# SHENZHEN TELLUS HOLDING CO., LTD.
# SUMMARY OF SEMI-ANNUAL REPORT 2004

## §1. Important Notice

1.1 The Board of Directors of Shenzhen Tellus Holding Co., Ltd. (hereinafter referred to as the Company) and its directors individually and collectively accept responsibility for the correctness, accuracy and completeness of the contents of this report and confirm that there are no material omissions or errors which would render any statement misleading.

The 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 No director stated that he (she) could not ensure the correctness, accuracy and completeness of the contents of the Semi-annual Report or have objection for this report.

1.3 Director Guo Dongri asked for leave due to some matters.

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

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

## §2. Company Profile

2.1 Basic information

| | | |
|---|---|---|
| Short form of the stock | ST Tellus A, ST Tellus B | |
| Stock code | 000025, 200025 | |
| Listed stock exchange | Shenzhen Stock Exchange | |
| | **Secretary of the Board** | **Securities Affairs Representative** |
| Name | Ren Yongjian | Li Mingjun |
| Contact address | 3/F, Tellus Bldg., No. 56 of Shui Bei Er Road, Luohu District, Shenzhen | 3/F, Tellus Bldg., No. 56 of Shui Bei Er Road, Luohu District, Shenzhen |
| Telephone | (86) 755-25536888-388 | (86) 755-25536888-351 |
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| E-mail | szryj@tom.com | szlmj@tom.com |

2.2 Major financial data and indexes

2.2.1 Major accounting data and financial indexes

Unit: RMB

| 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 | 653,117,678.27 | 744,066,875.38 | -12.22% |
| Current liabilities | 924,694,917.09 | 1,016,972,318.76 | -9.07% |
| Total assets | 1,180,293,595.18 | 1,274,704,955.23 | -7.41% |
| Shareholders' equity (excluding minority interests) | 208,806,513.67 | 211,162,165.06 | -1.12% |
| Net assets per share | 0.95 | 0.96 | -1.15% |
| Net assets per share after adjustment | 0.07 | 0.02 | 179.17% |
| **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 | -2,931,330.65 | -3,509,940.66 | -- |
| Net profit after deducting non-recurring gains and losses | -3,333,822.34 | -2,703,860.50 | -- |
| Earnings per share | -0.01 | -0.02 | -- |
| Earnings per share (It will be calculated based on new share capital if share capital is changed) | -0.01 | — | — |
| Return on equity% | -1.40 | -1.70 | +0.30 |
| Net cash flow arising from operating activities | -83,725,379.44 | 72,499,505.48 | -215.48% |

2.2.2 Items of non-recurring gains and losses

√Applicable □Inapplicable

Unit: RMB

| Items of deducting non-recurring gains and losses | Amount |
|---|---|
| Non-operating income | 424,514.81 |
| Non-operating expenses | 22,023.12 |
| Total | 402,491.69 |

2.2.3 Difference between CAS and IAS:

□Applicable √Inapplicable

## §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

Unit: Share

| Total shareholders at the end of report period | 15,352 | | | | | |
|---|---|---|---|---|---|---|
| Particulars about shares held by the top ten shareholders | | | | | | |
| **Full Name of Shareholder** | **Increase / decrease in the report period** | **Holding shares at the period-end (share)** | **Proportion (%)** | **Type of shares (Circulating or non-circulating)** | **Number of share pledged or frozen** | **Nature of shareholders (state-owned shareholder or foreign shareholder)** |
| Shenzhen Special Economic Zone Development (Group) Company | 0 | 159,588,000 | 72.45 | Non-circulating | 0 | State-owned shareholder |
| ZHUANG XIN JIAN | Unknown | 556,500 | 0.25 | Circulating | Unknown | Foreign shareholder |
| WANG FU CHANG | Unknown | 330,000 | 0.15 | Circulating | Unknown | Foreign shareholder |
| DBS VICKERS (HONG KONG) LTD A/C CLIENTS | Unknown | 261,100 | 0.12 | Circulating | Unknown | Foreign shareholder |
| LIU ZI XIAN | Unknown | 248,087 | 0.11 | Circulating | Unknown | Foreign shareholder |
| RAO YONG FENG | Unknown | 200,000 | 0.09 | Circulating | Unknown | Foreign shareholder |
| MEI ZHENG SHUI | Unknown | 197,000 | 0.09 | Circulating | Unknown | Foreign shareholder |
| WANG BING BING | Unknown | 190,800 | 0.09 | Circulating | Unknown | Foreign shareholder |
| XIE YI XIN | Unknown | 183,235 | 0.08 | Circulating | Unknown | Foreign shareholder |
| ZHANG YUE XIANG | Unknown | 181,200 | 0.08 | Circulating | Unknown | Foreign shareholder |

