).

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

Note 3 Statement of Compliance with Accounting Standards

3.1 Basis of Preparation

The financial statements of the Group are recognized and measured in accordance with the regulations of the Chinese Accounting Standards for Business Enterprises and they give a true and fair view of the financial position, business result and cash flow of the Group as of 31 December 2016. In addition, the financial statements of the Group comply, in all material respects, with the revised disclosure requirements for financial statements and the notes of Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.15—General Provisions on Financial Reports (2014 Revision) issued by China Securities Regulatory Commission (CSRC).

Note 4 Important Accounting Policy And Accounting Estimates

4.1 Accounting period

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

4.2 Operating cycle

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

4.3 Monetary Unit

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

4.4 Accounting Treatment Under Common/Non-common control

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

(1) Business combination involving entities under common control

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

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

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

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

(2) Business combination involving entities under non common control

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

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

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

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

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

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

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

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

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

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

4.5 Preparation of consolidated financial statements

(1)The standards of determining the scope of consolidation

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

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

(2)The method of preparing the consolidated financial statements

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

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

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

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

When the accounting period or accounting policies of a subsidiary are different from those of the Group, the Group makes necessary adjustments to the financial statements of the subsidiary based on the

Group's accounting period or accounting policies. For the subsidiaries acquired through combination involving enterprises under non common control, the financial statements should be adjusted based on the fair value of the indentified net assets on the acquisition date.

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

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

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

When the Group loses control of a subsidiary due to the disposal of a portion of an equity investment or other reasons, the remaining equity investment is re-measured at its fair value on the date when control is lost. The difference between 1) the total amount of consideration received from the transaction that resulted in the loss of control and the fair value of the remaining equity investment and 2) the carrying amounts of the interest in the former subsidiary's net assets immediately before the loss of the control is recognized as investment income for the current period when control is lost. The amount recognized in other comprehensive income in relation to the former subsidiary's equity investment is reclassified as investment income for the current period when control is lost. The retained interest is subsequently measured according to the rules stipulated in the "Chinese Accounting Standards for Business Enterprises No.2—Long-term equity investment" or "Chinese Accounting Standards for Business Enterprises No.22—Determination and measurement of financial instruments" (see note 4.13-Long-term equity investment and 4.9-Financial instruments).

The Group's losing control of subsidiaries through multistep transactions of disposing of the long-term equity investment, need to indentify whether every transaction, involving with disposing of the investment in subsidiary until losing the control, is belonging to package deal. Several transactions should be accounted for as a package deal if conditions and the economic impact of disposal of investments in subsidiaries are in compliance with one or more of the following circumstances: ① These transactions are considered simultaneously or ② these transactions as a whole in order to reach a complete business results; another case of the occurrence of the impact of entering into a transaction depends ③ had at least one other transaction; ④ see a transaction alone is not economical, but, it is economical when other transactions are taken into account. If it is not package deal, every transaction of the non-package deals is treated according to the applicable accounting standards of "partly disposing of the long-term equity investment without losing control "(refer to 4.13(2)

④ for detail) and “losing the control to subsidiary due to partly disposing the equity investment or other reasons ” (see the former paragraph for details). When every transaction involving with disposing of equity investment in subsidiary until losing control is a package deal, they will be treated as a single deal of disposing of the investment in subsidiary until losing control for accounting treatment. But, before the control are lost, the difference between each receipt of every transaction and the related shared proportion of indentified net assets are recognized as other comprehensive income. The other comprehensive income will be transferred into profit and loss in the period when losing control.

4.6 Joint venture arrangement classification& mutual office account treatment

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

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

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

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

4.7 Cash and cash equivalent

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

4.8 Foreign exchange

(1) Translation in foreign exchange transactions

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

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

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

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

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

(3) The translation of financial statement in foreign currency

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

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

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

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

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

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

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

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

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

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

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

10)When the partial disposal of the equity investment of oversea operation and other reasons cause the share percentage of oversea operation to decrease without making the power of control to disappear, the translation difference of translation foreign currency financial statement related with the part of oversea operation disposed should be attributable to the minority interest and do not transfer to the current period profit and loss. When the oversea operation disposing is a jointly run business or joint venture, the translation difference of translating foreign currency financial statements should be transferred to the current period profit and loss according to the percentage of oversea operation disposal.

4.9 Financial instruments

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

(1) The method of determining the fair value of financial assets and financial liabilities

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

(2) Classification of financial assets

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

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

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

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

A. The financial asset is acquired for the purpose of selling it in a short term;

B. The financial asset is a part of a portfolio of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this portfolio for the purpose of short-term profits;

C. The financial asset is a derivative, except for a derivative that is designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured. For such kind of financial assets, fair values are adopted for subsequent measurement.

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

A. The designation eliminates or significantly reduces the inconsistency in the measurement or recognition of relevant gains or losses that would otherwise arise from measuring the financial instruments on different bases.

B. A group of financial instruments is managed and its performance is evaluated on a fair value basis, and is reported to the enterprise’s key management personnel. Formal documentation regarding risk management or investment strategy has prepared.

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

2) Investment held-to maturity

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

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

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

3) Loans and receivables

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

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

4) Financial assets available-for-sell

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

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

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

The Group's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss and other financial liabilities. For financial liabilities at fair value through profit or loss, relevant transaction costs are immediately recognized in profit or loss for the current period, and transaction costs relating to other financial liabilities are included in the initial recognition amounts.

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

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

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

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

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

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

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

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

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

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

(4) Recognition and measurement of financial assets transfer

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

1) The rights to receive cash flows from the asset have expired;

2) The enterprise has transferred its rights to receive cash flows from the asset to a third party under a “pass-through” arrangement; or

3) The enterprise has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair value of those parts. The difference between (a) the carrying amount allocated to the part derecognized; and (b) the sum of the consideration received for

the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income, is recognized in profit or loss.
For the financial assets sold with recourse and the endorsed, the Group should make a judgment whether the risks and rewards related with the financial assets' ownership have been almost all transferred. For the financial assets of which the risks and rewards related with its ownership have been, in substantial, all transferred, it should be derecognized. For the financial assets of which the risks and rewards have been, in substantial, all retained, it should be not be derecognized. For the financial assets, the related ownership of which have not been neither ,in substantial, all transferred nor retained, the Group need to make a judgment about whether the control over the financial assets have been kept or not and then deal with it according to the standards mentioned in the previous paragraphs.

(5) Classification of the financial liabilities and measurement
The financial liabilities are classified into financial liabilities measured at fair value with its changes into profit and loss and other financial liabilities. The initial measurement is made at its fair value. For the financial liabilities measured at fair value with its changes into profit and loss, the related trading expense are recorded into current period profit and loss; for other financial liabilities, the related trading expenses are recorded in its initial cost.
1) Financial liabilities measured by the fair value and the changes recorded in profit or loss
The classification by which financial liabilities held-for-trade and financial liabilities designated at the initial recognition to be measured by the fair value follows the same criteria as the classification by which financial assets held-for-trade and financial assets designated at the initial recognition to be measured by the fair value and their changes are recorded in the current profit or loss.
For the financial liabilities measured by the fair value and changes recorded in the profit or loss, fair values are adopted for subsequent measurement. All the gains or losses on the change of fair value and the expenses on dividends or interests related to these financial liabilities are recognized in profit or loss for the current period.
2) Other financial liabilities
Derivative financial liabilities that linked with equity instruments, which do not have a quoted price in an active market and their fair value cannot be measured reliably, is subsequently measured by cost. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition or amortization is recognized in profit or loss for the current period.
3) Financial guarantee contracts
For financial guarantee contracts that are not designated as at fair value through profit or loss, or loan

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

(6) Derecognition

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

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

4.10 Account receivables

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

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

1) A serious financial difficulty occurs to the issuer or debtor;

2) The debtor breaches any of the contractual stipulations, for example, fails to pay or delays the payment of interests or the principal, etc.;

3) The debtor will probably become bankrupt or carry out other financial reorganizations;

4) Other objective evidences showing the impairment of the receivables.

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

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

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

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

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

4.11 Inventories

(1) Classification of inventory

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

(2) Valuation method of inventories upon delivery

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

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

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

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

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

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

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

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

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

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

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

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

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

4.12 Held-for-sale assets

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

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

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

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

4.13 Long-term equity investments

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

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

(1) Determination of investment cost

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

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

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

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

(2) Subsequent measurement

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

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

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

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

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

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

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

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

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

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

3) Acquisition of minority interest

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

4) Disposal of long-term equity investment

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

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

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

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

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

The other investee equity changes caused beside the net profit, other comprehensive income and profit distribution should be proportionately transferred into current year profit and loss.

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

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

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

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

4.14 Investment properties

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

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

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

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

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

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

4.15 Fixed assets

(1) The conditions of recognition

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

(2) Recognition and measurement of financial lease

Finance leases which transfer substantially all the risks and rewards of ownership. The depreciation policy for assets held under finance leases should be consistent with that for owned assets. If there is no reasonable certainty that the lessee will obtain ownership at the end of the lease – the asset should be depreciated over the shorter of the lease term or the life of the asset

(3) The method for depreciation

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

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

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

(4) Measurement and recognition of fixed assets impairment

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

(5) Others

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

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

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

4.16 Construction in progress

(1) The types of construction in progress

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

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

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

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

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

4.17 Borrowing costs

(1) The standards for capitalizing the borrowing cost

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

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

(2) The period of capitalizing the borrowing costs

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

(3) The period suspending capitalizing the borrowing costs

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

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

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

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

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

4.18 Intangible assets

(1) Recognition and calculation of intangible asset

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

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

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

When an intangible asset with a definite useful life is available for use, its original cost less net residual value and any accumulate impairment losses is amortized over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortized.

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

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

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

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

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

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

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

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

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

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

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

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

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

1) it is technical feasible to complete the intangible asset so that it will be available for use or sale;

2) the Group has the intention to complete the intangible asset and use or sell it;

3) the Group can demonstrate the ways in which the intangible asset will generate economic benefits including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and

5) the expenditure attributable to the intangible asset during its development phase can be reliably measured.

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

4.19 Long-term deferred assets

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

4.20 Long-term assets impairment

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

The result of impairment test demonstrates that the recoverable amount is less than its carrying amount, the difference will be recorded as provision for impairment and debited as impairment loss.

The recoverable amount equals to the greater of 1) fair value less disposal expenses and 2) present value of the predicted future cash flows.

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

The disposal expenses include the legal expenses, related taxes, delivery fees and other direct fees incurred for making the assets reach the salable condition. The present value of the predicted future cash flows is calculated according to the predicted future cash flows generated from the continuous use of the assets and final disposal discounted with the applicable discounted rate. The provision for impairment

test should be recognized based on the individual asset. If it is hard to estimate the recoverable amount to individual asset, the recoverable amount of the assets group of which the individual assets are included should be determined. Assets group is the smallest unit that can independently generate the cash inflow.

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

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

4.21 Accrued liabilities

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

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

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

(1)Onerous contracts

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

(2)Restructuring Obligation

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

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

4.22 Revenue

(1) Revenue from sales of goods

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

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

A. Real estate is completed, and is completed checking and accepting;

B. Signed a contract of sale and make recording in land department

C. Installment, if it is deferred for receiving money with financing, the cost should be measured in present value according to the contract price. Mortgage, has been received, and have completed the first phase of the mortgage loan approval procedures;

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

(2) Revenue from rendering service

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

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

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

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

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

(3) Revenue from construction contracts

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

The outcome of a construct contract can be measured reliably when the following conditions are met:

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

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

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

4.23 Government Grants

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

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

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

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

4.24 Deferred income tax assets and deferred income tax liabilities

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

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

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

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

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

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

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

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

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

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

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

4.25 Leases

(1) Operating Lease

①The Group as Lessee under Operating Lease

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

②The Group as Leaser under Operating Lease

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

(2)Financing Lease

①The Group as Lessee under Operating Lease

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

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

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

②The Group as Leaser under Operating Lease

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

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

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

4.26 Employee Benefits

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

The short-term benefits include the employees' salary, bonus, allowance and compensation, employee welfare, medical insurance, maternity insurance, employment injury insurance, housing fund, labor union expense and employee education expense and non-currency welfare etc. The Group recognizes the actually incurred short-term employee benefits as liability during the period when the employees' services are rendered, the expenses are recorded into the current period profit and loss or related asset costs according to the benefit object. For the non-currency welfare, it is recognized according to its fair value.

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

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

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

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

4.27 Changes in major accounting policies and accounting estimates

(1) Changes of accounting policies

There were no changes of accounting policies during this period.

(2)Changes of accounting estimates

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

4.28 Material accounting judgments and accounting estimations

Because of the inherent uncertainties of the operating activities, the Group need to make judgments, estimations and assumptions to the financial statement items whose carrying amount cannot be accurately measured. Those judgments, estimations and assumptions are made based on the management’s historical experience and taking other relevant factors into account. Those judgments, estimations and assumptions would influence the reported amount of revenue, expense, asset and liability and disclosure of the contingency liability on the balance sheet date.However, the actual result caused by the uncertainty of these estimations may be different with the present estimation made by the management, which may cause significant adjustments to the carrying amount of the influenced assets and liabilities in the future.

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

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

（1）The classification of lease

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

（2）The provision for allowance for bad debt

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

（3）Provision for inventory

According to inventory accounting policy, the ending inventory is measured by the lower of cost and net realizable value. When the cost is greater than the net realizable value and the obsolete and unsalable inventory, the inventory falling price reserve shall be withdrawn. Reduce the inventory to the net realizable value is based on the evaluation the salable of the inventory and its net realizable value. Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made and take into consideration the purpose for which the inventory is held and the influences of events occurring after the balance sheet date. The difference between the actual result and original estimation will influence the carrying amount of the inventory and cause the provision for inventory to increase or reverse back during the period when the estimation is changed.

（4）The fair value of financial instrument

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

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

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

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

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

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

The Group will test the goodwill for impairment at least once a year, which requires to estimate the present value of the future cash flows of the assets and assets group allocated with the goodwill. When estimating the present value to the future cash flow, the Group need to estimate the cash flows generating from the assets and assets group, and choose the applicable discount rate to determine the present value.

