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

Important Notes

The Board of Directors of Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd. (hereinafter referred to as the Company) and its directors hereby ensure that there are no false records, misleading statements, or significant omissions in the materials of this report, and will assume individual and joint responsibilities concerning the authenticity, accuracy and integrity of its contents.
No director stated that he (she) could not ensure the correctness, accuracy and completeness of the contents of the Semi-annual Report or has objection for this report.
Director Xie Guangliang and Independent Director Hou Liying were absent from the Board meeting.
Chairman of the Board Shao Zhihe, General Manager Chen Wuhua, and Financial Minister Chen Jincai hereby ensure the authenticity and integrity of the Financial Report enclosed in the Annual Report.
The semi-annual financial report of the Company has not been audited.

Contents

Section I. Company Profile

1. Legal Name of the Company
   In Chinese: 深圳经济特区房地产（集团）股份有限公司
   In English: SHENZHEN Special Economic Zone Real Estate & Properties (Group) Co., Ltd.
   Short Form in Chinese: 深房集团
   Short Form in English: SPG
2. Stock Exchange Listed with: Shenzhen Stock Exchange
   Short Forms of the Stock: SHENSHENFANG A (Stock Code: 000029)
   SHENSHENFANG B (Stock Code: 200029)
3. Registered Address: 47/F, SPG Plaza, Renmin South Road, Shenzhen
   Office Address: 45/F-48/F, SPG Plaza, Renmin South Road, Shenzhen
   Postal Code: 518001
   E-mail: spg@163.net
4. Legal Representative: Shao Zhihe
5. Secretary of the Board of Directors: Chen Ji
   Securities Affairs Representative: Tu Zhigang
   Tel.: (0755) 82293000-4718, 4715
   Fax: (0755) 82294024
   E-mail: spg@163.net
6. Newspapers for Disclosing the Information: China Securities, Ta Kung Pao
   Internet Website Designated by CSRC: http://www.cninfo.com.cn
   The Place Where the semi-annual Report is Prepared and Placed: 47/F, R 4702 of SPG Plaza, Renmin South Road, Shenzhen
7. Other Information of the Company
   Business scope of the Company: real estate development and sales of commercial housing, property lease and management, decoration and installation of buildings, retails and trade of commodity, hotel and cater services.
   Initial registration date: Jan. 8, 1980
   Registration place: Shenzhen Administration for Industry and Commerce
   Registration number of Business License: 4403011002426
   Registration number of Taxation: 440301192179585
   Name and address of Certified Public Accountant engaged by the Company:
   Name: Shenzhen Nanfang Minhe Certified Public Accountants
   Address: 8/F, Electronics Tech. Bldg., No. 2007, Shennan Middle Road, Shenzhen

Major financial data and index

I. 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 that at the beginning 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 this report period (Jan. - Jun. 2005)	The same period of last year	Increase/decrease year-on-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)	-1.60%	-3.14%	1.54%
Returns on equity	100,924,290.07	61,938,781.67	62.94%
Net cash flow arising from operating activities	-15,778,116.72	-34,649,735.64	54.46%

Items of non-recurring gains and losses that had been deducted included gains from the disposal of equity amounting to RMB 10,348,325.68, non-operating profit RMB 157,235.05, non-operating expense RMB 1,151,451.05, and all these gains and losses totaled RMB 9,354,109.68. Since the Company had accumulatively incurred losses in previous years, and no income tax had to be paid this year, there had been no sum influenced by income tax arising non-recurring gains and losses.

Difference between A-share and B-share:

	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

Section II. Change of Share Capital and Particulars of Shareholders

(I) Changes on share capital

In the report period, total amounts of shares of the Company and its equity structure remained unchanged.

(II) Changes on shares held by the shareholders

1. Ended June 30, 2005, only one shareholder, Shenzhen Construction Investment Holdings

Co. held shares of the Company over 5%, its holding shares remained unchanged in the report period, nor particulars about pledged, mortgaged or mandated shares.

2. Shares held by the top ten shareholders

Ended June 2005, shares held by the top ten shareholders and the top ten negotiable shareholders

Unit: share

Total number of shareholders at the end of the report period						101,745
Shares held by the top ten shareholders						
Name of shareholder (full name)	**Increase/decrease in the report year**	**Shares held at the end of the year**	**Proportion (%)**	**Share type (circulating or non-circulating)**	**Shares frozen or pledged**	**Nature of shareholder (state-owned shareholder or foreign-funded shareholder)**
SHENZHEN CONSTRUCTION INVESTMENT HOLDINGS CORP.	0.00	743,820,000.00	73.52%	Non-circulating	0.00	State-owned shareholder
BOSHI YUFU SECURITIES INVESTMENT FUNDS	4,410.00	901,588.00	0.09%	Circulating		A-share institutional shareholder
CHU KOON YUK	0.00	720,000.00	0.07%	Circulating		B-share personal shareholder
LAI, KONG SUNG	56,000.00	643,200.00	0.06%	Circulating		B-share personal shareholder
ORE BURNS (AUSTRALIA) PTY. LIMITED	0.00	600,000.00	0.06%	Circulating		B-share institutional shareholder
HU YAN FEN	500,000.00	500,000.00	0.05%	Circulating		B-share personal shareholder
SHUM YIP KWAN WING DEVELOPMENT LTD	-6,000.00	497,600.00	0.05%	Circulating		B-share institutional shareholder
YANG YAO CHU	0.00	477,000.00	0.05%	Circulating		B-share personal shareholder
ZHU LI RONG	0.00	397,800.00	0.04%	Circulating		B-share personal shareholder
ZHONG YU LIAN	0.00	370,119.00	0.04%	Circulating		B-share personal shareholder

Shares held by the top ten shareholders holding circulating shares		
Name of shareholder (full name)	**Shares held at the end of the year**	**Share type (A, B, H-share or others)**
BOSHI YUFU SECURITIES INVESTMENT FUNDS	901,588.00	A-share
CHU KOON YUK	720,000.00	B-share
LAI, KONG SUNGMA ZE QI	643,200.00	B-share
ORE BURNS (AUSTRALIA) PTY. LIMITED	600,000.00	B-share
HU YAN FEN	500,000.00	B-share
SHUM YIP KWAN WING DEVELOPMENT LTD	497,600.00	B-share
YANG YAO CHU	477,000.00	B-share
ZHU LI RONG	397,800.00	B-share
ZHONG YU LIAN	370,119.00	B-share
ZHANG JIAN HE	365,300.00	B-share
Explanation on the associated relationships or consistent action of the aforesaid shareholders	Unknown	
Explanation on the time limit of holding shares of the strategic investors or general legal persons participating in the allotment of new shares		
Shareholders' name	Time limit of share holding	
Naught	Naught	

3. Controlling shareholder of the Company:

On Oct. 13, 2004, controlling shareholder of the Company changed into Shenzhen Investment Holdings Co., Ltd., ended June 30, 2005, process transferring ownership didn't accomplish yet. Related information please refers to 2004 Annual Report and public notice on China Securities and Ta Kung Pao dated August 3, 2005.

Section III. Particulars about directors, supervisors and senior executives

(I) Changes on shares of the Company held by directors, supervisors and senior executives
In the report period, there existed no changes on shares held by directors, supervisors and senior executives.
(II) New-engaging and dismission of directors, supervisors and senior executives
On June 30, 2005, Shareholders' General Meeting of the Company dismissed office term of director of Ma Jianhua and Zhou Fu.

