

HaiNan Pearl River Holdings Co., Ltd.

Abstract of the 2013 Semi-annual Report

1. Important reminders

(1)

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

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

(2) Company profile

Stock abbreviation	*STZJ, *STZJB	Stock code	000505, 200505
Stock exchange listed with	Shenzhen Stock Exchange		
For contact	Company Secretary	Securities Affairs Representative	
Name	Yu Cuihong	Yu Cuihong	
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2. Financial highlights and change of shareholders

(1) Financial highlights

Does the Company adjust retrospectively or restate accounting data of previous years due to change of the accounting policy or correction of any accounting error?

☐ Yes ☒ No

	Reporting period	Same period of last year	YoY +/- (%)
Operating revenues (RMB Yuan)	107,223,021.13	108,341,956.20	-1.03%
Net profit attributable to shareholders of the Company (RMB Yuan)	-64,455,008.65	-37,734,798.44	-70.81%
Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB Yuan)	-72,879,625.27	-59,037,643.78	-23.45%
Net cash flows from operating activities (RMB Yuan)	-43,861,109.19	-35,592,424.56	-23.23%
Basic EPS (RMB Yuan/share)	-0.15	-0.09	-70.81%
Diluted EPS (RMB Yuan/share)	-0.15	-0.09	-70.81%
Weighted average ROE (%)	-33.76%	-9.93%	-23.83%
	As at the end of the reporting period	As at the end of last year	YoY +/- (%)
Total assets (RMB Yuan)	1,398,816,127.89	1,424,764,273.52	-1.82%
Net assets attributable to shareholders of the Company (RMB Yuan)	144,215,702.94	237,625,634.44	-39.31%

(2) Shareholdings of the top 10 shareholders

Total number of shareholders at the end of the reporting period		40,363				
Shareholdings of the top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	Number of restricted shares held	Pledged or frozen shares	
					Status of shares	Number of shares
Beijing Wanfa Real Estate Development Co., Ltd.	State-owned corporation	26.36%	112,479,478		Pledged	20,000,000
Zhang Xiaoxia	Domestic natural person	0.46%	1,949,250			
Chen Mingwei	Domestic natural person	0.43%	1,827,900			
Hu Zhengxiu	Domestic natural person	0.37%	1,600,000			
Wang Defu	Domestic natural person	0.36%	1,540,100			
Ou Lei	Domestic natural person	0.35%	1,500,000			
Beijing CICC Xinbo Asset Management Center, LLP	Domestic non-state-owned corporation	0.34%	1,464,419			
Liang Bijun	Domestic natural person	0.33%	1,408,463			
Nanhua Finance Co., Ltd.	Domestic non-state-owned corporation	0.3%	1,299,500	1,299,500		
Sheng Fubo	Domestic natural person	0.28%	1,191,895			
Explanation on associated relationship or/and persons acting in concert among the above-mentioned shareholders:		Among shareholders above, there exists no related-party relationship between the principal shareholder and other shareholders of the Company. Nor they are parties with concerted action as prescribed in the Information Disclosure Administrative Methods for Changes in Shareholding of Shareholders of Listed Companies. And it is unknown whether there is related-party relationship among other shareholders and whether they are prescribed parties with concerted action.				
Shareholders taking part in margin financing and securities lending (if any)		The Company's shareholder Wang Defu held 0 shares via the common securities account and 1,540,100 shares via the client credit trading guarantee securities account of China Minzu Securities Co., Ltd., so he actually held 1,540,100 shares in total.				

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

Change of the controlling shareholder in the reporting period

☐ Applicable ☒ Inapplicable

Change of the actual controller in the reporting period

☐ Applicable ☒ Inapplicable

3. Discussion and analysis by the management

1. The key task for this year is the Phase III development of the Wuhan Meilin Qingcheng Project. So far, the reply approving to initiate the project has been obtained. A detailed geological exploration, the relocation & clean-up, the trial of foundation piles and so on have been completed. According to the planning documents (WGDZ (2003) No. 271 and WTJQZ [2003] No. 073), as a way to expand the project land, the Company will transfer the 1.33-hectare land adjacent to the development land of Xudong Village to the undertaker of the “Urban Village Transformation” Project of Xudong Village so as to get a development land parcel of almost the same area on the east of the development land of the Phase III, which has been approved by the relevant government body. Construction of the Phase III will start as soon as the land transfer and expansion formalities are completed.

2. Progress of the Shijiazhuang Luquan new countryside construction project:

In the first half of the year, evaluation of the enterprises to be relocated from the Land Parcel No. 1 was completed, marking the steady progressing of the relocation. The planning was submitted for approval and the municipal plan was analyzed. The planning was deepened and the final plan for house types and elevations was confirmed, marking the basic accomplishment of the preliminary design. Meanwhile, the construction drawing was partially begun. When the funds arrive, the Company will immediately start making compensations and collecting back land so as to run ahead of the schedule in the second half of the year.

3. About the Mulin Town special railway and coal wholesale market construction project:

The government is regulating the coal industry and shutting down some high-pollution enterprises. And the Company has been waiting for the governmental department to grant a coal operation license. The relevant project and production line construction thus cannot proceed as scheduled. The land where the project is located is temporarily put aside. According to the latest policy, the government has stopped granting coal operation licenses. Since this June, the Company and its partner Zhonghe Investment Co., Ltd. have officially initiated the project. Meanwhile, the Company has entrusted its partner to conduct coal trading with some major customers, which will help accumulate experience and expand marketing channels for the subsequent independent operation and at the same time will help achieve some investment gains in this stage.

4. About the Hubei Yunxi Iron Mine Project: A detailed investigation has been carried out on the Dujiawan Iron Mine and the relevant files have been kept. Currently, the Company is working on the specific plan for mining and mine construction. The detailed geological investigation into the Zhaojiayuan Mine has almost come to an end. Relevant equipment has been procured and all the production lines have been installed and debugged. The mine is now capable of producing 0.4 million tons of high-purity iron ore per year. In the first half of the year, partial mining and high-purity iron ore production started. However, the original power supply of the mine cannot meet the current need from mining and production equipment, so the Company has to alter and expand the power supply system. Meanwhile, relocation of over 80 households in the mine lags behind the schedule for the reason of compensation. Therefore, the Zhaojiayuan Mine fails to reach the expected mining scale, with a considerable decrease of the expected production volume. Currently, the Company is working on power supply expansion, relocation compensation, etc, which are expected to complete in this October. By that time, mass mining and production can begin.

5. For the first half of the year, HaiNan Pearl River Property & Hotel Management Co., Ltd. achieved operating revenues of RMB 65.5060 million, up RMB 14.5390 from the same period of last year; bore operating costs of RMB 66.5179 million; paid a business tax of RMB 4.6138 million and made a loss about RMB 1.20 million. The loss was mainly because the labor cost went up RMB 7.1602 million from a year earlier.

6. The hotel and tourist service business grew steadily, generating a business income of RMB 34.76 million, representing a year-on-year increase. Days Hotel & Suites Sanya Resort Management Co., Ltd. continued to enhance internal management and adopted multiple marketing methods. For the first half of the year, it

achieved operating revenues of RMB 21.96 million and net profit of RMB 6.46 million (depreciation excluded).

Mudanjiang Pearl River Wanjia Travel Investment and Development Group Co., Ltd. achieved operating revenues of RMB 12.8088 million for the first half of the year. After the last winter, it conducted various marketing activities for the Snow Village in the summer as a key task for this year and designed many travel themes. Meanwhile, it enhanced targeted promotion, provided various services to meet various travel needs of clients and promoted the recognition of the Snow Village in summer.

In the second half of the year, it will enhance the combination of tourist products of the Snow Village, carry out tourism management and tourist spot protection according to the new Tourism Law, improve promotion and management of the Snow Village and do a good job in the winter.

4. Matters related to financial reporting

(1) Explain change of the accounting policy, accounting estimate and measurement methods as compared with the financial reporting of last year

N/A

(2) Explain retrospective restatement due to correction of significant accounting errors in the reporting period

N/A

(3) Explain change of the consolidation scope as compared with the financial reporting of last year

N/A

(4) Explanation of the Board of Directors and the Supervisory Committee concerning the “non-standard audit report” issued by the CPAs firm for the reporting period

N/A

Hainan Pearl River Holding Company Limited
Consolidated Balance Sheet

30 Jun 2013
Expressed in Renminbi

Items	Notes	30-Jun-13	31-Dec-12
Current assets:			
Monetary funds	V.1	55,812,269.33	65,762,871.33
Financial assets held for trading			
Notes receivable			
Accounts receivable	V.2	17,279,796.94	9,889,336.96
Prepayments	V.3	163,972,326.82	148,283,887.61
Interest receivable			
Dividend receivable	V.4	3,235,015.00	260,015.00
Other receivables	V.5	319,805,498.42	314,281,649.69
Inventories	V.6	111,776,232.18	109,749,172.81
Non-current asset due within 1 year			
Other current assets	V.7	3,000,000.00	
Total current assets		674,881,138.69	648,226,933.40
Non-current assets:			
Available-for-sale financial assets	V.8	235,009,797.10	273,616,360.90
Held-to-maturity securities			
Long-term receivables			
Long-term equity investments	V.10	50,251,220.27	50,758,716.34
Investment real estates	V.11	24,563,708.95	25,308,707.14
Fixed assets	V.12	322,743,377.86	334,321,547.26
Construction in progress	V.13	38,242,894.28	34,908,625.06
Engineering material	V.14	606,206.60	606,206.60
Disposal of fixed assets			
Bearer biological assets			
Oil and gas assets			
Intangible assets	V.15	31,196,752.06	31,636,550.86
Expense on research and development			
Goodwill			
Long-term prepayments	V.16	21,321,032.08	25,380,625.96
Deferred income tax assets			
Other non-current asset			
Total non-current assets		723,934,989.20	776,537,340.12
Total assets		1,398,816,127.89	1,424,764,273.52

Corporate representative: Zheng Qing Chief Accountant: Chen Binglian Accounting Supervisor: Yang Daoliang

Hainan Pearl River Holding Company Limited
Consolidated Balance Sheet

30 Jun 2013
Expressed in Renminbi

Items	Notes	30-Jun-13	31-Dec-12
Current liabilities:			
Short-term loans	V.20	1,000,000.00	210,000,000.00
Financial liabilities held for trading			
Notes payable			
Accounts payable	V.21	20,182,697.91	20,503,123.52
Accounts received in advance	V.22	17,343,165.61	19,033,810.90
Accrued payroll	V.23	8,098,733.59	9,181,755.84
Taxes payable	V.24	-1,279,122.86	2,205,732.91
Interest payable	V.25	115,390,264.64	112,552,231.11
Dividend payable	V.26	3,213,302.88	3,213,302.88
Other payables	V.27	676,950,850.28	379,871,030.04
Non-current liabilities due within 1 year	V.28	31,000,000.00	28,000,000.00
Other current liabilities			
Total current liabilities		871,899,892.05	784,560,987.20
Non-current liabilities:			
Long-term borrowings	V.29	330,000,000.00	341,000,000.00
Bonds payable			
Long-term payables			
Special payables			
Accrued liabilities			
Deferred income tax liabilities	V.17	37,949,548.40	47,601,189.35
Other non-current liabilities			
Total non-current liabilities		367,949,548.40	388,601,189.35
Total liabilities		1,239,849,440.45	1,173,162,176.55
Owner's equity:			
Share capital	V.30	426,745,404.00	426,745,404.00
Capital surplus	V.31	492,991,234.32	521,946,157.17
Less:treasury stock			
Surplus reserves	V.32	109,487,064.39	109,487,064.39
Undistributed profits	V.33	-885,007,999.77	-820,552,991.12
Foreign currency translation differences			
Total owner's equity attributable to parent company		144,215,702.94	237,625,634.44
Minority interests		14,750,984.50	13,976,462.53
Total owner's equity		158,966,687.44	251,602,096.97
Total liabilities and owner's equity		1,398,816,127.89	1,424,764,273.52

Corporate representative:Zheng Qing

Chief Accountant:Chen Binglian

Accounting Supervisor: Yang Daoliang

Hainan Pearl River Holding Company Limited
Balance Sheet

30 Jun 2013
Expressed in Renminbi

Items	Notes	30-Jun-13	31-Dec-12
Current assets:			
Monetary funds		959,747.89	2,641,297.45
Financial assets held for trading			
Notes receivable			
Accounts receivable	XI.1	3,075,649.21	2,341,351.09
Prepayments		50,718,379.00	50,196,666.00
Interest receivable			
Dividend receivable		3,235,015.00	260,015.00
Other receivables	XI.2	583,095,477.09	557,322,758.74
Inventories		4,824,035.45	4,824,035.45
Non-current asset due within 1 year			
Other current assets			
Total current assets		645,908,303.64	617,586,123.73
Non-current assets:			
Available-for-sale financial assets		235,009,797.10	273,616,360.90
Held-to-maturity securities			
Long-term receivables			
Long-term equity investments	XI.3	299,607,675.57	300,108,192.64
Investment real estates		7,442,195.63	7,593,413.93
Fixed assets		16,595,572.64	17,446,366.12
Construction in progress			
Engineering material			
Disposal of fixed assets			
Bearer biological assets			
Oil and gas assets			
Intangible assets		1,529,208.78	1,553,040.60
Expense on research and development			
Goodwill			
Long-term prepayments		12,431,856.62	16,324,363.64
Deferred income tax assets			
Other non-current asset			
Total non-current assets		572,616,306.34	616,641,737.83
Total assets		1,218,524,609.98	1,234,227,861.56

Corporate representative: Zheng Qing Chief Accountant: Chen Binglian Accounting Supervisor: Yang Daoliang

Hainan Pearl River Holding Company Limited

Balance Sheet

30 Jun 2013

Expressed in Renminbi

Items	Notes	30-Jun-13	31-Dec-12
Current liabilities:			
Short-term loans		1,000,000.00	210,000,000.00
Financial liabilities held for trading			
Notes payable			
Accounts payable		2,482,949.70	2,482,949.70
Accounts received in advance		190,080.00	59,400.00
Accrued payroll		464,313.88	546,010.23
Taxes payable		-1,548,915.25	-1,615,110.81
Interest payable		82,842,102.73	81,573,212.53
Dividend payable		3,213,302.88	3,213,302.88
Other payables		538,364,645.71	295,396,790.14
Non-current liabilities due within 1 year			
Other current liabilities			
Total current liabilities		627,008,479.65	591,656,554.67
Non-current liabilities:			
Long-term borrowings		193,000,000.00	178,000,000.00
Bonds payable			
Long-term payables			
Special payables			
Accrued liabilities			
Deferred income tax liabilities		37,151,157.63	46,802,798.58
Other non-current liabilities			
Total non-current liabilities		230,151,157.63	224,802,798.58
Total liabilities		857,159,637.28	816,459,353.25
Owner's equity:			
Share capital		426,745,404.00	426,745,404.00
Capital surplus		496,007,573.86	524,962,496.71
Less:treasury stock			
Surplus reserves		109,487,064.39	109,487,064.39
Undistributed profits		-670,875,069.55	-643,426,456.79
Total owner's equity		361,364,972.70	417,768,508.31
Total liabilities and owner's equity		1,218,524,609.98	1,234,227,861.56

