# SHENZHEN PROPERTIES & RESOURCES DEVELOPMENT (GROUP) LTD.
# SEMI-ANNUAL REPORT 2003

Contents



Aug. 13, 2003

## Section I. Important Notice

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 confirm that there are no material omissions or errors which would render any statement misleading.

Chairman of the Board of the Company Tian Chenggang, General Manager Fang Yibing and Manager of Financial Dept. Zhang Wei hereby confirm that the Financial Report of the Semi-annual Report is true and complete.

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

## Section II. Company Profile

(I) Basic information

1. Name of the Company
   In Chinese: 深圳市物业（发展）集团股份有限公司
   Abbreviation in Chinese: 物业集团
   In English: Shenzhen Properties & Resources Development (Group) Ltd. (PRD)
2. Stock Exchange Listed with: Shenzhen Stock Exchange
   Short Form of Stock and Stock Code: ST Shenwuye (000011)
   ST Wuye-B (200011)
3. Registered/Office Address: 39th and 42nd Floor, International Trade Center, Renmin Rd. S., Shenzhen
   Post Code: 518014
4. Legal Representative: Tian Chenggang
5. Secretary of Board of Directors: Guo Yumei
   Authorized Representative in Charge of Securities Affairs: Dong Wei
   Tel: (86) 755-82211020
   Fax: (86) 755-82210610, 82212043
   Contact Address: 42nd Floor, International Trade Center, Renmin Rd. S., Shenzhen
   E-mail: szprd@163.com
6. Media Designated for Disclosing Information of the Company:
   A-Share: Securities Times, B-Share: Ta Kung Pao
   Internet Website Designated by CSRC for Publishing the Semi-annual Report: http://www.cninfo.com.cn
   Place Where the Semi-annual Report is Prepared and Placed: Office of Board of Directors, on 42nd Floor, International Trade Center, Renmin Rd. S., Shenzhen

(II) Major financial data and indexes:

1. Major financial data and indexes

Unit: RMB YUAN

| Items | Jun. 30, 2003 | Dec. 31, 2002 | Increase/decrease at the end of this report period compared with the year-beginning （%） |
|---|---|---|---|
| Current assets | 2,239,762,453.99 | 2,116,839,502.44 | 5.81 |
| Current liabilities | 2,038,408,043.89 | 1,916,218,905.31 | 6.38 |
| Total assets | 2,736,327,068.46 | 2,607,979,385.36 | 4.92 |
| Shareholders' equity (excluding minority interest) | 345,632,369.00 | 337,903,702.25 | 2.29 |
| Net assets per share | 0.638 | 0.624 | 2.24 |
| Net assets per share after adjustment | 0.251 | 0.146 | 71.92 |
| **Items** | **In the report period (Jan. to Jun. 2003)** | **At the same period of last year** | **Increase/decrease in this report period compared with the same period of last year (%)** |
| Net profit | 7,728,666.75 | 6,934,540.39 | 11.45 |
| Net profit after deducting non-recurring gains and losses | 7,346,656.53 | 7,116,887.34 | 3.23 |
| Earnings per share (RMB/share) | 0.0143 | 0.0128 | 11.72 |
| Earnings per share* (RMB/share) | 0.0143 | 0.0128 | 11.72 |
| Return on equity | 2.24% | 2.37% | -5.49 |
| Net cash flow arising from operating activities | 4,843,109.74 | -62,075,044.50 | - |

2. Items of non-recurring gains and losses

Unit: RMB YUAN

| Items of non-recurring gains and losses | Amount |
|---|---|
| Non-operating income | 618,731.24 |
| Non-operating expenditure | 236,721.02 |
| Total | 382,010.22 |

3. Difference in net profit calculated under CAS and IAS respectively:

Unit: RMB

| | CAS | IAS |
|---|---|---|
| Net profit | 7,728,666.75 | 7,728,666.75 |
| Explanation of the difference | In the first half of year 2003, the Company's net profit was RMB 7.7287 million and RMB 7.7287 million respectively according to both CAS and IAS. | |

## Section III. Changes in Share Capital and Particulars about Shares Held by Main Shareholders

(I) By the end of the report period, the Company's total shares and its structure of share capital remained unchanged compared with the previous report period.

(II) By the end of the report period, the Company had totally 46,977 shareholders, including 37,985 shareholders of A-share and 8,992 shareholders of B-share.

(III) By the end of the report period, particulars about the top ten shareholders of the

Company:

| Shareholders' name | Number of holding shares (share) | Proportion in total shares (%) |
|---|---|---|
| Shenzhen Construction Investment Holdings Corporation | 323,747,713 | 59.75 |
| Shenzhen Investment Holding Corporation | 56,628,000 | 10.45 |
| Labor Union of Shenzhen International Trade Center Property Management Co., Ltd. | 2,516,800 | 0.46 |
| Shenzhen Special District Duty-free Commodity Company | 1,573,000 | 0.29 |
| Shanghai Zhaoda Investment & Consultant Co., Ltd. | 1,010,000 | 0.19 |
| China Shenzhen International Co-operation Co., Ltd. | 887,172 | 0.16 |
| Da Peng Securities Co., Ltd. | 786,500 | 0.15 |
| Shanghai Kunling Industrial & Trade Co., Ltd. | 629,200 | 0.12 |
| You Xian Hui | 625,164 | 0.11 |
| Shanghai Baosteel International Economic & Trading Corporation Ltd. | 508,200 | 0.09 |

