

Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd. Abstract of the Semi-Annual Report 2012

The Board of Directors, the Supervisory Committee, directors, supervisors and senior executives of Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd. (hereinafter referred to as "the Company") warrant that there are no omissions, fictitious or seriously misleading statements carried in this report and will take all responsibilities, individual and joint, for the authenticity, accuracy and integrality of the whole contents of this report.

All directors attended the board session for reviewing this report The semi-annual financial report of the Company has not been audited by a CPA

Zhou Jianguo, Principal of the Company, Chen Maozheng, Person-in-charge of the ounting work, and Tang Xiaoping, Person-in-charge of the accounting organ (Person-in-charge of Accounting) hereby declare that the financial report enclosed in this report is authentic and integrated.

English Translation for Reference Only. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

II. Company Profile

(I) Basic information		
A-share abbreviation	SSFA	
A-share code	000029	
Stock exchange listed with	Shenzhen Stock Exchange	
	Company Secretary	Securities Affairs Representative
Name	Chen Ji	Luo Yi
Contact address	47/F, SPG Plaza, No.3005 Ren- min South Road, Shenzhen	47/F, SPG Plaza, No.3005 Ren- min South Road, Shenzhen
Tel.	(0755) 82293000-4718	(0755) 82293000-4715
Fax	(0755) 82294024	(0755) 82294024
E-mail	spg@163.net	spg@163.net

(II) Financial highlights

1. Major accounting data and financial indexes

Any retrospective adjustment in previous financial statements?

☐ Yes √ No			
	30 Jun. 2012	31 Dec. 2011	Increase/decrease (%)
Total assets (RMB Yuan)	3,272,631,866.84	3,236,127,046.06	1.13%
Owners' equity attributable to shareholders of the Com- pany (RMB Yuan)	1,568,635,529.01	1,528,596,536.13	2.62%
Share capital (share)	1,011,660,000.00	1,011,660,000.00	0%
Net assets per share attributable to shareholders of the Company (RMB Yuan/share)	1.551	1.511	2.65%
Liability/asset ratio (%)	55.99%	56.73%	-0.74%
	JanJun. 2012	JanJun. 2011	Increase/decrease (%)
Gross operating revenues (RMB Yuan)	447,364,203.07	553,919,803.97	-19.24%
Operating profit (RMB Yuan)	53,275,854.82	81,876,583.09	-34.93%
Total profit (RMB Yuan)	53,290,258.39	82,830,990.51	-35.66%
Net profit attributable to shareholders of the Company (RMB Yuan)	40,084,098.09	64,300,859.86	-37.66%
Net profit attributable to shareholders of the Company after deducting non -recurring gains and losses (RMB Yuan)	40,066,125.89	63,360,695.70	-36.77%
Basic EPS (RMB Yuan/share)	0.0396	0.0636	-37.74%
Diluted EPS (RMB Yuan/share)	0.0396	0.0636	-37.74%
Weighted average ROE (%)	2.59%	4.4%	-1.81%
Weighted average ROE after deducting non -recurring gains and losses (%)	2.59%	4.34%	-1.75%
Net cash flow from operating activities (RMB Yuan)	-116,313,872.03	84,323,901.31	-237.94%
Net cash flow per share from operating activities (RMB Yuan/share)	-0.115	0.0834	-237.89%

Notes to major accounting data and financial indexes before the end of the reporting period (Please give notes if there is any retrospective adjustment)

ting period, the Company achieved a total profit of RMB 53.29 million, down 35.66% from a year earlier; and a net profit attributable to shareholders of the Company of RMB 40.08 million, down 37.66% over the same period of last year. The decreased operating revenue led to a decrease of the gross profit and the

