

Stock code: 000029

Short form: ShenshenfangA

Announcement Serial No. 2010-04

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

SUMMARY OF ANNUAL REPORT 2009

§ 1 Important Notes:

1.1 The Board of Directors, the Supervisory Committee as well as the directors, supervisors and senior management staff of SHENZHEN Special Economic Zone Real Estate & Properties (Group) Co., Ltd. (hereinafter referred to as “the Company”) hereby confirm that there exists no omission, misstatement, or misleading information in this report, and accept, individually and collectively, the responsibility for the correctness, accuracy and completeness of the contents of this report.

The report is abstracted from the 2009 Annual Report, which is published on the internet website <http://www.cninfo.com.cn> in the mean time. The investors are suggested to read the full text of 2009 Annual Report to understand more details.

1.2 Shenzhen Nanfang Minhe Certified Public Accountants audited the financial report of the Company, and presented standard auditor’s reports with qualified opinions for the Company.

13. Chairman of the Board Mr. Zhou Jianguo, Chief Financial Officer Mr. Chen Maozheng and Financial Manager Chen Jincui hereby confirm that the Financial Statements in the Annual Report is true and complete.

The annual Report is written in both English and Chinese. In case of any discrepancy between the two versions, Chinese version prevails.

§ 2 Company Profile

2.1 Basic information

Short Form of the Stock	SHENSHENFANG A, SHENSHENFANG B	
Stock Code	000029, 200029	
Stock Exchange	Shenzhen Stock Exchange	
Registered Address	47/F, SPG Plaza, Renmin South Road, Shenzhen	
Post Code	518001	
Office Address	46/F-48/F, SPG Plaza, Renmin South Road, Shenzhen	
Post Code	518001	
Internet Website	http://www.sfjt.com.cn	
E-mail Address	spg@163.net	

2.2 Contact person and method

	Secretary to the Board	Securities Affairs Representative
Name	Chen Ji	Feng Hongwei
Contact address	47/F, SPG Plaza, Renmin South Road, Shenzhen	47/F, SPG Plaza, Renmin South Road, Shenzhen
Telephone	82293000-4718, 4715	82293000-4718, 4715
Fax	82294024	82294024

E-mail	spg@163.net	spg@163.net
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§3. Summary of Accounting Data and Financial Indexes

3.1 Major accounting data

Unit: RMB Yuan

	2009	2008	Increase/ decrease over last year (%)	2007
Revenue	750,182,202.47	706,005,324.41	6.26%	845,127,526.44
Total profit	36,180,282.30	41,034,343.76	-11.83%	51,658,929.76
Net profit attributable to equity holders of the Company	20,217,383.62	19,123,787.11	5.72%	39,007,992.54
Net profit attributable to equity holders of the Company after extraordinary gains and losses	13,119,244.63	21,340,998.68	-38.53%	8,059,156.58
Net cash flows from operating activities	-412,125,880.54	-82,529,495.72	-399.37%	-50,781,796.43
	At the end of 2009	At the end of 2008	Increase/ decrease over last year (%)	At the end of 2007
Total assets	3,361,110,324.04	2,265,656,678.91	48.35%	2,302,724,936.60
Total equity attributable to equity holders of the Company	1,228,651,614.41	1,208,288,874.76	1.69%	1,188,146,644.01
Shares capital	1,011,660,000.00	1,011,660,000.00	0.00%	1,011,660,000.00

3.2 Financial Highlights

Unit: RMB

	2009	2008	Increase/ decrease than last year (%)	2007
Basic earnings per share (RMB Yuan/share)	0.0200	0.0189	5.82%	0.0386
Diluted earnings per share (RMB Yuan/share)	0.0200	0.0189	5.82%	0.0386
Basic earnings per share after extraordinary gains and losses (RMB Yuan/share)	0.0130	0.0211	-38.39%	0.0080
Weighted average return on equity (%)	1.66%	1.60%	0.06%	3.35%
Weighted average return on equity after extraordinary gain and losses (%)	1.08%	1.78%	-0.70%	0.69%
Net cash flow per share from operating activities (RMB Yuan/share)	-0.41	-0.08	-412.50%	-0.05
	At the end of 2009	At the end of 2008	Increase/ decrease	At the end of 2007

			than last year (%)	
Net assets per share attributable to shareholders of listed companies (RMB Yuan/share)	1.21	1.19	1.68%	1.17

Items of extraordinary gains and losses

√ Applicable □ Non-applicable

Unit: RMB

Items	Amount	Annotation (if applicable)
Gains/(losses) on disposal of non-current assets	-5,907.20	
Authority approval or non-formally approved document or incidental tax revenue return, relief	775,000.00	
In addition to normal business with the company effective hedging related business, holders of tradable financial assets, transactions and financial liabilities arising from changes in fair value gains and losses, as well as the disposal of trading of financial assets, trading financial liabilities and available-for-sale financial assets investment returns achieved	223,407.93	
A separate impairment test for impairment of receivables transferred back to preparation	7,000,000.00	
In addition to the above other than the operating income and expenditure	-853,571.80	
Income tax impact of several	-40,789.94	
Total	7,098,138.99	-

3.3 Difference between Chinese Accounting Standard (CAS) and International Financial Reporting Standards (IFRS)

√ Applicable □ Non-applicable

4. Changes in Share Capital and Shareholders

4.1 Changes in Share Capital

Unit: Share

	Before the change		Increase(+)/decrease(-)					After the change	
	Number	Percentage	Issue of additional shares	Bonus issue	Reserves to stocks	Other	Subtotal	Number	Percentage
1. Shares subject to trading moratorium	571,696,350	56.51%				-571,696,350	-571,696,350		
a. State-owned shares									
b. State-owned legal person shares	571,690,800	56.51%				-571,690,800	-571,690,800		
c. Other domestic shares	5,550					-5,550	-5,550	0	
Including: Shares held by domestic non-state-owned corporations	0								

Shares held by domestic natural person	5,550					-5,550	-5,550	0	
d. Shares held by overseas shareholders	0								
Including: Shares held by overseas corporations	0								
Shares held by overseas natural person	0								
e. Shares held by senior management staff									
2. Shares not subject to trading moratorium	439,963,650	43.49%				571,696,350	571,696,350	1,011,660,000	100.00%
a. RMB ordinary shares	319,963,650	31.63%				571,696,350	571,696,350	891,660,000	88.14%
b. Domestically listed foreign shares	120,000,000	11.86%						120,000,000	11.86%
c. Overseas listed foreign shares									
d. Others									
3. Total shares	1,011,660,000	100.00%						1,011,660,000	100.00%

Changes in shares subject to trading moratorium

Unit: Share

Name of shareholder	Shares subject to trading moratorium at the year beginning	Shares released in 2009	Increased shares subject to trading moratorium in 2009	Shares subject to trading moratorium at the year end	Reason	Time of releasing
Shenzhen Investment Holdings Co., Ltd.	571,690,800	571,690,800	0	0	Execution according to the share merger reform	26 Mar. 2009
Total	571,690,800	571,690,800	0	0	—	—

