深圳市特力(集团)股份有限公司

SHENZHEN TELLUS HOLDING CO., LTD.

SEMI-ANNUAL REPORT 2003

（B-share）

August 12, 2003

Contents

Section I. Important Notice

The Board of Directors of Shenzhen Tellus Holding Co., 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 confirm that there are no material omissions or errors which would render any statement misleading.

The Board of Directors of the Company has 9 directors, while 7 directors attended the Board meeting, in which this semi-annual report was examined. Independent director Zhou Chengxin entrusted independent director Shi Weihong to attend and vote on his behalf. Director Yang Feng asked for leave due to business.

Mr. Zhang Ruili, Chairman of the Board, Mr. Ren Yongjian, Chief Financial Supervisor and Ms. Li Mingjun, Manager of Plan and Financial Dept. hereby confirm that the financial report enclosed in this semi-annual report is true and complete.

The semi-annual financial report of the Company has not been audited.

Section II. Company Profile

I. Company brief

1. Name of the Company in Chinese: **深圳市特力（集团）股份有限公司**
   Name of the Company in English: Shenzhen Tellus Holding Co., Ltd.
   Abbreviation of English name: Tellus
2. Stock Exchange Listed with: Shenzhen Stock Exchange
   Short Form of the Stock and Stock Code: ST Tellus-A (000025)
   ST Tellus-B (200025)
3. Registered/Office Address: 3/F, Tellus Bldg., No. 56 of Shui Bei Er Road, Luohu District, Shenzhen
   Post Code: 518020
   E-mail: sztljtgf@public.szptt.net.cn
4. Legal Representative: Zhang Ruili
5. Secretary of the Board of Directors: Li Chunxiu
   Contact Address: secretariat of the Board of Directors of Shenzhen Tellus Holding Co., Ltd.
   Tel: (86) 755-25536888-360
   Fax: (86) 755-25536658
   E-mail: lcx3333@163.net
   Authorized Representative of the Securities Affairs: Li Mingjun
   Contact Address: Plan and Financial Dept. of Shenzhen Tellus Holding Co., Ltd.
   Tel: (86) 755-25536888-351
   Fax: (86) 755-25536658
   E-mail: szlmj@163.net
6. Newspapers for Disclosing the Information of the Company:
   Securities Times (Domestic) and Ta Kung Pao (Oversea)
   Internet Website Designated by CSRC for Publishing the Semi-annual Report: http://www.cninfo.com.cn

The Place Where the Semi-annual Report is Prepared and Placed: 3/F, Tellus Bldg., No. 56 of Shui Bei Er Road, Luohu District, Shenzhen

II. Major financial data and indexes

1. As reported under International Accounting Standards

In RMB ' 000

Item	Jan. – Jun. 2003	Jan. – Jun. 2002
Revenue	603,787	374,978
Profit after taxation	-3,510	-10,275
Total shareholders' fund	192,409	248,273
Earnings per share (RMB)	-0.016	-0.047
Net assets per share (RMB)	0.873	1.127
Return on equity (%)	-1.82	-4.14
Shareholders' equity ratio (%)	14.80	17.70

2. As reported under PRC Accounting Standards

In RMB ' 000

Item	Jan. – Jun. 2003	Jan. – Jun. 2002
Revenue	603,787	374,978
Profit after taxation	-3,510	-10,275
Total assets	1,308,688	1,414,004
Total shareholders' fund	200,763	259,805
Earnings per share (RMB)	-0.016	-0.047
Net assets per share (RMB)	0.911	1.179
Return on equity (%)	-1.75	-3.95
Shareholders' equity ratio (%)	15.34	18.37

Section III. Change in Share Capital and Particulars about Shares Held by Main Shareholder

I. About change in share capital of the Company

During the report period, the Company's share capital remained unchanged.

II. Total shareholders of the Company

Total shareholders of the Company by the end of the report period: ended June 30, 2003, the Company had 15,558 shareholders in total.