Business results for the first half of 2012 and the year-on-year changes:						
			Unit: RMB Yuan			
Item	JanJun. 2012	JanJun. 2011	Increase/decrease (%)			
Operating revenue	447,364,203.07	553,919,803.97	-19.24			
Operating cost	310,482,609.12	381,699,513.43	-18.66			
Business taxes and surtaxes	44,716,083.71	49,318,473.28	-9.33			
Selling expense	6,256,376.23	4,223,578.62	48.13			
Administrative expense	29,263,423.18	31,177,179.75	-6.14			
Financial expense	3,419,856.01	5,710,554.08	-40.11			
Period expense	38,939,655.42	41,111,312.45	-5.28			
Asset impairment loss						
Gains on fair value changes		25,479.05				
Investment gains	50,000.00	60,599.23	-17.49%			
Operating profit	53,275,854.82	81,876,583.09	-34.93%			
Non-business income	62,961.84	1,138,021.01	-94.47%			
Non-business expense	48,558.27	183,613.59	-73.55%			
Total profit	53,290,258.39	82,830,990.51	-35.66%			
Income tax expense	13,182,343.19	18,548,556.91	-28.93%			
Net profit	40,107,915.20	64,282,433.60	-37.61%			
Net profit attributable to owners of the Company	40,084,098.09	64,300,859.86	-37.66%			

- A. The Company achieved operating revenue of RMB 447.36 million, down 19.24% over the same period of last year; and an overall gross profit rate of 30.60%, down 49 basic points on a year-on-year basis.
- B. The period expense for the reporting period was RMB 38.94 million, down 5.28% over the same period of last year, of which:
- a. The selling expense was RMB 6.26 million, up 48.13% on a year-on-year ba-
- sis, which was mainly due to the increased advertising cost. b. The administrative expense was RMB 29.26 million, down 6.14% over the same
- period of last year, which was mainly because other cash expenses decreased. c. The financial expense was RMB 3.42 million, down 40.11% over the same period of last year, which was mainly because more interest on the borrowings for
- real estate projects was capitalized. C. The operating profit was RMB 53.28 million, down 34.93% from a year earlier,
- which was mainly because the operating revenue decreased 106.56 million and the gross profit decreased 35.34 million on a year-on-year basis. D. Non-business income and expense both decreased over the same period of last year, which was mainly due to the decrease in the net earnings on non-current asset disposal and the liquidated damage income on house payments receivable

E. Net cash flows of operating activities was RMB -116.31 million, down 237.94% over the same period of last year, which was mainly because the cash received from selling goods and rending of services decreased 22.09%. The cash paid for goods and services increased 19.40% over the same period of last year, which was because the Company paid for projects in progress during the period. And the net cash flows of financing activities increased 110.49% on a year-on-year basis, which was mainly due to the new bank borrowings granted during the reporting period. 2. Items of non-recurring gains and losses

√Applicable □Inapplicable

Items	JanJun. 2012 (RMB Yuan)	Notes
Gains and losses on disposal of non-current assets	14,692.90	
Tax rebate, reduction or exemption due to un-authorized approval or the lack of formal approval documents		
Government grants recognized in the current year, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the country's unified standards		
Capital occupation fees received from non-financial enterprises that are included in current gains and losses		
Gains generated when the investment costs of the Company's acquiring subsidiaries, associates and joint ventures are less than the fair value of identifiable net assets in the investees attributable to the Company in the acquisition of the investments		
Exchange gains and losses of non-monetary assets		
Gains and losses through entrusting others to invest or manage assets		
Various asset impairment provisions due to acts of God such as natural disasters		
Gains and losses on debt restructuring		
Enterprise reorganization expenses, such as expenses on employ- ee settlement and integration		
Gains and losses on the parts exceeding the fair value when prices of transactions become unfair		
Net current gains and losses from the period-begin to the combi- nation date of subsidiaries due to business combinations under the same control		
Gains and losses on contingent matters which are irrelevant to the normal operation of the Company		
Gains and losses on fair value changes of transactional financial assets and liabilities, and investment gains on disposal of transactional financial assets and liabilities and available-for-sale financial assets, except for the effective hedging business related to the Company's normal operation		
Reversal of impairment provisions for accounts receivable which are separately tested for impairment signs		
Gains and losses on entrustment loans from external parties		
Gains and losses on fair value changes of investing properties for which the fair value method is adopted for subsequent measure- ment		
Current gain and loss effect due to a just-for-once adjustment to current gains and losses according to requirements of taxation and accounting laws and regulations		
Custodian fee income from entrusted operations with the Company		
Other non-operating incomes and expenses besides the items above $% \begin{center} \end{center} \begin{center} \end{center}$	-289.33	
Other gain and loss items that meet the definition of non-recurring gains and losses		
Minority interests effects		
Income tax effects	3,568.63	
Total	17,972.20	

