SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) CO., LTD.

Report and Financial Statements
for the year ended December 31, 2005

SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) CO., LTD.

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

CONTENTS

REPORT OF THE AUDITORS
TO THE SHAREHOLDERS OF
SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) CO., LTD.
(Incorporated in the People's Republic of China with limited liability)

We have audited the accompanying consolidated balance sheet of Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd. (the "Company") and its subsidiaries (the "Group") as of December 31, 2005 and the related consolidated statements of income, cash flows and changes in equity for the year then ended. These financial statements set out on pages 2 to 34 are the responsibility of the Group's management. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion solely to you and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2005 and of the results of operations and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards.

Moore Stephens Shenzhen Nanfang Minhe
Certified Public Accountants

April 21, 2006

SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) CO., LTD.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2005

	Note	2005 RMB'000	2004 RMB'000
Turnover	4	813,405	549,061
Cost of sales		(701,415)	(499,431)
Gross profit		111,990	49,630
Other operating income		3,823	9,004
		115,813	58,634
General and administrative expenses		(47,717)	(125,558)
Other operating expenses		(16,090)	(10,679)
(Loss) / profit from operations	5	52,006	(77,603)
Finance costs	8	(38,885)	(32,107)
Share of (losses) / profits of non-consolidated subsidiaries, associates, and contractual joint ventures		48,227	(9,962)
(Loss) / profit before taxation		61,348	(119,672)
Taxation	9	(2,587)	(1,529)
(Loss) / profit after taxation		58,761	(121,201)
Minority interests		3,681	916
Net (loss) / profit for the year		62,442	(120,285)
(Loss) / earnings per share			
Basic	10	RMB0.06	(RMB0.12)
Diluted	10	N/A	N/A

The notes on pages 6 to 34 form part of these financial statements.

SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) CO., LTD.

CONSOLIDATED BALANCE SHEET
AT DECEMBER 31, 2005

	Note	2005 RMB'000	2004 RMB'000
ASSETS			
Non-current assets			
Property, plant & equipment	11	84,522	143,362
Investment properties	12	583,962	686,957
Non-consolidated subsidiaries	13	126,560	53,943
Associates	14	24,191	30,047
Contractual joint ventures	15	80,302	143,173
Long term investments	16	10,420	27,482
Intangible assets	17	35	68
Land held for development	18	--	60,103
		909,992	1,145,135
Current assets			
Properties under development for sale	19	270,622	605,110
Completed properties for sale	20	471,986	171,933
Inventories	21	27,159	22,440
Short term investments	22	3,422	3,060
Accounts receivable		30,692	32,069
Prepayments, deposits and other debtors		109,393	128,665
Cash and bank balances		310,857	197,621
		1,224,131	1,160,898
Current liabilities			
Customers' deposits		302,260	171,227
Accounts payable and accrued expenses	23	417,110	403,729
Dividends payable	24	--	138,764
Tax payable	25	8,585	2,752
Bank loans	27	317,974	525,988
		1,045,929	1,242,460
Net current Assets/(liabilities)		178,202	(81,562)
Total assets less current liabilities		1,088,194	1,063,573
Non-current liabilities	26	(130,659)	(186,240)
Minority interests		18,136	14,682
NET ASSETS		975,671	892,015
CAPITAL AND RESERVES			
Share capital	28	1,011,660	1,011,660
Reserves		(35,989)	(119,645)
		975,671	892,015

The notes on pages 6 to 34 form part of these financial statements.

Approved and authorized for issue by the board of directors on April 21, 2006

DIRECTOR DIRECTOR

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2005

	Note	2005 RMB'000	2004 RMB'000
OPERATING ACTIVITIES			
Cash received from sales of goods or rendering of services		940,323	588,912
Other cash received relating to operating activities		71,400	125,572
Cash paid for goods and services		(481,452)	(491,206)
Cash paid to and on behalf of employees		(81,798)	(71,099)
Taxation paid		(54,955)	(30,753)
Cash paid relating to other operating activities		(141,467)	(113,495)
Interest paid		(37,592)	(40,712)
Net cash (used in) / generated from operating activities		214,459	(32,781)
INVESTING ACTIVITIES			
Cash received from disposal of investments		145,543	20,001
Dividends received and interest received		2,073	1,127
Net cash received from the sale of fixed assets, intangible assets and other long-term assets		190	48
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(3,974)	(6,420)
Net cash generated from investing activities		143,832	14,756
FINANCING ACTIVITIES			
Proceeds from borrowings		482,824	508,206
Repayments of borrowings		(732,198)	(504,256)
Net cash generated from / (used in) financing activities		(249,374)	3,950
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		108,917	(14,075)
Cash and cash equivalents at beginning of year	29	161,424	175,499
Cash and cash equivalents at end of year	29	270,341	161,424

