

Stock Abbr.: *STGS

Stock Code: 200056

Announcement No.: 2012-51

Shenzhen International Enterprise Co., Ltd. Abstract of the 2012 Semi-Annual Report

I. Important Notes

The Board of Directors, the Supervisory Committee, as well as directors, supervisors and senior executives of Shenzhen International Enterprise Co., Ltd. (hereinafter referred to as “the Company”) warrant that this report does not contain any false information, misleading statement or material omission and will take individual and/or joint liabilities for the factuality, accuracy and completeness of this report.

All directors attended the board session for reviewing this report.

The semi-annual financial report has not been audited by a CPAs firm.

Zheng Kanghao, the principal of the Company, Chen Xiaohai, the principal of the accounting work, and Xu Xiaoyun, the principal of the accounting organ (the person-in-charge of accounting), hereby ensure that the financial statements enclosed in this report are factual and complete.

[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	*STGS	
A-share code	000056	
Stock exchange listed with	Shenzhen Stock Exchange	
	Company Secretary	Securities Affairs Representative
Name	Cao Jian	Wu Xiaoshuang
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(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 (%)
		Before adjustment	After adjustment	After adjustment
Total assets (RMB Yuan)	1,711,777,392.37	1,537,761,372.58	1,545,337,848.28	10.77%

Owners' equity attributable to shareholders of the Company (RMB Yuan)	-17,879,024.12	-84,350,914.14	-79,115,509.33	
Share capital (share)	220,901,184.00	220,901,184	220,901,184.00	
Net assets per share attributable to shareholders of the Company (RMB Yuan/share)	-0.0809	-0.38	-0.36	
Liability/asset ratio (%)	117.93%	123.99%	123.5%	
Major accounting data	Jan.-Jun. 2012	Jan.-Jun. 2011		Increase/decrease (%)
		Before adjustment	After adjustment	After adjustment
Gross operating revenues (RMB Yuan)	33,927,324.83	6,482,200.61	6,482,200.61	423.39%
Operating profit (RMB Yuan)	62,008,494.68	-21,111,728.17	-21,111,728.17	
Total profit (RMB Yuan)	62,602,092.73	-20,656,273.71	-20,656,273.71	
Net profit attributable to shareholders of the Company (RMB Yuan)	67,663,758.14	-15,518,392.05	-15,518,392.05	
Net profit attributable to shareholders of the Company after deducting non-recurring gains and losses (RMB Yuan)	-23,275,148.05	-15,814,437.44	-15,814,437.44	
Basic EPS (RMB Yuan/share)	0.306	-0.07	-0.07	
Diluted EPS (RMB Yuan/share)	0.306	-0.07	-0.07	
Weighted average ROE (%)		-33.34%	-33.34%	
Weighted average ROE after deducting non-recurring gains and losses (%)		-33.97%	-33.97%	
Net cash flow from operating activities (RMB Yuan)	-91,931,077.98	-69,614,199.80	-69,614,199.80	
Net cash flow per share from operating activities (RMB Yuan/share)	-0.416	-0.32	-0.32	

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

According to the resolution made at the 3rd Special Shareholders' General Meeting for 2012, in the accounting policy of the Company, the subsequent measurement method for investing properties was changed from the cost method to the fair value method.

According to the Accounting Standards for Business Enterprises, the financial statements as at 31 Dec. 2011 should be retrospectively adjusted due to this change of the accounting policy. Because the investing property in progress—Wongtee IA Shopping Mall—was not completed yet, it was still measured at the cost method before it reached the expected usable condition. Except for the mall, influence of fair value changes of leased-out buildings as investing properties should be retrospectively adjusted due to this change of the accounting policy.

2. Items of non-recurring gains and losses

√Applicable □Inapplicable

Items	Jan.-Jun. 2012 (RMB Yuan)	Notes
Gains and losses on disposal of non-current assets	103,675,861.68	
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 employee 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 combination 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 measurement	-149,546.00	
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	-654.50	
Other gain and loss items that meet the definition of non-recurring gains and losses		
Minority interests effects	-12,586,754.99	
Income tax effects		
Total	90,938,906.19	--

3. Net profit and net asset differences between financial reports disclosed according to the international and Chinese accounting standards respectively

☐Applicable ☒Inapplicable

4. Net profit and net asset differences between financial reports disclosed according 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

	Before the change		Increase/decrease (+, -)					After the change	
	Number	Proportion (%)	Issuance of new shares	Bonus shares	Capitalization of public reserve fund	Others	Subtotal	Number	Proportion (%)
I. Shares subject to trading moratorium	340,431	0.15%	0	0	0	0	0	340,431	0.15%
1. State-owned shares	0	0%						0	0%
2. State-owned legal person shares	0	0%						0	0%
3. Other domestic shares	0	0%						0	0%
Including: Shares held by domestic legal persons	0	0%						0	0%
Shares held by domestic individuals	0	0%						0	0%
4. Shares held by overseas shareholders	0	0%						0	0%
Including: Shares held by overseas legal persons	0	0%						0	0%
Shares held by overseas individuals	0	0%						0	0%
5. Shares held by senior management staff	340,431	0.15%						340,431	0.15%
II. Shares not subject to trading moratorium	220,560,753	99.85%	0	0	0	0	0	220,560,753	99.85%
1. Ordinary shares denominated in RMB	119,212,992	53.97%						119,212,992	53.97%
2. Domestically listed foreign shares	101,347,761	45.88%						101,347,761	45.88%
3. Overseas listed foreign shares	0	0%						0	0%
4. Others	0	0%						0	0%
III. Total shares	220,901,184.00	100%	0	0	0	0	0	220,901,184.00	100%

(II) Shares held by the top ten holders of tradable shares/shares not subject to trading moratorium

Shares held by the top ten shareholders and the top ten shareholders holding tradable shares

Total number of shareholders			13,961			
Particulars about shares held by the top ten shareholders						
Name of shareholder (full name)	Nature of shareholder	Sharehold ing percentag e (%)	Total shares held at the period-end	Number of non-tradable shares held	Pledged or frozen shares	
					Status of shares	Number of shares
MULTI PROFIT ASIA PACIFIC INVESTMENT LTD	Foreign corporation	13.7%	30,264,192	0	In pledge	30,000,000
SHENZHEN SPECIAL ECONOMIC ZONE DEVELOPMENT (GROUP) CO., LTD.	State-owned corporation	9.06%	20,010,772	0		
UOB INVESTMENT (CHINA) LIMITED	Foreign corporation	7.03%	15,528,941	0		
ZHONG ZHIQIANG	Foreign natural person	3.72%	8,215,594	0		
GUOYUAN SECURITIES (HK) CO., LTD.	Foreign corporation	3.46%	7,637,130	0		
SHENZHEN WONGTEE REAL ESTATE INVESTMENT CO., LTD.	Domestic non-state-owned corporation	2.31%	5,106,702	0		
GUOTAI JUNAN SECURITIES(HONGKON G) LIMITED	Foreign corporation	1.01%	2,229,808	0		
CHEN SHU	Domestic natural person	0.97%	2,149,327	0		
ZENG HAIXING	Domestic natural person	0.97%	2,148,715	0		
SHANGHAI HONG KONG WANGUO SECURITIES CO., LTD.	Foreign corporation	0.89%	1,970,878	0		
Particulars about shares held by the top ten shareholders holding tradable shares						
Name of shareholder		Number of tradable shares held	Type and number of shares			
			Type	Number		
MULTI PROFIT ASIA PACIFIC INVESTMENT LTD		30,264,192	B-share	30,264,192		
SHENZHEN SPECIAL ECONOMIC ZONE DEVELOPMENT (GROUP) CO., LTD.		20,010,772	A-share	20,010,772		
UOB INVESTMENT (CHINA) LIMITED		15,528,941	B-share	15,528,941		
ZHONG ZHIQIANG		8,215,594	B-share	8,215,594		
GUOYUAN SECURITIES (HK) CO., LTD.		7,637,130	B-share	7,637,130		
SHENZHEN WONGTEE REAL ESTATE INVESTMENT CO., LTD.		5,106,702	A-share	5,106,702		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED		2,229,808	B-share	2,229,808		
CHEN SHU		2,149,327	B-share	2,149,327		
ZENG HAIXING		2,148,715	B-share	2,148,715		
SHANGHAI HONG KONG WANGUO SECURITIES CO., LTD.		1,970,878	B-share	1,970,878		
Explanation on associated relationship or/and persons acting in concert among the above-mentioned shareholders		Inquired by the Company with letter, there was no related relationship between Multi Profit Asia Pacific and Shenzhen Wongtee Real Estate Investment Co., Ltd. In the meanwhile, actual controlling holder of Multi Profit Asia Pacific, Mr. Zheng Kanghao personally holds 571,511 shares of B shares (as at 30 Jun. 2012). SDG and other shareholders in the above table are not related parties. Other than				