III. Particulars about shares held by the top ten shareholders ended the period-end

Full name of Shareholder	Number of holding shares (share)	Proportion (%)	Pledged or frozen
1. Shenzhen Special Economic Zone Development (Group) Company (State-owned shareholder)	159,588,000	72.45	Frozen
2. Kedaer Automobile Fittings Engineering Company (Foreign shareholder)	3,892,940	1.77	Unknown
3. Chengde Engineering Co., Ltd. (Foreign shareholder)	2,012,732	0.91	Unknown
4. SHEN QUN CAN (Foreign shareholder)	1,015,768	0.46	Unknown
5. WEN CAN RONG (Foreign shareholder)	814,815	0.37	Unknown
6. CHEN HAI LIANG (Foreign shareholder)	651,435	0.30	Unknown
7. HOU DE YU (Foreign shareholder)	650,949	0.30	Unknown
8. WEN HAI GEN (Foreign shareholder)	634,376	0.29	Unknown
9. CHEN HUANG LIANG (Foreign shareholder)	326,092	0.15	Unknown
10. JIAO JIA WEI (Foreign shareholder)	258,000	0.12	Unknown

Note: Among the top ten shareholders as listed above, there exists no associated relationship among the shareholders of legal person share. The 2nd to 10th shareholders are shareholders of circulation share, which the Company is unknown whether there exists associated relationship.

IV. Particulars about the holding shareholder of the Company

The holding shareholder and actual controller of the Company remained unchanged in the report period.

Section IV. Particulars about Directors, Supervisors and Senior Executives

Directors of the 4th Board of Directors, supervisors of the 4th Supervisory Committee and the other senior executives were elected in the 1st Extraordinary Shareholders' General Meeting of Year 2003 and the 1st Meeting of the 4th Board of Directors held by the Company on Apr. 18, 2003. The details are as follows:

Name	Gender	Date of birth	Title	Office term	Number of holding shares (share)	
					At the period-begin	At the period -end
Zhang Ruili	Male	1963.12	Director, Chairman of the Board	Apr. 18, 2003 – Apr. 18, 2006	0	0
Mao Songbai	Male	1955.04	Director, General Manager	Apr. 18, 2003 – Apr. 18, 2006	0	0
Guo Dongri	Male	1965.09	Director, Deputy General Manger	Apr. 18, 2003 – Apr. 18, 2006	0	0
Wang Hailin	Male	1959.01	Director	Apr. 18, 2003 – Apr. 18, 2006	0	0
Yang Feng	Male	1954.12	Director	Apr. 18, 2003 – Apr. 18, 2006	0	0
Jiang Qinjian	Male	1962.08	Director	Apr. 18, 2003 – Apr. 18, 2006	9000	9000
Zhang Yuan	Male	1960.02	Independent Director	Jun. 19, 2003 – Apr. 18, 2006	0	0
Zhou Chengxin	Male	1955.04	Independent Director	Apr. 18, 2003 – Apr. 18, 2006	0	0
Shi Weihong	Female	1967.12	Independent Director	Apr. 18, 2003 – Apr. 18, 2006	0	0
Li Binxue	Male	1958.05	Supervisor, Chairman of the Supervisory Committee	Apr. 18, 2003 – Apr. 18, 2006	0	0
Chen Shuipu	Male	1956.06	Supervisor	Apr. 18, 2003 – Apr. 18, 2006	0	0
Luo Tao	Male	1961.12	Supervisor	Apr. 18, 2003 – Apr. 18, 2006	0	0
Hu Xiaomei	Female	1960.05	Supervisor	Apr. 18, 2003 – Apr. 18, 2006	2000	0
Wu Yonggang	Male	1964.11	Deputy General Manger	Apr. 18, 2003 – Apr. 18, 2006	0	0
Ren Yongjian	Male	1963.04	Chief Financial Supervisor	Apr. 18, 2003 – Apr. 18, 2006	0	0
Li Chunxiu	Female	1967.03	Secretary of the Board of Directors	Apr. 18, 2003 – Apr. 18, 2006	0	0

Section V. Discussions and Analysis of the Management

I. Discussions and analysis of the Management

1. Operating results and financial analysis

In the report period, the Company carried through election at expiration of the office terms of the members of the Board of Directors and the Management. After taking the office, the new Management adopted a series of measures such as improving the legal person's administrative structure and standardizing the enterprise operation etc. to strengthen the internal management and enhance the management level. Simultaneously, the Company reinforced the recovery of the accounts receivable, liquidized the stock assets and increased the cash inflow, which made the operation and management of the whole group take on a good trend and the accumulated losses decrease month by month and turned the scale of successive losses in the last fourteen months. Tellus Group realized income from core business amounting to RMB 603.79 million accumulatively in Jan.-June 2003, accrued cost of core business amounting to RMB 543.69 million accumulatively and realized total amount of profits of RMB 940,000 accumulatively. The net profit realized was RMB-3.51 million, a decrease of RMB 6.77 million compared with the net profit amounting to RMB-10.27 million in the same period of last year.