The notes on pages 6 to 34 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2005

	Share capital RMB'000	Capital reserve RMB'000	Cumulative translation reserve RMB'000	General reserve RMB'000	Staff welfare fund RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at December 31, 2003	1,011,660	686,308	10,026	3,317	115,594	(819,602)	1,007,303
Prior year adjustment	--	--	--	--	--	5,083	5,083
Loss for the year	--	--	--	--	--	(120,285)	(120,285)
Others	--	--	(86)	--	--	--	(86)
Balance at December 31, 2004	1,011,660	686,308	9,940	3,317	115,594	(934,804)	892,015
Profit for the year	--	--	--	--	--	62,442	62,442
Others	--	--	21,214	--	--	--	21,214
Balance at December 31, 2005	1,011,660	686,308	31,154	3,317	115,594	（872,362）	975,671

PRC laws and regulations require PRC companies to provide statutory reserves. General reserve is appropriated at 10% 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 share 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 the year ended December 31, 2005, the directors have not declared any dividends to its shareholders.

The notes on pages 6 to 34 form part of these financial statements.

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 on September 15, 1993 and January 10, 1994 respectively.

In 2005, this company original major stockholder -- Shenzhen Constructs Investment Holding company to set up Shenzhen with other two cities property management consolidation of corporation to Investment Shareholding Limited Company. This issue of consolidated has been authorized and the registration changing has been done at 15th of Feb 2006.
This period, this company entered the stockholder's rights minute to set at the reform procedure, the reform plan main point is: This company only non- circulation stock shareholder to circulates A share of shareholder to have 10 to circulate A every time to pay 4.8 to the price stock; And to this corporate management level implementation stockholder's rights drive plan. It has been authorized by State-owned Assets Supervision and Administration Commission of ShenZhen Municipal Government, and has been passed though 'A market shareholder's minute set at the reform related shareholder conference' of this company, implements in February 16, 2006. Only this company's management level stockholder's rights in drove the plan the detailed plan still at formulates at present.

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 31 December 2003 and net profit for the year then ended are included in note 35 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:

3． PRINCIPAL ACCOUNTING POLICIES - (continued)

Goodwill（continued）

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 less provision for impairment losses. 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 that operates under a contractual agreement whereby the Group or Company and at least one other party undertake an economic activity that is subject to control and none of the parties involved unilaterally has control over the economic activity.

3. PRINCIPAL ACCOUNTING POLICIES - (continued)

Contractual joint ventures

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 that 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.

3. PRINCIPAL ACCOUNTING POLICIES - (continued)

Investment properties (continued)

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.

3. PRINCIPAL ACCOUNTING POLICIES - (continued)

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.

3. PRINCIPAL ACCOUNTING POLICIES - (continued)

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 January 1 of the current year. 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.

3. PRINCIPAL ACCOUNTING POLICIES - (continued)

Provisions, contingent liabilities and contingent assets (continued)

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 restaurant 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 mainland of People's Republic of China (PRC) with its turnover for the year ended December 31, 2005 identified by geographical segments as follows:

	RMB'000
PRC	788,201
Hong Kong	24,417
The United States of America	787
	813,405

4. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Segment information relating to the businesses for the year ended December 31, 2005 is presented below:

	Properties	Retailing and trading	Transportation and catering services	Construction technical support	Others	Eliminations	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE							
External sales	559,815	87,360	79,940	79,350	6,940	--	813,405
Inter-segment sales	--	--	5,300	16,541	--	(21,841)	--
Total revenue	559,815	87,360	85,240	95,891	6,940	(21,841)	813,405

Inter-segment sales are charged at prevailing market rates.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS - (continued)