	that, it is unknown whether there were other related relations or action-in-concert regulated in Administrative Measures for Takeover of Listed Companies among the above shareholders.
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(III) Change of the controlling shareholder and the actual controller

☐Applicable ☒Inapplicable

IV. Particulars about Directors, Supervisors and Senior Management

(I) Shareholding changes of directors, supervisors and senior management

Name	Office title	Number of shares held at period-begin	Number of shares increased in reporting period	Number of shares decreased in reporting period	Number of shares held at period-end	Of which: number of restricted shares held	Number of stock options held at period-end	Reason for change
Zheng Kanghao	Chairman	453,909	117,602	0	571,511	340,431	0	Shareholding increase in the secondary market

V. Report of the Board of Directors

(I) Main business lines classified by industries and products

Unit: RMB Yuan

Main business lines classified by industries						
Industry	Operating revenue	Operating cost	Gross profit rate (%)	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 (%)
Real estate	27,156,978.00	29,083,411.56	-7.09%			
Property management	6,696,746.83	4,734,753.18	29.3%	7.79%	-20.6%	25.22%

(II) Main business lines classified by regions

Unit: RMB Yuan

Region	Operating revenue	Increase/decrease compared with the same period last year (%)
Shenzhen	33,853,724.83	463.72%

(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 ☒Inapplicable

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

☒Applicable ☐Inapplicable

In the reporting period, the Company and its owned subsidiaries respectively sold the equity of Shenzhen International Enterprise Business Administration Co., Ltd. and Shenzhen Longgang International Enterprise Co., Ltd. at a total price of RMB 120 million, which brought large investment profit.

(VI) Particulars about utilization of the raised funds

1. Utilization of the raised funds

☐Applicable ☒Inapplicable

2. Change of projects invested with raised funds

☐Applicable ☒Inapplicable

(VII) Revision of the Board of Directors' business plan for the second half of the year

☒Applicable ☐Inapplicable

The Wongtee Plaza was originally planned to put into trial-operation in Aug 2012. Due to the new amending requirements proposed by Shenzhen Government for the design plan of the south elevation of the project, together with more weathers of typhoon and thunderstorm in Shenzhen in the 2nd half year, the dates of project completion and trial-operation are expected to be delayed as compared with the original plan. However, the Company will try to start trial-operation before the end of 2012.

(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 next reporting period compared with the same period of last year, as well as the reasons

☐Applicable ☒Inapplicable

(IX) Explanation of the Board of Directors on "Non-standard Auditing Report" issued 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 last year

√Applicable □Inapplicable

On 18 Apr 2012, China Audit International Certified Public Accountants LTD. issued audit report with emphasized paragraphs for items and qualified opinion for Y2011. Statement of the Board for change and handling of concerned items is listed below:

(1) Qualified item: Shops of staffs are classified as the Company’s historical problems, which will be positively processed by the Board. Management of the Company organized a focused tem to positively communicate and process the issue with staffs who subscribed shops at that time. Besides, the Company has sued to the court regarding the item of shop subscription by some staffs, and some subscribers have sued Rongfa Company. (For details, please refer to VII (III) Significant Events of Litigation and Arbitration)

(2) Emphasized item

Problems regarding sustainable operating capability of the Company:

①Operating condition of the Company will be substantially improved after the opening of Wongtee Plaza.

②In Mar 2012, the Company borrowed a new loan of RMB 0.2 billion, which provided capital guarantee for company operation and project construction. With the progress of the project, the Company is expected to further increase financing and improve liability structure, so as to meet the development need of the Company’s core projects.

③In 2012, the Company would intensify the efforts of cash realization of forests, and has turned standing timbers covering 6,000 mu area into cash.

④In order to liquidize assets, the Company and its owned subsidiary, Rongfa Company, respectively sold the equity of Shenzhen International Enterprise Business Administration Co., Ltd. and Shenzhen Longgang International Enterprise Co., Ltd. at a total price of RMB 120 million, which provided a certain amount of cash flow for company operation.

VI. Significant Events

(I) Purchase, sales and reorganization of assets

1. Purchase of assets

□Applicable √Inapplicable

Notes to purchase of assets:

2. Sale of assets

√Applicable □Inapplicable

Transacti on party	Asset sold	Date of sale	Transacti on price (RMB Ten thousand)	Net profit contribut ed by the asset from the period-be gin to the date of sale (RMB Ten thousand)	Gain/loss on sale (RMB Ten thousand)	Related-p arty transactio n or not	Pricing principle	Whether or not the ownershi p of the asset involved has been fully transferre d	Whether or not the creditor’s right and liabilities involved have been fully transferre d	Ratio of the net profit contribut ed to the Company by the asset sale to the total profit (%)	Relations hip between the transactio n party and the Company (applicabl e for related-pa rty transactio
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											ns)
Shenzhen Leanju Property Development Co., Ltd.	Total equity of Shenzhen International Enterprise Business Administration Co., Ltd. and equity owned by Rongfa Company in Shenzhen Longgang International Enterprise Co., Ltd.	May 11, 2012	12,000	-0.364	10,308.16	No	Market Pricing	Yes	Yes	134.61%	

Explanation on sale of asset

In order to liquidize assets, focus resources to get core projects of the Company well done, strengthen main businesses of the Company, as well as solve the cash flow problem of the Company, on 11 May 2012, the Company convened the Annual Shareholders General Meeting of Y2011, which reviewed and approved the Proposal on the Sale of Total Equity of Shenzhen International Enterprise Business Administration Co., Ltd. and Equity Owned by Rongfa Company in Shenzhen Longgang International Enterprise Co., Ltd.

The Company and its owned subsidiary, Rongfa Company, have separately signed the Agreement of Equity Transfer with the equity transferee, Shenzhen Leanju Property Development Co., Ltd. (hereinafter referred to as Leanju Company), transferring 100% equity owned by the Company in Shenzhen International Enterprise Business Administration Co., Ltd. and 25% equity owned by Rongfa Company in Shenzhen Longgang International Enterprise Co., Ltd. (hereinafter referred to as Longgang International Enterprise) with a total transfer amount of RMB 120 million.