1. The aforesaid Shenzhen Construction Investment Holdings Corporation and Shenzhen Investment Holding Corporation are shareholders of state-owned shares, while Labor Union of Shenzhen International Trade Center Property Management Co., Ltd., Shenzhen Special District Duty-free Commodity Company, Shanghai Zhaoda Investment & Consultant Co., Ltd., China Shenzhen International Co-operation Co., Ltd., Da Peng Securities & Trade Co., Ltd. and Shanghai Kunling Industrial & Trade Co., Ltd. are shareholders of legal person's share.
2. The top two shareholders of the Company hold stated-owned shares, and shares held them were neither pledged nor frozen in the report period.
3. There exists no the association relationship among the top ten shareholders.

## Section IV. Directors, Supervisors And Senior Executive

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

(II) Particulars about personnel of management team in the report period

1. In the report period, Wu Gongcheng, Shao Xianghua, Zhao Ning and Zhang Tianliang resigned their position as Director of the Company due to work change. In accordance with Company Law, Articles of Association of the Company and the relevant regulation of CSRC, as nominated by Shareholders' General Meeting and Board of Directors of the Company respectively, Shareholders' General Meeting elected Fang Yibin, Guo Yuanxian, Yang Shuncheng and Wang Huimin as the Company's Director respectively, and elected Jiang Changlong and Kong Yuquan as the Company's Independent Director respectively.

2. In the report period, Wu Gongcheng and Zhao Ning resigned their position as General Manager and Deputy General Manager respectively due to work change, and the Board of Directors engaged Fang Yibing and Luo Junde as General Manger and Deputy General Manger respectively.

## Section V Discussions and Analysis of the Management

(I) Analysis of the financial and operating situation

The Company strengthened the development and management of the investment projects, implemented the cost control in the whole course of the projects and kept the sustainable and stable development of the core business. In the first half of the year,

the Company accomplished the income from core business amounting to RMB 250 million and net profit amounting to RMB 7.73 million.
In the income from operating activities, the income from real estate development was RMB 166.68 million; the income from properties management was RMB 33.93 million; the income from commodities operation was RMB 13.83 million; the income from taxi passenger transport was RMB 31.70 million. The profit from core business was RMB 66.37 million and the profit from operating activities was RMB 8.95 million.

Ended June 30, 2003, the total assets was RMB 2,736,327,100, an increase of 4.92% compared with that at the end of the last year and the shareholders' equity was RMB 345,632,400, an increase of 2.29% compared with that at the end of the last year.

1. Change of income from core business, profit of core business, net profit and cash and cash equivalents compared with that of the corresponding period of last year and reasons of change:

Unit: RMB YUAN

| Items | Jan.-June 2003 | Jan.-June 2002 | Increase/decrease (%) |
|---|---|---|---|
| Income from core business | 249,851,393.54 | 239,924,781.12 | 4.14 |
| Profit of core business | 66,371,560.24 | 71,055,014.96 | -6.59 |
| Net profit | 7,728,666.75 | 6,934,540.39 | 11.45 |
| Net increase in cash and cash equivalents | 18,103,353.27 | -91,852,125.75 | - |

Explanation of reasons of change:
① Income from core business: It increased by 4.14% compared with the corresponding period of the last year, which was due to the increase of sales income of properties.
② Profit of core business and net profit: They kept the same fundamentally with that of the corresponding period of the last year.
③ Net increase in cash and cash equivalents: It increased compared with the corresponding period of the last year, which was due to the reinforcement of properties sale and recovery of capital.

2. Change of total assets, shareholders' equity and other items compared with that of the beginning of the period and reasons of change:

Unit: RMB

| Items | June 30, 2003 | Dec. 31, 2002 | Increase/decrease (%) |
|---|---|---|---|
| Total assets | 2,736,327,068.46 | 2,607,979,385.36 | 4.92 |
| Accounts receivable | 133,393,109.24 | 175,926,244.18 | -24.18 |
| Other receivables | 402,441,219.10 | 433,921,828.65 | -7.25 |
| Inventories | 1,792,272,700.48 | 1,601,698,182.80 | +11.90 |
| Fixed assets | 422,205,667.44 | 413,122,291.90 | +2.20 |
| Shareholders' equity (excluding minority interests) | 345,632,369.00 | 337,903,702.25 | +2.29 |

Main reasons of change:
① Total assets: It increased due to the increase of monetary funds and inventories in the report period.
② Accounts receivable and other receivables: It decreased since the Company reinforced the dun and clearing, which made the withdrawal rate of funds increase.

③ Inventories: It increased because the Company increased the investment in the real estate projects in the report period.
④ Fixed assets: It increased because Hainan Company increased the houses and buildings amounting to RMB 5.40 million and Automobile Company updated the vehicles amounting to RMB 5.08 million.
⑤ Shareholders' equity: It increased due to the increase of profits in the report period.