4.2 Top ten shareholders and top ten shareholders holding shares not subject to trading moratorium

Unit: Share

Total number of shareholders						104,844
Shareholdings of top ten shareholders						
Name of shareholders	Nature of shareholders	Percentage of shareholding (%)	Total shares held	Shares subject to trading moratorium	Shares pledged or frozen	
Shenzhen Investment Holdings Co., Ltd.	State-owned corporation	63.55%	642,884,262	0	0	
China Power Investment Finance Co., Ltd.	State-owned corporation	0.26%	2,602,101	0	0	
ZHANG YONG	Domestic natural person	0.19%	1,911,079	0	0	
QU YAN HONG	Domestic natural person	0.15%	1,480,277	0	0	
LI QIAO ZHI	Domestic natural person	0.14%	1,447,000	0	0	
Industrial and Commercial Bank of China –GF CSI Smallcap (LOF)	Domestic non-state-owned corporation	0.13%	1,331,180	0	0	
FAN YUE HONG	Domestic natural person	0.11%	1,131,600	0	0	
J.P.MORGAN WHITEFRIARS INC.	Foreign corporation	0.10%	1,034,300	0	0	
JU XIN RU	Domestic natural	0.09%	960,000	0	0	

	person				
LIU NAN	Foreign corporation	0.09%	884,700	0	0
Shareholdings of top ten shareholders holding shares not subject to trading moratorium					
Name of shareholders		Number of shares not subject to trading moratorium		Type of shares	
Shenzhen Investment Holdings Co., Ltd.		642,884,262		RMB common share	
China Power Investment Finance Co., Ltd.		2,602,101		RMB common share	
ZHANG YONG		1,911,079		RMB common share	
QU YAN HONG		1,480,277		RMB common share	
LI QIAO ZHI		1,447,000		RMB common share	
Industrial and Commercial Bank of China –GF CSI Smallcap (LOF)		1,331,180		RMB common share	
FAN YUE HONG		1,131,600		RMB common share	
J.P.MORGAN WHITEFRIARS INC.		1,034,300		Domestically listed foreign share	
JU XIN RU		960,000		RMB common share	
LIU NAN		884,700		RMB common share	
Explanation on associated relationship among the top ten shareholders:		Unknown			

4.3 Particulars about controlling shareholder and actual controller

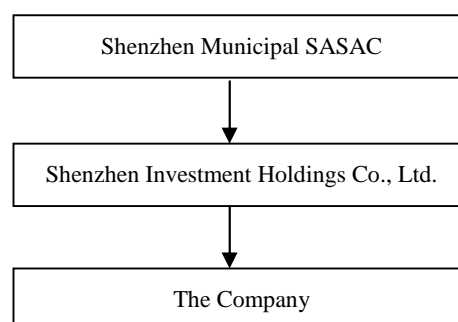
4.3.1 Changes in controlling shareholder and actual controller

Applicable Non-applicable

4.3.2 Controlling shareholder and actual controller

Shenzhen Investment Holdings Co., Ltd. is a sole state-funded company limited.
Registered capital: RMB 4.6 billion
Legal representative Chen Hongbo
Office address: 18/F, Investment Building Hotel, Shennan Av., Futian District, Shenzhen
Post code: 518029
Main business included: providing guarantees for municipal state-owned enterprises; management of state-owned equity outside the municipal enterprise supervised by SASAC of Shenzhen Municipality; and conducting assets restructuring, transformation and capital operation to its subordinate enterprises; investment; and other businesses authorized by SASAC of Shenzhen Municipality. The ultimate controller of the Company is Shenzhen Municipal State-owned Assets Supervision Administrative Committee.

4.3.3 Illustration on relationship between the Company and its ultimate controlling shareholder



§ 5 Directors, Supervisors and Senior Management Staff

5.1 Changes in remuneration and shares held by Directors, Supervisors and Senior Management Staff

Name	Title	Sex	Age	Start date of office term	End date of office term	Shares held at the beginning of the year	Shares held at the end of the year	Reasons for the change	Total Amount of remuneration received from the Company during the year (RMB'0000) (before tax)	Receiving payments from shareholding units or other associated units or not
Zhou Jianguo	Chairman of the Board	Male	55	11 Feb. 2009	10 Feb. 2012	0	0		0.00	Yes
Chen Maozheng	Director, General Manager	Male	46	20 Oct. 2009	20 Oct. 2012	0	0		7.20	No
Xu Zhenhan	Chairman of the Supervisory Committee	Male	57	11 Feb. 2009	10 Feb. 2012	0	0		40.90	No
Deng Kangcheng	Director	Male	42	11 Feb. 2009	10 Feb. 2012	0	0		32.00	No
Xia Guiying	Director	Female	47	11 Feb. 2009	10 Feb. 2012	0	0		0.00	Yes
Wen Li	Director	Female	40	8 Sep. 2006	10 Feb. 2012	0	0		0.00	Yes
Jiang Lihua	Director	Female	46	11 Feb. 2009	10 Feb. 2012	0	0		0.00	Yes
Zong Dechun	Independent Director	Male	68	28 Jun. 2004	27 Jun. 2010	0	0		3.60	No
Hou Liying	Independent Director	Female	55	28 Jun. 2004	27 Jun. 2010	0	0		3.60	No
Zhou Hanjun	Independent Director	Male	40	26 Feb. 2008	10 Feb. 2012	0	0		3.60	No
Wang Xiuyan	Supervisor	Female	48	11 Feb. 2009	10 Feb. 2012	0	0		0.00	Yes
Xiong Xingnong	Supervisor	Male	52	28 Jun. 2004	10 Feb. 2012	0	0		18.70	No
Shi Chunrong	Supervisor	Male	54	11 Feb. 2009	10 Feb. 2012	0	0		25.00	No
Zhang Xuxi	Supervisor	Male	33	11 Apr. 2006	10 Feb. 2012	0	0		18.70	No
Yang Jiayong	Deputy General Manager	Male	37	21 Aug. 2006	10 Feb. 2012	0	0		33.40	No
Teng Xianyou	Deputy General Manager	Male	53	1 Dec. 2009	30 Nov. 2012	0	0		2.80	No
Nie Liming	Deputy General Manager	Male	39	1 Dec. 2009	30 Nov. 2012	0	0		24.80	No
Chen Ji	Secretary of the Board	Male	39	28 Jan. 2009	10 Feb. 2012	0	0		25.00	No
Guo	General	Male	51	21 Aug. 2006	20 Oct. 2009	0	0		42.40	No

Hongzhuang	Manager									
Luo Zichao	Deputy General Manager	Male	49	21 Aug. 2003	20 Oct. 2009	0	0		27.60	No
Chen Junyi	Supervisor	Male	52	28 Jun. 2004	11 Feb. 2009	0	0		24.00	No
Total	-	-	-	-	-	0	0	-	333.30	-

Equity incentive authorized to directors, supervisors and senior management staff in the reporting period

Applicable Non-applicable

5.2 Attendance by Directors at Board Meetings

Name of director	Title	Meetings required to attend	Attendance in person	Attendance by way of telecommunication	Attendance by proxy	Absence rate	Non-attendance in person for two consecutive times
Zhou Jianguo	Chairman of the Board	11	8	3	0	0	No
Chen Maozheng	Director, General Manager	1	1	0	0	0	No
Deng Kangcheng	Director	11	8	3	0	0	No
Xia Guiying	Director	11	8	3	0	0	No
Wen Li	Director	12	9	2	0	1	No
Jiang Lihua	Director	11	7	3	1	0	No
Zong Dechun	Independent Director	12	8	3	1	0	No
Hou Liying	Independent Director	12	9	3	0	0	No
Zhou Hanjun	Independent Director	12	9	3	0	0	No

Explanation on absence from two successive Board Meetings in person

Board meetings held during the year	12
Including: On-site meetings	9
Meetings by way of telecommunication	3
Meetings held on site and by way of telecommunication	0

§ 6 Report of the Board of Directors

6.1 Discussion and analysis on the performance of 2009

At the beginning of 2009, the Board of Directors and operating management leaders reelected at expiration of office term. With influence of financial crisis, poor foundation, weak brand image, serve lack of land reserves and situation that scale of main business was small and distribution was unreasonable, managements of the Company lead all staff strived for prosperity, eager to progress, overcame difficulties and paid attention to main business, actively settled historical problems, elaborately plan to increase land reserves, made effort on establishment of new enterprise culture, build management team with high quality and profession, made effort for enhancing core competition of the Company; all measures for promotion of development and reformation was effective, and formed new accordance situation with stable development.