As at the end of the reporting period, the Company and Rongfa Company had fully received a sum of RMB 109 million for equity transfer. Leanju Company would pay the rest amount for equity transfer according to payment progress agreed in the Agreement of Equity Transfer.

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 these events on the operation results and financial status of the Company in this reporting period

☐Applicable ☒Inapplicable

(II) Guarantee events

☒Applicable ☐Inapplicable

Unit: RMB Ten thousand

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

Sale guarantee for Rongfa Company	20 Apr. 2012	722.09	1 Dec. 1999	722.09	Warranty	Until the borrowing property owner repays the full amount of the loan	No	No
Sale guarantee for Huizhou Rongfa Company	20 Apr. 2012	610.12	1 May 2004	610.12	Warranty	Until the borrowing property owner repays the full amount of the loan	No	No
Total external guarantee line approved during the reporting period (A1)		0		Total actual occurred amount of external guarantee during the reporting period (A2)		0		
Total external guarantee line that has been approved at the end of the reporting period (A3)		1,332.21		Total actual external guarantee balance at the end of the reporting period (A4)		1,332.21		
Guarantees provided by the Company for its subsidiaries								
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
Shenzhen Rongfa Investment Co., Ltd.	4 Jun. 2011	120,000	2 Jul. 2011		Mortgage	10 years	No	No
Total guarantee line approved for the subsidiaries during the reporting period (B1)		0		Total actual occurred amount of guarantee for the subsidiaries during the reporting period (B2)		0		
Total guarantee line that has been approved for the subsidiaries at the end of the reporting period (B3)		49,000		Total actual guarantee balance for the subsidiaries at the end of the reporting period (B4)		49,000		
Total guarantee amount provided by the Company (total of the above-mentioned two kinds of guarantees)								
Total guarantee line approved during the reporting period (A1+B1)		0		Total actual occurred amount of guarantee during the reporting period (A2+B2)		0		
Total guarantee line that has been approved at the end of the reporting period (A3+B3)		50,332.21		Total actual guarantee balance at the end of the reporting period (A4+B4)		50,332.21		
Proportion of total guarantee amount (A4+B4) to the net assets of the Company								
Of which:								
Amount of guarantee for shareholders, actual controller and related parties (C)				0				
Amount of debt guarantee provided for the guaranteed party whose asset-liability ratio is not less than 70% directly or indirectly (D)				50,332.21				
Part of the amount of the total guarantee over 50% of net assets (E)				0				
Total amount of the above three guarantees (C+D+E)				50,332.21				
Explanation on possible bearing joint responsibility of liquidation due to immature guarantee								
Explanation on provision of guarantees for external parties in								

violation of the prescribed procedure

(III) Non-operating credits and liabilities with related parties

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

√ Yes ☐ No

Unit: RMB Ten thousand

Related party	Funds provided by the Company for related parties		Funds provided by related parties for the Company	
	Incurred amount	Balance	Incurred amount	Balance
ZHENG KANGHAO				108.49
SHENZHEN WONGTEE REAL ESTATE GROUP CO., LTD.				1,100
POWERLANDHOLDINGLIMITED				699.96
Total				1,908.45

Of which, the funds provided by the Company for the controlling shareholder and its subsidiaries stood at RMB 0 for the reporting period, with the balance being RMB 0.

(IV) Significant lawsuits and arbitrations√Applicable ☐Inapplicable

(1) The case on contract dispute between Shenzhen Zhongtie Property Co., Ltd. (hereinafter referred as “Zhongtie Property”) and Shenzhen Rongfa Investment Co., Ltd. (hereinafter called “Rongfa Company”):

Overview of the case: On 17 Feb. 2009, Rongfa Company and Zhongtie Property signed a Property Management Agreement on the Shopping Mall Project in Futian CBD. Due to the company’s overall planning and position for the project, it required to release the contract with Rongfa Company in 2010.

Zhongtie Property sued to Shenzhen Futian District People’s Court on 15 Dec. 2010, appealing Rongfa Company to pay the penalty as RMB 5 million and other losses as RMB 8,658,315.88.

Progress of the case: the Company received a Judgment Letter for the first instance from Shenzhen Futian District People’s Court in Oct. 2011, sentencing it to pay a penal sum of RMB 4 million to Zhongtie Property. And the Company has raised the appeal, which is under the trial for the second instance.

(2) The case on equity transfer dispute between Malaysia Foh Chong & Sons SDN.BHD. (hereinafter referred as “Foh Chong Company”, which sued the Company) and the Company:

Overview of the case: according to the statement of complaint from Foh Chong Company, Foh Chong Company (the plaintiff) and the Company (defendant) signed Equity Transfer Contract with Shenzhen Rongfa Investment Co., Ltd. on 31 May 2001, Foh Chong Company transferred its 10% equity of Shenzhen Rongfa Investment Co., Ltd. to the Company with the transfer price as RMB 20.6 million. However, after the contract taking into effect, the Company didn’t pay the equity transfer payment.

In Aug. 2011, the Company received the charging document from Shenzhen Intermediate People’s Court by Foh Chong Company, Foh Chong Company required that: (1) sentencing the defendant to pay it the principal, interest and overdue penalty totaling RMB 37,077,645.55 to the plaintiff; (2) sentencing the defendant to undertake all the losses caused by non-fulfillment of its legal obligation and the RMB 37,077,645.55 costs as well as other expenses related with the case.

Progress of the case: the Company received a Judgment Letter for the first instance from Shenzhen Intermediate People’s Court at the end of Mar. 2012, sentencing the Company to pay the principal of RMB 20.6 million, interest and overdue penalty within 10 days since the judgment coming into effect (the interest was based on the principal of RMB 20.6 million and at the loan interest rate of the People’s Bank of China calculated from 1 Jun. 2001 to 31 Dec. 2009; and the overdue penalty was calculated by 0.3‰ of the total accounts payable per day from 1 Jan. 2010 to the payment date decided by the judgment.) (For details, please refer to the Company’s announcements about significant litigation published on www.cninfo.com.cn, Securities Times, and Hong Kong Ta Kung Pao on 4 Apr 2012)

The Company has raised an appeal to the Higher People's Court of Guangdong Province for the case, which is under the trial for the second instance.

(III) The case on dispute for guarantee obligation recovery between the Company and Shum Kong Industry & Trade Co., Ltd. (hereinafter referred as Shum Kong Industry & Trade):

Overview of the case: On 27 Sep. 1999, Shum Kong Industry & Trade gained a loan of RMB 10 million from Shennan East Road Branch of Shenzhen Development Bank, for which the Company provided the joint guarantee. After the expiry date of the Loan Contract, Shum Kong Industry & Trade only paid part of the interest, which still owed the principal sum and part of interest for the bank.