Corporate representative:Zheng Qing

Chief Accountant:Chen Binglian

Accounting Supervisor: Yang Daoliang

Hainan Pearl River Holding Company Limited
Consolidated Income Statement

Year ended 30 June 2013

Expressed in Renminbi

Items	Notes	Jan.-Jun. 2013	Jan.-Jun. 2012
I.Total operating income		107,223,021.13	108,341,956.20
Including: operating income	V.34	107,223,021.13	108,341,956.20
II.Total operating cost		175,386,515.27	161,706,751.41
Including: operating cost	V.34	77,839,912.45	74,969,155.92
Operating taxes and extras	V.35	6,360,287.19	8,907,927.55
Sales expenses	V.36	4,606,945.20	4,879,658.11
General and administrative expenses	V.37	46,741,079.54	53,000,592.30
Financial expenses	V.38	40,873,236.02	29,066,735.26
Loss of devaluation of assets	V.40	-1,034,945.13	-9,117,317.73
Add: Changing income of fair value			
Investment income	V.39	2,556,516.93	18,113,290.90
Including: investment income on affiliated company and joint venture		-507,496.07	-429,464.28
III.Operating profit		-65,606,977.21	-35,251,504.31
Add: Non-operating income	V.41	73,275.60	72,889.50
Less: Non-operating expenses	V.42	71,307.30	126,353.94
Including: disposal loss of non-current asset		15,533.81	
IV.Total profit		-65,605,008.91	-35,304,968.75
Less: income tax	V.43	175,477.77	1,777,028.96
V.Net profit		-65,780,486.68	-37,081,997.71
Net profit attributable to parent company's owner		-64,455,008.65	-37,734,798.44
Profit and loss of minority interests		-1,325,478.03	652,800.73
VI.Earnings per share			
i.Basic earnings per share	V.44	-0.15	-0.09
ii.Diluted earnings per share	V.44	-0.15	-0.09
VII.Other comprehensive income	V.45	-28,954,922.85	52,031,961.59
VIII.Total comprehensive income		-94,735,409.53	14,949,963.88
Including: Total comprehensive income attributed to the owners of parent company		-93,409,931.50	14,297,163.15
Total comprehensive income attributed to minority interests		-1,325,478.03	652,800.73

Corporate representative: Zheng Qing

Chief Accountant: Chen Binglian

Accounting Supervisor: Yang Daoliang

Hainan Pearl River Holding Company Limited
Income Statement

Year ended 30 June 2013

Expressed in Renminbi

Items	Notes	Jan.-Jun. 2013	Jan.-Jun. 2012
I.Total operating income	XI.4	581,744.40	579,338.20
Less:Operating costs	XI.4	177,796.80	177,796.80
Operating taxes and extras		32,577.68	32,330.94
Sales expenses			1,267.00
General and administrative expenses		11,022,129.41	10,762,024.79
Financial expenses		29,584,045.68	16,037,614.63
Loss of devaluation of assets		-10,228,962.52	-3,276,546.96
Add:Changing income of fair value			
Investment income	XI.5	2,563,495.93	110,513,290.90
Including: investment income on affiliated company and joint venture		-500,517.07	-429,464.28
II.Operating profit		-27,442,346.72	87,358,141.90
Add: Non-operating income		0.19	
Less: Non-operating expenses		6,266.23	15.06
Including: disposal loss of non-current asset			
III.Total profit		-27,448,612.76	87,358,126.84
Less: income tax			
IV.Net profit		-27,448,612.76	87,358,126.84
V.Earnings per share			
i.Basic earnings per share			
ii.Diluted earnings per share			
VI.Other comprehensive income		-28,954,922.85	52,031,961.59
VII.Total comprehensive income		-56,403,535.61	139,390,088.43

Corporate representative:Zheng Qing

Chief Accountant:Chen Binglian

Accounting Supervisor: Yang Daoliang

Hainan Pearl River Holding Company Limited
Consolidated Cash Flow Statement

Year ended 30 June 2013

Expressed in Renminbi

Items	Notes	Jan.-Jun. 2013	Jan.-Jun. 2012
I.Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		101,651,207.81	90,839,597.75
Refunds of taxes			
Cash received relating to other operating activities	V.46(1)	12,470,630.71	11,113,568.62
Subtotal of cash inflows		114,121,838.52	101,953,166.37
Cash paid for goods and services		39,030,611.99	31,480,717.55
Cash paid to and on behalf of employees		60,918,149.26	52,599,524.79
Payments of all types of taxes		12,428,181.55	12,674,520.81
Cash paid relating to other operating activities	V.46(2)	45,606,004.91	40,790,827.78
Subtotal of cash outflows		157,982,947.71	137,545,590.93
Net cash flows from operating activities	V.47(1)	-43,861,109.19	-35,592,424.56
II.Cash flows from investing activities:			
Cash received from return of investments		26,000,000.00	43,000,000.00
Cash received from return on investments		89,013.00	-
Net cash received from the sale of fixed assets, intangible assets and other long-term assets		412,838.50	21,469,320.27
Net cash received from selling subsidiary company and joint venture		-	-
Cash received relating to other investing activities	V.46(3)	5,647,661.11	5,200,000.00
Subtotal of cash inflows		32,149,512.61	69,669,320.27
Cash paid to acquire fixed assets, intangible assets and other long-term assets		12,850,561.55	79,987,813.71
Cash paid to acquire investments		33,000,000.00	3,000,000.00
Net cash paid to purchase subsidiary company and joint venture			
Cash paid relating to other investing activities	V.46(4)		
Subtotal of cash outflows		45,850,561.55	82,987,813.71
Net cash flows from investing activities		-13,701,048.94	-13,318,493.44
III.Cash flows from financing activities:			
Cash received from investments by others		2,100,000.00	
Cash received from borrowings		338,000,000.00	357,600,000.00
Cash received relating to other financing activities		1,000,000.00	-
Subtotal of cash inflows		341,100,000.00	357,600,000.00
Cash repayments of amounts borrowed		250,000,000.00	268,000,000.00
Cash paid for distribution of dividends or profits and for interest expenses		30,280,968.25	24,762,536.25
Cash paid relating to other financing activities	V.46(5)	13,207,475.62	4,359,000.00
Subtotal of cash outflows		293,488,443.87	297,121,536.25
Net cash flows from financing activities		47,611,556.13	60,478,463.75
IV.Effect of foreign exchange rate changes on cash			
V.Net increase in cash and cash equivalents		-9,950,602.00	11,567,545.75
Add:balance of cash and cash equivalents at the beginning of the year		65,762,871.33	52,507,843.73
VI.Balance of cash and cash equivalents at the end of the year		55,812,269.33	64,075,389.48

Corporate representative:Zheng Qing

Chief Accountant:Chen Binglian

Accounting Supervisor: Yang Daoliang

Hainan Pearl River Holding Company Limited
Cash Flow Statement

Year ended 30 June 2013

Expressed in Renminbi			
Items	Notes	Jan.-Jun. 2013	Jan.-Jun. 2012
I.Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		552,850.00	-
Refunds of taxes			
Cash received relating to other operating activities		54,149,190.80	6,150,211.50
Subtotal of cash inflows		54,702,040.80	6,150,211.50
Cash paid for goods and services			
Cash paid to and on behalf of employees		2,897,272.40	2,432,405.76
Payments of all types of taxes		728,405.54	291,624.04
Cash paid relating to other operating activities		9,026,338.42	7,370,972.46
Subtotal of cash outflows		12,652,016.36	10,095,002.26
Net cash flows from operating activities	XI.6	42,050,024.44	-3,944,790.76
II.Cash flows from investing activities:			
Cash received from return of investments		26,000,000.00	43,000,000.00
Cash received from return on investments		89,013.00	-
Net cash received from the sale of fixed assets, intangible assets and other long-term assets		-	20,932,029.27
Net cash received from selling subsidiary company and joint venture		-	-
Cash received relating to other investing activities		5,647,661.11	5,200,000.00
Subtotal of cash inflows		31,736,674.11	69,132,029.27
Cash paid to acquire fixed assets, intangible assets and other long-term assets		34,007.00	83,157.00
Cash paid to acquire investments		90,499,500.00	57,250,000.00
Net cash paid to purchase subsidiary company and joint venture			
Cash paid relating to other investing activities			
Subtotal of cash outflows		90,533,507.00	57,333,157.00
Net cash flows from investing activities		-58,796,832.89	11,798,872.27
III.Cash flows from financing activities:			
Cash received from investments by others			
Cash received from borrowings		286,000,000.00	241,000,000.00
Cash received relating to other financing activities			
Subtotal of cash inflows		286,000,000.00	241,000,000.00
Cash repayments of amounts borrowed		238,000,000.00	220,000,000.00
Cash paid for distribution of dividends or profits and for interest expenses		23,427,265.49	16,253,321.92
Cash paid relating to other financing activities		9,507,475.62	859,000.00
Subtotal of cash outflows		270,934,741.11	237,112,321.92
Net cash flows from financing activities		15,065,258.89	3,887,678.08
IV.Effect of foreign exchange rate changes on cash			
V.Net increase in cash and cash equivalents		-1,681,549.56	11,741,759.59
Add:balance of cash and cash equivalents at the beginning of the year		2,641,297.45	515,955.59
VI.Balance of cash and cash equivalents at the end of the year		959,747.89	12,257,715.18

Corporate representative:Zheng Qing

Chief Accountant:Chen Binglian

Accounting Supervisor: Yang Daoliang

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

Year ended 30 June 2013

Expressed in Renminbi

Items	30 June 2013							
	Total owner's equity attributable to parent company						Minority interests	Total owner's equity
	Share capital	Capital reserves	Less:treasury stock	Surplus reserves	Undistributed profits	Others		
I.Amount at the end of last year	426,745,404.00	521,946,157.17		109,487,064.39	-820,552,991.12		13,976,462.53	251,602,096.97
1.Amount because the change of accounting policy								
2.Amount because correction of accounting error								
II.Amount at the beginning of this year	426,745,404.00	521,946,157.17		109,487,064.39	-820,552,991.12		13,976,462.53	251,602,096.97
III.Increment and decrement of this year		-28,954,922.85			-64,455,008.65		774,521.97	-92,635,409.53
1.Net profit					-64,455,008.65		-1,325,478.03	-65,780,486.68
2.Profit and loss through owner's equity directly		-28,954,922.85						-28,954,922.85
(1) Net changing amount of fair value of available-for-sale financial assets		-28,954,922.85						-28,954,922.85
(2) Influence of other owner's equity change of invested enterprise under equity method								
(3) Relating income tax effect through owner's equity items								
(4) Other								
Subtotal of above 1 and 2		-28,954,922.85			-64,455,008.65		-1,325,478.03	-94,735,409.53
3.Owners invest or reduce capital							2,100,000.00	2,100,000.00
(1) Owners invest capital							2,100,000.00	2,100,000.00
(2) Share-based payment recorded into owner's equity								
(3) Other								
4. Profit distribution								
(1) Draw surplus reserves								
(2) Draw common risk provision								
(3) Distribute to owners (shareholders)								
(4) Other								
5. Inner rotation within owner's equity								
(1) Capital reserves transfer to share capital								
(2) Surplus reserves transfer to share capital								
(3) Surplus reserves offset loss								
(4) Other								
IV.Amount at the end of this year	426,745,404.00	492,991,234.32		109,487,064.39	-885,007,999.77		14,750,984.50	158,966,687.44

Corporate representative: Zheng Qing

Chief Accountant: Chen Binglian

Accounting Supervisor: Yang Daoliang

Hainan Pearl River Holding Company Limited

Consolidated Statement of Changes in Equity

Year ended 30 June 2013

Expressed in Renminbi

Items	30 June 2012						
	Total owner's equity attributable to parent company						Minority interests
	Share capital	Capital reserves	Less:treasury stock	Surplus reserves	Undistributed profits	Others	Total owner's equity
I.Amount at the end of last year	426,745,404.00	530,451,655.97		109,487,064.39	-693,679,376.16		26,674,626.16
1.Amount because the change of accounting policy							
2.Amount because correction of accounting error							
II.Amount at the beginning of this year	426,745,404.00	530,451,655.97		109,487,064.39	-693,679,376.16		26,674,626.16
III.Increment and decrement of this year		52,031,961.59			-37,734,798.44		-11,947,199.27
1.Net profit					-37,734,798.44		652,800.73
2.Profit and loss through owner's equity directly		52,031,961.59					
(1) Net changing amount of fair value of available-for-sale financial assets		52,031,961.59					
(2) Influence of other owner's equity change of invested enterprise under equity method							
(3) Relating income tax effect through owner's equity items							
(4) Other							
Subtotal of above 1 and 2		52,031,961.59			-37,734,798.44		652,800.73
3.Owners invest or reduce capital							
(1) Owners invest capital							
(2) Share-based payment recorded into owner's equity							
(3) Other							
4. Profit distribution							12,600,000.00
(1) Draw surplus reserves							
(2) Draw common risk provision							
(3) Distribute to owners (shareholders)							12,600,000.00
(4) Other							
5. Inner rotation within owner's equity							
(1) Capital reserves transfer to share capital							
(2) Surplus reserves transfer to share capital							
(3) Surplus reserves offset loss							
(4) Other							
IV.Amount at the end of this year	426,745,404.00	582,483,617.56		109,487,064.39	-731,414,174.60		14,727,426.89

Corporate representative: Zheng Qing

Chief Accountant: Chen Binglian

Accounting Supervisor: Yang Daoliang

Hainan Pearl River Holding Company Limited

Statement of Changes in Equity

Year ended 30 June 2013

Expressed in Renminbi

Items	30 June 2013					
	Share capital	Capital reserves	Less:treasury stock	Surplus reserves	Undistributed profits	Total owner's equity
I.Amount at the end of last year	426,745,404.00	524,962,496.71		109,487,064.39	-643,426,456.79	417,768,508.31
1.Amount because the change of accounting policy						
2.Amount because correction of accounting error						
II.Amount at the beginning of this year	426,745,404.00	524,962,496.71		109,487,064.39	-643,426,456.79	417,768,508.31
III.Increment and decrement of this year		-28,954,922.85			-27,448,612.76	-56,403,535.61
1.Net profit					-27,448,612.76	-27,448,612.76
2.Profit and loss through owner's equity directly		-28,954,922.85				-28,954,922.85
(1) Net changing amount of fair value of available-for-sale financial assets		-28,954,922.85				-28,954,922.85
(2) Influence of other owner's equity change of invested enterprise under equity method						
(3) Relating income tax effect through owner's equity items						
(4) Other						
Subtotal of above 1 and 2		-28,954,922.85			-27,448,612.76	-56,403,535.61
3.Owners invest or reduce capital						
(1) Owners invest capital						
(2) Share-based payment recorded into owner's equity						
(3) Other						
4. Profit distribution						
(1) Draw surplus reserves						
(3) Distribute to owners (shareholders)						
(4) Other						
5. Inner rotation within owner's equity						
(1) Capital reserves transfer to share capital						
(2) Surplus reserves transfer to share capital						
(3) Surplus reserves offset loss						
(4) Other						
6. Others						
IV.Amount at the end of this year	426,745,404.00	496,007,573.86		109,487,064.39	-670,875,069.55	361,364,972.70