6.2 Core business in different industries and products

Unit: (RMB) Ten Thousand

Main operations classified by industries						
Classified by industries or products	Operating revenue	Operating cost	Gross profit rate (%)	Increase/decrease of operating revenue over the last year (%)	Increase/decrease of operating cost over the last year (%)	Increase/decrease of gross profit rate over the last year (%)
Real estates	32,120.00	16,857.00	47.52%	0.90%	7.45%	-3.20%
Engineering construction	25,602.00	24,335.00	4.95%	28.88%	28.71%	0.13%
Lease	6,289.00	3,625.00	42.36%	-7.73%	4.20%	-6.60%
Properties management	8,496.00	6,930.00	18.43%	-6.21%	-7.31%	0.97%
Hotels and other	2,511.00	1,686.00	32.86%	-17.06%	-4.50%	-8.83%
Main operations classified by products						
Residence	25,547.00	13,946.00	45.41%	19.72%	11.10%	-5.31%
Office building	6,573.00	2,911.00	55.71%			

6.3 Core businesses in different areas

Unit: (RMB) Ten Thousand

Area	Operating revenue	Increase/decrease of operating revenue over the last year (%)
Guangdong province	72,782.00	3.34%
Overseas	2,236.00	1,223.00%

6.4 Items measured by adopting fair value

 Applicable Non-applicable

6.5 Utilization of proceeds

 Applicable Non-applicable

Particulars about projects changed

 Applicable Non-applicable

6.6 Utilization of the non-raised proceeds

 Applicable Non-applicable

Unit: (RMB) Ten Thousand

Name of projects	Amount	Progress	Earnings of projects
SHUIYUNTIANYA, MING GARDEN	570.52	Completion of application for construction for working drawing	Naught
Shantou Jinye Island International Garden	5,808.82	Development by stages	In the reporting period, revenue of RMB 200.22 million was carried over.
North side of Jinhu Road	31.91	The project in the process of being planned	Naught
Land in New Guangming District	120,000.00	Additional land in 2010, the said project is in contemplation	Naught
Total	126,411.25	-	-

6.7 Explanation on reason of changes in accounting policies, accounting estimates or correction on accounting errors and influence

Applicable Non-applicable

6.8 Explanation of the Board on “Non-standardized Opinion” issued by Certified Public Accountants

Applicable Non-applicable

6.9 The Preplan of profit distribution or capitalization of capital reserve for the year 2009 made by the Board of Directors

The Company achieved, in 2009, a net profit of RMB 20,217,383.62. According to relevant laws and regulations, as well as the Articles of Association of the Company, the net profit in 2009 will be used for covering the deficit of the previous years. And thus no profit distribution or turning capital reserve to share capital will be conducted. After the loss make-up, the Company’s retained profit will stand at RMB -781,357,778.86.

Cash Dividends Distributed in the last three years

Unit: RMB

Year of distribution	Amount of cash dividends (Including tax)	Net profit attributable to equity holders of the Company in the consolidated financial statements for the year of distribution	Percentage	Distributable profit for the year
2008	0.00	19,123,787.11	0.00%	-915,511,458.27
2007	0.00	39,007,992.54	0.00%	-934,635,245.38
2006	0.00	20,150,368.49	0.00%	-985,700,506.78
Percentage of aggregated cash dividends in the last three years in the recent annual average net profit (%)			0.00%	

No dividend distribution proposal was raised though the Company is making profit during the reporting period

Applicable Non-applicable

Reasons for not appropriating profit distribution preplan in cash though the Company achieved the profit in the report period	Purpose and using plan of retained profit
In 2009, the Company realized profits. In accordance with relevant provisions, the Company should make up loss over the previous year, after deficit coverage, the retained profit of the Company is a negative number without available conditions to distribute profit.	The retained profit for the year 2009 is a negative number

§ 7 Significant events

7.1 Acquisition of assets

Applicable Non-applicable

7.2 Sales of assets

Applicable Non-applicable

Influences on the Company's business consistency and the stability of the management by the issues mentioned in 7.1 and 7.2

N/A

7.3 Significant guarantee

Applicable Non-applicable

Unit: (RMB) Ten Thousand

External guarantee of the Company (excluding the guarantee for subsidiaries)						
Name of the entity guaranteed	Date of occurrence (date of agreement signed)	Amount	Type	Guarantee term	Accomplished or not	Guarantee for related party (yes or not)
Total amount of guarantee occurred in the reporting period						0.00
Total balance of guarantee at the end of the reporting period (A)						0.00
Guarantee for the subsidiaries of the Company						
Total amount of guarantee occurred for shareholding subsidiaries in the reporting period						30,000.00
Total balance of guarantee occurred for shareholding subsidiaries at the end of the reporting period (B)						32,320.00
Total guarantee amount of the Company (including the guarantee for the subsidiaries)						
Total amount of guarantee (A+B)						32,320.00
The proportion of the total amount of guarantee in the net assets of the Company						26.31%
Of which:						
The amount of guarantee provided for shareholders, actual controller and other related parties (C)						0.00
Guarantee amount for the debts of the guaranteed companies with an asset-liability ratio of over 70 percent, directly or indirectly (D)						0.00
The amount by which the total guarantee amount exceeded 50 percent of the net assets (E)						0.00
Total amount of the above three guarantees (C+D+E)						0.00
Explanation on possibly bearing joint and several responsibilities for undue guarantees				N/A		

7.4 Significant related transactions:

7.4.1 Related party transaction related to routine operation

Applicable Non-applicable

7.4.2 Credits and liabilities between related parties and the Company

Applicable Non-applicable

Unit: (RMB) Ten Thousand

Related parties	Provided to related parties		Received from related parties	
	Occurred amount	Balance	Occurred amount	Balance
Shenzhen Investment Holdings Co., Ltd.	0.00	0.00	40,000.00	10,000.00

Total	0.00	0.00	40,000.00	10,000.00
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The Company did not provide any funds to controlling shareholder and its subsidiaries during the reporting period with the balance being zero.

7.4.3 Non-operational capital occupied by the principal shareholder and subsidiary enterprises and progress in clearing debt

Applicable Non-applicable

7.5 Entrusted financing

Applicable Non-applicable

7.6 Commitments

Applicable Non-applicable

I. Shenzhen Investment Holding Co., Ltd. made the following commitments concerning the relevant matters of the share merger reform of SPG: “ 1. The Company shall abide by the relevant laws, regulations and rules, and fulfill the legal commitments; 2. The Company hereby declares that: The promisor shall faithfully fulfill its commitments and shoulder corresponding responsibilities; Unless the transferee agrees to and is able to fulfill the commitments, the promisor shall not transfer the held shares. 3. The Company hereby declares that: Should the promisor fail to fulfill its commitments prescribed in the relevant documents, it shall compensate the other shareholders for their losses caused thereupon.” The commitments have been fulfilled;

II. Shenzhen Investment Holding Co., Ltd. made the following commitments concerning the conditional sales of its held shares: The shares shall not be listed or transferred within 12 months from the date when the reform plan is implemented; When the aforesaid provision reaches its mature term, the originally non-tradable shares may be listed for trading at securities exchanges, with the proportion of the sold amount in the Company’s total shares not exceeding 5% within 12 months, as well as not exceeding 10% within 24 months.” And the said commitments have been fulfilled;

III. In the share merger reform, Shenzhen Investment Holding Co., Ltd. promised to implement a share incentive plan, where the company was to sell its held shares (not exceeding 10% of SPG’s total shares) to the SPG’s management on three years’ amortization. On 30 Sept. 2006, the State-Owned Assets Supervision and Administration Commission of the State Council issued the Trial Measures for Implementing Equity Incentive Plans by State Holding Listed Companies (Domestic) (GZFFP 【2006】 No. 175). The Item 9 of the Trail Measures stipulates that the source of the subject shares for implementing the equity incentive plan of a listed company shall not be paid by a single state shareholder and that the state equity shall not be gratuitously quantized either. Therefore, the equity incentive plan was unable to be implemented. Nor the concerned commitment of Shenzhen Investment Holding Co., Ltd. was able to be fulfilled.