| Particulars about shares held by the top ten shareholders of circulation share | | |
|---|---|---|
| **Shareholder's name and nature** | **Circulation share held at the period-end** | **Type of share (A-share, B-share, H-share and other)** |
| ZHUANG XIN JIAN | 556,500 | A-share |
| WANG FU CHANG | 330,000 | B-share |
| DBS VICKERS (HONG KONG) LTD A/C CLIENTS | 261,100 | B-share |
| LIU ZI XIAN | 248,087 | A-share |
| RAO YONG FENG | 200,000 | A-share |
| MEI ZHENG SHUI | 197,000 | A-share |
| WANG BING BING | 190,800 | A-share |
| XIE YI XIN | 183,235 | A-share |
| ZHANG YUE XIANG | 181,200 | B-share |
| LIN XIU LUAN | 175,821 | B-share |
| Explanation on associated relationship among the top ten shareholders or consistent action | The Company is unknown whether there exists associated relationship or whether they belong to the consistent actionist or not. | |
| Explanation on the appointed period of holding shares which strategic investor or general legal person participates in the allotment of new shares | Shareholders' name | Appointed period of holding share |
| | Naught | Naught |

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

Unit: Share

| Name | Title | Number of holding shares at the period-begin | Number of holding shares at the period -end | Reason for change |
|---|---|---|---|---|
| Hu Xiaozheng | Supervisor | 0 | 500 | Buying |

## §5. Discussion and Analysis of the Management

5.1 Statement of main operations and products classified according to industries

Unit: RMB’0000

| 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 (%) |
|---|---|---|---|---|---|---|
| Other social service industry | 4,136.12 | 3,186.13 | 22.97 | -9.00 | -12.00 | 2.92 |
| Other wholesaling and retailing trade | 57,456.29 | 55,259.94 | 3.82 | 9.00 | 11.00 | -1.20 |
| Leasing service industry | 2,441.44 | 755.52 | 69.05 | 8.00 | 23.00 | 1.20 |
| Other real estate industry | 1,682.79 | 964.97 | 42.66 | 533.95 | 2,041.27 | |
| Including: related transactions | 0.00 | 0.00 | -- | | | |

| Products | 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 (%) |
|---|---|---|---|---|---|---|

| | | | | (%) | | |
|---|---|---|---|---|---|---|
| Automobile examination and maintenance | 4,136.12 | 3,186.13 | 22.97 | -9.00 | -12.00 | 2.92 |
| Automobile trade | 57,456.29 | 55,259.94 | 3.82 | 9.00 | 11.00 | -1.20 |
| Lease service | 2,441.44 | 755.52 | 69.05 | 8.00 | 23.00 | 1.20 |
| Real estate industry | 1,682.79 | 964.97 | 42.66 | 533.95 | 2,041.27 | |
| Including: related transactions | 0.00 | 0.00 | -- | | | |
| Pricing principle of related transaction | No | | | | | |

Including: in the report period, the total amount of related transaction of the listed company selling products to controlling shareholders and its subsidiaries was RMB .

5.2 Particulars about main operations classified according to areas

√Applicable □Inapplicable

| District | Income from core business | Increase/decrease of the income from core business over the same period of last year (%) |
|---|---|---|
| Shenzhen | 65,716.64 | 11.00 |

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)

□Applicable √Inapplicable

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

## §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'0000

| 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) |
|---|---|---|---|---|---|---|
| Jintian Industry (Group) Co., Ltd. | Aug. 1, 1997 | 1,656.00 | Joint guarantee | Aug. 1, 1997- Aug. 1, 1998 | No | No |

| | |
|---|---|
| Total amount of guarantees | 0.00 |
| Total balance of guarantees | 5,256.00 |
| Including: total balance of related guarantees | 3,600.00 |
| Total illegal guarantees | 3,600.00 |
| Proportion of total guarantees in net assets of the Company | 24.89% |
| Total guarantees provided by the listed company to its controlling subsidiaries | 0.00 |

6.3 Current related credits and liabilities

√Applicable ☐Inapplicable

| Related parties | Related relationship | Provision of capital to related parties | | Provision of capital by related parties to listed companies | |
|---|---|---|---|---|---|
| | | Accrued amount | Balance | Accrued amount | Balance |
| Shenzhen Special Economic Zone Development (Group) Company | Controlling Shareholder | -60.00 | 14,868.66 | -100.00 | 5,289.74 |

| | | | | | |
|---|---|---|---|---|---|
| SDG Swan Industrial Company | Legal person controlled by the controlling shareholder | 46.08 | 2,224.77 | 0.00 | 0.00 |
| Shenzhen Machinery Equipment Import &Export Company | Legal person controlled by the controlling shareholder | 1.93 | 483.04 | 0.00 | 0.00 |
| Hong Kong Yujia Investment Co., Ltd. | Legal person controlled by the controlling shareholder | -21.02 | 0.00 | 0.00 | 0.00 |
| Shenzhen Telongfa Industrial Co., Ltd. | Legal person controlled by the controlling shareholder | 0.00 | 55.49 | 0.00 | 845.04 |
| Tellus (Jinbian) Development Co., Ltd. | Legal person controlled by the controlling shareholder | 3.08 | 32.97 | 0.00 | 0.00 |
| Shenzhen Tellus Real Estate Yueyang Company | Legal person controlled by the controlling shareholder | 1.10 | 23.05 | 0.00 | 0.00 |
| Construction Supervision Co., Ltd. of SDG Development Center | Legal person controlled by the controlling shareholder | 0.00 | 0.00 | 0.00 | 600.00 |
| Shenzhen Longgang Tellus Real Estate Company | Legal person controlled by the controlling shareholder | 0.00 | 0.00 | 0.00 | 109.57 |
| Shenzhen Tellus Yangchun Real Estate Company | Legal person controlled by the controlling shareholder | 0.00 | 0.00 | 0.00 | 25.60 |
| Total | | -28.83 | 17,687.98 | -100.00 | 6,869.95 |

6.4 Material lawsuits and arbitrations

√Applicable ☐Inapplicable

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

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

☐Applicable √Inapplicable

## §7. Financial Report

7.1 Auditing opinion

| Financial Report | √ Non-audited ☐ Audited |
|---|---|
| Auditing opinion | ☐Unqualified ☐Qualified √ Non-audited |
| Full text of auditing opinion | |
| | |

7.2 Income statement of comparative consolidation and parent company

Income Statement (Domestic Statement)

Prepared by Shenzhen Tellus Holding Co., Ltd.

Unit: RMB

| Items | This period | | The same of last year | |
|---|---|---|---|---|
| | Consolidated | Parent Company | Consolidated | Parent Company |
| Ⅰ. Income from main operations | 657,166,444.94 | 6,697,567.82 | 603,786,971.53 | 6,817,467.37 |
| Less: Cost of main operations | 601,665,562.44 | 1,765,523.39 | 543,690,192.70 | 1,390,731.71 |
| Business and related taxes | 2,820,159.86 | 348,273.52 | 1,774,912.88 | 354,508.29 |
| Ⅱ. Profit from main operations (Loss is listed with "-") | 52,680,722.64 | 4,583,770.91 | 58,321,865.95 | 5,072,227.37 |
| Add: Other operating profit (Loss is listed with "-") | 1,126,758.52 | -56,359.16 | 1,843,810.61 | |
| Less: Selling expenses | 20,832,994.55 | | 20,789,041.12 | |
| Administrative expenses | 26,795,724.44 | 8,804,681.43 | 30,214,192.69 | 6,745,323.08 |
| Financial expenses | 6,498,105.78 | 4,341,083.08 | 8,941,129.39 | 5,978,329.89 |
| Ⅲ. Operating profit (Loss is listed with "-") | -319,343.61 | -8,618,352.76 | 221,313.36 | -7,651,425.60 |
| Add: Investment income (Loss is listed with "-") | 940,919.90 | 5,428,119.90 | 765,266.52 | 5,464,889.43 |
| Subsidy income | | | | |
| Non-operating income | 424,514.81 | 3,254.83 | 540,032.98 | 76,199.53 |
| Less: Non-operating expenses | 22,023.12 | -158,914.40 | 586,330.85 | -29,339.63 |
| Ⅳ.Total profit (Total loss is listed with "-") | 1,024,067.98 | -3,028,063.63 | 940,282.01 | -2,080,997.01 |
| Less: Income tax | 1,291,207.74 | | 1,491,531.46 | |
| Less: Minority interests | 2,664,190.89 | | 2,958,691.21 | |
| Ⅴ. Net profit (Net loss is listed with "-") | -2,931,330.65 | -3,028,063.63 | -3,509,940.66 | -2,080,997.01 |
| Add: Retained earnings at the year-beginning | -236,247,697.83 | -236,247,697.83 | -241,422,761.26 | -241,422,761.26 |
| Other transfer-ins | -668,290.47 | 447,430.65 | 749,761.28 | 447,430.65 |
| Ⅵ.Profit available for distribution | -239,847,318.95 | -238,828,330.81 | -244,182,940.64 | -243,056,327.62 |
| Less: Statutory surplus reserve | | | | |
| Statutory public welfare reserve | | | | |
| Employee bonus and welfare funds | | | | |
| Reserve funds | | | | |
| Enterprise development funds | | | | |
| Returned investment from profit | | | | |

| | | | | |
|---|---|---|---|---|
| Ⅶ. Profit available for distribution to investors | -239,847,318.95 | -238,828,330.81 | -244,182,940.64 | -243,056,327.62 |
| Less: dividend for preferred shares payable | | | | |
| Discretionary reserves | | | | |
| Dividends for ordinary shares | | | | |
| Dividends for ordinary shares converted to capital (or share capital) | | | | |
| Ⅷ. Retained earnings | -239,847,318.95 | -238,828,330.81 | -244,182,940.64 | -243,056,327.62 |
| Supplemental information: | | | | |
| 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 | | | | |
| 6. Others | | | | |

7.3 Notes to financial report

7.3.1 Compared with the latest annual report period, there were no changes in accounting policies and accounting estimates and correction in accounting errors in the report period

7.3.2 Compared with the latest annual report, there were no material changes in consolidated scope in the report period

7.3.3 List notes related to the involved issues if the Company is issued a qualified opinion

□Applicable √Inapplicable

**Board of Directors of**
**Shenzhen Tellus Holding Co., Ltd.**
Aug. 16, 2004