2. Analysis of financial position

Ended the end of June 2003, the total amount of assets of Tellus Group was RMB 1308.69 million, total liabilities was RMB 1078.84 million and the shareholders' equity totally amounted to RMB 229.85 million, including: the owners' equity of the enterprise was RMB 200.76 million and minority interest was RMB 29.09 million.

II. Operation in the first half year of 2003

1. Scope of core business and operation

The Company is mainly engaged in the automobile trade, automobile examination and maintenance and properties lease and management with automobile back market as the main industry.

Core business in the report period:

	Income from core business	Cost of core business	Gross profit ratio (%)	Increase/decrease of income from core business compared with the same period of last year (%)	Increase/decrease of cost of core business compared with the same period of last year (%)	Increase/decrease of gross profit ratio compared with the same period of last year (%)
Automobile examination and maintenance	45,274,785.09	36,196,451.73	20.05	-9.99	-11.34	6.48
Automobile trade	524,996,765.73	498,553,072.28	5.04	77.57	76.49	13.06
Lease service	33,515,420.71	8,940,668.69	73.32	15.49	13.12	0.77
Total	603,786,971.53	543,690,192.70	9.95	61.02	64.15	-14.71

2. In the report period, the main reasons of increase of income from core business compared with the last year by a big margin were as follows: The income from core business of Automobile Industrial & Trading Company increased by RMB 160.77 million compared with the same period of last year, an increase of 53.27%, which was because that the sales volume of automobiles of its affiliated company called Biaoyuan Automobile Company increased compared with the same period of last year. The income from core business of Huari Automobile Company increased by RMB 62.25 million compared with the same period of last year, an increase of 192.61%, which was because that the sale of automobiles in this period resulted into increase of

income by a big margin and there was no business of automobiles sale in the same period of last year.

3. The Company had no other operating activities that impacted significant influence on the operating profits in the report period.
4. In the report period, there was no individual share-holding company whose investment earnings impacted over 10% on the net profit of the Company.
5. Problems and difficulties arising from the operation
Though the Company developed orienting to a good direction, there did still exist some problems to be solved immediately at present. Firstly, the liabilities structure failed to be adjusted in a successful way immediately and the situation of capital tension was hard to be improved in a short term. Seeing from the consolidated statement, the cash flow of the group had been improved very largely compared with that before assets reorganization and the situation of income falling short of expenditure and turnover failure was changed thoroughly, but the partial cash flow still was in deficit and the capital status in the group was still relatively uptight. Besides, the market competition was intense and it was hard to create new growth point of profit in the lead industry. In the back market of automobile sale and automobile service, though gaining a certain market share and economic benefits, Tellus Group still should further expand the market and look for the new growth point of profits to improve the whole profitability capability of the enterprise.

III. Investment in the report period
1. In the report period, the Company had no raised proceeds or the application of the proceeds raised through previous shares offering going down to the report period.
2. In the report period, the Company had no any project invested with the proceeds not raised through shares offering.

IV. The Company did not ever disclose the profitability estimations, relevant prospects or plans.

V. According to the operating and financial position at present, the Company still has not confirmed whether to turn the losses in the 3rd quarter of the year.

Section VI. Significant Events

I. Corporate governance
According to the requirements of Company Law, Securities Law and the relevant laws and regulations, the Company continued to improve the legal person's administrative structure, standardized the operation of the Company, improved Articles of Association, Rules of Procedure of Shareholders' General Meeting, Rules of Procedure of the Board of Directors, Work Rules of General Manager, Information Disclosure Work System, Management Measure of Classified Authorization and other management systems and accomplished the election at expiration of the office terms of the Board of Directors and the Supervisory Committee. To sum up, the

management and operation of the Company was in compliance with the requirements of administrative rules of listed companies fundamentally. The Company shall continue to further improve the legal person's administrative structure according to the requirements of Company Law, Securities Law and the relevant laws and regulations.