- ing to the international and Chinese accounting standards respectively
- \square Applicable \vee Inapplicable 4. Net profit and net asset differences between financial reports disclosed accord-
- ing to the overseas and Chinese accounting standards respectively □Applicable √Inapplicable
- III. Changes in Share Capital and Particulars about Shareholders (I) Changes in share capital

 ☐Applicable

 ✓Inapplicable

able shares

- Shares held by the top ten holders of tradable shares/shares not subject to Shares held by the top ten shareholders and the top ten shareholders holding trad-

ares held by the top ten sh ing rcentage Status of Number of shares shares (%) SHENZHEN INVESTMENT State -ov 63.5475% 642,884,26 HOLDINGS CO., LTD 0.1582% 1,600,00 JING JIANJUN GUOTAI JUNAN SECURITIES Foreign corp 0.1524% 1,541,850 0.1083% 1,095,808 ural person WU HAOYUAN 1,092,100 0.108% XUE HAOYUAN 894,956 0.0885% ural person PENG QIONGHUI 879,499 AGRICULTURAL BANK OF CHINA -CHINA SOUTHER 0.0869%

CHINA SECURITIES 500 IN- DEX FUND	corporation	0.011170	702,010			
XU TAIYING	Domestic nat- ural person	0.0771%	780,000	0		
ZHANG RUI	Domestic nat- ural person	0.0722%	730,700	0		
Particulars about shares held by	the top ten sha	reholders ho	olding tradable	shares		
Name of sharehold	ler		of tradable	//	d number o	
		share	s held	Type	Nur	nber
SHENZHEN INVESTMENT HOLDINGS CO., LTD		642,884,262		A-share	6	42,884,262
JING JIANJUN			1,600,000	A-share		1,600,000
GUOTAI JUNAN (HONGKONG) LIMITED	SECURITIES		1,541,850	B-share		1,541,850
WANG ZHONGMING			1,095,808	B-share		1,095,808
WU HAOYUAN			1,092,100	B-share		1,092,100
XUE HAOYUAN			894,956	A-share		894,956
PENG QIONGHUI			879,499	A-share		879,499
AGRICULTURAL BANK OF CHINA -CHINA SOUTHERN CHINA SECURITIES 500 INDEX FUND			782,619	A-share		782,619
XU TAIYING		780,000	A-share		780,000	
ZHANG RUI			730,700	A-share		730,700
Explanation on associated rela	tionship or/and					

(III) Change of the controlling

☐Applicable

✓Inapplicable shareholder and the actual controller

IV. Particulars about Directors, Supervisors and Senior Management

persons acting in concert among the above – Unknown

(1) Shareho	(1) Shareholding changes of directors, supervisors and senior management								
		Number of	Number of	Number of	Number		Number of		
		shares	shares	shares		number of	stock	Reason	
Name	Office title		increased in		held at		options held		
		period-	reporting	in reporting	period-	shares	at period-	change	
		begin	period	period	end	held	end		
Zhou Jianguo	Chairman	0	0	0	0	0	0	-	
Chen Maozheng	GM; Director	0	0	0	0	0	0	-	
Zhuang Quan	Supervisor	0	0	0	0	0	0	-	
Deng Kangcheng	Director	0	0	0	0	0	0	-	
Wen Li	Director	0	0	0	0	0	0	-	
Jiang Lihua	Director	0	0	0	0	0	0	-	
Zhang Lei	CFO; Director	0	0	0	0	0	0	-	
Zhou Hanjun	Independent Director	0	0	0	0	0	0	-	
Liu Quanmin	Independent Director	0	0	0	0	0	0	-	
Song Botong	Independent Director	0	0	0	0	0	0	-	
Wang Xiuyan	Supervisor	0	0	0	0	0	0	-	
Li Yufei	Supervisor	0	0	0	0	0	0	-	
Xiong Xingnong	Supervisor	0	0	0	0	0	0	-	
Shi Chunrong	Supervisor	0	0	0	0	0	0	-	
Yang Jiayong	Vice GM	0	0	0	0	0	0	-	
Teng Xianyou	Vice GM	0	0	0	0	0	0	-	
Nie Liming	Vice GM	0	0	0	0	0	0	-	
Chen Ji	Company Secretary	0	0	0	0	0	0	-	
Xu Zhenhan	Supervisor	0	0	0	0	0	0	-	
Feng Hongwei	Supervisor	0	0	0	0	0	0	-	