On 30 Dec. 2002, the Company undertook the joint obligation in accordance with the (2002) SZFJYC Zi No. 5 document of Civil Mediation Paper from Shenzhen Intermediate People's Court, and paid the principal sum and remained interest for Shum Kong Industry & Trade. On 26 Mar. 2003, the Company applied to Shenzhen Intermediate People's Court for compulsory execution of the (2002) SZFJYC Zi No. 5 document of Civil Mediation Paper, requiring to recover the security of RMB 13,583,873.68 paid in advance from Shum Kong Industry & Trade. The case was executed by Intermediate Court of Guangzhou Railway Transport with the case number: (2005) GTZFZ Zi No. 59. On 16 Jun. 2009, the Company had sent the application for joining in the distribution to Shenzhen Intermediate People's Court and Intermediate Court of Guangzhou Railway Transport, requiring joining in the distribution for sales income of about RMB 18 million from the land of Shum Kong Industry & Trade with land No. T102-0001.

Progress of the case: Under the auspices of Shenzhen Intermediate People's Court, the Company made friendly negotiation with other creditors sealing up the land of Shum Kong Industry & Trade, and reached an agreement on the account for selling the sealed-up land, the Company could receive RMB 2,651,149.33 from it. And the Company has received RMB 2,646,498.19 of the account for selling the sealed-up land (after deducting the paid executive expenses) in Mar. 2012.

(4) The case on equity transfer dispute between Shenzhen Rongfa Investment Co., Ltd. and Shenzhen Yahaoyuan Investment Co., Ltd. (hereinafter referred as "Yahaoyuan"):

Overview of the case: For the case of equity transfer dispute between Rongfa Company and Shenzhen Yahaoyuan Investment Co., Ltd., Rongfa Company sued to Shenzhen Longgang People's Court in Oct. 2011.

Progress of the case: In Feb. 2012, Rongfa Company received the Civil Judgment Letter [(2011) SLFMEC Zi No. 4549] from Shenzhen Longgang People's Court, and the court believed that the evidence provided by the plaintiff couldn't prove the land, which is agreed in the three contracts between the plaintiff and the defendant, is the No. G10205-0267 land required to be returned the land use right to the plaintiff by the defendant. Therefore, the plaintiff should undertake the negative result for vague agreement in the contract. The court judged for the first instance to reject the appeal of the plaintiff. And the case's acceptance fee of RMB 171,800 should be undertaken by the plaintiff. (For details please refer to the announcements on significant lawsuits disclosed in Securities Times, Hong Kong Ta Kung Pao and <http://www.cninfo.com.cn> on 26 Oct. 2011 and 22 Feb. 2012 respectively).

The Company has raised an appeal for the case, which is under the trial for the second instance.

(5) The case on shop subscription from staffs

Overview of the case: To properly settle the event of internal subscription from staffs for shops in Wongtee International Enterprise Shopping Plaza (For details about the event of internal subscription, please refer to X. Other significant events in the Notes to 2011 Annual Report of the Company.), Rongfa Company sued 3 people, including Chen XX, Song XX, and Li XX, to Shenzhen Futian District People's Court in Aug. 2011.

Progress of the case: In Jul. 2012, Rongfa Company received a Civil Judgment Letter for the first instance from Shenzhen Futian District People's Court regarding Shenzhen Rongfa Investment Co., Ltd.'s separate prosecution for contract dispute on commodity properties subscription of 3 people (including Chen XX, etc.).

The judgment result for the case in which Rongfa Company sued Chen XX and Li XX is listed below:

- ① The Paper of Internal Subscription signed by the plaintiff and defendants for Shops in IA Mall is legal and effective;
- ② The fulfillment of subscription paper signed by the plaintiff and defendants should be terminated;
- ③ Other claims from the plaintiff are rejected;
- ④ Other counterclaims from the defendants are rejected.

The judgment result for the case in which Rongfa Company sued Song XX to confirm the internal subscription relation between the plaintiff and the defendant as invalid is as the following: The claim from the plaintiff, Shenzhen Rongfa Investment Co., Ltd., is rejected.

The Company intended to raise an appeal.

In addition, Rongfa Company successively received the litigation documents, including the Notice of Responding to Action and the Notice of Adducting Evidence, related to the case in which other 7 people (including Yang XX,

etc.) sued Rongfa Company to Shenzhen Futian District People's Court regarding the event of internal subscription of shops. They required the court to decree Rongfa Company to deliver shops to the plaintiffs immediately and undertake the lawsuit charge. The aforesaid case is under the trial for the first instance. (For details, please refer to the Company's announcements on significant litigation published on <http://www.cninfo.com.cn>, Securities Times, and Hong Kong Ta Kung Pao on 5 Jul. 2012)

(V) Other significant events as well as analysis and explanations on their impact and solutions

☐Applicable ☒Inapplicable

1. Securities investment

☐Applicable ☒Inapplicable

Notes to securities investment:

2. Holding equity of other listed companies

☐Applicable ☒Inapplicable

Notes to holding equity of other listed companies:

3. 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 the end of the reporting period

☐Applicable ☒Inapplicable

4. Fulfillment of commitments

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

Commitment	Commitment maker	Contents	Execution
Commitments made in a share reform			
Commitments made in an acquisition report or report on equity changes	Zheng Kanghao	The obligor for information disclosure shall not reduce the shares of Multi Profit Asia Pacific Investment Ltd. held by the obligor from this acquisition or reduce the shares of SZIEC indirectly held by the obligor from this acquisition within the future 60 months.	In strict execution
Commitments made in an asset exchange			

Commitments made in share issuance			
Other commitments made to minority shareholders			

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 income

Unit: RMB Yuan

Items	Jan.-Jun. 2012	Jan.-Jun. 2011
1. 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		
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		
3. 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		
4. Converted amount of foreign currency financial statements		
Less: Net value of disposal of oversea operations that recognized into current profit and loss		
Subtotal		
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		
Total	0	0

(VI) Particulars about researches, visits and interviews received in this reporting period

Time of reception	Place of reception	Way of reception	Visitor type	Visitor	Main discussion and materials provided by the Company
4 May 2012	6/F, Huanggang Business Center	Field research	Individual	Shareholder	The Company's operation and project progress
25 May 2012	6/F, Huanggang Business Center	Field research	Individual	Shareholder	The Company's operation and project progress
20 Jun. 2012	6/F, Huanggang Business Center	Field research	Individual	Shareholder	The Company's operation and project progress

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 International Enterprise Co., Ltd.

Unit: RMB Yuan

Item	Note	30 Jun. 2012	31 Dec. 2011
Current Assets:			
Monetary funds		124,655,446.69	19,989,682.85
Settlement reserves			
Intra-group lendings			
Transactional financial assets			
Notes receivable			
Accounts receivable		21,509,528.20	515,018.36
Accounts paid in advance		22,943,278.12	16,772,527.40
Premiums receivable			
Reinsurance premiums receivable			
Receivable reinsurance contract reserves			
Interest receivable			
Dividend receivable			
Other accounts receivable		4,428,723.68	6,160,436.94
Financial assets purchased under agreements to resell			
Inventories		1,469,856,794.69	1,405,632,415.91
Non-current assets due within 1 year			
Other current assets			1,050,000.00
Total current assets		1,643,393,771.38	1,450,120,081.46
Non-current assets:			
Loans by mandate and advances granted			
Available-for-sale financial assets			
Held-to-maturity investments			
Long-term accounts receivable			
Long-term equity investment		5,699,905.49	5,699,905.49
Investing property		8,524,532.00	8,674,078.00
Fixed assets		51,359,230.73	52,552,621.28

