Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd. Summary of Semi-annual Report 2005

§1. Important Notice

1.1 The Board of Directors of SHENZHEN Special Economic Zone Real Estate & Properties (Group) Co., Ltd. (hereinafter referred to as the Company) and its directors ensure that there are no false recordation, misleading statements or material omissions carried in the contents of this report, and shall take responsibilities, individually and/or collectively, for the correctness, accuracy and completeness of the contents.

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 website http://www.cninfo.com.cn 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 truthfulness, accuracy and completeness of the contents of the Semi-annual Report or have objection for this report.

1.3 DirectorXie Guangliang and Hou Liying did not attend the Board meeting.

1.4 The semi-annual financial report is not audited.

1.5 Person in charge of the Company Shao Zhihe, Person in Charge of the Accounting Chen Wuhua and Person in charge of the Accounting Organ Chen Jincai hereby confirm that the semi-annual financial report is true and complete.

§2. Company Profile

2.1 Basic information

Short form of the stock	SHENSHENFANG A, SHENSHENFANG B	
Stock code	000029, 200029	
Listed stock exchange	Shenzhen Stock Exchange	
	Secretary of the Board	**Securities Affairs Representative**
Name	Chen Ji	Tu Zhigang
Contact address	47/F, SPG Plaza, Renmin South Road, Shenzhen	47/F, SPG Plaza, Renmin South Road, Shenzhen
Telephone	86-755-82293000-4718	86-755-82293000-4715
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E-mail	spg@163.net	spg@163.net

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	2,086,221,953.19	1,913,652,635.35	9.02%
Current liabilities	1,411,354,885.09	1,345,365,333.81	4.90%
Total assets	2,562,486,598.99	2,518,992,748.86	1.73%
Shareholders' equity (excluding minority interests)	986,291,280.28	1,002,069,397.00	-1.57%
Net assets per share	0.97	0.99	-2.02%
Net assets per share after adjustment	0.91	0.93	-2.15%

	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	-15,778,116.72	-34,649,735.64	54.46%
Net profit after deducting non-recurring gains and losses	-25,132,226.40	-28,661,198.04	12.31%
Earnings per share	-0.02	-0.03	33.33%
Earnings per share (Note)		-	-
Rate of return on equity (%)	-1.60%	-3.14%	1.54%
Net cash flow arising from operating activities	100,924,290.07	61,938,781.67	62.94%

2.2.2 Items of non-recurring gains and losses

√Applicable ☐Inapplicable

Unit: RMB

Items of non-recurring gains and losses	Amount
Gains and losses from equity disposal	10,348,325.68
Non-operating income	157,235.05
Non-operating expenses	-1,151,451.05
Total	9,354,109.68

2.2.3 Difference between CAS and IAS

√Applicable ☐Inapplicable

	Net loss for the period	Net assets
	RMB'000	RMB'000
As reported in the consolidated financial statements prepared in accordance with Accounting Standards for Enterprise Business in the PRC	(15,778)	986,291
Reversal of depreciation charges in respect of investment properties	10,011	104,527
Adjustment for market value of short-term investments	(383)	973
Expenses accrued in previous year	--	521
Difference in recognition of cost of fixed assets	--	(202,148)
Goodwill arising from acquisition of subsidiaries	--	(4,299)
Others	--	--
As reported in the consolidated financial statements prepared in accordance with IFRS	(6,150)	885,865

§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 circulating share

Total shareholders at the end of report period						110,167
Particulars about shares held by the top ten shareholders						
Full name of shareholder	**Increase / decrease in this report period**	**Holding shares at the period-end**	**Proportion (%)**	**Type of shares (Circulating or non-circulating)**	**Number of shares pledged or frozen**	**Nature of shareholders (state-owned shareholder or foreign shareholder)**
SHENZHEN CONSTRUCTION INVESTMENT HOLDINGS CORP.	0.00	743,820,000.00	73.52%	Non-circulating		State-owned shareholder
BOSHI YUFU SECURITIES INVESTMENT FUNDS	4,410.00	901,588.00	0.09%	Circulating		Shareholder of legal person's A-share
CHU KOONYUK	0.00	720,000.00	0.07%	Circulating		Shareholder of individual B-share
LAI KONG SUNG	56,000.00	643,200.00	0.06%	Circulating		Shareholder of individual B-share
ORE BURNS (AUSTRALIA) PTY LTD	0.00	600,000.00	0.06%	Circulating		Shareholder of legal person's B-share
HU YANFEN	500,000.00	500,000.00	0.05%	Circulating		Shareholder of individual B-share
SHUM YIP KWAN WING DEVELOPMENT LTD	-6,000.00	497,600.00	0.05%	Circulating		Shareholder of legal person's B-share
YANG YAOCHU	0.00	477,000.00	0.05%	Circulating		Shareholder of individual B-share
ZHU LIRONG	0.00	397,800.00	0.04%	Circulating		Shareholder of individual B-share
ZHONG YULIAN	0.00	370,119.00	0.04%	Circulating		Shareholder of individual B-share

