SHENZHEN PROPERTIES & RESOURCES DEVELOPMENT (GROUP) LTD.
SEMI-ANNUAL REPORT 2002

Important: The Board of Directors of Shenzhen Properties & Resources Development (Group) Ltd. (hereinafter referred to as the Company) and its directors individually and collectively accept responsibility for the correctness, accuracy and completeness of the contents of this report and assure that there are neither material omissions nor errors which would render any statement misleading.

The semi-annual financial report translated from Chinese version has not been audited.

Directors Shao Xianghua, Zha Shengming and Zhang Tianliang were absent from the Board Meeting in which this report was examined, and entrusted others to vote on behalf of them.

This report was prepared in both Chinese and English; should there be any difference in interpretation between the two versions, the Chinese one shall prevail.

Content

I. COMPANY PROFILE

1. Name of the Company
   In Chinese: 深圳市物业（发展）集团股份有限公司 (Abbr.: 物业集团)
   In English: ShenZhen Properties & Resources Development (Group) Ltd. (Abbr.: PRD)
2. Stock Exchange Listed with: Shenzhen Stock Exchange
   Short Form of the Stock and Stock Code: ST Shen Wuye A (000011), ST Wuye B (200011)
3. Registered Address and Office Address:
   42/F and 39/F, International Trade Center, Renmin Rd. S., Shenzhen
   Post Code: 518014
4. Legal Representative: Tian Chenggang
5. Secretary of the Board of Directors: Guo Yumei
   Authorized Representative in Charge of Securities Affairs: Dong Wei
   Tel: 0755-82211020

Fax:0755-32210610

6. Media Designated for Disclosing Information of the Company:

A-Share: Securities Times

B-Share: Ta Kung Pao

Internet Website Designated for Publishing the Semi-annual Report: http://www.cninfo.com.cn

The Place Where the Report is Prepared and Placed: The office of the Board of Directors located 42/F of International Trade Center, Shenzhen

II. FINANCIAL HIGHLIGHTS AND BUSINESS HIGHLIGHTS

(I) Financial data

Items	Jan. to Jun. 2002	Jan. to Jun. 2001
Net profit (RMB)	6,934,540.39	11,751,876.69
Net profit after deducting non-recurring gains and losses (RMB)	7,116,887.34	13,460,704.44
Earnings per share (fully diluted) (RMB/share)	0.0128	0.0217
Earnings per share (weighted average) (RMB/share)	0.0128	0.0217
Return on equity (fully diluted) (%)	2.37	4.26
Weighted average return on equity after deducting non-recurring gains and losses (%)	2.46	4.98
Net cash flows per share arising from operating activities	-0.114	0.09

Items	Jan. to Jun., 2002	Dec. 31, 2001
Shareholders' equity (excluding minority interests) (RMB)	292,815,094.06	285,880,553.67
Net assets per share (RMB)	0.540	0.528
Net assets per share after adjustment * (RMB)	0.166	0.129

(II) Items of the non-recurring gains and losses and the relevant amount:

Items	Amounts (RMB)	
	Jan. to Jun., 2002	Jan. to Jun., 2001
Non-operating income	633,205.93	453,562.07
Non-operating expenditure	815,552.88	2,202,247.82
Net non-operating income/expenditure	-182,346.95	-1,748,685.75

Notes:

1. Decrease of the net asset because the Company withdrew the provision for bad debts from the partial accounts receivable over more than three years. As a result, the said accounts receivable over more than three years allotted the provision for bad debts hasn't been deducted as the net asset per share after adjustment was calculated.

2. Notes to difference between domestic statement and overseas statement:
In the first half of year 2002, the Company's net profit was RMB 6,934,500 according to both China Accounting Standards International Accounting Standards.

III. CHANGES IN SHARE CAPITAL AND PARTICULARS ABOUT SHAREHOLDERS

(I) Changes in share capital

In the report period, the Company's total shares and its structure of share capital remained unchanged.

Over the past three years ended by the report period, the Company didn't issue any new shares or derived securities.

(II) Particulars about shares held by major shareholders:

1. By the end of the report period, the Company had totally 47,877 shareholders, including 39,259 shareholders of A-share and 8,618 shareholders of B-share.

