Balance Sheet

Shenzhen Properties & Resources Development (Group) Ltd. Jun. 30. 2005 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	6.1	214,802,017.49	240,234,196.46	98,218,310.45	54,436,556.43
Short-term investment	6.2	8,717,984.71	9,944,291.22	1,887,326.00	1,887,326.00
Notes receivable					
Dividends receivable					
Accounts receivable	6.3 (1)	72,070,621.20	68,630,108.16	54,672,496.35	56,132,939.75
Accounts paid in advance	6.4	5,463,558.19	5,455,518.45	3,399,885.23	2,888,410.98
Others receivable	6.3 (2)	128,351,520.42	136,357,349.95	113,207,020.31	122,417,787.22
Inventory	6.5	1,240,438,311.95	1,381,621,649.40	295,219,136.69	392,862,768.02
Expense to be apportioned	6.6	1,241,429.36	150,852.09		
Long-term credit investment due within 1 year					
Other current assets					
Total current assets		1,671,085,443.32	1,842,393,965.73	566,604,175.03	630,625,788.40
Long-term investment					
Long-term equity investment	6.7	111,488,734.63	106,669,381.67	581,062,968.22	567,646,906.97
Long-term credit investment					
Total long-term investment		111,488,734.63	106,669,381.67	581,062,968.22	567,646,906.97
Fixed assets					
Original price of fixed assets	6.8	382,587,210.93	412,050,456.18	299,742,503.93	330,308,698.90
Less: accumulated depreciation	6.8	126,593,026.26	134,148,423.69	100,406,807.39	100,945,279.43
Net value of fixed assets		255,994,184.67	277,902,032.49	199,335,696.54	229,363,419.47
Provision for devaluation of fixed assets	6.8				
Net amount of fixed assets					
Engineering material					
Construction in progress					
Disposal of fixed assets					
Total fixed assets		255,994,184.67	277,902,032.49	199,335,696.54	229,363,419.47
Intangible and other assets:					
Intangible assets	6.9	72,216,289.29	73,177,611.93		
Long-term expenses to be apportioned					
Other long-term assets					
Total intangible and other assets		72,216,289.29	73,177,611.93		
Deferred taxes-debit item					
Deferred taxes-debit item	6.10	7,344,788.97	2,792,998.72		
Total assets		2,118,129,440.88	2,302,935,990.54	1,347,002,839.79	1,427,636,114.84

Balance Sheet (Con.)

Shenzhen Properties & Resources Development (Group) Ltd. Jun. 30. 2005 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	6.11	400,120,000.00	400,980,000.00	341,400,000.00	362,980,000.00
Notes payable					
Account payable	6.12	322,925,611.78	464,482,212.79	57,566,111.88	115,132,307.42
Accounts received in advance	6.13	240,994,393.44	129,975,798.41	138,291,124.86	52,020,567.21
Other payable	6.16	117,031,226.15	170,220,221.16	59,208,227.78	100,335,110.89
Wage payable		625,801.20	3,017,349.00	2,000.00	321,190.00
Welfare funds payable		13,580,868.30	14,096,534.79	638,011.23	1,235,554.13
Taxes payable	6.14	38,986,137.19	71,106,931.55	7,059,016.01	15,387,930.89
Dividends payable					
Other unpaid accounts	6.15	69,176.61	147,972.17	34,665.61	46,713.47
Accrued expenses	6.17	59,086,720.41	57,920,057.30	56,303,627.40	56,303,627.40
Projected liabilities	6.18	52,602,304.07	58,602,304.07	52,602,304.07	58,602,304.07
Long-term liabilities due within 1 year	6.19	173,000,000.00	159,000,000.00	49,000,000.00	
Other current liabilities					
Total current liabilities		1,419,022,239.15	1,529,549,381.24	762,105,088.84	762,365,305.48
Long-term liabilities					
Long-term loans			96,000,000.00		96,000,000.00
Bonds payable					
Long-term accounts payable					
Special accounts payable					
Other long-term liabilities	6.20	116,886,950.78	110,257,799.94		
Total long-term liabilities		116,886,950.78	206,257,799.94		96,000,000.00
Deferred taxes-credit item					
Deferred taxes-credit item					
Total liabilities	5.6	1,535,909,189.93	1,735,807,181.18	762,105,088.84	858,365,305.48
Minority interests					
Minority interests					
Shareholders' equity					
Share capital	6.21	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	6.22	25,042,365.73	399,320,441.91	25,042,365.73	399,320,441.91
Surplus public reserve	6.23	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	6.24	(47,540,416.89)	(436,909,934.66)	(44,862,916.89)	(434,767,934.66)
Difference balance in conversion of foreign currency					
Total shareholders' equity of the Company		582,220,250.95	567,128,809.36	584,897,750.95	569,270,809.36
Total shareholders' equity		582,220,250.95	567,128,809.36	584,897,750.95	569,270,809.36
Total liabilities and shareholders' equity		2,118,129,440.88	2,302,935,990.54	1,347,002,839.79	1,427,636,114.84