Particulars about shares held by the top ten shareholders of circulating share

Full name of shareholders	Circulating shares held at the end of report period	Type（A-share, B-share, H-share and others）
BOSHI YUFU SECURITIES INVESTMENT FUNDS	901,588.00	A-share
CHU KOON YUK	720,000.00	B-share
LAI KONG SUNG	643,200.00	B-share
ORE BURNS (AUSTRALIA) PTY LTD	600,000.00	B-share

HU YANFEN	500,000.00	B-share
SHUM YIP KWAN WING DEVELOPMENT LTD	497,600.00	B-share
YANG YAOCHU	477,000.00	B-share
ZHU LIRONG	397,800.00	B-share
ZHONG YULIAN	370,119.00	B-share
ZHANG JIANHE	365,300.00	B-share
Explanation on associated relationship among the top ten shareholders or consistent action	Unknown	

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 the 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 classified according to industries and products

Unit: RMB'0000

Particulars about 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 in last year (%)**	**Increase/decrease in cost of main operations over the same period in last year (%)**	**Increase/decrease in gross profit ratio over the same period in last year (%)**
Property development and management	4,800.23	3,070.55	36.03%	-61.29%	-72.09%	24.74%
Property management	3,910.96	2,932.25	25.02%	-3.92%	-14.11%	-8.89%
Other real estates	2,103.39	1,261.00	40.05%	-4.66%	21.35%	-12.84%
Hotels	842.50	755.12	10.37%	22.05%	15.72%	4.90%
Finishing and decoration	2,651.70	2,347.93	11.46%	-28.15%	-30.97%	3.63%
Other industries	452.52	61.37	86.44%	-0.35%	-28.39%	5.30%
Retailing	2,443.49	2,435.04	0.35%	-84.59%	-84.08%	-3.17%
Including: related transactions		50.89			-12.00%	
Particulars about main operations classified according to products						
Real estate	4,800.23	3,070.55	36.03%	-61.29%	-72.09%	24.74%
Including: related transactions						
The pricing rules of related transactions	Fixing prices through project bidding in compliance with the market rules.					

Including: total amount of related transactions that the Company sold products and provided labor service to the controlling shareholder and its subsidiaries was RMB

0.00 in the report period.

5.2 Particulars about main operations classified according to location

Unit: RMB'0000

Location	Income from main operations	Increase/decrease in income from main operations over the same period in last year (%)
Domestic	17,171.59	-56.35%
Overseas	33.20	2.47%

5.3 Other business with significant influence upon the net profit

□Applicable √Inapplicable

5.4 Situation of associates

□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

The profit rate of main operations in the report period increased from 8.41% to 21.27% by 12.86% over the same period in last year. This increase is resulted from the gross profit rate in real estate development raised over the same period in last year, accounting for 39.84% in the total gross profit; the gross profit rate in real estate management, construction and installation, travels, hotels, restaurants and other services increased by a certain margin over the same period in last year; the gross profit rate in the house lease and business trade decreased by a small margin. The operating profit in total increased RMB 3.472 million by 10.48% over the same period in last year.

5.7 Analysis to reasons of material changes in profit structure compared with the previous year

√Applicable □Inapplicable

Analysis to the profit structure in the report period:

1. There was little change in the profit of main operations; 2. Profit of other businesses decreased and was RMB 8.2028 million less than that in the same period in last year. The reason is that the affiliate Shenfang Supermarket gone into liquidation was not consolidated with its financial statements in this report period, which brought about income decrease in the house lease, water and electricity charges and other businesses. 3. Expenditures decreased to RMB 62.33 million in this report period, RMB 13.52 million less than that of the same period in last year. The administrative expense evidently decreased which was RMB 7.45 less than that in the same period in last year owing to the Company effective managerial control. 4. The earnings on legal person's share of Jiling Pharmaceutical Co., Ltd amounted to RMB 10.937 million through the transfer.