2. The top ten shareholders are listed as follows:

Shareholders' name	Shares holding (share)	Proportion of the total shares (%)
Shenzhen Construction Investment Holdings	323,747,713	59.75
China Ping An Insurance Co., Ltd.	56,628,000	10.45
Shenzhen Guoli Industrial Company	2,516,800	0.46
Shenzhen Special District Duty-free Commodity Co.	1,573,000	0.29
Liu Liao-yuan*	1,560,449	0.29
Xu Qian*	1,081,981	0.20
Shanghai Zhaoda Investment Consultant Co., Ltd.	1,010,000	0.19
Tong Qian Securities Investment Fund	1,000,000	0.18
China Shenzhen International Co-operation Co., Ltd.	887,172	0.16
Da Peng Securities Co., Ltd.	786,500	0.15

The aforesaid Shenzhen Construction Investment Holdings is shareholder of state-owned shares, while shareholders marked with * are shareholders of foreign shares.

3. The second largest shareholder is China Ping An Insurance Co., Ltd. ("Ping An"), whose legal representative is Mr. Ma Mingzhe. Ping An is a finance enterprise dealing with insurance. Up to now, Ping An hasn't pledged its shares.

IV. DIRECTORS, SUPERVISORS AND SENIOR EXECUTIVE

(I) In the report period, the shares of the Company held by the directors, supervisors and senior executives remained unchanged.

(II) In the report period, Li Fenglan resigned from the position of independent director due to health, and Zhang Jianjun was elected as independent director in the Annual Shareholders' General Meeting held on June 28, 2002 according to the nomination of the Board of Directors.

V. EXECUTIVE STATEMENTS

(I) Analysis of financial data and statements:

1. Changes in key financial data and reasons for the changes:

Unit: RMB

Items	Jan.- Jun. 2002	Jan.- Jun. 2001	Increase/ Decrease (%)
Income from main business lines	239,924,781.12	243,564,015.55	-1.49
Profit from main business lines	71,055,014.96	81,595,644.66	-12.92
Net profit	6,934,540.39	11,751,876.69	-40.99
Net increase in cash and cash equivalents	-91,852,125.75	20,625,736.78	-545.00

1) In the first half of year 2002, income from main business lines decreased by 1.49% over the same period of previous year because that main real estate investments projects were under construction with few returns in the first half of year 2002.

2) In the first half of year 2002, profit from main business lines decreased by 12.92%, mainly due to the decrease of the income from main business lines compared with the same period of previous year.

3) In the first half of year 2002, net profit decrease by 40.99% compared with the first half of year 2001 because that main real estate projects were under construction in the first half of year 2002.

4) In the first half of year 2002, net increase in cash and cash equivalents decreased by 545% compared with the first half of year 2001, mainly because that the Company increased input on real estates, repaid taxes for previous years and new projects under development could not get back the investment yet.

2. Changes in total assets, shareholders' equity compared with the beginning of report period and reasons for them:

Items	Jun. 30, 2002	Dec. 31, 2001	Increase/ Decrease (%)
Total assets	2,371,349,573.91	2,448,633,703.29	-3.16
Accounts receivable	164,387,624.17	185,465,007.81	-11.36
Other receivables	253,677,284.17	272,538,635.73	-6.92
Inventories	1,529,259,337.57	1,499,520,911.11	+1.98
Fixed assets	356,192,777.97	333,768,763.19	+6.72
Shareholders' Equity (excluding minority interests)	292,815,094.06	285,880,553.67	+2.43

Other items with changes over 30%

Items	Jan.- Jun. 2002	Jan.- Jun. 2001	Increase/ Decrease (%)
Monetary funds	202,241,873.49	294,093,999.24	-31.23
Long-term expenses to be apportioned	28,208,718.38	20,994,565.11	+34.36
Notes payable	0.00	30,000,000.00	-100.00
Taxes payable	33,622,937.02	49,085,723.71	-31.50

1) Total assets decreased compared with the same period of previous year mainly due to the decrease of the monetary funds in the report period;

2) Accounts receivable and other receivables decreased because that the Company reinforced the press for clearance and improved the fund collection;