II. Profit Distribution Plan and Plan of Converting Public Reserve into Share Capital in the report period

1. In the report period, the Company did not implement profit distribution or convert public reserve into share capital.

2. The Company would neither distribute profit nor convert public reserve into share capital in the metaphase.

III. Material lawsuits and arbitrations

In the report period, there were no any new lawsuits and arbitrations.

Explanation of settlement of original material lawsuits and arbitrations of the relevant companies:

1. The Company failed to refund the loan amounting to RMB 21.50 million at expiration to China Merchants Bank Dongmen Sub-branch with its large shareholder Tefa Group as the warrantor. China Merchants Bank instituted a lawsuit to Shenzhen Intermediate People' Court. After hearing the case, Shenzhen Intermediate People's Court judged the Company to refund the principal and the relevant interests and Tefa Group to take the joint guarantee responsibility. The Company published the Public Notice on Material Lawsuits on Securities Times and Hong Kong Ta Kung Pao dated Apr. 13, 2002 respectively.

The Company had signed reconciliatory agreement with the creditor and the agreement started to be implemented.

2. The Company signed transfer contract that transfers 70% equity of Shenzhen Huatong Automobile Company, the affiliated company of the Company, with Shenzhen Pingtai Investment Development Co., Ltd. on Mar. 5, 2002. Due to the changed situation, the Company put brought forward to suspend the equity transfer contract. Thus, the party of acceptance of transfer instituted a lawsuit to Shenzhen Intermediate People's Court and requested the Court to judge that the Equity Transfer Contract is legal and valid and the Company should provide and deal with the registration procedures of equity change. The Company published Public Notice on Material Lawsuits on Securities Times and Hong Kong Ta Kung Pao dated Aug. 1, 2002 respectively.

This case was still under hearing.

3. For the judgment of the case that Zhonghao refunded the loan amounting to RMB 10 million exceeding the time limit to Shenzhen Development Bank with the Company as the warrantor, Shenzhen Intermediate People's Court had sealed up one

floor of industrial used warehouse, five floors of industrial factories and a set of house of the Company. The Company had refunded the interest amounting to RMB 5 million. The principal and interests of the rest guarantee loan totally amounted to RMB 11.50 million. The Company signed loan agreement with the bank with the aforesaid guaranty as guarantee. Recently, the bank prosecuted to Shenzhen Intermediate People's Court again with the reason that the Company did not refund the liabilities at expiration. After being judged, the Company should repay the liabilities as per the contract and the both parties had reached the agreement on conversion loan at present, which was under operation.

4. For the case that Shenzhen Development Bank prosecuted Zhonghao Company on its refunding the loan amounting to RMB 5 million exceeding the time limit with the Company as warrantor, Guangdong Higher People's Court judged to keep the original judgment at the 2nd trial, namely to let Zhonghao Company refund the principal and interests and let the Company take the joint discharging responsibility.
Shenzhen Intermediate People's Court auctioned 2.90 million shares of equity of China Merchants Bank held by the Company, which was used to refund this liability.

5. For the case that Citic Industrial Bank prosecuted Gintian Industrial (Group) Co., Ltd. on its refunding the loan amounting to RMB 3 million exceeding the time limit with the Company as warrantor, Shenzhen Intermediate People's Court judged that Gintian Industrial (Group) Co., Ltd. should repay the principal and interests of the loan and the Company should take the joint discharging responsibility.

6. For the case that Shenzhen Development Bank prosecuted Gintian Industrial (Group) Co., Ltd. on its refunding the loan amounting to USD 2 million exceeding the time limit with the Company as warrantor, Shenzhen Intermediate People's Court froze 95% equity of Xinyongtong Industrial Company held by the Company and froze partial equity and assets of Gintian Industrial (Group) Co., Ltd. in Guangzhou and Shenzhen.