(II) Operation in the report period
1. Scope of core business and its operation:
The Company is large real estate specialty company with the core business of real estate development, property operation and management and concurrently is engaged in the taxi passenger transport, commerce and hotel and food industry. The income from core business in the first half of the year was RMB 250 million and the profit of core business was RMB 66.37 million. For the sales income, sales cost and gross profit ratio of the main products taking over 10% of the income from core business and profit of core business, please refer to the following statement:

Unit: RMB'000

| Industries | Income from core business | Cost of core business | Gross profit ratio | Increase/decrease of income from core business compared with the last year (%) | Increase/decrease of cost of core business compared with the last year (%) | Increase/decrease of gross profit ratio compared with the last year (%) |
|---|---|---|---|---|---|---|
| Real estate development | 166680 | 115880 | 30.48 | 23.70 | 24.48 | -1.4 |
| Properties management and lease | 34760 | 24820 | 22.73 | 5.08 | 3.37 | -17.10 |
| Commercial retail | 13830 | 7830 | 43.38 | -67.31 | -69.39 | 9.71 |
| Taxi passenger transport | 31700 | 22290 | 29.68 | 10.53 | 46.74 | -36.88 |
| Others | 2880 | 1420 | 50.69 | 157.14 | 2740 | -46.73 |

Note: The core business of the Company is not involved in the related transactions.
2. Operation of share-holding companies (their investment earnings take over 10% of the net profit)

① Unit: RMB'000

| Names of share-holding companies | | Shenzhen Huangcheng Real Estate Co., Ltd. | | |
|---|---|---|---|---|
| Investment earnings contributed in the period | | 12990 | Proportion in net profit of listed companies | 168.05% |
| Share-holding companies | Business scope | Development, construction, operation and management of auxiliary commercial service facilities of Huanggang Port | | |
| | Net profit | 12990 | | |

② Unit: RMB'000

| Names of share-holding companies | | Shanghai Shenzhen Properties Development Co., Ltd. | | |
|---|---|---|---|---|
| Investment earnings contributed in the period | | 12900 | Proportion in net profit of listed companies | 166.88% |
| Share-holding companies | Business scope | Development of real estate and properties management | | |
| | Net profit | 12900 | | |

③ Unit: RMB'000

| Names of share-holding companies | Shenzhen International Trade Auto Industrial Company |
|---|---|

| | | | | |
|---|---|---|---|---|
| Investment earnings contributed in the period | | 1940 | Proportion in net profit of listed companies | 25.10% |
| Share-holding companies | Business scope | Automobile passenger transport and automobile lease | | |
| | Net profit | 1940 | | |

3. Problems and difficulties arising from the operation:

The whole operation of the Company in the first half of the year was impacted by SARS and the core business came forth a certain difficulties with details as follows:

① Generally the 1st quarter of each year is the midseason of foreign building market. Due to the influence of SARS, the sales volume of foreign buildings in this year decreased obviously, which restricted the normal sales progress of foreign building projects of the Company in a certain extent.

② The turnover of car lease industry dropped due to comparatively large influence of SARS. Each car lease company in Shenzhen reduced the rent in succession, which impacted directly on the operating income of running of taxis of the Company.

③ The operating situation of dietetic service industry was austere. In the first half of the year, the turnover of dietetic service dropped by a big margin due to the influence of SARS.

(III) Investment in the report period

In the report period, the material projects invested with the proceeds not raised through shares offering and their actual progress and earnings were as follows:

Unit: RMB’000

| Names of project | Amounts | Actual progress | Earnings |
|---|---|---|---|
| City Golden Castle | 23060 | Molding in the peak boards of the basement, peak cover by 50% at the end of the year. | Not complete and no earnings accrued |
| District B of Huang Yu Yuan | 119570 | Elevator installation and outside fitment | 10000 |
| B Group of Fenghe Rili | 34600 | Prophase preparation | Not complete and no earnings accrued |
| The 4th & 5th Stage of Shanghai Pastoral City | 37710 | Completion for the 4th Stage and structural peak cover for the 5th Stage | 2000 |
| Total | 214940 | | |

(IV) In 2002 financial auditing of the Company, Wuhan Zhonghuan Certified Public Accountants produced auditing opinion with interpretative explanation. The case of “Haiyi Company” involved in the interpretative explanation is still under the retrial phase of examination and intermediation in the judicial procedures at present.

## Section VI Significant Events

(I) Corporate governance

In the report period, the Company allotted the enough independent directors according to the requirements of Administrative Rules of Listed Companies and amended the Articles of Association on the collection of voting right, cumulative voting system and other relevant contents, which further standardized the behavior of the Company.

(II) Profit distribution and implementation

1. According to the resolutions of 2002 Shareholders’ General Meeting, the net profit amounting to RMB 34,622,176.84 realized in 2002 was used to offset the losses of the previous years.

2. The net profit realized by the Company in the medium-term of 2003 was RMB

7,728,666.75. Since there was still some losses amounting to RMB-596,633,076.70 not offset ended June 30, 2003, the Company would neither distribute profits nor convert capital public reserve into share capital in the metaphase.

