SHENZHEN PROPERTIES & RESOURCES DEVELOPMENT (GROUP) LTD.

SUMMARY OF SEMI-ANNUAL REPORT 2005

§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 2005 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, Director and Deputy General Manager Zha Shengming and Manager of Financial Department 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	Shenwuye-A, Shenwuye-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	0011@szwuye.com.cn	0011@szwuye.com.cn

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 period-end of last year (%)
Current assets	1,671,085,443.32	1,842,393,965.73	-9.30
Current liabilities	1,419,022,239.15	1,529,549,381.24	-7.23
Total assets	2,118,129,440.88	2,302,935,990.54	-8.02
Shareholders' equity (excluding minority interest)	582,220,250.95	567,128,809.36	2.66
Net assets per share	1.0746	1.0468	2.66
Net assets per share after adjustment	0.7883	0.7885	-0.02
Items	**In the report period (Jan.-Jun. 2005)**	**At the same period of last year**	**Increase/decrease in this report period compared with the same period of last year (%)**
Net profit	15,091,441.59	8,463,406.95	78.31
Net profit after deducting non-recurring gains and losses	23,877,022.13	8,125,903.08	193.84
Earnings per share (RMB/share)	0.0279	0.0156	78.85
Returns on equity	2.63%	1.75%	0.88
Net cash flow arising from operating activities	73,192,857.46	91,887,286.95	-20.34

2.2.2 Items of non-recurring gains and losses

√ Applicable ☐ Inapplicable

Unit: RMB

Non-recurring gains and losses	Amount
1.Gains and losses produced by disposal of long-term investment on equities, fixed assets, projects under construction, intangible assets and other long-term investments	-7,409,103.03
2.Other non-operating incomes after deducting the withdrawn capital depreciation reserve according to the Enterprise Accounting System	658,999.83
3.Other non-operating expenses after deducting the withdrawn capital depreciation reserve according to the Enterprise Accounting System	-1,917,970.56
4.Income tax influence number	-117,506.78
Total	-8,785,580.54

2.2.3 Difference between CAS and IAS:

√Applicable ☐Inapplicable

Unit: RMB

Items	CAS	IAS
Net profit	15,091,441.59	15,091,441.59
Explanation on difference	In the first half of year 2005, the Company's net profit was RMB 15,091,441.59 and RMB 15,091,441.59 audited according to CAS and IAS respectively.	

§3. Changes in Share Capital and Particulars about 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 report period, the Company had totally 41,384 shareholders, including 33,438 shareholders of A-share and 7,946 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	Naught	Shareholder of state-owned share
Shenzhen Investment Holding Corporation	0	56,628,000	10.45	Non-circulating	Naught	Shareholder of legal person's share
Labor Union of Shenzhen International Trade Center Property Management Co., Ltd.	0	2,516,800	0.46	Non-circulating	Naught	Shareholder of legal person's share
Shenzhen Special District Duty-free Commodity Company	0	1,573,000	0.29	Non-circulating	Naught	Shareholder of legal person's share
Shanghai Zhaoda Investment & Consultant Co., Ltd.	0	1,010,000	0.19	Non-circulating	Naught	Shareholder of legal person's share
Yiu Xian Hui	—117,297	1,000,000	0.19	Circulating	Unknown	Shareholder of general public share A-share
Du Nian	0	802,663	0.15	Circulating	Unknown	Shareholder of general public share A-share
China Eagle Securities Co., Ltd	0	786,500	0.15	Non-circulating	Naught	Shareholder of legal person's share
Guotaijunan Securities Hongkong Limited	-14,876	638,703	0.12	Circulating	Unknown	Shareholder of B-share
Shanghai Kunling Industrial & Trading Co., Ltd	0	629,200	0.12	Non-circulating	Naught	Shareholder of legal person's share

Particulars about shares held by 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)
Yiu Xian Hui	1,000,000	A-share