7. For the case that Tellus Real Estate Company prosecuted Shenzhen Jinlu Industrial & Trade Company (hereinafter referred to as Jinlu Company) on contract dissension of cooperation in house construction, after accepting and hearing the case, Shenzhen Futian Court additionally added Guangzhou Military Shenzhen Real Estate Management Bureau (hereinafter referred to as Guangzhou Military REMB) as the third person according to law. Futian Court judged that the original contract of joint house construction was invalid and Guangzhou Military REMB should pay the principal and interests amounting to RMB 9.80 million to Jinlu Company. Besides, Jinlu Company should refund the principal and interests amounting to RMB 9.80 million to the accuser within three days after receiving the aforesaid payments. Guangzhou Military applied for retrial. Futian Court judged to reform collegiate bench to conduct retrial and in the retrial period, the implementation of the original judgment was suspended. Since the lawsuit objects exceeded the presidial scope, the

retrial was conducted by Shenzhen Intermediate People' s Court and it judged that the original contract of joint house construction was valid and the cooperation parties should continue to implement the contract.

IV. Material purchase and sale of assets and assets reorganization in the report period.
In the report period, the Company had no any material purchase and sale of assets and assets reorganization.

V. Material related transactions in the report period
1. In the report period, there was no related transaction of purchase and sale of commodities and labor service provision between the Company and the related parties.
2. In the report period, there was no related transaction of assets and equity transfer between the Company and the related parties.
3. Credits, liabilities and guarantees between the Company and the related parties:
(1) Accounts receivable and payable of the related parties

Items	Name of related parties	Balance at the end of the period		Percentage in the total balance of accounts receivable(payable) %	
		Dec.31,2002	Jun.30,2003	Dec.31,2002	Jun.30,2003
Other receivables	Shenzhen Special Economic Zone Development (Group) Company*	170,622,013.49	167,546,263.49	60.99	72.12
	Shenzhen Tefa Swan Industrial Company	20,857,573.18	21,320,961.14	7.09	9.18
	Shenzhen Tefa Huatong Packing Industrial Co., Ltd.	4,619,013.51	4,474,138.51	1.65	1.93
	Shenzhen Machinery Equipments Import & Export Company	4,763,482.53	4,841,927.14	1.70	2.08
	Hong Kong Yujia Investment Co., Ltd.	1,054,549.86	1,054,549.86	0.38	0.45
	Shenzhen Telongfa Industrial Co., Ltd.	554,973.30	554,973.30	0.20	0.24
	Teli (Jinbian) Development Co., Ltd.	237,066.17	267,449.82	0.08	0.12
	Shenzhen Tellus Real Estate Yueyang Company	194,747.57	213,522.35	0.07	0.09
	Total	202,903,419.61	200,273,785.61	72.53	86.21
Short-term loan	Shenzhen Special Economic Zone Development (Group) Company	27,000,000.00	27,400,000.00	5.53	5.76
	Shenzhen Tefa Development Center Construction & Supervision Co., Ltd.	6,000,000.00	6,000,000.00	1.23	1.26
Other payables	Shenzhen Special Economic Zone Development (Group) Company	45,139,632.59	46,168,586.23	30.13	28.88
	Shenzhen Telongfa Industrial Co., Ltd.	2,395,526.25	2,395,526.25	1.60	1.50

	Shenzhen Longgang Tellus Real Estate Company	1,095,742.50	1,095,742.50	0.73	0.69
	Shenzhen Tellus Yangchun Real Estate	169,512.00	218,632.49	0.11	0.14
	Company	236,968.62			
	Shenzhen Machinery Industrial & Trade Co.,		236,968.62	0.16	0.15
	Ltd.		130,000.00		
	Shenzhen Tefa Development Center Construction & Supervision Co., Ltd.	0.00		–	0.08
	Total	49,037,381.87	50,245,456.09	32.73	31.43
Accounts payable	Shenzhen Telongfa Industrial Co., Ltd.	6,054,855.46	6,054,855.46	11.71	14.71

*Shenzhen Special Economic Zone Development (Group) Company (hereinafter referred to as Tefa Group) shall refund the liabilities owed to the Company through the means of carrying on the bank loans and interests of the Company amounting to RMB 175,953,600. (These kinds of loans were the debt-to-equity swap loans against Tefa Group transferred by each assets management company). Tefa Group promised to still carry on the aforesaid debt-to-equity swap loans and interests if the aforesaid debt-to-equity swaps failed due to any reason and be responsible for refunding the accounts of other companies within Tefa Group owed to the Company. Tefa Group and other related parties owed to pay RMB 110,573,500 to the Company after balancing out the accounts receivable and payable. Thus the Company did not appropriate reserve for bad debts to the aforesaid arrearages of related enterprises.