5.8 Application of the raised proceeds raised through shares offering

5.8.1 Application of the raised proceeds

□Applicable √Inapplicable

5.8.2 Particulars about the changed projects

☐Applicable √ Inapplicable

5.9 Revising of business plan for the 2nd half year by the Board of Directors
√ Applicable ☐Inapplicable

5.10 Estimation of accumulative profit from the year beginning to the end of the next report period maybe is deficit, or in comparison with the same period of the previous year, gives the warning of great change and the notice to the reasons.
√ Applicable ☐Inapplicable

Performance prediction	√ Loss ðLarge-margin increase ðLarge-margin decrease ð Making up deficits
Explanation on the performance prediction (Explanation on the reasons, uncertainty and influence)	The profitability of main operations is hard to greatly improve in a short term. It is predicted that the Company is continuing to suffer deficit in the following report period.

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 the change and the treatment result of the issues involved in the "Qualified Opinion" made by the CPAs in the previous year
☐Applicable √ Inapplicable

§6. Significant Events

6.1 Purchase, sales and reorganization of assets

6.1.1 Purchase of assets

☐ Applicable √ Inapplicable

6.1.2 Sales of assets

☐ Applicable √ Inapplicable

Unit: RMB'0000

Counterpart of transaction	Sold assets	Sales day	Sales price	Net profit the sales of assets contributed to the listed company from the year beginning to the sales day	Gains and losses incurred through sales	Whether being the related transactions or not	Explanation on pricing rules	Whether the ownership of assets involved being transferred or not	Whether all the credits and liabilities involved being transferred or not
Shenzhen Investment Holding Co., Ltd	Part of commercial housing in Yidai Building	May 25, 2005	11,876.00	0.00	0.00	Yes	Fixing prices by referring to the market price	No	No

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 the external guarantee (excluding the guarantee for controlling subsidiaries)						
Name of warrantee	**Effective date（when agreements signed)**	**Amount of guarantee**	**Type of guarantee**	**Term of guarantee**	**Completed implementation or not**	**Guaranteed for related parties or not (yes or no)**
Total amount of guarantee during the report period						0.00
Total balance of guarantee at the end of the report period						11,094.15
Particulars of guarantee for the controlling subsidiaries						
Total amount of guarantee for controlling subsidiaries during the report period						0.00
Total balance of guarantee for controlling subsidiaries at the end of the report period						3,414.00
Particulars about the total amount of guarantees (including the guarantee for controlling subsidiaries)						
Total amount of guarantee						14,508.15
The proportion of the total amount of guarantee in the net assets of the Company						14.71%
Particulars about the guarantees out of line						
Total amount of guarantee for other related parties, which the Company or controlling shareholders held less than 50%						0.00
The debts guarantee amount provided for the guarantee of which the assets-liability ratio exceeded 70%						0.00
Amount of total guarantee exceeded 50% of net assets						0.00
Total amount of guarantee out of line						0.00

6.3 Current related credits and liabilities

√Applicable ☐Inapplicable

6.4 Material lawsuits and arbitrations

√Applicable ☐Inapplicable

1. Lawsuit on Guo Xin Building

On March 21, 1997, the Company signed the Contract on Guo Xin Building Share Transfer with Baoxin Real Estate Development (Shenzhen) Co., Ltd (hereinafter referred to Baoxin Company). According to the contract, the Company transferred 68% of its equities of Guo Xin Building to Baoxin Company at the price of RMB 145 million. The debts of RMB 15 million owed by the Company for the construction would be repaid by Baoxin Company. Bao Xin Company repaid RMB 45 million with RMB 10 million of transferred equities and RMB 15 million of construction debts outstanding. As the property ownership involved had been transferred to Bao Xin Company, the Company filed a petition to the court. According to the No. 7 EGFJYCZ paper of civil judgment of Guangdong Higher People's Court dated Sep. 28, 2002, it was ruled that Bao Xin Company should repay the Company RMB 98,948,060.00 for the transferred equities and interests. In 2003, this case maintained its original judgment in the second instance. In 2004, the Company withdrew part of the payment through enforcement. Ended June 30, 2005, the case still needs further enforcement. The Company did not account the earnings and cost of above transaction in view of being cautious.