IV. The Shenzhen Sate-owned Assets Supervision and Administration Commission issued the Letter on Relevant Matters Concerning Information Disclosure of SPG to Shenzhen Investment Holdings Co., Ltd. in Oct. 2009, making a commitment that it would not conduct transfer of SPG share rights through agreements, asset reorganization or other matters (not including shareholding reduction in the secondary market) that have significant influence on SPG in this year or the next year.

Commitments made by the Company, directors, supervisors, senior management staff, shareholders holding more than 5% equities, actual controller or any other related parties during the reporting period, or such commitments carried down to the reporting period

Applicable Non-applicable

Commitments	Covenanter	Description	Execution
Share Reform Commitment	Shenzhen Investment Holdings Co., Ltd.	1. The Company shall abide by the relevant laws, regulations and rules, and fulfill the legal commitments; 2. The Company hereby declares that: The promisor shall faithfully fulfill its commitments and shoulder corresponding responsibilities; Unless the transferee agrees to and is able to fulfill the commitments, the promisor shall not transfer the held shares. 3. The Company hereby declares that: Should the promisor fail to fulfill its commitments prescribed in the relevant documents, it shall compensate the other shareholders for their losses caused thereupon.	Executed
Commitment on trading moratorium of shares	Shenzhen Investment Holdings Co., Ltd.	The shares shall not be listed or transferred within 12 months from the date when the reform plan is implemented; When the aforesaid provision reaches its mature term, the originally non-tradable shares may be listed for trading at securities exchanges, with the proportion of the sold amount in the Company's total shares not exceeding 5% within 12 months, as well as not exceeding 10% within 24 months.	Executed
Commitments made in acquisition report or report on changes in equity	N/A	N/A	N/A
Commitments made in reorganization of significant assets	Shenzhen Municipal SASAC	It shall not conduct transfer of SPG share rights through agreements, asset reorganization or other matters (not including shareholding reduction in the secondary market) that have significant influence on SPG in this year or the next year.	Executed
Commitments made upon issuance of shares	N/A	N/A	N/A
Other commitments (additional commitments)	N/A	N/A	N/A

7.7 Significant arbitration and lawsuits

Applicable Non-applicable

1. Guoxing Building Lawsuit

On 21 March 1997, the company signed an agreement "transferring equity of GuoXing Building agreement" with Baoxing real Estate Development (Shenzhen) Company limited (hereinafter referred to as "BaoXing"). According to the agreement specifications, the company transferred 50% of GuoXing Building project to BaoXing with the price- Rmb 145,000 thousand. And also, the construction cost - Rmb 15,000 thousand that the company owed to GuoXing Building were undertaken by BaoXing. But after paying Rmb 45 million to the company, the remaining equity transferring fund- Rmb 100,000 thousand and the construction cost - 15,000 thousand hadn't paid for the company. The company instituted legal proceedings against BaoXing. After the trial of the Guangdong High People's Court on 28 September 2002, Baoxing had to pay for Rmb 98,948,060.00 and interest to the company according to the paper of civil judgment - " (2001) YueGaoFajing - ChuZhi No.7. Upon a second sue of the case in 2003, the judgement remained unchanged.

On 2008-2-2, the company signed an agreement with BaoXing company. According to the agreement specifications, BaoXing company paid for Rmb 15,000 thousand to the company. and at the same time, the company gave up the distribution right and Auction Disposal right of the LongGang District BaoXing Building. But the BaoXing Company failed to carry out the agreement. On 2008-7-23, Baoxing Company, the third party - Shenzhen HongMing MuYe Co., Ltd (hereinafter referred to as HongMing Company) and the company signed the composition agreement. According to the agreement specifications, the debts and other responsibilities of BaoXing Company would be undertaken by HongMing company. And HongMing Company had to paid for the company Rmb 15,000 thousand and transferred the land-use right of NO. 1514 room (size: 343.95 square meters) of Shenzhen international exchange plaza. At December 2008, the company received Rmb 2,500 thousand. And the property hadn't finished the transferring ownership procedures. Now the case is proceeding and there was no any new substantive progress in the reporting period.

Until 31 December, 2009, the amount of RMB 66,201,645.33 had been called back on the case with the

execution.

2. Xi'an project Lawsuit

Xi'an Fresh Peak Holding limited company (hereinafter referred to as "Fresh Peak Company") was sino-foreign joint venture set up in Xi'an city. The shareholder of the Fresh Peak Company – Hongkong Fresh Peak Co.,Ltd was the wholly owned subsidiary of the company. And the Hongkong Fresh Peak Co.,Ltd contributed 84% of the Fresh Peak company's share- capital in cash. And Xi'an trade building which was the enterprise under the Xi'an Joint Commission on Commerce and Trade contributed 84% of the Fresh Peak company's share- capital with the land-use right. The core business was property development. And the project was Xi'an Trade Building. The project was started on 1995-11-28. But the project had been stopped in 1996 because of the 2 parties differences on the operating policy of the project.

In 2007, the Xi'an government withdrew the Xi'an Fresh Peak investment project compulsively and assigned the project to Xi'an Business Tourism Co.,Ltd (hereinafter referred to as "Business Tourism company"). But the two parties had insulted an lawsuit on compensation. The ShanXi Province High Peoples Court made a judgement "(2000) SJ-CZ No.25". The judgement were as follows: 1、 Business Tourism company had to paid for the compensation Rmb 36,620 thousand to Xi'an Fresh Peak company after the judgment entering into force. If the Business Tourism company failed to pay in time, it had to pay double debt interests to Xi'an Fresh Peak company. 2、 Xi'an Joint Commission on Commerce had the joint and several obligation of the interests of the compensation.

Untill 31 December, 2009, the amount of RMB 11,500,000.00 had been called back. Business Tourism company and Xi'an Joint Commission on Commerce owed Xi'an Fresh Peak company Rmb 21,540 thousand. Now the case is proceeding and there was no any new substantive progress in the reporting period.

At 2009-12-31, the book value of the investment of Xi'an Fresh Peak Company was Rmb 12,166,897.84 . The provision for investment was Rmb 20,673,831.77. and the amount of credit was Rmb 8,419,205.19.

3. Luofu Hill project Lawsuit

The company cooperated with Luofu Hill Tourism company (hereinafter referred to as "Tourism company")cooperated on Luofu Hill Tourism project in early years. The company instituted legal proceedings against Tourism company because the Tourism company failed to carry out the agreement. The judgements which issued by Guangdong Province High Peoples Court on 2007-12-21 are as follows:1. Tourism company had to paid for Rmb 9,600 thousand to the company in 10 days after the judgment entering into force. 2.Tourism company should paid for the interests of Rmb 9,600 thousand with The People's Bank of China similar loans rate in 10 days after the judgment entering into force. Of which, The interests of Rmb 4,400 thousand were caluated from 1986-5-1 to the day the Tourism company paid off the debt. The interests of Rmb 4100 thousand were caluated from 1988-2-1 to the day the Tourism company paid off the debt. The interests of Rmb 1,100 thousand were caluated from 1989-6-15 to the day the Tourism company paid off the debt. The interest of Rmb 8,580 thousand that the Tourism company had paid for to the company can be deduct ed from the interest payable. 3.Luofushan Administration Committee had to undertake one third of the debts which Luofushan Tourism was unable to pay ;4.The interest of debts would be double if the Tourism company and Luofushan Administration Committee failed to fulfill their obligations within the designated period of this judgment;5.Tourism company undertaked all the litigation fees (RMB 167,714). The expense of first instance and the second instance had to pay to the company during the duration of payment.