Report of the Board of Director

(I) Main business lines classified by industries and products Unit: RMB Yuan

Main business lines classified by industrie of operating revenue compared with the same period last year (%)

Property management	51,453,638.87	41,628,088.89	19.1%	0.2%	0.29%	-0.07%
Hotel and other ser- vices	11,744,029.28	9,329,851.51 20.56% 0.16%		-5.38%	4.65%	
Main business lines classified by products						
Product	Operating revenue	Operating cost	Gross profit	Increase/decrease of operating revenue compared with the same period last year (%)	Increase/ decrease of operating cost compared with the same period last year (%)	Increase/ decrease of gross profit rate compared with the same period last year (%)
Residential buildings	17,129.00	7,625.00	55.48%	-30.63%	-40.43%	7.31%

Explanation to the reasons for any significant year-on-year change of the gross

(II) Main business lines classified by regions						
		Unit: RMB Yuan				
Region	Operating revenue	Increase/decrease compared with the same period last year (%)				
Guangdong Province	447,055,009.59	-19.24%				
Overseas	309,193.48	-7.31%				
(III) Reasons for any	significant change in	main business and its structure				

□Applicable √Inapplicable

(IV) Reasons of significant changes in profitability of main business (gross profit rate) compared with that in the last year ☐Applicable VInapplicable

(V) Analysis on reasons of significant changes in profit breakdown compared with

 \square Applicable $\sqrt{Inapplicable}$

(VI) Particulars about utilization of the raised funds

□Applicable √Inapplicable . Change of projects invested with raised funds

☐ Applicable √Inapplicable (VII) Revision of the Board of Directors' business plan for the second half of

Applicable V Inapplicable

(VIII) Business performance estimate for Jan.-Sept. 2012 Warnings of estimated possible losses or major changes of the accumulative net profit achieved during the period from the beginning of the year to the end of the ext reporting period compared with the same period of last year, as well as the

(IX) Explanation of the Board of Directors on "Non-standard Auditing Reissued by the CPA firm for the reporting period

□Applicable √Inapplicable (X) Explanation of the Board of Directors on changes and solutions of the issues involved in the "Non-standard Auditing Report" issued by the CPA firm for

□Applicable √Inapplicable VI. Significant Events

(I) Purchase, sales and reorganization of assets . Purchase of assets

 \square Applicable $\sqrt{\text{Inapplicable}}$ Notes to purchase of assets:

2. Sale of assets □Applicable √Inapplicable

Notes to sale of assets: 3. Progress of these events after the publication of the assets reorganization report or public notices on the purchases or sales of assets, as well as the influences of se events on the operation results and financial status of the Company in this