Construction in progress			
Engineering materials			
Disposal of fixed assets			
Production biological assets			
Oil-gas assets			
Intangible assets		97,633.20	25,413,328.71
R&D expense			
Goodwill			
Long-term deferred expenses		2,702,319.57	2,877,833.34
Deferred income tax assets			
Other non-current assets			
Total of non-current assets		68,383,620.99	95,217,766.82
Total assets		1,711,777,392.37	1,545,337,848.28
Current liabilities:			
Short-term borrowings			
Borrowings from Central Bank			
Customer bank deposits and due to banks and other financial institutions			
Intra-group borrowings			
Transactional financial liabilities			
Notes payable		0.00	0.00
Accounts payable		20,654,562.23	76,992,945.52
Accounts received in advance		9,045,080.51	1,243,980.07
Financial assets sold for repurchase			
Handling charges and commissions payable			
Employee's compensation payable		3,216,768.71	9,635,793.00
Tax payable		3,869,926.44	5,384,922.31
Interest payable		4,351,444.44	3,640,635.05
Dividend payable		5,127,701.36	5,127,701.36
Other accounts payable		160,961,513.06	174,760,938.23
Reinsurance premiums payable			
Insurance contract reserves			
Payables for acting trading of securities			
Payables for acting underwriting of securities			
Non-current liabilities due within 1 year		13,000,000.00	314,000,000.00
Other current liabilities			
Total current liabilities		220,226,996.75	590,786,915.54
Non-current liabilities:			
Long-term borrowings		1,709,670,000.00	1,228,850,000.00
Bonds payable			
Long-term payables			
Specific payables			

Estimated liabilities		86,817,813.72	86,813,170.64
Deferred income tax liabilities		1,861,187.29	1,894,118.92
Other non-current liabilities		148,725.29	148,725.29
Total non-current liabilities		1,798,497,726.30	1,317,706,014.85
Total liabilities		2,018,724,723.05	1,908,492,930.39
Owners' equity (or shareholders' equity)			
Paid-up capital (or share capital)		220,901,184.00	220,901,184.00
Capital reserves		65,888,074.13	72,315,347.06
Less: Treasury stock			
Specific reserves			
Surplus reserves		125,929,834.48	125,929,834.48
Provisions for general risks			
Retained profits		-430,598,116.73	-498,261,874.87
Foreign exchange difference			
Total equity attributable to owners of the Company		-17,879,024.12	-79,115,509.33
Minority interests		-289,068,306.56	-284,039,572.78
Total owners' (or shareholders') equity		-306,947,330.68	-363,155,082.11
Total liabilities and owners' (or shareholders') equity		1,711,777,392.37	1,545,337,848.28

Legal representative: Zheng Kanghao

Person-in-charge of the accounting work: Chen Xiaohai

Chief of the accounting division: Xu Xiaoyun

2. Balance sheet of the Company

Unit: RMB Yuan

Item	Note	30 Jun. 2012	31 Dec. 2011
Current Assets:			
Monetary funds		266,860.58	119,729.05
Transactional financial assets			
Notes receivable			
Accounts receivable		18,000,000.00	
Accounts paid in advance			
Interest receivable			
Dividend receivable			
Other accounts receivable		107,526,427.88	44,463,138.71
Inventories			
Non-current assets due within 1 year			
Other current assets			
Total current assets		125,793,288.46	44,582,867.76
Non-current assets:			
Available-for-sale financial assets			
Held-to-maturity investments			
Long-term accounts receivable			

Long-term equity investment		43,646,623.59	65,073,896.52
Investing property		6,740,865.00	6,885,080.00
Fixed assets		4,875,611.29	5,524,253.95
Construction in progress			
Engineering materials			
Disposal of fixed assets			
Production biological assets			
Oil-gas assets			
Intangible assets			
R&D expense			
Goodwill			
Long-term deferred expenses		657,333.34	657,333.34
Deferred income tax assets			
Other non-current assets			
Total of non-current assets		55,920,433.22	78,140,563.81
Total assets		181,713,721.68	122,723,431.57
Current liabilities:			
Short-term borrowings			
Transactional financial liabilities			
Notes payable			
Accounts payable			
Accounts received in advance		60,000.00	60,000.00
Employee's compensation payable		1,507,522.08	4,945,706.86
Tax payable		4,223,818.63	4,227,138.69
Interest payable			
Dividend payable		5,127,701.36	5,127,701.36
Other accounts payable		55,654,658.96	62,152,881.86
Non-current liabilities due within 1 year			
Other current liabilities			
Total current liabilities		66,573,701.03	76,513,428.77
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Long-term payables			
Specific payables			
Estimated liabilities		18,387,017.96	18,387,017.96
Deferred income tax liabilities		1,488,210.67	1,521,658.94
Other non-current liabilities			
Total non-current liabilities		19,875,228.63	19,908,676.90
Total liabilities		86,448,929.66	96,422,105.67
Owners' equity (or shareholders' equity)			
Paid-up capital (or share capital)		220,901,184.00	220,901,184.00
Capital reserves		58,524,171.66	64,951,444.59
Less: Treasury stock			

Specific reserves			
Surplus reserves		96,841,026.39	96,841,026.39
Retained profits		-281,001,590.03	-356,392,329.08
Foreign exchange difference			
Total owners' (or shareholders') equity		95,264,792.02	26,301,325.90
Total liabilities and owners' (or shareholders') equity		181,713,721.68	122,723,431.57

3. Consolidated income statement

Unit: RMB Yuan

Item	Note	Jan.-Jun. 2012	Jan.-Jun. 2011
I. Total operating revenues		33,927,324.83	6,482,200.61
Including: Sales income		33,927,324.83	6,482,200.61
Interest income			
Premium income			
Handling charge and commission income			
II. Total operating cost		74,850,893.28	27,593,928.78
Including: Cost of sales		33,945,931.43	6,816,911.34
Interest expenses			
Handling charge and commission expenses			
Surrenders			
Net claims paid			
Net amount withdrawn for the insurance contract reserve			
Expenditure on policy dividends			
Reinsurance premium			
Taxes and associate charges		1,860,002.40	380,097.83
Selling and distribution expenses		11,602,352.79	
Administrative expenses		18,333,324.64	15,116,490.87
Financial expenses		8,864,069.65	5,142,446.26
Asset impairment loss		245,212.37	137,982.48
Add: Gain/(loss) from change in fair value ("-" means loss)		-149,546.00	
Gain/(loss) from investment ("-" means loss)		103,081,609.13	
Including: share of profits in associates and joint ventures			
Foreign exchange gains ("-" means loss)			
III. Business profit ("-" means loss)		62,008,494.68	-21,111,728.17
Add: non-operating income		1,480,534.58	504,910.00
Less: non-operating expense		886,936.53	49,455.54
Including: loss from non-current asset disposal		877,995.93	

IV. Total profit (“-” means loss)		62,602,092.73	-20,656,273.71
Less: Income tax expense		-32,931.63	
V. Net profit (“-” means loss)		62,635,024.36	-20,656,273.71
Including: Net profit achieved by combined parties before the combinations			
Attributable to owners of the Company		67,663,758.14	-15,518,392.05
Minority shareholders’ income		-5,028,733.78	-5,137,881.66
VI. Earnings per share		--	--
(I) Basic earnings per share		0.306	-0.07
(II) Diluted earnings per share		0.306	-0.07
VII. Other comprehensive incomes			
VIII. Total comprehensive incomes		62,635,024.36	-20,656,273.71
Attributable to owners of the Company		67,663,758.14	-15,518,392.05
Attributable to minority shareholders		-5,028,733.78	-5,137,881.66

Where business mergers under the same control occurred in this report period, the net profit achieved by the merged parties before the business mergers was RMB 0.