There was no any new substantive progress after the judgement announced. The company applied the Guangdong Province High people's Court to supervise implementation at May 2009. The Guangdong Province High people's Court issue a document "(2009) YGYZDZ No. 67 to Huizhou intermediate people's court and asked the Huizhou intermediate people's court to close this case in 3 months after receiving the document. Until 2010-3-17, Huizhou intermediate people's court had finished the Evaluation of the land use right of the executor. The both parities had received the Evaluation report. And the land-use right will be acution sale by the national resource department after the einspruch.

On 2009-12-31, the book value of the investment of Tourism company was Rmb 9,600,000.00 . the provision for investment was Rmb 4,800,000.00.

4. Xianluo Yanwo Restaurant Lawsuit

Xianluo Yanwo Restaurant Lawsuit and the company signed the property leasing agreement on 2003-3-26. The property was used to as business place of Xianluo Yanwo Restaurant. But the Xianluo Yanwo Restaurant stopped

operating business on January 2006. In May 2006, the Xianluo Yanwo Restaurant instituted legal proceedings against the company and asked for the company to compensate its operating and decoration loss. Because the restaurant thought the company hadn't fulfil its abilities as property owner and management. On 2007-12-29, shenzhen luomin court issued a judgement (2006)SLFMSCZ No.808". according to the judgement, the company had to paid for Rmb 2,926,714.00. The Company arrested the above judgment and appealed on 26 February 2008 to the Shenzhen Intermediate People's Court. At 2009-12-25, the Shenzhen Intermediate People's Court made a second phrase judgement and the judgement remained the same. On 2010-3-10, the Xianluo Yanwo Restaurant and the company reached reconciliation agreement. According to the agreement, the company had to paid for Rmb 2,739,464.00 to Xianluo Yanwo Restaurant after deducting the rentutility bills and management fee that the restaurant owed the company.

The company accrued Rmb 542,749.92 additional provision for lawsuit loss according to the reconciliation agreement. And the case had closed.

5. Shenyang Tongxin Case

Shenyang Tongxin Real Estate Development Co., Ltd. (hereinafter referred to as "TongXin Company") was joint-venture set up in ShenYang city. The shareholder of company – Hongkong Fresh Peak Co.,Ltd was the wholly owned subsidiary of the company. And the shares Hongkong Fresh Peak Co.,Ltd held was 93.1%. TAhe core businss of TongXin Company was to develop ShenYang Fresh Peak Businedd Plaza. TongXin Company refinanced Rmb13,140 thousand from China Agriculture bank ShenYang branch. And the company provideD assurance for the loan. Because TongXin Company failed to repaid the loan in time. The China Agriculture bank ShenYang branch instituted legal proceedings in shenyang Intermediate People's Court. So TongXin Company borrowed money from the company to repay the loans and interests.

On 2008-1-25, Internationl economic trade Arbitration commission HuaNam branch made a judgement. According to the judgement, TongXin Company had to repaid Rmb 14,422,440.22 and interests to the company. Now the case is proceeding. Untill 2010-1-27, the company had called back Rmb 7,000 thousand.

Related Matters of the case: 93.1% shares of Shenyang Tongxin Company's shares held by fresh Peak Company was auctioned sale by Shenzhen Intermediate People's Court on 22 January 2006. and fresh Peak Company didn't hold any shares of Tongxin Company'.

7.8 Other significant events and explanation on analysis to their influences and solutions

7.8.1 Securities investment

Applicable Non-applicable

Unit: RMB Yuan

No.	Stock variety	Stock code	Short form of Stock	Initial investment (RMB)	Shares held (share)	Book value at period-end	Proportion of total securities investment at period-end (%)	Profits and losses in reporting period
1	Tradable A share	601857	PETROCHINA	50,100.00	3,000	41,460.00	48.06%	-8,640.00
2	Tradable A share	601898	CHINA COAL ENERGY	16,830.00	1,000	13,580.00	15.74%	-3,250.00
3	Tradable A share	002137	Shiyida	5,150.00	975	9,662.25	11.20%	4,512.25
4	Tradable A share	601866	China Shipping	13,240.00	2,000	9,260.00	10.73%	-3,980.00
5	Tradable A share	002144	Hongda Warp	2,715.00	500	6,620.00	7.67%	3,905.00
6	Tradable A share	002129	ZHONGHUAN	2,905.00	625	5,687.50	6.59%	2,782.50
Other stock investment at the end of period				0.00	-	0.00	0.00%	0.00
Profit and loss from investment of stock sold				-	-	-	-	0.00
Total				90,940.00	-	86,269.75	100%	-4,670.25

7.8.2 Particulars about holding equities of other listed companies

Applicable Non-applicable

7.8.3 Equity of Pre-IPO and unlisted financial enterprises held by the Company

Applicable Non-applicable

7.8.4 Trading of shares of other listed companies

Applicable Non-applicable

7.8.5 Other comprehensive income

Unit: RMB Yuan

Item	Occurred amount in 2009	Occurred amount in 2008
1. Gain/(loss) arising from available-for-sale financial assets		
Less: Income tax relating to available-for-sale financial assets		
Net amount transferred into profit and loss in the current period that recorded into other comprehensive income in previous period		
Subtotal		
2. Attributable share measured at equity method in other comprehensive income of the invested entity		
Less: Effects of income tax generating from Attributable share measured at equity method in other comprehensive income of the invested entity		
Net amount transferred into profit and loss in the current period that recorded into other comprehensive income in previous period		
Subtotal		
3. Gain/(loss) arising from effective hedging portion of cash flow hedging instruments		
Less: Income tax relating to cash flow hedging instruments		
Net amount transferred into profit and loss in the current period that recorded into other comprehensive income in previous period		
The adjustment value that is the converted initial recognition amount of arbitrage project		
Subtotal		
4. Exchange differences arising from translating foreign operations	145,356.03	1,018,443.64
Less: Net amount of disposal of foreign operations that is transferred into profit and loss in the current period		
Subtotal	145,356.03	1,018,443.64
5. Other		-368,399.94
Less: Effects of income tax generating from other recorded into other comprehensive income		

Net amount transferred into profit and loss in the current period that recorded into other comprehensive income in previous period		
Subtotal		-368,399.94
Total	145,356.03	650,043.70

§ 8 Report of the Supervisory Committee

✓ Applicable Non-applicable

In 2009, according to the Securities Law, the Company Law and the Company's Articles of Association, with great support from the Company's Board of Directors, its management team and shareholders, the Supervisory Board, bearing the rights and interests of all the shareholders in mind, faithfully performed its duty of supervision by effectively exercising its rights of supervision at all important decision-making meetings. Keeping its supervision focus on the Company's core assets and major capital operation, the Supervisory Board managed to improve the supervisory and disciplinary mechanism. As a result, expenses and asset risks were effectively controlled. The Supervisory Board carried forward transparent corporate operation and democratic decision-making, continued emphasizing and implementing the principle of transparent corporate operation in the daily work, and took part in major operation activities. Meanwhile, it conducted various specific supervisions and examinations, as well as checks on settlement of various contracts and execution of various resolutions. It also gave play to its function of internal audit and supervision by performing audit on performance appraisal, operation management, capital management, financial incomes, construction project earnings and cost control. It enhanced supervision on information disclosure and faithfully executed the Rules of Shenzhen Stock Exchange for Share Listing and other laws and regulations. According to the prescribed procedure, the Supervisory Board conducted examinations on the reports disclosed by the Company and its Board of Directors, so as to ensure the factuality, accuracy, completeness and timeliness of the information disclosed.