(III) Lawsuits

1. In the report period, there was no any new material lawsuit or arbitration.
2. In the report period, there was no new progress in the material lawsuits and arbitrations disclosed in the previous report period.
3. After-period events

The Company disclosed the bankruptcy event of its share-holding company "Luohu Hotel" in 2002 Annual Report. On July 17, 2003, Shenzhen Xutongda Auction Co., Ltd. came off the open auction to the assets of "Luohu Hotel" (including the whole building of the main building totally amounting to 16 floors, the basement with total construction area amounting to 18119 $M^2$ and hotel things etc.) and the final bargain price was RMB 73.50 million (after adding the land price, land use expense and late fee that should be complementarily handed in, the total price was RMB 105,569,000). As the largest creditor, the Company's actual credit repayment acceptance amount was still not confirmed finally after the completion of bankruptcy clearing procedures of "Luohu Hotel". On July 23, 2003, the Company disclosed this issue on the designated media.

(IV) Sale of assets

Shenye Real Estate Development Co., Ltd., a wholly owned subsidiary of the Company registering in Hong Kong, sold its own commercial buildings in Sydney, Australia with AUD 10.20 million in Jan. 2003. After refunding each arrearage and expense, it was estimated that the Company could draw back HKD 13 million. The Company disclosed this issue in the 1st Quarterly Report dated Apr. 29, 2003.

(V) Related transactions

1. In the report period, the Company had no any new related transactions.
2. The related transaction disclosed in Securities Times, Ta Kung Pao and http://www.cninfo.com.cn on Jan. 15, 2003 by the Company, was the project of "City Golden Castle and Famous Garden", which was developed by the Company and constructed by Shenzhen Yuezhong (Group) Co., Ltd.. Ended the end of June 2003, the engineering volume amounting to RMB 23.06 million had been accomplished.

3. The related transaction disclosed in Securities Times, Ta Kung Pao and http://www.cninfo.com.cn on Nov. 17, 2001 by the Company, was the engineering project of " Building 12-15 of District B of Huang Yu Yuan", which was developed by Shenzhen Huangcheng Real Estate Co., Ltd., a subsidiary of the Company, and constructed by Shenzhen Jianye Construction Engineering Company. Ended June 30, 2003, the paid engineering payments amounted to RMB 133,124,875.78.

4. For the details about the credits, liabilities and guarantees between the Company and the related parties at the end of the report period please refer to Item VII (II) 1 and 2 in the Notes to Financial Statements.

(VI) Material guarantees and their implementations

1. For the guarantee provided by the Company for "Gintian Company", please refer to "Gintian Case" stated in Item IX (I) 4 in 2002 Annual Report of the Company.

2. The Company and the subsidiaries of the Company provided mortgage loan guarantees to the banks for the subscribers of commercial housing. Ended June 30, 2003, the guarantee amount that still had not been settled totally amounted to RMB 1007.38 million. This guarantee issue was the guarantee provided by the real estate developers for the small owners to purchase the commercial housing of the Company, which was normal phenomenon within the industry.

(VII) In the report period, the Company had no commitment of the shareholders holding over 5% shares of the Company, which impacted significant influence on the operating results and financial position of the Company.

(VIII) In the report period, the Company or the Management has not ever been punished by the securities regulatory department.

(IX) In the report period, the Company signed the Contract on Leasehold of Real Estate with Shenzhen Shengfenglu International Trade Jewelry Gold Firm, and hired out the business bunk located in International Trade Mansion (From the first floor to the fifth floor of Area A) managed independently by the Company to Shenzhen Shengfenglu International Trade Jewelry Gold Firm as operation of commodity sale continually. The term of leasehold is ten year, namely from May 1, 2003 to Apr. 30, 2013. The rent from the first year to the third year is RMB 22 million, while from the fourth year, the rent need increase RMB 1.1 million based on the original rent of RMB 22 million. The Company considered that it has positive significance in the fields of the change of operation mode, safeguard of leasehold income and reducing of operation risk.

Indexes of consultation of other significant events in the report period:

| Names of events | Publishing media | Date | Internet websites | Amount |
|---|---|---|---|---|
| Signing construction contract with Yuezhong Company | Securities Times, Ta Kung Pao | Jan. 15, 2003 | www.cninfo.com.cn | RMB 259 million |
| Transferring equity of Nanjing Tongren Company | Securities Times, Ta Kung Pao | Jan. 16, 2003 | www.cninfo.com.cn | RMB 75.85 million |
| Transferring Tianbei Factory | Securities Times, Ta Kung Pao | Jan. 21, 2003 | www.cninfo.com.cn | RMB 21 million |
| Huang Fuming lawsuit case | Securities Times, Ta Kung Pao | Jan. 29, 2003 | www.cninfo.com.cn | HKD 32 million |

## Section VII Financial Report (not audited)

(I) Accounting statements
(II) Notes to accounting statements

## Section Ⅷ. Documents Available for Reference

(I) Accounting statements carried with signatures and seals of Legal Representative and Manager of Financial Department.
(II) Originals and manuscripts of documents of public notices disclosed in the designated media in the report period.