Corporate representative: Zheng Qing

Chief Accountant: Chen Binglian

Accounting Supervisor: Yang Daoliang

Hainan Pearl River Holding Company Limited

Statement of Changes in Equity

Year ended 30 June 2013

Expressed in Renminbi

Items	30 June 2012					
	Share capital	Capital reserves	Less:treasury stock	Surplus reserves	Undistributed profits	Total owner's equity
I.Amount at the end of last year	426,745,404.00	533,467,995.51		109,487,064.39	-684,380,391.30	385,320,072.60
1.Amount because the change of accounting policy						
2.Amount because correction of accounting error						
II.Amount at the beginning of this year	426,745,404.00	533,467,995.51		109,487,064.39	-684,380,391.30	385,320,072.60
III.Increment and decrement of this year		52,031,961.59			87,358,126.84	139,390,088.43
1.Net profit					87,358,126.84	87,358,126.84
2.Profit and loss through owner's equity directly		52,031,961.59				52,031,961.59
(1) Net changing amount of fair value of available-for-sale financial assets		52,031,961.59				52,031,961.59
(2) Influence of other owner's equity change of invested enterprise under equity method						
(3) Relating income tax effect through owner's equity items						
(4) Other						
Subtotal of above 1 and 2		52,031,961.59			87,358,126.84	139,390,088.43
3.Owners invest or reduce capital						
(1) Owners invest capital						
(2) Share-based payment recorded into owner's equity						
(3) Other						
4. Profit distribution						
(1) Draw surplus reserves						
(3) Distribute to owners (shareholders)						
(4) Other						
5. Inner rotation within owner's equity						
(1) Capital reserves transfer to share capital						
(2) Surplus reserves transfer to share capital						
(3) Surplus reserves offset loss						
(4) Other						
6. Others						
IV.Amount at the end of this year	426,745,404.00	585,499,957.10		109,487,064.39	-597,022,264.46	524,710,161.03

Corporate representative: Zheng Qing

Chief Accountant: Chen Binglian

Accounting Supervisor: Yang Daoliang

Hainan Pearl River Holding Company Limited

Notes on the Financial Statements for the Six Months ended 30 June 2013 **(All amounts are stated in RMB Yuan unless otherwise stated)**

I. General information

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

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

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

In 1995, based on the approval stated at the document of Shenzhen BanFu [1995] No. 45 and Shenzhen BanFu [1995] No.12, the company issued 50 million B shares. An incremental share

capital was thus followed based on the fact that every 1.5 new shares were generated for every ten B shares, resulting in the amount of 377,650,800 shares outstanding in total. Guangzhou Pearl River Industrial Company occupied 112,628,876 shares, holding an equity stake of 29.82%.

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

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

August 17, 2006, with the implementation of equity division reform, an incremental of share capital to the total amount of 49.094604 million shares took place since additional shares were delivered to all shareholders based on a 10: 1.3 (1.3 free new shares for every 10 held) distribution regime. The total amount of shares outstanding was thus increased to 426,745,404 shares with the Wanfa Real Estate Development Company occupying 107,993,698 shares, taking up the ownership percentage of 25.31%. In 2007 and 2009, non-circulation stock shareholders paid back consideration for reform of the shareholder structure; the corresponding value was respectively 3,289,780 and 1,196,000 shares of stock. Beijing Wanfa Real Estate Development Company held an amount of 112,479,478 shares at the end of 2009, which was equivalent to an equity stake of 26.36%. In 2010, the controlling shareholder Beijing Wanfa Real Estate Development Stock Limited Company changed its name to Beijing Wanfa Real Estate Development Limited Liability Company. By the end of June, this dominant shareholder held an amount of 112,479,478 shares, equivalent to an ownership percentage of 26.36%.

Registered capital: RMB 426,745,400 Yuan

The business license number: 4600001006830

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

Corporate representative: Zheng Qing

The operation scope: Industrial investment, tropical farming, aquaculture, real estate development and management, hotel investment and management, material supply, construction equipment

purchasing, leasing, hardware, chemical, trade of household items, decoration, vehicle parking, and high-tech investment projects, investment in environmental protection projects, investment advice. The company mainly engaged in real estate development and property management, which belong to real estate aspect.

The Company's basic organizational structure: General meeting of shareholders is the highest organ of power. Board of directors is the executing agency. Supervisory board is the Company's internal auditing agency. General Manager is responsible for the Company's daily operational management. There are General Manager Office, Securities Department, and Tourism Real Estate Department, Financial Department, Management Department, Auditing Department and others in the Company.

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

1. Preparation basis of financial statement

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

2. Announcement about compliance with Accounting Standards for Business Enterprises

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

3. Accounting year

Accounting year of the Group is the calendar year from January 1 to December 31. This report covers the period from January 1, 2011 to December 31, 2011.

4. Reporting currency

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

5. Consolidation Basis

(1) Merge of the enterprises under the uniform control

As there is the merge of the enterprises under the common control, the accrual basis shall be used. The assets, liabilities (except the adjustment caused by complying with various accounting policies) of the merged party shall be measured as their book value at the merging date. The difference between the price of the book value on merge (or face value of the total

issued shares) and obtained book value of net assets, shall adjust the capital surplus, and as the capital surplus is offset, the retained earnings shall be adjusted. The pre-merger net profit incurred by the merged party, shall be attributed to consolidated income statement.

(2) Merge of enterprises under the non-uniform control

As there is the merge of the enterprises under the non-uniform control, the purchasing principal to be adopted by the Company. On the purchasing date, the consolidating cost is determined by the fair values of the assets, occurred or payable liabilities, and the issued equity securities, which are paid for purchasing. Meanwhile, the assets, liabilities and the contingent liabilities of the vendor are determined at their fair values.

The excess amount between the consolidating cost and the fair value of the net assets of the vendor entity shall be recognized as goodwill in the consolidated balance sheet; the balance of the consolidating cost and the fair value of the net assets of the vendor shall be included in the current profit and loss.

The operating result shall be consolidated from the acquisition date until the termination of the control.

6. The standard for consolidation financial statement preparation

All subsidiaries of the company are in the scope of the consolidation.

The company prepares the consolidated financial statements in accordance with the “Accounting standard for Business Enterprises No. 33- Consolidated financial statement”.

7. Cash and Cash equivalents

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

8. Foreign currency transactions

Foreign currency (currency other than the reporting currency) transactions are translated into reporting currency at spot exchange rates prevailing on the day in which the transactions take place. Monetary items are adjusted according to spot exchange rates at the balance sheet date. The exchange balance on foreign currency shall be capitalized and recorded into the cost of relevant assets if it is eligible for capitalization; other exchange balance on foreign currency shall be recorded into current profit and loss. Foreign currency non-monetary items measured with history cost are translated into reporting currency at spot exchange rates on the

occurrence date. Foreign currency non-monetary items measured with fair value are translated into reporting currency at spot exchange rates of fair value confirming date; the difference is recorded as the changes in the profit and loss of fair value.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are restated into the reporting currency using the spot exchange rates at that date. Among the equity items, all items are translated into reporting currency at spot exchange rates on the occurrence date except the item of undistributed profits. Income Statement items are translated into reporting currency at spot exchange rate on the occurrence date. The exchange difference from translation of financial statements denominated in foreign currency is included in the equity and presented individually.

9. Financial Instruments

(1) Classification of financial assets and financial liabilities

Financial assets shall be classified into the following four categories when they are initially recognized: the financial assets which are measured at their fair values and the variation of which is recorded into the profits and losses of the current period, including transactional financial assets and the financial assets which are measured at their fair values and of which the variation is included in the current profits and losses; held-to-maturity investments; loans and account receivables; available-for-sale financial assets.

Financial liabilities shall be classified into the following two categories when they are initially recognized: the financial liabilities which are measured at their fair values and of which the variation is included in the current profits and losses, including transactional financial liabilities and the designated financial liabilities which are measured at their fair values and of which the variation is included in the current profits and losses; and other financial liabilities.

(2) Recognition and measurement of financial instruments

When an enterprise becomes a party to a financial instrument, it shall recognize a financial asset or financial liability. The financial assets and financial liabilities initially recognized by an enterprise except loans and account receivables shall be measured at their fair values; loans and account receivables initially recognized by an enterprise shall be measured at price in the contract or agreement. For the financial assets and liabilities measured at their fair values and of which the variation is recorded into the profits and losses of the current

period, the transaction expenses thereof shall be directly recorded into the profits and losses of the current period; for other categories of financial assets and financial liabilities, the transaction expenses thereof shall be included into the initially recognized amount.

An enterprise shall make subsequent measurement on its financial assets according to their fair values, and may not deduct the transaction expenses that may occur when it disposes of the said financial asset in the future. However, those under the following circumstances shall be excluded: a. The investments held until their maturity, loans and accounts receivable shall be measured on the basis of the post-amortization costs by adopting the actual interest rate method; b. The equity whose fair value cannot be measured reliably, and the derivative financial assets which are connected with the said equity instrument and must be settled by delivering the said equity instrument shall be measured on the basis of their costs.

An enterprise shall make subsequent measurement on its financial liabilities on the basis of the post-amortization costs by adopting the actual interest rate method, with the exception of those under the following circumstances: a. For the financial liabilities measured at their fair values and of which the variation is recorded into the profits and losses of the current period, they shall be measured at their fair values, and none of the transaction expenses may be deducted, which may occur when the financial liabilities are settled in the future. b. For the derivative financial liabilities, which are connected to the equity instrument for which there is no quotation in the active market and whose fair value cannot be reliably measured, and which must be settled by delivering the equity instrument, they shall be measured on the basis of their costs. c. For the financial guarantee contracts which are not designated as a financial liability measured at its fair value and the variation thereof is recorded into the profits and losses of the current period, and for the commitments to grant loans which are not designated to be measured at the fair value and of which the variation is recorded into the profits and losses of the current period and which will enjoy an interest rate lower than that of the market, a subsequent measurement shall be made after they are initially recognized according to the higher one of the following: the best estimation required to pay when carrying out the prevailing obligations, and initially recognized amount deducting accumulative amortization which adopts the actual interest rate method.

(3) Recognition and measurement of transfer of financial assets

Where an enterprise has transferred nearly all of the risks and rewards related to the ownership of the financial asset to the transferee, it shall stop recognizing the financial asset. If it retained nearly all of the risks and rewards related to the ownership of the financial asset, it shall not stop recognizing the financial asset. Where an enterprise does not transfer or retain nearly all of the risks and rewards related to the ownership of a financial asset, it shall deal with it according to the circumstances as follows, respectively: a. If it gives up its control over the financial asset, it shall stop recognizing the financial asset; b. If it does not give up its control involvement in the transferred financial asset, recognize the related financial asset and recognize the relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for stopping recognition, the difference between the amounts of the following 2 items shall be recorded in the profits and losses of the current period: a. The book value of the transferred financial asset; b. The sum of consideration received from the transfer, and the accumulative amount of the changes of the fair value originally recorded in the owner's equities. If the transfer of partial financial asset satisfies the conditions to stop the recognition, the entire book value of the transferred financial asset shall, between the portion whose recognition has been stopped and the portion whose recognition has not been stopped, be apportioned according to their respective relative fair value, and the difference between the amounts of the following 2 items shall be included into the profits and losses of the current period : a. The book value of the portion whose recognition has been stopped; b. The sum of consideration of the portion whose recognition has been stopped, and the portion of the accumulative amount of the changes in the fair value originally recorded in the owner's equities which is corresponding to the portion whose recognition has been stopped.

(4) Determination of the fair value of main financial assets and financial liabilities

As for the financial assets or financial liabilities for which there is an active market, the quoted prices in the active market shall be used to determine the fair values thereof. Where there is no active market for a financial instrument, the enterprise concerned shall adopt value appraisal techniques to determine its fair value. The value appraisal techniques mainly include the prices adopted by the parties, who are familiar with the condition, in the latest market transaction upon their own free will, the current fair value obtained by referring to other financial instruments of the same essential nature, the cash flow

capitalization method and the option pricing model, etc. As for the financial assets initially obtained or produced at source and the financial liabilities assumed, the fair value thereof shall be determined on the basis of the transaction price of the market.

(5) Impairment of financial assets

An enterprise shall carry out an inspection, on the balance sheet day, on the carrying amount of the financial assets other than those measured at their fair values and of which the variation is recorded into the profits and losses of the current period. An impairment test shall be made on the financial assets with significant single amounts. With regard to the financial assets with insignificant single amounts, they shall be included in a combination of financial assets with similar credit risk features so as to carry out an impairment-related test. Where, upon independent test, the financial asset (including those financial assets with significant single amounts and those with insignificant amounts) has not been impaired, it shall be included in a combination of financial assets with similar risk features so as to conduct another impairment test.

Where a financial asset measured on the basis of post-amortization costs is impaired, the carrying amount of the said financial asset shall be written down to the current value of the predicted future cash flow (excluding the loss of future credits not yet occurred), and the amount as written down shall be recognized as loss of the impairment of the asset. Where there is a very small gap between the predicted future cash flow of a short-term account receivable item and the current value thereof, the predicted future cash flow is not required to be capitalized when determining the relevant impairment-related losses. Where an equity instrument investment for which there is no quoted price in the active market and whose fair value cannot be reliably measured, or a derivative financial asset which is connected with the equity instrument and which must be settled by delivering the equity instrument, suffers from any impairment, the gap between the carrying amount of the equity instrument investment or the derivative financial asset and the current value of the future cash flow of similar financial assets capitalized according to the returns ratio of the market at the same time shall be recognized as impairment-related losses. Where available-for-sale financial assets are impaired due to significant drop of fair value and the drop is not temporary, the accumulative losses arising from the decrease of the fair value of the owner's equity which was directly included shall be transferred out and recorded into the profits and losses of the

current period.

10. Accounts receivable and bad debts

(1) Measurement method and the percentage of bad debts

Measurement method of bad debts: accounted with allowance method.

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

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

Here is the Company's bad debts provision policy:

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

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

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

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

11. Inventories

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

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

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

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

12. Long-term equity investment**(1) The initial cost of the long-term equity investment**

For the business combination under the same control, it shall, on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment. For the business combination not under same control, the initial cost of long-term equity investment is fair value of assets paid, liabilities undertaken, the equity securities issued by the Company, and includes all direct expenses and future events that will influence combination cost.

Besides the long-term equity investments formed by the business combination, the initial cost of a long-term equity investment obtained by other means shall be ascertained in accordance with the provisions as follows: The initial cost of a long-term equity investment obtained by making payment in cash shall be the purchase cost which is actually paid; the initial cost of a long-term equity investment obtained on the basis of issuing equity securities shall be the fair value of the equity securities issued; the initial cost of a long-term equity investment of an investor shall be the value stipulated in the investment contract or agreement.