I . Meetings held by Supervisory Board in report period

(I) The 1st meeting was convened on 22 Jan. 2009, at which the Proposal on Supervisor Candidates for 6th Supervisory Board was reviewed and approved.

(II) The 2nd meeting was convened on 11 Feb. 2009, at which Xu Zhenhan was elected as Chairman of the 6th Supervisory Board by supervisors.

(III) The 3rd meeting was convened on 20 Apr. 2009, at which the 2008 Annual Report and Its Summary, the Profit Distribution Plan for Year 2008 and the 2008 Annual Report of Supervisory Board were reviewed and approved.

(IV) The 4th meeting was convened on 20 Apr. 2009, at which the First Quarterly Report 2009 was reviewed and approved by telecommunication.

(V) The 5th meeting was convened on 5 Jun. 2009, at which the revised Rules of Procedure for Supervisory Board and the 2008 Annual Work Report of Supervisory Board were reviewed and approved.

(VI) The 6th meeting was convened on 13 Aug. 2009, at which the 2009 Semi-annual Report and Its Summary was reviewed and approved.

(VII) The 7th meeting was convened on 20 Oct. 2009, at which the Third Quarterly Report 2009 was reviewed and approved.

II . Independent opinions and brief remarks on relevant matters by Supervisory Board

(I) About the Company's operation according to laws: In 2009, members of the Supervisory Board sat in on all the board meetings. Chairman of the Supervisory Board Xu Zhenhan sat in on

deliberative meetings of the Company's management, meetings of GM and other important meetings. And the Supervisory Board was of the opinion that the Company made decisions in accordance with relevant laws and regulations, as well as the Company's Articles of Association, with no behaviors harmful to shareholder interests; that the internal management mechanism and the control system were further improved; and that the directors and other management personnel diligently and responsibly performed their duties.

(II) Opinion about the Company's self-evaluation of its internal control: In 2009, the Company continued enhancing risk control and management mechanism. Various internal control rules, work flows and approval rules were revised and improved, which enabled the internal control system to cover basically all aspects of the Company's operation. And the Company handled possible problems arising from operation in time. Key internal control activities were conducted according to the Company's rules on internal control. And the Company's self-evaluation report on its internal control was in line with the actual condition of the Company.

(III) About the Company's financial status: The Supervisory Board was of the opinion that the audit opinion issued by Shenzhen Nanfang Minhe Certified Public Accountants was objective, with the financial report in line with the actual situation and factually presenting the Company's financial and operational position.

(IV) In the report period, the Company did not raise any funds.

(V) In the report period, there existed a related-party transaction between the Company and its substantial shareholder Shenzhen Investment Holdings Co., Ltd.. Considering the financial strain after the Company had won the bidding for use rights of two land plots in the New Guangming District in Shenzhen in the report period, the Company borrowed RMB 400 million from Shenzhen Investment Holdings Co., Ltd.. The said related-party transaction was helpful to the Company and the Company disclosed a public notice on the said related-party transaction according to facts.

(VI) In the report period, Vice GM Luo Zichao was dismissed due to personal reasons.

§ 9 Financial statements

9.1 Opinions of Auditors

Audited or not	Yes
Auditors' opinion	Standard Auditor's Report with qualified opinions
No. of the Auditors' Report	SNCSB Zi (2010) No. CA188
Title of the Auditors' Report	Auditors' Report
Addressee of the Auditor's Report	All Shareholders of SHENZHEN Special Economic Zone Real Estate & Properties (Group) Co., Ltd
Foreword	We have audited the accompanying financial statements of Shenzhen SHENZHEN Special Economic Zone Real Estate & Properties (Group) Co., Ltd ("the Company") which comprise the consolidated and company balance sheets as at 31 December 2009, and the consolidated and company income statements, the consolidated and company cash flow statements and the consolidated and company statements of changes in equity for the year then ended and notes to these financial statements.
Management's Responsibility for the Financial Statements	The management is responsible for the preparation of these financial statements in accordance with the Accounting Standards for Business Enterprises. This responsibility includes: (1) designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; (2) selecting and applying appropriate accounting policies; and (3) making accounting estimates that are reasonable in the circumstances.
Auditor's Responsibility	Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the China Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance

	<p>whether the financial statements are free from material misstatement.</p> <p>An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.</p>
Opinion	In our opinion, the accompanying consolidated and the company financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2009, and of their financial performance and their cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.
Non-standard opinion	
Name of the auditing organization	Shenzhen Nanfang Minhe Certified Public Accountants
Address of the auditing organization	8/F, Time Technology Bank Building, 7028 Shennan Road, Futian District, Shenzhen
Date of the Auditors' Report	20 Apr. 2010
Names of the certified public accountants	
Li Qiaoyi and Wang Huansen	

9.2 Financial statement

9.2.1 Balance sheet

Prepared by SHENZHEN Special Economic Zone Real Estate & Properties (Group) Co., Ltd 31 Dec. 2009 Unit: RMB Yuan

Items	Closing balance		Opening balance	
	Consolidation	Parent company	Consolidation	Parent company
Current assets:				
Monetary funds	386,102,533.51	73,508,120.37	328,413,393.57	188,891,010.32
Settlement fund reserve				
Dismantle fund				
Transaction financial asset	86,269.75	86,269.75	189,488.50	189,488.50
Notes receivable				
Account receivable	14,732,395.84	6,109,646.72	14,937,238.37	7,598,911.50
Advances to suppliers	18,020,338.85		24,332,129.12	478,423.65
Premium receivables				
Receivables from reinsurers				
Reinsurance contract reserve receivables				
Interest receivable				
Dividend receivable				
Other account receivable	49,298,258.09	469,851,675.39	44,004,157.29	607,212,015.51
Financial assets purchased under agreements to resell				
Inventories	2,088,298,946.63	1,414,914,758.68	945,592,254.25	181,274,439.65
Non-current assets due within 1 year				

Other current assets				
Total current assets	2,556,538,742.67	1,964,470,470.91	1,357,468,661.10	985,644,289.13
Non-current assets:				
Loans and advance				
Available for sale financial assets				
Held to maturity investments				
Long-term account receivable				
Long-term equity investment	111,305,288.02	302,004,763.37	92,830,359.32	302,909,360.35
Investment real estates	604,153,453.42	534,718,105.50	719,025,078.32	641,638,730.03
Fixed assets	66,283,427.82	39,439,456.90	70,894,484.45	41,729,025.52
Construction in progress				
Engineering materials				
Disposal of fixed assets				
Production biological assets				
Oil-gas assets				
Intangible assets	6,232,380.00		6,430,760.00	
R&D expenses				
Goodwill				
Long-term deferred expenses	364,901.70		527,346.90	
Deferred tax assets	16,232,130.41	95,455.46	18,479,988.82	4,235,725.42
Other non-current assets				
Total non-current assets	804,571,581.37	876,257,781.23	908,188,017.81	990,512,841.32
Total assets	3,361,110,324.04	2,840,728,252.14	2,265,656,678.91	1,976,157,130.45
Current liabilities:				
Short-term loans	100,000,000.00	100,000,000.00	59,200,000.00	59,200,000.00
Loans from central bank				
Deposits received and hold for others				
Call loan received				
Held-for-trading financial liabilities				
Notes payable				
Accounts payable	730,944,352.56	621,374,407.44	230,446,779.80	32,708,884.80
Advance from customers	157,116,052.15	10,696,023.60	130,134,521.89	5,211,019.92
Financial assets sold under agreements to repurchase				
Fees and commissions payable				
Payroll payable	24,499,493.75	9,066,342.19	25,202,232.34	10,720,641.23
Taxes payable	-8,782,763.56	2,915,204.83	2,251,929.90	4,250,387.71
Interest payable	24,687,711.65	24,687,711.65	7,888,053.54	7,888,053.54
Dividend payable				
Other payables	297,237,215.73	383,176,088.95	262,914,117.22	355,621,239.01
Amount due to reinsurance				
Insurance contract provision				
Entrusted trading of securities				
Amount payables under security underwriting				
Non-current liabilities due	229,607,155.48	206,407,155.48	10,461,764.71	10,461,764.71