（6） Depreciation and amortization

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

（7） Deferred tax asset

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

（8）Income tax

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

Note 5 Principal Taxes Applied

Taxes and their rates

Category	Taxable basis	Tax rate
Value added tax ("VAT")	Goods sales income, taxi operating income	Detail refer to the list bel
Business tax	Proceeds from sales of properties, leasing income, property management income	5% before Apr 30th,2016
Business tax	Construction, installation income	3% before Apr 30th, 2016
Construction tax	Turnover tax	7%
Education surcharge(Local Education surcharge)	Turnover tax	5%
Income tax	Income tax payable	25% & 16.5%
Property tax	The residual value	1.2%
Land appreciation tax	Sales revenue of properties	Progressive rates ranging from 30%-60%

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

The main products or services provided: commodity housing, property leasing and management, hotel service, construction and installation service etc. As the inform No.36—pilot about business tax replacing with VAT popularized (2016 Revision) ,issued by Finance and Taxation Ministry , the categories and rates of VAT about The Group and its subsidiaries are as follow .

Category of income	The way of tax calculation	Tax rate	Tax rate before Business Tax Replacing with VAT
Sales of properties	Simply filling return	5%	5%
Construction, installation income	Simply filling return	3%	3%
Rental income of Property	Simply filling return	5%	5%

Income of Property Management	Filling return generally	6%	5%

Note 6 Notes to the Consolidated Financial Statements

Unless specified, the items of the Opening in the followings (including the notes to the Company financial statements) refers to the date of January 1, 2016, the Closing refers to the December 31, 2016; the items of the prior period refers to the year 2015, the current period refers to the year 2016.

6.1 Monetary funds

Item	Closing balance	Opening balance
Cash on hand	33,954.55	54,487.37
Cash in bank	1,265,733,336.02	1,169,701,818.99
Other monetary funds	290,033.83	6,000,000.00
Total	1,266,057,324.40	1,175,756,306.36
Including amount deposited in the foreign countries	9,274,974.64	9,096,056.99

Note: (1)Other monetary funds that the Group's ownership are the deposits about letter of guarantee setting up by bank ,minimum deposit of the banking supervised account is the opening balance RMB 6,000,000.00.

6.2Note receivables

(1)Note receivables by types

Item	Closing balance	Opening balance
Bank acceptance	--	--
Trade acceptance	20,606,778.91	18,663,872.02
Total	20,606,778.91	18,663,872.02

(2)Note receivables pledged at year end

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

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

Item	Amt. derecognized at year end	Amt. not derecognized at year end
Bank acceptance	--	--
Trade acceptance	--	20,606,778.91
Total	--	20,606,778.91

Note: As of Dec.31,2016, the trade acceptance discounted but not matured is RMB 20,606,778.91, the balance of related pledged borrowing is 20,606,778.91 (referring to the note 6.16).

When the trade acceptance cannot be honored when it is mature, the bank has the power to ask the Group to repay the amount un-settled. The Group continues to recognize the carrying amount of the trade acceptance and records the amount received as pledged borrowing because of the transfer, due to the Group's undertaking the main risk, such as credit risk, relating with the trade acceptance.

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

6.3Accounts receivables

(1) Accounts receivable by categories

Category	Closing balance				
	Carrying amount		Bad debt provision		book value
	Amount	(%)	Amount	(%)	
Accounts receivable of which provision for bad debts is of individually significant	--	--	--	--	
Accounts receivable of which provision for bad debts is of individually insignificant	127,541,707.91	100.00	19,243,657.51	15.09	108,298,050.40
Total	127,541,707.91	100.00	19,243,657.51	15.09	108,298,050.40

(Continued)

Category	Opening balance				
	Carrying amount		Bad debt provision		book value
	Amount	(%)	Amount	(%)	
Accounts receivable of which provision for bad debts is of individually significant	--	--	--	--	--
Accounts receivable of which provision for bad debts is of individually insignificant	131,787,566.17	100.00	19,243,657.51	14.60	112,543,908.66
Total	131,787,566.17	100.00	19,243,657.51	14.60	112,543,908.66

①Bad debt provision of accounts receivable which is of individually insignificant

② Content of accounts receivable	Closing balance			
	Carrying amount	Amount of bad debt	Proportion of provision	Reasons for the provision

Receivables of import and export agency business	11,574,556.00	11,574,556.00	100.00	A separate provision is established according to the recoverability of each receivable with long aging and little retrievability.
House pay to be collected	11,342,397.44	6,968,694.02	61.44	
Engineering construction funds and others	104,624,754.47	700,407.49	0.67	
Total	127,541,707.91	19,243,657.51	15.09	—

②Accounts receivable by aging balance

	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)
Within 1 year	98,837,141.08	77.49	102,662,642.01	77.90
1-2 years	248,689.67	0.20	1,190,655.05	0.90
2-3 years	521,608.05	0.41	2,631,545.04	2.00
Over 3 years	27,934,269.11	21.90	25,302,724.07	19.20
Total	127,541,707.91	100.00	131,787,566.17	100.00

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

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

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

Name of entity	Relationship with the Group	Amount	Age	Proportion of the amount to the total AR (%)
Corporate unit No.1	Un-related party	73,103,137.53	Within 1 year	57.32
Corporate unit No.2	Un-related party	2,192,417.50	Within 1 year	1.72
Individual No.1	Un-related party	1,940,000.00	over 5 years	1.52
Corporate unit No.3	Un-related party	2,033,869.29	Within 1 year	1.59
Individual No.2	Un-related party	1,564,671.35	over 5 years	1.23
Total		80,834,095.67		63.38

(5) Details of pledge of accounts receivable are as follows: Note 6.44 and Note 9.2

6.4Prepayments

(1) Aging analysis

Aging	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)

Within 1 year	15,864,377.88	100.00	20,002,413.22	87.15
1-2 years	--	--	2,949,204.73	12.85
2-3 years	--	--	--	--
Over 3 years	761.45	--	761.45	--
Total	15,865,139.33	100.00	22,952,379.40	100.00

Notes：The closing balance of payment in advance as of 31 Dec,2016 was RMB 15,865,139.33, which decreased by 30.88% comparing with the beginning balance. It is mainly caused by the advance payment for materials met the conditions to be transferred into inventory.

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

Name of entities	Relationship with the Group	Amount	Timing	Reasons for unsettlement
Project 1	Un-related party	10,599,675.77	Within 1 year	The un-settled prepayment of engineering materials and materials un-warehousing
		129,895.05	1-2 years	The un-settled prepayment of engineering materials and materials un-warehousing
Project 2	Un-related party	1,769,955.00	Within 1 year	The un-settled prepayment of engineering materials and materials un-warehousing
Project 3	Un-related party	809,055.50	Within 1 year	The un-settled prepayment of engineering materials and materials un-warehousing
Project 4	Un-related party	100,000.00	Within 1 year	The un-settled prepayment of engineering materials and materials un-warehousing
Project 5	Un-related party	80,147.00	Within 1 year	The un-settled prepayment of engineering materials and materials un-warehousing
Total		13,488,728.32		

6.5 Dividends receivables

(1) Details of dividends receivable

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

Item(Or name of investee)	Closing balance	Opening balance
Total	1,052,192.76	1,052,192.76

(2) Dividends receivable aging over 1year

Item(Or name of investee)	Closing balance	Aging	Reasons for uncollected amounts	Whether the amount is impaired and the base of judgment
Yunnan KunPeng Flight service Co., Ltd	1,052,192.76	4-5 years	Delay to pay	No
Total	1,052,192.76			

6.6 Other receivables

(1) Other receivables by categories

Category	Closing balance				
	Carrying amount		Bad debt provision		Book value
	Amount	(%)	Amount	(%)	
Other receivables of which provision for bad debts is of individually significant	153,572,058.35	61.05	153,237,764.83	99.78	334,293.52
Other receivables of which provision for bad debts is of individually insignificant	97,993,612.05	38.95	30,813,110.92	31.44	67,180,501.13
Total	251,565,670.40	100.00	184,050,875.75	73.16	67,514,794.65

(Continued)

Category	Closing balance				
	Carrying amount		Bad debt provision		Book value
	Amount	(%)	Amount	(%)	
Other receivables of which provision for bad debts is of individually significant	162,687,688.88	65.17	157,552,042.76	96.84	5,135,646.12
Other receivables of which provision for bad debts is of individually insignificant	86,943,815.99	34.83	30,406,118.69	34.97	56,537,697.30
Total	249,631,504.87	100.00	187,958,161.45	75.29	61,673,343.42

①Bad debt provision of other receivables which is of individually significant

Content of accounts receivable	Carrying amount	Amount of bad debt	Proportion of provision	Reasons for the provision

Other receivables between subsidiaries that are not included in the consolidated statement	129,222,846.39	129,222,846.39	100.00	A separate provision is established according to the recoverability of each receivables with long aging and little retrievability
Others	24,349,211.96	24,014,918.44	98.63	
Total	153,572,058.35	153,237,764.83	99.78	

②Bad debt provision of other receivables which is of individually insignificant

Content of other receivables	Carrying amount	Amount of bad debt	Proportion of provision	Reasons for the provision
Other receivables between subsidiaries that are not included in the consolidated statement	1,324,136.04	1,116,316.04	84.31	A separate provision is established according to the recoverability of each receivables with long aging and little retrievability
Others	85,619,679.95	29,289,802.65	34.21	
Total	86,943,815.99	30,406,118.69	34.97	

③ Other receivables by aging balance

	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)
Within 1 year	21,849,390.59	8.68	17,952,055.06	7.19
1-2 years	12,720,031.26	5.06	9,312,721.81	3.73
2-3 years	7,723,232.10	3.07	3,130,052.57	1.25
Over 3 years	209,273,016.45	83.19	219,236,675.43	87.83
Total	251,565,670.40	100.00	249,631,504.87	100.00

(2)Other receivables had been fully collected or reversed back during the current period.

RMB 4,800,000.00 other receivables had been fully collected or reversed back during the current period.

Name of entity	Name of entity	Method
Luofu Hill Travelling Corporation	4,800,000.00	Lawsuit
Total	4,800,000.00	

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

(4)Other receivables by nature

Nature	Closing balance	Opening balance
Other receivables between subsidiaries that	131,022,651.26	130,433,537.72

are not included in the consolidated statement		
Others	120,543,019.14	119,197,967.15
Total	251,565,670.40	249,631,504.87

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

Name of entity	Nature	Amount	Age	Proportion of the amount to the total OR (%)	Provision for bad debt at year end
Canada Great Wall(Vancouver) Co.,Ltd *	current account	89,035,748.07	Above 5 years	35.40	89,035,748.07
Paklid Limited *	current account	19,299,472.87	Above 5 years	7.67	19,299,472.87
Bekaton property Limited *	current account	12,559,290.58	Above 5 years	4.99	12,559,290.58
Guangdong province Huizhou Luofu Hill Mineral Water Co.,Ltd	current account	10,465,168.81	Above 5 years	4.16	10,465,168.81
ShenFang Construction and Decoration Co.,Ltd	current account	8,327,180.71	Above 5 years	3.31	8,327,180.71
Total		139,686,861.04		55.53	139,686,861.04

(6) There were no any other receivables about government subsidies that have been involved.

(7) There were no any other receivables due to the transfer of financial assets that have been derecognized.

(8) There were no any other receivables which had transferred to continued involvement in assets or liabilities.

6.7 Inventory

(1) Categories of inventory

Item	Closing balance		
	Carrying amount	Provision for inventories	Net carrying amount
Real estate development projects			
Real estate developing products	913,288,416.41	--	913,288,416.41
Real estate developed products	628,939,860.63	3,170,419.94	625,769,440.69
Real estate which are going to be developed	159,731,369.75	--	159,731,369.75
Non real estate development projects			
Raw materials	877,232.66	--	877,232.66
Finished products	365,059.56	278,891.91	86,167.65
Low-value consumable products	--	--	--

Item	Closing balance		
	Carrying amount	Provision for inventories	Net carrying amount
Construction in progress	34,800,414.94	--	34,800,414.94
Total	1,738,002,353.95	3,449,311.85	1,734,553,042.10

(Continued)

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

Note: Inventory have a balance of RMB 2,159,494,139.27.61 as of 31 Dec,2016, which decreased by 19.18% comparing with the opening balance , as the inventory had been transferred into cost of sales for the building sale and construction.

(2)Movement of Provision of inventories

Item	Opening balance	Increase		Decrease		Closing balance
		Provision	other	Reversals	Write-off	
Shengfang Shanglin Garden	12,991,351.75	--		9,820,931.81	--	3,170,419.94
Finished products	278,891.91	--		--	--	278,891.91
Total	13,270,243.66			--	--	3,449,311.85

(3) Specific basis on accruing provision of inventories and reason for it reversed back or written off

Item	Specific basis on accruing provision of inventories	reason for provision of inventories reversed back	reason for provision of inventories written off
Shengfang Shanglin Garden			Sales of real estate

(4)Real estate developing products

	Starting time	Finished time	Estimated total investment	Closing balance	Opening balance

ChuanQi DongHu Building(Fromer DongHuDiJing Building)		2018	73,200.00	132,866,426.21	97,301,146.79
JingTian Heaven International Apartment	2015	2017	24,685.00	84,830,624.67	49,285,247.15
Shengfang CuiLin Building)	2015	2017	57,000.00	264,012,563.15	147,515,288.98
ShanTou Fresh Peak Building				24,841,973.94	24,396,781.61
TianYue Bay No.1	2015	2018	79,801.00	406,736,828.44	227,492,576.79
Total			—	913,288,416.41	545,991,041.32

(5)Real estate developed products

Name of project	Finished time	Opening balance	Additions	Reductions	Closing balance
Jinye Island Multi-tier villa	1997	38,933,768.09	--	--	38,933,768.09
Jinye Island villa No.6	2007	2,961,996.22	--	--	2,961,996.22
Jinye Island villa No.10	2010	23,598,779.44	--	2,283,924.74	21,314,854.70
Jinye Island villa No.11	2008	13,078,603.54	--	699,788.89	12,378,814.65
YueJing dongfang Project	2014	95,018,036.91	--	40,539,884.22	54,478,152.69
Wenjing Garden*1		3,818,939.87	--	170,627.86	3,648,312.01
Real Estate building *1		11,025,444.77	--	432,405.41	10,593,039.36
HuaFeng Building		1,631,743.64	--	--	1,631,743.64
HuangPuXinCun		289,802.88	--	--	289,802.88
XingHu Garden		156,848.69	--	--	156,848.69
Chuanqishan Project	2013	727,220,152.74	--	423,157,390.76	304,062,761.98
Shenfang Shanglin Garden	2014	473,752,563.66	--	295,567,354.99	178,185,208.67
BeiJing Fresh Peak Buliding		304,557.05	--	--	304,557.05
Total		1,391,791,237.50	--	762,851,376.87	628,939,860.63

Note：*1 The closing balance of Wenjing Garden and Real Estate building decreased as the amortization for house leasing temporary.