(2) Guarantee provision

Ended June 30, 2003, Shenzhen Auto Industrial Trading Corporation, a subsidiary of the Company, provided loan guarantee amounting to RMB 46 million for Shenzhen Auto Import and Export Company with details as follows:

Items	Guarantee amount	Content	Term	Way of guarantee
Shenzhen Auto Import and Export Company	RMB28,000,000.00	Short-term loan	2002.08.16-2003.08.16	Credit
Shenzhen Auto Import and Export Company	RMB8,000,000.00	Short-term loan	2003.03.09-2004.03.29	Credit
Shenzhen Auto Import and Export Company	RMB10,000,000.00	Short-term loan	2002.08.19-2003.08.11	Credit

VI. Material contracts and their implementations

1. The Company did not significantly trust, contract or lease the assets of other companies in the report period or happening in the previous periods but going down to the report period and vice versa.

2. There was no material guarantee contract in the report period and happening in the

previous periods but going down to the report period.
3. The Company did not entrust others to manage the cash assets in the report period or happening in the previous periods but going down to the report period.

VII. Commitments of shareholders holding over 5% shares of the Company
In the report period, those shareholders who held over 5% shares of the Company had no any commitment.

VIII. Other events with significant influence
In the report period, the Company, the Board of Directors and its directors were not checked, administratively punished and criticized by circulars by CSRC or condemned in public by Shenzhen Stock Exchange.

Section VII. Financial Report (not audited)

1. Balance sheet, income statement and statement of cash flow of the Company in the report period. (Please refer to the next page.)
2. The semi-annual financial statements for 2003 has not been audited.

Supplement Statement I
Shenzhen Tellus Holding Co., Ltd.
Balance Sheet (June 30, 2003)

Unit: RMB

Assets	**Line**	**Amount at the begin of the period**	**Amount at the end of the period**
		Consolidation	**Consolidation**
Current assets:			
Monetary funds	1	213,558,385.92	259,163,208.50
Short-term investment	2	52,000.00	52,000.00
Notes receivable	3	100,000.00	
Dividends receivable	4	0.00	0.00
Interests receivable	5	0.00	0.00
Accounts receivable	6	24,425,752.87	24,014,786.60
Other receivable	7	232,354,711.58	232,308,890.22
Accounts in advance	8	28,175,250.56	25,450,332.51
Subsidy receivable	9	0.00	0.00
Inventories	10	141,241,017.11	176,904,865.59
Expenses to be apportioned	11	743,201.42	1,002,347.79
Long-term credit investment due within 1 year	12		
Other current assets	13		
Total current assets	14	640,650,319.46	718,896,431.21
Long-term investment:			
Long-term equity investment	15	122,927,833.54	128,289,522.55
Long-term credit investment	16	121,300.00	121,300.00
Total long-term investment	17	123,049,133.54	128,410,822.55
Including: Consolidated difference	18		
Fixed assets			
Original value of fixed assets	19	595,563,485.95	597,097,237.30
Less: Accumulated depreciation	20	141,546,899.38	150,579,775.93
Net value of fixed assets	21	454,016,586.57	446,517,461.37
Less: Provision for devaluation of fixed assets	22	8,057,813.20	8,013,198.90
Net amount of fixed assets	23	445,958,773.37	438,504,262.47
Engineering materials	24		
Construction in progress	25	355,263.55	325,838.31
Disposal of fixed assets	26		-1,500.00
Total fixed assets	27	446,314,036.92	438,828,600.78
Intangible and other assets			
Intangible assets	28	1,400,099.93	1,400,099.93
Long-term expenses to be apportioned	29	12,462,757.17	12,797,876.60
Other long-term assets	30		
Total intangible and deferred assets	31	13,862,857.10	14,197,976.53
Deferred taxes			
Deferred taxes-debit item	32		

Total assets	33	1,223,876,347.02	1,300,333,831.07

Shenzhen Tellus Holding Co., Ltd.
Balance Sheet (Con.) (June 30, 2003)