Legal representative: Zheng Kanghao

Person-in-charge of the accounting work: Chen Xiaohai

Chief of the accounting division: Xu Xiaoyun

4. Income statement of the Company

Unit: RMB Yuan

Item	Note	Jan.-Jun. 2012	Jan.-Jun. 2011
I. Total sales		33,600.00	34,271.10
Less: cost of sales		0.00	8,345.70
Business taxes and surcharges		1,884.96	1,851.36
Distribution expenses			
Administrative expenses		9,223,416.11	7,523,918.78
Financial costs		-12,533,330.39	-10,353,542.25
Impairment loss		1,962,127.61	12,508,247.20
Add: gain/(loss) from change in fair value (“-” means loss)		-144,215.00	
Gain/(loss) from investment (“-” means loss)		75,000,000.00	
Including: income from investment on associates and joint ventures			
II. Business profit (“-” means loss)		76,235,286.71	-9,654,549.69
Add: non-business income			3,650.00
Less: non-business expense		877,995.93	5,883.88
Including: loss from non-current asset disposal			
III. Total profit (“-” means loss)		75,357,290.78	-9,656,783.57
Less: income tax expense		-33,448.27	
IV. Net profit (“-” means loss)		75,390,739.05	-9,656,783.57

V. Earnings per share		--	--
(I) Basic earnings per share			
(II) Diluted earnings per share			
VI. Other comprehensive income			
VII. Total comprehensive income		75,390,739.05	-9,656,783.57

5. Consolidated cash flow statement

Unit: RMB Yuan

Item	Jan.-Jun. 2012	Jan.-Jun. 2011
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	38,961,808.12	11,046,772.54
Net increase of deposits from customers and dues from banks		
Net increase of loans from the central bank		
Net increase of funds borrowed from other financial institutions		
Cash received from premium of original insurance contracts		
Net cash received from reinsurance business		
Net increase of deposits of policy holders and investment fund		
Net increase of disposal of tradable financial assets		
Cash received from interest, handling charges and commissions		
Net increase of intra-group borrowings		
Net increase of funds in repurchase business		
Tax refunds received		
Other cash received relating to operating activities	96,120,915.55	30,447,863.13
Subtotal of cash inflows from operating activities	135,082,723.67	41,494,635.67
Cash paid for goods and services	95,029,835.42	74,059,575.03
Net increase of customer lendings and advances		
Net increase of funds deposited in the central bank and amount due from banks		
Cash for paying claims of the original insurance contracts		
Cash for paying interest, handling charges and commissions		
Cash for paying policy dividends		
Cash paid to and for employees	29,303,899.64	12,803,130.49
Various taxes paid	4,894,102.10	2,193,105.67
Other cash payment relating to operating activities	97,785,964.49	22,053,024.28

Subtotal of cash outflows from operating activities	227,013,801.65	111,108,835.47
Net cash flows from operating activities	-91,931,077.98	-69,614,199.80
II. Cash flows from investing activities:		
Cash received from withdrawal of investments		
Cash received from return on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,350.00
Net cash received from disposal of subsidiaries or other business units	99,000,000.00	
Other cash received relating to investing activities		411.00
Subtotal of cash inflows from investing activities	99,000,000.00	2,761.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets	682,004.02	1,341,213.58
Cash paid for investment	8,000,000.00	
Net increase of pledged loans		
Net cash paid to acquire subsidiaries and other business units	7,200,000.00	
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	15,882,004.02	1,341,213.58
Net cash flows from investing activities	83,117,995.98	-1,338,452.58
III. Cash Flows from Financing Activities:		
Cash received from capital contributions	8,000,000.00	
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received from borrowings	1,200,000,000.00	2,222,000,000.00
Cash received from issuance of bonds		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	1,208,000,000.00	2,222,000,000.00
Repayment of borrowings	1,027,344,776.57	2,056,349,444.44
Cash paid for interest expenses and distribution of dividends or profit	59,422,210.92	70,546,890.32
Including: dividends or profit paid by subsidiaries to minority shareholders		
Other cash payments relating to financing activities	7,754,166.67	6,526,710.00
Sub-total of cash outflows from financing activities	1,094,521,154.16	2,133,423,044.76
Net cash flows from financing activities	113,478,845.84	88,576,955.24
IV. Effect of foreign exchange rate	0.00	-916.69

changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	104,665,763.84	17,623,386.17
Add: Opening balance of cash and cash equivalents	19,989,682.85	153,356,391.84
VI. Closing balance of cash and cash equivalents	124,655,446.69	170,979,778.01

6. Cash flow statement of the Company

Unit: RMB Yuan

Item	Jan.-Jun. 2012	Jan.-Jun. 2011
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service		
Tax refunds received		
Other cash received relating to operating activities	28,923,233.77	26,913,139.76
Subtotal of cash inflows from operating activities	28,923,233.77	26,913,139.76
Cash paid for goods and services		
Cash paid to and for employees	7,721,957.67	4,540,865.14
Various taxes paid	1,257,451.76	723,193.79
Other cash payment relating to operating activities	86,752,680.31	21,022,072.23
Subtotal of cash outflows from operating activities	95,732,089.74	26,286,131.16
Net cash flows from operating activities	-66,808,855.97	627,008.60
II. Cash flows from investing activities:		
Cash received from retraction of investments		
Cash received from return on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	-3,135.00	2,350.00
Net cash received from disposal of subsidiaries or other business units	72,000,000.00	
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities	71,996,865.00	2,350.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets	40,777.50	572,030.00
Cash paid for investment		
Net cash paid to acquire subsidiaries and other business units		
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	40,777.50	572,030.00
Net cash flows from investing activities	71,956,087.50	-569,680.00

III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Cash received from borrowings		
Cash received from issuance of bonds		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	0.00	0.00
Repayment of borrowings	5,000,100.00	
Cash paid for interest expenses and distribution of dividends or profit		
Other cash payments relating to financing activities		
Sub-total of cash outflows from financing activities	5,000,100.00	0.00
Net cash flows from financing activities	-5,000,100.00	0.00
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-896.18
V. Net increase in cash and cash equivalents	147,131.53	56,432.42
Add: Opening balance of cash and cash equivalents	119,729.05	360,786.67
VI. Closing balance of cash and cash equivalents	266,860.58	417,219.09

7. Consolidated statement of changes in owners' equity

Reporting period

Unit: RMB Yuan

Item	Reporting period									
	Equity attributable to owners of the Company								Minority interests	Total owners' equity
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Others		
I. Balance at the end of the previous year	220,901,184.00	72,315,347.06			125,929,834.48		-498,261,874.87		-284,039,572.78	-363,155,082.11
Add: change of accounting policy										
Correction of errors in previous periods										
Other										
II. Balance at the beginning of the year	220,901,184.00	72,315,347.06			125,929,834.48		-498,261,874.87		-284,039,572.78	-363,155,082.11
III. Increase/ decrease of amount in the year ("-" means decrease)		-6,427,272.93					67,663,758.14		-5,028,733.78	56,207,751.43
(I) Net profit							67,663,758.14		-5,028,733.78	62,635,024.36
(II) Other comprehensive										

incomes										
Subtotal of (I) and (II)							67,663,758.14		-5,028,733.78	62,635,024.36
(III) Capital paid in and reduced by owners	0.00	-6,427,272.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-6,427,272.93
1. Capital paid in by owners										
2. Amounts of share-based payments recognized in owners' equity										
3. Others		-6,427,272.93								-6,427,272.93
(IV) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Appropriations to surplus reserves										
2. Appropriations to general risk provisions										
3. Appropriations to owners (or shareholders)										
4. Other										
(V) Internal carry-forward of owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. New increase of capital (or share capital) from capital public reserves										
2. New increase of capital (or share capital) from surplus reserves										
3. Surplus reserves for making up losses										
4. Other										
(VI) Specific reserve										
1. Withdrawn for the period										
2. Used in the period										
(VII) Other										
IV. Closing balance	220,901,184.00	65,888,074.13			125,929,834.48		-430,598,116.73		-289,068,306.56	-306,947,330.68