**Board of Directors of**
**Shenzhen Properties & Resources Development (Group) Ltd.**
**Aug. 13, 2003**

# Balance Sheet (Jun. 30, 2003)

Company: Shenzhen Properties & Resources Development (Group) Ltd. Unit: RMB

| Assets | Notes | The Group | | The Company | |
|---|---|---|---|---|---|
| | | Amount at the end of the period | Amount at the begin of the year | Amount at the end of the period | Amount at the begin of the year |
| ***Current assets*** | | | | | |
| Monetary fund | 5.1 | 272,634,073.45 | 254,530,720.18 | 37,870,942.86 | 33,662,845.48 |
| Short-term investment | 5.2 | 15,852,599.50 | 16,692,259.39 | 3,698,420.48 | 3,698,420.48 |
| Notes receivable | | | | | |
| Dividends receivable | | | | | |
| Accounts receivable | 5.3（1） | 133,393,109.24 | 124,797,355.70 | 104,887,862.51 | 111,906,399.23 |
| Accounts paid in advance | 5.4 | 11,581,592.61 | 21,256,532.71 | 2,009,130.27 | 319,824.58 |
| Others receivable | 5.3（2） | 153,201,069.37 | 237,751,289.87 | 321,705,194.50 | 407,913,752.64 |
| Inventory | 5.5 | 1,652,221,602.32 | 1,461,647,084.64 | 289,146,850.14 | 282,310,710.83 |
| Expense to be apportioned | 5.6 | 878,407.50 | 164,259.95 | 353,772.50 | |
| Long-term credit investment due within 1 year | | | | | |
| Other current assets | | | | | |
| **Total current assets** | | 2,239,762,453.99 | 2,116,839,502.44 | 759,672,173.26 | 839,811,953.24 |
| ***Long-term investment*** | | | | | |
| Long-term equity investment | 5.7 | 103,502,355.71 | 102,507,689.83 | 271,523,025.00 | 247,002,351.87 |
| Long-term credit investment | | | | | |
| Total long-term investment | | 103,502,355.71 | 102,507,689.83 | 271,523,025.00 | 247,002,351.87 |
| ***Fixed assets*** | | | | | |
| Original price of fixed assets | 5.8 | 422,205,667.44 | 413,122,291.90 | 333,591,987.28 | 333,848,610.41 |
| Less: accumulated depreciation | 5.8 | 133,066,757.59 | 125,314,296.81 | 88,132,320.78 | 81,961,834.93 |
| Net value of fixed assets | | 289,138,909.85 | 287,807,995.09 | 245,459,666.50 | 251,886,775.48 |
| Provision for devaluation of fixed assets | 5.8 | | | | |
| Net amount of fixed assets | | | | | |
| Engineering material | | | | | |
| Construction in progress | | | | | |
| Disposal of fixed assets | | | | 3313.05 | |
| **Total fixed assets** | | 289,138,909.85 | 287,807,995.09 | 245,462,979.55 | 251,886,775.48 |
| ***Intangible and other assets:*** | | | | | |
| Intangible assets | 5.9 | 76,166,966.95 | 77,107,588.75 | | |
| Long-term expenses to be apportioned | 5.10 | 9,842,496.32 | 10,119,794.32 | | |
| Other long-term assets | | | | | |
| **Total intangible and other assets** | | 86,009,463.27 | 87,227,383.07 | | |
| ***Deferred taxes-debit item*** | | | | | |
| Deferred taxes-debit item | 5.11 | 17,913,885.64 | 13,596,814.93 | 3,873,112.65 | 3,873,112.65 |
| **Total assets** | | **2,736,327,068.46** | **2,607,979,385.36** | **1,280,531,290.46** | **1,342,574,193.24** |