Unit: In RMB

Liabilities and shareholders' equity	Line	Amount at the begin of the period	Amounts at the end of the period
		Consolidation	Consolidation
Current liabilities			
Short-term loans	34	490,304,757.18	475,704,757.18
Notes payable	35	173,000,000.00	248,438,700.00
Accounts payable	36	51,701,187.05	41,161,889.61
Advance accounts	37	38,656,316.92	59,683,556.46
Wage payable	38	6,538,661.23	6,141,277.45
Welfare funds payable	39	8,449,926.47	7,456,417.49
Dividends payable	40		
Taxes payable	41	5,961,928.40	865,402.25
Other duties payable	42	6,685,027.66	6,656,403.55
Other accounts payable	43	149,825,134.94	159,850,679.99
Accrued expenses	44	13,233,125.29	17,166,271.41
Projected liabilities	45	36,208,400.00	36,208,400.00
Long-term liabilities due within 1 year	46		
Other current liabilities	47		
Total current liabilities	48	980,564,465.14	1,059,333,755.39
Long-term liabilities			
Long-term loans	49		
Bonds payable	50		
Long-term accounts payable	51	8,532,148.40	8,419,648.40
Special accounts payable	52		
Other long-term liabilities	53		
Total long-term liabilities	54	8,532,148.40	8,419,648.40
Deferred taxes			
Deferred taxes-credit item	55	11,866,865.57	11,089,047.54
Total liabilities	56	1,000,963,479.11	1,078,842,451.33
Minority interests of the Company	57	27,743,300.80	29,081,992.00
Owner's equity of the Company			
Share capital	58	220,281,600.00	220,281,600.00
Less: Restored investment	59		
Net amount of share capital	60	220,281,600.00	220,281,600.00
Capital public reserve	61	170,568,120.79	170,568,120.79
Surplus public reserve	62	54,295,698.45	54,295,698.45
Including: Public welfare funds	63	3,210,576.83	3,210,576.83
Retained profit	64	-249,776,761.26	-252,536,940.63
Balance difference in conversion of foreign currency	65		
Losses of unconfirmed investment	66	-199,090.87	-199,090.87
Total owner's equity of the Company	67	195,169,567.11	192,409,387.74
Total owner's equity	68	222,912,867.91	221,491,379.74
Total liabilities and owner's equity	69	1,223,876,347.02	1,300,333,831.07

Supplement statement II

Shenzhen Tellus Holding Co., Ltd.

Statement of Profit and Profit Distribution (Jan. to Jun. 2003)

Unit: RMB

Items	Line	Actual amount in this period	Actual amount at the same period of last year
		Consolidation	Consolidation
I. Selling (operating) income from core business	1	603,786,971.53	374,978,223.33
Less: Selling (operating) cost	2	543,690,192.70	331,216,625.88
Taxes and extras of selling (operating)	3	1,774,912.88	1,623,452.27
II. Selling (operating) profit from core business	4	58,321,865.95	42,138,145.18
Add: Other operating profit	5	1,843,810.61	701,790.04
Less: Operating expenses	6	20,789,041.12	13,409,378.33
Administrative expenses	7	30,214,192.69	31,683,378.46
Financial expenses	8	8,941,129.39	10,218,039.25
III. Operating profit	9	221,313.36	-12,470,860.82
Add: Investments income (loss "-")	10	765,266.52	2,975,559.21
Subsidy income	11		
Non-operating income	12	540,032.98	893,283.48
Less: Non-operating expenditure	13	586,330.85	587,099.01
IV. Total profit	14	940,282.01	-9,189,117.14
Less: Income tax	15	1,491,531.46	438,292.47
Minority interests	16	2,958,691.20	647,219.34
V. Net profit	17	-3,509,940.65	-10,274,628.95
Add: Retained profit at the begin of the year	18	-241,422,761.26	-175,353,465.22
Transferred from other	19	749,761.28	124,131.80
VI. Profit available for distribution	20	-244,182,940.63	-185,503,962.37
Less: Allotted statutory surplus public reserve	21		
Allotted statutory public welfare funds	22		
Allotted employee bonus and welfare fund	23		
Allotted reserve funds	24		
Allotted development fund of enterprise	25		
Investment with profit	26		
VII. Profit available for distribution to investors	27	-244,182,940.63	-185,503,962.37
Less: Dividend of preference share payable	28		
Allotted arbitrary surplus public reserve	29		
Dividend of common share payable	30		
Dividend of common share Transferred as share capital	31		
VIII. Retained profit	32	-244,182,940.63	-185,503,962.37

Supplement statement III

Shenzhen Tellus Holding Co., Ltd.