3) Inventories increased mainly due to the increase of the investments on real estate projects in the report period;

4) Fixed assets increased mainly due to additional new real estates amounting to RMB 25 million;

5) Shareholders' equity increased mainly due to the increase of profit in the report period;

6) Monetary funds decreased mainly because that the Company increased the input in

real estates and repaid taxes of previous years;

7) Long-term expenses to be apportioned increased mainly because that Shenzhen Huangcheng Real Estate Company, a subsidiary of the Company, increased selling expenses and financial expenses;

8) Notes payable decreased mainly because that notes for the engineering funds payable of Huangcheng Real Estate Company, a subsidiary of the Company were discounted for cash.

9) Taxes payable decreased mainly due to repaying the due tax amounting to RMB 12 million.

(II) Business Review

1. Taking real estate development as its leading line, the Company is mainly engaged in leasing and managing of property, as well as commercial industry, mobile transportation and food. In the first half year, the Company fulfilled income from main business lines of RMB 240 million, net profit of RMB 6.93 million. Among the operation income, RMB 134.74 million came from real estate development, RMB 33.08 million from property administration, RMB 42.31 million from commercial industries and RMB 28.68 from mobile transportation. Profit from main business lines amounted to RMB 71.06 million, and operation profit reached RMB 12.93 million.

2. Income and profit from main business lines in line segments:

The major industry held in 10% of main business lines or profit from main business lines:

Industry	Income from main business lines		Cost of main business lines		Gross profit of main business lines	
	Jun. 30, 2002	Jun. 30, 2001	Jun. 30, 2002	Jun. 30, 2001	Jun. 30, 2002	Jun. 30, 2001
Real estate	134,736,654.37	133,745,084.37	93,141,683.83	76,076,770.47	41,648,892.54	57,668,313.90
Mobile transportation	28,676,673.88	26,288,552.07	15,192,588.50	13,453,742.72	13,484,085.38	12,834,809.35
Commercial industry	42,311,649.04	50,221,287.13	25,581,963.16	37,283,665.55	16,729,685.88	12,937,621.58
Property management	33,084,703.83	28,919,253.10	24,013,219.56	21,858,065.96	9,071,484.27	7,061,187.14
Others	1,115,100.00	4,389,838.88	53,922.00	3,000,850.04	1,061,178.00	1,388,988.84
Total	239,924,781.12	243,564,015.55	157,929,455.05	151,673,094.74	81,995,326.07	91,890,920.81

Notes:

1) There were no significant changes in main business scope, structure and operation status.

2) The profit from other business lines of RMB 9 million referred to the fixed profit came from transferring of the development right of the 2nd phase of Fu Chang building, the fund has come to the account of the Company with full amount.

(III) Investments

1. In the report period, there were neither raised proceeds nor previously raised funds extending to this report period.

2. Investments of non-raised proceeds

1) Huang Yu Yuan Project

B district of Huang Yu Yuan project occupies a construction area of 225 thousand ㎡, sellable area of 184 thousand ㎡. In the report period, the investment amounted to RMB 179.69 million. Up to now, the schedule of Hu Yu Yuan reached to 23/F to 27/F of principal part of the project. The total investment will have been reached RMB 435 million at the end of this year. The said project can be roundly sealed the roof at the end of August and will be satisfied the requirement to presell. The project will be decorated inside and outside at the end of this year.

2) Fenghe Rili Garden Project

D Group of Fenghe Rili Garden project occupies a construction area of 49.7 thousand ㎡, sellable area of 42 thousand ㎡. In the report period, the investment amounted to RMB 33.4 million. On June 1, 2002, the building has been selling.

B Group of Fenghe Rili Garden is under preparation before construction.

3) Shanghai Tianyuan Dushi Project

The 4th phase of Shanghai Tianyuan Dushi project comprised with multi-storied building, occupying a construction area of 64 thousand ㎡ and also sellable area of 64 million ㎡, with the amount of investment of RMB 28 million in the report period. At present, part of the buildings constructed to the 6th floor has been sealed the roof at the end of July, and those constructed to the 4th or 5th floor can be sealed the roof at the end of August. After sealing roof, RMB 30 million of investment will be completed and satisfy the requirement to presell.