(2) Subsequent measurement

The Company uses cost method for the following conditions: a long-term equity investment where the investing enterprise can exercise control over the investee, or the investing enterprise does not have joint control or significant influence over the investee, the investment is not quoted in an active market and its fair value can't be reliably measured. For a long-term equity investment where the investing enterprise can exercise control over the investee, the investing enterprise shall make an adjustment by employing the equity method when it works out consolidated financial statements. When adopting cost method, the dividends or profits declared to distribute by the invested entity shall be recognized as the current investment income. The investment income recognized by the investing enterprise shall be limited to the amount received from the accumulative net profits that arise after the invested entity has accepted the investment. Where the amount of profits or cash dividends obtained by the investing entity exceeds the aforesaid amount, it shall be regarded as recovery of initial investment cost.

A long-term equity investment of the investing enterprise that does joint control or significant influences over the invested entity shall be measured by employing the equity method. If the initial cost of a long-term equity investment is more than the investing enterprise' attributable share of the fair value of the invested entity's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted. If the initial cost of a long-term equity investment is less than the investing enterprise' attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be included in the current profits and losses and the cost of the long-term equity investment shall be adjusted simultaneously. After an investing enterprise obtains a long-term equity investment, it shall, in accordance with the attributable share of the net profits or losses of the invested entity, recognize the investment profits or losses and adjust the book value of the long-term equity investment. Where any change is made to the owner's equity other than the net profits and losses of the invested entity, the book value of the long-term equity investment shall be adjusted and be included in the owner's equity.

The Company should have impairment test for any long-term equity investment on very balance sheet date. When the estimated value in use is less than its book value, it will be treated as impairment loss. And this loss should be transferred into current profit and loss

account; meanwhile, the company should set up provision for the long-term equity investment impairment loss. To any long-term equity investments, which are measured by cost method, there is no price or its fair value cannot be measured reliably, the impairment loss of these investments should be the difference between the book value and the present value of the future cash flow calculated by using current market rate of similar financial asset.

For other long-term equity investment, where any evidence shows that there is possible assets impairment, the impairment provision is made according to relevant regulations and methods.

(3) Recognition basis of joint control and significant influences

The term "joint control" refers to the control over an economic activity in accordance with the contracts and agreements, which does not exist unless the investing parties of the economic activity with one an assent on sharing the control power over the relevant important financial and operating decisions. The term "significant influences" refers to the power to participate in making decisions on the financial and operating policies of an enterprise, but not to control or do joint control together with other parties over the formulation of these policies.

(4) Disposal of long-term equity investment

When disposing of a long-term equity investment, the difference between its book value and the actual purchase price shall be included in the current profits and losses. If any change other than the net profits and losses of the invested entity occurs and is included in the owner's equity, the portion previously included in the owner's equity shall, when disposing of a long-term equity investment measured by employing the equity method, be transferred to the current profits and losses according to a certain proportion.

13. Investment property

The term "investment property" refers to the real estates held for generating rent and/or capital appreciation, including: the right to use any land which has already been rented; the right to use any land which is held and prepared for transfer after appreciation; and the right to use any building which has already been rented. The initial measurement of the investment property shall be made at its cost. An enterprise shall make a follow-up measurement to the investment real estate through the cost pattern. For buildings which have already been rented,

the Company calculates depreciation as the same method of fixed assets. For the right to use any land, it is amortized with straight-line method according to the serviceable life. At the balance sheet date, where any evidence shows that there is possible assets impairment, the impairment provision is made.

14. Fixed assets

(1) Recognition of fixed assets

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

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

(2) The category and depreciation method of fixed assets

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

Category	Estimated useful lives (years)	Expected residual value (%)	Annual depreciation rate (%)
Buildings & Houses	25	5	3.8
Motor Vehicle	5	5	19.0
General equipments	10	5	9.5
Specific equipments	5	5	19.0
Other equipments	5	5	19.0

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

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

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

(3) Idle fixed assets

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

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

(4) Fixed assets under financing lease

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

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

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

15. Construction in progress

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

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

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

16. Borrowing Costs

Borrowing costs are interest and other related costs incurred by the Company in connection with the borrowing of funds, and include interest, amortization of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset. The amounts of other borrowing costs incurred shall be recognized as an expense in the period in which they are incurred.

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

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

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

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

(1) for a specific-purpose borrowing, the amount of interest to be capitalized shall be the

actual interest expense incurred for the period less temporary deposit's interest or investment income;

(2) Where funds are borrowed under general-purpose borrowings, the Company shall determine the amount of interest to be capitalized by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings. The capitalization rate shall be the weighted average of the interest rates applicable to the general-purpose borrowings.

17. Intangible assets

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

18. Long-term prepaid expenses

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

19. Contingencies liabilities

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

obligation.

20. Revenue recognition

(1) Revenue from the sale of goods shall be recognized only when all of the following conditions are satisfied:

- a. the enterprise has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b. the enterprise retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c. the amount of revenue can be measured reliably;
- d. it is probable that the associated economic benefits will flow to the enterprise;
- e. the associated costs incurred or to be incurred can be measured reliably.

Real estate sales revenue: the Company can recognize real estate sales revenue after the completion and acceptance of the property, signing sale contract, acquiring payment proof from buyer and delivery. When the buyer receives written delivery notice and has no warrant to refuse to accept it, the sales revenue is realized after delivery limit closed of delivery notice. For the development project consigned by other, as well as in accordance with "Accounting Standards for Business Enterprises -Construction Contract", the revenue shall be recognized in light of the percentage-of- completion method. The percentage-of- completion is determined by the proportion of finished workload.

(2) Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date (including: the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the enterprise; the stage of completion of the transaction can be measured reliably; the costs incurred and to be incurred for the transaction can be measured reliably), revenue associated with the transaction shall be recognized using the percentage of completion method, and the stage of completion of the transaction is recognized according to the proportion of the cost having taken place occupied the estimated total cost.

When the outcome of a transaction involving the rendering of services cannot be estimated reliably at the balance sheet date: when the costs incurred are expected to be recoverable, revenue shall be recognized to the extent of costs incurred and an equivalent amount shall be charged to profit or loss as service costs; when the costs incurred are not expected to be

recoverable, the costs incurred shall be recognized in profit or loss for the current period and no service revenue shall be recognized.

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

(3) Use by others of enterprise assets

Revenue arising from the use by others of enterprise assets shall be recognized only when both of the following conditions are satisfied: it is probable that the associated economic benefits will flow to the enterprise; the amount of the revenue can be measured reliably. The amount of interest shall be determined according to the length of time for which the enterprise's currency fund is used by others and the effective interest rate. The amount of royalties shall be determined according to the period and method of charging as stipulated in the relevant contract or agreement.

21. Government grants

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

22. Recognition of deferred income tax assets and liabilities

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

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

- (2) Where the deductible temporary difference related to the investments of the subsidiary companies, associated enterprises and joint enterprises can meet the following requirements simultaneously, the enterprise shall recognize the corresponding deferred income tax assets:
- (i) The temporary differences are likely to be reversed in the expected future; and
 - (ii) It is likely to acquire any amount of taxable income tax that may be used for making up the deductible temporary differences.
 - (iii) As for any deductible loss or tax deduction that can be carried forward to the next year, the corresponding deferred income tax assets shall be determined to the extent that the amount of future taxable income to be offset by the deductible loss or tax deduction to be likely obtained.
- (3) Recognition of deferred income tax liabilities
- Except for the deferred income tax liabilities arising from the following transactions, an enterprise shall recognize the deferred income tax liabilities arising from all taxable temporary differences:
- (i) The initial recognition of business reputation;
 - (ii) The initial recognition of assets or liabilities arising from the following transactions which are simultaneously featured by the following:
 - (a) The transaction is not business combination;
 - (b) At the time of transaction, the accounting profits will not be affected, nor will the taxable amount (or the deductible loss) be affected.
- (4) The income taxes of the current period and deferred income tax of an enterprise shall be treated as income tax expenses or incomes, and shall be recorded into the current profits and losses, excluding the income taxes incurred under the following circumstances:
- (i) The business combination; and
 - (ii) The transactions or events directly recognized as the owner's rights and interests.
- (5) Impairment on the deferred income tax assets
- On the balance sheet date, the carry amounts of the deferred income tax assets shall be reviewed.

23. Maintenance fund

The Company's property management company receives and manages public maintenance

fund consigned by owners, and charges to “agency fund”. The fund is used in the maintenance and update of the common apparatus and common position of the house and communal facilities of property management region.

24. Quality assurance reserve funds

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

25. Changes of accounting policies and accounting estimates and error correction

(1) Changes of accounting policies

When the company first time adopted Accounting Standards for Business Enterprises, it continued to use primary Accounting System for Business Enterprises for preparation consolidated financial statements-recover parent's shareholding of surplus reserves, because the Accounting Standards for Business Enterprises cannot make it clear whether recover parent's shareholding of surplus reserves. The period change the accounting policies that not to recover parent's shareholding of surplus reserves in consolidated statements. The changes of accounting policies increased the undistributed profit at the beginning of the year 2010 by 4,690,421.49 and decreased surplus reserves by 4,690,421.49.

(2) Notes for accounting estimates of previous period

Not applicable.

26. Changes of accounting estimates and error correction of previous period

Not applicable.

III. Taxation

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

Category	Rate	Taxable base
Business tax	5%	Revenue of house property sale and lease, property management income and etc.
City construction and maintenance tax	5%, 7%	Business tax and value-added tax
Education fee	3%	Business tax and value-added tax
Income tax	25%	Taxable income

IV. Business combinations and consolidation financial statements

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

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

1. Subsidiaries established by the Company

Subsidiary's name	Registered address	Registered capital (RMB 0'000)	Principal activities	Holding proportion	Voting rights proportion	Amount invested by the Company (RMB 0'000)	Consolidated (Yes or No) (RMB 0'000)	Minority interest
Hainan Pearl River Properties and Hotels Management Co., Ltd.	Hainan Haikou	500	Properties and Hotels Management	98%	98%	490	Yes	15.58
Hainan Pearl River Environmental Projects Co., Ltd.	Hainan Haikou	100	Gardens engineering construction	100%	100%	100	Yes	
Hainan Pearl River Estate Cleaning Company	Hainan Haikou	50	Cleaning projects	100%	100%	50	Yes	
Hainan Pearl River Estate Machine Engineering Company	Hainan Haikou	150	Mechanical and electrical products sales	100%	100%	150	Yes	
Hainan Pearl River Estate Marketing Co., Ltd.	Hainan Haikou	100	Real Estate Marketing Planning	100%	100%	100	Yes	
Sanya Wanjia Hotel Management Co., Ltd.	Hainan Sanya	12,000	Hotel service	100%	100%	12,000	Yes	
Hubei Pearl River Real Estate Development Co., Ltd.	Hubei Wuhan	6,500	Real estate development and management	88%	88%	5,720	Yes	1,185.02
Wuhan Pearl River Meilin Hotels Management Co., Ltd.	Hubei Wuhan	50	Service	100%	100%	50	Yes	
Hainan Pearl River Enterprises Holding Co., Ltd. Shanghai Real Estate Co.	Shanghai	4,000	Real estate development and management	100%	100%	4,000	Yes	
Beijing Jiubo Culture Development Co., Ltd.	Beijing	500	Cultural and sports services	100%	100%	500	Yes	
Mudanjiang Pearl River Tourism Investment and Development Group Limited	Mudanjiang	6,000	Hotel management	100%	100%	6,000	Yes	
Mudanjiang Wanjia Star Hotel Co., Ltd.	Mudanjiang	50	Hotel service	100%	100%	50	Yes	

Subsidiary's name	Registered address	Registered capital (RMB 0'000)	Principal activities	Holding proportion	Voting rights proportion	Amount invested by the Company (RMB 0'000)	Consolidated (Yes or No) (RMB 0'000)	Minority interest
Mudanjiang Jingbohu Wanjia Hotel Co., Ltd.	Mudanjiang	50	Hotel service	100%	100%	50	Yes	
Shanghai Sea Pearl Property Management Co., Ltd.	Shanghai	US \$ 20	Property management	50%	50%	83	Yes	35.70
Hebei zhengshiqinghui Real Estate Development Co., Ltd.	Hebei Shijiazhuang	1,000	Real estate development and property services	51%	51%	510	Yes	28.77
Heilongjiang Longshi Pear Culture Communication Co., Ltd.	Haerbin	700	Film base and Cultural training	70%	70%	490	Yes	210.03

2. The subsidiaries acquired by the business combination under non-uniform

control

Subsidiary's name	Business category	Registered address	Principal activities	Registered capital (RMB 0'000)	Holding proportion	Voting rights proportion	Consolidated (Yes or No)
Hailin Wanjia Snowtown Holiday Hotel Management Co., Ltd.	Limited Liability	Hailin of Heilongjiang Province	Hotel service	2,000	100.00	100.00	Yes

V. Notes to significant items of the consolidated financial statements

1. Monetary funds

(1) Monetary funds disclosed by categories

Items	Jun 30, 2013	Jan 1, 2013
Cash	515,406.33	1,343,203.42
Bank deposit	55,103,676.59	64,325,194.75
Other monetary funds	193,186.41	94,473.16
Total	55,812,269.33	65,762,871.33

Note: There were no access-restricted funds for the final balance, neither were those funds that have been deposited abroad or may bring potential recovery risks.

2. Accounts receivable

(1) Accounts receivable listed by categories

Categories	June 30, 2013				January 1, 2013			
	Amounts		Bad Debt Provision		Amounts		Bad Debt Provision	
	Amounts	Ratio (%)	Amounts	Ratio (%)	Amounts	Ratio (%)	Amounts	Ratio (%)

Categories	June 30, 2013				January 1, 2013			
	Amounts		Bad Debt Provision		Amounts		Bad Debt Provision	
	Amounts	Ratio (%)	Amounts	Ratio (%)	Amounts	Ratio (%)	Amounts	Ratio (%)
1. Significant accounts receivable and bad debts accounted individually	7,761,707.60	27.72	7,761,707.60	100.00	7,761,707.60	38.01	7,761,707.60	100.00
2. Bad debt accounted by the combinations								
Age Combinations	17,728,160.29	63.33	951,150.69	5.37	10,663,566.80	52.23	775,879.84	7.28
Combined Subtotal	17,728,160.29	63.33	951,150.69	5.37	10,663,566.80	52.23	775,879.84	7.28
3. Other unimportant receivables but bad debts accounted individually	2,504,183.02	8.95	2,001,395.68	79.92	1,992,330.02	9.76	1,990,680.02	99.92
Total	27,994,050.91	100	10,714,253.97	—	20,417,604.42	100.00	10,528,267.46	—

(2) Aging analysis

Ages	June 30, 2013			January 1, 2013		
	Balance	Proportion (%)	Bad debts	Balance	Proportion (%)	Bad debts
Within 1 year	14,546,496.47	82.06	290,929.93	8,041,123.18	75.42	160,822.45
1-2 years	1,537,771.95	8.67	76,888.60	1,322,599.05	12.40	66,129.96
2-3 years	448,784.45	2.53	44,878.45	104,737.15	0.98	10,473.72
3-4 years	106,000.00	0.60	21,200.00	106,000.00	0.99	21,200.00
4-5 years	136,500.00	0.77	40,950.00	136,500.00	1.28	40,950.00
Over 5 years	952,607.42	5.37	476,303.71	952,607.42	8.93	476,303.71
Total	17,728,160.29	100.00	951,150.69	10,663,566.80	100.00	775,879.84

(3) The top five debtors' ending total balance. Details are as follows:

Name	Relationship with the company	Owned amount	Ages	Proportion of total accounts receivable (%)
Hunan Railway Lianchuang Technology Development Co., LTD	Unrelated Client	6,453,682.00	Within 1 year	23.05
Hainan racing entertainment Co., LTD	Unrelated Client	2,406,158.00	over 5 years	8.6
Hainan Baoping company	Unrelated Client	2,218,494.43	over 5 years	7.92
Hainan centaline property agency	Unrelated Client	2,090,069.77	over 5 years	7.47
Haikou Shengdeya decoration engineering Co., LTD	Unrelated Client	1,971,907.05	Within 1 year	7.04
total		15,140,311.25		54.08

(4) At the end of this reporting period, none of the amount of accounts receivable was owed to related parties.