(6)Real estate which are going to be developed

	Opening balance	Additions	Reductions	Closing balance
TianYue Bay No.2 (Shantou Jingzaiwan)	159,653,497.75	77,872.00	--	159,731,369.75

	Opening balance	Additions	Reductions	Closing balance
Total	159,653,497.75	77,872.00	--	159,731,369.75

The closing balance rised this year for the cost of project TianYue Bay No.2 prospecting.

(7) Capitalized borrowing cost at year end is RMB 45,782,070.06.

6.8 Other current assets

Item	Contents	Closing balance	Opening balance
Value added tax	Input tax to be deducted	6,960,582.51	4,747,581.57
Business tax	Tax paid for advances from customers	1,404,931.73	12,721,511.78
City construction surcharge	Tax paid for advances from customers	441,450.97	991,440.88
Education surcharge	Tax paid for advances from customers	162,693.21	300,938.18
Local education surcharge	Tax paid for advances from customers	154,330.63	214,188.54
Embankment Protection Fee	Tax paid for advances from customers	947,804.87	5,737.34
Increment tax on land value	Tax paid for advances from customers	1,286,920.53	18,334,432.77
Financial products of trust		2,000,000.00	3,000,000.00
Total		13,358,714.45	40,315,831.06

Note: Closing balance 13,358,714.45 decreased by 66.86% comparing with the beginning balance，mainly for payment of business tax in time as business tax replacing with VAT during this period,and the settlement of Increment tax on land value on Chuanqishan Project.

6.9 Available-for-sale financial assets

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

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

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

Investee	Book balance				Provision for impairment				Proportion rate in investee（%）	Curr. year cash div.
	Opening bal.	Increase.	Decrease	Closing bal.	Opening bal.	increase	decrease	Closing bal.		
Shantou Small &Medium Enterprises Financing Guarantee Co., Ltd	12,000,000.00	--	--	12,000,000.00	--	--	--	--	10.00	689,000.00
Yunnan KunPeng Flight service Co.,Ltd	5,464,240.74	--	--	5,464,240.74	--	--	--	--	25.00	--
Total	17,464,240.74	--	--	17,464,240.74	--	--	--	--		689,000.00

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

6.10Long-term equity investments

(1) Long-term equity investments by types

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

Invested company	Opening balance	Change amount of this year					
		Additional investment	Negative investment	Profit and loss on investments confirmed with equity method	Other comprehensive income adjustment	Other equity change
Dongyi Real Estate Co., Ltd	30,376,084.89	--	--	--	--	--
Subtotal	91,678,556.86	--	--	--	--	--
II.Affiliated enterprises						
Shenzhen Ronghua JiDian Co.,ltd	1,410,924.77	--	--	57,988.93	--	--
Shenzhen Runhua Automobile trading Co.,Ltd	1,445,425.56	--	--	--	--	--
Subtotal	2,856,350.33	--	--	57,988.93	--	--
III.Other equity investments	206,636,006.42	--	20,379,525.68	--	--	--
Subtotal	206,636,006.42	--	20,379,525.68	--	--	--
Total	301,170,913.61	--	20,379,525.68	57,988.93	--	--

(Continuted)

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

Invested company	Change amount of this year			Ending balance	Provision for impairment balance at year end
	Invested company	Change amount of this year	Ending balance		
II.Affiliated enterprises					
Shenzhen Ronghua JiDian Co.,ltd	--	--	--	1,468,913.70	1,076,954.64
Shenzhen Runhua Automobile trading Co.,Ltd	--	--	--	1,445,425.56	1,445,425.56
Subtotal	--	--	--	2,914,339.26	2,522,380.20
III.Other equity investments	--	--	--	186,256,480.74	178,642,972.78
Subtotal	--	--	--	186,256,480.74	178,642,972.78
Total	--	--	--	280,849,376.86	243,402,109.25

Note: ①Closing balance is 280,849,376.86 yuan which decreased by 35.18% comparing with the beginning balance,mainly for the termination of subsidiary,Shenzhen City SPG Bao An Development Ltd.

②The details of other equity investments are listed on note 8.1-Equity in subsidiaries.

6.11 Investment properties

Investment properties measured at cost.

Item	House& building	Land-use right	Construction in progress	Total
I.Original carrying value				
1.Opening balance	757,560,363.04	99,803,519.73	--	857,363,882.77
2.Increase in the year	--	7,121,116.00	--	7,121,116.00
（1） Outsourcing	--	--	--	--
（2） Carried over from inventory	--	--	--	--
（3） Others	--	7,121,116.00	--	7,121,116.00
3.Decrease in the year	--	--	--	--
4.Closing balance	757,560,363.04	106,924,635.73	--	864,484,998.77
II.Accumulative depreciation& amortization				
1.Opening balance	326,263,368.42	--	--	326,263,368.42
2.Increase in the year	20,107,361.73	--	--	20,107,361.73
（1） Withdrawing or amortization	20,107,361.73	--	--	20,107,361.73
（2） Carried over from assets	--	--	--	--
3.Decrease in the year	--	--	--	--
4. Closing balance	346,370,730.15	--	--	346,370,730.15
III.Provision for impairment				
1.Opening balance	14,128,544.62	81,913,405.53	--	96,041,950.15
2.Increase in the year	--	5,844,632.17		5,844,632.17
3.Decrease in the year	--	--	--	--
4.Closing balance	14,128,544.62	87,758,037.70		101,886,582.32
IV. Book value				
1.Closing book value	397,061,088.27	19,166,598.03	--	416,227,686.30
2.Opening book value	417,168,450.00	17,890,114.20	--	435,058,564.20

Note:(a) Current year depreciation and amortization is RMB 20,107,361.73;

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

(c)Among the investment properties, there were house &building with carrying value RMB 340,791,312.21 that were used as mortgage of long-term loans(including the long-term loans that will mature within one year), referring to note 6.44 for details.

6.12 Fixed assets

Item	Houses& Buildings	Transportation equipment	Electronic equipment and others	Total
I.Original carrying value				
1.Opening balance	107,110,751.42	17,264,767.82	14,228,328.28	138,603,847.52
2. Increase in the year	--	49,534.62	1,293,629.90	1,343,164.52
（1） Purchasing	--	49,534.62	1,293,629.90	1,343,164.52
（2）Transferred from the construction in progress	--	--	--	--
3. Decrease in the year		358,793.91	821,330.13	1,180,124.04
（1） Disposal or discard as useless	--	358,793.91	821,330.13	1,180,124.04
（2） Decrease of cooperation combination	--	--	--	--
（3） Transferred to investment property	--	--	--	--
4. Closing balance	107,110,751.42	16,955,508.53	14,700,628.05	138,766,888.00
II.Accumulated depreciation				
1.Opening balance	63,435,651.90	11,865,140.43	11,089,069.88	86,389,862.21
2. Increase in the year	5,519,172.26	1,342,414.29	1,093,007.38	7,954,593.93
Including： withdrawing	5,519,172.26	1,342,414.29	1,093,007.38	7,954,593.93
3. Decrease in the year	--	320,560.68	788,820.87	1,109,381.55
（1） Disposal or discard as useless	--	320,560.68	788,820.87	1,109,381.55
（2） Decrease of corporate combination	--	--	--	--
（3） Transferred to investment property	--	--	--	--
4. Closing balance	68,954,824.16	12,886,994.04	11,393,256.39	93,235,074.59
III.Provision for Impairment				
1.Opening balance	--	--	--	--
2. Increase in the year	--	--	--	--
Including： Withdrawing	--	--	--	--
3. Decrease in the year	--	--	--	--
4. Closing balance	--	--	--	--
IV. Book value	--	--	--	--
1. Ending book value	38,155,927.26	4,068,514.49	3,307,371.66	45,531,813.41
2. Beginning book value	43,675,099.52	5,399,627.39	3,139,258.40	52,213,985.31

Note: (1)The depreciation for the current year is RMB 7,954,593.93. There were no constructions in progress transferred to fixed assets during the period.

（2）There was no any fixed assets whose ownership are restricted.

（3）There was no any fixed assets lying idle temporary.

6.13 Intangible assets

Item	Software	Taxi license	Total
I.Carrying value			
1. Opening balance	2,241,800.00	6,368,000.00	8,609,800.00
2.Increase in the year	--	--	--
（1）Purchased	--	--	--
（2）Internally developed	--	--	--
（3）Increase of corporate combination	--	--	--
3. Decrease in the year	--	--	--
（1）Disposal	--	--	--
（2）Decrease of corporate combination	--	--	--
4. Closing balance	2,241,800.00	6,368,000.00	8,609,800.00
II.Accumulated amortization			
1.Opening balance	1,559,480.00	1,395,500.00	2,954,980.00
2. Increase in the year	341,160.00	167,580.00	508,740.00
Including： withdrawing	341,160.00	167,580.00	508,740.00
3. Decrease in the year	--	--	--
（1）Disposal	--	--	--
（2）Decrease of corporate combination	--	--	--
4. Closing balance	1,900,640.00	1,563,080.00	3,463,720.00
III. Provision for impairment			--
1. Opening balance	--	--	--
2. Increase in the year	--	--	--
Including: withdrawing	--	--	--
3. Decrease in the year	--	--	--
4. Closing balance	--	--	--
IV. Book value			
1. Ending book value	341,160.00	4,804,920.00	5,146,080.00
2. Beginning book value	682,320.00	4,972,500.00	5,654,820.00

6.14 Long-term deferred assets

Item	Opening balance	Increase	Amortization	Other reductions	Closing balance
Renovation costs	391,691.74	400,905.06	168,715.72	--	623,881.08
Others	5,916.90	76,970.58	11048.26	--	71,839.22
Total	397,608.64	477,875.64	179,763.98	--	695,720.30

6.15 Deferred tax assets

(1) Recognized deferred tax assets

Item	Closing balance		Opening balance	
	Deferred tax assets	Deductible or taxable temporary differences	Deferred tax assets	Deductible or taxable temporary differences
Provision for impairment losses of assets	3,170,419.92	792,604.98	12,991,351.75	3,247,837.94
Deductible loss	30,139,792.64	7,534,948.16	22,066,819.40	5,516,704.85
Provision for land appreciation tax liquidation reserves	80,712,110.35	20,178,027.59	55,260,506.64	13,815,126.66
Expected profit for advances from customers	24,109,809.80	6,027,452.45	35,750,276.24	8,937,569.06
Eliminated unrealized profit when consolidating financial statement	4,995,618.75	1,248,904.69	2,720,518.78	680,129.70
Total	143,127,751.46	35,781,937.87	128,789,472.81	32,197,368.21

(2) Details of unrecognized deferred tax assets

Item	Closing balance	Opening balance
Deductible operating losses	2,295,692.70	3,374,340.71
Bad debt provision	49,203,437.93	49,490,244.69
Provision for decline in value of inventories	--	69,722.98
Provision for impairment of long-term investments	60,850,527.31	60,850,527.31
Provision for impairment of investment properties	25,471,645.58	22,895,326.66
Total	137,821,303.52	136,680,162.35

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

Year	Closing balance	Opening balance
2016	--	1,008,640.93
2017	150,392.58	138,864.68
2018	1,665,661.89	1,665,661.89
2019	124,125.69	124,125.69
2020	9,717,123.98	17,615,495.00
2021	13,457,192.98	--
Total	25,114,497.12	20,552,788.19

6.16 Short-term loans

Item	Closing balance	Opening balance
Entrusted loan	--	--
Credit Loan	18,000,000.00	25,000,000.00
Mortgage Loan	--	--
Pledged Loan	93,709,916.44	118,418,286.29
合计	111,709,916.44	143,418,286.29

Note:(1) Refer to note 6.2/Notes receivable for the details of pledged loan and note 6.44.

(2)There was no short term loan overdue which had not repaid

6.17 Accounts payable

(1) Details of accounts payable

Item	Closing balance	Opening balance
Within 1 year	29,598,921.11	23,462,580.29
Over 1 year	139,015,378.84	266,990,530.21
Total	168,614,299.95	290,453,110.50

Note: Closing balance is RMB 168,614,299.95 which decreased by 41.95% comparing with the beginning balance, mainly for the settlement of account payable about the real estate project.