Du Nian	802,663	A-share
Guotaijunan Securities Hongkong Limited	638,703	B-share
Zeng Ying	536,900	B-share
Li Wei Xiang	496,391	B-share
Zhou Ting	432,166	A-share
Deng Shao ping	392,898	B-share
Zhuo Hong Quan	365,134	A-share
Li Ya Jie	348,600	A-share
Pan Wen Hui	340,000	B-share
Explanation on associated relationship or consistent actions among the said shareholders	Among the top ten shareholders, there exists no associated relationship among the No. 1, 2 and 3 shareholders, and the Company is unknown whether there exists associated relationship among the other shareholders or whether they are consistent actors; the Company is unknown whether there exists associated relationship among the top ten shareholders of circulation share or whether they are consistent actors.	
Explanation on the appointed period of holding shares which strategic investor or general legal person participates in the allotment of new shares	Inapplicable	

Notes:

1. Shenzhen Construction Investment Holdings Corporation holds the above state-owned shares and holds 485,899 shares of legal person's share of the Company as well.

2. During the report period, the controlling shareholder and actual controller of the Company remained unchanged. On April 1, 2005, the largest shareholder of the Company, Shenzhen Construction Investment Holdings Corporation and the second largest shareholder of the Company, Shenzhen Investment Holding Corporation signed the Agreement on Share Transfer to transfer their total equities of the Company (accounting for 70.3% of total equities) to Zhuojian Investment Co., Ltd. The Company disclosed this event on print media of Securities Times and Ta Kung Pao designated by CSRC and the appointed website www.cninfo.com.cn. Relevant examining and approving formalities are undergoing. The Company is liable for disclosing relevant information in time.

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

Name	Duty	Shares held at the period-begin	Shares held at the period-end	Reason of change
Li Zhen	Director	0	4,000	Purchased from secondary market

§5. Discussion and Analysis of the Management

5.1 Statement of main operations classified according to industries and products

Unit: RMB'000

Industry	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	261,960	170,640	**34.86**	38.83	77.18	**-28.80**
Property management and lease	41,630	35,180	**15.49**	11.37	18.77	**-25.49**
Taxi passenger transport	36,340	20,460	**43.70**	32.24	17.72	**18.91**

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	321,100	26.79
East China	23,490	——
Hainan	40	-99.34

5.3 Other operations affecting material influence on net profit

☐Applicable √Inapplicable

5.4 Operation of shareholding companies (applicable to the situation where investment earnings takes over 10% of its net profit)

①

Unit: RMB'000

Name of shareholding companies		Shenzhen Huangcheng Real Estate Co., Ltd.		
Investment earnings contributed in the period		9,950	**Proportion in net profit of listed companies**	65.93%
Shareholding companies	**Business scope**	Development, construction, operation and management of auxiliary commercial service facilities of Huanggang Port		
	Net profit	9,950		

②

Unit: RMB'000

Name of share-holding companies		Shenzhen International Trade Auto Industrial Company		
Investment earnings contributed in the period		3,960	**Proportion in net profit of listed companies**	26.24%
Shareholding companies	**Business scope**	Automobile passenger transport and automobile lease		
	Net profit	3,960		

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

Performance prediction	□Loss	□Large-margin increase
	□Large-margin decrease	□Making up deficits

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 2004 financial auditing of the Company, Wuhan Zhonghuan Certified Public Accountants produced auditing opinion with interpretative explanation. Such 3 lawsuits as the case of "Haiyi Company" involved in the interpretative explanation had no 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

External guarantee of the Company (excluding guarantees for shareholding subsidiaries)						
Name of objects guaranteed	**Effective Date (when the agreement signed**	**Amount of guarantee**	**Type of guarantee**	**Term of guarantee**	**Accomplish implementation or not**	**Guarantee for related parties or not (yes/no)**
Gintian Company	Dec. 30, 1998	2,600	Joint responsibility guarantee	9 months	No	No
Total amount of guarantees in the report period (Note 14)				0		
Total balance of guarantees in the report period (Note 14)				2,600		
Guarantee for shareholding subsidiaries						
Total amount of guarantees for shareholding subsidiaries in the report period				0		
Balance of guarantees for shareholding subsidiaries in the report period				0		

Total amount of guarantees of the Company (including guarantees for shareholding subsidiaries)	
Total amount of guarantees (Note 15)	2,600
Proportion of guarantees in net asset of the Company	0.45%
Particulars about illegal guarantees	
Amount of guarantees for controlling shareholders and other related parties with over 50% of shares of the Company	0.00
Amount of direct or indirect guarantees of debt to warrantees with asset-liability ratio over 70%	0.00
Amount of total guarantees exceeding 70% of net asset	0
Total amount of illegal guarantees	0

6.3 Current related credits and liabilities

Unit: RMB'000

Name of related party	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 Construction Group Financial Company	Other (controlled by the same shareholder)			-6,800	13,200
Total				-6,800	13,200

Including: In the report period, provision of capitals by listed company to controlling shareholders and associated subsidiaries totals RMB0.00, with balance of RMB0.00.