	Properties	Retailing and trading	Transportation and catering services	Construction technical support	Others	Eliminations	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
RESULTS							
Segment results	82,950	(8,663)	(2,615)	(290)	1,135	14,467	58,050
Unallocated corporate expenses							(6,044)
Profit from operation							52,006
Finance costs							(38,885)
Share of losses of non-consolidated subsidiaries, associates, and contractual joint ventures							48,227
Profit before tax							61,348
Taxation							(2,587)
Profit after tax							58,761
Minority interests							3,681
Net profit for the year							62,442
OTHER INFORMATION							
Segment assets	1,498,964	16,629	155,570	42,908	5,243		1,719,314
Non-consolidated subsidiaries	60,729	11,212	42,323	(598)	12,894		126,560
Associates	8,438	--	--	449	15,304		24,191
Contractual joint ventures	33,314	13,316	--	--	33,672		80,302
Unallocated corporate assets							183,756
Consolidated total assets							2,134,123
Segment liabilities	1,011,450	46,680	83,772	22,955	3,355		1,168,212
Unallocated corporate liabilities							8,376
Consolidated total liabilities							1,176,588
Capital expenditure	406	--	1,300	323	1,945		
Depreciation	4,780	100	6,709	599	529		
Non-cash expenses other than depreciation	(57,769)	7,023	(368)	(370)	--		

4. BUSINESS AND GEOGRAPHICAL SEGMENTS - (continued)

The Group's business is principally conducted in the mainland of People's Republic of China (PRC) with its turnover for the year ended December 31, 2004 identified by geographical segments as follows:

	RMB'000
PRC	544,813
Hong Kong	3,469
The United States of America	779
	549,061

Segment information about these businesses for the year ended December 31, 2004 is presented below:

	Properties	Retailing and trading	Transportation and catering services	Construction technical support	Others	Eliminations	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE							
External sales	300,017	139,932	8,086	96,022	5,004	--	549,061
Inter-segment sales	2,380	--	--	10,558	2,050	(14,988)	--
Total revenue	302,397	139,932	8,086	106,580	7,054	(14,988)	549,061

Inter-segment sales are charged at prevailing market rates.

	Properties	Retailing and trading	Transportation and catering services	Construction technical support	Others	Eliminations	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
RESULTS							
Segment results	(61,300)	(10,529)	(700)	(127)	(27,687)	39,597	(60,746)
Unallocated corporate expenses							(16,857)
Loss from operation							(77,603)
Finance costs							(32,107)
Share of profit of non-consolidated subsidiaries, associates, and contractual joint ventures							(9,962)
Loss before tax							(119,672)
Taxation							(1,529)
loss after tax							(121,201)
Minority interests							916
Net loss for the year							(120,285)

4. BUSINESS AND GEOGRAPHICAL SEGMENTS - (continued)

	Properties RMB'000	Retailing and trading RMB'000	Transportation and catering services RMB'000	Construction technical support RMB'000	Others RMB'000	Eliminations RMB'000	Consolidated RMB'000
OTHER INFORMATION							
Segment assets	1,357,046	28,557	48,228	27,114	11,629		1,472,574
Non-consolidated subsidiaries	20,804	--	27,065	--	6,074		53,943
Associates	14,071	--	--	352	15,624		30,047
Contractual joint ventures	41,392	2,918	63,747	--	35,116		143,173
Unallocated corporate assets							606,296
Consolidated total assets							2,306,033
Segment liabilities	865,784	28,557	48,228	27,114	27,365		997,048
Unallocated corporate liabilities							431,652
Consolidated total liabilities							1,428,700
Capital expenditure	6,115	6	274	17	8		
Depreciation	6,943	150	8,420	550	35		
Non-cash expenses other than depreciation	7,186	3,229	32	120	--		

The average number of employees for the year for each of the Group's principal divisions was as follows:

	2005	2004
Properties	1,644	1,317
Retailing and trading	47	25
Transportation and catering services	241	208
Construction technical support	213	123
Others	33	27
	2,178	1,700

