SHENZHEN TELLUS HOLDING CO., LTD.
SUMMARY OF SEMI-ANNUAL REPORT 2005

§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 neither material omissions nor errors which would render any statement misleading.

The summary of semi-annual report 2005 is abstracted from the semi-annual report; and full text of the semi-annual report is published on China Securities and Ta Kung Pao 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 to this report.

1.3 List of directors absent from the Meeting

Name of directors absent	Reasons for absence	Name of assignees
Zhang Yuan	On business trip	Shi Weihong

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

1.5 Mr. Zhang Ruili, Chairman of the Board, Mr. Fu Bin, Chief Financial Officer and Mr. Yang Jianhui, Manager of Plan and Financial Dept. hereby declare 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	Yang Jianhui
Contact address	15/F, Zhonghe Bldg, Shennan Road (M) of Shenzhen city	15/F, Zhonghe Bldg, Shennan Road (M) of Shenzhen city
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2.2 Major financial data and indexes

2.2.1 Major accounting data and financial indexes

Unit: RMB

	At the end of this report period	At the end of last year	Increase/decrease at the end of this report period compared with the end of last year（%）
Current assets	542,973,594.15	541,586,257.08	0.26%
Current liabilities	788,600,188.06	785,161,838.17	0.44%
Total assets	1,068,873,568.54	1,063,458,822.65	0.51%
Shareholders’ equity (excluding minority interests)	217,029,255.76	216,276,817.86	0.35%
Net assets per share	0.985	0.982	0.31%
Net assets per share after adjustment	0.18	0.14	28.57%
	In the report period (Jan. to Jun. 2005)	**In the same period of last year**	**Increase/decrease in this report period compared with the same period of last year (%)**
Net profit	409,587.98	-2,931,330.65	113.97%
Net profit after deducting non-recurring gains and losses	1,843,429.54	-3,333,822.34	155.29%
Earnings per share	0.002	-0.013	115.38%
Earnings per share (Notes)	0.002	-	-
Returns on net assets	0.19%	-1.36%	1.55%
Net cash flow arising from operating activities	99,757,526.57	-83,725,379.44	219.15%

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	446,986.06
Non-operating expenses	1,880,827.62
Total	-1,433,841.56

2.2.3 Difference between CAS and IAS:

☐Applicable √Inapplicable

§3. Changes in Share Capital and Particulars about Shareholders

3.1 Statement of change in shares

☐Applicable √Inapplicable

3.2 Statement of shares held by the top ten shareholders and the top ten shareholders of circulation shares

Total shareholders at the end of report period	14,441					
Particulars about shares held by the top ten shareholders						
Full name of Shareholders	**Increase / decrease in the report period**	**Holding shares at the period-end (share)**	**Proportion (%)**	**Type of shares (Circulating or non-circulating)**	**Number of shares pledged or frozen**	**Nature of shareholders (state-owned shareholder or foreign shareholder)**
Shenzhen Special Economic Zone Development (Group) Company	0.00	159,588,000.00	72.45%	Non-circulating	0.00	State-owned shareholder
Lai Shihua		567,659.00	0.26%	Circulating		Foreign shareholder
Wang Fuchang		330,000.00	0.15%	Circulating		Foreign shareholder
Liu Zixian		303,487.00	0.14%	Circulating		Foreign shareholder
DBS VICKERS (HONG KONG) LTD A/C CLIENTS		261,100.00	0.12%	Circulating		Foreign shareholder
Mei Zhengshui		201,000.00	0.09%	Circulating		Foreign shareholder
Yao Mingchun		195,800.00	0.09%	Circulating		Foreign shareholder
Ye Jing		195,800.00	0.09%	Circulating		Foreign shareholder
Cai Xiaoling		181,148.00	0.08%	Circulating		Foreign shareholder
Zhuang Gongdong		180,088.00	0.08%	Circulating		Foreign shareholder