Last year

Unit: RMB Yuan

Item	Last year									
	Equity attributable to owners of the Company								Minority interests	Total owners' equity
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Others		
I. Balance at the end of the previous year	220,901,184.00	72,315,347.06			125,929,834.48		-364,837,764.72		-204,357,096.15	-150,048,495.33
Add: retrospective adjustments due to business combinations under the same control										
Add: change of accounting							5,235,40		446,951.9	5,682,356.

policy							4.81		7	78
Correction of errors in previous periods							-14,884,902.73			-14,884,902.73
Other										
II. Balance at the beginning of the year	220,901,184.00	72,315,347.06			125,929,834.48		-374,487,262.64		-203,910,144.18	-159,251,041.28
III. Increase/ decrease of amount in the year ("—" means decrease)							-123,774,612.23		-80,129,428.60	-203,904,040.83
(I) Net profit							-123,774,612.23		-80,129,428.60	-203,904,040.83
(II) Other comprehensive incomes										
Subtotal of (I) and (II)							-123,774,612.23		-80,129,428.60	-203,904,040.83
(III) Capital paid in and reduced by owners	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Capital paid in by owners										
2. Amounts of share-based payments recognized in owners' equity										
3. Others										
(IV) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Appropriations to surplus reserves										
2. Appropriations to general risk provisions										
3. Appropriations to owners (or shareholders)										
4. Other										
(V) Internal carry-forward of owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. New increase of capital (or share capital) from capital public reserves										
2. New increase of capital (or share capital) from surplus reserves										
3. Surplus reserves for making up losses										
4. Other										
(VI) Specific reserve										
1. Withdrawn for the period										
2. Used in the period										
(VII) Other										
IV. Closing balance	220,901,184.00	72,315,347.06			125,929,834.48		-498,261,874.87		-284,039,572.78	-363,155,082.11

8. Statement of changes in owners' equity of the Company

Reporting period

Unit: RMB Yuan

Item	Reporting period							
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Total owners' equity
I. Balance at the end of the previous year	220,901,184.00	64,951,444.59			96,841,026.39	-356,392,329.08		26,301,325.90
Add: change of accounting policy								
Correction of errors in previous periods								
Other								
II. Balance at the beginning of the year	220,901,184.00	64,951,444.59			96,841,026.39	-356,392,329.08		26,301,325.90
III. Increase/ decrease of amount in the year ("-" means decrease)		-6,427,272.93				75,390,739.05		68,963,466.12
(I) Net profit						75,390,739.05		75,390,739.05
(II) Other comprehensive incomes								
Subtotal of (I) and (II)						75,390,739.05		75,390,739.05
(III) Capital paid in and reduced by owners	0.00	-6,427,272.93	0.00	0.00	0.00	0.00	0.00	-6,427,272.93
1. Capital paid in by owners								
2. Amounts of share-based payments recognized in owners' equity								
3. Others		-6,427,272.93						-6,427,272.93
(IV) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Appropriations to surplus reserves								
2. Appropriations to general risk provisions								
3. Appropriations to owners (or shareholders)								
4. Other								
(V) Internal carry-forward of owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. New increase of capital (or share capital) from capital public reserves								
2. New increase of capital (or share capital) from surplus reserves								
3. Surplus reserves for making up losses								
4. Other								
(VI) Specific reserve								
1. Withdrawn for the period								
2. Used in the period								
(VII) Other								
IV. Closing balance	220,901,184.00	58,524,171.66			96,841,026.39	-281,001,589.13		95,264,792.92

	4.00	.66			.39	90.03		.02
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Last year

Unit: RMB Yuan

Item	Last year							
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Total owners' equity
I. Balance at the end of the previous year	220,901,184.00	64,951,444.59			96,841,026.39	-304,552,878.43		78,140,776.55
Add: change of accounting policy						4,564,976.83		
Correction of errors in previous periods						-14,884,902.73		
Other								
II. Balance at the beginning of the year	220,901,184.00	64,951,444.59			96,841,026.39	-314,872,804.33		67,820,850.65
III. Increase/ decrease of amount in the year ("-" means decrease)						-41,519,524.75		-41,519,524.75
(I) Net profit						-41,519,524.75		-41,519,524.75
(II) Other comprehensive incomes								
Subtotal of (I) and (II)						-41,519,524.75		-41,519,524.75
(III) Capital paid in and reduced by owners	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Capital paid in by owners								
2. Amounts of share-based payments recognized in owners' equity								
3. Others								
(IV) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Appropriations to surplus reserves								
2. Appropriations to general risk provisions								
3. Appropriations to owners (or shareholders)								
4. Other								
(V) Internal carry-forward of owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. New increase of capital (or share capital) from capital public reserves								
2. New increase of capital (or share capital) from surplus reserves								
3. Surplus reserves for making up losses								
4. Other								
(VI) Specific reserve								
1. Withdrawn for the period								
2. Used in the period								

(VII) Other								
IV. Closing balance	220,901,184.00	64,951,444.59			96,841,026.39	-356,392,329.08		26,301,325.90

(III) Notes to the financial statements

1. Changes in main accounting policies or estimates, correction of any significant accounting error and the influenced amounts

(1) Change of accounting policies

Were the main accounting policies changed during the reporting period?

√Yes No

. Changes in accounting policies、 accounting estimates

(1) Change in accounting policies

① Briefing of change in accountitng policies

A、 The changed accounting policies

The Company changed the follow-up measurement for investment property from cost pattern into fair value pattern upon the approval of 2012 5th provisional meeting of 6th board of directors

B、 Reasons and basis for the change of accounting policies

The board of directors believes that the Company's main investment property in construction process is located in the CBD of Futian District, Shenzhen City, and all the buildings of the comoany that are leased out are all located in the city centre of Guangzhou, Haikou or Shenzhen etc. There is an active trading market of real estate in the locations of the each of the above mentioned investment property; and The company is able to obtain the market prices of the identical or similar real estates and other relevant information from the trading market of each of the above mentioned investment properties, so as to be able to scientifically and reasonably estimate the fair value of the investment properties. The fair value of all the above mentioned investment properties can be obtained in a continuous and reliable way, the follow-up mearment pattern complies with the requirements for investment property to adopt fair value pattern to make follow-up mearement ruled by <Accounting Standards for Enterprises 2006>. The company's main investment property is used to lease, to adopt fair value pattern to make follow-up measurement is internationally Internationally accepted method, for the reason to trulier and more objectively reflect the Company's value helps a wide range of investors to comprehend the Company's operation and assets value, and the Company to state its financial condition and management performance. Therefore, based on the <Accounting Standards for Enterprises 2006 No.3-Investment property> and <Accounting Standards for Enterprises 2006 No.28-Changes of Accounting Policies and Accounting Estimates and Error Correction> , the Company changed the follow-up measurement for investment property from cost pattern into fair value pattern upon the approval of 2012 5th provisional meeting of 6th board of directors

C、 Date of change of accounting policies

The date of change of accounting policies of current accounting period is January 1st 2012 upon the approval of 2012 5th provisional meeting of 6th board of directors

D、 Investment properties that are involved with the change of accounting policies

As at the end of 31st March 2012, the carrying amount of investment property before change of accounting policies of the Company was RMB1,296,420,499.70, including RMB1,079,782.84 leased buildings and RMB1,295,340,716.86 investment property in construction process.