☐Applicable √Inapplicable Guarantee events oplicable □Inapplicable

	Guarantees pro	vided by the	Company for e	external partie	s (excluding	Unit: RM those for sub		mousan
	Disclosure date		Actual	Actual				Guarantee
Guaranteed party	of relevant announcement	Amount for guarantee	occurrence date (date of agreement)	guarantee amount	Type of guarantee	Period of guarantee	or not	for a related party or not
	al guarantee line ing the reporting	, , ,		Total actua amount of guarantee reporting per	f external during the			
that has bee	al guarantee line en approved at the reporting			Total actu guarantee be end of th period (A4)	alance at the e reporting			
		Guarantee	s provided by t	he Company	for its subsid	iaries		
Guaranteed party	Disclosure date of relevant announcement	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not
Shantou Hualin Real Estate De- velopment Co., Ltd.	15 Aug. 2009	30,000	30 Aug. 2009		Warranty	3 years	No	
Shenzhen Zhentong Engineering Co., Ltd.	31 Mar. 2012	6,000		0	Warranty	Did not occur	Inappli– cable	
Shenzhen SPG Long- gang De- velopment Co., Ltd.	31 Mar. 2012	8,840	31 Mar. 2012	8,840	Warranty	3 years	No	
approved for	arantee line the subsidiaries reporting period		14,840	Total actual amount of go the subsidial the reporting	uarantee for aries during			8,840
been appro	at the end of the		34,840		Total actual guarantee balance for the subsidiaries at the end of the reporting period (B4)		17,840	
Total guarant	ee amount provid	ded by the Co	ompany (total			wo kinds of gu	arantees)	
	arantee line ing the reporting B1)		14,840	Total actua amount of during the period (A2+	guarantee reporting			8,840
been approve	tee line that has ed at the end of period (A3+		34,840	Total actual guarantee bolance at the end of the reporting period (A4 + B4)			17,840	
	total guarantee the Company	amount (A	4+B4) to the			•		
	uarantee for sha arties (C)	reholders, a	ctual controller					(
party whose directly or ind		atio is not le	ess than 70%					8,840
assets (E)	mount of the total							0.046
Explanation	of the above the on the possib for repayment du	ility of fulfil	ling the joint			e balance for t		
	on provision of				enu or ine n	eporting period	wd5 nillE	TORRELL OC.O

(III) Non-operating credits and liabilities with related parties Was there any non-operating credit or liability with any related party?

☐ Yes V No

√Applicable □Inapplicable

On 21 March 1997, the Company signed an agreement "transferring equity of GuoXing Building agreement" with Baoxing Real Estate Development (Shenzhen) Company limited (hereinafter referred to as "BaoXing") . According to the agreement specifications, the Company transferred 68% of GuoXing Building project to BaoXing with the price- Rmb 145,000 thousand. And also, the conruction cost - Rmb 15,000 thousands that the Company owed to GuoXing Building were undertaken by BaoXing. But after paying Rmb 45 million to the company, Bao Xing hadn' t paid the remaining equity transferring fund- Rmb 100,000 thousand and the construction cost - 15,000 thousand. The company instituted legal proceedings against BaoXing. After the trial of the Guangdong High People's Court on 28 September 2002, Baoxing had to pay for Rmb 98,948,060.00 and interest to the company according to the paper of civil judg ment - "(2001) YueGaoFaJing - ChuZhi No.7. Upon a second sue of the case in 2003, the judgement remained unchanged.

On 22 Feb 2008, the Company signed an agreement with BaoXing Company cording to the agreement specifications, BaoXing Company paid for Rmb $15,\!000$ thousand to the Company. And at the same time, the Company gave up the distribution right and auction disposal right of the LongGang District BaoXing Building. But BaoXing Company failed to carry out the agreement. On 23 July 2008, Baoxing Company, the third party - Shenzhen HongMing MuYe Co., Ltd (hereinafter referred to as HongMing Company) and the Company signed the composition agreement. According to the agreement specifications, the debts and other responsibilities of BaoXing Company would be undertaken by HongMing Company. And HongMing Company had to pay for the company Rmb 2,500 thousand and transferred the land-use right of NO. 1514 room (the property developer is Great China International Group (China) Co., Ltd, hereinafter referred to as Great China Company) of Shenzhen international exchange plaza instead. In December 2008 the Company received Rmb 2,500 thousand. Great China Company did not handle with the house property certificate for the Company according to the agreement. On November 15, 2011, another " Agreement" was signed by the BaoXing Company, HongMing Company and Great China Company. They agreed that BaoXing Company would pay RMB 12,500 thousand Yuan in cash to the Company, and the Company receive the money in full, the agreement signed on 22 Feb, 2008 was seemed to have been fulfilled. In 2011, the company received RMB 12,500 thousand Yuan from Shenzhen Haotian Equity Investment Fund Management Co., Ltd- the third-party equity interest commissioned by BaoXing

Xi' an Fresh Pead 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 – Hong Kong Fresh Peak Co., Ltd was the wholly owned subsidiary of the company. And the Hong Kong 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 developnd the project was Xi' an Trade Building. The project was started 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 compensa

Until 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 30 Jun. 2012, the book value of the investment of Xi' an Fresh Peak Com pany was Rmb 12,166,897.84. The provision for investment was Rmb 20,673,831.77. And the amount of debt was Rmb 8,419,205.19. C. Luofu Hill project Lawsuit

The company cooperated with Luofu Hill Tourism Company (hereinafter referred "Tourism Company") on Luofu Hill Tourism project in early years. The company instituted legal proceedings against Tourism Company because the Tourism Company failed to carry out the agreement. The judgement which issued by GuangDong Province High Peoples Court on 2007-12-21 was as follows: Tourism Company had to pay for Rmb 9,600 thousand to the company in 10 days after the judgment entering into force.