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

6.18 Advances from customers

(1) Details of advances from customers

Item	Closing balance	Opening balance
Within one year	307,957,346.19	469,766,020.08
Over one year	17,893,766.35	5,854,327.27
Total	325,851,112.54	475,620,347.35

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

(3) Details of advances from customers

Item	Closing balance	Opening balance	Estimated time of completion
Jinye Island villa No.6	7,452,380.95	6,500,000.00	Completed
Jinye Island villa No.10	12,655,156.17	11,504,069.00	Completed
Jinye Island villa No.11	6,216,792.91	2,926,326.00	Completed
Shenfang Chuanqishan	96,545,077.60	243,465,702.60	Completed
Shenfang Shanlin Garden	71,252,710.00	96,077,847.00	Completed
TianYue Bay No.1	25,882,870.91	--	2017
Yuejing dongfang	12,322,575.19	40,497,969.00	Completed
Total	232,327,563.73	400,971,913.60	

6.19 Employee benefits payable

(1) Details of employee benefits payable

Item	Opening balance	Increase	Decrease	Closing balance
I.Short-term remuneration	37,472,374.35	144,704,710.47	143,425,769.82	38,751,315.00
II.Post-employment benefit-defined benefit plans	1,277,645.37	12,786,286.52	13,865,251.83	198,680.06
III.Severance welfares	--	--	--	--
IV. Other benefits due within 1 year	--	--	--	--
Total	38,750,019.72	157,490,996.99	157,291,021.65	38,949,995.06

(2) Details of short-term remuneration

Item	Opening balance	Increase	Decrease	Closing balance
I.Salary, bonus, allowance and subsidies	35,629,727.54	128,635,203.61	127,391,502.21	36,873,428.94
II. Employee welfare	--	3,481,016.44	3,481,016.44	--
III. Social insurance premium	1,094,679.31	4,104,087.84	4,095,604.68	1,103,162.47
Including: Medical insurance premium	1,093,804.76	3,599,263.08	3,590,618.78	1,102,449.06
Industries insurance premium	672.12	156,497.80	156,578.88	591.04
Maternity insurance premium	202.43	348,326.96	348,407.02	122.37
IV. Housing fund	48,160.86	6,071,819.60	6,026,793.96	93,186.50
V. Union expenses and employee education expenditure	699,806.64	2,412,582.98	2,430,852.53	681,537.09
VI. Short-term paid absence	37,472,374.35	144,704,710.47	143,425,769.82	38,751,315.00
VII. Short-term profit share plan	35,629,727.54	128,635,203.61	127,391,502.21	36,873,428.94
Total	--	3,481,016.44	3,481,016.44	--

(3) The details of defined contribution plans

Item	Opening balance	Increase	Decrease	Closing balance
I. Basic endowment insurance premium	1,250,798.81	9,005,333.96	10,156,331.66	99,801.11
II. Unemployment insurance premium	114.92	317,787.23	317,381.35	520.80
III. Company annuity payment	26,731.64	3,463,165.33	3,391,538.82	98,358.15
Total	1,277,645.37	12,786,286.52	13,865,251.83	198,680.06

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

6. 20 Taxes payable

Item	Closing balance	Opening balance
Corporate income tax	46,310,814.92	52,363,258.82
Individual income tax	1,063,872.01	923,572.01
Property tax	1,707,091.48	1,715,996.96
Land appreciation tax	13,611,992.49	5,708,711.22
Business tax	117,565.81	2,066,816.91
Construction tax	140,826.84	106,889.20
Education surcharge	93,226.93	50,165.66
Local Education surcharge	34,770.45	22,824.84
VAT	2,295,383.33	--
Others	390,453.64	501,179.80
Total	65,765,997.90	63,459,415.42

6.21 Interest payable

Item	Closing balance	Opening balance
Interest of long-term loans with interest payable by installments and principle payable on maturity	606,933.00	1,000,000.00
Interest payable on short-term loans	--	--
Others	16,535,277.94	16,535,277.94
Total	17,142,210.94	17,535,277.94

Note: The balance of “Other” interests payable due to Shenzhen Investment Holdings Co.， Ltd., being accrued for the loans interst. Please refer refer to note 10.6 (2).

6.22 Other payables

(1)Details of other payables

Item	Closing balance	Opening balance
Land appreciation tax accrued	164,866,771.56	146,838,995.86
Payable to related parties	14,398,496.70	63,340,761.01
Deposits	83,026,568.62	82,194,532.63
Others	95,916,881.15	93,437,014.83
Total	358,208,718.03	385,811,304.33

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

Name of entity	Amount	Reason for overdue
Tax accrued- land appreciation tax	134,881,823.31	Unexpired
Total	134,881,823.31	

(3) Description for significant balances of other payables

The Group made provision for LAT, according to Guo Shui Fa [2006] No. 187 "LAT liquidation management issues of real estate development enterprises made by the State Administration of Taxation ". As at December 31, 2016, the closing balance is RMB 164,866,771.56.

6.23 Non-current liabilities due within one year

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

Item	Closing balance	Opening balance
Long-term loans due within one year (Note 6.24)	37,234,933.67	168,727,608.54
Total	37,234,933.67	168,727,608.54

6.24 Long-term loans

(1) Long-term loans categories

Item	Closing balance	Opening balance
Loan with mortgage	173,234,933.67	550,960,933.42
Less: long-term loans due within one year (Note 6.23)	37,234,933.67	168,727,608.54
Total	136,000,000.00	382,233,324.88

Note: The categories and amounts of mortgaged assets of mortgaged loans are shown in note 6.44.

(2)Top 5 significant long-term loans

Lender	The inception of loans	Maturity date	Currency	Closing balance	Opening balance
Huashang Bank (Shenzhen Branch)	2015.5.7	2020.5.6	RMB	90,000,000.00	140,000,000.00
Shenzhen Rural Commercial Bank	2014.11.12	2019.11.11	RMB	46,000,000.00	70,000,000.00
	2013.8.29	2018.8.29	RMB	--	66,000,000.00
Zheshang Bank(Shenzhen Branch)	2013.8.23	2018.8.16	RMB	--	73,000,000.00

Lender	The inception of loans	Maturity date	Currency	Closing balance	Opening balance
Bank of Shanghai (Shenzhen Branch)	2013.12.27	2016.12.27	RMB	--	6,000,000.00
Beijing Bank(Shenzhen Branch)	2014.12.9	2017.12.9	RMB	--	30,000,000.00
Total				136,000,000.00	385,000,000.00

Note:①5,286,857.94yuan has been repaid after the balance sheet day.

②The rates of above loans depend on the benchmark interest rate of the People's Bank of China for the same period adding a certain floating proportion of the benchmark interest rate.

6.25 Long-term payables

Details of long-term payables

Item	Closing balance	Opening balance
Maintenance fund	10,156,728.82	10,480,629.35
Total	10,156,728.82	10,480,629.35

6.26 Share capital

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

6.27 Capital surplus

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

6.28 Other comprehensive income

Item	Opening balance	Amount incurred this year					Closing balance
		Accrual before income tax this year	Less: previous years‘ OCI transferred to P&L in current. period	Less: income tax	Attributable to parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive income that could not be classified into profit and loss in the future	--	--	--	--	--	--	--
II.Other comprehensive income that would be classified into profit and loss in the future	10,063,591.61	1,023,323.35	--	--	588,940.08	434,383.27	10,652,531.69
including：the difference of foreign currency financial statement translation	10,063,591.61	1,023,323.35	--	--	588,940.08	434,383.27	10,652,531.69
Total	10,063,591.61	1,023,323.35	--	--	588,940.08	434,383.27	10,652,531.69

6.29 Surplus reserve

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	40,823,841.35	18,570,826.89	--	59,394,668.24
Total	40,823,841.35	18,570,826.89	--	59,394,668.24

6.30 Undistributed profit

Item	Amount for the current period	Amount for the prior period	Proportion of appropriation
Before adjustment: Undistributed profits at the end of prior year	290,911,773.00	157,147,182.36	
Adjustment: adjust the beginning undistributed profits (Increase +, decrease -)	--	--	
After adjustment: Undistributed profits at beginning of year	290,911,773.00	157,147,182.36	
Plus: net profit attributable to the shareholders of the parent company in the period	311,567,386.94	301,129,840.84	
Less: Appropriation to the statutory surplus reserve	18,570,826.89	35,849,450.20	
Appropriation to discretionary surplus reserve	--	--	
Common stock dividends declared	--	131,515,800.00	
Conversion of ordinary shares' dividends into share capital	--	--	
Undistributed profit at the end of the period	583,908,333.05	290,911,773.00	

6.31 Operating income and costs

(1) Operating income and operating costs

Item	Amount for the current period	Amount for the prior period
Principal operating income	2,330,953,823.56	2,141,944,512.93
Other operating income	21,069,704.87	21,421,062.40
Total of operating income	2,352,023,528.43	2,163,365,575.33
Principal operating costs	1,652,388,584.86	1,374,441,908.60
Other operating costs	16,257,255.61	15,185,380.88
Total of operating costs	1,668,645,840.47	1,389,627,289.48

(2)Principal operating activities (classified by industries)

Name of industry	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Real estate	1,344,124,795.75	753,861,210.15	1,451,882,212.00	782,516,505.63
Construction	808,558,753.43	777,725,613.02	518,895,054.20	490,709,048.87
Leasing	75,779,681.07	30,635,008.91	79,149,162.72	29,731,750.12
Property management	136,128,709.12	121,051,398.64	128,945,973.91	110,204,670.86
Subtotal	2,364,591,939.37	1,683,273,230.72	2,178,872,402.83	1,413,161,975.48
Less: offset the internal amount	33,638,115.81	30,884,645.86	36,927,889.90	38,720,066.88
Total	2,330,953,823.56	1,652,388,584.86	2,141,944,512.93	1,374,441,908.60

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

Name of geographical area	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Domestic:				
GuangDong Province	2,228,579,824.63	1,554,422,908.26	2,122,214,182.02	1,360,470,301.42
Others	135,452,938.12	128,850,322.46	56,204,916.71	52,691,674.06
Overseas：	559,176.62	--	453,304.10	--
Subtotal	2,364,591,939.37	1,683,273,230.72	2,178,872,402.83	1,413,161,975.48
Less: offset the internal amount	33,638,115.81	30,884,645.86	36,927,889.90	38,720,066.88
Total	2,330,953,823.56	1,652,388,584.86	2,141,944,512.93	1,374,441,908.60

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

	Amount for the current period	
	Total operating income	Proportion to total operating income of the Company (%)
Corporation unit No.1	36,121,765.71	1.54
Corporation unit No.2	34,682,769.33	1.47
Corporation unit No.3	33,387,291.50	1.42
Corporation unit No.4	24,036,087.38	1.02
Corporation unit No.5	20,976,230.40	0.89
Total	149,204,144.32	6.34

(Continued)

	Amount for the prior period	
	Total operating income	Proportion to total operating income of the Company (%)
Corporation unit No.1	165,000,000.00	7.63
Corporation unit No.2	39,730,600.00	1.84
Corporation unit No.3	23,868,952.16	1.10
Corporation unit No.4	15,591,000.00	0.72
Corporation unit No.5	13,218,403.95	0.61
Total	257,408,956.11	11.90

6.32 Taxes and surcharges

Item	Amount for the current period	Amount for the prior period
Business tax	73,608,819.30	100,574,853.07
City construction and maintenance tax	6,928,956.46	7,202,367.40
Education surcharges	3,142,982.44	3,141,809.89
Property tax	6,853,872.37	6,251,947.02
Land appreciation tax	96,288,555.74	98,251,399.57

Item	Amount for the current period	Amount for the prior period
Local education surcharges	1,908,854.90	1,901,070.30
Embankment Protection Fee	704,144.49	289,584.40
Total	189,436,185.70	217,613,031.65

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

6.33 Selling expenses

Item	Amount for the current period	Amount for the prior period
Employee benefits	4,327,882.92	4,493,027.23
Advertising expenses	9,943,994.95	4,159,095.26
Entertainment expenses	883,503.51	844,005.00
Sales agency fees and commissions	3,857,855.84	31,508,093.81
Others	1,675,275.19	5,972,879.66
Total	20,688,512.41	46,977,100.96

Note: The amount for the current period 20,688,512.41 yuan decreased by 55.96% comparing with the prior period, mainly for the deduction of sales agency fees and commissions.

6.34 Administrative expenses

Item	Amount for the current period	Amount for the prior period
Employee benefits	30,662,159.66	35,263,753.44
Taxes	1,784,938.30	3,382,248.49
Depreciation	3,364,254.61	3,611,960.02
Entertainment expenses	3,366,453.94	3,652,195.72
Intermediary fee	19,181,387.34	2,555,594.06
Travel expense	544,341.45	781,756.73
Administrative expenses	1,172,626.13	1,270,535.48
Repair charge	845,019.70	762,712.36
Water and electricity charges	873,405.20	1,074,552.33
Other amortization	729,882.02	733,201.97
Others	9,431,055.60	5,795,086.78
Total	71,955,523.95	58,883,597.38

Note: The amount for the current period 71,955,523.95 yuan increased 22.20% comparing with the prior period, mainly for the Intermediary fee caused by assets reorganization.

6.35 Financial expenses

Item	Amount for the current period	Amount for the prior period
Interest expenses	23,171,447.36	49,419,239.77
Less: Interest income	13,282,835.43	7,906,007.15
Less: capitalized interest expenses	21,966,908.12	9,131,179.11
Exchange differences	-893,372.53	-678,825.12
Less: Capitalized exchange differences	--	--
Others	329,620.24	664,283.17
Total	-12,642,048.48	32,367,511.56

Note: The amount for the current period decreased 139.06% comparing with the prior period, mainly for the interest expense for real estate developing products met the condition of interest capitalized and the deduction of bank loan.

6.36 Impairment losses of assets

Item	Amount for the current period	Amount for the prior period
Bad debt loss	-4,800,000.00	8,602,560.16
Total	-4,800,000.00	8,602,560.16

Note: The lawsuit of Luofu Hill Travelling Corporation end at 2016.Group got the fund 18,000,000.00 yuan after execution lawsuit .Deducting book credit carrying amount 9,600,000.00 yuan and the legal fee, Group got 5,394,358.79yuan net profit.

6.37 Investment income

(1) Details of investment income

Item	Amount for the current period	Amount for the prior period
Investment income from long-term investments under cost method	--	--
Investment income from long-term investments under equity method	57,988.93	38,717.57
Investment income on disposal of long-term investments	-286,080.61	--
Investment income from holding trading financial assets	--	--
Investment income for the sale of financial assets during the holding period	689,000.00	350,000.00
Total	460,908.32	388,717.57

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

Name of investee	Amount for the current period	Amount for the prior period	Reasons for changes
Shenzhen Ronghua JiDian Co.,ltd	57,988.93	38,717.57	Investee’s operating profit
Total	57,988.93	38,717.57	

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

Name of investee	Amount for the current period	Amount for the prior period	Reasons for changes
Shantou Small &Medium Enterprises Financing Guarantee Co., Ltd	689,000.00	350,000.00	Profit for the year
Total	689,000.00	350,000.00	

6.38 Non-operating income

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the period
Total gains on disposal of non-current assets	48,601.21	--	48,601.21
Including: Gains on disposal of fixed assets	48,601.21	--	48,601.21
Indemnity	451,338.91	795,492.54	451,338.91
Gains on penalty	5,394,358.79	--	5,394,358.79
Others	389,158.47	178,527.09	389,158.47
Total	6,283,457.38	974,019.63	6,283,457.38

Note: The amount for the current period 6,283,457.38 yuan increased 545.11% comparing with the prior period, mainly for the gain of execution lawsuit about Luofu Hill Travelling Corporation. Refer to Note 6.36 for the detail.