5. (LOSS) / PROFIT FROM OPERATIONS

	2005 RMB' 000	2004 RMB'000
(Loss) / profit from operations is stated after crediting and charging the following:		
Crediting:		
Interests	3,162	7,084
Rental income	55,377	1,268
Exchange gain	3,380	785
Gain on disposal of property, plant & equipment	1,304	(28)
Charging:		
Depreciation	12,717	16,097
Amortization	1,377	6,061
Staff costs (note 6)	91,580	74,586
Exchange loss	9,640	337
Provision for impairment losses of assets (note 7)	27,297	4,507

6. STAFF COSTS

	2005 RMB' 000	2004 RMB'000
Salaries and bonus	83,338	67,873
Retirement benefit costs and provision for other welfare	8,242	6,713
	91,580	74,586

7. PROVISION FOR IMPAIRMENT LOSSES OF ASSETS

	2005 RMB' 000	2004 RMB'000
Completed properties for sale	(8,400)	--
Accounts receivable, other debtors and amount due from non-consolidated subsidiaries	35,697	4,507
	27,297	4,507

8. FINANCE COSTS

	2005 RMB' 000	2004 RMB'000
Interest expenses		
- bank loans	32,625	32,107

9. TAXATION

	2005 RMB' 000	2004 RMB'000
The charge comprises:		
PRC income tax for the year	2,587	1,529

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:

	2005 RMB' 000	2004 RMB'000
PRC enterprises income tax		
- enterprises in Shenzhen	15%	15%
- enterprises outside Shenzhen	33%	33%
Hong Kong profits tax	17.50%	17.50%

Reconciliation to the domestic tax expense as follows:

	2005 RMB' 000	2004 RMB'000
Accounting profit under IFRS	61,348	(119,672)
Difference arising from accounting policies based on IFRS	(50,342)	(22,023)
Accounting profit under Accounting Standards for Enterprise Business of the PRC	11,006	(141,695)
Tax at the domestic rate of 15%	1,650	(21,254)
Net tax effect of expenses not deductible for tax purposes and other factors	937	22,783
Tax expense	2,587	1,529

10. EARNINGS PER SHARE

（a） The calculation of basic earnings per share is based on the consolidated profit of RMB62, 442,000 (2004: loss of RMB120, 285,000) and 1,011,660,000 shares (2004: 1,011,660,000 shares) in issued during this year.

（b） During the year ended 31 December 2005 and 2004, there were no dilutive potential shares. Fully diluted earnings per share are not applicable.

11. PROPERTY, PLANT & EQUIPMENT

	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	--	17	2,933	951	--	3,901
Decrease of subsidiaries	23,785	2	1,723	713	38,951	65,174
Disposal of assets	--	--	424	--	--	424
At December 31, 2005	43,607	31,417	33,066	57,920	--	166,010
Depreciation						
At January 1, 2005	26,160	7,622	26,615	22,547	--	82,944
Charge for the year	12,443	71	1,540	1,266	--	15,320
Decrease of subsidiaries	15,942	2	1,464	365	--	17,773
Disposal of assets	--	--	403	--	--	403
At December 31, 2005	22,661	7,691	26,288	23,448	--	80,088
Provision for impairment losses						
At January 1, 2005	1,269	68	48	15	--	1,400
Additions	--	--	--	--	--	--
Disposal	--	--	--	--	--	--
At December 31, 2005	1,269	68	48	15	--	1,400
Net book value						
At December 31, 2005	19,677	23,658	6,730	34,457	--	84,522
At December 31, 2004	39,963	23,712	5,617	35,119	38,951	143,362

The Group's leasehold land and buildings including investment properties (note 12) are located 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 30).

12. INVESTMENT PROPERTIES

	2005	2004
	RMB' 000	RMB'000
At January 1, 2004	686,957	628,861
Disposal of properties	(105,794)	(2,055)
Additions	2,799	60,151
At December 31, 2004	583,962	686,957

The investment properties have been revalued as at 31 December 2005 by the directors and certain investment properties have been pledged as security for the loans group's bank (see note 30).