2 Tourism Company should paid the interests for the occupation of Rmb 9,600 thousands with The People's Bank of China similar loans rate in 10 days after the judgment entering into force. Of which, the interests for the occupation of Rmb 4,400 thousand were calculated from 1986-5-1 to the day the Tourism company paid off the debt. The interests for the occupation of Rmb 4100 thousand were calculated from 1988-2-1 to the day the Tourism Company paid off the debt. The interests for the occupation of Rmb 1,100 thousand were calculated from 1989-6- $15\ \mathrm{to}$ the day the Tourism Company paid off the debt. The interest of Rmb $8{,}580$ thousand that the Tourism Company had paid for to the company can be deducted

(3) Luofushan Administration Committee had to undertake one third of the debts

which Luofushan Tourism was unable to repay; (4) Interest of debts would be double if the Tourism Company and Luofushan Adnistration Committee failed to fulfill their obligations within the designated peri-

(5) Tourism company undertaken all the litigation fees (RMB 167.714.00). The expense of first instance and the second instance had to pay to the company dur-

There was no any new substantive progress after the judgement announced. The Company applied the GuangDong Province High People's Court to supervise implementation on December 17, 2009. The GuangDong Province High people's "(2009) YGYZDZ No. 67 to Huizhou intermedi people's court and asked the Huizhou intermediate people's court to close this case in 3 months after receiving the document. Until 17 Mar 2010, Huizhou intermediate people's court had finished the evaluation of the land use right of the executor. On 13th October 2010, the land-use right was auctioned by the national resource department at the price of RMB 51,200 thousand.

According to the relevant provisions of the Huizhou local authorities, auction of land should be approved by local department of land and be implemented in real estate trading center set up under Land Branch. Huizhou Intermediate Court has issued an official letter to inform Boluo Land Bureau of its decision, and notify the relevant assistance. Boluo Land Bureau replied the Huizhou Intermediate Court that the land for auction would be surveyed and mapped (different from land evaluation) , new planning point would be made by them as the conditions of auction. Boluo Land Bureau have surveyed and mapped Luofu Hill Tourism site that was sealed. The cadastral map and land red line chart were submitted to Huizhou Municipal Intermediate People's Court in June 2011. Detailed regulation is deemed as the basis for the development of planning points, while the preparation of detailed regulation relies on Luofushan Administration Committee. Because the planning points were not made, the land failed to be auctioned.

As at 30 Jun. 2012, the book value of the Company's creditor rights on Tourism was Rmb 9,600,000.00. The provision for bad debt was Rmb D. Shenyang Tongxin Case

Shenyang Tongxin Real Estate Development Co., Ltd. (hereinafter referred to as "TongXin Company") was joint-venture set up in ShenYang city. The sharehold-- Hong Kong Fresh Peak Co., Ltd was the wholly owned subsidiary of the company. And the equity Hong Kong Fresh Peak Co., Ltd held was 93.1%. The core business of TongXin Company was to develop Shenyang Fresh Peak Businedd Plaza. TongXin Company refinanced Rmb 13,140 thousand from China Agriculture Bank ShenYang branch. And the company provided assurance for the loan. Because TongXin Company failed to repay the loan in time. The China Agriculture bank ShenYang branch instituted legal proceedings in Shenyang Intermediate People's Court. So TongXin Company borrowed money from the company to repay the loans and interests. (V) Other significant events as well as analysis and explanations on their impact