# Balance Sheet (Con.) (Jun. 30, 2003)

Company: Shenzhen Properties & Resources Development (Group) Ltd. Unit: RMB

| Liabilities and shareholders' equity | Notes | The Group | | The Company | |
|---|---|---|---|---|---|
| | | Amount at the end of the period | Amount at the begin of the year | Amount at the end of the period | Amount at the begin of the year |
| ***Current liabilities:*** | | | | | |
| Short-term loans | 5.12 | 825,000,000.00 | 785,000,000.00 | 675,000,000.00 | 695,000,000.00 |
| Notes payable | 5.13 | 70,000,000.00 | 2,000,000.00 | | |
| Account payable | 5.14 | 399,412,409.43 | 464,452,996.98 | 58,985,382.02 | 89,537,011.96 |
| Accounts received in advance | 5.15 | 486,642,107.03 | 331,904,446.72 | 25,386,181.79 | 20,397,032.75 |
| Other payable | 5.19 | 128,694,287.50 | 180,821,343.79 | 75,014,101.83 | 81,961,077.75 |
| Wage payable | | 1,404,117.00 | 2,919,405.70 | | 324,000.00 |
| Welfare funds payable | | 13,124,716.93 | 12,304,652.98 | 2,971,188.57 | 2,933,252.72 |
| Taxes payable | 5.17 | 5,969,386.59 | 14,470,858.10 | 4,933,843.37 | 7,968,740.78 |
| Dividends payable | 5.16 | 29,453,647.24 | 29,453,647.24 | 29,453,647.24 | 9,453,647.24 |
| Other unpaid accounts | 5.18 | -173,148.61 | 2,166.33 | 39,649.24 | 42,100.39 |
| Accrued expenses | 5.20 | 78,880,520.78 | 92,889,387.47 | 63,114,927.40 | 77,053,627.40 |
| Projected liabilities | | | | | |
| Long-term liabilities due within 1 year | | | | | |
| Other current liabilities | | | | | |
| **Total current liabilities** | | 2,038,408,043.89 | 1,916,218,905.31 | 934,898,921.46 | 1,004,670,490.99 |
| ***Long-term liabilities*** | | | | | |
| Long-term loans | 5.21 | 250,000,000.00 | 250,000,000.00 | | |
| Bonds payable | | | | | |
| Long-term accounts payable | | | | | |
| Special accounts payable | | | | | |
| Other long-term liabilities | 5.22 | 102,286,655.57 | 103,856,777.80 | | |
| **Total long-term liabilities** | | 352,286,655.57 | 353,856,777.80 | | |
| ***Deferred taxes-credit item*** | | | | | |
| Deferred taxes-credit item | | | | | |
| **Total liabilities** | 56 | 2,390,694,699.46 | 2,270,075,683.11 | 934,898,921.46 | 1,004,670,490.99 |
| ***Minority interests*** | | | | | |
| Minority interests | | | | | |
| ***Shareholders' equity*** | | | | | |
| Share capital | 5.23 | 541,799,175.00 | 541,799,175.00 | 541,799,175.00 | 541,799,175.00 |
| Less: Restored investment | | | | | |
| Net amount of share capital | | | | | |
| Capital public reserve | 5.24 | 337,547,143.59 | 337,547,143.59 | 337,547,143.59 | 337,547,143.59 |
| Surplus public reserve | 5.25 | 62,919,127.11 | 62,919,127.11 | 62,919,127.11 | 62,919,127.11 |
| Including: Statutory public welfare fund | | 62,919,127.11 | 62,919,127.11 | 62,919,127.11 | 62,919,127.11 |
| Retained profit | 5.26 | (596,633,076.70) | (604,361,743.45) | (596,633,076.70) | (604,361,743.45) |
| Difference balance in conversion of foreign currency | | | | | |
| **Total shareholders' equity of the Company** | | 345,632,369.00 | 337,903,702.25 | 345,632,369.00 | 337,903,702.25 |
| **Total shareholders' equity** | | 345,632,369.00 | 337,903,702.25 | 345,632,369.00 | 337,903,702.25 |
| **Total liabilities and shareholders' equity** | | **2,736,327,068.46** | **2,607,979,385.36** | **1,280,531,290.46** | **1,342,574,193.24** |

# Statement of Profit and Profit Distribution
# (Jan.-Jun. 2003)

Company: Shenzhen Properties & Resources Development (Group) Ltd. Unit: RMB

| Items | The Group | | The Company | |
|---|---|---|---|---|
| | Accumulated amount in this period | Amount at the same period of last year | Accumulated amount in this period | Amount at the same period of last year |
| I. Income from core business（note 5.27） | 249,851,393.54 | 239,924,781.12 | 13,359,312.21 | 14,846,511.46 |
| Less: Discount and allowance | 0.00 | 0.00 | 0.00 | 0.00 |
| Net income from core business | 249,851,393.54 | 239,924,781.12 | 13,359,312.21 | 14,846,511.46 |
| Less: Cost of core business （note 5.27） | 172,237,341.63 | 157,929,455.05 | 5,756,852.06 | 2,513,153.92 |
| Taxes and extras of core business（note 5.28） | 11,242,491.67 | 10,940,311.11 | 694,836.00 | 749,156.71 |
| II. Profit from core business | 66,371,560.24 | 71,055,014.96 | 6,907,624.15 | 11,584,200.83 |
| Add: Profit from other business lines (note 5.29) | -831,262.62 | 10,058,871.69 | | 9,000,000.00 |
| Less: Losses on price falling of inventory | 0.00 | 0.00 | | 0.00 |
| Operating expenses（note 5.30） | 5,026,550.68 | 2,401,131.80 | 50,850.11 | 64,580.50 |
| Administrative expenses | 46,724,392.66 | 58,740,920.93 | 19,704,508.89 | 21,869,823.88 |
| Financial expenses（note 5.21） | 4,840,082.82 | 7,044,846.13 | 4,044,271.53 | 4,790,398.75 |
| III. Operating profit | 8,949,271.46 | 12,926,987.79 | -16,892,006.38 | -6,140,602.30 |
| Add: Investment income (note 5.32) | 1,098,755.42 | -2,003,756.76 | 24,620,673.13 | 13,110,579.89 |
| Subsidy income | 0.00 | 0.00 | 0.00 | 0.00 |
| Non-operating income（note 5.33） | 618,731.24 | 633,205.93 | 0 | 0 |
| Less: Non-operating expenditure（note 5.34） | 236,721.02 | 815,552.88 | | 35,437.20 |
| IV. Total profit | **10,430,037.10** | **10,740,884.08** | **7,728,666.75** | **6,934,540.39** |
| Less: Income tax | 2,701,370.35 | 3,249,519.49 | 0.00 | 0.00 |
| Minority interests | | 556,824.20 | 0.00 | 0.00 |
| V. Net profit | **7,728,666.75** | **6,934,540.39** | **7,728,666.75** | **6,934,540.39** |
| Add: Retained profit at the begin of the year | (604,361,743.45) | (630,254,706.12) | (604,361,743.45) | (630,254,706.12) |
| Transferring into surplus public reserve | 0.00 | 0.00 | 0.00 | 0.00 |
| VI. Profit available for distribution: | **(596,633,076.70)** | **(623,320,165.73)** | **(596,633,076.70)** | **(623,320,165.73)** |
| Less: Allotted statutory surplus public reserve | 0.00 | 0.00 | 0.00 | 0.00 |
| Allotted statutory welfare funds | 0.00 | 0.00 | 0.00 | 0.00 |
| VII. Profit available for distribution to shareholders: | **(596,633,076.70)** | **(623,320,165.73)** | **(596,633,076.70)** | **(623,320,165.73)** |
| 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 common share payable | 0.00 | 0.00 | 0.00 | 0.00 |
| Dividend of common share transferred as share capital | 0.00 | 0.00 | 0.00 | 0.00 |
| VIII. Retained profit | **(596,633,076.70)** | **(623,320,165.73)** | **(596,633,076.70)** | **(623,320,165.73)** |