E、 Accounting policies before and after the change

a、 Accounting policies before the change

The 2007 4th meeting of the 5th borad of directors approved the Company to use cost pattern to make the

follow-up measurement of investment property, according to expected useful life and net residual rate on buildings and land-use right to calculate depreciation. The Company's expected useful life, net residual rate and annual depreciation rate of investment property as follow:

Categories	Expected residual rate	Expected useful life	Annual depreciation rate
Buildings、 structures	10%	30 years	3%

At the balance sheet date, the evaluation criteria should base on the lower value between costs and net realizable value. When net realizable values are lower than costs, provision for impairment loss of property investment shall be made. If the value of the impaired investment property recovered, the provided impairment loss in prior period cannot be carry back.

b、 Accounting policies after the change

As approved by the Company's 2012 5th provisional meeting of the 6th board of directors, the company adopts the fair value pattern to make the follow-up measure for Investment property

For the investment property measured through the fair value pattern, where there is no accrual depreciation or amortization made for it, its book value shall be adjusted on the basis of its fair value on the date of the balance sheet, and the difference between the fair value and its original book value shall be included in the current profits and losses. If the fair value of or investment property in construction process is not able to be obtained in areliable way but is expected to be obtained in be obtained in a continuous and reliable way, the Company measure the investment property in cost patern, until the construction of the investment property in complete or the fair value of the investment property is able to be obtained in a reliable way, which is ealier, the company then change to fair value pattern to make the follow-up measurement.

Influence of changes of the accounting policies upon the Company

According to the <Accounting Standards for Enterprises 2006>, the financial statements for the accounting period ended at Dec 31st 2011 shall be adjusted retroactively. The investment property in construction process, the IA Mall is still not completed, therefore IA Mall project shall be measured with cost pattern before it reaches the condition ready for its intended use. Retroactive adjustment shall be made for the influence of fair value change of the company's leased buildings; the above mentioned influence upon consolidated statement of changes in shareholders' equity and as at 31st Dec 2011 and consolidated income statement is presented as below:

A、 Influence upon consolidated statement of changes in shareholders' equity and as at 31st Dec 2011 and consolidated income statement

(Unit: RMB Yuan)

Items	Before change of accounting policies	After change of accounting policies	Adjusted amount	Adjusted ratio %
Shared capital	220,901,184.00	220,901,184.00	-	-
Capital reserve	72,315,347.06	72,315,347.06	-	-
Surplus reserve	125,929,834.48	125,929,834.48	-	-
Retained profit	-503,497,279.68	-498,261,874.88	5,235,404.80	-1.04
Owner's equity attribute to the parent company	-84,350,914.14	-79,115,509.34	5,235,404.80	-6.21
Minority interests	-284,486,524.75	-284,039,572.78	446,951.97	-0.16
Total owner's equity	-368,837,438.89	-363,155,082.12	5,682,356.77	-1.54
Net profit	-203,904,040.83	-204,135,655.20	-231,614.37	0.11
Including: Net profit attribute to the parent company	-123,774,612.23	-123,991,050.56	-216,438.33	0.17

Net Profit attribute to minority	-80,129,428.60	-80,144,604.64	-15,176.04	0.02
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B、Influence of changes of the accounting policies upon the Company's financial statements of 2012 accounting period

The main influence of change of accounting policies upon the Company's financial statements of 2012 accounting period is from the fair value change of IA Mall in construction process, after it starts operation this year. The Company confirmed the operation strategy of merchants invitation to lease for IA Mall in 2007, Operation and management team was formed specifically for the Merchants invitation, promotion, and management after it starts operation for IA Mall project. As at March 31st 2012, the carrying amount of IA Mall in construction process was RMB 1,295,000,000. The total cost of the completed construction of IA Mall was predicted to be RMB1,550,000,000 by the Company. IA Mall now is not completed, there fore it is investment property still in construction process, it does not meet the requirements of fair value pattern follow-up measurement currently, but the fair value of IA Mall after construction complete is expected to be obtained in continous and reliable way, according to the opinion of appraisal company, on the assumption that IA Mall starts operation with year 2012, the fair value of IA Mall as at appraisal date 31st Dec 2012 was 5,970,000,000. Based on the above mentioned reasons, on the assumption of fair value of real-estate market without significant fluctuation during 31st Mar 2012 to 31st Dec 2012, if IA Mall project completes construction and leases out all the units, the change of accounting policies will increase the deferred tax liabilities by RMB1,105,000,000 and increase Net profit of 2012 by RMB3,315,000,000, including net profit attribute to parental company RMB1,989,000,000.

D、Predicted Influence of changes of the accounting policies upon the Company's income tax

The predicted Influence of changes of the accounting policies upon the Company's income tax after 2012 accounting period is mainly from depreciation and the fair value change of the IA Mall, which is still in construction process, after it starts operation.

According to <Accounting standards for Enterprises 2006>, for the investment property measured through the fair value pattern, where there is no accrual depreciation or amortization made for it, its book value shall be adjusted on the basis of its fair value on the date of the balance sheet, and the difference between the fair value and its original book value shall be included in the current profits and losses.

According to the Tax Law, profit or loss from the fair value change is not accounted in the taxable income. Meanwhile, depreciation or amortization shall be made according to the Tax Law to adjust in order to decrease current taxable income. Therefore, the changes of accounting policies only have influence on the profit and loss, and no influence on taxable income. The above mentioned difference from the discrepancy between carrying amount and tax base of investment property, shall be treated by recognition of deferred tax and income tax adjustment. Accordng to the current fixed assets depreciation policy of property, after the operation of IA Mall, around RMB 46,500,000 depreciation per year is allowed to be accounted as pre-tax expense, the Company can decrease income tax expense by RMB 11,600,000 and increse deferred tax assets by RMB 11,600,000, until the expected useful life of IA Mall ends. Meanwhile and accordingly, the profit and loss from fair value change of current year is not accounted as taxable income and deferred tax liability is to be adjusted.

E、Influence of changes of the accounting policies upon the Company's cash flow of 2012 accounting period

There is no influence of changes of the accounting policies upon the Company's cash flow

(2) Change of accounting estimates

Were the main accounting estimates changed during the reporting period?

☐ Yes ☒ No

(3) Correction of accounting errors

Was any accounting error made in previous periods discovered in the reporting period?

☐ Yes ☒ No

2. Reasons for any change of the consolidation scope

Compared with the previous year the new combined unit 1, for new set up in this period

Compared with the previous year the period decrease with unit 2, for disposal in this period.

3. If a non-standard audit report is issued, the Company should make relevant notes.