Section IV. Discussion and Analysis of corporate Governance

(I) Overall condition of operations of the Company in the 1st half year
The Company belongs to real estate industry and is engaged in the development of real estate and sales of commercial house, lease and management of property, construction decoration and installation, retail and trade of commodities and hotel and caters services. In the 1st half year of 2005, the Company general operating condition originally appeared a good momentum growth, major operation index basically realized expecting goal, operating efficiency of enterprise was pulled up, main operations work obtained obvious improvement, shows them as follows: profit from main business increased in a large margin, profit ratio of main business improved outstandingly; operations of affiliated enterprise has been modified, degree of making-up deficits and increasing profit of normal operating enterprise was clearly; expenses control kept its high pressure situation. Management expenses still reduced obviously; financial condition was beginning to look up, cash flow increased clearly; operation scale shrunk and turnover ratio slow down in a large margin.
(II) Analysis on income from main business and profit from main business according industries

Main operations classified according to industries						
Classified according to industries or products	Income from main operations	Cost of main operations	Gross profit ratio (%)	Increase/decrease in income from main operations over the last year (%)	Increase/decrease in cost of main operations over the last year (%)	Increase/decrease in gross profit ratio over the last year (%)
Development and operation real estate	4,800.23	3,070.55	36.03%	-61.29%	-72.09%	24.74%
Management of real estate	3,910.96	2,932.25	25.02%	-3.92%	-14.11%	-8.89%
Other real estate industry	2,103.39	1,261.00	40.05%	-4.66%	21.35%	-12.84%
Inn industry	842.50	755.12	10.37%	22.05%	15.72%	4.90%
Fitment and Decoration	2,651.70	2,347.93	11.46%	-28.15%	-30.97%	3.63%
Other industry	452.52	61.37	86.44%	-0.35%	-28.39%	5.30%
Retails	2,443.49	2,435.04	0.35%	-84.59%	-84.08%	-3.17%
Including: related transaction		50.89			-12.00%	

In the 1st half year of2005 the Company realized income from core business amounting to RMB 17,204,800, decreased 22,162,800 over the same period of last year, accounting for 56.30%; major reasons as follows:
1. Sales of real estate decreased by 61.29% over the same period of last year, major reasons

were: ① parent company had no income transfer-ins from selling new buildings with decrease of RMB 59,810,000 comparing with last year; ② underling Xinfeng Property Company had no income of selling buildings because new buildings didn't accomplish with decrease of 19,720,000 in this period, gross ratio 36.03% in this period increased 24.74% comparing with last year, mainly due to low cost of part of old buildings sold by parent company.
Housing lease income decreased by 4.67% over the same period of last year, mainly due to the decrease of rent of leasing houses.
2. Income of building construction and installation decreased by 28.13% over the same period of last year, mainly due to engineering business of underling Chuantong Company reduced.
3. Property management income less decrease than the same period of last year.
4. Income from tourism hotel catering services increased by 22.17% over the same period of last year, mainly due to subway dating on and surround environment getting best made check-in ratio of Hiyan Hotel increase.
5. income from commerce and trade decreased in a large margin comparing with the same period of last year, major reasons were: ① underling Shenfang Department closing business and to be accounted, so its financial statement has not been consolidated in this period; ② import and export business of underling Tariff Protection Company decreased in a large margin.
(III) Reward structure and main business structure both remained unchanged in the report period, profit ratio of core business increased by 12.86% % comparing with the same period of last year from 8.41% to 21.27%, mainly due to gross ratio of real estate development increased year-on-year, and proportion of gross profit to total gross profit was 39.84%; gross profit of property management, building construction and installation tourism hotel and catering service had a few increase year-on-year; gross profit of housing lease and trade and commerce had a few decrease. Totally impacting on profit from core business increased RMB 3,472,000, accounting for 10.48%.
(IV) Carry down of investment yield in the report period amounted to RMB 10,937,000. The Company signed equity agreement and its supplementary agreement with Jilin Mingri Industrial Co., Ltd (hereinafter referred to as "Jilin Mingri Company") on Jul. 22, 1999 and Jan. 5, 2001; the Company transferred its holding legal person's shares amounting to 18,507,500.00 (ratio to total shares of 13.64%) at price of RMB 27,762,000.00 from Jilin Pharm. Co., Ltd. (hereinafter referred to as "Jilin Pharm") to Jilin Mingri Company, it will take back the transferred amount ended Jan. 2001. On May 16, 2005, judged by civil ruling paper of (2005) SZFMZZ No. 25-533 from Shenzhen Intermediate People's Court: transferring the Company's holding share equity amounting to 18,507,500 from Jinlin Pharm to JilinMingri Company. Shenzhen Intermediate People's Court sent out mandamus of (2005) SZFMZZ No. 533 in the mean time. The Company carrying down the abovementioned equity transfer according to the mandamus.
(V) Problems and difficulties met in operations
In the 1st half year operations made a certain progress, however, in comparison with goals of disengaging difficulties as a whole of the Group, we still have a long way to go. Major problems and difficulties found expressions in: 1. Macroeconomic situation was complicated, uncertainty of operation environment increased. 2. It was difficulty to improve the operation situation of underling enterprise, most of few profit and deficit enterprise were lack of core competitive capability, survival and development had a few space. 3. Enterprise management level still severely improved, especially underling enterprise still has larger space to compress cost. 4. Running efficiency of capital severely to be improved, especially ratio of stock to

current capital was 70%, and keeping its up for a long time, rapidity of capital was severely slow. 5. Resources storage was not enough, which has, became the deadly bottleneck sustainable development of the Group.

(VI) Investments in the report period

1. In the report period, the Company raised no proceeds through share offering and there existed no such situation that the application of proceeds raised through share offering before the report period continued to the report period.

2. Processing of projects invested by significant non-raised capital:

Bitonghai Garden lies in Shatoujiao of Yantian District, Shenzhen, floor space 5314 sq.m., building area 49021 sq.m., was two-dwelling house with 32 floors, it is planed to be sold in Jan 2005 and complete the admission in August.

The 3rd project of Xinghu Garden lies in Nigang Road of Luohu District in Shenzhen with 12112 sq.m. floor space and 54000 sq.m. building areas, was made up of two dwelling house with 28 floors and one small high building with 12 floors, it is planed to publicly be sold in Mar. 2005 and complete the admission in July.

The 2nd period of Guangzhou Huangpu lies in Huangpu Road (E), of Huangpu district of Guangzhou with 22000 sq.m. floor space and 56100 sq.m. building area, was regulated as a small high building with 11-17. At present basic engineering has been finished and it estimated to be covered up in Apr. 2006.

The 5th period of Shantou Jinyedao Garden lies in the end of Changping Road of Shantou with 12000 sq.m. floor space and 11921 sq.m. building areaa, all belongs to villa buildings, at present basic engineering and the 1st floor has been finished and it estimated to be used in Oct. 2005.

(VII) Caution predicting deficits for operation results in the next report period

It is difficulty for the Company improves the payoff capability of main business, so the Company predicts still deficits in the next report period.

Section V. Significant events

(I) Administration structure of the Company

in June 2005 the Company amended Articles of Association of the Company and compiled rules of procedure for the Shareholders' General Meeting, the Board of Directors and the Supervisory Committee according to CSRC, Shenzhen Stock Exchange listing rules and CSRB, and regulated operations of the Company based on opinion of rectification and improvement, there existed no difference in terms of administration structure of the Company with the requirements of CRSC

(II) Profit distribution of the Company

The Company had neither profit distribution, nor carry out capitalization of public reserve, nor events of implementing profit distribution, capitalization of public reserve and listing new shares in the report period planed in pervious year.

(III) Material lawsuits and arbitrations

The Company's material lawsuits and arbitrations occurred in pervious year deferred to the report period, please refers to attachment VII.