and solutions

√Applicable □Inapplicable

Dong Hu Di Jing Building (with Parcel No.H312-0061) is located in Luohu District. The area is 7,970.08 s.q.m., construction land area is 5,889.7 s.q.m. and area of structure 59,486 s.q.m. Its volume fraction is 10.1. In November 2006, the got the land use rights of Dong Hu Di Jing Building Project. Until the first half of 2008, the Company had completed the land turnover housing resettlement, environmental assessment, the transformation of the underground pipe network, geological exploration, programs design and planning, construction review and development design. In September and December 2008, the Company has received a letter from the immediate branch of Shenzhen Urban Planning and the Shenzhen Municipal Planning Bureau (Shen Gui [2008] 1069, Shen Gui [2008] 2517) .The Company was told that the municipal road works may partially occupied the red line of the parcel of land of Dong Hu Di Jing Building Project and the development of the project was required to suspend .In 2009, the Company submitted report to the municipal government twice, requiring to resume the project as soon as possible, but not received a clear answer. On 13 August 2010, the first branch of the Urban Planning and Land Commission issued a notice about idle land inspection to the Company. The Company immediately submitted relevant report about the idle land of Dong Hu Di Jing Building on August 26, reiterating that why development land is idle lies in the Government's changes of planning on the land. The Company had suffered huge losses and required the government to solve the problem as soon as possible. On 20 January 2011, Shenzhen Urban Planning and Land Resources Committee (hereinafter referred to as the decision on disposal of idle land" Shen Gui Land Yiqu idle [2011] No. 009. According to the decision, the government will take back land use rights by payment. The Company subsequently submitted to the administrative reconsideration. On 2 April, 2011,the Commission issued Shen Gui Land referendum [2011] No. 02" decision on administrative reconsideration", insisting on the land use rights to be took back in pay. In order to receive compensation for the land use rights as soon as possible, the Company made response to the reconsideration on 17 May 2011, giving the solution of replacement land. The Commission replied in Shen Gui Land Yiju [2011] No.523 and had these decisions (Shen Gui Land Yiju [2011] 009 and Shen Gui Land referendum No. 02) unchanged. In view of this, the Company accepted these deciions in principle. In Feb. 2012, the Commission and the Company entrusted or hired intermediary agencies to evaluate the land parcel to be requisitioned with compensation. In the second half of March, the Company sent a letter to the Commission again, asking it to solve problems involving the compensated requisition of Dong Hu Di Jing Building. In early May, the First Administrative Bureau directly under the Commission notified the Company that the planning for the Danping Express Phase II Project and the Eastern Boundary Passage Project had been determined and suggested the Company researching on the feasibility of continuing the Dong Hu Ding Jing Building Project through revising the design under the nditions. And the Company has entrusted Shenzhen General Institute of

Architectural Design and Research Co., Ltd. to study the feasibility.

 \square Applicable $\sqrt{\text{Inapplicable}}$

□Applicable √Inapplicable

Notes to securities investment 2. Holding equity of other listed companie

Notes to holding equity of other listed companies Capital occupation during the reporting period and debt-clearing progress

□Applicable √Inapplicable

The accountability plan put forward by the Board of Directors when the Company had not completed collecting the capital occupied for non-operating purposes by

□Applicable √Inapplicable 4. Fulfillment of com

Commitments made by the Company, its directors, supervisors, senior management shareholders holding more than 5% shares of the Company, actual controller or any other relevant party in this reporting period, or such commitments carried down into this reporting period □Applicable √Inapplicable

5. Pre-plan of the Board of Directors for profit distribution or turning capital reserves into share capital

☐Applicable √Inapplicable

6 Items of other comprehensive incom-

b. Items of other comprehensive income	1	Unit: RMB Yua
Items	JanJun. 2012	JanJun. 2011
Profits/(losses) from available-for-sale financial assets		
Less: Effects on income tax generating from available-for- sale financial assets		
Net amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period		
Subtotal	0.00	0.00
2. Interests in the investee entities' other comprehensive income as per equity method		
Less: Effects on income tax generating from the interests in the investee entities' other comprehensive income as per equity method		
Net amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period		
Subtotal	0.00	0.00
Profits/(losses) from cash flow hedging instrument		
Less: Effects on income tax generating from cash flow hedging instrument		
Net amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period		
The adjustment value that is the converted initial recognition amount of arbitrage project		
Subtotal	0.00	0.00
 Converted amount of foreign currency financial state- ments 	-76,219.59	1,943,257.60
Less: Net value of disposal of oversea operations that rec- ognized into current profit and loss		
Subtotal	-76,219.59	1,943,257.60
5. Other		
Less: Effects on income tax generating from the others that included into other comprehensive income		
Net amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period		
Subtotal	0.00	0.00
Total	-76,219.59	1,943,257.60