Particulars about shares held by the top ten shareholders of circulation share		
Name of shareholders	**Circulation share held at the period-end**	**Type of share (A-share, B-share, H-share and others)**
Lai Shihua	567,659.00	A-share, B-share
Wang Fuchang	330,000.00	B-share
Liu Zixian	303,487.00	A-share
DBS VICKERS(HONG KONG) LTD A/C CLIENTS	261,100.00	B-share
Mei Zhengshui	201,000.00	A-share
Yao Mingchun	195,800.00	A-share
Ye Jing	195,800.00	B-share
Cai Xiaoling	181,148.00	A-share
Zhuang Gongdong	180,088.00	A-share
Liang Guilan	180,000.00	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

Name of new controlling shareholders	Shenzhen Special Economic Zone Development (Group) Company
Name of new actual controller	Shenzhen Investment Holding Co., Ltd
Date of change	New controlling shareholders changed on March 31, 2005
Publishing date and newspapers of the controlling shareholder change	China Securities and Ta Kung Pao dated April 2, 2005
Publishing date and newspapers of the actual controller change	

§4. Particulars about Directors, Supervisors and Senior Executives

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

☐Applicable √Inapplicable

§5. Discussion and Analysis of the Management

5.1 Statement of main operations and products classified according to industries and products

Unit: RMB'0000

Main operations classified according to 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	3,592.30	2,739.54	23.74%	-13.15%	-14.02%	0.77%
Other wholesaling and retailing trade	44,483.04	42,474.70	4.51%	-22.58%	-23.14%	0.69%
Lease service industry	3,187.97	1,317.50	58.67%	30.58%	74.38%	-10.38%
Other real estate industry	1,801.96	1,013.19	43.77%	7.08%	5.00%	1.11%
Including: related transactions						
Main operations classified according to products						
Automobile examination and maintenance	3,592.30	2,739.54	23.74%	-13.15%	-14.02%	0.77%

Automobile trade	44,483.04	42,474.70	4.51%	-22.58%	-23.14%	0.69%
Lease service industry	3,187.97	1,317.50	58.67%	30.58%	74.38%	-10.38%
Real estate industry	1,801.96	1,013.19	43.77%	7.08%	5.00%	1.11%
Including: related transactions						
Pricing principle of related transaction	Naught					

Including: in the report period, the total amount of related transactions of the listed company selling products and providing labor services to controlling shareholders and its subsidiaries totals RMB0.00.

5.2 Particulars about main operations classified according to regions

Unit: RMB’0000

District	Income from core business	Increase/decrease of the income from core business over the same period of last year (%)
Shenzhen	53,065.27	-19.25%

5.3 Other operations affecting material influence on net profit

□Applicable √ Inapplicable

5.4 Operation of share-holding companies

□Applicable √ Inapplicable

5.5 Explanation on reasons of material changes in main operations and its structure compared with last year

□Applicable √ Inapplicable

5.6 Explanation on reasons of material changes in profitability 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 reasons

□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

Particulars about external guarantees（excluding the guarantee for shareholding subsidiaries）						
Warrantee	**Effective date（when the agreements signed）**	**Amount of guarantee**	**Type of guarantee**	**Term of guarantee**	**Finished implementation or not**	**Guaranteed for related parties or not (yes or no)**
Jintian Industrial (Group) Co., Ltd.	Aug. 1, 1997	1,656.00	Joint guarantee	One year	No	No
Shenzhen Automobile Industry Import & Export Company	Mar.26, 2005	800.00	Credit	One year	No	Yes
Shenzhen Automobile Industry Import & Export Company	Aug.13, 2004	1,000.00	Credit	One year	No	Yes
Shenzhen Automobile Industry Import & Export Company	Aug.17, 2004	1,800.00	Credit	One year	No	Yes
Aggregate amount of guarantees under guarantee						1,800.00
Aggregate balance of guarantees under guarantee						5,256.00
Particulars about guarantees for shareholding subsidiaries						
Aggregate amount of guarantees under guarantee						3,311.10
Aggregate balance of guarantees under guarantee						3,362.20
Particulars about the aggregate amount of guarantees (including the guarantees for shareholding subsidiaries)						
Total amount of guarantee						8,618.20
Proportion of guarantees in net asset of the Company						39.71%

Particulars about illegal guarantees	
Amount of guarantees for controlling shareholders and other related parties with over 50% of shares of the Company	3,600.00
Amount of direct or indirect guarantees of debt to warrantees with asset-liability ratio over 70%	3,600.00
Amount of total guarantees exceeding 70% of net asset	0.00
Total amount of illegal guarantees	3,600.00

6.3 Current related credits and liabilities

√Applicable ☐Inapplicable

Unit: RMB’0000

Related parties	Associations with listed companies	Provision of capital by listed companies 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	0.41	14,846.75	0.00	5,326.03
SDG Swan Industrial Company	Subsidiary of controlling shareholders	46.34	2,317.71	0.00	0.00
Shenzhen Xinglong Mechanical Mould Company	Affiliated company of the Company	3.79	131.14	0.00	0.00
Shenzhen Machinery Equipment Import &Export Company	Subsidiary of the controlling shareholders	20.50	514.90	0.00	0.00
Shenzhen Telongfa Industrial Co., Ltd.	Subsidiary of the controlling shareholders	0.00	55.50	0.00	847.74
Shenzhen Zhenhai Chukong Equipment Co., Ltd	Affiliated company of the subsidiaries	0.00	51.84	0.00	0.00
Tellus (Jinbian) Development Co., Ltd.	Subsidiary of the controlling shareholders	1.27	37.27	0.00	0.00
Shenzhen Tellus Real Estate Yueyang Company	Subsidiary of the controlling shareholders	1.10	26.65	0.00	0.00
Shenzhen Chihe Automobile Co., Ltd	Affiliated company of the subsidiaries	-20.00	480.00	0.00	0.00
Construction Supervision Co., Ltd of SDG Development Center	Subsidiary of the controlling shareholders	0.00	0.00	19.50	671.00
Shenzhen Automobile Industry Import & Export Company	Affiliated company of the subsidiaries	0.00	0.00	-705.00	87.20
Shenzhen Longgang Tellus Real Estate Company	Subsidiary of the controlling shareholders	0.00	0.00	0.00	0.00
Shenzhen Biaoyuan GE Automobile Co., Ltd	Affiliated company of the subsidiaries	0.00	0.00	0.00	469.37
Shenzhen Biaoyuan Investment Company	Affiliated company of the subsidiaries	0.00	0.00	-510.93	488.07

Shenzhen Tellus Yangchun Real Estate Company	Affiliated company of the subsidiaries	0.00	0.00	3.73	36.79
Labor Union of Shenzhn Tellus Holding Co., Ltd	Labor Union of the Company	0.00	120.00	0.00	0.00
Shenzhen Xiandao New Chemical Materials Co., Ltd	Affiliated company of the Company	0.00	70.81	0.00	0.00
Shenzhen Huatong Automobile Company	Affiliated company of the Company	0.00	45.41	0.00	0.00
Hong Kong Yujia Investment Co., Ltd.	Subsidiary of the controlling shareholders	0.00	0.00	0.00	254.58
Total		53.41	18,697.98	-1,192.70	8,180.78

Including: In the report period, provision of capitals by listed company to controlling shareholders and associated subsidiaries totals RMB 534,100, with balance of RMB 186,919,800.

6.4 Material lawsuits and arbitrations

√Applicable ☐Inapplicable

In the report period, the following new lawsuits and arbitrations occurred:

Because of the overdue loan amounting to RMB 13 million borrowed by the Company from Luohua Branch, Shenzhen Development Bank, Luohu Branch offered applicant for attachment before lawsuits to Shenzhen Intermediate People's Court, so Shenzhen Intermediate People's Court sealed up and froze 50% and 60% equity respectively held from Shenzhen Xinglong Mould Machinery Co., Ltd. and Shenzhen Tefa Huari Motors Enterprise Co., Ltd. by the Company. At present, the Company is actively carrying out coordination with Luohu Branch, and striving for come to agreement on loan transfer. The relevant public notice has been published on Securities Times and Ta Kung Pao dated Feb. 2, 2005.

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

(I) 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. At present, the Company is actively consulting to transfer loan with Shenzhen Development Bank, and strengthen demanding repayment of a debt overdue from Gintian.

(II) For the case that Shenzhen Shangbu Branch of Agricultural Bank of China prosecuted Shenzhen Petrochemical Group Co., Ltd. on its refunding the overdue loan amounted to RMB 57.6 million with the Company as warrantor, the Company is moving along respond to prosecutions in a high gear, this case is still on trial now.

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

□Applicable √Inapplicable

§7. Financial Report

7.1 Audit opinion

Financial Report	√Un-audited □Audited

7.2 Financial statement

7.2.2 Statement of profits and profit distribution

Domestic Statement

Unit: RMB

Items	In this period		In the same period of last year	
	Consolidated	Parent company	Consolidated	Parent company
Ⅰ. Income from main operations	530,652,688.62	8,737,312.98	657,166,444.94	6,697,567.82
Less: Cost of main operations	475,449,326.28	1,538,741.47	601,665,562.44	1,765,523.39
Business and related taxes	3,011,022.51	454,340.27	2,820,159.86	348,273.52
Ⅱ. Profit from main operations (Loss is listed with “-”)	52,192,339.83	6,744,231.24	52,680,722.64	4,583,770.91
Add: Other operating profit (Loss is listed with “-”)	1,661,809.43	0.00	1,126,758.52	-56,359.16
Less: Selling expenses	17,703,431.83		20,832,994.55	
Administrative expenses	26,263,902.70	7,415,242.43	26,795,724.44	8,804,681.43
Financial expenses	3,779,768.41	3,307,895.79	6,498,105.78	4,341,083.08
Ⅲ. Operating profit (Loss is listed with “-”)	6,107,046.32	-3,978,906.98	-319,343.61	-8,618,352.76
Add: Investment income (Loss is listed with “-”)	-508,117.10	3,685,482.90	940,919.90	5,428,119.90
Subsidy income				
Non-operating income	446,986.06	21,924.63	424,514.81	3,254.83
Less: Non-operating expenses	1,880,827.62	202,352.59	22,023.12	-158,914.40
Ⅳ.Total profit (Total loss	4,165,087.66	-473,852.04	1,024,067.98	-3,028,063.63

is listed with “-”)				
Less: Income tax	932,653.84		1,291,207.74	
Minority interests	2,822,845.84		2,664,190.89	
Add: unconfirmed investment losses				
V. Net profit (Net loss is listed with “-”)	409,587.98	-473,852.04	-2,931,330.65	-3,028,063.63
Add: Retained earnings at the year-beginning	-231,927,943.55	-231,927,943.55	-236,247,697.83	-236,247,697.83
Other transfer-ins	342,849.92	447,430.64	-668,290.47	447,430.65
VI.Profit available for distribution	-231,175,505.65	-231,954,364.95	-239,847,318.95	-238,828,330.81
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	-231,175,505.65	-231,954,364.95	-239,847,318.95	-238,828,330.81
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	-231,175,505.65	-231,954,364.95	-239,847,318.95	-238,828,330.81
Profit statement (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 If changes in accounting policies and accounting estimates and correction in accounting errors occur, relevant contents, reasons and influence shall be provided.

□Applicable √Inapplicable

7.3.2 If material changes in consolidated scope occur, relevant reasons and influence shall be provided.

□Applicable √Inapplicable

7.3.3 If the Company is issued a qualified opinion, notes related to the involved issues shall be listed.