(IV) Siganificant assets purchase, sale and disposal and purchase and merge occurred in pervious year or deferred to the report period

Trading party	Assets sold	Date of sales	Sales price	Contribution to the net profit of the Company by the sold assets from the date of purchase to the end of the report period	Losses rising from sales	Related transaction or not	Explanation on pricing rules	Property right involved transferred name of owner totally or not	Credit and debt involved has transferred totally or not
Shenzhen Investment Holdings Co., Ltd	Part of commercial house of Yitai Building	May 25, 2005	11,876.00	0.00	0.00	Yes	Refers to market price	No	No

For details, please refer to public notice of related transaction published on China Securities Times and Ta Kung Pao dated May 31, 2005.

(V) Related transaction

Related transaction and related current of credit and debt of the Company refer to financial statement attachment VI.

(VI) Guarantees

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

Guarantees in the report period please refer to attachment of financial statement item VII. (II).

(VII) Occupation of funds

Controlling shareholder and its subsidiary had no occupation of funds of the Company.

(VIII) Important contracts and implementation

1. In the report period, the Company has no significant custody, contract and lease of other companies and vice visa occurred in the report period or occurred in previous period and lasted in the report period.

2. In the report period, the Company has no entrusted custody of cash assets, nor such events occurred in previous year but deferred to the report period

(IX) There existed no performance of the commitments, which has been made by the Company or shareholders holding more than 5% shares in the report period or in previous periods and lasted into the report period

Section VI. Financial Report (Un-audited)

(Accounting Statements and Auditors' Report attached at the back)

Section VII. Documents Available for Reference

(I) Semi-annual Report 2005 with the signature of the Chairman of the Board;
(II) Financial Report with signatures and seals of the legal representative, person in charge of accounting work and person in charge of accounting organ;
(III) Originals of all documents publicly disclosed in the newspapers China Securities and Ta Kung Pao designated by CSRC in the report period;
(IV) Articles of Association of the Company.

Board of Directors of
SHENZHEN SPECIAL ECONOMIC ZONE
REAL ESTATE & PROPERTIES (GROUP) CO., LTD.
Aug. 24, 2005

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2005
(UNAUDITED)

	Notes	01/01-30/06/2005	01/01-30/06/2004
		RMB'000	RMB'000
Turnover	4	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	5	4,816	(12,050)
Finance cost	6	(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	7	(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	8	RMB(0.006)	RMB(0.028)
Diluted	8	N/A	N/A

CONSOLIDATED BALANCE SHEET
AT JUNE 30, 2005
(UNAUDITED)

	Notes	30/06/2005 RMB'000	31/12/2004 RMB'000
ASSETS			
Non-current assets			
Property, plant & equipment	9	141,267	143,362
Investment properties	10	676,453	686,957
Non-consolidated subsidiaries	11	62,169	53,943
Associates	12	25,434	30,047
Contractual joint ventures	13	131,224	143,173
Long term investments	14	9,958	27,482
Intangible assets	15	52	68
Land held for development	16	60, 103	60,103
		1,106,660	1,145,135
Current assets			
Properties under development for sale	17	660, 067	605,110
Completed properties for sale	18	153,270	171,933
Inventories	19	30,337	22,440
Short term investments	20	2,677	3,060
Accounts receivable		30,946	32,069
Prepayments, deposits and other debtors		136,162	128,665
Cash and bank balances		247,165	197,621
		1,260,624	1,160,898
Current liabilities			
Customers' deposits		283,345	171,227
Accounts payable and accrued expenses		407,101	403,729
Dividends payable		138,764	138,764
Tax payable	21	1,207	2,752
Bank loans	23	486,162	525,988
		1,316,579	1,242,460
Net current liabilities		(55,955)	(81,562)
Total assets less current liabilities		1,050,705	1,063,573
Non-current liabilities	22	(180,283)	(186,240)
Minority interests		15,443	14,682
NET ASSETS		885,865	892,015
CAPITAL AND RESERVES			
Issued capital	24	1,011,660	1,011,660
Reserves		(125,795)	(119,645)
		885, 865	892,015

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2005
(UNAUDITED)

	Notes	1/1-30/6/2005 RMB'000	1/1-30/6 /2004 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sales of goods or rendering of services		283,667	459,080
Other cash received relating to operating activities		244,333	154,237
Cash paid for goods and services		(188,675)	(314,359)
Cash paid to and on behalf of employees		(33,143)	(42,259)
Payments of all types of taxes		(20,150)	(31,413)
Cash paid relating to other operating activities		(185,107)	(163,347)
Interest paid		(20,071)	(21,137)
Net cash inflows from operating activities		80,854	40,802
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments		--	20,000
Cash received from dividend and interest		110	110
Net cash received from the sale of fixed assets, intangible assets and other long-term assets		4	--
Other cash received relating to investing activities		--	--
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(426)	(1,918)
Cash paid to acquire investments		--	--
Cash paid relating to other investing activities		--	--
Net cash outflows (inflows) from investing activities		(312)	18,192
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from borrowings		445,570	195,600
Other cash received relating to financing activities		1,259	248
Cash repayments of amounts borrowed		(477,424)	(221,653)
Cash paid relating to other financing activities		(403)	(302)
Net cash outflows from financing activities		(30,998)	(26,107)
NET INCREASE IN CASH AND CASH EQUIVALENTS			32,887
Cash and cash equivalents at the beginning of the period		161,424	175,499
Cash and cash equivalents at the end of the period	25	210,968	208,386

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2005
(UNAUDITED)

	Share capital	Capital reserve	Cumulative translation reserve	General reserve	Staff welfare fund	Accumulated profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at Dec 31, 2003	1,011,660	686,308	10,026	3,317	115,594	(819,602)	1,007,303
Profit/(Loss) for the period						(28,042)	(28,042)
Balance at Jun 30, 2004	1,011,660	686,308	10,026	3,317	115,594	(847,644)	979,261
Balance at Dec 31, 2004	1,011,660	686,308	9,940	3,317	115,594	(934,804)	892,015
Profit/(Loss) for the period						(6,150)	(6,150)
Others							
Balance at Jun 30, 2005	1,011,660	686,308	9,940	3,317	115,594	(940,954)	885,865

PRC laws and regulations require PRC companies to provide statutory reserves. General reserve is appropriated at 15% and staff welfare fund at within 10% from net profits after taxation as reported in the financial statements prepared under the Accounting Standards for Business Enterprises of PRC. Provision for the general reserve ceases when the accumulated general reserve amounts to 50% of the issued capital. All statutory reserves, including the general reserve fund and staff welfare fund, are for specific purposes and are not distributed in the form of cash dividends.

The Company declares dividends based on the lower of net profit after appropriation to reserves as reported in the financial statements prepared under the Accounting Standards for Business Enterprises and Accounting Systems for Business Enterprises in PRC and as reported in the financial statements prepared under IFRS. For six months to June 30, 2005, the directors have not declared any dividends to its shareholders.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

1. GENERAL

Shenzhen Special Economic Zone Real Estate and Properties (Group) Co., Ltd. (the “Company”) was incorporated in January 1980 in the People’s Republic of China (the “PRC") and was reorganized as a joint stock limited company in July 1993. A and B shares were issued by the Company in September 15, 1993 and

January 10, 1994 respectively.

With the approval of State-owned Assets Supervision and Administration Commission of Shenzhen Government, Shenzhen Construction Investment Holding Corporation, the majority shareholder controller of the Company, merged with other two assets supervision and administration companies into an exclusively state-owned limited company, Shenzhen Investment Holding Corporation, on October 13,2004. Till now the combination is in process and the change of equity is waiting for the authorization of the government and has not complied with a formality in China Securities Depository & Clearing Corporation Limited Shenzhen Branch.

