

Stock Code: 000505, 200505

Stock Abbr.: ZJKG, ZJB

Announcement No.:2014-055

HaiNan Pearl River Holdings Co., Ltd.

Abstract of the 2014 Semi-annual Report

1. Important reminders

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.

Company profile

Stock abbreviation	ZJKG, ZJB	Stock code	000505, 200505
Stock exchange listed with	Shenzhen Stock Exchange		
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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)	124,684,500.79	107,223,021.13	16.29%
Net profit attributable to shareholders of the Company (RMB Yuan)	-76,849,759.83	-64,455,008.65	-19.23%
Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB Yuan)	-77,979,104.27	-72,879,625.27	-7.00%
Net cash flows from operating activities (RMB Yuan)	-156,748,554.81	-43,861,109.19	-257.37%
Basic EPS (RMB Yuan/share)	-0.18	-0.15	-19.27%
Diluted EPS (RMB Yuan/share)	-0.18	-0.15	-19.27%
Weighted average ROE	-104.13%	-33.76%	-70.37%
	As at the end of the reporting period	As at the end of last year	YoY +/-
Total assets (RMB Yuan)	1,446,617,800.51	1,237,713,804.04	16.88%
Net assets attributable to shareholders of the Company (RMB Yuan)	30,884,007.58	116,714,215.59	-73.54%

(2) Shareholdings of the top 10 common shareholders

Total number of common shareholders at the end of the reporting period	41,267
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Shareholdings of the top 10 common 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			
Dong Xiaojuan	Domestic individual	0.71%	3,050,000			
Xu Zhen	Domestic individual	0.67%	2,856,124			
Pan Xinran	Domestic individual	0.49%	2,071,599			
Zhang Xiaoxia	Domestic individual	0.46%	1,949,250			
Hu Zhengxiu	Domestic individual	0.43%	1,845,500			
Chen Mingwei	Domestic individual	0.43%	1,827,900			
Liu Min	Domestic individual	0.36%	1,551,300			
Guangzhou Anyang Computing Network Science & Technology Co., Ltd.	Non-state-owned corporation	0.35%	1,488,300			
Li Hong	Domestic individual	0.33%	1,400,500			
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.				

(3) Shareholdings of the top 10 preferred share holders

Applicable Inapplicable

No preferred shares for the reporting period.

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

Change of the controlling shareholder in the reporting period

Applicable Inapplicable

The controlling shareholder did not change in the reporting period.

Change of the actual controller in the reporting period

Applicable Inapplicable

The actual controller did not change in the reporting period.

3. Discussion and analysis by the management

During the reporting period, the Company made great efforts to promote each business such as real estate, property management, tourist hotel service, as well as tried hard to avoid the market risks and to timely adjust the operation strategy and to strive for the sustainable development of the enterprise according to the planed development strategy of the Company.

1. As for the real estate business: Phase III of Hubei Meiling Qingcheng Project had received the starting capital of the previous development, with the work of the Phase III and the design had completed, the previous preparation work of the project implementation had all ready, as well as the biding work of the major engineering had finished that the Company tried hard to realize the construction in the second half year after receiving the construction funds and to make contribution for the listed companies with the profits realized from the sales in 2015;

After the efforts of multiple parties, the land ownership problem left over by history of “the Real Estate Development Project of the Original Tubular Pile Land” had been solved, with the Sanya Municipal Bureau of Land and Resources had specified confirmed the execution basis of the transaction of the land certification of the project. The Company is paying close attention on handling the land certification and developing the planning and adjustment of the project as well as the previous work of the bid, auction and listing of the land.

2. As for the hotel service: the China Snow Town and hotels operated by Mudanjiang Tourist Development Group. From Jan. to Mar. is the “golden” season of Snow Town operation, so the Company deeply dig out the market potential, made great efforts to develop the market resources, tried hard to develop the marketing work in order to gain the favorable achievement the sales revenue of RMB 2.4 million. In the middle of Apr., the hotels stopped operation and carried out the appropriate settlement of the stay or leave of majority of the personnel. At the same time the Company organized the staffs to development the external connection, in order to expand the customer group for the Winter sales of the Snow Town and to do well in the preparation of the Winter operation.