3. Prepayments**(1) Aging analysis**

Ages	June 30, 2013		January 1, 2013	
	Balance	Proportion (%)	Balance	Proportion (%)
Within 1 year	59,214,888.48	36.11	87,955,758.27	59.32
1-2 years	52,287,464.28	31.89	7,858,155.28	5.30
2-3 years	50,014,551.10	30.50	50,017,551.10	33.73
Over 3 years	2,455,422.96	1.50	2,452,422.96	1.65
Total	163,972,326.82	100	148,283,887.61	100

(2) Top five units of prepayments

Company's Name	Relationship	Amounts	Ages	Unsettled reason
Heilongjiang Province Mudanjiang Forestry Engineering Company	Unrelated Client	62,975,000.00	Within 1 year	The project is not complete yet.
Haikou Hongzhou Real Estate Development Co., Ltd	Unrelated Client	50,000,000.00	2-3 years	Pre-paid property purchase payment
Dahailin Forestry Bureau	Unrelated Client	5,396,469.00	1-2 years	The project is not complete yet.
Heilongjiang Xinzheng Investment&Guarantee Co., Ltd	Unrelated Client	3,300,000.00	Within 1 year	Guarantee term is undue
South luoling village council	Unrelated Client	3,000,000.00	Within 1 year	Pre-paid relocation compensation payment
Total		124,671,469.00		

Note: The 50 million Yuan prepayment made to the Haikou Hongzhou Real Estate Development Company was the payment required by the contract of 'supplementary agreement of the implementation of the 3rd phase of Longzhu project'. Under this contract, the company is obliged to make the payment of RMB 50 million Yuan after the completion of the 150,000 square office building. In addition to that, the Company has signed another 'guarantee contract' with Hainan Hongzhou Real Estate Group Co.,Ltd, which is the parent company of the Haikou Hongzhou Real Estate Development company. Based on this contract, the Group will use its own land and property as security.

(3) The yearend balance did not contain any debt owned by major shareholders who own more than 5% of the Company's share capital.

4. Dividends receivable

(1) Details of dividends receivable

Items	Jan 1, 2013	Increment	Decrement	Jun 30, 2013
Hainan Pearl River Guanzhuang Co., Ltd.	260,015.00			260,015.00
Southwest securities Co., Ltd.		3,064,013.00	89,013.00	2,975,000.00
Total	260,015.00	3,064,013.00	89,013.00	3,235,015.00

(2) Dividends receivable exceed one year

Invested company	Age	Ending balance	Reason	Impairment loss
Hainan Pearl River Guanzhuang Co., Ltd.	4-5years	260,015.00	The investee confronts the problem of tight budget.	None

Invested company	Age	Ending balance	Reason	Impairment loss
Total		260,015.00		

5. Other receivables

(1) Others receivable listed by categories

Categories	Jun 30, 2013				Jan 1, 2013			
	Amounts		Bad Debt Provision		Amounts		Bad Debt Provision	
	Amounts	Ratio (%)	Amounts	Ratio (%)	Amounts	Ratio (%)	Amounts	Ratio (%)
1. Significant others receivable and bad debts accounted individually	25,978,479.90	7.12	25,978,479.90	100.00	28,278,479.90	7.84	25,978,479.90	91.87
2. Bad debt accounted by the combinations								
Age Combinations	333,067,568.30	91.27	14,797,696.23	4.44	325,199,118.19	90.18	15,993,873.77	4.91
Combined Subtotal	333,067,568.30	91.27	14,797,696.23	4.44	325,199,118.19	90.18	15,993,873.77	4.91
3. Other unimportant receivables but bad debts accounted individually	5,861,321.82	1.61	4,325,695.47	73.80	7,126,854.84	1.98	4,350,449.57	69.26
Total	364,907,370.02	100.00	45,101,871.60		360,604,452.93	100.00	46,322,803.24	

Note: Details about related party's transaction refer to 'Notes VI. 5. (3)'.

(2) Aging analysis

Ages	Jun 30, 2013			Jan 1, 2013		
	Balance	Proportion (%)	Bad debts	Balance	Proportion (%)	Bad debts
Within 1 year	139,934,968.29	42.02	2,798,699.37	103,336,115.00	31.78	2,066,722.30
1-2 years	178,040,494.19	53.45	8,902,024.71	206,378,826.84	63.46	10,318,941.35
2-3 years	10,834,629.54	3.25	1,083,462.95	10,324,919.34	3.17	1,032,491.93
3-5 years	383,303.14	0.12	76,660.63	2,531.21	0.00	506.24
4-5 years	1,190.00	0.00	357.00	15,754.78	0.00	4,726.44
Over 5 years	3,872,983.14	1.16	1,936,491.57	5,140,971.02	1.58	2,570,485.51
Total	333,067,568.30	100.00	14,797,696.23	325,199,118.19	100.00	15,993,873.77

(3) Top five units of others receivable

Name	Relationship with the company	Owned amount	Ages	Proportion of total Other receivable (%)
Public Investment Co., Ltd (note1)	Unrelated Party	151,000,000.00	1-2 years	41.38
Beijing Kangtai Xingye Investment Co.,Ltd (note2)	Unrelated Party	100,000,000.00	1-2 years	27.40
China Great Land Holdings Ltd (note3)	Unrelated Party	30,000,000.00	Within 1 year	8.22
Hainan Pearl River Guanzhuang Co., Ltd.	Unrelated Party	8,375,331.68	1-3 years:	2.30
Shenzhen Yinxiang Computer Co., Ltd	Unrelated Party	6,482,625.00	Over 5 years	1.78

Note1: On 3rd January 2011, the proposal of 'the private railway sidings for Mulin town as well as coal wholesale market construction cooperation project' was signed between Public Investment Co., Ltd and the Company. On 28th June 2011, the project supplementary agreement was signed, which stipulates the joint investment of the the private railway sidings for Mulin town as well as coal wholesale market construction project. Under the agreement, staged financing is required from both parties while the upper limit investment amount for the Pearl River Holding is RMB140 million. With regard to the project income distribution, the

company enjoys a 60% of the return while the partner enjoys the rest 40% during the transition period. Once the transition period ends, the Company has the priority to choose whether or not to participate in the operating management and enjoying earnings through ownership investment. If the Company chooses to quit the project investment, the Public Investment Corporation must promise an annual investment return no less than 25% of the aggregate investment. Consistent with agreement, the Company has already made the payment of RMB 140 million to the designated account of the Public Investment Corporation. The Beijing branch investment & consultation firm which belongs to the Company will supervise the use of the funds all the way from the project approval, construction to project management. In 2012, the two parties signed supplementary agreement that increase investment 37 million in coal labouratory and lignite purification production line. In March 2013, a memorandum(2) agreed Public Investment Co., Ltd to pay investment income 5 million comes from Sep 1,2012 to Feb 28,2013 according to prior income distribution terms. Other way, the project has no progress because the coal business license has not been gained, so Public Investment Co., Ltd agreed to return investment principal 26 million. By the end of June 30, 2013, the money was obtained.

Note2: On 18th July 2011, the Company has signed a cooperation proposal together with Beijing Kangtai Xingye Investment Co., Ltd and the natural person, Lijun Gu. Under the proposal, a project company will be co-founded by the capital rejection of RMB70 million from the natural person and the capped capital contribution of RMB 64 million from the Company. That is, the natural person, Lijun Gu holds an equity stake of 60%, the Company occupied 40%. The project company is responsible for the development and sales of the iron and ore resources at Dujiawan magnetite iron ore and Zhaojiayuan iron ore located at Shiyan city, Hubei province. The company has already made a payment of RMB 60 million to the designated account of Beijing Kangtai Xingye Investment Company. Lijun Gu and the Beijing Kangtai Xingye Investment Company uses their respective 70% ownership holding rights in Yuxi Shengying mining industry limited liability company as the pledged collateral to the Company.

Note3: The company and China Great Land Holdings Ltd(Hereinafter referred to as CGL) signed Memorandum and Co-operation F rame Agreement individually In May and August 2013. Dual parties agreed that develop land located in Sanya litchi ditch Industrial Park Hairun Road No. 20 ,which owned by CGL's subsidiary of Sanya Pearl River Guanzhuang Co., Ltd..The company acquired 51 % shareholding at the cost of 30 million. These cash should be paid for pre-development costs including solving land licence 、 relocation and so on. The company is responsible for organize project company to change the nature of land use and land obtain state-owned land transfer procedures after CGL clean off factory and equipment. After this, the company will pay 20 million to buy another 29% shareholding . Two parties cooperate on the development of the real estate project.

6. Inventories

(1) Inventories category

Items	Jun 30, 2013			Jan 1, 2013		
	Ending Balance	Provision for Inventory	Book value	Ending Balance	Provision for Inventory	Book value
Raw materials	2,773,234.57		2,773,234.57	4,027,601.00		4,027,601.00
Low-value consumption goods:	695,002.02		695,002.02	778,636.32		778,636.32
Finished goods	394,089.98		394,089.98	481,055.90		481,055.90
Constructing development product	60,347,584.83		60,347,584.83	55,244,449.87		55,244,449.87
Development products	69,561,556.87	22,156,987.01	47,404,569.86	71,226,465.81	22,156,987.01	49,069,478.80
Consumptive biological assets	161,750.92		161,750.92	147,950.92		147,950.92
Total	133,933,219.19	22,156,987.01	111,776,232.18	131,906,159.82	22,156,987.01	109,749,172.81

(2) Inventories impairment provision

Items	1 Jan,2013	Increment	Decrement		30 Jun,2013
			Transfer back	Write off	
Development product	22,156,987.01				22,156,987.01
Total	22,156,987.01				22,156,987.01

Note: For this reporting period, the 5th floor of skirt building in Pearl River Square has been rented out to the public. The development products were categorized into investment real estate and the corresponding impairment was transferred into the investment real estate.

7. Other current assets

Items	June 30, 2013	January 1, 2013
The trust plans investment	3,000,000.00	
Total	3,000,000.00	

8. Available for sales financial assets

Available for sales financial assets listed by categories

Items	Fair value at Jun 30,2013	Fair value at Jan 1,2013
Available for sales equity instrument	235,009,797.10	273,616,360.90
Total	235,009,797.10	273,616,360.90

Note: The Company holds 30,640,130 shares of stock of Southwest Securities. The yearend book value is RMB 39,127,562.13 while the market price is RMB 7.76 per share.

9. Joint investment and joint venture investment

Joint venture investment

Name	Nature	Registration address	legal representative	Business Character	Registered capital	Percentage of equity interest (%)	Percentage of vote right (%)
Sanya Wanjia Enterprises Holding Co., Ltd	Limited liability	Sanya, Hainan	Qing Zheng	Entertainment Service	100,000,000.00	40	40
Beijing Found Vision Media Co., Ltd.	Limited liability	Beijing	Qing Zheng	Entertainment Service	3,000,000.00	49	49
Beijing Sunshine Tiansheng Property Management Co., Ltd.	Limited liability	Beijing	Qing Zheng	Property Management	5,000,000.00	30	30

Name	Ending Balance of Total Assets	Ending Balance of Total Liabilities	Ending Balance of Net Assets	Operating Income	Net profit
Sanya Wanjia Enterprises Holding Co., Ltd	91,180,844.78	1,189,930.60	89,990,914.18		-1,251,292.67
Beijing Found Vision Media Co., Ltd.	6,311,546.53	3,380,006.00	2,931,540.53	3,634,200.00	-14,242.85

Name	Ending Balance of Total Assets	Ending Balance of Total Liabilities	Ending Balance of Net Assets	Operating Income	Net profit
Beijing Sunshine Tiansheng Property Management Co., Ltd.	10,434,498.45	5,922,943.80	4,511,554.65		

10. Long-term Equity Investment

Name	Accounting Method	Initial investment Cost	Beginning Balance	Increase or decrease	Ending Balance	Percentage of equity interest (%)	Percentage of vote right (%)	Impairment loss provision	Current impairment loss
Sanya Wanjia Enterprises Holding Co., Ltd.	Equity Method	40,000,000.00	36,496,882.74	-500,517.07	35,996,365.67	40	40		
Beijing Found Vision Media Co., Ltd.	Equity Method	1,470,000.00	1,443,433.86	-6,979.00	1,436,454.86	49	49		
Beijing Sunshine Tiansheng Property Management Co., Ltd.	Equity Method	1,500,000.00	1,407,089.84		1,407,089.84	30	30		
Subtotal for Equity Method		42,970,000.00	39,347,406.44	-507,496.07	38,839,910.37				
Hainan Pearl River Guanzhuang Co., Ltd.	Cost Method	426,315.00	426,315.00		426,315.00	1.33	1.33		
Hainan Tongsheng Ports Co., Ltd.	Cost Method	6,000,000.00	6,000,000.00		6,000,000.00	15	15	6,000,000.00	
Hainan Chamber of Commerce	Cost Method	500,000.00	500,000.00		500,000.00	6.67	6.67	500,000.00	
Network Science and Technology Investment Co.	Cost Method	10,000,000.00	10,000,000.00		10,000,000.00	10	10	10,000,000.00	
Hainan Huadi Pearl River Foundation Engineering Co., Ltd.	Cost Method	160,000.00	160,000.00		160,000.00	2	2		
Guangzhou Pearl River Investment Management Co., Ltd.	Cost Method	18,177,240.29	18,177,240.29		18,177,240.29	9.4785	9.4785	7,352,245.39	
Hainan Nanyang Shipping Industrial Company Limited	Cost Method	1,680,000.00	1,680,000.00		1,680,000.00			1,680,000.00	
Subtotal for Cost Method		36,943,555.29	36,943,555.29	0.00	36,943,555.29			25,532,245.39	
Total		79,913,555.29	76,290,961.73	-507,496.07	75,783,465.66			25,532,245.39	

11. Investment real estates

Items	1 Jan,2013	Increment	Decrement	30 Jun,2013
I. Original value	34,136,579.92		214,708.52	33,921,871.40
Buildings and structures	34,136,579.92		214,708.52	33,921,871.40
II. Accumulated depreciation and amortization	5,394,945.18	582,349.56	52,059.89	5,925,234.85
Buildings and structures	5,394,945.18	582,349.56	52,059.89	5,925,234.85
III. Impairment provision	3,432,927.60			3,432,927.60
Buildings and structures	3,432,927.60			3,432,927.60
IV. Book value	25,308,707.14			24,563,708.95
Buildings and structures	25,308,707.14			24,563,708.95

Note: The corresponding depreciation costs for this reporting period was RMB 584,729.27 Yuan.