**Shenzhen Properties & Resources Development (Group) Ltd.**
**Supplement Information of Statement of Profit**
**Jan.-Jun. 2003**

| No. | Items | Consolidation | | Parent company | |
|---|---|---|---|---|---|
| | | Accumulated amount in this year | Actual amount as of previous year | Accumulated amount in this year | Actual amount as of previous year |
| 1 | Income from selling or disposal branch and investee enterprise | | | | |
| 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 | | | | |

# Statement of Cash Flow (Jan.-Jun. 2003)

Company: Shenzhen Properties & Resources Development (Group) Ltd. Unit: RMB

| Items | The Group | The Company |
|---|---|---|
| I. Cash flows arising from operating activities: | | |
| Cash received from selling commodities and providing labor services | 410,172,009.04 | 30,609,312.21 |
| Rebated tax received | | 0.00 |
| Other cash received concerning operating activities | | 32,978,800.49 |
| Subtotal of cash inflows | 410,172,009.04 | 63,588,112.70 |
| Cash paid for purchasing commodities and receiving labor service | 281,711,316.54 | 4,184,681.42 |
| Cash paid to / for staff and workers | 40,255,257.98 | 11,073,260.22 |
| Taxes paid | 30,660,512.87 | 5,860,146.98 |
| Other cash paid concerning operating activities | 52,701,811.91 | 8,753,257.14 |
| Subtotal of cash outflows | **405,328,899.30** | **29,871,345.76** |
| Net cash flows arising from operating activities | **4,843,109.74** | **33,716,766.94** |
| II. Cash flows arising from investing activities: | | |
| Cash received from recovering investment | | |
| Cash received from investment income | **1,101,086.45** | |
| Net cash received from disposal of fixed, intangible and other long-term assets | **19,417,630.00** | 19,107,500.00 |
| Other cash received concerning investing activities | | |
| Subtotal of cash inflows | **20,518,716.45** | 19,107,500.00 |
| Net cash paid for purchasing fixed, intangible and other long-term assets | **5,355,750.00** | 22,290.00 |
| Cash paid for investment | | |
| Other cash paid concerning investing activities | | |
| Subtotal of cash outflows | **5,355,750.00** | **22,290.00** |
| Net cash flows arising from investing activities | **15,162,966.45** | **19,085,210.00** |
| III. Cash flows arising from financing activities | | |
| Cash received by absorbing investment | | 0.00 |
| Cash received from loans | 406,000,000.00 | 256,000,000.00 |
| Other cash received concerning financing activities | | |
| Subtotal of cash inflows | 406,000,000.00 | 256,000,000.00 |
| Cash paid for settling debts | 366,000,000.00 | 276,000,000.00 |
| Cash paid for dividends and profit distributing or interest paying | 41,902,722.92 | 28,593,879.56 |
| Other cash paid concerning financing activities | | |
| Subtotal of cash outflows | 407,902,722.92 | **304,593,879.56** |
| Net cash flows arising from financing activities | -1,902,722.92 | **(48,593,879.56)** |
| IV. Influence of fluctuation in exchange rate on cash | | **0.00** |
| V. Net increase of cash and cash equivalents | **18,103,353.27** | **4,208,097.38** |

## Note:

| Supplement information | The Group | The Company |
|---|---|---|
| 1. Investing 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 | 7,728,666.75 | 7,728,666.75 |
| Add: allotment of provision for bad debts or reselling of bad debts | | 0.00 |
| Minority interests | | 0.00 |
| Depreciation of fixed assets | 7,413,898.99 | 6,444,591.23 |
| Amortization of intangible assets | 420,942.05 | |
| Amortization of long-term expenses to be apportioned | (571,683.75) | 0.00 |
| Decrease of expenses to be apportioned (Less: increase) | (1,277,673.05) | (353,772.50) |
| Increase of accrued expenses (Less: decrease) | (15,458,621.16) | (13,938,700.00) |
| Loss on disposal of fixed, intangible and other long-term assets (Less: income) | (563,030.93) | |
| Losses on rejection of fixed assets | (1,160,396.25) | 0.00 |
| Financial expense | 4,840,082.82 | 4,044,271.53 |
| Investment loss (Less: income) | (1,098,755.42) | (24,620,673.13) |
| Deferred taxes – credit item (-: debit item) | (4,317,070.71) | |
| Decrease of inventory (Less: increase) | (167,727,809.50) | (6,836,139.31) |
| Decrease of receivables in operating (Less: increase) | 64,338,804.39 | 89,242,070.03 |
| Increase of payables in operating (Less: decrease) | 88,673,852.81 | (33,248,639.09) |
| Other | 23,601,902.70 | 5,255,091.43 |
| Net cash flows arising from operating activities | **4,843,109.74** | **33,716,766.94** |
| 3. Net increase of cash and cash equivalents: | | 0.00 |
| Balance of cash at the end of the period | 272,634,073.45 | 37,870,942.86 |
| Less: Balance of cash at the begin of the period | 254,530,720.18 | 33,662,845.48 |
| Add: Balance of cash equivalents at the end of the period | 0.00 | 0.00 |
| Less: Balance of cash equivalents at the begin of the period | 0.00 | 0.00 |
| Net increase of cash and cash equivalents | **18,103,353.27** | **4,208,097.38** |