6.39 Non-operating expenses

Item	Amount for the current period	Amount for the prior period	Amount included in non-recurring profit or loss for the period
Total losses on disposal of non-current assets	64,104.90	65,371.34	64,104.90
Including: Losses on disposal of fixed assets	64,104.90	55,410.59	64,104.90
Donations to third parties	19,500.00	69,000.00	19,500.00
Penalty expense	6,409.33	548,033.70	6,409.33
Compensation expense	--	--	--
Others	102,123.58	69,875.91	102,123.58
Total	192,137.81	752,280.95	192,137.81

6.40 Income tax expenses

(1) Details of income tax expenses

Item	Amount for the current period	Amount for the prior period
Current tax expense calculated according to tax laws and relevant requirements	117,380,561.82	113,361,521.19
Adjustments to deferred tax	-3,584,569.65	-4,525,647.58
Total	113,795,992.17	108,835,873.61

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

Item	Incurred in the current year
Consolidated profit this year	425,291,742.27
Income tax calculated at legal or applicable tax rate	106,322,935.57
Impact of various tax rates applicable to subsidiaries	--
Adjustment of impact on the income tax in the previous period	1,563,647.65
Impact of non-taxable income	-186,747.23
Impact of non-deductible cost, expense and loss	800,189.21
Impact of deductible losses deferred income tax assets unconfirmed in the previous use period	
Impact of the deductible temporary differences or deductible loss of unconfirmed deferred tax assets of this year.	5,295,966.97
Changes of the deferred tax assets/liability caused by the adjustment of tax rate	--
Income taxes	113,795,992.17

6.41 Other comprehensive income

Note: Please refer to note 6.28.

6.42 Notes to items in the cash flow statements

(1) Other cash receipts relating to operating activities

Item	Amount for the current period	Amount for the prior period
Interest income	13,282,835.43	7,906,007.15
Cash pledge and security deposits	1,890,510.72	7,001,005.92
The collecting and paying on another's behalf	361,269.08	8,719,760.61
The execution lawsuit about Luofu Hill Travelling Corporation	18,000,000.00	--
Others	1,898,516.00	2,671,541.21
Total	35,433,131.23	26,298,314.89

(2) Other cash payments relating to operating activities

Item	Amount for the current period	Amount for the prior period
Cash paid to general and administrative expenses	35,692,123.58	17,633,788.35
Cash paid to operating expenses	18,057,698.88	42,462,419.13
Cash pledge and security deposits	11,264,315.56	5,209,609.78
The collecting and paying on another's behalf	9,551,944.61	9,844,225.31
Others	8,227,864.99	3,652,686.65
Total	82,793,947.62	78,802,729.22

Note: The amount "Cash paid to general and administrative expenses" for the current period 35,692,123.58 yuan increased 102.41% comparing with the prior period, mainly for the Intermediary fee caused by assets reorganization .Refer to Note 13 Other material facts for the detail.

The amount " Cash paid to operating expenses" for the current period 18,057,698.88 yuan decreased by 57.47% comparing with the prior period, mainly for the deduction of sales agency fees and commissions with the end of Real estate developed products sales in 2016.

(3)Other cash receipts relating to investment activities

Item	Amount for the current period	Amount for the prior period
Financial products of trust	1,000,000.00	--
Total	1,000,000.00	--

(4)Other cash payments relating to investment activities

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

(5)Other cash receipts relating to financing activities

Item	Amount for the current period	Amount for the prior period
Bank acceptance	--	2,837,400.00
The guarantee deposit	6,000,000.00	--
Total	6,000,000.00	2,837,400.00

(6)Other cash payment relating to financing activities

Item	Amount for the current period	Amount for the prior period
Total	290,033.83	--

6.43 Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Item	Amount for the current period	Amount for the prior period
I.Reconciliation of net profit to cash flows from operating activities:		
Net profit	311,495,750.10	301,069,066.78
Add：Provision for asset impairment	-4,800,000.00	8,602,560.16
Depreciation of fixed assets, bio-assets, and natural gas	28,061,955.66	28,567,239.32
Amortization of intangible assets	508,740.00	546,406.83
Amortization of long-term deferred expense	179,763.98	358,025.82
Losses on disposal of fixed assets, intangible assets and other long-term assets(deduct: gains)	15,503.69	53,099.82
Losses on scrapping of fixed assets (deduct: gains)	--	2,310.77
Loss of fair value variation (deduct: gains)	--	-

Item	Amount for the current period	Amount for the prior period
Financial expenses (deduct: gains)	368,031.07	40,288,060.66
Losses from investments (deduct: gains)	-460,908.32	-388,717.57
Decrease in deferred tax assets (deduct: increase)）	-3,584,569.66	-18,340,774.24
Increase in deferred tax liabilities (deduct: decrease)	--	-
Decrease in inventories (deduct: increase)	426,160,600.02	658,722,395.41
Decrease in operating receivables (deduct: increase)	46,820,571.35	28,540,820.59
Increase in operating payables (deduct: decrease)	-278,074,111.69	49,123,760.16
Others	--	--
Net cash flows from operating activities	526,691,326.20	1,097,144,254.51
II.Investing and financing activities that do not affect cash receipt and payment		
Liabilities converted capital	--	--
Reclassify convertible bonds to be expired within one year as current liability	--	--
Fixed assets subject to finance leases	--	--
III.Net increase in cash and cash equivalents:		
Cash at the end of the period	1,265,767,290.57	1,169,756,306.36
Less: cash at the beginning of the period	1,169,756,306.36	670,119,849.03
Add: cash equivalents at the end of the period	--	--
Less: cash equivalents at the beginning of the period	--	--
Net increase in cash and cash equivalents	96,010,984.21	499,636,457.33

(2)Information of cash and cash equivalents

Item	Amount for the current period	Amount for the prior period
I.Cash		
Including: Cash on hand	33,954.55	54,487.37
Bank deposits	1,265,733,336.02	1,169,701,818.99
Other monetary funds	--	--
Deposits with the central bank	--	--
Deposits made with other banks	--	--
Placements with banks	--	--
II.Cash equivalents	--	--
Including: Investments in debt securities due within three months	--	--
III.Closing balance of cash and cash equivalents	1,265,767,290.57	1,169,756,306.36

6.44 Ownership or use-right restricted assets

Categories of assets	Item	Closing balance	The reasons for restriction

Categories of assets	Item	Closing balance	The reasons for restriction
Monetary fund		290,033.83	Refer to note 6.1
Notes receivable		20,606,778.91	Short-term loan mortgaged
Accounts receivable		73,103,137.53	Short-term loan mortgaged
Investment property	Shenfang Square	64,969,223.83	Long-term loan mortgaged
Investment property	Petrel Building	52,223,202.52	Long-term loan mortgaged
Investment property	GuoShang North 2 floor	223,598,885.86	Long-term loan mortgaged
Total		434,791,262.48	

6.45 The items of foreign currency

(1) Details of items of foreign currency

Item	Balance of foreign currency at year end	Exchange rate	Balance of RMB converted
Monetary fund			
Including：USD	101,261.76	6.9370	702,452.83
HKD	10,242,662.99	0.8945	9,162,062.04
Other accounts receivable			
Including：USD	--	--	--
HKD	20,169,995.60	0.8945	18,042,061.06
Other accounts payable			
Including：USD	643,582.16	6.9370	4,464,529.44
HKD	15,918,034.59	0.8945	14,238,681.94

（2）Oversea operating entities

The Group’s significant oversea operating entities are American Great Wall Co., Ltd and Fresh Peak Investment Co., Ltd. American Great Wall Co., Ltd chooses the USD as the its functional currency, for its main operating activities are in the USA; Fresh Peak Investment Co., Ltd. chooses the RMB as its functional currency, for it is a investment company and its main operating activities are in the mainland of China.

Note 7 The changes of the scope of consolidation

There were no changes for the Group’s consolidation scope this year.

Note 8 Equities in other entities.

8.1 Equities in the subsidiaries

(1) The formation of the Group

Name of the subsidiary	Main operating area	Reg. place	Business nature	Shareholding proportion（%）		Method of acquiring
				Direct	Indirect	
Shenzhen Petrel Hotel Co. Ltd.	Shenzhen	Shenzhen	Services	68.10	31.90	Acquiring through establishment or investment
Shenzhen City Property Management Ltd.	Shenzhen	Shenzhen	Services	95.00	5.00	Acquiring through establishment or investment
Shenzhen Zhen Tung Engineering Ltd.	Shenzhen	Shenzhen	Services	73.00	27.00	Acquiring through establishment or investment
Shenzhen City We Gen Construction Management Ltd.	Shenzhen	Shenzhen	Services	75.00	25.00	Acquiring through establishment or investment
Shenzhen City Car Rental Ltd.	Shenzhen	Shenzhen	Services	55.00	45.00	Acquiring through establishment or investment
Shenzhen Shenfang Car Park Ltd.	Shenzhen	Shenzhen	Services	70.00	30.00	Acquiring through establishment or investment
Shenzhen City Shenfang Investment Ltd.	Shenzhen	Shenzhen	Investment	90.00	10.00	Acquiring through establishment or investment
Shenzhen City Shenfang Free Trade Trading Ltd.	Shenzhen	Shenzhen	Commecial trade	95.00	5.00	Acquiring through establishment or investment
Shenzhen City SPG Long Gang Development Ltd.	Shenzhen	Shenzhen	Real estate	95.00	5.00	Acquiring through establishment or investment
Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Property and Estate Co., Ltd.	Guangzhou	Guangzhou	Real estate	100	--	Acquiring through establishment or investment
Beijing fresh peak property development management limited company	Beijing	Beijing	Real estate	75.00	25.00	Acquiring through establishment or investment
Beijing SPG Property Management Limited	Beijing	Beijing	Services	10.00	90.00	Acquiring through establishment or investment
Shenzhen ShenWu Elebator Co.,Ltd	Shenzhen	Shenzhen	Services	--	100.00	Acquiring through establishment or investment
Shenzhen Lain Hua Industry and Trading Co. Ltd.	Shenzhen	Shenzhen	Services	95.00	5.00	Acquiring through establishment or investment

Name of the subsidiary	Main operating area	Reg. place	Business nature	Shareholding proportion（%）		Method of acquiring
				Direct	Indirect	
Fresh Peak Holding Ltd.	HongKong	HongKong	Investment and management	100.00	--	Acquiring through establishment or investment
Wellam Ltd.	HongKong	HongKong	Investment holding	100.00	--	Acquiring through establishment or investment
Shantou SEZ Wellam Fty Bldg., Dev. Co.	ShanTou	ShanTou	Real estate	--	100.00	Acquiring through establishment or investment
Shantou Huafeng Estate Dev.Co.	ShanTou	ShanTou	Real estate	100.00	--	Acquiring through establishment or investment
Great Wall Estate Co., Inc	USA	USA	Real estate	70.00	--	Acquiring through establishment or investment
Fresh Peak Holdings Ltd.	HongKong	HongKong	Investment and management	100.00	--	Acquiring through establishment or investment
Fresh Peak Investment Ltd.	HongKong	HongKong	nvestment	--	55.00	Acquiring through establishment or investment
Openice Ltd.	HongKong	HongKong	nvestment and nanagement	20.00	80.00	Acquiring through establishment or investment
Barenie Co. Ltd.	HongKong	HongKong	Investment	--	80.00	Acquiring through establishment or investment
Keyear Development Ltd.	HongKong	HongKong	nvestment	--	100.00	Acquiring through establishment or investment
Guangzhou Huangpu Xizun real estate limited company	GuangZhou	GuangZhou	Real estate	--	100.00	Acquiring through establishment or investment
Fresh Peak Real Estate Dev. Construction (Wuhan) Co. Ltd.*	WuHan	WuHan	Real estate	--	100.00	Acquiring through establishment or investment
Shantou Special Economic Zone Real Estate (Group) Songshan Property and Estate Co., Ltd.	Shantou	Shantou	Real estate	--	100.00	Subsidiary acquired through emerge under non-common control
Shenzhen Shenfang Department Store Co. Ltd.* ①	Shenzhen	Shenzhen	Commecial trade	95.00	5.00	Acquiring through establishment or investment

Name of the subsidiary	Main operating area	Reg. place	Business nature	Shareholding proportion（%）		Method of acquiring
				Direct	Indirect	
Shenzhen CyberPort Co., Ltd * ②	Shenzhen	Shenzhen	Consultant	70.00	--	Acquiring through establishment or investment
Shenzhen City SPG Bao An Development Ltd.* ③	Shenzhen	Shenzhen	Real estate	95.00	5.00	Acquiring through establishment or investment
Shenzhen Real Estate Consolidated Service Co., Ltd * ④	shenzhen	shenzhen	Integrated Services	100.00	--	Acquiring through establishment or investment
Shenzhen Shen Fang Industrial Development Co., Ltd.* ⑤	Shenzhen	Shenzhen	Investment	100.00	--	Acquiring through establishment or investment
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd.* ⑥	Shenzhen	Shenzhen	Services	100.00	--	Acquiring through establishment or investment
Bekaton Property Limited *⑦	Australia	Australia	Real estate	60.00	--	Acquiring through establishment or investment
Canada Great Wall (Vancouver) *⑦	Canada	Canada	Real estate	--	60.00	Acquiring through establishment or investment
Paklid Limited *⑦	HongKong	HongKong	Commecial trade	100.00	--	Acquiring through establishment or investment
Shenzhen City Shenfang Construction and Decoration Materials Ltd *⑧	Shenzhen	Shenzhen	Commecial trade	100.00	--	Acquiring through establishment or investment
Shenzhen ZhongGang Haiyan Enterprise Ltd. *⑨	Shenzhen	Shenzhen	Integrated Services	68.00	--	Acquiring through establishment or investment
Shenzhen Xing Dongfang Store Ltd.* ⑩	Shenzhen	Shenzhen	Commecial trade	100.00	--	Acquiring through establishment or investment
Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd *⑪	Guangdongfengkai	Guangdongfengkai	Manufacture	--	90.00	Acquiring through establishment or investment

*① Shenzhen Shenfang Department Store Co. Ltd

The shareholders meeting held on 29 October 2007 passed the resolution to terminate business, liquidation and formed a group to carry out the liquidation procedures. The liquidation group issued a notice of liquidation on 7 December 2007. According to the principle of "Enterprise Accounting

Standards No.33- the Consolidation Financial Statement", the Store will not be included in the Company's consolidated financial statement. The book value of the investment account of the Company is zero.