Statement of Cash Flows (Jan. to Jun. 2003)

Unit: In RMB

Items	Consolidation
I. Cash flows arising from operating activities:	
Cash received from selling commodities and providing labor services	770,835,057.34
Rebated tax received	415,116.28
Other cash received concerning operating activities	109,648,873.43
Subtotal of cash inflows	880,899,047.05
Cash paid for purchasing commodities and receiving labor service	545,757,446.13
Cash paid to / for staff and workers	31,607,668.40
Taxes paid	33,565,866.31
Other cash paid concerning operating activities	197,468,560.73
Subtotal of cash outflows	808,399,541.57
Net cash flows arising from operating activities	**72,499,505.48**
II. Cash flows arising from investing activities:	
Cash received from recovering investment	4,314,092.93
Cash received from investment income	2,900,000.00
Net cash received from disposal of fixed, intangible and other long-term assets	259,782.80
Other cash received concerning investing activities	
Subtotal of cash inflows	7,473,875.73
Cash paid for purchasing fixed, intangible and other long-term assets	697,307.00
Cash paid for investment	6,500,000.00
Other cash paid concerning investing activities	197,458.75
Subtotal of cash outflows	7,394,765.75
Net cash flows arising from investing activities	**79,109.98**
III. Cash flows arising from financing activities	
Cash received from absorbing investment	
Cash received from loans	124,750,000.00
Other cash received concerning financing activities	243,936.39
Subtotal of cash inflows	124,993,936.39
Cash paid for repayment of debt	139,860,000.00
Cash paid for distributing dividends and profit or paying interest	12,017,584.67
Other cash paid concerning financing activities	90,144.60
Subtotal of cash outflows	151,967,729.27
Net cash flows arising from financing activities	**-26,973,792.88**
IV. Influence on fluctuation in exchange rate on cash	
V. Net increase of cash and cash equivalents	**45,604,822.58**

Shenzhen Tellus Holding Co., Ltd.

Statement of Cash Flows (Con.) (Jan. to Jun. 2003)

Unit: In RMB

1. Adjusting net profit to cash flows for operating activities:	
Net profit	-3,509,940.65
Add: Minority interests	2,958,691.20
Allotted provisions for devaluation of assets	
Depreciation of fixed assets	11,767,908.02
Amortization of intangible assets	
Amortization of long-term expenses to be apportioned	1,699,565.87
Decrease of expenses to be apportioned (Less: increase)	-45,407.48
Increase of accrued expenses (Less: decrease)	3,838,531.77
Losses on disposal of fixed, intangible and other long-term assets	-24,770.06
Losses on rejection of fixed assets	
Financial expenses	8,838,323.53
Investment losses (Less: income)	-2,346,474.74
Deferred taxes-credit item (less: debit item)	
Decrease of inventories (less: increase)	-35,199,749.71
Decrease of receivables in operating (Less: increase)	-24,973,895.55
Increase of payables in operating (Less: decrease)	109,527,315.68
Other	-30,592.40
Net cash flows arising from operating activities	**72,499,505.48**
2. Investment and financing activities with no cash incomings / outgoings involved:	
Debts converted into capital	
Convertible bonds due within 1 year	
Renting fixed assets by means of financing	
3. Net increase of cash and cash equivalents:	
Balance of cash at the end of the period	259,163,208.50
Less: Balance of cash at the begin of the period	213,558,385.92
Add: Balance of cash equivalents at the end of the period	
Balance of cash equivalents at the begin of the period	
Net increase of cash and cash equivalents	**45,604,822.58**

Section VIII. DOCUMENTS FOR INSPECTION

Complete sets of documents are placed in the Company's office for the reference of the CSRC, SSE, relevant authorities and all shareholders, including:

(1) Semi-annual Report of the Company carried with the signature of the Chairman of the Board;

(2) Financial Report carried with the signatures and seals of the legal representative, Chief Financial Supervisor and Person in Charge of Accounting Dept.;

(3) Original of the Company's documents subscription of the public notices disclosed in the newspapers designated by the CSRC;

(4) Articles of Association of the Company;

(5) Other relative information.

Board of Directors of
Shenzhen Tellus Holding Co., Ltd.
August 12, 2003