13. SUBSIDIARIES

At December 31, 2005, the Company had interests in the following principal subsidiaries which have been included in the consolidated financial statements:

Subsidiaries	Place of equity establishment/incorporation	Principal activities	Interest held Direct %	Interest held 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, decorationand 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	--
Shenzhen City Wa Gen Construction Management Ltd.	PRC	Construction project management	75	25
Barenie Co. Ltd.	Hong Kong	Properties investment	--	80
Openice Ltd.	Hong Kong	Investment holding	20	80
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

13. SUBSIDIARIES - (continued)

Subsidiaries	Place of equity establishment/incorporation	Principal activities	Interest held Direct %	Interest held Indirect %
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	--
Guangzhou Huangpu Xizun real estate limited company	PRC	Property development and sale	--	100
Keyear Development Ltd.	Hong Kong	Investment holding	--	100
Beijing fresh peak property development management limited company	PRC	Property development and management	75	25

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:

	2005 RMB' 000	2004 RMB'000
Unlisted Investments, at cost	420,599	395,266
Share of post-acquisition losses	(163,799)	(122,061)
	256,800	273,205
Less: Provision for impairment losses	(108,568)	(186,498)
	148,232	86,707
Add: Amounts (due to) / due from non-consolidated subsidiaries	(21,672)	(32,764)
	126,560	53,943

13. SUBSIDIARIES - (continued)

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

Subsidiaries	Place of Establishment/ incorporation	Principal activities	Equity interest held Direct %	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	--
Shenzhen Luohu district society information information service center	PRC	Information service	--	70
Shenzhen Cyber port information Technique training centre	PRC	Training	--	70
Shenzhen Cyber port communication Co., Ltd	PRC	Product development and sales of web and computer	--	63
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

13. SUBSIDIARIES - (continued)

Subsidiaries	Place of equity establishment/ incorporation	Principal activities	Equity interest held Direct %	Equity interest held Indirect %
Fidelity Development Limited	Canada	Property Development	75	--
Bekaton Property Limited	Australia	Property Development	60	--
Beijing SPG Property Management Limited	PRC	Property management	100	--
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	--
ShenYang Tongxin real estate development limited company		Property Development	--	93.1

14. ASSOCIATES

	2005 RMB'000	2004 RMB'000
Unlisted investments, at cost	57,824	58,347
Share of post-acquisition losses	(9,138)	(8,786)
	48,686	49,561
Less: Provision for impairment losses	(23,088)	(23,483)
	25,598	26,078
Add: Amounts due from/(due to) associates	(1,407)	3,969
	24,191	30,047

14. ASSOCIATES - (continued)

At December 31, 2004 the Company had interests in the following principal associates:

Associates	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	--
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	--

15. CONTRACTUAL JOINT VENTURES

	2005 RMB' 000	2004 RMB'000
Unlisted Investments, at cost	201,500	303,649
Share of post-acquisition losses	(86,065)	(25,606)
	115,435	278,043
Provision for impairment losses	(43,221)	(138,273)
	72,214	139,770
Amounts due from contractual joint ventures	8,088	3,403
	80,302	143,173

15. CONTRACTUAL JOINT VENTURES - (continued)

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
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.
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.

16. LONG TERM INVESTMENTS

	2005 RMB' 000	2004 RMB'000
PRC legal entity shares, at cost	--	16,825
Unlisted equity investments, at cost less provision for impairment losses	10,420	10,657
	10,420	27,482

17. INTANGIBLE ASSETS

	Computer software RMB' 000	Total RMB' 000
At January 1, 2005	68	68
Amortization for the year	(33)	(33)
At December 31, 2005	35	35

18. LAND HELD FOR DEVELOPMENT

	RMB' 000
Cost	
At January 1, 2005	64,273
Additions	--
Amortization	（64,273）
At December 31, 2005	--
Provision for impairment	
At January 1, 2005	4,170
Disposal	（4,170）
At December 31, 2005	--
Net book value	
At December 31, 2005	--
At December 31, 2004	60,103

19. PROPERTIES UNDER DEVELOPMENT FOR SALE

	2005 RMB' 000	2004 RMB'000
Cost	373,163	1,031,725
Less: Provision for impairment losses	(102,541)	(426,615)
	270,622	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 RMB124,937,052 against which provision for impairment of RMB102,541,667.97 was made in prior years.