*② Shenzhen CyberPort Co., Ltd

The shareholders meeting held on 12 May 2008 passed the resolution to terminate business, liquidation and formed a group to carry out the liquidation procedures. The liquidation group issued a notice of liquidation on 5 December 2008. According to the principle of "Enterprise Accounting Standards No.33- the Consolidation Financial Statement", the corporation will not be included in the Company's consolidated financial statement. The book value of the investment account of the Company is zero.

*③ Shenzhen City SPG Bao An Development Ltd.

The shareholders meeting held on 18 September 2009 passed the resolution to terminate business, liquidation and formed a group to carry out the liquidation procedures. And the corporation had been completed business registration on 30 December 2016.

*④ Shenzhen Real Estate Consolidated Service Co., Ltd.

The operating period of this corporation is from 26 January 1983 to 28 August 1999. And this Company has ceased operations for many years. And the corporation had been terminated its licenses by law on 8 February 2002 because of failing to take part in annual inspection.

*⑤ Shenzhen Shen Fang Industrial Development Co., Ltd

The operating period of this corporation is from 3 October 1993 to 3 October 1998. And this Company has ceased operations for many years. And the corporation had been terminated its licenses by law on 8 February 2002 because of failing to take part in annual inspection.

*⑥ Shenzhen Tefa Real Estate Consolidated Service Co., Ltd

The operating period of this corporation is from 7 March 1983 to 10 April 1995. And this company has ceased operations for many years. And the corporation had been terminated its licenses by law in 2004 because of failing to take part in annual inspection.

*⑦ Bekaton Property Limited ,Canada Great Wall (Vancouver)and Paklid Limited

These 3 subsidiaries were set up overseas in early times. The board of directors passed a resolution to terminate the corporations' business on Dec.13, 2000.

*⑧ Shenzhen City Shenfang Construction and Decoration Materials Ltd

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

*⑨Shenzhen ZhongGang Haiyan Enterprise Ltd

The operating period of this corporation is from 16 October 1984 to 16 October 2004. And this company has ceased operations for many years. And the corporation had been terminated its licenses by law in 1999 because of failing to take part in annual inspection.

*⑩ Shenzhen Xin Dongfang Store Ltd

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

*⑪ Guangdong Province Fengkai Lian Feng Cement Manufacturing Co., Ltd

The total assets (including tangible and intangible assets) of the corporation were auctioned for debt repayment at 22 January 2006. The Company's investment in the company's book value is zero.

Except for *①, *②, *③, the above subsidiaries which are not included the company’s consolidated financial statement had ceased operations for many years. And the entities of the corporations didn’t exist. And the Company has no control over its subsidiaries’ businesses. According to the principle of “Enterprise Accounting Standards No.33- the Consolidation Financial Statement”, the corporation will not be included in the Company’s consolidated financial statement. The book value of the investment account of the Company is zero. The following are the details.

Investee	Accounting Method	Investment cost	Opening balance	Changes	Closing balance
Shenzhen Shen Fang Industrial Development Co., Ltd	Cost Method	4,500,000.00	4,500,000.00	--	4,500,000.00
Shenzhen ZhongGang Haiyan Enterprise Ltd	Cost Method	12,940,900.00	12,940,900.00	--	12,940,900.00
Shenzhen Real Estate Consolidated Service Co., Ltd	Cost Method	5,958,305.26	5,958,305.26	--	5,958,305.26
Paklid Limited	Cost Method	201,100.00	201,100.00	--	201,100.00
Bekaton Property Limited	Cost Method	906,630.00	906,630.00	--	906,630.00
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd	Cost Method	8,180,003.63	8,180,003.63	--	8,180,003.63
Shenzhen Xing Dongfang Store Ltd	Cost Method	18,500,000.00	18,500,000.00	--	18,500,000.00
Shenzhen City Shenfang Construction and Decoration Materials Ltd	Cost Method	2,680,000.00	2,680,000.00	--	2,680,000.00
Shenzhen Shenfang Department Store Co. Ltd	Cost Method	10,000,000.00	10,000,000.00	--	10,000,000.00
Shenzhen CyberPort Co., Ltd	Cost Method	14,000,000.00	7,613,507.96	--	7,613,507.96
Shenzhen City SPG Bao An Development Ltd	Cost Method	20,000,000.00	20,379,525.68	-20,379,525.68	--
Shantou Huafeng Building	Cost Method	68,731,560.43	58,547,652.25	--	58,547,652.25
Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd	Cost Method	121,265,000.00	56,228,381.64	--	56,228,381.64
Total		287,863,499.32	206,636,006.42	-20,379,525.68	186,256,480.74

(Continued)

Investee	Provision for impairment	Increased current year provision for impairment	Current year cash dividends	Remarks
Shenzhen Shen Fang Industrial Development Co., Ltd	4,500,000.00	--	--	
Shenzhen ZhongGang Haiyan Enterprise Ltd	12,940,900.00	--	--	
Shenzhen Real Estate Consolidated Service Co., Ltd	5,958,305.26	--	--	
Paklid Limited	201,100.00	--	--	
Bekaton Property Limited	906,630.00	--	--	

Investee	Provision for impairment	Increased current year provision for impairment	Current year cash dividends	Remarks
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd	8,180,003.63	--	--	
Shenzhen Xing Dongfang Store Ltd	18,500,000.00	--	--	
Shenzhen City Shenfang Construction and Decoration Materials Ltd	2,680,000.00	--	--	
Shenzhen Shenfang Department Store Co. Ltd	10,000,000.00	--	--	
Shenzhen CyberPort Co., Ltd	--	--	--	
Shenzhen City SPG Bao An Development Ltd	--	--	--	
Sahntou Huafeng Building	58,547,652.25	--	--	
Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd	56,228,381.64	--	--	
Total	178,642,972.78	--	--	

(2)Significant non-wholly owned subsidiary

Name of subsidiary	Minority interest share proportion (%)	Current year profit and loss attributable to minority interest shareholders	Current year dividends distributed to minority interest shareholders	Minority interest equity balance at the end of the year
Great Wall Estate Co., Inc	30.00	-60,583.85	--	-21,281,921.60
Fresh Peak Investment Ltd.	45.00	-7,652.07	--	-104,578,299.76
Barenie Co. Ltd.	20.00	-3,400.92	--	-2,033,351.86

(3) The main financial information of significant non-wholly owned subsidiary

Name fo subsidiary	Closing balance					
	Current assets	Non-current assets	Total Assets	Current liabilities	Non-current liabilities	Total liabilities
Great Wall Estate Co., Inc	689,285.57	19,166,598.03	19,855,883.60	107,367,974.19	--	107,367,974.19
Fresh Peak Investment Ltd.	220,030,112.41	24,793,206.35	244,823,318.76	254,709,762.07	--	254,709,762.07
Barenie Co. Ltd.	1,043.34	30,373,713.87	30,374,757.21	32,775,171.39	--	32,775,171.39

(Continued)

Name of subsidiary	Opening balance					
	Current assets	Non-current assets	Total Assets	Current liabilities	Non-current liabilities	Total liabilities
Great Wall Estate Co., Inc	841,643.94	17,890,114.20	18,731,758.14	100,217,332.12	--	100,217,332.12
Fresh Peak Investment Ltd.	220,030,060.27	24,793,206.35	244,823,266.62	254,694,603.78	--	254,694,603.78
Barenie Co. Ltd.	973.38	30,373,713.87	30,374,687.25	32,758,096.84	--	32,758,096.84

(Continued)

Name of subsidiary	Incurred in current year				Incurred in previous year			
	Operating income	Net profit	Total of comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total of comprehensive income	Cash flow from operating activities
Great Wall Estate Co., Inc	559,176.62	-201,946.18	--	-201,946.18	453,304.10	-153,716.45	--	-150,839.00
Fresh Peak Investment Ltd.	--	-15,106.15	--	--	--	-23,096.21	--	--
Barenie Co. Ltd.	--	-17,004.59	--	--	--	-21,329.13	--	--

8.2 Equities in joint ventures or associated enterprises

（1） Insignificant joint ventures or associated enterprises

Item	Closing balance/Incurred this year	Opening balance/Incurred last year
Joint ventures*①：		
Total investment book value	29,441,800.59	29,441,800.59
Totals of the following items calculated per respective shareholding proportion		
—Net profit	--	--
—Other comprehensive income	--	--
—Total comprehensive income	--	--
Associated enterprises*②：		
Total investment book value	295,252.56	295,252.56
Totals of the following items calculated per respective shareholding proportion		

Item	Closing balance/Incurred this year	Opening balance/Incurred last year
—Net profit	57,988.93	38,717.57
—Other comprehensive income	--	--
—Total comprehensive income	--	--

*① All of the Group’s joint ventures are insignificant. For details of the joint ventures, please refer to 6.10, including:

1) Guangdong province Huizhou Luofu Hill Mineral Water Co.,Ltd

The operting period of the company was form June 5, 1991 to June 4, 2001. And the company had ceased operations because of operating loss for many years. And the Company had been terminated its licenses by law at July 6, 2001 because it failed to pass the annual inspection. Besides, the corporation stopped preparing the financial statement. As of the end of the year, the book value of the investment account of the Company is zero. According to the joint venture agreement, the Company didn’t have the obligation to bear the additional loss.

2)Fengkai Xinghua Hotel

The FengKai XingHua Hotel was announced bankruptcy by the Guangdong Province Zhaoqing City second-middle intermediate Peoples’ court with the document (2002) ZHFJPZ No.2. And the corporation had finished the bankruptcy procedure. As of the end of the year, the book value of the investment account of the Company is zero. According to the joint venture agreement, the Company didn’t have the obligation to bear the additional loss.

3)Jiangmen Xinjian Real Estate Co. Ltd., Xi’an Fresh Peak Building Co. Ltd, DongYi Property Co., Ltd

The above corporations were the joint ventures set up with the local partners for the properties developing projects. Consider the projects had been stopped, and the joint ventures had closed operating activities for many years with no preparation of financial statements. Already the corresponding provision for the investment of these joint ventures was accrued. Refer to Note 6.10 for details.

*② All associated enterprises of the Group are insignificant. For details of associated enterprises, please refer to note 6.10, including:

1) Shenzhen Runhua Automobile Trading Co., Ltd

The operating period of this corporation was form Feb 24, 1992 to Feb 24, 1997, and it had ceased operations because of operating loss for many years. Besides, it had been terminated its licenses by law because it failed to pass the annual inspection and no financial statement was prepared afterwards. As the end of the year, the book value of the investment account of the company is zero. According to the associate agreement, the company didn’t have the obligation to bear the additional loss.

2) Shenzhen Dongfang New World Store Co., Ltd

The operating period of this corporation was from June 7, 1993 to June 7, 1998, and the company had ceased operations because of operating loss for many years. And the company had been terminated its licenses by law at Jan 10, 2001 because it failed to pass the annual inspection. Besides, the company stopped making the financial statement. At Dec 31, 2010, the book value of the investment account of the company is zero. According to the associate agreement, the company didn't have the obligation to bear the additional loss.

（2）The excess losses of the joint ventures or associated enterprises incurred.

Name of the joint ventures or associated enterprises	Accumulated unrecognized losses as of the end of last year	Unrecognized losses this year (or shared net profit this year)	Accumulated unrecognized losses as of the end of this year
Shenzhen Fresh Peak property consultant Co., Ltd	581,211.71	196,004.76	777,216.47

Note 9 The risk associated with financial instruments

The company's major financial instruments, including equity investments, loans, accounts receivable, accounts payable, etc., the detailed description of the financial instruments are shown in note six. The risks which associated with these financial instruments and the risk management policies adopted by the company to reduce these risks are described below. The management of the company is responsible for the management and monitoring of these exposures to ensure that these risks are in a limited amount of scope.

The company uses sensitivity analysis techniques to analyze the impact of reasonable and possible changes in the risk variables on current profit or loss or shareholder equity. As risk variables rarely occur in isolation, and affect the changes of correlation between these variables for a variable amount of risk will have a significant effect ultimately, so the content is on the assumption that the changes in each variable is in the condition of independence.

9.1Risk management objectives and policies

The aim that company engaged in the risk management is to achieve the right balance between risk and return. It reduce the negative impact on the risk of the company's operating performance to the lowest level and maximize shareholder interests and other interests of investors. The aim that risk management based on the basic strategy of cpmpany's risk management is to identify and analyze various risks faced by the company. Establishment of appropriate risk limits and risk management, as well as to monitor all kinds of risks that control it in a limited scope timely and reliably.

(1)Credit risk

The company's credit risk is mainly reflected in the uncollectible accounts receivable. In order to reduce credit risk, the company set up a team wresponsible for determining the credit limit, credit approval, and other monitoring procedures to ensure that the necessary measures to recover overdue debt. In addition, the company reviews the recovery of each individual account receivable on each balance sheet date to ensure that the uncollectible accounts are fully prepared. Therefore, the company's management believes that the company's credit risk has been greatly reduced.

The company's liquidity is deposited in a bank with a higher credit rating, so the liquidity of the credit risk is low.

(2)Liquidity risk

In the management of liquidity risk, the company maintains the concept of management that adequate cash and cash equivalents, monitoring it to meet the company's business needs and reducing the impact of cash flow fluctuations.

9.2The transfer of financial assets

Financial assets that have been transferred but not wholly terminated

Notes receivable, as of 31 December, 2016, has been discounted commercial acceptance of the maturity 20,606,778.91 yuan, the cash consideration of RMB 20,606,778.91 yuan. The bank have the right to require the company to pay off the outstanding balance if the commercial acceptance is not acceptable at maturity. Because the company still bear the main risk of the credit risk associated with the draft of these commercial acceptance bills receivable, the company continues to fully recognize the carrying amount of the notes receivable due to the transfer of payments received and will confirm it as pledge loan.

As of 31 December, 2016, the company declared factoring business 73,103,137.53 yuan to the bank in accounts receivable, got RMB 73,103,137.53 yuan of equal value. The bank have the right to recourse to the company's account if it fails to collect the corresponding account from the account receivable. Because the company still bear with these accounts receivable related credit risk, the company should continue to fully recognize the carrying amount of the accounts receivable due to the transfer of payments received and will confirm it as pledge loan.