Statement of Profit and Profit Distribution

Shenzhen Properties & Resources Development (Group) Ltd. Jan.-Jun.2005 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 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 core business	344,628,662.44	259,275,868.71	142,848,742.34	15,509,881.51
Less: Cost of core business （note 6.26）	229,467,176.13	146,269,878.90	97,258,317.23	6,141,590.33
Taxes and extras of core business（note 6.27）	16,447,781.54	12,136,401.99	7,228,021.82	806,513.71
II. Profit from core business	98,713,704.77	100,869,587.82	38,362,403.29	8,561,777.47
Add: Profit from other business lines (note 6.28)	-210,026.97	-578,839.89		
Less: Losses on price falling of inventory				
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	43,128.21	83,621.60	44,684.72
Less: Non-operating expenditure (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 profit at the begin of the year	(436,909,934.66)	(527,359,912.01)	(434,767,934.66)	(526,288,912.01)
Transferring into surplus public reserve	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: 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:	**(47,540,416.89)**	**(518,896,505.06)**	**(44,862,916.89)**	**(517,825,505.06)**
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	**(47,540,416.89)**	**(518,896,505.06)**	**(44,862,916.89)**	**(517,825,505.06)**

Shenzhen Properties & Resources Development (Group) Ltd.
Supplement Information of Statement of Profit
Jan.-Jun. 2005

No.	Items	Consolidation		Parent company	
		Accumulated amount in the period	Actual amount as of previous year	Accumulated amount in the period	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

Shenzhen Properties & Resources Development (Group) Ltd. Jan.-Jun.2005 Unit: RMB

Items	The Group	The Company
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	490,636,912.58	232,266,258.34
Rebated tax received		
Other cash received concerning operating activities (note 5.35)	33,913,939.25	44,741,916.33
Subtotal of cash inflows	**524,550,851.83**	**277,008,174.67**
Cash paid for purchasing commodities and receiving labor service	178,174,148.09	49,763,958.95
Cash paid to / for staff and workers	88,203,432.20	28,715,227.76
Taxes paid	67,579,382.39	22,500,341.30
Other cash paid concerning operating activities (note 6.36)	117,401,031.69	71,007,982.77
Subtotal of cash outflows	**451,357,994.37**	**171,987,510.78**
Net cash flows arising from operating activities	**73,192,857.46**	**105,020,663.89**
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets	18,635,127.28	15,825,557.28
Other cash received concerning investing activities		
Subtotal of cash inflows	**18,635,127.28**	**15,825,557.28**
Net cash paid for purchasing fixed, intangible and other long-term assets	16,773,576.30	
Cash paid for investment		
Other cash paid concerning investing activities		
Subtotal of cash outflows	16,773,576.30	50,465.00
Net cash flows arising from investing activities	**1,861,550.98**	**15,775,092.28**
III. Cash flows arising from financing activities		
Cash received by absorbing investment		
Cash received from loans	193,920,000.00	153,200,000.00
Other cash received concerning financing activities	65,194.99	
Subtotal of cash inflows	**193,985,194.99**	**153,200,000.00**
Cash paid for settling debts	276,780,000.00	221,780,000.00
Cash paid for dividends and profit distributing or interest paying	17,644,601.68	8,434,002.15
Other cash paid concerning financing activities (note 6.37)	47,180.72	
Subtotal of cash outflows	**294,471,782.40**	**230,214,002.15**
Net cash flows arising from financing activities	**-100,486,587.41**	**-77,014,002.15**
IV. Influence of fluctuation in exchange rate on cash		
V. Net increase of cash and cash equivalents	**-25,432,178.97**	**43 ,781,754.02**

Notes:

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	15,091,441.59	15,626,941.59
Add: allotment of provision for bad debts or reselling of bad debts	1,236,306.51	
Minority interests		
Depreciation of fixed assets	10,610,249.47	6,072,493.08
Amortization of intangible assets	961,322.64	
Amortization of long-term expenses to be apportioned		
Decrease of expenses to be apportioned (Less: increase)	**-1,069,878.53**	
Increase of accrued expenses (Less: decrease)	**1,418,663.11**	
Loss on disposal of fixed, intangible and other long-term assets (Less: income)	**7,409,103.03**	**8,168,865.58**
Losses on rejection of fixed assets		
Financial expense	**17,263,671.40**	**8,434,002.15**
Investment loss (Less: income)	**-4,283,852.96**	**-13,416,061.25**
Deferred taxes – credit item (-: debit item)	**-4,551,790.25**	
Decrease of inventory (Less: increase)	**141,422,145.47**	**97,643,631.33**
Decrease of receivables in operating (Less: increase)	**-2,307,440.88**	**10,159,736.06**
Increase of payables in operating (Less: decrease)	**-99,093,281.35**	**-20,751,435.88**
Other	**-10,913,801.79**	**-6,917,508.77**
Net cash flows arising from operating activities	**73,192,857.46**	**105,020,663.89**
3. Net increase of cash and cash equivalents:		**0.00**
Balance of cash at the end of the period	**214,802,017.49**	**98,218,310.45**
Less: Balance of cash at the begin of the period	**240,234,196.46**	**54,436,556.43**
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	**-25,432,178.97**	**43,781,754.02**

Subsidiary Statement of Consolidation Provision for Devaluation of Assets

Jun. 30, 2005

KG Table 01-1

Shenzhen Properties & Resources Development (Group) Ltd. Unit: RMB

Items	Balance at the begin of the year	Increase in the period	Decrease in the period			Balance at the end of the period
			Switching back due to recovered price of assets	Transferring out due to other reasons	Total	
I. Total of provision for bad debts	286,568,320.09	6,000,000.00				292,568,320.09
Including: Account receivable	67,545,241.88					67,545,241.88
Other receivable	219,023,078.21	6,000,000.00				225,023,078.21
II. Total of provision for falling price of short-term investment	14,648,214.30	1,236,306.51				15,884,520.81
Including: Stocks investment	14,648,241.30	1,236,306.51				15,884,520.81
Bonds investment						
III. Total of provision for falling price of inventory	126,375,631.12					126,375,631.12
Including: Raw material	1,081,928.84					1,081,928.84
Merchandise inventory	30,246.00					30,246.00
Land planning to develop	81,920,964.29					81,920,964.29
Work in progress						
Finished product	43,342,491.99					43,342,491.99
IV. Total of provision for devaluation of long-term investment	84,945,352.08					84,945,352.08
Including: Long-term equity investment	84,945,352.08					84,945,352.08
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						
IX.Total	512,537,517.59	7,236,306.51				519,773,824.10

Subsidiary Statement of Provision for Devaluation of Assets

Jun. 30, 2005

KG Table 01-1

Shenzhen Properties & Resources Development (Group) Ltd. Unit: RMB

Items	Balance at the begin of the year	Increase in the period	Decrease in the period			Balance at the end of the period
			Switching back due to recovered price of assets	Transferring out due to other reasons	Total	
I. Total of provision for bad debts	257,146,975.27	6,000,000.00				263,146,975.27
Including: Account receivable	62,514,568.05					62,514,568.05
Other receivable	194,632,407.22	6,000,000.00				200,632,407.22
II. Total of provision for falling price of short-term investment	4,782,706.45					4,782,706.45
Including: Stocks investment	4,782,706.45					4,782,706.45
Bonds investment						

III. Total of provision for falling price of inventory	74,842,393.01					74,842,393.01
Including: Raw material						
Merchandise inventory						
Land planning to develop	73,201,702.01					73,201,702.01
Work in progress						
Finished product	1,640,691.00					1,640,691.00
IV. Total of provision for devaluation of long-term investment	72 ,157,923.78					72,157,923.78
Including:	72,157,923.78					72,157,923.78
Long-term equity investment						
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						
IX.Total	408,929,998.51	6,000,000.00				414,929,998.51