12. Fixed assets

Items	1 Jan,2013	Increment	Decrement	30 Jun,2013
I. Original value	480,087,946.63	2,096,702.45	268,638.00	481,916,011.08
Buildings & Houses	330,766,320.66			330,766,320.66
Motor Vehicle	40,084,486.63	1,233,027.55	187,867.00	41,129,647.18
General equipment	56,706,072.65			56,706,072.65
Other equipments	52,531,066.69	863,674.90	80,771.00	53,313,970.59

Items	1 Jan,2013	Increment	Decrement	30 Jun,2013
II. Accumulated depreciation	138,267,103.45	13,576,038.19	169,804.34	151,673,337.30
Buildings & Houses	56,767,161.14	6,125,494.03		62,892,655.17
Motor Vehicle	15,139,722.56	2,598,759.58	109,607.49	17,628,874.65
General equipment	30,058,111.90	1,770,942.96		31,829,054.86
Other equipments	36,302,107.85	3,080,841.62	60,196.85	39,322,752.62
III. Impairment provision	7,499,295.92			7,499,295.92
Buildings & Houses	7,499,295.92			7,499,295.92
Motor Vehicle				
General equipment				
Other equipments				
IV. Book value	334,321,547.26			322,743,377.86
Buildings & Houses	266,499,863.60			260,374,369.57
Motor Vehicle	24,944,764.07			23,500,772.53
General equipment	26,647,960.75			24,877,017.79
Other equipments	16,228,958.84			13,991,217.97

Note: The depreciation cost of this period was RMB13,576,038.19Yuan.

13. Construction in progress

Project name	30 Jun,2013			1 Jan,2013		
	Ending Balance	Impairment loss provision	Book value	Ending Balance	Impairment loss provision	Book value
Central heating station of Snow town	6,449,989.00		6,449,989.00	6,361,888.00		6,361,888.00
Little Train 550	5,648,964.09		5,648,964.09	5,648,964.09		5,648,964.09
Little Train 400	4,180,000.00		4,180,000.00	4,180,000.00		4,180,000.00
Earlier stage of Snow town Project	2,194,595.49		2,194,595.49	2,194,595.49		2,194,595.49
Studio project of Er'long Mountain	955,000.00		955,000.00	955,000.00		955,000.00
Snow town impression	680,000.00		680,000.00	680,000.00		680,000.00
Ski Equipment building project of yangcao Mountain	286,100.00		286,100.00	286,100.00		286,100.00
Forest Park area projects	250,000.00		250,000.00	250,000.00		250,000.00
National Forest Park Of Snow town	200,000.00		200,000.00	200,000.00		200,000.00
Expansion project of Snow town	96,000.00		96,000.00	96,000.00		96,000.00
Family hotel of Snow town	1,882,621.50		1,882,621.50	654,800.50		654,800.50
Indirect cost	15,358,172.20		15,358,172.20	13,339,824.98		13,339,824.98
Ski Equipment building project of double peak	41,452.00		41,452.00	41,452.00		41,452.00
Fire-fighting equipment of Staff Residence	20,000.00		20,000.00	20,000.00		20,000.00
Total	38,242,894.28		38,242,894.28	34,908,625.06		34,908,625.06

14. Engineering Materials

Items	1 Jan 2013	Increment	Decrement	30 Jun 2013
Special equipment	606,206.60			606,206.60
Total	606,206.60			606,206.60

15. Intangible assets

Items	1 Jan 2013	Increment	Decrement	30 Jun 2013
I. Original value	38,768,063.93	154,700.00		38,922,763.93
Software	1,841,378.28			1,841,378.28
Land use right	34,839,553.65	154,700.00		34,994,253.65
Shanghai house use right	695,732.00			695,732.00
Zhenghe membership of Sanya Hongzhou International Yacht Club	480,000.00			480,000.00
Golf membership of Nanli Lake	911,400.00			911,400.00
II. Accumulative amortization	6,220,113.07	594,498.80		6,814,611.87
Software	753,330.60	133,076.37		886,406.97
Land use right	5,129,724.53	444,215.97		5,573,940.50
Shanghai house use right	272,146.74	6,957.32		279,104.06
Zhenghe membership of Sanya Hongzhou International Yacht Club	64,911.20	10,249.14		75,160.34
Golf membership of Nanli Lake				
III. Total impairment loss provision	911,400.00			911,400.00
Golf membership of Nanli Lake	911,400.00			911,400.00
IV. Carrying amount	31,636,550.86	—	—	31,196,752.06
Software	1,088,047.68	—	—	954,971.31
Land use right	29,709,829.12	—	—	29,420,313.15
Shanghai house use right	423,585.26			416,627.94
Zhenghe membership of Sanya Hongzhou International Yacht Club	415,088.80	—	—	404,839.66
Golf membership of Nanli Lake		—	—	

Note: 1. The amortization of this year is 594,498.80 Yuan.

2. The yearend land use right used as mortgage or collateral holds a book value of 27,947,204.46Yuan. More details are explained at “Note V.19”.

16. Long-term prepayments

Items	1 Jan 2013	Increment	Amortization	Other decrements	30 Jun 2013
Decoration	3,546,102.26	5,700.00	421,526.38		3,130,275.88
Ski rental fee	3,900,000.00		450,000.00		3,450,000.00
Technical service fee	373,325.33		70,002.00		303,323.33
Financial consulting fee	15,750,000.00	939,835.62	4,768,524.48		11,921,311.14

Items	1 Jan 2013	Increment	Amortization	Other decrements	30 Jun 2013
Advertisement fee of Snow town	251,533.37		30,799.98		220,733.39
Rental fee of fishpond	599,833.33		61,000.02		538,833.31
Use fee of Ski Course	959,831.67	920,000.00	123,276.64		1,756,555.03
Total	25,380,625.96	1,865,535.62	5,925,129.50	0.00	21,321,032.08

17. Deferred income tax asset and deferred income tax liability

(1) Identified deferred income tax liability

Items	30 Jun 2013	1 Jan 2013
Deferred income tax liability:	37,949,548.40	47,601,189.35
Changes on the fair value of available for sales financial assets credited to capital reserves	37,151,157.63	46,802,798.58
Difference between fair value and the book value of net assets of purchased unit as business combination	798,390.77	798,390.77

(2) Unrecognized deferred income tax asset

Items	30 Jun 2013	1 Jan 2013
Deductible temporary differences	115,348,981.49	116,383,926.62
Deductible losses	200,433,437.16	200,433,437.16
Total	315,782,418.65	316,817,363.78

18. Assets impairment provision

Items	1 Jan 2013	Increment	Decrement			30 Jun 2013
			Transfer back	Write off	Other Decrement	
Bad debt provision	56,851,070.70	109,249.32	1,144,194.45			55,816,125.57
Inventories impairment provision	22,156,987.01					22,156,987.01
long-term equity investment impairment provision	25,532,245.39					25,532,245.39
Investment property impairment provision	3,432,927.60					3,432,927.60
Fixed assets impairment provision	7,499,295.92					7,499,295.92
Intangible assets impairment provision	911,400.00					911,400.00
Total	116,383,926.62	109,249.32	1,144,194.45			115,348,981.49

19. Assets with restricted ownership

Items	Assets name	Amount	Remark
Current assets:			
Development product	21/F, Longzhu Building	1,048,080.60	It has been mortgaged for loan 15 million Yuan (Haikou Property right certificate No. 17606).
Development product	6/F,Dijing Building	3,775,954.85	It has been mortgaged for loan 20 million Yuan (Property right certificate No. 21126).
Development product	Underground 2th parking garage in Shanghai	24,981,790.84	It has been mortgaged for loan 50 million Yuan (Property right certificate No. 012780、075211).
Investment real estates:			

Items	Assets name	Amount	Remark
Buildings and structures	West of fifth floor, Podium Building Of Pearl River Square	7,442,195.63	It has been mortgaged to the Mortgagee for loan 18 million Yuan (Haikou Property right certificate No. 17815).
Buildings and structures	East skirt building in Shanghai	4,919,287.58	It has been mortgaged for loan 50 million Yuan (Property right certificate No. 012780、075211).
Buildings and structures	Underground 1th parking garage in Shanghai	5,899,449.92	It has been mortgaged for loan 50 million Yuan (Property right certificate No. 012780、075211).
Fixed assets:			
Buildings and structures	Main Building of Days Hotel & Suites Sanya Resort	172,396,767.27	It has been mortgaged to the Bank of China Hainan Yeshumeng branch for loan 110 million Yuan (Contract No.G004-1).
Buildings and structures	Hotel Villa A, B & C	8,105,611.77	It has been mortgaged to the Bank of China Hainan Yeshumeng branch for loan 110 million Yuan (Contract No.G004-1).
Buildings and structures	Hailin Wanjia Snowtown Holiday Hotel& Staff Residence	63,718,476.55	It has been mortgaged to Heilongjiang Xinzheng Investment Guarantee Group Co., Ltd for loan 110 million Yuan (Property right certificate No as follow No:23141202100002, 23141202100003, 23141202100006, 23141202100007).
Buildings and structures	29/F, Imperial Mansion of Pearl River Square	3,978,925.34	it has been mortgaged to the Mortgagee for loan 15 million Yuan (Property right certificate No. 21093).
Buildings and structures	22/F, Longzhu Mansion & Northeast of the third floor	1,040,976.48	it has been mortgaged to the Mortgagee for loan 15 million Yuan (Property right certificate No. 17606).
Intangible assets:			
Land use rights	Main Building of Days Hotel & Suites Sanya Resort	25,296,098.72	It has been mortgaged to the Bank of China Hainan Yeshumeng branch for loan 110 million Yuan (Contract No.G004-2).
Land use rights	Hotel Villa A, B & C	1,529,208.78	It has been mortgaged to the Bank of China Hainan Yeshumeng branch for loan 110 million Yuan (Contract No.G004-2).
Land use rights	Hailin Wanjia Snowtown Holiday Hotel& Staff Residence	1,121,896.96	It has been mortgaged to Heilongjiang Xinzheng Investment Guarantee Group Co., Ltd for loan 110 million Yuan (Property right certificate NO as follow: No. 25100044, 25100058, 25100322,25100323).
3. Pledged assets			
Available for sales financial assets	29.75 millions Shares of Southwest Security	228,182,500.00	It has been mortgaged to Beijing Xinxing Real Estate Development corporation for the loan of 230 million Yuan.
Total		553,437,221.29	

Note: Assets with restricted ownership are mainly used for guarantee of bank loans.

20. Short-term loan

1. Short-term loan disclosed by categories

Category	Jun 30, 2013	Jan 1, 2013
Guaranteed loans		
Pledge loans		210,000,000.00
Other loans	1,000,000.00	
Total	1,000,000.00	210,000,000.00

21. Accounts payable

Ages	Jun 30, 2013	Jan 1, 2013
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	Ending Balance	Percentage (%)	Opening Balance	Percentage (%)
Within 1 year	5,318,760.74	26.35	6,406,466.62	31.25
1 to 2 years	236,634.03	1.17	314,342.09	1.53
2 to 3 years	5,270,389.06	26.11	6,223,495.32	30.35
3 years and more	9,356,914.08	46.37	7,558,819.49	36.87
Total	20,182,697.91	100.00	20,503,123.52	100.00

Note: The end of this reporting period did not contain debt owned by any major shareholders who own more than 5% of the Company's share capital. And there were no related parties involved for the final balance.

22. Accounts received in advance

Ages	Jun 30, 2013		Jan 1, 2013	
	Ending Balance	Percentage (%)	Opening Balance	Percentage (%)
Within 1 year	16,703,337.50	96.31	18,175,760.12	95.49
Over 1 year	639,828.11	3.69	858,050.78	4.51
Total	17,343,165.61	100.00	19,033,810.90	100.00

Note: The end of this reporting period did not contain debt owned by any major shareholders who own more than 5% of the Company's share capital. And the yearend balance excluded any related party.

23. Accrued payroll

Items	Jan 1, 2013	Increment	Decrement	Jun 30, 2013
I. Salary, bonus, allowance	2,721,294.54	50,680,804.12	52,339,479.83	1,062,618.83
II. Employee Welfare expenses		5,436,113.42	5,436,113.42	
III. Social insurance		5,830,579.18	5,830,579.18	
Where: 1) Medical insurance		1,964,773.44	1,964,773.44	
2) Supplementary medical insurance				
3) Endowment insurance		3,351,950.83	3,351,950.83	
4) annuity				
5) Unemployment insurance		266,449.04	266,449.04	
6) Working accident insurance		119,638.81	119,638.81	
7) Maternity insurance		127,767.06	127,767.06	
IV. Housing accumulation fund		866,959.56	866,959.56	
V. Labor union fees & Employee education fees	6,460,461.30	1,343,307.81	767,654.35	7,036,114.76
VI. Non-monetary welfares				
VII. Compensation for dismissal		23,400.00	23,400.00	
VIII. Others				
Total	9,181,755.84	64,181,164.09	65,264,186.34	8,098,733.59

24. Taxes payable

Items	Jun 30, 2013	Jan 1, 2013
VAT	-150,726.70	-112,925.00
Individual income tax	59,037.38	68,706.10

Items	Jun 30, 2013	Jan 1, 2013
City construction and maintenance tax	88,404.92	128,660.39
Corporate income tax	-1,040,381.61	-383,007.76
Property tax	138,132.54	168,966.90
Business tax	708,402.61	1,571,990.12
Land use tax	79,762.62	79,762.62
Increment tax on land value	-1,292,728.42	528,297.19
Educational surtax	-84,196.10	-48,416.93
Others	215,169.90	203,699.28
Total	-1,279,122.86	2,205,732.91

25. Interest payable

Item	Jun 30, 2013	Jan 1, 2013
Long-term loan		
Short-term loan		4,937,222.23
Company loan	104,764,243.15	96,988,987.39
Entrusted loan	10,449,888.49	10,449,888.49
Others	176,133.00	176,133.00
Total	115,390,264.64	112,552,231.11

Note: Details refer to Note VI.4.

26. Dividend payable

Investor	Jun 30, 2013	Jan 1, 2013
Dividend payable of institutional shares	3,213,302.88	3,213,302.88
Total	3,213,302.88	3,213,302.88

Note: The listed dividend payable was generated from previous years but has been unable to reach the relevant creditors whose details have not been retained.

27. Other payables

Age	Jun 30, 2013		Jan 1, 2013	
	Ending Balance	Percentage (%)	Opening Balance	Percentage (%)
Within 1 year	380,618,732.38	56.23	91,185,835.59	24.00
1 to 2 years	22,629,215.63	3.34	14,463,245.93	3.81
2 to 3 years	29,744,041.88	4.39	28,936,036.85	7.62
3 years and more	243,958,860.39	36.04	245,285,911.67	64.57
Total	676,950,850.28	100.00	379,871,030.04	100.00

Note 1: Among the balance of the period end, there are loans of shareholders holding over 5% of the Company's equity (including 5%). Details refer to "Notes VI. Related party relationship and transactions".

2: Other payables over 3 years are mainly caused by the loan from the shareholders. Details refer to "Notes

VI.Related party relationship and transactions”.