period			1	1	
Time of reception	Place of reception	Way of reception	Visitor type	Visitor	Main discussion and materials provided by the Company
10 Jan. 2012	Office	By phone	Individual	Individual investor	Inquired about the Company's annual operation, with no written materials provided by the Company
13 Mar. 2012	Office	By phone	Individual	Individual investor	Inquired about the disclosure time for th Company's annual report and the influenc of the macro-control policies on the Company's main business operation, with no written materials provided by the Company
10 Apr. 2012	Office	By phone	Individual	Individual investor	Inquired about the Company's project de velopment and operation, with no written ma terials provided by the Company
24 May 2012	Office	By phone	Individual	Individual investor	Inquired about the progress of the Company s Guangming project, with no written materials provided by the Company
20 Jun. 2012	Office	By phone	Individual	Individual investor	Inquired about the Company's interim ope ating results, with no written materials provided by the Company
18 Jul. 2012	Office	By phone	Individual	Individual investor	Inquired about the influence of the macro control polices on the Company's operation the interim business results, the booked disclosure time for disclosure of the semi-annual report, with no written materials provide but

VII. Financial Report (I) Audit opinion

Has this interim report been audited ☐ Yes √ No

(II) Financial statements Consolidated statements or not?

√ Yes □ No 1 Consolidated balance sheet

Prepared by Shenzhen Special Economic Zone Real Estate & Properties (Group)

Unit: RMB Yuan urrent Assets Monetary funds 220.541.381.53 333.469.243.72 20,597,874.96 19,139,800.2 102,105,153.91 44,871,783.45 341,000.00 nterest receivable 56,405,842.29 46,087,935.0 ancial assets purchased under agreements to

2,224,524,035.77 2,132,760,206.5 on-current assets due within 1 year Other current assets 2,624,174,288.46 2,576,669,969.0 Non-current assets ailable-for-sale financial assets leld-to-maturity investments ong-term accounts receivab .ong-term equity investr 497,978,917.34 508,001,693.51 60,208,856.15 60,918,611.65 Construction in progress oduction biological asset 6,031,096.73 6,196,086.71 ingible assets .ong-term deferred expenses 20,403,232.83 Total of non-current assets urrent liabilities prrowings from Central Bank ustomer bank deposits and due to banks and off

648,457,578.38 659,457,077.05 30.000.000.00 20.000.000.0 ancial institutions lotes payable 93,925,003.50 109,202,474.18 Accounts received in advance 239,954,498.11 258,976,095.5 andling charges and commissions payable mployee's compensation payable -11,017,342.78 16,535,277.94 2,969,643.65 16,535,277.94 Dividend payable 392,204,108.04 384,721,231.13 einsurance premiums payable ayables for acting trading of securities n-current liabilities due within 1 year 624,273,710.68 697,095,738.47 1,417,544,076.64 1,525,890,402.29 otal current liabilities 403,679,444.13 299,621,374.6 11,070,029.55 10,308,648.22 ong-term payable erred income tax liabilities Other non-current liabilities

414,749,473.68 309,930,022.86

1,011,660,000.00 1,011,660,000.00

978,244,858.10 978,244,858.10

-435,884,850.80 -475,968,948.89

9,641,130.56 9,686,235.77 .568.635.529.01 1.528.596.536.13

-128,297,212.49 -128,289,915.22

1,440,338,316.52 1,400,306,620.91

3,272,631,866.84 3,236,127,046.06

4,974,391.15

4,974,391.15

Legal representative: Zhou Jianguo

Total owners' (or shareholders') equity

Owners' equity (or shareholders' equity)

Paid-up capital (or share capital)

visions for general risks

Foreign exchange difference Total equity attributable to ow

ess: Treasury stoc

urplus reserves

etained profits

Person-in-charge of the accounting work: Chen Maozheng Chief of the accounting division: Tang Xiaoping

2. Balance sheet of the Company