Note 10 Related party relationships and transactions

10.1 Parent of the Company

Name of the parent	Related party relationship	Type of the entity	Place of incorporation	Legal representative	Business Nature
Shenzhen Investment Shareholding Co. Ltd	Parent of the Group	State-owned Enterprises	Guangdong province Shenzhen	Fan Mingchun	Investment, Real estate development, Guarantee

(Continued)

Name of the parent	Registered capital	Proportion of the Company's ownership interest held by the parent (%)	Proportion of the Company's voting power held by the parent (%)	Ultimate controlling party of the Company	Organization code
Shenzhen Investment Shareholding Co. Ltd	RMB 10.926 billion	63.55	63.55	State-owned assets management commitee	76756642-1

10.2 Subsidiaries of the Company

Please refer to Note 8.1.

10.3 Associates and joint ventures of the entity

Please refer to Note 8.2 –Equities in joint venture or associated enterprises

10.4 Other related parties of the Company

Name of other related party	Relationship between other related parties and the Company
Shenzhen Jian'an Group Co., Ltd.	The same controlling shareholders

10.5 Related party transactions

(1)Contracting with related parties

List of contracting item

Name of main contract issuing party	Name of contractor	Type of assets under contracting	Reception date of contracting	Expiration date of contracting	Basis of pricing of contracting income	Contracting income recognized in the current year
Shenzhen Jian'an Group Co., Ltd.	Shenzhen Zhen Tung Engineering Ltd	Construction	2012-6-1		Negotiations	3,183,798.67

List of outsourcing item

Name of main contract issuing party	Name of contractor	Type of assets under outsourcing	Reception date of contracting	Expiration date of contracting	Basis of pricing of contracting income	Contracting income recognized in the current year
Shenzhen City SPG Long Gang Development Ltd.	Shenzhen Jian'an Group Co., Ltd.	Construction	2015-9-16		Negotiations	90,678,261.74

（2）Guarantees with related parties

Guarantor	Guaranteed party	Guaranteed	Inception	Expiration	Whether execution of

		amount	date of guarantee	date of guarantee	guarantee has been completed
The Group	Shantou Hualin Estate Dev. Co.	130,000,000.00	2013.4.17	2016.4.16	No

The Company provided the maximum amount of guarantee for all the main contracts by its subsidiary, Shantou Hualin Estate Dev. Co and Bank of Communications (Shantou Guoxin Branch) from 17 April 2013 to 16 April 2016. The maximum amount of debt guaranteed by the Company is RMB 130,000,000.00.As of Dec.31,2016, the loans balance of Shantou Hualin Estate Dev. Co at the Bank is zero.

(3)Borrowing from related party

Item	Carrying amount	Reception date	Expiration date	Statement
Borrowing from:				
Shenzhen Investment Shareholding Co. Ltd	79,848,819.24	2006.11.9	2016.12.22	

Group owed Shenzhen Investment Shareholding Co.Ltd 16,535,277.94 yuan loan interest at the end of 2016.

(4) Compensation for key management personal

Item	Amount for the current period	Amount for the prior period
Total	6.7693 [million]	6.7755 [million]

10.6 Amounts due from / to related parties

(1) Amounts due from related party

Item	Closing balance		Opening balance	
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable				
Shenzhen Fresh Peak property consultant Co.,Ltd	1,203,374.10	--	1,137,877.25	--
Total	1,203,374.10	--	1,137,877.25	--
Other receivables				
Guangdong Province Huizhou Luofu Hill Mineral Water Co., Ltd	10,465,168.81	10,465,168.81	10,465,168.81	10,465,168.81
Shenzhen Runhua Automobile Trading Co., Ltd	3,072,764.42	3,072,764.42	3,072,764.42	3,072,764.42
Canada GreatWall（Vancouver）Co. ,Ltd	89,035,748.07	89,035,748.07	89,035,748.07	89,035,748.07
Bekaton Property Limited	12,559,290.58	12,559,290.58	12,559,290.58	12,559,290.58
Paklid Limited	19,299,472.87	19,299,472.87	18,816,702.93	18,816,702.93
Shenzhen Shenfang Department Store Co. Ltd.	237,648.82	189,179.82	237,648.82	189,179.82

Item	Closing balance		Opening balance	
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Shenzhen Real Estate Consolidated Service Co., Ltd.	1,086,487.22	927,136.22	1,086,487.22	927,136.22
Shenzhen City Shenfang Construction and Decoration Materials Ltd.	8,327,180.71	8,327,180.71	8,327,180.71	8,327,180.71
Shenzhen RongHua JiDian Co.,Ltd	475,223.46	--	475,223.46	--
Xi'an Fresh Peak property management& Trading Co.,Ltd	8,419,205.19	8,419,205.19	8,419,205.19	8,419,205.19
Total	152,978,190.15	152,295,146.69	152,495,420.21	151,812,376.75

(2) Amounts due to related party

Item	Closing balance	Opening balance
Accounts receivable		
Shenzhen Jian'an Group Co., Ltd.	18,245,923.04	--
Total	18,245,923.04	--
Other payables		
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd.	598,012.16	598,012.16
Shenzhen Shen Fang Industrial Development Co., Ltd	1,534,854.91	1,534,854.91
Shenzhen ZhongGang Haiyan Enterprise Ltd.	135,853.52	135,853.52
Shenzhen Dongfang New world store Co., Ltd	902,974.64	902,974.64
Shenzhen Xin Dongfang Store Ltd.	1,394,704.21	1,394,704.21
Guangdong Province Fengkai Lain Feng Cement Manufacturing Co., Ltd.	1,867,348.00	1,867,348.00
Shenzhen Cyber Port Co., Ltd	7,964,749.26	7,964,749.26
Shenzhen Shenfang Group BaoAn Developing Co.,Ltd	--	20,093,445.07
Shenzhen Investment Holding Co.,Ltd	--	28,848,819.24
Total	14,398,496.70	63,340,761.01
Interest payable:		
Shenzhen Investment Holding Co.,Ltd	16,535,277.94	16,535,277.94
Total	16,535,277.94	16,535,277.94

Note 11 Commitments and Contingencies

11.1 Significant commitments

（1）Capital commitment

Item	Amount for the current period	Amount for the prior period
Capital commitments that have been entered into but have not been recognized in the financial statements	--	--
- Significant outsourcing contracts	766,438,175.20	697,895,950.68
Total	766,438,175.20	697,895,950.68

（2）There is no any other commitment during this period.

11.2 Contingencies

(1)Contingencies arising from pending litigations or arbitrations and their financial effects

Xi’an project Lawsuit

Xi’an Fresh Peak Holding limited company (hereinafter referred to as “Fresh Peak Company”) was sino-foreign joint venture set up in Xi’an city. The shareholder of the Fresh Peak Company – Hongkong Fresh Peak Co., Ltd was the wholly owned subsidiary of the company. And the Hongkong Fresh Peak Co., Ltd contributed 84% of the Fresh Peak Company’s share- capital in cash. And Xi’an trade building which was the enterprise under the Xi’an Joint Commission on Commerce and Trade contributed 16% of the Fresh Peak Company’s share- capital with the land-use right. The core business was property development. And the project was Xi’an Trade Building. The project was started on 1995-11-28. But the project had been stopped in 1996 because of the two parties differences on the operating policy of the project.

In 1997, the Xi’an government withdrew the Xi'an Fresh Peak investment project compulsively and assigned the project to Xi’an Business Tourism Co., Ltd (hereinafter referred to as “Business Tourism Company”). But the two parties had insulted a lawsuit on compensation. The ShanXi Province High Peoples Court made a judgement “(2000) SJ-CZ No.25”. The judgement was as follows: 1. Business Tourism Company had to pay for the compensation Rmb 36,620 thousand to Xi’an Fresh Peak Company after the judgment entering into force. If the Business Tourism Company failed to pay in time, it had to pay double debt interests to Xi’an Fresh Peak Company. 2. Xi’an Joint Commission on Commerce had jointly and severally obligation of the interests of the compensation.

Untill 31 December 2011, the amount of RMB 15,201,000.00 had been called back. Because of Fresh Peak Company’s application, ShanXi Province High Peoples Court resumed the execution on September 5, 2011. Now the case is proceeding and there was no any new substantive progress in the reporting period.

As at 31 December 2016, the book value of the investment of Xi’an Fresh Peak Company was Rmb 12,166,897.84. The provision for investment was Rmb 20,673,831.77. The book balance of assets was Rmb 8,419,205.19 which has been taken full provision for impairment loss.

(2)Contingent liabilities arising from providing debt guarantees to other entities and their financial effects

① The company provided debt guarantees for its related parties, please refer to note 10.4（2）.

②The Company provided loan guarantees for purchaser of real estate. Up to Dec 31 2016, the amount and duration of the unsettled guarantee is as follows:

Items	Duration	Unsettled amount (ten thousand)
Shenfang Chuanqishan	From real estate license granted and mortgaged	429.00
Shenfang Shanglin Garden	From real estate license granted and mortgaged	372.00
Total		801.00

（3）Contingent liabilities Related to the equity joint venture or consortium investment

Refer to Note 8“Equities in other entities”.

Note 12 Events after Balance Sheet Date

On 29 March, 2017, the proposal of distributing the profit of 2016 was approved by the Group’s board of direct. The Group’s BOD decide to use the profit to make up the losses of previous years, without distributing the profit to shareholders and converting the capital surplus to capital. The proposal still need to be submitted to the Company's general meeting of stockholders for voting.

Note 13 Other material facts

On 14 September, 2016, the Group plan the reorganization of material assets.The Group announced it intended to buy 100% stock equity of Evergrande real estate group co., LTD by issue shares or cash payment on 14 October, 2016.Guangzhou chiron real estate co., LTD will become the controlling shareholder of the company after the acquisition

The reorganization of material assets still in process as scheduled by the financial report day.

Note 14 Notes to Items in the Financial Statements of the Company

14.1 Accounts receivable

(1) Accounts receivable by categories

Category	Closing balance				
	Carrying amount		Bad debt provision		Book Value
	Amount	(%)	Amount	(%)	
Accounts receivable of which provision for bad debts is of individually significant	--	--	--	--	--
Accounts receivable of which provision for bad debts is of individually insignificant	14,295,945.00	100.00	6,968,694.02	48.75	7,327,250.98

Category	Closing balance				
	Carrying amount		Bad debt provision		Book Value
	Amount	(%)	Amount	(%)	
Total	14,295,945.00	100.00	6,968,694.02	48.75	7,327,250.98

(Continued)

Category	Closing balance				
	Carrying amount		Bad debt provision		Book Value
	Amount	(%)	Amount	(%)	
Accounts receivable of which provision for bad debts is of individually significant	--	--	--	--	--
Accounts receivable of which provision for bad debts is of individually insignificant	16,381,369.25	100.00	6,968,694.02	42.54	9,412,675.23
Total	16,381,369.25	100.00	6,968,694.02	42.54	9,412,675.23

①Bad debt provision of accounts receivable which is of individually significant

Content of accounts receivable	Carrying amount	Amount of bad debt	Proportion of provision	Reasons for the provision
House pay to be collected	11,342,397.44	6,968,694.02	61.44%	A separate provision is established according to the recoverability of each receivable with long aging and little retrievability.
Rental to be collected	2,953,547.56	--	--	
Total	14,295,945.00	6,968,694.02	—	

② Accounts receivable by aging balance

Item	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)
Within 1 year	2,707,446.31	18.94	5,573,731.28	34.02
1-2 years	780,860.72	5.46	34,336.05	0.21
2-3 years	34,336.05	0.24	--	--
Over 3 years	10,773,301.92	75.36	10,773,301.92	65.77
Total	14,295,945.00	100.00	16,381,369.25	100.00

(2) There were no any account receivables that had been fully or at a great proportion rate accrued for bad debt but had been fully collected or reversed back in the current period.

(3) There were no any significant accounts receivables written off in the current period.

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

Name of entity	Relationship with the Group	Amount	Age	Proportion of the amount to the total AR (%)	Bad debt provision
Corporation No.1	Related party	2,949,921.56	Within 1year	20.63	--
Corporation No.2	Un-related party	2,033,869.29	Within 1year	14.23	--
Individual No.1	Un-related party	1,200,000.00	Over 5year	8.39	1,200,000.00
Corporation No.3	Related party	1,203,374.10	Within 1year	8.42	--
Individual No.2	Un-related party	876,864.11	Over 5year	6.13	876,864.11
Total		8,264,029.06		57.80	2,076,864.11

(8) Receivables due from related parties

Name of entity	Relationship with the Group	Amount	（%）of receivables
Shenzhen Fresh Peak property consultant Co.,Ltd	Associate	1,203,374.10	8.42
Shenzhen Petrol Hotel Co., Ltd	Related party	2,949,921.56	20.63
Total		4,153,295.66	29.05

(9)There were no any account receivables which had been derecognized.

14.2 Other receivables

(1) Other receivables by categories

Category	Closing balance				
	Carrying amount		Bad debt provision		Book Value
	Amount	(%)	Amount	(%)	
Accounts receivable of which provision for bad debts is of individually significant	1,622,454,224.30	98.23	794,718,692.30	48.98	827,735,532.00
Accounts receivable of which provision for bad debts is of individually insignificant	29,202,075.01	1.77	12,787,916.94	43.79	16,414,158.07
Total	1,651,656,299.31	100.00	807,506,609.24	48.89	844,149,690.07

(Continued)

Category	Closing balance				
	Carrying amount		Bad debt provision		Book Value
	Amount	(%)	Amount	(%)	
Accounts receivable of which provision for bad debts is of individually significant	1,473,146,864.58	98.55	802,518,692.30	54.48	670,628,172.28
Accounts receivable of which provision for bad debts is of individually insignificant	21,628,190.82	1.45	9,787,916.94	45.26	11,840,273.88
Total	1,494,775,055.40	100	812,306,609.24	54.34	682,468,446.16

①Bad debt provision of accounts receivable which is of individually significant

Content of accounts receivable	Carrying amount	Amount of bad debt	Proportion of provision	Reasons for the provision
Other receivables between subsidiaries that are included in consolidated statement	1,485,530,343.35	658,127,505.34	44.30	A separate provision is established according to the recoverability of each receivables with long aging and little retrievability
Other receivables between subsidiaries that are not included in consolidated statement	120,994,319.55	120,994,319.55	100.00	
Others	15,929,561.40	15,596,867.41	97.91	
Total	1,622,454,224.30	794,718,692.30	—	

②Bad debt provision of other receivables which is of individually insignificant

Content of other receivables	Carrying amount	Amount of bad debt	Proportion of provision	Reasons for the provision
Other receivables between subsidiaries that are included in consolidated statement	13,100,497.07	--	--	A separate provision is established according to the recoverability of each receivable with long aging and little retrievability
Other receivables between subsidiaries that are not included in consolidated statement	1,324,136.04	1,116,316.04	84.31	
Others	14,777,441.90	11,671,600.90	78.98	
Total	29,202,075.01	12,787,916.94	—	

③Other receivables by aging balance

Item	Closing balance		Opening balance	
	Amount	(%)	Amount	(%)
Within 1 year	312,968,724.80	18.95	145,341,611.20	9.72
1-2 years	132,387,869.97	8.02	405,973,492.62	27.16
2-3 years	265,810,752.96	16.09	18,868,896.02	1.26
Over 3 years	940,488,951.58	56.94	924,591,055.56	61.86
Total	1,651,656,299.31	100.00	1,494,775,055.40	100.00

(3) Other receivables had been fully collected or reversed back during the current period.