2. Lawsuit on Harbin Institute of Technology

Please refer to the public notice dated August 18 and October 21, 2004 and Note VII to the Semi-annual Financial Report 2005 for details.

3. Zhuyuan Lawsuit

On August 20, 2001, the Company petitioned for arbitration to China International Economic and Trade Arbitration Committee (CIETAC), demanding a ruling on the case that Shenzhen Jubang Enterprise General Company should compensate to the Company for withdrawing the land use rights ahead of schedule. On December 16, the Company filed a petition to Shenzhen Intermediate People's Court, demanding Shenzhen Zhuyuan Enterprise Co., Ltd to pay back RMB 37.33 million with interests for the construction expenses on Zhuyuan apartment. In the first instance of 2003, it was ruled that Zhuyuan Enterprise Co., Ltd should repay RMB 35.80 million of the principal and interests to the Company. As for the events stated in NoteVII (3), on June 18, 2004, the Company and Xinfeng Enterprise Co., Ltd signed the Share Transfer Agreement with the former Shenzhen Business and Trade Investment Holdindg Co. It was agreed that the Company and Xinfeng Enterprise Co., Ltd transferred the total investment equities in Zhuyuan Enterprise Co., Ltd and the total equity of transactions with Zhuyuan Enterprise Co., Ltd to the former Shenzhen Business and Trade Investment Holding Co. On the same day, the Company and Xinfeng Enterprise Co., Ltd signed the Settlement Agreement with Shenzhen Jubang Enterprise General Company. Based on the equity transfer, all the parties agreed upon a settlement on the aforementioned lawsuits. Since the equity ownership transfer has not completed, the abovementioned lawsuits are not fully revoked. The details about the Company's book value of assets are available in Note VII (3).

4. Lawsuit on Xi'an project

Xi'an Xinfeng Property Business and Trade Co., Ltd (hereinafter referred to as Xi'an Xinfeng Co.) is a joint venture founded in Xi'an by the exclusively invested subsidiary of the Company, Xinfeng Enterprise (Hong Kong) Co., Ltd. Xinfeng Enterprise (Hong Kong) Co., Ltd held 84% of the total equity through investing in cash, while Xi'an Business and Trade Building which directly under Xi'an Business and Trade Committee held 16% of the total equity through investing with land use rights. Xinfeng Enterprise (Hong Kong) Co., Ltd is mainly engaged in property development with existing project of Xi'an Business and Trade Building. This project started on November 28, 1995 and was forced to stop in 1996 due to the serious disagreement over the operating guidelines; in the year of 1997, Xi'an Municipal Government decided to draw back the project invested by Xi'an Xinfeng Co. and assigned it to Xi'an Business and Trade Travel Co., Ltd (hereinafter referred to as Business and Trade Travel Co.) which is affiliated to Xi'an Business and Trade Committee. However, Xi'an Xinfeng Co. and Xi'an Business and Trade Travel Co., Ltd had disagreement on the investment compensation which incurred a lawsuit. According to No. 25 SJYCZ (2000) paper of civil judgment of Shanxi Higher People's Court dated December 19, 2001, it was ruled that: 1. Xi'an Business and Trade Travel Co., Ltd should repay RMB 36.62 million including the principal and interests to Xi'an Xinfeng Co. within one month after the judgment taking effective. It should pay additional interests for the overdue debts; 2. Xi'an Business and Trade Committee took the joint responsibility for repaying aforementioned debt interests. Ended June 30, 2005, the book value of outstanding credits Xi'an Xinfeng Co. owed to the Company amounted to RMB 14,688,763.49, and the balance of long-term equity investment amounted to RMB 25,473,600.00. The Company has withdrawn RMB 21,823,177.57 as the long-term investment depreciation reserve.

5. Lawsuit on Shantou Xinfeng Building

The Shantou branch of the Company (hereinafter referred to as Shantou Branch) signed the Contract on Project of Jointly Developing and Constructing Xinfeng Building with Songshan Workshop Development Co., Ltd (hereinafter referred to as