The Company and its subsidiaries (the "Group") are principally engaged in property development, investment and management, hotel operations, construction, fitting-out, equipment installation and maintenance, retail operations and trading.

2. BASIS OF PREPARATION

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board under the historical cost basis except for the revaluation of investment properties. The accounting policies adopted by the Company under IFRS differ from the accounting policies used in the financial statements of the Group which were prepared in accordance with Accounting Standards for Enterprise Business and Accounting Systems for Enterprise Business in the PRC. Adjustments to restate the results of operations and the net assets in compliance with IFRS will not be taken up in the accounting books of the companies in the Group. Details of impacts of such adjustments on the net assets as at 30 June 2004 and net profit for the year then ended are included in note 31 to the financial statements.

3. PRINCIPAL ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year. The results of subsidiaries acquired or disposed of during the year, if any, are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The results of operations of subsidiaries are included in the consolidated income statement and the share attributable to minority interests is excluded from the consolidated net profit. All significant intercompany transactions and balances within the Group have been eliminated on consolidation.

Goodwill

Positive goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable assets and liabilities acquired. In respect of subsidiaries:

*For acquisitions before January 1, 2001, positive goodwill is eliminated against reserves.

*For acquisitions on or after January 1, 2001, positive goodwill is amortized on a straight-line basis over its estimated useful life. Positive goodwill is stated in Consolidated Balance Sheet at cost less any accumulated amortization and any impairment losses.

*On disposal of a subsidiary, any attributable amount of purchased goodwill not previously amortized through the Consolidated Income Statement or which has previously been dealt with as a movement on group reserves is included in the calculation of the profit or loss on disposal.

Subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

Investments in subsidiaries are included in the Company's balance sheet at cost less provision, if necessary, for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Subsidiaries not consolidated

In the consolidated balance sheet the unconsolidated subsidiaries are recorded at cost and adjusted thereafter for post acquisition change in the Group's share of net assets of the subsidiaries. The consolidated income statement reflects the Group's share of the results of operations of the subsidiaries.

Investments in subsidiaries excluded from consolidation are stated at cost less provision for any impairment losses and the results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Associates

An associate is a company over which the Group is in a position to exercise significant influence, but not control, through participation in the financial and operating policy decisions of the investee.

The consolidated income statement includes the Group's share of the post-acquisition results of associates for the year, and the consolidated balance sheet includes the Group's share of the net assets of the associates plus the unamortized goodwill less capital reserves on acquisition of the associates.

In the Company's balance sheet the investment in associates are stated at cost less provision, if necessary, for impairment losses.

Contractual joint ventures

A contractual joint venture is a venture which operates under a contractual agreement whereby the Group or Company and at least one other party undertake an economic activity which is subject to control and none of the parties involved unilaterally has control over the economic activity.

The consolidated income statement includes the Group's share of the post-acquisition results of its contractual joint venture for the year. In the consolidated balance sheet, interests in contractual joint venture are accounted under the equity method and are stated at cost, less goodwill, and adjusted for the post acquisition change in the Group's share of the contractual joint venture's net assets.

Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, bank balances and time deposits within three months of maturity when acquired.

Property, plant & equipment

Property, plant & equipment except investment properties is stated at cost less accumulated depreciation and any impairment losses.

The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the profit and loss account in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalized as an additional cost of the asset. When an asset is sold, its cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from the disposal, being the difference between the net disposal proceeds and the carrying amount of the asset, is included in the profit and loss account.

Depreciation is provided to write off the cost of property, plant & equipment over their estimated useful lives on a straight-line basis. Estimated useful lives are summarized as follows:

Land use rights and buildings in the PRC	25 – 30 years
Plant and machinery	7 years
Motor vehicles	6 years
Furniture, fixtures and office equipment	5 years

Construction-in-progress represents plant and properties under construction and includes the costs of construction plus interest charges arising from borrowings used to finance the construction during the construction period. No depreciation is provided for construction-in-progress until they are completed and put in use.

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their fair value based on independent professional valuations or directors' valuations at the balance sheet date. Any gain or loss arising from a change in the fair value of investment property should be included in the income statement. Gains or losses arising from the retirement or disposal of investment property should be determined as the difference between the net disposal proceeds and the carrying amount of the asset and should be recognized as an income or expense in the income statement.

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately, unless the relevant asset is land or buildings other than investment property carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Completed properties and properties under development

Completed properties and properties under development held for sale are stated at the lower of cost and net realizable value. Cost includes the cost of land, development expenditure, borrowing costs capitalized in accordance with the Group's accounting policy and other attributable expenses. Net realizable value is determined by the management based on prevailing market conditions.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost, which comprises all costs of purchase and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first in first out method. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Long-term investments

Long-term investments where the Group is not in a position to exercise significant influence or exert control are stated at cost less provision for impairment losses, where the investment's carrying amount exceeds its estimated recoverable amount.

Short-term investments

Short-term investments are stated in the balance sheet at fair value. Changes in fair value are recognized in the income statement.

Revenue recognition

Turnover comprises (i) proceeds from sales of properties, (ii) revenue from retail sales of merchandise, (iii) revenue from hotel services, (iv) revenue from sales of goods, (v) billings related to construction, fitting-out, equipment installation and maintenance contracts, and (vi) rental income from investment properties.

Income from sales of properties together with the interest earned on deposits from the installment sales of flats are recognized upon the execution of a binding sales agreement or upon the issuance of an occupation permit completion certificate by the relevant authority, whichever is the later. Deposits received from forward sales of properties are carried in the balance sheet under current liabilities.

Installment sales of developed properties are recognized to the extent that installments are received or become due under the relevant sales contracts.

Revenue from hotel services, property management services and taxi services is recognized when the services are rendered.

Revenue from the sale of goods, other than merchandise, is recognized upon delivery of the goods to customers and entitlement to the sales consideration is obtained.

Profit from construction, fitting-out, equipment installation and maintenance contracts, which are mainly short-term in nature, is recognized under the completed-contract method, whereby billings and costs are accumulated and deferred, together with the related profit, until completion of the work.

Rental income, including rental invoiced in advance from properties under operating leases, is recognized on a straight-line basis over the terms of the relevant leases.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Retirement benefit costs

In accordance with local government regulations, the Group is required to make contributions to a retirement insurance fund which is administered by the local social security bureau in accordance with government regulations. The amount of contributions is determined at a fixed percentage of the basic salaries of the Group's existing PRC staff.

Retirement benefits are paid directly from the fund and are calculated based upon a retired employee's basic monthly salary and their number of years' service.

The amount charged to the income statement represents the amount of contribution payable to the scheme by the Group.

Deferred income tax

Deferred taxation is provided, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. It is recognized in the financial statements to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized.

Intangible assets

Intangible assets represent the cost of acquisition of taxi licenses and computer software and are stated at cost less amortization and provision, if any, for impairment losses. Amortization is provided to write off the cost of taxi licenses over the license period granted by relevant authorities, namely 10 years, by equal installments. Amortization is provided to write off the cost of computer software over 5 years.

Foreign currency translation

Foreign currency transactions are converted at exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences arising in these transactions are dealt with in the income statement.

On consolidation, the financial statements of overseas subsidiaries maintained in foreign currencies are translated at exchange rates ruling on the balance sheet date. Exchange difference arising on consolidation, if any, are dealt with in reserves.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from borrowing costs eligible for capitalization.

All other borrowing costs are recognized in net profit or loss in the period in which they are incurred.

Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognized as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognized but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

For management purposes, the Group is organized into five major operating divisions – property, retailing and trading, transportation and catering services, construction technical support and others. The divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Property	- construction and development, sales, leasing and management of properties
Retailing and trading	- sale of general merchandise
Transportation and catering service	- hotel and resaurant operation and provision of taxi services
Construction technical support	- construction, fitting out and equipment installation and maintenance
Others	- corporate financing, etc.

The Group's business is principally conducted in the People's Republic of China (PRC) with its turnover for the year ended June 30, 2005 identified by geographical segments as follows:

	1/1-30/6/2005 RMB'000	1/1-30/6/2004 RMB'000
PRC	164,899	381,704
Overseas	332	325
	165,231	382,029

Segment information about these businesses for the year ended June 30, 2005 is presented below:

	Properties RMB'000	Retailing and trading RMB'000	Transportation and catering services RMB'000	Construction technical support RMB'000	Others RMB'000	Total RMB'000
1/1-30/6/2005	101,329	24,435	8,425	26,517	4,525	165,231
1/1-30/6/2004	175,134	158,546	6,904	36,904	4,541	382,029

5. LOSS FROM OPERATIONS

	1/1-30/6/2005 RMB' 000	1/1-30/6/2004 RMB'000

Loss from operations is stated after crediting and charging the following:

	1/1-30/6/2005 RMB' 000	1/1-30/6/2004 RMB'000
Crediting:		
Interest income	1, 991	2,576
Rental income	21,034	29,111
Exchange gain	3	40
Gain on disposal of fixed assets	5	--
Charging:		
Depreciation	6,201	8,868
Amortization	336	2,407
Staff costs	33,143	42,259
Exchange loss	43	153

6. FINANCE COSTS

	1/1-30/6/2005	1/1-30/6/2004
	RMB' 000	RMB'000
Interest expenses		
- bank borrowings	20,449	20,728

7. TAXATION

	1/1-30/6/2005	1/1-30/6/2004
	RMB' 000	RMB'000
The charge comprises:		
PRC income tax for the year	364	258

Domestic income tax is calculated in accordance with applicable income tax regulations and at 15% (2004: 15%) of the estimated assessable profit determined in accordance with the accounting principles and the relevant financial regulations applicable to enterprises in the PRC. Taxation for other jurisdictions is calculated at rates prevailing in the respective jurisdictions, details of which are as follows:

	2004	2003
	RMB' 000	RMB'000
PRC enterprises income tax		
- enterprises in Shenzhen	15%	15%
- enterprises outside Shenzhen	33%	33%
Hong Kong profits tax	17.5%	17.5%
United States corporation income tax	15-59%	15-59%

8. EARNINGS PER SHARE

（a） The calculation of basic earnings per share is based on the consolidated loss of RMB6,148,886.87 (2004: loss of RMB28,042,000) and on the 1,011,660,000 shares (2004: 1,011,660,000 shares) in issue during the year.

（b） During the year ended 30 June 2005 and 2004, there were no dilutive potential shares. Fully diluted earnings per share are not disclosed.

9. FIXED ASSETS

	Land and buildings	Plant and machinery	Motor Vehicles	Office equipment and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST						
At January 1, 2005	67,392	31,402	32,280	57,682	38,951	227,707

Additions	--	87	216	317	--	620
Disposal	--	(37)	(125)	(2)	--	(164)
At June 30, 2005	67,392	31,452	32,371	57,997	38,951	228,163
DEPRECIATION						
At January 1, 2005	26,160	7,622	26,615	22,547	--	82,944
Charge for the year	1,647	129	546	382	--	2,704
Disposal	--	(29)	(124)	--	--	(153)
At June 30, 2005	27,807	7,722	27,037	22,929	--	85,495
PROVISION FOR DIMINUTION IN VALUE						
At January 1, 2005	1, 269	68	48	16	--	1,401
At June 30, 2005	1, 269	68	48	16	--	1,401
NET BOOK VALUE						
At June 30, 2005	38,316	23,662	5,286	35,052	38, 951	141,267
At January 1, 2005	39,963	23,712	5,617	35,119	38, 951	143,362

The Group's leasehold land and buildings including investment properties (note 10) are being held in the People's Republic of China under medium term leases. Certain properties have been pledged as security for the Group's bank borrowings (see note 26).

10. INVESTMENT PROPERTIES

	30/06/2005	31/12/2004
	RMB' 000	RMB'000
Net book amount at beginning of year	686, 957	628, 861
Disposal of properties	(10,504)	(2,055)
Reclassified from inventories	--	60,151
Net book amount at end of year	676,453	686,957

The investment properties have been revalued as at 30 June 2005 by the directors, and certain investment properties have been pledged as security for the group's bank borrowings (see note 26).

11 . SUBSIDIARIES

At June 30, 2005, the Company had interests in the following principal subsidiaries, which were grouped in the consolidated financial statements:

Subsidiaries	Placeofequity establishment/incorporation	Principal activities	Interest held Direct %	Indirect %
Great Wall Estate Co., Inc.	U.S.A.	Property development	70	- -
Shenzhen Special Economic Zone Real Estate (Group) Guangzhou Property and Estate Co., Ltd.	PRC	Property development, decoration and construction design	100	- -
Skill Elite Ltd.	Hong Kong	Corporate financing	- -	100
Shenzhen City Shenfang Free Trade Trading Ltd.	PRC	Trading of construction materials	95	5
Shenzhen City Shenfang Investment Ltd.	PRC	Investment and management	90	10
Shenzhen City Bamboo Garden Car Rental Ltd.	PRC	Car rental	100	- -
北京新峰房地产开发经营有限公司	PRC	Property development and management	75	25
Shenzhen City Wa Gen Construction Management Ltd.	PRC	Construction project management	75	25
Shinnying Tongxin Real Est. Dev. Co. Ltd.	PRC	Real estate development	- -	93.1
Barenie Co. Ltd.	Hong Kong	Properties investment	- -	80
Openice Ltd.	Hong Kong	Investment holding	20	80

Subsidiaries	Place of equity establishment/incorporation	Principal activities	Interest held Direct %	Indirect %
Shantou SEZ Wellam Fty Bldg., Dev. Co.	PRC	Factory building, sales and rental	- -	82
Xin-Feng Real Estate Dev. Construction (Wuhan) Co. Ltd.	PRC	Real estate management and rental service	- -	55
Fresh Peak Investment Ltd.	Hong Kong	Properties investment	- -	55
Wellam Ltd.	Hong Kong	Investment holding	- -	82

Shenzhen Petrel Hotel Co. Ltd.	PRC	Hotel operations	68.1	31.9
Shenzhen City Property Management Ltd.	PRC	Property management	95	5
Shenzhen Zhen Tung Engineering Ltd.	PRC	Fitting-out contracting and maintenance	73	27
Fresh Peak Holdings Ltd.	Hong Kong	Investment, management and consultation	100	- -
Fresh Peak Enterprise Ltd.	Hong Kong	Investment holding	82	- -
广州黄埔新邨房地产有限公司	PRC	Property development and sale	- -	100
Keyear Development Ltd.	Hong Kong	Investment holding	- -	100

The non-consolidated subsidiaries involved have either been terminated or liquidated, are in the process of liquidation or not intended to be held for long term. The Group already made appropriate provision therefore and consequently they have not been consolidated in the Group's financial statements for the year but included as non-consolidated subsidiaries as follows:

	30/06/2005 RMB' 000	31/12/2004 RMB'000
Unlisted Investments, at cost	395,266	395,266
Share of post-acquisition losses	(122,061)	(122,061)
	273,205	273,205
Less: Provision for impairment losses	(186,498)	(186,498)
	86,707	86,707
Add: Amounts (due to) non-consolidated subsidiaries	(24,538)	(32,764)
	62,169	53,943