RMB 4,800,000.00 other receivables had been fully collected or reversed back during the current period.

Name of entity	Name of entity	Method
Luofu Hill Travelling Corporation	4,800,000.00	Lawsuit
Total	4,800,000.00	

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

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

Name of Entity	Relationship with the Group	Amount	Age	Proportion of the amount to the total OR (%)（%）	Bad debt provision
Fresh Peak Enterprise Co., Ltd	Subsidiary	9,689,866.22	Within 1 year	32.28	508,377,320.74
		7,993,662.28	1-2 years		
		918,538.43	2-3 years		
		514,476,945.20	Over 3years		
Shantou Huafeng Estate Development Co., Ltd	Subsidiary	170,323,464.83	Within 1 year	30.12	--
		43,722,391.26	1-2 years		
		23,384,385.37	2-3 years		
		260,000,000.00	Over 3years		
Shenzhen ShenFang Group LongGang Development Co., Ltd	Subsidiary	133,091,686.52	Within 1 year	12.30	--
		70,000,000.00	1-2 years		
American Great Wall Co., Ltd	Subsidiary	101,379,954.81	Over 3 years	6.14	101,379,954.81
Canada Great Wall(Vancouver) Co., Ltd	Subsidiary	2,184,455.92	Within 1 year	5.47	--
		2,054,534.17	1-2 years		--
		86,051,073.24	Over 3 years		--
Total		1,425,270,958.25		86.29	609,757,275.55

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

14.3 Long-term equity investments

(1) Long-term equity investments by types

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	418,984,380.71	121,914,591.14	297,069,789.57	437,984,380.71	121,914,591.14	316,069,789.57
Investment in	22,339,010.73	21,947,051.67	391,959.06	22,281,021.80	21,947,051.67	333,970.13

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
associates and joint ventures						
Total	441,323,391.44	143,861,642.81	297,461,748.63	460,265,402.51	143,861,642.81	316,403,759.70

(2)investment in subsidiaries

Name of investee	Opening balance	Curr. year Increase	Curr. year decrease	Closing balance	Curr. year impairment provision	Closing balance of impairment provision
Shenzhen City Property Management Ltd.	12,821,791.52	--	--	12,821,791.52	--	--
Shenzhen Petrel Hotel Co. Ltd.	20,605,047.50	--	--	20,605,047.50	--	--
Shenzhen City Shenfang Investment Ltd.	9,000,000.00	--	--	9,000,000.00	--	--
Fresh Peak Enterprise Ltd.	556,500.00	--	--	556,500.00	--	--
Fresh Peak Zhiye Co., Ltd.	22,717,697.73	--	--	22,717,697.73	--	--
Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Property and Estate Co., Ltd.	20,000,000.00	--	--	20,000,000.00	--	--
Shenzhen Zhen Tung Engineering Ltd	11,332,321.45	--	--	11,332,321.45	--	--
American Great Wall Co., Ltd	1,435,802.00	--	--	1,435,802.00	--	--
Shenzhen City Shenfang Free Trade Trading Ltd.	4,750,000.00	--	--	4,750,000.00	--	--
Shenzhen City Hua Zhan Construction Management Ltd.	6,000,000.00	--	--	6,000,000.00	--	--
Shenzhen City Car Rental Ltd.	6,495,225.00	--	--	6,495,225.00	--	--
QiLu Co.,Ltd	212,280.00	--	--	212,280.00	--	--
Beijing Shenfang Property Management Co., Ltd.	500,000.00	--	--	500,000.00	--	--
Shenzhen Lain Hua Industry and Trading Co., Ltd.	13,458,217.05	--	--	13,458,217.05	--	--
Shenzhen City SPG Long Gang Development Ltd.	30,850,000.00	--	--	30,850,000.00	--	--
Beijing Fresh Peak Property Development Management Limited Company	64,183,888.90	--	--	64,183,888.90	--	--
Shenzhen Shenfang Car Park Ltd.	29,750,000.00	--	--	29,750,000.00	--	--

Name of investee	Opening balance	Curr. year Increase	Curr. year decrease	Closing balance	Curr. year impairment provision	Closing balance of impairment provision
Shantou City Huafeng Real Estate Devepment Co., Ltd	30,000,000.00	--	--	30,000,000.00	--	--
Shenzhen Shen Fang Industrial Development Co., Ltd	4,500,000.00	--	--	4,500,000.00	--	4,500,000.00
Shenzhen ZhongGang Haiyan Enterprise Ltd.	12,940,900.00	--	--	12,940,900.00	--	12,940,900.00
Shenzhen Real Estate Consolidated Service Co., Ltd.	5,958,305.26	--	--	5,958,305.26	--	5,958,305.26
Paklid Limited	201,100.00	--	--	201,100.00	--	201,100.00
Bekaton Property Limited	906,630.00	--	--	906,630.00	--	906,630.00
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd.	8,180,003.63	--	--	8,180,003.63	--	8,180,003.63
Shenzhen Xin Dongfang Store Ltd.	18,500,000.00	--	--	18,500,000.00	--	18,500,000.00
Shenzhen City Shenfang Construction and Decoration Materials Ltd.	2,680,000.00	--	--	2,680,000.00	--	2,680,000.00
Shenzhen Shenfang Department Store Co. Ltd.	9,500,000.00	--	--	9,500,000.00	--	9,500,000.00
Shenzhen CyberPort Co., Ltd	12,401,018.42	--	--	12,401,018.42	--	--
ShenZhen ShenFang BaoAn Development Co., Ltd	19,000,000.00	--	19,000,000.00	--	--	--
Shantou Fresh Peak Building	58,547,652.25	--	--	58,547,652.25	--	58,547,652.25
Total	437,984,380.71	--	19,000,000.00	418,984,380.71	--	121,914,591.14

(3)Investment in associates and joint ventures

Name of investee	Opening balance	Changes in this period				
		Add investment	Reduce investment	Investment income under equity method	Adjustments of other comprehensive income	Changes of other equity
I.Joint ventures						
Guangdong Huizhou Luofu Hill Mineral Water Co., Ltd	9,969,206.09	--	--	--	--	--
Fengkai Xinghua Hotel	9,455,465.38	--	--	--	--	--
Subtotal	19,424,671.47	--	--	--	--	--
II.Associates						
Shenzhen Runhua Automobile Trading Co., Ltd	1,445,425.56	--	--	--	--	--
Shenzhen Ronghua Jidian Co., Ltd	1,410,924.77	--	--	57,988.93	--	--
Subtotal	2,856,350.33	--	--	57,988.93	--	--
Total	22,281,021.80	--	--	57,988.93	--	--

(Continued)

Name of investee	Changes in this period			Closing balance	Closing balance of impairment provision
	Cash dividend or profit declared	Provision for impairment	Others		
I.Joint ventures					
Guangdong Huizhou Luofu Hill Mineral Water Co., Ltd	--	--	--	9,969,206.09	9,969,206.09
Fengkai Xinghua Hotel	--	--	--	9,455,465.38	9,455,465.38
Subtotal	--	--	--	19,424,671.47	19,424,671.47
II.Associates					
Shenzhen Runhua Automobile Trading Co., Ltd	--	--	--	1,445,425.56	1,445,425.56
Shenzhen Ronghua Jidian Co., Ltd	--	--	--	1,468,913.70	1,076,954.64
Subtotal	--	--	--	2,914,339.26	2,522,380.2
Total	--	--	--	22,339,010.73	21,947,051.67

14.4 Operating income and costs

(1) Operating income and operating costs

Item	Amount for the current period	Amount for the prior period
Principal operating income	783,971,293.73	1,056,257,548.27
Other operating income	248,247.63	709,165.69
Total of operating income	784,219,541.36	1,056,966,713.96
Principal operating costs	446,959,866.02	568,667,535.09
Other operating costs	--	--
Total of operating costs	446,959,866.02	568,667,535.09

(2)Principal operating activities (classified by industries)

Name of industry	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Real estate	721,290,074.94	424,079,509.01	988,757,763.00	546,260,030.84
Leasing	62,681,218.79	22,880,357.01	67,499,785.27	22,407,504.25
Total	783,971,293.73	446,959,866.02	1,056,257,548.27	568,667,535.09

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

Name of geographical area	Amount for the current period		Amount for the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Shenzhen	783,971,293.73	446,959,866.02	1,056,257,548.27	568,667,535.09
Total	783,971,293.73	446,959,866.02	1,056,257,548.27	568,667,535.09

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

Name of customers	Amount for the current period	
	Operating income	Proportion to total operating income of the Company (%)
Corporation No.1	36,121,765.71	4.61
Individual No.1	17,090,833.33	2.18
Individual No.2	16,847,438.10	2.15
Individual No.3	16,244,001.90	2.07
Individual No.4	14,674,710.00	1.87
Total	100,978,749.04	12.88

(Continued)

Name of customers	Amount for the prior period	
	Operating income	Proportion to total operating income of the Company (%)
Individual No.1	165,000,000.00	15.62
Individual No.2	12,845,576.00	1.22
Individual No.3	10,147,591.00	0.96
Individual No.4	10,147,591.00	0.96
Individual No.5	10,725,034.00	1.02
Total	208,865,792.00	19.78

14.5 Investment income

(1) Details of investment income

Item	Amount for the current period	Amount for the prior period
Investment income from available-for-sale financial assets during the holding period	689,000.00	350,000.00
Investment income from long-term equity investment	57,988.93	162,860,586.51
Including：Investment income from investee's dividend distributed	--	162,821,868.94
Investment income from long-term investments under equity method	57,988.93	38,717.57
Total	746,988.93	163,210,586.51

Note15. Supplementary Materials

15.1 Breakdown non-recurring profit or loss

Items	Amount for the current period	Statement
Profit or loss on disposal of non-current assets	-301,584.30	--
Tax refunds or reductions with ultra vires approval or without official approval documents	--	--
Government grants recognized in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	--	--
Income earned from lending funds to non-financial institutions and recognized in profit or loss	--	--
The excess of attributable fair value of identifiable net assets over the consideration paid for the acquisition of subsidiaries, associates and joint ventures	--	--
Profit or loss on exchange of non-monetary assets	--	--
Profit or loss on entrusted investments or assets management	--	--
Impairment losses on assets due to force majeure events, e.g, natural disasters	--	--
Profit or loss on debt restructuring	--	--
Entity restructuring expenses, e.g., expenditure for layoff of employees, integration expenses, etc.	--	--
Profit or loss attributable to the evidently unfair portion of transaction price, being transacted price in excess of fair transaction price, of a transaction	--	--
Net profit or loss of subsidiaries from the beginning of the period up to the business combination date recognized as a result of business combination of enterprises under common control	--	--
Profit or loss arising from contingencies other than those related to normal operating business	5,393,358.79	--
Profit or loss on changes in the fair value of held-for-trade financial assets, and held-for-trade financial liabilities and financial	--	--

Items	Amount for the current period	Statement
assets available-for-sale, other than those used in the effective hedging activities relating to normal operating business		
Reversal of provision for account receivables that are tested for impairment losses individually	4,800,000.00	--
Profit or loss on entrusted loans	--	--
Profit or loss on changes in the fair value of investment properties that are subsequently measured using the fair value model	--	--
Effects on profit or loss of one-off adjustment to profit or loss for the period according to the period requirements of tax laws and accounting laws and regulations	--	--
Custodian fees earned from entrusted operation	--	--
Other non-operating income or expenses other than the above	713,464.47	--
Other profit or loss that meets the definition of non-recurring profit or loss	--	--
Subtotal	10,605,238.96	--
Tax effects	2,651,309.74	--
Effects attributable to minority interests (after tax)	--	--
Total	7,953,929.22	--

Note：”+” means income or gain and “-” means loss or expense

The Group defines items as non-recurring profit or loss items according to “Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No.1---Non-recurring Profit or Loss”(CSRC No.[2008]43)

15.2 Return rate of net assets and earning per share

Profit the in the reporting year	Weighted return rate of net assets(%)	Earning per share (yuan / stock)（元/股）	
		Basic EPS	Diluted EPS
Net profit attributable to common stockholders	12.53	0.3080	0.3080
Less： Net profit attributable to common stockholders after deducting non-recurring losses	12.21	0.3001	0.3001

15.3Differences between amounts prepared under foreign accounting standards and China Accounting Standards (CAS)

Differences in the net profit and net assets between those disclosed in the financial statements in compliance with International / Hongkong Finance Reporting Standards and CAS

	Net profit attributable to shareholders of listed companies t		Net assets attributable to shareholders of listed companies	
	Amount for the current period	Amount for the prior period	Amount for the current period	Amount for the prior period
In accordance with CASs	311,567,386.94	301,129,840.84	2,643,860,443.09	2,331,704,116.06
In accordance with IFRS	311,567,386.94	301,129,840.84	2,643,860,443.09	2,331,704,116.06

Section XII Documents Available for Reference

1. The financial statements signed and sealed by the legal representative, the accounting head for this Report and the head of the accounting department;

2. The original Auditor's Report signed and sealed by the CPAs, as well as sealed by the CPAs firm; and

3. The originals of all the Company's documents and announcements which were disclosed on Securities Time, China Securities Journal and Ta Kung Pao (HK) during this Reporting Period.