within 1-year				
Other current liabilities				
Total current liabilities:	1,555,309,217.76	1,358,322,934.14	728,499,399.40	486,061,990.92
Non-current liabilities:				
Long-term loans	581,986,531.34	281,986,531.34	330,343,020.83	243,543,020.83
Bonds payable				
Long-term payables	8,185,932.62		7,490,170.24	
Specific payables				
Provision for liabilities			2,196,714.08	2,196,714.08
Deferred taxes liabilities				
Other non-current liabilities				
Total non-current liabilities	590,172,463.96	281,986,531.34	340,029,905.15	245,739,734.91
Total liabilities	2,145,481,681.72	1,640,309,465.48	1,068,529,304.55	731,801,725.83
Owner's equity (or shareholders' equity):				
Paid-in capital (or share capital)	1,011,660,000.00	1,011,660,000.00	1,011,660,000.00	1,011,660,000.00
Capital surplus	978,244,858.10	978,244,858.10	978,244,858.10	978,244,858.10
Less: Treasury Stock				
Specific reserve				
Surplus reserve	4,974,391.15		118,910,686.94	113,936,295.79
General risk provision				
Retained earnings	-781,357,778.86	-789,486,071.44	-915,511,458.27	-859,485,749.27
Foreign exchange difference	15,130,144.02		14,984,787.99	
Total shareholders' equity attributable to holding company	1,228,651,614.41	1,200,418,786.66	1,208,288,874.76	1,244,355,404.62
Minority interest	-13,022,972.09		-11,161,500.40	
Total shareholder's equity	1,215,628,642.32	1,200,418,786.66	1,197,127,374.36	1,244,355,404.62
Total liabilities & shareholder's equity	3,361,110,324.04	2,840,728,252.14	2,265,656,678.91	1,976,157,130.45

9.2.2 Income Statement

Prepared by SHENZHEN Special Economic Zone Real Estate & Properties (Group) Co., Ltd Jan.-Dec. 2009 Unit: RMB Yuan

Items	2009		2008	
	Consolidation	Parent company	Consolidation	Parent company
I. Total operating revenue	750,182,202.47	154,491,683.12	706,005,324.41	120,818,309.21
Including: Operating revenue	750,182,202.47	154,491,683.12	706,005,324.41	120,818,309.21
Interests income				
Premium income				
Handling charges and commission income				
II. Total cost of sales	719,820,064.68	192,890,370.49	662,900,888.66	140,479,040.19
Including: Cost of sales	534,326,169.41	97,816,242.35	473,150,286.71	50,943,414.14
Interests expenses				
Service charge and commission income				
Cash surrender value				
Claim expenses-net				

Provision for insurance contract reserves-net				
Insurance policy dividend paid				
Reinsurance expense				
Business taxes and surcharges	73,800,767.42	30,956,507.51	72,885,197.67	18,386,335.70
Distribution expenses	8,779,310.59	2,637,181.50	9,304,138.71	2,476,251.00
Administrative expenses	70,216,553.53	30,487,484.97	76,700,466.44	37,541,592.89
Financial costs	39,697,263.73	30,992,954.16	29,510,799.13	29,781,446.46
Impairment loss	-7,000,000.00		1,350,000.00	1,350,000.00
Add: gain/(loss) from change in fair value (“-” means loss)	109,106.25	109,106.25	-456,411.50	-456,411.50
Gain/(loss) from investment (“-” means loss)	5,793,517.26	-1,790,295.30	2,770,589.42	-1,719,466.38
Including: income from investment on affiliated and joint venture enterprises	-1,904,596.98	-1,904,596.98	2,720,228.96	-1,766,492.73
Foreign exchange difference (“-” means loss)				
III. Business profit (“-” means loss)	36,264,761.30	-40,079,876.42	45,418,613.67	-21,836,608.86
Add: Non-business income	961,119.22	846,597.38	3,200,072.28	1,401.00
Less: Non-business expense	1,045,598.22	563,068.96	7,584,342.19	6,705,364.35
Including: loss on non-current asset disposal	57,747.38		83,755.93	
IV. Total profit (“-” means loss)	36,180,282.30	-39,796,348.00	41,034,343.76	-28,540,572.21
Less: Tax expense	15,962,898.68	4,140,269.96	21,878,568.54	6,010,028.29
V. Net profit (“-” means loss)	20,217,383.62	-43,936,617.96	19,155,775.22	-34,550,600.50
Attributable to owners of parent company	20,217,383.62	-43,936,617.96	19,123,787.11	-34,550,600.50
Minority interests			31,988.11	
VI. Earnings per share				
(I) Basic earnings per share	0.0200	-0.0434	0.0189	-0.0342
(II) Diluted earnings per share	0.0200	-0.0434	0.0189	-0.0342
VII. Other comprehensive income	145,356.03		650,043.70	
VIII. Total comprehensive income	20,362,739.65	-43,936,617.96	19,805,818.92	-34,550,600.50
Attributable to owners of parent company	20,362,739.65	-43,936,617.96	20,142,230.75	-34,550,600.50
Attributable to minority shareholders			-336,411.83	

9.2.3 Cash Flow Statement

Prepared by SHENZHEN Special Economic Zone Real Estate & Properties (Group) Co., Ltd Jan.-Dec. 2009 Unit: RMB Yuan

Items	2009		2008	
	Consolidation	Parent company	Consolidation	Parent company
I. Cash flows from operating activities				
Cash received from sales of goods or rendering of services	792,025,009.11	164,105,736.30	619,939,957.74	90,852,938.89

Net increase of deposits received and held for others				
Net increase of loans from central bank				
Net increase of inter-bank loans from other financial assets				
Cash received against original insurance contract				
Net Cash received from reinsurance				
Net increase of client deposit and investment				
Net increase of disposal of tradable financial assets				
Cash received as Interests, fees and commissions				
Net increase of inter-bank fund received				
Cash received under repurchasing, net				
Taxes and fares refund				
Other cash received from operating activities	53,868,624.32	316,855,422.62	27,069,483.45	46,692,789.14
Sub-total of cash inflows	845,893,633.43	480,961,158.92	647,009,441.19	137,545,728.03
Cash paid for goods and services	1,006,695,122.36	612,513,714.45	484,498,771.96	16,884,661.12
Net increase of loans and advances				
Net increase of deposit in central bank, banks and other financial institutions				
Cash paid for original contract claim				
Cash paid for interests, fees and commission				
Cash paid for policy dividend				
Cash paid to and for employees	88,870,596.42	31,565,341.58	98,228,960.64	33,977,923.45
Cash paid for all types of taxes	95,716,486.83	17,904,978.56	76,718,146.38	23,688,882.56
Other cash paid relating to operating activities	66,737,308.36	183,162,452.07	70,093,057.93	70,795,743.68
Sub-total of cash outflows	1,258,019,513.97	845,146,486.66	729,538,936.91	145,347,210.81
Net cash outflow in operating activities	-412,125,880.54	-364,185,327.74	-82,529,495.72	-7,801,482.78
2. Cash Flows from Investment Activities:				
Cash received from withdrawing investments				
Cash received from investment income	7,898,114.24	7,698,114.24	5,131,080.69	47,026.35
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	220.00		3,316,643.70	

Net proceeds from sale of subsidiaries and other operating units				
Other cash received relating to investment activities				75,695.00
Sub-total of cash inflows	7,898,334.24	7,698,114.24	8,447,724.39	122,721.35
Cash paid for acquiring fixed assets, intangible assets and other long-term assets	1,308,118.28	183,909.54	2,752,386.21	152,029.00
Cash paid for investments				
Net increase in pledged loans				
Net cash used for acquiring subsidiaries and other operating units				
Other cash paid relating to investment activities				76,125.00
Sub-total of cash outflows	1,308,118.28	183,909.54	2,752,386.21	228,154.00
Net cash flows from investing activities	6,590,215.96	7,514,204.70	5,695,338.18	-105,432.65
3. Cash Flows from Financing Activities:				
Cash received from absorbing investment				
Including: Cash received by subsidiaries from increase in minority interests				
Cash received from borrowings	950,000,000.00	650,000,000.00	85,000,000.00	70,000,000.00
Cash received from issuing debentures				
Other proceeds relating to financing activities				
Sub-total of cash inflows	950,000,000.00	650,000,000.00	85,000,000.00	70,000,000.00
Cash paid for settling debts	438,411,098.72	374,811,098.72	99,489,671.78	68,289,671.78
Cash paid for distribution of dividends or profit or reimbursing interest	30,401,378.52	21,719,734.34	29,307,608.42	24,342,687.23
Including: dividends or profit paid by subsidiaries to minority interests				
Other cash payments relating to financing activities				
Sub-total of cash outflows	468,812,477.24	396,530,833.06	128,797,280.20	92,632,359.01
Net cash flows from financing activities	481,187,522.76	253,469,166.94	-43,797,280.20	-22,632,359.01
4. Effect of foreign exchange rate changes on cash and cash equivalents	172,739.29		-2,406,781.24	-120,295.60
5. Net increase in cash and cash equivalents	75,824,597.47	-103,201,956.10	-123,038,218.98	-30,659,570.04
Add : Cash and cash equivalents at year-begin	299,011,742.90	165,443,883.33	422,049,961.88	196,103,453.37
6. Cash and cash equivalents at the end of the year	374,836,340.37	62,241,927.23	299,011,742.90	165,443,883.33

9.2.4 Consolidated Statement of Changes in Owners' Equity

Prepared by SHENZHEN Special Economic Zone Real Estate & Properties (Group) Co., Ltd

Year 2009

Unit: RMB Yuan

Items	2009										2008											
	Owners' equity attributable to parent company									Minority interest	Total owners' equity	Owners' equity attributable to parent company									Minority interest	Total owners' equity
	Paid-in capital (share capital)	Capital reserve	Less: Treasury stock	Specific reserve	Surplus reserve	General Risk provision	Retained earnings	others	Paid-in capital (share capital)			Capital reserve	Less: Treasury stock	Specific reserve	Surplus reserve	General Risk provision	Retained earnings	others				
I. Balance at the end of the previous year	1,011,660,000.00	978,244,858.10			118,910,686.94		-915,511,458.27	14,984,787.99	-11,161,500.40	1,197,127,374.36	1,011,660,000.00	978,244,858.10			118,910,686.94		-934,635,245.38	13,966,344.35	-6,774,741.72	1,181,371,902.29		
Plus: Change in accounting policies																						
Correction of errors in previous period																						
Other																						
II. Balance at the beginning of this year	1,011,660,000.00	978,244,858.10			118,910,686.94		-915,511,458.27	14,984,787.99	-11,161,500.40	1,197,127,374.36	1,011,660,000.00	978,244,858.10			118,910,686.94		-934,635,245.38	13,966,344.35	-6,774,741.72	1,181,371,902.29		
III. Increase/ decrease during the financial year ("-"for loss)					-113,936,295.79		134,153,679.41	145,356.03	-1,861,471.69	18,501,267.96							19,123,787.11	1,018,443.64	-4,386,758.68	15,755,472.07		
(I) Net profit							20,217,383.62			20,217,383.62							19,123,787.11		31,988.11	19,155,775.22		

(II) Other comprehensive incomes							145,356.03		145,356.03							1,018,443.64	-368,399.94	650,043.70
Subtotal of (I) and (II)						20,217,383.62	145,356.03		20,362,739.65						19,123,787.11	1,018,443.64	-336,411.83	19,805,818.92
(III) Contributions and decrease of capital								-1,861,471.69	-1,861,471.69								-4,050,346.85	-4,050,346.85
1. Contributions by shareholders																		
2. Amount paid by stock and included in owners' equity																		
3. Others								-1,861,471.69	-1,861,471.69								-4,050,346.85	-4,050,346.85
(IV) Profit distribution																		
1. Surplus reserve accrued																		
2. General risk provision accrued																		
3. Distribution to owners (or shareholders)																		
4. Others																		
(V) Transfer within shareholders' equity					-113,936,295.79	113,936,295.79												
1. Capital reserve																		

transferred to capital (or share capital)																				
2. Surplus reserve transferred to capital (or share capital)																				
3. Surplus reserve offsetting losses					-113,936,295.79		113,936,295.79													
4. Others																				
(VI) Specific reserve																				
1. Withdrawn in this period																				
2. Used in this period																				
IV. Balance at the end of this period	1,011,660,000.00	978,244,858.10			4,974,391.15		-781,357,778.86	15,130,144.02	-13,022,972.09	1,215,628,642.32	1,011,660,000.00	978,244,858.10			118,910,686.94		-915,511,458.27	14,984,787.99	-11,161,500.40	1,197,127,374.36

9.2.5 Statement of Changes in Owners' Equity of Parent Company

Prepared by SHENZHEN Special Economic Zone Real Estate & Properties (Group) Co., Ltd

Year 2009

Unit: RMB Yuan

Items	2009								2008							
	Paid-in capital (share capital)	Capital reserve	Less: Treasury stock	Specific reserve	Surplus reserve	General Risk provision	Retained earnings	Total owners' equity	Paid-in capital (share capital)	Capital reserve	Less: Treasury stock	Specific reserve	Surplus reserve	General Risk provision	Retained earnings	Total owners' equity

I. Balance at the end of the previous year	1,011,660,000.00	978,244,858.10			113,936,295.79		-859,485,749.27	1,244,355,404.62	1,011,660,000.00	978,244,858.10			113,936,295.79		-824,935,148.77	1,278,906,005.12
Plus: Change in accounting policies																
Correction of errors in previous period																
Other																
II. Balance at the beginning of this year	1,011,660,000.00	978,244,858.10			113,936,295.79		-859,485,749.27	1,244,355,404.62	1,011,660,000.00	978,244,858.10			113,936,295.79		-824,935,148.77	1,278,906,005.12
III. Increase/ decrease during the financial year ("-"for loss)					-113,936,295.79		69,999,677.83	-43,936,617.96							-34,550,600.50	-34,550,600.50
(I) Net profit							-43,936,617.96	-43,936,617.96							-34,550,600.50	-34,550,600.50
(II) Other comprehensive incomes																
Subtotal of (I) and (II)							-43,936,617.96	-43,936,617.96							-34,550,600.50	-34,550,600.50
(III) Contributions and decrease of capital																
1. Contributions by shareholders																
2. Amount paid by stock and included in owners' equity																
3. Others																

9.3 Specific explanations on the changes in accounting policies, accounting estimated and accounting method compared with last reporting period

Applicable Non-applicable

9.4 Significant accounting errors, corrected amount, reason and impact

Applicable Non-applicable

9.5 Specific explanations on the changes in consolidation scope compared with the latest annual report

Applicable Non-applicable

<p>In 2009, there was new subsidiary was included the scope of consolidation, which is newly established; there was one subsidiary shall no longer be included in the consolidation scope of the Company due to close of business.</p>
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