Details of the non-consolidated subsidiaries are summarized in the following:

Subsidiaries	Place of establishment/ incorporation	Principal activities	Interest held Direct %	Interest held Indirect %
Shenzhen City SPG Bao An Development Ltd.	PRC	Property development and sales	95	5

Shenzhen Shenfang Department Store Co. Ltd.	PRC	Commercial goods supplier	95	5
Shenzhen Shenfang Car Park Ltd.	PRC	Develop and operate car park	70	30
Shenzhen Cyber Port Co., Ltd	PRC	Property investment and information technology consultancy	70	--
深圳市罗湖区社会信息资讯服务中心	PRC	Information service	--	70
深圳市数码港信息技术培训中心	PRC	Training	--	70
深圳市数码港通信有限公司	PRC	Product development and sales of web and computer	--	63

Subsidiaries	Place of equity establishment/ incorporation	Principal activities	Direct %	Interest held Indirect %
Shenzhen Shen Fang Industrial Development Co., Ltd.	PRC	Property management, investment holding	100	--
Shenzhen Real Estate Consolidated Service Co., Ltd.	PRC	Construction material, consume goods	100	--
Shenzhen Tefa Real Estate Consolidated Service Co., Ltd.	PRC	Construction and decoration	100	--
Guangdong Province Fengkai Lian Feng Cement Manufacturing Co., Ltd.	PRC	Manufacturing and trading in cement products	--	90
Shenzhen City Zhen Tung New Electronic and Electrical Development Ltd.	PRC	Investing on electronic and electrical engineering project	95	5
Fidelity Development Limited	Canada	Property Development	75	--
Bekaton Property Limited	Australia	Property Development	60	--
Beijing SPG Property Management Limited	PRC	Property management	100	--
Dergetta Company Limited	HK	Dormant	--	70
Shenzhen City Shenfang Construction and Decoration Materials Ltd.	PRC	Retailing/trading of construction materials	100	--
Shenzhen City SPG Long Gang Development Ltd.	PRC	Property development, sales, management and rental	100	--
Shenzhen Lian Hua Industry and Trading Co. Ltd.	PRC	Trading of equipment and provision of renovation material	100	--
Paklid Limited	HK	Property construction and trading of construction materials	100	--

12. ASSOCIATES

	30/06/2005 RMB'000	31/12/2004 RMB'000
Unlisted investments, at cost	58,347	58,347
Share of post-acquisition losses	(8,786)	(8,786)

	49,561	49,561
Less: Provision for impairment losses	(23,483)	(23,483)
	26,078	26,078
Add: Amounts (due to)/ due from associated companies	(644)	3,969
	25,434	30,047

At June 30, 2005, the Company had interests in the following principal associated companies:

Associated companies	Place of Establishment/ incorporation	Principal activities	Equity interest held Direct %	Equity interest held Indirect %
Yunnan Kun Peng Aviation Service Ltd.	PRC	Aviation service	25	--
Tung Yick Property Co., Ltd.	Hong Kong	Property development	20	--
深圳赛博数码广场有限公司	PRC	Property management and leasing	45	--
Shenzhen Fresh Peak Real Estate Trading and Revaluation Co. Ltd.	PRC	Property trading agency	30	--
Shenzhen City Wing Wah Engineering Ltd.	PRC	Repairs and maintenance of machinery	25	--

13. CONTRACTUAL JOINT VENTURES

	30/06/2005 RMB' 000	31/12/2004 RMB'000
Unlisted Investments, at cost	303,649	303,649
Share of post-acquisition profits	(25,606)	(25,606)
	278,043	278,043
Less: Provision for impairment losses	(138,273)	(138,273)
	139,770	139,770
Add: Amount (due to)/due from contractual joint ventures	(8,546)	3,403
	131,224	143,173

Particulars of the principal contractual joint ventures are set out as follows:

Contractual Joint venture		Joint venture registered capital ('000)	Group committed capital contribution ('000)	Principal activity	Method of Participation in earnings
Guangzhou Sui Xin Property and Estate Co Ltd.	5 years from 14 October 1992	RMB30,000	RMB71,000	Construction and sales of properties	36% of profits from Da De Plaza
Xian Fresh Peak Building Co. Ltd.	30 years from 6 July 1993	RMB20,000	RMB600,000	Construction and sales of properties	All profits after tax and appropriation commercial buildings to statutory reserves are to be used first to repay the capital contributions and interest on capital. Thereafter 67% of net profits.
Harbin Jianfeng Technology Development Co. Ltd.	30 years from 26 June 1993	RMB20,000	RMB30,000	Technology development	All profits of Harbin after tax and Jianfeng appropriation Technology to statutory Building reserves are to be used first to repay the capital contributions. Thereafter 50% of net profits.
Jiangmen Xinjian Real Estate Co. Ltd.	10 years from 19 May 1993	US$6,600	US$6,000	Property development	33% of net of Jianmen profits, Xinjian commercial building.
Kunshan Diao Feng Electricity Power Co. Ltd.	20 years from 29 November 1993	US$7,200	US$9,000	Supply of electricity	Profit distributions and appropriation to statutory reserves are to be determined by the board of directors annually.

14 LONG TERM INVESTMENTS

	30/06/2005	31/12/2004
	RMB' 000	RMB'000
PRC legal entity shares, at cost	--	16,825
Unlisted equity investments, at cost less provision for diminution in value	9,958	10,657
	9,958	27,482

15 INTANGIBLE ASSETS

	Computer software	Total
	RMB'000	RMB' 000
At January 1, 2005	68	68
Amortization for the year	(16)	(16)
At June 30, 2005	52	52

16. LAND HELD FOR DEVELOPMENT

	RMB' 000
Cost	
At January 1, 2005	64,273
Addition	
Amortization	
At June 30, 2005	64,273
Provision for impairment	
At January 1, 2005	4,170
At June 30, 2005	4,170
Net book value	
At June 30, 2005	60,103
At January 1, 2005	60,103

17. PROPERTIES UNDER DEVELOPMENT FOR SALE

	30/06/2005	31/12/2004
	RMB' 000	RMB'000
Cost	1,086,683	1,031,725
Less: Provision for impairment losses	(426,616)	(426,615)

	660,067	605,110

Included in properties under development for sale is a piece of land awaiting development held in the United States at a cost of RMB127,595,910 against which provision for impairment of RMB104,723,917 was made in prior years.

18. COMPLETED PROPERTIES FOR SALE

	30/06/2005	31/12/2004
	RMB' 000	RMB'000
Cost	163,315	182,675
Less: Provision for impairment losses	(10,045)	(10,742)
	153,270	171,933

19. INVENTORIES

	30/06/2005	31/12/2004
	RMB' 000	RMB'000
Raw materials	3,678	4,682
Work-in-progress	21,084	12,052
Finished goods	5,815	5,956
Less: Provision for impairment losses	(240)	(258)
Consumables	––	8
	30,337	22,440

20. SHORT-TERM INVESTMENTS

	30/06/2005	31/12/2004
	RMB' 000	RMB'000
Listed equity investments, at market value	2,674	3,057
Debentures, at market value	3	3
	2,677	3,060

21. TAX PAYABLE

	30/06/2005	31/12/2004
	RMB' 000	RMB'000

Corporation tax	573	(1,996)
Personal income tax	104	137
Business tax	2,203	4,162
Value added tax	(2,587)	(1,578)
Property tax	723	1,898
Others	191	129
	1,207	2,752

22. NON-CURRENT LIABILITIES

	30/06/2005	31/12/2004
	RMB' 000	RMB'000
Bank loans (note 23)	160,000	167,000
Other liabilities	20,283	19,240
	180, 283	186,240

Included in other liabilities was RMB12,889,000 borrowed from minority shareholders of a subsidiary of the Company and the remaining balance is the accruals for property management and maintenance fees. These liabilities are non-interest bearing and do not have fixed terms for repayment.