# Subsidiary Statement of Consolidation Provision for Devaluation of Assets

Jun. 30, 2003 KG Table 01-1

Company: Shenzhen Properties & Resources Development (Group) Ltd. Unit: RMB

| Items | Balance at the begin of the year | Increase in this year | Decrease in this year | | | Balance at the end of the year |
|---|---|---|---|---|---|---|
| | | | Switching back due to recovered price of assets | Transferring out due to other reasons | Total | |
| I. Total of provision for bad debts | 247,299,427.26 | 1,940,722.47 | | | | 249,240,149.73 |
| Including: Account receivable | 51,128,888.48 | | | | | 51,128,888.48 |
| Other receivable | 196,170,538.78 | 1,940,722.47 | | | | 198,111,261.25 |
| II. Total of provision for falling price of short-term investment | 8,707,624.01 | | | | | 8,707,624.01 |
| Including: Stocks investment | 8,707,624.01 | | | | | 8,707,624.01 |
| Bonds investment | | | | | | |
| III. Total of provision for falling price of inventory | 140,051,098.16 | | | | | 140,051,098.16 |
| Including: Raw material | 3,089,432.39 | | | | | 3,089,432.39 |
| Merchandise inventory | 39,093.10 | | | | | 39,093.10 |
| Land planning to develop | 84,240,964.29 | | | | | 84,240,964.29 |
| Work in progress | | | | | | |
| Finished product | 52,681,608.38 | | | | | 52,681,608.38 |
| IV. Total of provision for devaluation of long-term investment | 75,564,898.90 | | | | | 75,564,898.90 |
| Including: Long-term equity investment | 75,564,898.90 | | | | | 75,564,898.90 |
| Long-term credit investment | | | | | | |
| V. Total of provision for devaluation of fixed assets | | | | | | |
| Including: Building | | | | | | |
| Machinery and equipment | | | | | | |
| VI. Provision for devaluation of intangible assets | | | | | | |
| Including: Patent right | | | | | | |
| Land use right | | | | | | |
| VII. Provision for devaluation of construction in progress | | | | | | |
| VIII. Provision for devaluation of commission loan | | | | | | |

Legal representative: Person in charge of accounting work: Person in charge of accounting institution:

# Subsidiary Statement of Provision for Devaluation of Assets

Jun. 30, 2003 KG Table 01-1

Company: Shenzhen Properties & Resources Development (Group) Ltd. Unit: RMB

| Items | Balance at the begin of the year | Increase in this year | Decrease in this year | | | Balance at the end of the year |
|---|---|---|---|---|---|---|
| | | | Switching back due to recovered price of assets | Transferring out due to other reasons | Total | |
| I. Total of provision for bad debts | 220,303,471.31 | | | | | 220,303,471.31 |
| Including: Account receivable | 46,440,239.60 | | | | | 46,440,239.60 |
| Other receivable | 173,863,231.71 | | | | | 173,863,231.71 |
| II. Total of provision for falling price of short-term investment | 2,387,621.36 | | | | | 2,387,621.36 |
| Including: Stocks investment | 2,387,621.36 | | | | | 2,387,621.36 |
| Bonds investment | | | | | | |
| III. Total of provision for falling price of inventory | 75,521,702.01 | | | | | 75,521,702.01 |
| Including: Raw material | | | | | | |
| Merchandise inventory | | | | | | |
| Land planning to develop | 75,521,702.01 | | | | | 75,521,702.01 |
| Work in progress | | | | | | |
| Finished product | | | | | | |
| IV. Total of provision for devaluation of long-term investment | 62,577,470.60 | | | | | 62,577,470.60 |
| Including: Long-term equity investment | 62,577,470.60 | | | | | 62,577,470.60 |
| Long-term credit investment | | | | | | |
| V. Total of provision for devaluation of fixed assets | | | | | | |
| Including: Building | | | | | | |
| Machinery and equipment | | | | | | |
| VI. Provision for devaluation of intangible assets | | | | | | |
| Including: Patent right | | | | | | |
| Land use right | | | | | | |
| VII. Provision for devaluation of construction in progress | | | | | | |
| VIII. Provision for devaluation of commission loan | | | | | | |

Legal representative: Person in charge of accounting work: Person in charge of accounting institution: