SHENZHEN PROPERTIES & RESOURCES DEVELOPMENT (GROUP) LTD.
SEMI-ANNUAL REPORT 2004

August 14, 2004

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.

Contents

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
   Securities Affairs Representative: 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

Items	At the end of this report period	At the period-end of last year	Increase/decrease at the end of this report period compared with the year-beginning （%）
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. Items of non-recurring gains and losses

Unit: RMB

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

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.	

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, particulars about the Company's top ten shareholders and the top ten shareholder 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**
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	

1. Shenzhen 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.
2. During the report period, the controlling shareholder and actual controller of the Company remained unchanged.

Section IV. Particulars about 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 change in personnel of management team in the report period
1. In the report period, the 4th Board of Directors and the 4th Supervisory Committee has expired, according to the relevant regulations of Company Law and Articles of Association of the Company, the Company elected the members of the 5th Board of Directors and the 5th Supervisory Committee in Annual Shareholders' General Meeting held on June 28, 2004.
The members of the 5th Board of Directors:
Director: Tian Chenggang, Fang Yibing, Guo Yuanxian, Wang Huimin, Li Zhen, Zha Shengming, Yang Shuncheng and He Wenhua
Independent Director: Jiang Changlong, Zhang Jianjun and Kong Yuquan
The members of the 5th Supervisory Committee:
Cao Ziyang, Tong Qinghuo, Liu Jiake, Ma Deqin and Jin Chenggui
2. During the report period, the 1st meeting of the 5th Board of Directors was held on June 28, 2004, Mr. Tian Chenggang was unanimously elected as Chairman of the Board, and Ms. Guo Yumei was engaged as Secretary of the Board.
3. During the report period, the 1st meeting of the 5th Supervisory Committee was held on June 28, 2004, Mr. Cao Ziyang was unanimously elected as Chairman of the Supervisory Committee.

Section V. Discussions and Analysis of the Management

(I) Analysis of the financial and operating situation
In the report period, the Company accomplished income from main operations amounting to RMB 259,275,868.71, an increase of 3.77% over the same period of last year; profit from main operations amounting to RMB 100,869,587.82, an increase of 51.98% over the same period of last year; realized net profit amounting to RMB 8,463,406.95, an increase of 9.51% over the same period of last year.

Ended June 30, 2004, the total assets was RMB 2,480,260,817.33, an increase of 1.77% compared with that at the beginning of the year, and the shareholders' equity was RMB 482,686,119.92, an increase of 1.78% compared with that at the beginning of the year.

1. Changes in income from main operations, profit from main operations, net profit and cash and cash equivalents compared with that of the corresponding period of last year and reasons of changes:

Unit: RMB

Items	Jan.-June 2004	Jan.-June 2003	Increase/decrease (%)
Income from main operations	259,275,868.71	249,851,393.54	3.77
Profit of main operations	100,869,587.82	66,371,560.24	51.98
Net profit	8,463,406.95	7,728,666.75	9.51
Net increase in cash and cash equivalents	-83,756,207.05	18,103,353.27	

Explanation on reasons of changes:

① Income from main operations: It increased by 3.77% compared with the corresponding period of the last year, which was because that the sales of real estate development projects increased slightly over the same period of last year, compared with the first half year of 2003.

②Profit of main operations and net profit increased over the same period of last year, which was because that income from main operations increased over the same period of last year and the cost decreased due to reinforcement of cost control.

③Net increase in cash and cash equivalents decreased over the same period of last year, which was due to loan refund in the report period.

2. Changes in total assets, shareholders' equity and other items compared with that at the beginning of the year and reasons of changes:

Unit: RMB

Items	June 30, 2004	Dec. 31, 2003	Increase/decrease (%)
Total assets	2,480,260,817.33	2,437,227,899.69	1.77
Accounts receivable	128,293,882.63	128,973,487.03	-0.53
Other receivables	329,302,288.71	324,055,677.58	1.62
Inventories	1,691,269,631.74	1,559,248,866.38	8.47
Long-term investments	189,944,921.07	193,122,592.38	-1.65
Fixed assets	415,947,345.26	415,182,059.30	0.18
Shareholders' equity (excluding minority interests)	482,686,119.92	474,222,712.97	1.78

Main reasons of changes:

①Total assets: It increased due to the increase in inventories in the report period.

②Accounts receivable and other receivables had no great change over the beginning of the year.

③Inventories increased which was mainly due to increase in investment to real estate projects in the report period.

④Long-term investment decreased, which was because that Huangcheng Property Company, a subsidiary of the Company, was newly increased in the accounting

statements.
⑤Fixed assets had no great change over the beginning of the year.
⑥Shareholders' equity: It increased due to the increase of profits in the report period.

(II) Operation in the report period

1. Scope of main operations and its operation:

The Company is large real estate specialty company with the main operations 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 main operations in the first half of the year was RMB 259 million and the profit of main operations was RMB 14.82 million.

Main projects of real estate:

①Huangyuyuan B

Huangyuyuan B was formally available in Dec. 2003 with construction area amounting to 220,000 sq. m.. Since its quotation opening, the Company continued to push many promotion measures so as to gain the market. In the first half of the year, totally 34,300 sq. m. was sold out.

②Project of Junfeng Lishe (original City Golden Castle)

Junfeng Lishe project, with a construction area of 159,000 sq. m., was accomplished and started to be sold formally at the end of 2003. This project was planned to the first hillside ecotypic community, directionally facing to the white-collar class buying houses in the first time. The feature of the planning was to pursue integrity and to care about utility. In the first half of the year, the Company accomplished development investment amounting to RMB 160 million and the sales area reached 46,400 sq. m..

③Project of Shanghai Garden City V

The construction area of Shanghai Garden City V was 57,000 sq. m.. The market direction of this project was still with the young workers whose incomes are in middle as the core. The Company overcame such disadvantageous factors as location and traffic through making boon as the topic and attached importance to indoor flat planning and design to environment in the community so as to strive for creating a middle-class refined housing community with good environment, convenient use, elegant style in construction and modern atmosphere of city culture. The Company accomplished development investment of real estate amounting to RMB 19.98 million in the first half of the year.

Sales income, sales cost and gross profit ratio of main products whose income from main operations or total profit from main operations was over 10% was as follows:

Unit: RMB'000

Industries	Income from main operations	Cost of main operations	Gross profit ratio	Increase/decrease in income from main operations over the last year (%)	Increase/decrease in cost of main operations over the last year (%)	Increase/decrease in gross profit ratio over the 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.

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		30630	Proportion in net profit of listed companies	362.06%
Share-holding companies	Business scope	Development, construction, operation and management of auxiliary commercial service facilities of Huanggang Port		
	Net profit	30630		

② Unit: RMB'000

Names of share-holding companies		Shenzhen International Trade Auto Industrial Company		
Investment earnings contributed in the period		1370	Proportion in net profit of listed companies	16.19%
Share-holding companies	Business scope	Automobile passenger transport and automobile lease		
	Net profit	1370		

3. Problems and difficulties in the operation:

In the recent years, the Company did lots of hard and fruitful work and made great progress in such aspects as settling historical burdens, improving financial position, optimizing industrial structure, increasing operating benefits and standardizing the administration of the Company etc.. However, due to historical reasons, there still exist such outstanding problems as relatively high debt rate, loan refund, relatively weak running capability and urgency in strengthening comprehensive competition in the industry etc. at present. After the State Council promulgated Circular on Pushing the Sustainable and Healthy Development in Real Estate Market at the end of year 2003, in the report period, the State implemented macro-control to those excessively hot industries in national economy and adopted constrictive regulation to the credit business of real estate, both of which would impact deep and long influence on the real estate industry and enterprises in it. Based on judge to itself and the market, the Company, as an enterprise with development experience of real estate for over 10 years, would continue to stick to the development strategy with real estate as main operation and actively seek for various measures in the development based on well doing the project running such as Huangyuyuan, Junfeng Lishe and Shanghai Garden City etc. so as to further settle itself problems and fully enhance the enterprise management quality and competitive force.

(III) Investment in the report period

Unit: RMB'000

Name of project	Amount of project	Progress of project	Earnings of project
Junfeng Lishe	160000	Has been covered in peak completely and being equipment installation and decoration in outside walls	18～22%
Shanghai Garden City V	19980	To be completed and available soon	
Total	179980		

(IV) In 2003 financial auditing of the Company, Wuhan Zhonghuan Certified Public

Accountants produced auditing opinion with interpretative explanation. Such six lawsuits and guarantees as the case of “Haiyi Company” involved in the interpretative explanation had no change in the report period.

Section VI. Significant Events

(I) Corporate governance

In the report period, the Company passed Proposal on Amending Rules of Procedure of Shareholders’ General Meeting and Proposal on Amending the Articles of Association in the Annual Shareholders’ General Meeting and implemented accumulative voting system in the election of directors and supervisors so as to further improve such internal control system as external guarantee of financing capital, strengthen the management on investors’ relationship and continue to push the level of administration of the Company.

In the report period, according to relevant regulations in management of state-owned assets in Shenzhen, the Company should strictly implement property representative reporting system and report property representative report to the controlling shareholder for material decisions. The controlling shareholder did not interfere in the production and operation of the Company directly.

(II) Profit distribution and implementation

1. According to the resolutions of Annual Shareholders’ General Meeting 2003, the net profit realized in 2003 was used to offset the losses of the previous years.

2. The net profit realized by the Company in the report period was RMB 8,463,406.95. Since there was still some losses amounting to RMB-518,896,505.06 not offset ended June 30, 2004, 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. 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.

(IV) Sales of assets

In the report period, the Company had no acquisition, sales and restructure of material assets.

(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 2004, the engineering account amounting to RMB 107.70 million had been paid.

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, 2004, the paid engineering payments amounted to RMB 163,001,805.70.

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) No material guarantees newly increased in the report period
1. For the guarantee provided by the Company for "Gintian Company", please refer to "Gintian Case" stated in Item 2 of Note 8 in Semi-annual Report 2004.
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, 2004, the guarantee amount that still had not been settled totally amounted to RMB 827.47 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, according to the requirements in Circular on Standardizing Capital Current Between Listed Company and Related Parties and External Guarantees of Listed Company promulgated by China Securities Regulatory Commission (ZJF [2003] No. 56 Document), the Company's explanation on capital occupied by its controlling shareholder was as follows:
Ended Jun. 30, 2004, the Company's controlling shareholder accumulatively occupied the capital of the Company amounting to RMB 6,784,280. After active negotiation between the controlling shareholder and the Company, Shenzhen Construction Investment Holding Company, the controlling shareholder, expressed that it would settle the said problem before the end of Aug. 2004.

Independent opinion of Independent Directors Zhang Jianjun, Jiang Changlong and Kong Yuquan on the external guarantees of the Company accumulatively and in the current period and implementing ZJF [2003] No. 56 document:

As independent directors of Shenzhen Properties & Resources Development (Group) Ltd., we express the independent opinion as follows according to the requirements in Circular on Standardizing Capital Current Between Listed Company and Related Parties and External Guarantees of Listed Company promulgated by China Securities Regulatory Commission:

About capital occupied by related parties:
Ended Jun. 30, 2004, the Company's controlling shareholder accumulatively occupied the capital of the Company amounting to RMB 6,784,280. After active negotiation between the controlling shareholder and the Company, Shenzhen Construction Investment Holding Company, the controlling shareholder, expressed that it would settle the said problem before the end of Aug. 2004.

About material loan guarantees:
1. The guarantee provided by the Company for "Gintian Company" has been disclosed for several times. For its progress in the report period, please refer to "Gintian Case" stated in Item 2 of Note 8 in Semi-annual Report 2004.
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, 2004, the guarantee amount that still had not been settled totally amounted to RMB 827.47 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.

Section VII. Financial Report (unaudited)

Balance Sheet

Company: Shenzhen Properties & Resources Development (Group) Ltd.
Date： Jun. 30. 2004 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	182,867,713.59	266,623,920.64	31,335,769.94	35,378,358.55
Short-term investment	5.2	14,186,723.45	14,186,723.45	2,468,182.16	2,468,182.16
Notes receivable					
Dividends receivable					
Accounts receivable	5.3（1）	71,560,307.88	72,239,912.28	67,207,703.64	66,834,239.64
Accounts paid in advance	5.4	4,794,046.80	13,848,347.77	1,859,405.22	969,007.16
Others receivable	5.3（2）	171,003,141.20	165,756,530.07	246,595,340.38	232,166,983.34
Inventory	5.5	1,556,347,658.71	1,422,357,820.15	376,649,044.22	269,040,554.30
Expense to be apportioned	5.6	1,120,419.67	94,241.97	1,008,203.16	
Long-term credit investment due within 1 year					
Other current assets					
Total current assets		2,001,880,011.30	1,955,107,496.33	727,123,648.72	606,857,325.15
Long-term investment					

Long-term equity investment	5.7	108,799,568.99	111,977,240.30	427,717,243.63	398,493,936.93
Long-term credit investment					
Total long-term investment		108,799,568.99	111,977,240.30	427,717,243.63	398,493,936.93
Fixed assets					
Original price of fixed assets	5.8	415,947,345.26	415,182,059.30	323,517,772.51	323,441,177.51
Less: accumulated depreciation	5.8	128,998,237.33	125,007,479.55	95,107,315.06	88,928,775.23
Net value of fixed assets		286,949,107.93	290,174,579.75	228,410,457.45	234,512,402.28
Provision for devaluation of fixed assets	5.8				
Net amount of fixed assets					
Engineering material					
Construction in progress					
Disposal of fixed assets	5.9	50,359.88	-273,000.00		
Total fixed assets		286,999,467.81	289,901,579.75	228,410,457.45	234,512,402.28
Intangible and other assets:					
Intangible assets	5.10	74,273,285.93	75,226,345.15		
Long-term expenses to be apportioned	5.11	486,039.00	3,000.00		
Other long-term assets					
Total intangible and other assets		74,759,324.93	75,229,345.15		
Deferred taxes-debit item					
Deferred taxes-debit item	5.12	7,822,444.30	5,012,238.16		335,518.26
Total assets		**2,480,260,817.33**	**2,437,227,899.69**	**1,383,251,349.80**	**1,240,199,182.62**

Balance Sheet (Con.)

Company: Shenzhen Properties & Resources Development (Group) Ltd.
Date: Jun. 30, 2004 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	5.13	526,000,000.00	707,500,000.00	453,000,000.00	527,500,000.00
Notes payable	5.14		50,500,000.00		
Account payable	5.15	338,629,008.36	343,889,474.03	44,799,180.39	45,511,150.07
Accounts received in advance	5.16	455,762,910.45	237,509,511.40	112,054,053.33	22,677,148.83
Other payable	5.19	156,869,547.69	137,412,863.72	49,157,604.13	55,429,903.73
Wage payable		783,420.00	722,241.95	311,090.00	
Welfare funds payable		11,354,089.99	10,398,538.78	871,535.96	1,050,646.45
Taxes payable	5.17	12,701,951.01	56,845,070.63	5,956,480.94	6,390,714.12
Dividends payable					
Other unpaid accounts	5.18	-224,742.45	76,486.46	38,353.66	39,974.98
Accrued expenses	5.20	57,388,724.31	0,664,568.59	56,303,627.40	56,303,627.40
Projected liabilities	5.21	50,002,304.07	50,002,304.07	50,002,304.07	50,002,304.07
Long-term liabilities due within 1 year	5.22	29,000,000.00	70,000,000.00		
Other current liabilities					
Total current liabilities		1,638,267,213.43	1,735,521,059.63	772,494,229.88	764,905,469.65
Long-term liabilities					
Long-term loans	5.23	257,000,000.00	130,000,000.00	127,000,000.00	
Bonds payable					
Long-term accounts payable					
Special accounts payable					
Other long-term liabilities	5.24	102,307,483.98	97,484,127.09		
Total long-term liabilities		359,307,483.98	227,484,127.09	127,000,000.00	
Deferred taxes-credit item					
Deferred taxes-credit item					
Total liabilities	56	1,997,574,697.41	1,963,005,186.72	899,494,229.88	764,905,469.65
Minority interests					
Minority interests					
Shareholders' equity					
Share capital	5.25	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	5.26	396,864,322.87	396,864,322.87	396,864,322.87	396,864,322.87
Surplus public reserve	5.27	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	5.28	(518,896,505.06)	(527,359,912.01)	(517,825,505.06)	(526,288,912.01)
Difference balance in conversion of foreign currency					
Total shareholders' equity of the Company		482,686,119.92	474,222,712.97	483,757,119.92	475,293,712.97
Total shareholders' equity		482,686,119.92	474,222,712.97	483,757,119.92	475,293,712.97
Total liabilities and shareholders' equity		**2,480,260,817.33**	**2,437,227,899.69**	**1,383,251,349.80**	**1,240,199,182.62**

Statement of Profit and Profit Distribution

Company: Shenzhen Properties & Resources Development (Group) Ltd.
(Jan.-Jun.2004) 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 5.29）	259,275,868.71	249,851,393.54	15,509,881.51	13,359,312.21
Less: Discount and allowance				
Net income from core business	259,275,868.71	249,851,393.54	15,509,881.51	13,359,312.21
Less: Cost of core business （note 5.30）	146,269,878.90	172,237,341.63	6,141,590.33	5,756,852.06
Taxes and extras of core business （note 5.21）	12,136,401.99	11,242,491.67	806,513.71	694,836.00
II. Profit from core business	100,869,587.82	66,371,560.24	8,561,777.47	6,907,624.15
Add: Profit from other business lines (note 5.32)	-578,839.89	-831,262.62		
Less: Losses on price falling of inventory				
Operating expenses	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 5.33）	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 5.34)	1,572,328.69	1,098,755.42	29,223,306.70	24,620,673.13
Subsidy income				
Non-operating income（note 5.35）	843,128.21	618,731.24	44,684.72	
Less: Non-operating expenditure （note 5.36）	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 profit at the begin of the year	(527,359,912.01)	(604,361,743.45)	(526,288,912.01)	(604,361,743.45)
Transferring into surplus public reserve	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: 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:	**(518,896,505.06)**	**(596,633,076.70)**	**(517,825,505.06)**	**(596,633,076.70)**
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	**(518,896,505.06)**	**(596,633,076.70)**	**(517,825,505.06)**	**(596,633,076.70)**

Shenzhen Properties & Resources Development (Group) Ltd.
Supplement Information of Statement of Profit
Jan.-Jun. 2004

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

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

(Jan.-Jun., 2004) Unit: RMB

Items	The Group	The Company
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	487,032,517.76	105,100,551.41
Rebated tax received	11,833.00	
Other cash received concerning operating activities (Note 5.37)	41,081,997.16	133,077,327.59
Subtotal of cash inflows	**52 8,126,347.92**	**238,177,879.00**
Cash paid for purchasing commodities and receiving labor service	225,955,255.26	105,684,330.43
Cash paid to / for staff and workers	52,840,842.36	17,030,434.15
Taxes paid	73,085,218.84	5,525,396.76
Other cash paid concerning operating activities (Note 5.38)	84,357,744.51	170,084,617.27
Subtotal of cash outflows	**436,239,060.97**	**298,324,778.61**
Net cash flows arising from operating activities	**91,887,286.95**	**-60,146,899.61**
II. Cash flows arising from investing activities:		
Cash received from recovering investment	304,279.54	300,000.00
Cash received from investment income	13,699,512.77	13,527,972.77
Net cash received from disposal of fixed, intangible and other long-term assets	127,000.00	
Other cash received concerning investing activities		
Subtotal of cash inflows	14,130,792.31	**13,827,972.77**
Net cash paid for purchasing fixed, intangible and other long-term assets	8,889,895.40	
Cash paid for investment		
Other cash paid concerning investing activities		
Subtotal of cash outflows	**8,889,895.40**	
Net cash flows arising from investing activities	**5,240,896.91**	**13,827,972.77**
Ⅲ. Cash flows arising from financing activities		
Cash received by absorbing investment	5,000,000.00	
Cash received from loans	150,635,889.00	150,000,000.00
Other cash received concerning financing activities	256,216.09	
Subtotal of cash inflows	**155,892,105.09**	**150,000,000.00**
Cash paid for settling debts	316,000,000.00	97,500,000.00
Cash paid for dividends and profit distributing or interest paying	20,580,093.34	10,120,778.90
Other cash paid concerning financing activities	196,402.66	102,882.87
Subtotal of cash outflows	**336,776,496.00**	**107,723,661.77**
Net cash flows arising from financing activities	**-180,884,390.91**	**42,276,338.23**
IV. Influence of fluctuation in exchange rate on cash		
V. Net increase of cash and cash equivalents	**-83,756,207.05**	**-4,042,588.61**