Songshan Co.) in Shantou Special Economic Development Zone. On March 8, 1996, the Company signed the Agreement on Executing Relate Issues in the Contract on Jointly Developing and Constructing Xinfeng Building with Songshan Co. as the supplementary agreement. Afterwards, this project was not carried out due to certain reasons. On January 20, 2000, the Company reached an agreement with Songshan Co. to set up a temporary food market on the site which is still in use up to now. On August 16, Songshan Company filed a petition to Shantou Intermediate People's Court, demanding: 1. to revoke the aforementioned contract with Shantou Branch; 2. Shantou Branch to compensate around RMB 7.51 million for economic losses; 3. Shantou Branch to transfer all the approved certificates and managerial rights to Songshan Co. On October 15, 2004, Shantou Branch countercharged Songshan Co., demanding: 1. Songshan Co. to consent that all the contracts and agreements involved had no legal effect; 2. Songshan Co. to repay HK 41,774.110.00 and RMB 1 million with related interests. The case is under processing at present. Ended June 30, 2005, balance of this long-term investment of the Company totals RMB 69,204,798.99 in book value, and the depreciation reserve totaling RMB 58,547,652.25 was withdrawn.

6. Lawsuit on Fengkai Cement Company

The exclusively invested subsidiary of the Company, Xinfeng Enterprise (Hong Kong) Co., Ltd held 90% of the total equity of Guangdong Fengkai County Lianfeng Cement Production Co., Ltd (hereinafter referred to as Fengkai Cement Company). Due to its uncertain continuing operating capacity, Fengkai Cement Company was unable to repay the loans to the Company. According to No. 290 SZFMECZ (2004) Paper of Civil Mediation of Shenzhen Intermediate People's Court, both parties agreed that Fengkai Cement Company owed to the Company RMB 137,648,612.50 including the principal and interests. Besides, Fengkai Cement Company also owed debts to Fengkai County Rural Credit Cooperatives (hereinafter referred to as Rural Credit Cooperatives) and the Fengkai county branch of Agricultural Bank of China (hereinafter referred to as Fengkai Agricultural Bank), both of which filed a petition to the court. On June 23, 2004, according to No. 34 ZZMSCZ (2004) Paper of Civil Judgment of Guangdong Zhaoqing Intermediate People's Court, Fengkai Cement Company should repay the principal of RMB 16.368 million and interests of RMB 11,906,938.70 to Rural Credit Cooperative; according to No. 35 ZZMSCZ (2004) Paper of Civil Judgment of Guangdong Zhaoqing Intermediate People's Court,
Fengkai Cement Company should pay off the principal of RMB 6 million and interests of RMB 4,263,180.00 to Fengkai Agricultural Bank. In view of above lawsuits, the court sequestered the most part of physical assets of the Company (including land use rights, houses, equipment and some stocks). This case is under processing at present. Ended June 30, 2005, the balance of long-term equity investment of the Company totaled RMB 59,354,355.32 in book value for which relevant depreciation reserve has been withdrawn. The balance of long-term credit investment of the Company totaled RMB 126,302,983.47 in book value for which relevant depreciation reserve has been withdrawn; the balance of other receivables totaled RMB 7,213,716.27, for which RMB 3,843,003.00 was withdrawn as the depreciation reserve.

6.5 Notes to the other significant events and their influences and analysis on the solutions

□Applicable √Inapplicable

§7. Financial Report

7.1 Auditor's opinion

Financial Report	√ Non-audited ☐Audited

7.2 Financial statements

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2005

Notes	01/01-30/06/2005	01/01-30/06/2004
	RMB'000	RMB'000
Turnover	165,231	382,029
Cost of sales	(118,621)	(341,733)
Gross (loss) / profit	46,610	40,296
Other operating income	2,355	11,429
Write back of provision for impairment losses of properties under development for sale	--	--
General and administrative expenses	(37,898)	(52,861)
Operating expenses	(6,251)	(10,914)
Profit / (loss) from operations	4,816	(12,050)
Finance cost	(21,328)	(20,728)
Share of profit of non-consolidated subsidiaries, associated companies, and contractual joint ventures	9,965	5,269
Loss before taxation	(6,547)	(27,509)
Taxation	(364)	(258)
Loss after taxation	(6,911)	(27,767)
Minority interests	(761)	(275)
Net loss for the period	(6,150)	(28,042)
Earnings per share		
Basic	RMB(0.006)	RMB(0.028)
Diluted	N/A	N/A

7.3.1 If any change has taken place in the accounting policy, accounting estimation and accounting error correction, provide relevant contents, reasons and influence.

☐ Applicable √ Inapplicable

7.3.2 If material change has taken place in the consolidation scope, provide relevant reasons and influence.

√ Applicable ☐Inapplicable

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 Special Economic Zone
Real Estate & Properties (Group) Co., Ltd.
Aug. 24 2005