28.Non-current liabilities due within one year**1. Disclose by category**

Category	Jun 30, 2013	Jan 1, 2013
Long-term loans due within one year	31,000,000.00	28,000,000.00
Total	31,000,000.00	28,000,000.00

2. Details related to long-term loans due within one year

Category	Jun 30, 2013	Jan 1, 2013
Pledge loans	18,000,000.00	15,000,000.00
Mortgage loans	13,000,000.00	13,000,000.00
Total	31,000,000.00	28,000,000.00

29.Long-term borrowings**(1). Long-term borrowings listed by categories**

Category	Jun 30, 2013	Jan 1, 2013
Pledge loans	98,000,000.00	110,000,000.00
Mortgage loans	263,000,000.00	259,000,000.00
Less: Long-term loans due within one year	31,000,000.00	28,000,000.00
Total	330,000,000.00	341,000,000.00

(2). Loan details

Lender	Loan starting date	Loan due date	Currency	Interest rate (%)	Jun 30, 2013	Jan 1, 2013
Chongqing International Trust Co., Ltd	2012-9-27	2014-9-26	RMB	13%	193,000,000.00	178,000,000.00
Bank of China, Haikou Yeshumen Branch	2009-8-2	2009-8-2	RMB	10% upward-floating of benchmark interest rate	70,000,000.00	81,000,000.00
Construction Bank of China Mudanjiang Branch	2012-1-12	2019-1-11	RMB	10% upward-floating of benchmark interest rate	98,000,000.00	110,000,000.00
Total					361,000,000.00	369,000,000.00

(3). Mortgage loan details

Lender	Loan amount	Mortgagor/mortgage
Bank of China, Haikou Yeshumen Branch	70,000,000.00	There properties owned by SanyaWanjia Hotel Management Co., Ltd
Chongqing International Trust Co., Ltd	193,000,000.00	Hotel Villa A, B & C owned by company

Total	263,000,000.00
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(4). Guaranteed loan details

Lender	Loan amount	Mortgagor/mortgage
China construction bank Mudanjiang Branch	98,000,000.00	Heilongjiang Xinzheng Guarantee CO.,Ltd.
Total	98,000,000.00	

30. Share capital

Unit: share

Items	Jan 1, 2013	Increment or decrement (+,-)					Jun 30, 2013
		issued new shares	Bonus issue	Surplus converted	others	subtotal	
1. Unlisted shares	1,325,131.00						1,325,131.00
State owned shares							
Other domestic shares	1,325,131.00						1,325,131.00
Including: Domestic corporate shares	1,299,500.00						1,299,500.00
Domestic natural person shares	25,631.00						25,631.00
2. Listed shares	425,420,273.00						425,420,273.00
A shares	360,445,273.00						360,445,273.00
B shares	64,975,000.00						64,975,000.00
3. Total shares	426,745,404.00						426,745,404.00

31. Capital surplus

Items	Jan 1, 2013	Increment	Decrement	Jun 30, 2013
Capital reserve spill price	224,960,139.16			224,960,139.16
Others capital surplus	296,986,018.01			268,031,095.16
-Including: Old capital surplus converted into	109,300,017.82			109,300,017.82
-Changes on fair value of available for sales financial assets	187,686,000.19	9,651,640.95	38,606,563.80	158,731,077.34
Total	521,946,157.17	9,651,640.95	38,606,563.80	492,991,234.32

Note: The closing balance is lower than the opening balance was caused by the fall of fair value of the Southwest Securities (600369) holding by the company.

32. Surplus reserves

Items	Jun 30, 2013	Jan 1, 2013
Statutory surplus reserve	71,852,236.46	71,852,236.46
General surplus reserve	37,634,827.93	37,634,827.93
Total	109,487,064.39	109,487,064.39

33. Undistributed profits

Items	Amounts	allocation proportion
Non-adjusted ending balance of the year 2011	-820,552,991.12	
Adjusted opening balance of the year 2012		
Add: Net profit attributed to the owners of the parent company	-64,455,008.65	
Less: Statutory surplus reserve		
Random surplus reserve		
Common risk provision		
Dividend payable of Ordinary shares		
Share capital converted from dividend of ordinary shares		
Undistributed profit at the end of period	-885,007,999.77	

Note: Details of opening balance adjustment refer to 'Notes II'

34. Operating income and operating costs**(1) Operating income**

Items	Jan.–Jun, 2013	Jan.–Jun, 2012
Main operating business income	105,260,371.31	106,738,188.00
Other operating business income	1,962,649.82	1,603,768.20
Total	107,223,021.13	108,341,956.20

(2) Operating costs

Items	Jan.–Jun, 2013	Jan.–Jun, 2012
Main operating business costs	77,050,709.29	74,091,449.93
Other operating business costs	789,203.16	877,705.99
Total	77,839,912.45	74,969,155.92

(3) The details of main operating businesses were as follows according to products:

Items	Jan.–Jun, 2013		Jan.–Jun, 2012	
	Main operating business income	Main operating business costs	Main operating business income	Main operating business costs
Real estate sales	3,036,947.00	1,664,908.94	22,880,211.00	11,265,104.81
Property management services	66,975,789.68	59,681,900.63	52,229,168.34	47,199,383.70
Tourist hotel services	35,247,634.63	15,703,899.72	31,628,808.66	15,626,961.42

(4) The details of main operating businesses were as follows according to regions:

Location	Jan.–Jun, 2013		Jan.–Jun, 2012	
	Main operating business income	Main operating business costs	Main operating business income	Main operating business costs
Hubei	3,342,296.00	1,950,397.51	23,204,485.40	11,545,548.88

Heilongjiang	13,034,764.00	5,970,500.52	10,655,348.89	5,768,063.03
Hainan	87,413,512.61	69,113,795.26	71,616,099.07	56,766,608.22
Shanghai	1,469,798.70	16,016.00	1,262,254.64	11,229.80
Beijing				
Total	105,260,371.31	77,050,709.29	106,738,188.00	74,091,449.93

35. Operating taxes and extras

Items	Jan.–Jun, 2013	Jan.–Jun, 2012
City construction and maintenance tax	375,280.57	379,196.85
Education fee	160,834.53	162,512.93
Business tax	5,361,151.06	5,417,097.82
Land value-added tax	247,261.79	2,557,474.78
Others	215,759.24	391,645.17
Total	6,360,287.19	8,907,927.55

36. Operating expenses

Items	Jan.–Jun, 2013	Jan.–Jun, 2012
Payroll expense	2,585,706.55	1,807,759.95
Hotel operating expense	70,683.48	710,022.24
Consignment commission charge	57,376.00	322,782.00
Advertising fees	455,438.35	414,620.00
other selling expenses	1,437,740.82	1,624,473.92
合计	4,606,945.20	4,879,658.11

37. General and administrative expenses

Items	Jan.–Jun, 2013	Jan.–Jun, 2012
Payroll expense	14,392,651.97	13,497,289.33
Depreciation expense	13,089,878.88	13,526,583.63
Business entertainment	3,995,242.19	5,618,596.22
Taxation expenses	1,356,446.42	1,382,836.82
Other expenses	13,906,860.08	18,975,286.30
Total	46,741,079.54	53,000,592.30

38. Financial expenses

Items	Jan.–Jun, 2013	Jan.–Jun, 2012
Interest exchange	36,249,972.87	30,404,530.84
Less: interest revenue	4,510,235.18	3,116,505.15
Foreign exchange loss		
Less: exchange gain		
Others	9,133,498.33	1,778,709.57

Total	40,873,236.02	29,066,735.26
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39. Investment income

Items	Jan.–Jun, 2013	Jan.–Jun, 2012
Long-term equity investment income accounted by Costs Method		
Long-term equity investment income accounted by Equity Method	-507,496.07	-429,464.28
Investment income of disposal Long-term equity investment		18,542,755.18
Dividend income from available for sale financial assets	3,064,013.00	
Total	2,556,516.93	18,113,290.90

40. Impairment Loss of Assets

Items	Jan.–Jun, 2013	Jan.–Jun, 2012
Bad debts impairment loss	-1,034,945.13	-9,117,317.73
Inventories impairment loss		
Total	-1,034,945.13	-9,117,317.73

41. Non-operating income

Items	Jan.–Jun, 2013	Jan.–Jun, 2012
Gain on disposal of non-current assets	29,888.92	60,773.50
Gains on debt restructure		
Others	43,386.68	12,116.00
Total	73,275.60	72,889.50

42. Non-operating expenses

Items	Jan.–Jun, 2013	Jan.–Jun, 2012
Loss on disposal of fixed assets	15,533.81	
Donation	10,000.00	110,000.00
Fine expenditures		
Others	45,773.49	16,353.94
Total	71,307.30	126,353.94

43. Income tax

Items	Jan.–Jun, 2013	Jan.–Jun, 2012
Income tax this year	175,477.77	1,777,028.96
Deferred income tax		
Total	175,477.77	1,777,028.96

44. Earnings per share and diluted earnings per share calculation procedure

Item	Code	Jan.–Jun, 2013	Jan.–Jun, 2012
Net profits that belong to the common shareholders during	P0	-64,455,008.65	-37,734,798.44

Item	Code	Jan.–Jun, 2013	Jan.–Jun, 2012
the reporting period			
Extraordinary profits and losses that belong to the common shareholders during the reporting period	A	8,424,616.62	21,302,845.34
Net profits that belong to the common shareholders during the reporting period after taking off the effect of extraordinary profits and losses	$P1=P0-A$	-72,879,625.27	-59,037,643.78
Total number of shares of opening balance	S0	426,745,404.00	426,745,404.00
Incremental shares caused by the transfer of surplus to share capital or stock dividend distribution during the reporting period	S1		
Incremental shares caused by issuing new shares or debt-equity conversion	Si		
Number of shares increased from the next month until the end of the reporting period	Mi		
Number of shares reduced caused by repurchasing during the reporting period	Sj		
Number of shares reduced from the next month until the end of the reporting period	Mj		
Shrinking number of shares during the reporting period	Sk		
Total months during the reporting period	M0	6.00	6.00
The weighted average of the common stock issued	$S=S0+S1+Si*Mi/M0-Sj*Mj/M0-Sk$	426,745,404.00	426,745,404.00
Earnings per share before taking off extraordinary profits and losses	$Y1=P0/S$	-0.15	-0.09
Earnings per share after taking off extraordinary profits and losses	$Y2=P1/S$	-0.17	-0.14
The weighted average of the incremental common stocks caused by warrants, stock options, and convertible bonds	C		
The effects on the net profits that belong to the common shareholders imposed by dilution issues	B1		
The effects on the net profits that belong to the common shareholders after taking off the impacts of extraordinary profits and losses imposed by dilution issues	B2		
Diluted earnings per share before taking off the effect of extraordinary profits and losses	$Y3=(P0+B1)/(S+C)$	-0.15	-0.09
Diluted earnings per share after taking off the effect of extraordinary profits and losses	$Y4=(P1+B1+B2)/(S+C)$	-0.17	-0.14

45. Other consolidated income

Items	Jan.–Jun, 2013	Jan.–Jun, 2012
Profits and losses generated by available for sale financial assets	-38,606,563.80	83,946,040.00
Deduce: income tax impacts caused by available for sale financial assets	-9,651,640.95	20,986,510.00

Items	Jan.–Jun, 2013	Jan.–Jun, 2012
Pre-recorded in other comprehensive income into net profit or loss		10,927,568.41
Total	-28,954,922.85	52,031,961.59

46. Information of cash flow statement

(1) Cash received relating to other operating activities

Items	Jan.–Jun, 2013
Funds received from Mudanjiang forestry engineering company	362,751.34
Utility Bills	5,056,515.35
The rent deposit, repair fund	2,946,921.20
Other monetary exchanges between enterprises	1,838,527.73
Take back provisions	102,632.00
Interest income	37,348.64
Others	2,125,934.45
Total	12,470,630.71

(2) Cash paid relating to other operating activities

Items	Jan.–Jun, 2013
Funds paid to Beijing Kangqiao Yangguang Asset Management Company	12,500,000.00
Funds paid to Beijing Kunzhida Advisory Services Limited	3,200,000.00
Funds paid to Zhong Shi Investment CO., Ltd.	1,000,000.00
Other monetary exchanges between enterprises	4,069,441.62
The payment of rent deposit, repair fund etc	1,810,882.54
On behalf of clients to pay Public Utility Fee	4,898,718.15
Other fees	14,518,621.93
Provisions payment	856,625.86
Other expensives	2,751,714.81
Total	45,606,004.91

(3) Cash received relating to other investing activities

Items	Jan.–Jun, 2013
Interest income	5,647,661.11
Total	5,647,661.11

(4) Cash received relating to other financing activities

Items	Jan.–Jun, 2013
Loans from others	1,000,000.00
Total	1,000,000.00

(4) Cash paid relating to other financing activities

Items	Jan.–Jun, 2013
Mudanjiang Pearl River Tourism Investment and Development Group Limited paid for financing collateral charge	2,700,000.00
Financing consultant charge	1,939,835.62
Loans overdue penalty	5,512,500.00
Other finance charges	3,055,140.00
Total	13,207,475.62

47. Supplementary information of cash flow statement**(1) Supplementary information**

Items	Jan.–Jun, 2013	Jan.–Jun, 2012
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	-65,780,486.68	-37,081,997.71
Add: Provision for assets impairment	-1,034,945.13	-9,117,317.73
Depreciation of fixed assets, production biological assets, petroleum and natural gas	14,158,387.75	14,579,936.17
Amortization of intangible assets	594,498.80	584,381.87
Amortization of long-term prepayments	5,925,129.50	1,247,804.01
Losses on disposal of fixed assets, intangible assets and other long-term assets	-177,845.19	-268,623.60
Losses on scrapping of fixed assets	13,301.71	
Losses on fair value change		
Financial expenses	35,886,689.11	28,834,593.64
Investment losses	-2,556,516.93	-18,113,290.90
Decrease in deferred income tax assets		
Increase in deferred income tax liabilities		
Decrease in inventories	-2,027,059.37	10,265,558.68
Decrease in operating receivables	132,737,701.82	-23,659,153.37
Increase in operating payables	-161,599,964.58	-2,864,315.62
Others		
Net cash flows from operating activities	-43,861,109.19	-35,592,424.56
2. Significant investing and financing activities that non-cash receipts and payments		
Conversion of debt into capital		
Convertible bonds to be expired within one year		
Fixed assets under finance lease		
3. Net increase in cash and cash equivalents		
Cash at the end of the period	55,812,269.33	64,075,389.48
Less: Cash at the beginning of the period	65,762,871.33	52,507,843.73
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		

Items	Jan.–Jun, 2013	Jan.–Jun, 2012
Net increase in cash and cash equivalents	-9,950,602.00	11,567,545.75

(2) Cash and cash equivalents

Items	Jan.–Jun, 2013	Jan.–Jun, 2012
1. Cash	55,812,269.33	65,762,871.33
Including: Cash on hand	515,406.33	1,343,203.42
Bank deposit paid at any time	55,103,676.59	64,325,194.75
Other monetary funds paid at any time	193,186.41	94,473.16
2. cash equivalents		
3. Cash and cash equivalents at the end of year	55,812,269.33	65,762,871.33

VI. Related party relationship and transactions

1. Parent company and ultimate controller:

Name	Registered address	Organization code	Principal operating	Relationship with the Company	Registered capital	Holding proportion	Voting rights proportion
Beijing Wangfa Real Estate Development Holdings Co., Ltd	Beijing	60003715-7	Real estate development and operation	The first largest shareholder	280 million Yuan	26.36%	26.36%

2. Information about subsidiaries

Details refer to “Note IV. 1. Subsidiaries established by the Company”.