Note:

Supplement information	The Group	The Company
1. Investing and financing activities involving no cash incomings / outgoings:		
Debts repaid with fixed assets		
Debts repaid with investment		

Long-term investment made with fixed assets		
Debts repaid with inventories		
2. Adjusting net profit to cash flows for operating activities:		
Net profit	**8,463,406.95**	**8,463,406.95**
Add: allotment of provision for bad debts or reselling of bad debts		
Minority interests		
Depreciation of fixed assets	**9,564,724.54**	**6,178,251.24**
Amortization of intangible assets	**953,059.22**	
Amortization of long-term expenses to be apportioned	**40,530.00**	
Decrease of expenses to be apportioned (Less: increase)	**-1,015,429.59**	**-1,008,203.16**
Increase of accrued expenses (Less: decrease)	**-13,223,617.28**	
Loss on disposal of fixed, intangible and other long-term assets (Less: income)	**-188,574.26**	**-22,484.26**
Losses on rejection of fixed assets		
Financial expense	**16,113,639.77**	**6,350,332.16**
Investment loss (Less: income)	**1,572,328.69**	**-29,223,306.70**
Deferred taxes – credit item (-: debit item)	**-7,822,444.30**	
Decrease of inventory (Less: increase)	**-126,365,196.35**	**-107,608,489.92**
Decrease of receivables in operating (Less: increase)	**-63,990,544.24**	**-15,692,219.10**
Increase of payables in operating (Less: decrease)	**190,639,079.85**	**82,392,635.22**
Other	**77,146,323.95**	**-9,976,822.04**
Net cash flows arising from operating activities	**91,887,286.95**	**-60,146,899.61**
3. Net increase of cash and cash equivalents:		**0.00**
Balance of cash at the end of the period	**182,867,713.59**	**31,335,769.94**
Less: Balance of cash at the begin of the period	**266,623,920.64**	**35,378,358.55**
Add: Balance of cash equivalents at the end of the period		**0.00**
Less: Balance of cash equivalents at the begin of the period		**0.00**
Net increase of cash and cash equivalents	**-83,756,207.05**	**-4,042,588.61**

Subsidiary Statement of Consolidation Provision for Devaluation of Assets

Jun. 30, 2004 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	215,032,722.26					215,032,722.26
Including: Account receivable	56,733,574.75					56,733,574.75
Other receivable	158,299,147.51					158,299,147.51
II. Total of provision for falling price of short-term investment	10,877,091.64					10,877,091.64
Including: Stocks investment	10,877,091.64					10,877,091.64
Bonds investment						
III. Total of provision for falling price of inventory	136,891,046.23			1,969,073.20	1,969,073.20	134,921,973.03
Including: Raw material	3,077,504.90			1,969,073.20	1,969,073.20	1,108,431.70
Merchandise inventory	34,646.00					34,646.00
Land planning to develop	84,240,964.29					84,240,964.29
Work in progress						
Finished product	49,537,931.04					49,537,931.04
IV. Total of provision for devaluation of long-term investment	81,145,352.08					81,145,352.08
Including: Long-term equity investment	81,145,352.08					81,145,352.08
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, 2004 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	186,045,865.09					186,045,865.09
Including: Account receivable	51,860,241.00					51,860,241.00
Other receivable	134,185,624.09					134,185,624.09
II. Total of provision for falling price of short-term investment	4,201,850.29					4,201,850.29
Including: Stocks investment	4,201,850.29					4,201,850.29
Bonds investment						
III. Total of provision for falling price of inventory	76,921,702.01					76,921,702.01
Including: Raw material						
Merchandise inventory	1,400,000.00					1,400,000.00
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	68,157,923.78					68,157,923.78
Including: Long-term equity investment	68,157,923.78					68,157,923.78
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:

Section VIII. Documents Available for Reference

(I) Text of semi-annual report with the signature of Chairman of the Board;
(II) Financial statements carried with signatures and seals of Legal Representative, Person in charge of accounting work and Person in charge of accounting institution;
(II) Originals and manuscripts of documents of public notices disclosed in the designated media by CSRC in the report period;
(IV) Original of the Articles of the Association.

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