23. BORROWINGS

	30/06/2005	31/12/2004
	RMB' 000	RMB'000
Bank loans		
Secured	486,889	516,988
Guaranteed	119,273	126,000
Credit	40,000	50,000
	646,162	692,988
Bank loans repayable:		
Within one year or on demand	486,162	525,988
In the second year	50, 000	57, 000
In the third to fifth years, inclusive	110, 000	110, 000
	646,162	692, 988
Portion classified as current liabilities	486,162	525,988

Long term portion	160,000	167,000
	646,162	692,988

Particulars of assets which are pledged to secure bank loans and other facilities are set out in note 26. The guarantees are provided by third parties and certain group companies.

24. SHARE CAPITAL

	30/06/2005	31/12/2004
	RMB' 000	RMB'000
Registered, issued and paid-in 891,660,000 A shares	891,660	891,660
120,000,000 B shares	120,000	120,000
	1,011,660	1,011,660

'A' shares are issued to Chinese national investors resident in the PRC and 'B' shares are issued to foreign investors. Chinese national investors resident in the PRC are entitled to purchase and sale 'B' shares since June 2001. 'A' and 'B' shares have a par value of RMB 1 per share and rank pari passu.

25. INCREASE IN CASH AND CASH EQUIVALENT

	1/1-30/06/2005	1/1- 30/6/2004
	RMB' 000	RMB'000
Cash and bank balances	247,165	250,563
Less: deposits secured over 3 months	(36,197)	(42,177)
	210,968	208,386
Effect of foreign exchange rate changes	--	--
Restated cash and cash equivalents	210,968	208,386

26. PLEDGE OF ASSETS

At June, 30 2005, certain of the Group's investment properties, leasehold land and buildings, properties under development and properties held for sale with an aggregate net carrying value of RMB787,983,870 and fixed deposits amounting to RMB39,961,990 were pledged to secure loans to the extent of RMB516,988,290 granted to the Group.

27. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

In addition to subsidiaries, associated companies and contractual joint ventures stated in notes 11, 12 and 13 respectively, the following entities have also been defined as related parties with the Group

Nature of relationship

Shenzhen Construction Investment Holding Ultimate holding company or with Corporation and its subsidiaries the same ultimate holding company The following is a summary of the significant transactions with related parties during the year.

Shenzhen City Wing Wah Engineering Ltd.

	1/1-30/6/2005	1/1-30/6/2004
	RMB' 000	RMB'000
Construction and development expenses	509	578

The expenses were made based on the market price.

Some net balances due from / (to) related parties at June 30, 2004 and December 31, 2003 are stated in notes 11, 12 and 13, and included in the balance sheet of the Group as non-consolidated subsidiaries, associates and contractual joint ventures, the remaining balances are summarized as follows:

	30/06/2005	/12/2004
	RMB' 000	RMB'000
Shenzhen Construction Investment Holding Corporation	(188,671)	(188,671)

The above amounts are included in the balance sheet of the Group in the following classifications:

	30/06/2	31/12/2004
	RMB' 000	RMB'000
Accounts payable and accrued expenses	(49,907)	(49,907)
Dividends payable	(138,764)	(138,764)
	(188,671)	(188,671)

Both these balances are unsecured and non-interest bearing.

28. CONTINGENT LIABILITIES

	30/06/2005	31/12/2004
	RMB' 000	RMB'000
Guarantee given for banking and credit facilities granted to:		

- contractual joint ventures	34,140	2,000
- third parties	110,942	120,942
	145,082	122,942

29. LITIGATION AND ARBITRATION

1 On March 21, 1997, the Company executed an agreement with Baoxin Real Estate Development (Shenzhen) Company Limited ("Baoxin") to sell its share of 68% interests in Guo Xin Building at a consideration of RMB145,000,000. In addition, the construction cost for the building of RMB15,000,000 was undertaken by Baoxin. Baoxin has paid a deposit of RMB45,000,000. But the outstanding purchase consideration of RMB100,000,000 and the construction cost of RMB15,000,000 have still not been settled while the property right of Guo Xin Building has been transferred to Baoxin. So the Company lodged a claim. As sentenced by the Guangdong High People's Court on September 28, 2002, Baoxin should pay the outstanding purchase consideration of RMB98,948,060 and the interests to the Company. Upon a second hearing of the case, the outcome remained unchanged and in the favour of the company. Parts of the outstanding purchase consideration have been received during year 2004. Up to June 31,2005, for prudence purposes, the Company has not recognize any income on the above transaction.

2. On June 26, 1993, the Company and the former Harbin Construction Engineering College (merged into Harbin Industry University now) have signed a cooperative agreement. Under the agreement, the Company has advanced a loan of RMB22,120,500, which was used for another purpose by the former Harbin Construction Engineering College and not yet repaid up till now, as such the Company took an action against Harbin Industry University for repayment of the loan in Harbin Intermediate People's Court and the case was accepted to proceed on December 16, 2002. At the same time, on June 26, 1993, Fresh Peak Holding Ltd. ("Fresh Peak"), a wholly-owned subsidiary of the Company, and the former Harbin Construction University Science and Technology Development Head Office (named Harbin Industry University Science and Technology Development Head Office now, hereafter referred to as the former Head Office and Head Office respectively) have signed a contract called Harbin Jianfeng Science and Technology Development Co., Ltd. ("Jianfeng") Under the contract, Fresh Peak and the Company have paid to Jianfeng RMB55,960,000 of its investment cost. Subsequently, on May 15, 1996, they have signed an operating contract guaranteed by the former Harbin Construction University (merged into Harbin Industry University now). According to this contract, the former Head Office will operate Jianfeng for 13 years and should together with the former Harbin Construction University pay the contract fee to Fresh Peak every period for the purpose of settlement of the above investment cost and its interest. As the former Head Office and the former Harbin Construction University have never paid the contract fee, Fresh Peak lodged a claim against Head Office and Harbin Industry University to Heilongjiang Province High People's Court and the case was accepted to proceed on January 21, 2003.

On October,16 2004, the Heilongjiang Province High People's Court has resolved the above two disputes by the issuance of a Civil Mediation Report. The Court has decided on the following:

1) that the two disputes shall be resolved concurrently
2) that all relevant contracts between the parties shall be terminated
3) that liabilities shall be shared between the Company and Harbin Industry University in accordance with their respective investment ratio
4) that Harbin Industry University shall repay the Company its investment of RMB77,410,000 within one month upon the approval of this Mediation Report
5) that assets of the cooperation shall belong to Harbin Industry University and
6) that upon the approval of this Mediation Report, the relevant contracts and agreements between the parties shall be terminated.

Up to June 30, 2005, parts of the debts have been received and the rest will be required in the future.
For prudence purpose, RMB95, 601,809.41 was included in contractual joint ventures and a provision of RMB75, 775,014.13 has been made.

3. On August 20, 2001, the Company applied to China International Economic Arbitration Committee for arbitration against Ju Bang Co Limited, the joint venture partner, for the compensation on early redemption of the land use rights. The arbitration is still in progress. Subsequently, on December 16, 2002, the Company lodged a complaint to the Shenzhen Intermediate People’s Court to make Bamboo Garden Enterprise Ltd., the contractual joint venture, repay a construction advance of RMB37,330,000 and its interest. In 2003, first inquisition was completed and Bamboo Garden Enterprise Ltd. was liable to pay the Company RMB35,800,000 in total for principal and interest. On June 18,2004, the Company and the Fresh Peak Holding Ltd. signed a contract with the former Shenzhen Investment Holding Ltd. to sell to the latter all the equity in and payables and receivables with the Bamboo Garden Enterprise Ltd. As a result of that, the Company and the Fresh Peak Holding Ltd. signed an accord on the same day on the complaint mentioned above. As the rights and interests have not been transferred completely, the complaint has not been withdrawn at last.

4. A subsidiary, Fresh Peak Holdings Limited (“Fresh Peak”), entered into a joint venture agreement with a third party to establish a contractual joint venture, Xian Fresh Peak Estate Commercial Company Limited (“Xian Fresh Peak”) in Xian. Its principal activities are the development and management of commercial buildings in Xian. Pursuant to the aforesaid agreement, Fresh Peak hold 84% of Xian Fresh Peak and the third party provide the land for development and hold 16% of Xian Fresh Peak. The development of the commercial building started in November 1995 and suspended in 1996 due to disagreement between Fresh Peak and the third party. In 1997, the Xian government decided to receive the project of Xian Fresh Peak and transferred to an enterprise under a department of the Xian government. Xian Fresh Peak then lodged a litigation regarding the compensation. Subsequently, the court judgement in Xian was that 1) the enterprise of the department of Xian government has to pay compensation to Xian Fresh Peak of RMB36,620,000 plus interest and 2) the department of Xian government is jointly liable for the interest payment. Up to June 30, 2005, RMB40,162,363.49 was included in contractual joint ventures and a provision of

RMB21,823,177 has been made.

5. On June 23, 1993, the Shantou branch of the Company ("Shantou Branch") signed a cooperation contract with Shantou Special Economic Zone Songshan Workshop Development Co., Ltd("Songshan Company"). Subsequently, on May 8,1996, the Company signed with Songshan Company a supplement on the implementing of the contract. Because this object had not been put into practice yet , the Company and the Songshan Company came to an agreement on January 20,2000 to build a temporary market which in fact has being in operation till now. On August 16,2004, Songshan Company took an claim against Shantou Branch to the Shantou Intermediate People's Court to claim that 1) to terminate the contract, 2) Shantou Branch should pay it the compensation of about RMB7,510,000 and 3) Shantou Branch should transfer to it all the licenses and management rights of the Fresh Peak Building and the temporary market authorized by the government. Subsequently, on October 15,2004, Shantou Branch took a counter-claim against Songshan Company to the Shantou Intermediate People's Court to claim that 1) the relative contracts and agreements have no legal effect and 2) Songshan Company should pay back the amount of HKD41,774,110.00, RMB1,000,000.00 and the interests bearing. The case is still in progress. Up to June 30,2004, RMB69,204,798.99 was included in long term investment in the ledger and a provision of RMB58,547,652.25 has been made.

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6. Guangdong Province Fengkai Lian Feng Cement Manufacturing Co., Ltd("Fengkai Company") is a non-consolidated subsidiary because of the uncertainty of the ability of continuing operation. As a result of the borrowing dispute, Shenzhen Intermediate People's Court issued a civil mediation on July 8,2004 to confirm that up to April 20,2004, "Fengkai Company" own a debt of amount RMB137,648,612.50 to the Company. Meanwhile, Fengkai Rural Credit Cooperative and Fengkai Branch of Agricultural Bank of China are also creditors of Fengkai Company and they took an action against Fengkai Company to the Court. As sentenced by the Zhaoqing Intermediate People's Court on June 23, 2004 and June 3, 2004, Fengkai Company should repay to Fengkai Rural Credit Cooperative the principle of RMB16,368,000.00 and the interest of RMB11,906,938.70.00, and repay to Fengkai Branch of Agricultural Bank of China the principle of RMB6,000,000.00 and the interest of RMB4,263,180.00. The courts ordered the seizure of most of Fengkai Company's tangible assets, including land use right, plant, equipment and inventory. The case is still in the progress of execute. Up to June 30,2004, RMB192,871,055.06 was included in non-consolidated subsidiaries and a provision of RMB178,565,570.16 has been made.

30. MATERIAL EVENTS

1. On June 18, 2004, the company signed 'the contract for the transfer of interest' with the former Shenzhen Commerce Investment Co., Ltd. According to the contract, the company and Hongkong Fresh Peak Enterprise Ltd. transfer the investments and all receivables and payables of both company shown on the balance sheet of Bamboo Garden Enterprise Ltd to the Shenzhen commerce investment Co., Ltd, the total amount of transfer is RMB800 million. The standard transferring date was 31 March, 2004. Till now the company has received the first RMB20 million and accounted it as accounts payable and accrued expenses. Accordingly the right of administrating Bamboo Garden Enterprise Ltd has been transferred to Shenzhen Commerce Investment Co., Ltd, which was later merged

into Shenzhen Investment Holding Corporation, the majority shareholder controller of the Company, (see note 1). And the contract is still in the process of executing.

On June 18, 2004, the company signed an agreement with Shenzhen Investment Holding Corporation and Hongkong Fresh Peak Enterprise Ltd. According to the agreement, the receivable of RMB 60 million from Shenzhen Investment Holding Corporation will counteract the dividends payable to it.

Up to 30 June, 2005, the company has an investment on Bamboo Garden Enterprise Ltd of RMB81,126,830.34, of which the provision for diminution in value is RMB18,892,047.99, a construction in progress of RMB38,950,783.15,accrued expenses of RMB1,759,500.00,and amounts due from it and due to it of RMB11,110,940.70 and RMB30,618,421.30 separately. The total ownership interest of Bamboo Garden Enterprise Ltd is RMB79, 918,584.90.

2. On 25 May, 2005, the company resigned a sales agreement of house property with Shenzhen Investment Holding Corporation to sell parts of the Yitai Building which is the completed property for sale of the company. And this is a related party transaction. According to the agreement, the company (party B) sold to Shenzhen Investment Holding Corporation (party A) an area of 11,931.54 m^2 in the first to the fifth floor of the podium building of Yitai Building, of which the unite price was RMB8,822.1772/ m^2, and an area of 2,812.05 m^2 of 48 houses in the ninth to eleventh floor the B building of Yitai Building, of which the unite price was RMB4,800/ m^2 . And the total price was RMB118.76 million. Basis of payment: party A counteracted the price of house property with the amount due from party B of RMB118.76 million which was the dividend payable. And then party A has the house property and abnegate the creditor's rights on party B. The two parties will sign the 'sales contract of Shenzhen house property' within 90 days after the agreement was signed. After the contract was signed, party A will give party B a receipt of the debts and party B will give party A an invoice of selling the houses at the total price and a pay off house price certificate.

Up to 30 June, 2005, the cost of the area of 11,931.54 m^2 in the first to the fifth floor of the podium building of Yitai Building is RMB111.096 million and a provision for diminution in value of RMB29.527 million has been made. And the cost of the area of 2,812.05 m^2 of 48 houses in the ninth to eleventh floor the B building of Yitai Building is RMB26.183 million and a provision for diminution in value of RMB15.209 million has been made.

Although there is no cash paid or received in this transact and no profit will be gained, the company's net assets will increase by RMB20 million and the decrease of liabilities and completed properties for sale will also result in a financial betterment.

31. IMPACT OF IFRS AND OTHER ADJUSTMENTS ON NET LOSS AND SHAREHOLDERS' EQUITY

	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

32. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current half a year's presentation.