3. Information about joint venture and affiliate of the Company

Details refer to ‘Note V.9.Long-term equity investment’.

4. Other related parties

Name	Relationship with the Company	Organization code
Beijing ZhongjiaYangguang energy technology (group) Co., Ltd.	With same controller	722611348
BeijingYulongJisheng Real Estate Development Co., Ltd.	With same controller	72266773-9

5. Transactions of related parties

(1) Internal transactions have already been offset.

(2) Fund calling between related parties

In May 2013, the company obtained five months period loans of 230 million from Beijing Xinxing Real Estate Development corporation with 29,750,000 shares of Southwest Securities(SH.600369) shares as collateral. The annual rate is 7%. The company had the cash to repay loans 210 million and interest owe to Chongqing International Trust Co., LTD.

By June 30, 2013, the total amount of loan principal that Beijing Xinxing Real Estate Development corporation has been made to the Pearl River Holding has a balance of RMB 338,967,912.90 Yuan with RMB 36,900,358.25 Yuan of interest payable on balance. The total amount of loan principal that the controlling shareholder Beijing Wanfa Real Estate Development Corporation has been made to the Pearl River Holding has a balance of RMB 62,025,000.00 Yuan with interest payable on balance of RMB26,448,824.86 Yuan.

By June 30, 2013, the total amount of loan principal that Beijing Xinxing Real Estate Development corporation has been made to Sanya Wanjia Hotel Management Co., Ltd has a balance of RMB 32,030,000.00 Yuan with RMB31,242,167.96 Yuan of interest payable on balance. The total amount of loan principal that Beijing Wanfa Real Estate Development corporation has been made to Sanya Wanjia Hotel Management Co., Ltd has a balance of RMB 19,700,000.00 Yuan with interest payable on balance of RMB 10,172,892.08 Yuan.

For the loans listed between related parties, the total amount of interest expensed carried for this reporting period was RMB 7,775,255.76 Yuan with interest payable on balance of RMB 104,764,243.15 Yuan. The interest rate for the loans listed above is based on the People's Bank of China's benchmark interest rate for one-year loan with currency stated in RMB.

(3) Balances of related party receivable and payable

Items	Company Name	Jun 30, 2013	Jan 1, 2013
Other payables:	Beijing ZhongjiaYangguang energy technology (group) Co., Ltd.	1,578,068.58	1,113,268.02
	Beijing Xinxing Real Estate Development Company	370,997,912.90	140,997,912.90
	Beijing Wangfa Real Estate Development Holdings Co., Ltd	81,725,000.00	81,725,000.00
	Beijing YulongJisheng Real Estate Development Co., Ltd.	1,500,000.00	1,500,000.00
Interest payable:	Beijing Wangfa Real Estate Development Holdings Co., Ltd.	36,621,716.94	34,239,791.95
	Beijing Xinxing Real Estate Development Company	68,142,526.21	62,749,195.44
Total		560,565,224.63	322,325,168.31

VII. Contingent events

Other guarantee issues please refer to Note.V.19.

VIII. Commitments

Nothing need to disclose.

IX. Non-adjusting events after the balance sheet date

Nothing need to disclose.

X. Other important events

Nothing need to disclose.

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

1. Accounts receivable

(1) Detailed information

Items	Jun 30, 2013				Jan 1, 2013			
	Balance	Proportion (%)	Bad debts	Bad debt ratio (%)	Balance	Proportion (%)	Bad debts	Bad debt ratio (%)
1 Individual with significant amount	7,761,707.60	58.25	7,761,707.60	100.00	7,761,707.60	64.77	7,761,707.60	100.00
2 Bad debt accounted by the combinations								
Age Combinations	3,664,694.67	27.50	589,045.46	16.07	2,915,410.87	23.18	574,059.78	19.69
Combined Subtotal	3,664,694.67	27.50	589,045.46	16.07	2,915,410.87	23.18	574,059.78	19.69
3 Other unimportant receivables	1,898,690.60	14.25	1,898,690.60	100.00	1,898,690.60	15.10	1,898,690.60	100.00
Total	13,325,092.87	100.00	10,249,443.66		12,575,809.07	100.00	10,234,457.98	

(2) Age analysis

Age	Jun 30, 2013		Jan 1, 2013	
	Amounts	Bad Debts Provision	Amounts	Bad Debts Provision
Within 1 year	2,304,587.25	62.89	46,091.75	1,555,303.45
1 to 2 years	100,000.00	2.73	5,000.00	100,000.00
2 to 3 years	100,000.00	2.73	10,000.00	100,000.00
3 to 4 year	106,000.00	2.89	21,200.00	106,000.00
4 to 5 years	101,500.00	2.77	30,450.00	101,500.00
5 years and more	952,607.42	25.99	476,303.71	952,607.42
Total	3,664,694.67	100.00	589,045.46	2,915,410.87

2. Other receivables

(1) Detailed information

Items	Jun 30, 2013				Jan 1, 2013			
	Balance	Proportion (%)	Bad debts	Bad debt ratio (%)	Balance	Proportion (%)	Bad debts	Bad debt ratio (%)
1. Individual with significant amount	24,978,380.89	4.00	24,978,380.89	100.00	77,278,380.89	12.70	34,477,855.47	44.62
2. Bad debt accounted by the combinations								
Age Combinations	295,838,220.46	47.40	12,084,012.65	4.08	292,350,649.61	48.04	12,815,010.44	4.38
In scope of consolidated statements	299,278,786.02	47.95			233,952,547.64	38.44		

subtotal	595,117,006.48	95.35	12,084,012.65	2.03	526,303,197.25	86.48	12,815,010.44	2.43
3. Other unimportant receivables	4,025,845.72	0.65	3,963,362.46	98.45	5,010,884.80	0.82	3,976,838.29	79.36
Total	624,121,233.09	100	41,025,756.00		608,592,462.94	100	51,269,704.20	

(2) Aging analysis

Age	Jun 30, 2013			Jan 1, 2013		
	Amounts		Bad Debt Provision	Amounts		Bad Debt Provision
	Amounts	Ratio (%)		Amounts	Ratio (%)	
Within 1 year	110,366,533.58	37.31	2,206,011.29	80,231,301.62	27.44	1,604,626.03
1 to 2 years	175,091,258.54	59.18	8,754,562.93	201,738,919.65	69.01	10,086,945.98
2 to 3 years	10,166,939.34	3.44	1,016,693.93	10,166,939.34		1,016,693.93
3 to 4 year						
4 to 5 years						
5 years and more	213,489.00	0.07	106,744.50	213,489.00	0.07	106,744.50
Total	295,838,220.46	100.00	12,084,012.65	292,350,649.61	100.00	12,815,010.44

3. Long-term equity investment

Name	Accounting Method	Initial investment Cost	Beginning Balance	Increase or decrease	Ending Balance	Percentage of equity interest (%)	Percentage of vote right (%)	Impairment loss provision
Hainan Pearl River Property & Hotel Management Co., Ltd.	Cost Method	4,900,000.00	4,900,000.00		4,900,000.00	98	98	
Sanya Wanjia Hotel Management Co., Ltd.	Equity Method	120,000,000.00	120,000,000.00		120,000,000.00	100	100	
Sanya Wanjia Enterprises Holding Co., Ltd.	Cost Method	40,000,000.00	36,496,882.74	-500,517.07	35,996,365.67	40	40	
Hubei Pearl River Real Estate Development Co., Ltd.	Cost Method	57,200,000.00	57,200,000.00		57,200,000.00	88	88	
Hainan Pearl River Enterprises Holding Co., Ltd. Shanghai Real Estate Co.	Cost Method	40,000,000.00	40,000,000.00		40,000,000.00	100	100	40,000,000.00
Beijing Jiubo Culture Development Co., Ltd.	Cost Method	5,000,000.00	5,000,000.00		5,000,000.00	100	100	
Mudanjiang Pearl River Hotel Management Co., Ltd.	Cost Method	60,000,000.00	60,000,000.00		60,000,000.00	100	100	
Hainan Pearl River Guanzhuang Co., Ltd.	Cost Method	426,315.00	426,315.00		426,315.00	1.33	1.33	
Hainan Tongsheng Ports Co., Ltd.	Cost Method	6,000,000.00	6,000,000.00		6,000,000.00	15	15	6,000,000.00
Hainan Chamber of Commerce	Cost Method	500,000.00	500,000.00		500,000.00	6.67	6.67	500,000.00
Network Science and Technology Investment Co.	Cost Method	10,000,000.00	10,000,000.00		10,000,000.00	10	10	10,000,000.00
Hainan Huadi Pearl River Foundation Engineering Co., Ltd.	Cost Method	160,000.00	160,000.00		160,000.00	2	2	
Guangzhou Pearl River Investment Management Co., Ltd.	Cost Method	18,177,240.29	18,177,240.29		18,177,240.29	9.48	9.48	7,352,245.39
Hainan Nanyang Shipping Industrial Company Limited	Cost Method	1,680,000.00	1,680,000.00		1,680,000.00			1,680,000.00
Hebei zhengshiqinghui Real Estate Development Co., Ltd.	Cost Method	5,100,000.00	5,100,000.00		5,100,000.00	51	51	
Total		369,143,555.29	365,640,438.03	-500,517.07	365,139,920.96			65,532,245.39

4. Operating income and operating costs**(1) Operating income**

Items	Jan.–Jun, 2013	Jan.–Jun, 2012
Main operating business income		
Other operating business income	581,744.40	579,338.20
Total	581,744.40	579,338.20

(2) Operating costs

Items	Jan.–Jun, 2013	Jan.–Jun, 2012
Main operating business costs		
Other operating business costs	177,796.80	177,796.80
Total	177,796.80	177,796.80

5. Investment income

Items	Jan.–Jun, 2013	Jan.–Jun, 2012
Income from cost accounting method investment		92,400,000.00
Income from equity accounting method investment	-500,517.07	-429,464.28
Income from disposal sellable financial assets		18,542,755.18
Dividend income from available for sale financial assets	3,064,013.00	
Total	2,563,495.93	110,513,290.90

6. Supplementary information of cash flow statement

Items	Jan.–Jun, 2013	Jan.–Jun, 2012
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	-27,448,612.76	87,358,126.84
Add: Provision for assets impairment	-10,228,962.52	-3,276,546.96
Depreciation of fixed assets, production biological assets, petroleum and natural gas	1,036,018.78	1,095,111.06
Amortization of intangible assets	23,831.82	23,831.82
Amortization of long-term prepayments	4,832,342.64	
Losses on disposal of fixed assets, intangible assets and other long-term assets		
Losses on scrapping of fixed assets		
Losses on fair value change		
Financial expenses	24,807,495.67	16,000,625.80
Investment losses	-2,563,495.93	-110,513,290.90

Items	Jan.–Jun, 2013	Jan.–Jun, 2012
Decrease in deferred income tax assets		
Increase in deferred income tax liabilities		
Decrease in inventories		
Decrease in operating receivables	60,245,837.86	5,854,963.42
Increase in operating payables	-8,654,431.12	-487,611.84
Others	0.00	
Net cash flows from operating activities	42,050,024.44	-3,944,790.76
2. Significant investing and financing activities that non-cash receipts and payments		
Conversion of debt into capital		
Convertible bonds to be expired within one year		
Fixed assets under finance lease		
3. Net increase in cash and cash equivalents		
Cash at the end of the period	959,747.89	12,257,715.18
Less: Cash at the beginning of the period	2,641,297.45	515,955.59
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase in cash and cash equivalents	-1,681,549.56	11,741,759.59

XII. Supplementary information

1. According to “Information disclosure requirement No.1 for the companies issuing securities publicly – Non-recurring Profit and Loss [2008]” issued by China Securities Regulatory Commission ([2008] No. 43), the amount of non-recurring profit and loss is as follows (profit is “+”, loss is “-”):

Items	Jan.–Jun, 2013
Profit and loss on disposal of non-current assets	14,355.11
Fund occupation fee from non-financial enterprises included in the current profit and loss	5,352,253.44
Revenue generated from obtaining subsidiaries, associates and joint venture investment as the investment cost less than the fair value of identifiable net assets	
Gains from disposal of available for sale financial assets excluded effective hedging with operating	
Others non-operating income and expenses excluded as above	-12,386.81
Other non-operating income and costs	3,064,013.00
Income tax impact	-4,195.63
Equity impacts of minority interests	-2,186.25
Total	8,424,616.62

2. Earnings per share

Profit of this year	Earnings per share			
	Basic earnings per share		Diluted earnings per share	
	Jan.–Jun, 2013	Jan.–Jun, 2012	Jan.–Jun, 2013	Jan.–Jun, 2012
Net profit attributable to common shareholders	-0.15	-0.09	-0.15	-0.09
Net profit excluding non-recurring Profit and Loss attributable to common shareholders	-0.17	-0.14	-0.17	-0.14

3 Abnormal issues and its related explanations for major accounting statements**(1) Balance sheet**

Item	Jun 30, 2013	Jan 1, 2013	Rate of change	Explanations
Receivables	17,279,796.94	9,889,336.96	74.73%	Increased Property services and hotel revenue from subsidiaries
Dividends receivable	3,235,015.00	260,015.00	1144.16%	Declaration of dividends from Southwest Securities CO.,LTD.
Other current assets	3,000,000.00		100.00%	The subsidiary purchase collective fund trust plans
Short-term loans	1,000,000.00	210,000,000.00	-99.52%	Return loans from Chongqing International Trust Company
Other payables	676,950,850.28	379,871,030.04	78.21%	Obtain loans from others
Taxes payable	-1,279,122.86	2,205,732.91	-157.99%	To pay the relevant taxes

(2) Income statement

Item	Jan.–Jun, 2013	Jan.–Jun, 2012	Rate of change	Explanations
Financial expenses	40,873,236.02	29,066,735.26	40.62%	Increased financing fees
Loss of devaluation of assets	-1,034,945.13	-9,117,317.73	88.65%	Withdraw the accounts receivable
Investment income	2,556,516.93	18,113,290.90	-85.89%	Disposal of available for sale financial assets in prior year
Other comprehensive income	-28,954,922.85	52,031,961.59	-155.65%	Disposal of available for sale financial assets in prior year
Net cash flows from financing activities	47,611,556.13	60,478,463.75	-21.28%	Decrease the loans

XIII. Approval of the financial statements

The financial statements have been approved by the board of directors of the Company in August 26 2013

Based on the Articles of Association, the financial statements would be submitted to General Conference of Shareholders.

Hainan Pearl River Holding Company Limited
August 28,2013

Legal representative:

Accounting Supervisor:

Chief Accountant:

Signature:

Signature:

Signature:

Date:

Date:

Date: