SHENZHEN PROPERTIES & RESOURCES DEVELOPMENT (GROUP) LTD.

SUMMARY OF SEMI-ANNUAL REPORT 2004

§1. Important Notice

1.1 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.

The summary of semi-annual report 2004 is abstracted from the semi-annual report; and full text of the semi-annual report is published on the Internet website http://www.cninfo.com.cn designated by CSRC in the mean time. The investors are suggested to read the full text of semi-annual report to understand more details.

1.2 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.

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

§2. Company Profile

2.1 Basic information

Short form of the stock	ST Shenwuye, ST Wuye-B	
Stock code	000011, 200011	
Listed stock exchange	Shenzhen Stock Exchange	
	Secretary of the Board of Directors	**Securities Affairs Representative**
Name	Guo Yumei	Dong Wei
Contact address	42/F, International Trade Center, Renmin Rd. S., Shenzhen	42/F, International Trade Center, Renmin Rd. S., Shenzhen
Telephone	(86) 755-82211020	(86) 755-82211020
Fax	(86) 755-82210610	(86) 755-82212043
E-mail	szprd@163.com	szprd@163.com

2.2 Major financial data and indexes

2.2.1 Major accounting data and financial indexes

Items	At the end of this report period	At the end of the last year	Increase/decrease at the end of this report period compared with the year-begin（%）
Current assets	2,001,880,011.30	1,955,107,496.33	2.39
Current liabilities	1,638,267,213.43	1,735,521,059.63	-5.60

Total assets	2,480,260,817.33	2,437,227,899.69	1.77
Shareholders' equity (excluding minority interest)	482,686,119.92	474,222,712.97	1.78
Net assets per share	0.8909	0.8753	1.78
Net assets per share after adjustment	0.5758	0.5129	12.26
Items	**In the report period (Jan. to Jun. 2004)**	**At the same period of last year**	**Increase/decrease in this report period compared with the same period of last year (%)**
Net profit	8,463,406.95	7,728,666.75	9.51
Net profit after deducting non-recurring gains and losses	8,125,903.08	7,346,656.53	10.61
Earnings per share (RMB/share)	0.0156	0.0143	9.09
Return on equity	1.75%	2.24%	-0.49
Net cash flow arising from operating activities	91,887,286.95	4,843,109.74	1797.28

2.2.2 Items of non-recurring gains and losses

Unit: RMB

Items of non-recurring gains and losses	**Amounts**
Non-operating income	843,128.21
Non-operating expenses	505,624.34
Total	337,503.87

2.2.3 Difference between CAS and IAS:

Unit: RMB

	CAS	IAS
Net profit	8,463,406.95	8,463,406.95
Explanation of the difference	In the first half of year 2004, the Company's net profit was RMB 8,463,406.95 and RMB 8,463,406.95 audited according to CAS and IAS respectively.	

§3. Changes in Share Capital and Particulars about Share held by Main Shareholders

3.1 Statement of change in shares

□Applicable √Inapplicable

3.2 Particulars about shares held by the top ten shareholders and the top ten shareholders of circulation share

Total shareholders at the end of report period	By the end of the report period, the Company had totally 38,286 shareholders, including 30,399 shareholders of A-share and 7,887 shareholders of B-share.

Particulars about shares held by the top ten shareholders

Name of Shareholder	**Increase / decrease in the report period**	**Holding shares at the year-end**	**Proportion (%)**	**Type of shares**	**Number of share pledged or frozen**	**Nature of shareholders (state-owned shareholder or foreign shareholder)**
Shenzhen Construction Investment Holdings Corporation	0	323,747,713	59.75	Non-circulating	No	Shareholder of state-owned share
Shenzhen Investment Holding Corporation	0	56,628,000	10.45	Non-circulating	No	Shareholder of legal person's share
Bank of China-Jiashi Growth Income Securities Investment Fund	3,972,246	3,972,246	0.73	Circulating	Unknown	Shareholder of A-share
Labor Union of Shenzhen International Trade Center Property Management Co., Ltd.	0	2,516,800	0.46	Non-circulating	No	Shareholder of legal person's share
Shenzhen Special District Duty-free Commodity Company	0	1,573,000	0.29	Non-circulating	Unknown	Shareholder of legal person's share
Taihe Securities Investment Fund	1，369,871	1，369,871	0.25	Circulating	Unknown	Shareholder of A-share
YOU XIAN HUI	-38,174	1,050,000	0.19	Circulating	Unknown	Shareholder of A-share
Shanghai Zhaoda Investment & Consultant Co., Ltd.	0	1,010,000	0.19	Non-circulating	No	Shareholder of legal person's share
DU NIAN	802,663	802,663	0.15	Circulating	Unknown	Shareholder of A-share
Da Peng Securities Co., Ltd.	0	786,500	0.15	Non-circulating	No	Shareholder of legal person's share

Particulars about shares held by the top ten shareholders of circulation share

Full name of shareholder	**Number of circulation shares held at the year-end (share)**	**Type (A-share and B-share)**
Bank of China-Jiashi Growth Income Securities Investment Fund	3,972,246	A-share
Taihe Securities Investment Fund	1,369,871	A-share
YOU XIAN HUI	1,050,000	A-share
DU NIAN	802,663	A-share
GUOTAI JUNAN SECURIES HONG KONG LIMITED	584,203	B-share
WANG XIAO PING	538,620	B-share
ZENG YING	483,900	B-share
LI YA JIE	446,600	A-share
HUANG	439,100	B-share
XIAN HONG SHUN	410,000	A-share

Explanation on associated relationships or consistent actions among the said shareholders	Among the top ten shareholders, there exists no associated relationship among the No. 1, 2 and 4 shareholder, except for this, the Company was unknown whether there exists associated relationship and the consistent actionist among the rest shareholders. The Company was unknown whether there exists associated relationship and the consistent actionist among the top ten shareholders of circulation share.
Explanation on the appointed period of holding shares which strategic investor or general legal person participates in the allotment of new shares	Naught

NoteShenzhen Construction Investment Holdings Corporation holds the above state-owned shares, except for this, it also holds 485,899 legal person's shares of the Company.

3.3 Particulars about change in controlling shareholder and actual controller of the Company

☐Applicable √Inapplicable

§4. Particulars about Directors, Supervisors and Senior Executives

4.1 Particulars about changes in shares held by directors, supervisors and senior executives

☐Applicable √Inapplicable

§5. Discussion and Analysis of the Management

5.1 Statement of main operations classified according to industries

Unit: RMB'000

Industries	Income from main operations	Cost of main operations	Gross profit ratio (%)	Increase/decrease in income from main operations over the same period of last year (%)	Increase/decrease in cost of main operations over the same period of last year (%)	Increase/decrease in gross profit ratio over the same period of last year (%)
Real estate development	188690	96310	48.96	13.20	-16.89	60.63
Property management and lease	37380	29610	20.79	7.54	19.30	-27.31
Taxi passenger transport	27480	17380	36.75	-13.31	-22.03	23.82

Note: The main operations of the Company were not involved in the related transactions.

5.2 Particulars about main operations classified according to areas

Unit: RMB'000

Areas	Income from main operations	Increase/decrease in income from main operations over the last year (%)
Shenzhen	25325	40.49
East China	0	-100
Hainan	603	-34.24

5.3 Other operations affecting material influence on net profit

☐Applicable √Inapplicable

5.4 Operation of share-holding companies (applicable to the situation where investment earnings takes over 10% of its 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		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		

5.5 Explanation on reasons of material changes in main operations and its structure

☐Applicable √Inapplicable

5.6 Explanation on reasons of material changes in profitability capability of main operations (gross profit ratio) than that in the last year

☐Applicable √Inapplicable

5.7 Analysis to reasons of material changes in profit structure compared with the previous year

☐Applicable √Inapplicable

5.8 Application of the raised proceeds

5.8.1 Use of the raised proceeds

☐Applicable √Inapplicable

5.8.2 Particulars about the changed projects

□Applicable √Inapplicable

5.9 Plan of the Board on amending the business plan in the second half of the year

□Applicable √Inapplicable

5.10 Estimation on accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation on reason

□Applicable √Inapplicable

5.11 Explanation of the Management on "Qualified Opinion" from the Certified Public Accountants in the report period

□Applicable √Inapplicable

5.12 Explanation of the Management on changes and disposal of the issues involved in "Qualified Opinion" from the Certified Public Accountants in the last year

√Applicable □Inapplicable

In 2003, Wuhan Zhonghuan Certified Public Accountants issued unqualified auditors' report with emphatic events. We considered that such six lawsuits and guarantees as "Haiyi Company" involved in the emphatic event are still in court in the legal procedures at present and they had no great change in the report period.

§6. Significant Events

6.1 Acquisition and sales of assets and assets restructure

6.1.1 Assets acquired

□Applicable √Inapplicable

6.1.2 Assets sold

□Applicable √Inapplicable

6.1.3 Progress of these events and its influence on the operating results and financial status in the report period after the report on assets restructure or public notice on acquisition and sales of assets being published

□Applicable √Inapplicable

6.2 Guarantees

√Applicable □Inapplicable

Unit: RMB'000

Name of objects guaranteed	Date of happening (date of agreement signing)	Amount of guarantee	Type of guarantee	Term of guarantee	Finish implementation or not	Guarantee for related parties or not (yes or no)

Gintian Company	Jun. 30, 1998	6000	Loan guarantee	11 months	No	No
Gintian Company	Oct. 30, 1998	59000	Loan guarantee	6 months	No	No
Total amount of guarantees			0			
Total balance of guarantees			6,5000			
Including: total balance of related guarantees						
Total illegal guarantees						
Proportion of total guarantees in net assets of the Company			13.47%			
Total guarantees provided by the listed company to its controlling subsidiaries			49000			

6.3 Current related credits and liabilities

Unit: RMB

Related party	Relationship	Providing capital to related party		Providing capital by related party to listed company	
		Debit	Balance at period-end	Credit	Balance at period-end
Shenzhen Construction Group Financial Company		-861,652.80	6,784,280		20,000,000.00
Total					20,000,000.00

6.4 Material lawsuits and arbitrations

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. For the “Gintian Guarantee Case” disclosed by the Company in Annual Report 2003, on Mar. 31, 2004, the Company received Civil Ruling from Jilin Higher People’s Court with (2002) JZZ No. 13 Document by means of letters. With the application of Changchun Communications Bank, Jilin Higher People’s Court sealed up the properties of 169 sets of Junfeng Lishe estates in progress developed by the Company since the Company did not implement the guarantee liability for Gintian Company. The sealing term was from Mar. 26, 2004 to Mar. 26, 2006. The Company had put forward objection about this property sealing to Jilin Higher People’s Court and had required it to relieved the sealing. So far, there is till no any new progress. This property sealing did not impact any factual influence on the profit of the Company in the current period. This matter was disclosed in the designated newspapers on Apr. 3, 2004.

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

☐Applicable √Inapplicable

§7. Financial Report

7.1 Auditing opinion

√Unaudited ☐Audited

7.2 Income statement of comparative consolidation and parent company

Income Statement

Prepared by ShenZhen Properties & Resources Development (Group) Ltd.

Time: Jan.-Jun. 2004 Unit: RMB

Items	The Group		The Company	
	Accumulative amount in the period	Amount in the same period of last year	Accumulative amount in the period	Amount in the same period of last year
Ⅰ. Income from main operations (Note 5.27):	259,275,868.71	249,851,393.54	15,509,881.51	13,359,312.21
Less: Discount and allowance	0.00	0.00	0.00	0.00
Income from main operations-net	259,275,868.71	249,851,393.54	15,509,881.51	13,359,312.21
Less: Cost of main operations (Note 5.27)	146,269,878.90	172,237,341.63	6,141,590.33	5,756,852.06
Business and related taxes (Note 5.28)	12,136,401.99	11,242,491.67	806,513.71	694,836.00
Ⅱ. Profit from main operations	100,869,587.82	66,371,560.24	8,561,777.47	6,907,624.15
Add: Other operating profit (Note 5.29)	-578,839.89	-831,262.62		
Less: Impairment losses of inventories	0.00	0.00		0.00
Selling expenses (Note 5.30)	13,724,840.81	5,026,550.68	17,004.00	50,850.11
Administrative expenses	57,543,188.73	46,724,392.66	22,931,856.80	19,704,508.89
Financial expenses (Note 5.21)	16,113,639.77	4,840,082.82	6,350,332.16	4,044,271.53
Ⅲ. Operating profit	12,909,078.62	8,949,271.46	-20,737,415.49	-16,892,006.38
Add: Investment income (Note 5.32)	1,572,328.69	1,098,755.42	29,223,306.70	24,620,673.13
Subsidy income	0.00	0.00	0.00	0.00
Non-operating income (Note 5.33)	843,128.21	618,731.24	44,684.72	0
Less: Non-operating expenses (Note 5.34)	505,624.34	236,721.02	67,168.98	
Ⅳ.Total profit:	**14,818,911.18**	**10,430,037.10**	**8,463,406.95**	**7,728,666.75**
Less: Income tax	6,355,504.23	2,701,370.35	0.00	0.00
Minority interests			0.00	0.00
Ⅴ. Net profit	**8,463,406.95**	**7,728,666.75**	**8,463,406.95**	**7,728,666.75**
Add: Retained earnings at the year-beginning	(527,359,912.01)	(604,361,743.45)	(526,288,912.01)	(604,361,743.45)
Surplus reserve transferred-in	0.00	0.00	0.00	0.00
Ⅵ.Profit available for distribution:	**(518,896,505.06)**	**(596,633,076.70)**	**(517,825,505.06)**	**(596,633,076.70)**
Less: Statutory surplus reserve	0.00	0.00	0.00	0.00
Statutory public welfare reserve	0.00	0.00	0.00	0.00

Ⅶ. Profit available for distribution to shareholders	(518,896,505.06)	(596,633,076.70)	(517,825,505.06)	(596,633,076.70)
Less: dividend for preferred shares payable	0.00	0.00	0.00	0.00
Discretionary reserves	0.00	0.00	0.00	0.00
Dividends for ordinary shares	0.00	0.00	0.00	0.00
Dividends for ordinary shares converted to share capital	0.00	0.00	0.00	0.00
Ⅷ. Retained earnings	(518,896,505.06)	(596,633,076.70)	(517,825,505.06)	(596,633,076.70)

ShenZhen Properties & Resources Development (Group) Ltd.
Supplemental Information of Income Statement
Jan.-Jun. 2004

No.	Items	Consolidated statement		Statement of parent company	
		Accumulative amount in the year	Factual amount in the last year	Accumulative amount in the year	Factual amount in the last year
1	Profit from selling or disposing branch or investee				
2	Losses from natural disaster				
3	Increase (or decrease) in total profit due to the changes of accounting policies				
4	Increase (or decrease) in total profit due to the changes of accounting estimation				
5	Loss on debts restructure				
	Others				

7.3 Notes to financial report

7.3.1 The Company implemented Accounting Standards for Business Enterprises and Accounting System for Business Enterprises and supplemental regulations. The accounting policies adopted in the report period were the same as the accounting policies adopted in financial report for 2003. In the report period, there was no change in accounting estimate and correction in accounting error.

7.3.2 The scope of consolidated statements of the Company changed in the report period, i.e. Huangcheng Property Management Co., Ltd. was newly increased.

7.3.3 The financial report of the Company was not audited in the report period.

Board of Directors of
ShenZhen Properties & Resources Development (Group) Ltd.
Aug. 14, 2004