4) Dushi Jinbao Project

Dushi Jinbao project occupies an area of 44.4 thousand ㎡, with a total construction area of 132.5 million ㎡ and sellable 126.3 thousand ㎡, and the amount of investment of RMB 1 million was completed in the report period. At present, the project is in the phase of preparing construction drawing. Due to the increase of preparation in the prophase of the project, the investment in plan lags a little.

The above investments don’t involve with the new invested units.

(IV) Business plan for the second half 2002

1. Main businesses

1) Based on the analysis of all aspects of businesses in the first half year 2002, the Company will have a definite object and advance detailed measures to ensure the smooth fulfillment of the full-year business plan.

2) The Company will continue to make efforts to do well in assets management and operation, strive to liquidize remnant assets.

3) For the carried-over lawsuit, the Company will make more efforts to tail after and settle well, take effective measures and countermeasures, striving for reduction of economic losses.

4) The Company will further amend and perfect administration systems in accordance with procedure of ISO 9000.

5) The Company will do more work, striving for the fulfillment of the full-year plan for 2002.

6) The Company will do a good job in making up the deficits and getting surpluses of secondary subsidiaries, combining the work with leaving minor subsidiaries to fend for themselves and renovation in system.

The Company aims for operation income of RMB 360 million for the second half year.

The expenses plan is to strictly control the project const and expenses on three items.

In the aspect of project cost, first of all, the Company must conduct accurate cost forecast, clarify cost control indexes, compare and amend the plan strictly, as well as carry out inviting bidding and tendering for projects, so as to fulfill cost control in terms of regulations and actual operation. In the aspect of three items of expenses, the Company made perfect system to control costs on administration, finance and sales. In the second half year, the Company will reduce expenditure based on that of last year and control it less than plan in accordance with systems concerning expenses control.

(V) Explanatory notes to issues in 2001 Annual Report

Shenzhen Pengcheng Certified Public Accountants issued the 2001 Auditors' Report with explanatory notes. The Company considers that:

1. In 2001, the Company had changed the recognition of income from real estate over the previous year according to Accounting Standards of the Enterprise – Income and Accounting Regulation of the Enterprise. In the view of the Board of Directors and executives, the said changing is not only in compliance with the requirement of Accounting Regulation of the Enterprise and the accounting principal of prudence, but also in line with the Company's actual situation. There was no change in the detailed methods of recognition of income from real estate in the report period.

2. The "Haiyi" case has been disclosed in the former annual report. The company considered the former trial failed to identify the fact and adopted the wrong law, so applied to Guangdong Provincial Superior People's Court for further trial, which was accepted by the Court. Now, the case is still under ruling.

3. The Company owned short-term loans totaling RMB 464 million by the end of Dec. 31, 2001.The Board and the management team of the Company took active countermeasures to solve this problem and planned to take effective ways in order to solve the problems step by step. At present, the company has come to an intention with the creditors as to actively find out ways to reach a solution. The said overdue loan will not affect the normal operation of the Company.

VI. SIGNIFICANT EVENTS

(I) The actual administration situation at the end of last year had no significant difference with the requirements of relevant documents of CSRC. The Company will add Independent Director in 2003 Shareholders' General Meeting, so as to make the number of Independent Directors one third of the total number of directors.

(II) The Company did not involve in any significant lawsuit and arbitration in the report period. The cases of "Haiyi Company", "Jiyong Company", "Luohu Hotel" and "Luohu Commercial City" disclosed in 2001 Annual Report and first Quarterly Report 2002 maintained the same situation in the report period. The case of "Hong Kong Hui Heng" has be fully and finally settled through reconciliatory way. For more details, please refer to the provisional public notice volume of www.cninfo.com.cn, and the Public Notice of Page 79 of Securities Times and Page A13 of Ta Kung Pao dated April 27, 2002 and provisional public notice volume of www.cninfo.com.cn, and the Public Notice of Page A44 of Securities Times and Page A16 of Ta Kung Pao dated April 30, 2002.

(III) The Company did not conduct any purchase, merge or sale of assets in the report period.

(IV) The Company did not involve in any significant associated transaction in the report period.

(V) Implementation of significant contracts

1. In the report period, the Company provided the guarantee for the loan of RMB 100 million for Shenzhen Huangcheng Real Estate Co., Ltd., the wholly-owned subsidiary company of the Company. For more details, please refer to the provisional public notice volume of www.cninfo.com.cn, and the Public Notice of Page 10 of Security Times and Page C8 of Ta Kung Pao dated April 3, 2002.
2. In the report period, the document on Termination of the Agreement of Cooperative Development and Operation of Huanggang Port Service District published on Nov. 21, 2000 has got the approval of Shenzhen Foreign Trade & Economic Cooperation Bureau and come into force. For more details, please refer to the provisional public notice volume of www.cninfo.com.cn, and the Public Notice of Page 6 of Securities Times and Page C3 of Ta Kung Pao dated July 3, 2002.
3. The issue that the Company provided guarantee for "Jintian Company" still remained the same, nothing new happened yet.

VII. Financial Report (Un-audited)

Balance Sheet

Company: ShenZhen Properties & Resources Development (Group) Ltd.

June 30, 2002 Unit: In RMB

Assets	Lines	The Group		The Company	
		Amount at end of the period	Amount at the year-beginning	Amount at end of the period	Amount at the year-beginning
Current assets:	1				
Monetary funds	2	202,241,873.49	294,093,999.24	49,805,673.94	77,058,433.01
Short-term investment	3	33,823,772.77	34,384,792.73	4,495,731.14	4,496,731.14
Notes receivable	4				
Dividend receivable	5				
Accounts receivable	6	118,751,877.66	139,812,981.30	121,983,577.94	113,817,515.42
Payment in advance	7	4,774,953.57	1,473,963.00		
Other receivables	8	149,794,778.61	168,582,892.70	774,132,277.89	821,498,572.11
Inventories	9	1,369,384,749.66	1,339,638,085.00	311,106,380.98	297,741,570.42
Expenses to be apportioned	10	3,429,012.19	3,301,662.06	227,584.37	88,879.00
Long-term credit investment due within 1 year	11				
Other current assets					
Total current assets	13	1,882,201,017.95	1,981,288,376.03	1,261,751,226.26	1,314,701,701.10
Long-term investment:	14				
Long-term equity investment	15	152,411,686.68	149,994,553.93	60,044,931.12	47,329,690.31
Long-term credit investment	16				
Total long-term investment	17	152,411,686.68	149,994,553.93	60,044,931.12	47,329,690.31
Fixed assets:					
Fixed assets-original value	19	356,192,777.97	333,768,763.19	238,981,895.85	213,502,142.96
Less: Accumulated depreciation	20	141,635,939.47	135,349,246.67	81,262,363.33	76,820,549.70
Fixed assets-net value	21	214,556,838.50	198,419,516.52	157,719,532.52	136,681,593.26
Provision for devaluation of fixed assets	22				
Net fixed assets					
Engineering material	23				
Construction in progress	24	9,000.00			

Disposal of fixed assets	25	9.254.50		1,554.50	
Total fixed assets	26	214,575,093.00	198,419,516.52	157,721,087.02	136,681,593.26
Intangible and other assets:					
Intangible assets	27	78,048,210.55	78,988,832.35		
Long-term expenses to be apportioned	28	28,208,718.38	20,994,565.11		
Other long-term assets	29				
Total intangible and other assets	30	106,256,928.93	99,983,397.46		
Deferred taxes-debit item					
Deferred taxes-debit item	31	15,904,847.35	18,947,859.35	3,873,112.65	5,892,386.81
Total assets	**32**	**2,371,349,573.91**	**2,448,633,703.29**	**1,483,390,357.05**	**1,504,605,371.48**

Balance Sheet (Con.)

Company: ShenZhen Properties & Resources Development (Group) Ltd.

June 30, 2002 Unit: In RMB

Liabilities and Shareholders' Equity	Lines	The Group		The Company	
		Amount at end of the period	Amount at the year-beginning	Amount at end of the period	Amount at the year-beginning
Current liabilities:					
Short-term loans	33	963,786,999.80	953,600,019.09	818,786,999.80	818,900,019.09
Notes payable	34		30,000,000.00		
Accounts payable	35	131,354,094.49	146,288,799.43	59,528,809.08	62,701,372.08
Payment in advance	36	321,998,956.34	335,394,255.25	27,687,130.65	32,251,840.08
Other payables	37	279,480,527.30	294,050,381.51	62,781,043.79	70,554,969.06
Wage payable	38	6,867,745.42	7,952,438.22	324,000.00	644,670.00
Welfare fund payable	39	11,615,435.58	10,054,385.14	2,249,577.69	1,728,364.54
Taxes payable	40	33,622,937.02	49,085,723.71	26,306,902.09	34,165,165.77
Dividend payable	41	29,453,647.24	29,453,647.24	29,453,647.24	29,453,647.24
Other accounts unpaid	42	133,946.08	535,969.68	73,189.56	457,232.14
Accrued expenses	43	167,102,144.82	173,166,806.94	163,383,963.09	167,867,537.81
Projected liabilities	44				
Long-term liabilities due within 1 year	45				
Other current liabilities	46				
Total current liabilities	47	1,945,416,434.09	2,029,582,426.21	1,190,575,262.99	1,218,724,817.81
Long-term liabilities					
Long-term loans	49	2,594,493.00	2,594,493.00		
Bonds payable	50				
Long-term accounts payable	51				
Special accounts payable	52				
Other long-term liabilities	53	106,195,778.60	107,013,919.21		
Total long-term liabilities	54	108,790,271.60	109,608,412.21		
Deferred taxes-credit item					
Deferred taxes-credit item	55				

Total liabilities	56	2,054,206,705.69	2,139,190,838.42	1,190,575,262.99	1,218,724,817.81
Minority interests					
Minority interests	58	24,327,774.16	23,562,311.20		
Shareholders' equity					
Share capital	59	541,799,175.00	541,799,175.00	541,799,175.00	541,799,175.00
Less: Restored investment	60				
Share capital - net					
Capital public reserve	62	306,007,801.60	306,007,801.60	306,007,801.60	306,007,801.60
Surplus public reserve	63	62,919,127.11	62,919,127.11	62,919,127.11	62,919,127.11
Including: Statutory public welfare fund	64	62,919,127.11	62,919,127.11	62,919,127.11	62,919,127.11
Retained profit	65	(623,320,165.73)	(630,254,706.12)	(623,320,165.73)	(630,254,706.12)
Difference balance in conversion of foreign currency	66	5,409,156.08	5,409,156.08	5,409,156.08	5,409,156.08
Total shareholders' equity of the Company	67	292,815,094.06	285,880,553.67	292,815,094.06	285,880,553.67
Total shareholders' equity	68	317,142,868.22	309,442,864.87	292,815,094.06	285,880,553.67
Total liabilities and shareholders' equity	**69**	**2,371,349,573.91**	**2,448,633,703.29**	**1,483,390,357.05**	**1,504,605,371.48**

Statement of Profit and Profit Distribution

Company: ShenZhen Properties & Resources Development (Group) Ltd.

Jan. to Jun. 2002 Unit: In RMB

Items	The Group		The Company	
	Accumulation in this period	Amount at the same period of previous year	Accumulation in this period	Amount at the same period of previous year
I. Income from main business lines	239,924,781.12	243,564,015.55	14,846,511.46	9,912,985.56
Less: Discount and allowance	0.00	0.00	0.00	0.00
Net, income from main business lines	239,924,781.12	243,564,015.55	14,846,511.46	9,912,985.56
Less: Cost of main business lines	157,929,455.05	151,673,094.74	2,513,153.92	3,384,493.05
Taxes and extras of main business lines	10,940,311.11	10,295,276.15	749,156.71	465,046.08
II. Profit from main business lines	71,055,014.96	81,595,644.66	11,584,200.83	6,063,446.43
Add: Profit from other business lines	10,058,871.69	916,577.42	9,000,000.00	11,200.00
Less: Losses on price falling of inventories	0.00	477,212.58	0.00	0.00
Operating expenses	2,401,131.80	5,172,940.62	64,580.50	99,631.85
Administrative expenses	58,740,920.93	46,137,151.39	21,869,823.88	17,533,246.00
Financial expenses	7,044,846.13	10,902,119.54	4,790,398.75	9,409,464.48
III. Operating profit	12,926,987.79	19,822,797.95	-6,140,602.30	-20,967,695.90
Add: Investment income	-2,003,756.76	20,672.68	13,110,579.89	32,753,619.39
Subsidy income	0.00	0.00	0.00	0.00
Non-operating income	633,205.93	453,562.07	0	20,800.00
Less: Non-operating expenditure	815,552.88	2,202,247.82	35,437.20	54,846.80
IV. Total profit	**10,740,884.08**	**18,094,784.88**	**6,934,540.39**	**11,751,876.69**

Less: Income tax	3,249,519.49	6,441,775.71	0.00	0.00
Minority shareholders' gains and losses	556,824.20	-98,867.52	0.00	0.00
V. Net profit	**6,934,540.39**	**11,751,876.69**	**6,934,540.39**	**11,751,876.69**
Add: Retained profit at the year-beginning	(630,254,706.12)	(650,534,919.16)	(650,254,706.12)	(650,534,919.16)
Transferring into surplus public reserve	0.00	0.00	0.00	0.00
VI. Profit available for distribution:	**(623,320,165.73)**	**(638,783,042.47)**	**(623,320,165.73)**	**(638,783,042.47)**
Less: Allotted statutory surplus public reserve	0.00	0.00	0.00	0.00
Allotted statutory public welfare fund	0.00	0.00	0.00	0.00
VII. Profit available for distribution to shareholders	**(623,320,165.73)**	**(638,783,042.47)**	**(623,320,165.73)**	**(638,783,042.47)**
Less: Dividend of preference shares payable	0.00	0.00	0.00	0.00
Allotted arbitrary surplus public reserve	0.00	0.00	0.00	0.00
Dividend of ordinary share payable	0.00	0.00	0.00	0.00
Dividend of ordinary share transferred as share capital	0.00	0.00	0.00	0.00
VIII. Retained profit	**(623,320,165.73)**	**(638,783,042.47)**	**(623,320,165.73)**	**(638,783,042.47)**

Supplement Information of Statement of Profit

Jan. to Jun. 2002

No.	**Items**	**Consolidated Statement**		**Statement of Parent Company**	
		Accumulation as of this year	**Actual amount as of previous year**	**Accumulation as of this year**	**Actual amount as of previous year**
1	Income from selling or disposal branch and investee enterprise	-677,133.62		-677,133.62	
2	Losses due from natural disaster Increase (or decrease) of total profit due to the changing of accounting policies				
3	Increase (or decrease) of total profit due to the changing of accounting estimation				
4	Losses on debts reorganization				
5	Other				

Cash Flow Statement

Company: ShenZhen Properties & Resources Development (Group) Ltd.

Jan. to Jun. 2002 Unit: In RMB

Items	The Group	The Company
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	241,468,175.62	32,633,709.17
Rebated tax received	14,594.38	0.00
Other cash received concerning operating activities	44,455,667.91	11,148,555.44
Subtotal of cash inflows	285,938,437.91	43,782,264.61

Cash paid for purchasing commodities and receiving labor service	212,602,586.45	14,573,492.44
Cash paid to / for staff and workers	42,652,974.50	13,164,725.86
Taxes paid	30,857,715.40	8,510,629.44
Other cash paid concerning operating activities	61,900,206.06	21,942,982.06
Subtotal of cash outflows	**348,013,482.41**	**58,191,829.80**
Net cash flows arising from operating activities	**(62,075,044.50)**	**(14,409,565.19)**
II. Cash flows arising from investing activities:		
Cash received from recovering investment	790,727.56	77,883.18
Cash received from investment income	1,057,205.84	1,057,205.84
Net cash received from disposal of fixed, intangible and other long-term assets	458,058.00	600.00
Other cash received concerning investing activities		
Subtotal of cash inflows	2,305,991.40	1,135,689.02
Net cash paid for purchasing fixed, intangible and other long-term assets	2,244,486.50	9,410.00
Cash paid for investment	2,244,517.50	1,600,000.00
Other cash paid concerning investing activities		
Subtotal of cash outflows	**4,489,004.00**	**1,609,410.00**
Net cash flows arising from investing activities	**(2,183,012.60)**	**(473,720.98)**
III. Cash flows arising from financing activities		
Cash received by absorbing investment	0.00	0.00
Cash received from loans	10,186,980.71	
Other cash received concerning financing activities		
Subtotal of cash inflows	10,186,980.71	
Cash paid for settling debts	18,283,871.85	0.00
Cash paid for dividends and profit distributing or interest paying	19,497,177.51	12,246,774.66
Other cash paid concerning financing activities		122,698.24
Subtotal of cash outflows	**37,781,049.36**	**12,369,472.90**
Net cash flows arising from financing activities	**(27,594,068.65)**	**(12,369,472.90)**
IV. Influence of fluctuation in exchange rate on cash		**0.00**
V. Net increase of cash and cash equivalents	**(91,852,125.75)**	**(27,252,759.07)**

Notes:

Supplement information	**The Group**	**The Company**
1. Investment and financing activities involving no cash incomings / outgoings:		
Debts repaid with fixed assets	0.00	0.00
Debts repaid with investment	0.00	0.00
Long-term investment made with fixed assets	0.00	0.00
Debts repaid with inventories		
2. Adjusting net profit to cash flows for operating activities:		
Net profit	6,934,540.39	6,934,540.39
Add: allotting of provision for bad debts or reselling of bad debts		0.00
Minority shareholders' gains and losses	556,824.20	0.00
Depreciation of fixed assets	9,146,711.53	4,441,813.63
Amortization of intangible assets	943,921.80	
Amortization of long-term expenses to be apportioned		0.00
Decrease of expenses to be apportioned (Less: increase)	(127,350.13)	(138,705.37)
Increase of accrued expenses (Less: decrease)	(6,064,662.12)	(4,483,574.72)
Losses on disposal of fixed, intangible and other long-term assets (Less: income)	258,369.23	
Losses on rejection of fixed assets	19,083.50	0.00
Financial expenses	7,044,846.13	4,790,398.75
Investment losses (Less: income)	1,551,250.49	(13,110,579.89)
Deferred taxes – credit item (-: debit item)	(3,043,012.00)	(3,472,629.92)
Decrease of inventories (Less: increase)	(29,738,426.46)	(13,364,810.56)

Decrease of receivables in operating (Less: increase)	36,564,507.16	39,394,801.31
Increase of payables in operating (Less: decrease)	(57,943,508.71)	(15,511,197.70)
Other	(28,178,139.51)	(19,889,621.11)
Net cash flows arising from operating activities	**(62,075,044.50)**	**(14,409,565.19)**
3. Net increase of cash and cash equivalents:		0.00
Balance of cash at end of the period	202,241,873.49	49,805,673.94
Less: Balance of cash at beginning of the period	294,093,999.24	77,058,433.01
Add: Balance of cash equivalents at end of the period	0.00	0.00
Less: Balance of cash equivalents at beginning of the period	0.00	0.00
Net increase of cash and cash equivalents	**(91,852,125.75)**	**(27,252,759.07)**

Notes to financial statement:

1. The Company (the Group) performed Accounting Standard of Enterprise and Accounting System of Enterprise and supplement regulation. Comparing semi-annual financial report 2002 with the annual financial report 2001, there was no change in the accounting policies.
2. In the report period, the consolidation scope of statement of the Company remained unchanged.
3. The semi-annual financial report of the Company has not been audited.

VIII. Documents for Reference

1. Semi-annual report 2002 carried with personal signature of Chairman of the Board;
2. Financial report carried with signatures and sales of legal representative, chief accountant and person in charge of the accounting;
3. All documents as disclosed publicly in the newspapers designated by CSRC in the report period;
4. Articles of Association of the Company;
5. Other relevant information.

Board of Directors of
ShenZhen Properties & Resources Development (Group) Ltd.
Aug. 15, 2002