6.4 Material lawsuits and arbitrations

√Applicable ☐Inapplicable

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.

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

√Applicable ☐Inapplicable

1. In the previous year, the Company withdrew RMB 56,303,627.40 for charges on land appreciation in value of Jinlihua Building according to the SG No.1. According to the SGT【2001】No. 314, the charges on land appreciation in value un- paid or overdue can be exempt from payment. However, as the ownership of Jinhuali Building has not been transferred yet, the Company is engaged in processing the payment of RMB 56,303,627.40 charges on land appreciation in value. When related approval is issued, the Company shall cancel the RMB 56,303,627.40 withdrawal for charges on land appreciation in value of Jinlihua Building.

The receivables of the Company from Shenzhen Jiyong Real Estate Development Co., Ltd for the Jinlihua Building amount to RMB 98.61million with withdrawn bad debt reserve of RMB 44.0143 million and net amount of RMB 56 million. According to the regulations on 52 "problematic buildings" promulgated by Shenzhen Municipal People's Government, by Sep. 30, 2005, projects overdue of registration for construction resumption like Jinlihua Building shall be called back ones' land-use rights and above-ground structures.

2. The Company has disclosed the "Gintian Company" guarantee issues in the provisional announcement dated Dec. 28, 2004 and the Annual Report 2001, 2002, 2003 and 2004.

In the report period, the Company received Civil Ruling Paper (2004) JZZ No. 1168-12 and No. 1168-13 delivered by Jiutai Intermediate People's Court of Jilin Province (hereinafter referred to as the Court). As the Company has honored the Agreement on Debt Restructure Guarantee with China Cinda Asset Management Corporation, the Court ruled to dissolve the sequestration of apartment 101 of Junfeng Lishe Garden located on Longzhu Avenue, Nanshan district, Shenzhen city (previously dissolved the sequestration of apartment 67 of Junfeng Lishe Garden in Dec. 2004), to dissolve the sequestration of 17 apartments of the Guomao Commercial Building located in Luohu district, Shenzhen city (previously dissolved the sequestration of 1 apartment of Guomao Commercial Building in Dec. 2004). Thus far, the lawsuit incurred from the case that Company provided guarantee for RMB 59 million loans borrowed by Jiantian Industry (Group) Co., Ltd from the Bank of Communications Changchun branch has terminated. As the Company had made complete restitution of the Agreement on Debt Restructure Guarantee, the Court dissolved sequestration of all real estates of the Company frozen by this lawsuit.

Details for the aforementioned issues are available for reference in the provisional announcements and Notes (X) Other Significant Events to Financial Statements on the designated medias of Securities Times, Ta Kung Pao and the website http://www.cninfo.com.cn

After fulfilling one's liabilities, the Company filed a petition to the Court for the Repayment Warrant of RMB 48 million compensation from Jintian Co. The Repayment Warrant takes effect and the Company claims RMB 48 million from Jintian Co. The Company has withdrawn RMB 48 million of bad debt reserve by this credit.

In 1997, Jintian Co. borrowed RMB 6 million from the Agricultural Bank of China, Guomao sub-branch of Shenzhe branch, provided with joint guarantee by the Company. The Company has achieved the Agreement on Conciliation of Execution, that is, the Company paid RMB 6 million including principal of loans and execution expense for Jiantian Co. in the report period. As the agreement has been implemented, the Company is going to claim reimbursement from Jiantian Co. according to relevant laws and regulations. In 2004, the Company has predicted related losses of RMB 6 million and it has withdrawn RMB 6 million bad debt reserve by credit in this report period.

3. In November 2002, Shenzhen Luohu Hotel Co., Ltd was judged by Shenzhen Intermediate People's Court being bankrupt and liable for loan repayment. The Company reported more than HKD 32 million and RMB 22 million to Shenzhen

Intermediate People’s Court claiming the credits. This legal case is currently under investigation and recovery of its insolvent properties. Dated July 4, 2003, the liquidating group of Shenzhen Luohu Hotel Co., Ltd initially confirmed the total amount of credits was RMB 38,431,233.92. At the auction held by Guangdong Xutongda Auction Co., Ltd dated July 17, 2003, the principal part of Luohu Hotel Co., Ltd office building was sold at the price of RMB 73.5 million. Confirmed by the liquidating group and the court, Shenzhen Luohu Hotel Co., Ltd had RMB 64,889,951.42 of general claim in bankruptcy and RMB 13,062,277.31 of privileged claim in bankruptcy; deducting the liquidating expenditures, employees’ salaries, taxes and various privileged debts, the properties available for distribution in general creditors amounted to RMB 43,216,707.65, with allocation proportion of 66.60%. The Company has withdrawn bad debt reserve of RMB 8,061,908.47 based on the receivable credits.

§7. Financial Report

7.1 Audit opinion

√Un-audited ☐Audited

7.2 Income statement of comparative consolidation and parent company

Statement of Profit and Profit Distribution

ShenZhen Properties & Resources Development (Group) Ltd Jan.-Jun. 2005 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 6.25):	344,628,662.44	259,275,868.71	142,848,742.34	15,509,881.51
Less: Discount and allowance				
Net income from main operations	344,628,662.44	259,275,868.71	142,848,742.34	15,509,881.51
Less: Cost of main operations (Note 6.26)	229,467,176.13	146,269,878.90	97,258,317.23	6,141,590.33
Business and related taxes (Note 6.27)	16,447,781.54	12,136,401.99	7,228,021.82	806,513.71
Ⅱ. Profit from main operations	98,713,704.77	100,869,587.82	38,362,403.29	8,561,777.47
Add: Other operating profit (Note 6.28)	-210,026.97	-578,839.89		
Less: Impairment losses of inventories				
Operating expenses	7,791,699.71	13,724,840.81		17,004.00

Administrative expenses (Note 6.29)	50,285,505.91	57,543,188.73	19,548,655.22	22,931,856.80
Financial expenses (Note 6.30)	17,263,671.40	16,113,639.77	8,434,002.15	6,350,332.16
Ⅲ. Operating profit	23,162,800.78	12,909,078.62	10,379,745.92	-20,737,415.49
Add: Investment income (Note 6.31)	3,583,046.45	1,572,328.69	13,416,061.25	29,223,306.70
Subsidy income				
Non-operating income (Note 6.32)	658,999.83	843,128.21	83,621.60	44,684.72
Less: Non-operating expenses (Note 6.33)	9,327,073.59	505,624.34	8,252,487.18	67,168.98
Ⅳ.Total profit:	**18,077,773.47**	**14,818,911.18**	**15,626,941.59**	**8,463,406.95**
Less: Income tax	2,986,331.88	6,355,504.23	0.00	0.00
Minority interests			0.00	0.00
Ⅴ. Net profit	**15,091,441.59**	**8,463,406.95**	**15,626,941.59**	**8,463,406.95**
Add: Retained earnings at the year-begin	(436,909,934.66)	(527,359,912.01)	(434,767,934.66)	(526,288,912.01)
Surplus reserve transferred-in	374,278,076.18	0.00	374,278,076.18	0.00
Ⅵ.Profit available for distribution:	**(47,540,416.89)**	**(518,896,505.06)**	**(44,862,916.89)**	**(517,825,505.06)**
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	**(47,540,416.89)**	**(518,896,505.06)**	**(44,862,916.89)**	**(517,825,505.06)**
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	**(47,540,416.89)**	**(518,896,505.06)**	**(44,862,916.89)**	**(517,825,505.06)**

ShenZhen Properties & Resources Development (Group) Ltd
Supplemental Information of Income Statement
Jan.-Jun. 2005

No.	Items	Consolidated statement		Statement of parent company	
		Accumulative amount in 2005	Factual amount in last year	Accumulative amount in 2005	Factual amount in 2005

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 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 was the same as the accounting policies adopted in financial report for 2004. 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 had no change in the report period.

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. 13, 2005