The operation of the Days Hotel & Suite Sanya Resort faced unusual fierce market competition, and owing to the impact from the overseas Southeast Asia Market on the Sanya Market, the in-flow tourists of the island reduced obviously, while the increased number of the rooms of the newly opened hotels were far more exceed the requirements with each hotel competed to grasp the clients resources through reducing the price, thus made the market competition incredible fierce. And due to the operation year of the hotels which attributed to the Company were more than 5 years, the hardware facility and the fitment environment had not process any strong competition power any more. The hotels basically maintain the balance of payments through various promotion methods such as reducing the price. The operation revenue of the first half year was of RMB 17.74 million and the realized profits of RMB 2.45 million (excluding depreciation).

3. Property management: in the first half of this year, the Company completed its operating income RMB 78.8019 million, expense of operating cost was RMB 79.0393 million, paid business tax RMB 4.6127 million, profited RMB -349,400. In the first half of 2014, the income increased RMB 13.2959 million and the profit norm had a sharp loss-mitigation compared to that in the same period of last year. Financial situation improved .The main reason for the losses were: Rigid cost rose sharply. Employee in the minimum wage and employee social security tax base continuously increased, which lead to the labor cost of employee a big radial growth compared to that in the same period of previous years. This showed that Property Company still faces a great risk of management and financial pressure.

4. Progress of investment project in previous period: Yunxi Iron Ore Project and Mulin Town Coal Logistics Project can not profit in expected, the Company’s financial pressure of operating was larger. In 2014 the Company decided to timely adjust investment strategy.

(1) Mulin Town Coal Logistics Project: Due to the coal market price continued to fall, the government continued to regulate the coal industry; in order to response the government's appeal and seek the Company's future development prospect. The Company decided to recover the investment to the coal trade and the construction of the coal water slurry production line, and researched and utilized the benefits of existing land resources as the exclusive warehousing logistics base, actively cooperated with domestic famous enterprises in the field of agriculture, logistics. As of the first half of 2014, the Company successively recovered RMB 70 million investment fund of the project.

(2) Yunxi Iron Ore Project: Zhaojiayuan Mine Lot: in the first half of 2014, due to the terrain weather and other factors, the reconstruction project of electric power can not be completed timely; at present, the infrastructure construction and the equipment installation of transformer substation had been completed. Line tower had also been completed. It is expected by the end of the year that the electricity can be used. Residents in the mine lot were moving gradually; residents had great effects to the production of the mine lot transacted the relocation in prior, which including the compensation to fruit trees in fields and graveyard. In the first half of this year, the Company can not raise enough capital to pay the tax of resource, and failed to meet the requirements of mining scale and organizing production. Dujiawan mine lot was under the design of related production line according to the geological data. The financing gap of the implementation of follow-up investment plan was still large.

(3) Shijiazhuang Luquan new village construction project was in conformity with the national urbanization policy, however, the present difficult was that how to solve the problem of compensation for farmers in the bad local investment environment, meanwhile completed the project in all kinds of examination and approval procedures and the uncertainty of the above work faced so far. The Company actively communicated and negotiated with the local government and the villagers, focusing on solving contradiction in the village, solving the petitioning problem and completed land acquisition. The Company strived for the proper solutions as soon as possible.

4. Matters related to financial reporting

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

Applicable Inapplicable

The accounting policies, accounting estimates or measurement methods did not change in the reporting period.

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

Applicable Inapplicable

No correction of significant accounting errors in the reporting period.

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

Applicable Inapplicable

The consolidation scope did not change in the reporting period.

(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

Applicable Inapplicable

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29 Aug. 2014