20. COMPLETED PROPERTIES FOR SALE

	2005 RMB' 000	2004 RMB'000
Cost	674,117	182,675
Less: Provision for impairment losses	(202,131)	(10,742)
	471,986	171,933

21. INVENTORIES

	2005 RMB' 000	2004 RMB'000
Raw materials	4,410	4,682
Work-in-progress	22,226	12,052
Finished goods	736	5,956
Less: Provision for impairment losses	(258)	(258)
Consumables	45	8
	27,159	22,440

22. SHORT-TERM INVESTMENTS

	2005 RMB' 000	2004 RMB'000
Listed equity investments, at market value	3,419	3,057
Debentures, at market value	3	3
	3,422	3,060

23. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	2005 RMB' 000	2004 RMB'000
Accounts payable	323,099	362,307
Accrued expenses		
Project cost	84,772	24,102
Losses for litigation and arbitration	5,808	13,471
Interests for bank borrowings	2,050	1,820
Other	1,381	2,029
	417,110	403,729

24. DIVIDENDS PAYABLE

The item of dividends payable resulted from dividends declared and not paid by the directors in prior year. This year, the company has repaid the transaction parties with related which is owned to the share holding company –Shenzhen Investment Shareholding Company .

25. TAX PAYABLE

	2005 RMB' 000	2004 RMB'000
Corporation income tax	448	(1,996)
Personal income tax	889	137
Business tax	4,911	4,162
Value added tax	(1,523)	(1,578)
Property tax	2,955	1,898
Land increment tax	718	--
Others	187	129
	8,585	2,752

26. NON-CURRENT LIABILITIES

	2005 RMB' 000	2004 RMB'000
Bank loans (note 27)	110,000	167,000
Other liabilities	20,659	19,240
	130,659	186,240

Included in other liabilities was RMB12, 662,000 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.

27. BANK LOANS

	2005 RMB' 000	2004 RMB'000
Bank loans		
Secured	313,974	516,988
Guaranteed	94,000	126,000
Credit	20,000	50,000
	427,974	692,988
Bank loans repayable:		
Within one year or on demand	317,974	525,988
In the second year	--	57,000
In the third to fifth years, inclusive	110,000	110,000
	427,974	692,988
Portion classified as current liabilities	317,974	525,988
Long term portion	110,000	167,000
	427,974	692,988

Particulars of assets which are pledged to secure bank loans and other facilities are set out in note 30. The guarantees are provide by third parties and certain group companies.

28. SHARE CAPITAL

	2005 RMB' 000	2004 RMB'000
Registered, issued and paid-in 891,660,000 A shares par value	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 have been entitled to purchase and sell 'B' shares since June 2001. 'A' and 'B' shares have a par value of RMB 1 per share and is the same level status.

29. CASH AND CASH EQUIVALENTS

	2005 RMB' 000	2004 RMB'000
Cash and bank balances	310,857	197,621
Less: deposits secured over 3 months	(38,821)	(36,645)
	272,036	160,976
Effect of foreign exchange rate changes	(1,695)	448
Restated cash and cash equivalents	270,341	161,424

30. PLEDGE OF ASSETS

At December 31 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 RMB353, 759,800 and fixed deposits amounting to HKD15, 000,000 and USD2, 900,000 were pledged to secure bank loans of RMB228,970,000yuan, HKD58,979,700 and USD2,900,000,granted to the Group.

31. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

In addition to subsidiaries, associates and contractual joint ventures stated in notes 13, 14 and 15 respectively, the following entities have also been defined as related parties with whom the Group has had significant transactions during the year or with whom a significant balance exists at the year end.

	Nature of relationship
Shenzhen Investment Shareholding Limited Company	Ultimate holding company

31. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - (continued)

The following is a summary of the significant transactions with related parties during the year.

The following is the important transactions with the related party in this year,

The name of the related party	2005 RMB	2005 % of the product sales	2004 RMB	2004 % of the product sales
Shenzhen Investment Shareholding Co.，Ltd	118,760,002.00	13.94%	--	--

This year, the Company sold the property on the1-5 floors of Yi Tai Building, which the area is 11,931.54 m^2, and 48 sets properties on the 9-11 floors in the block B of Yi Tai Building, which the area is 2,812.05 m^2, at the price of RBM118, 760,002.00 to Shenzhen Investment Shares Holding Company. The sales of property would be against directly the dividend unpaid, which should pay to Shenzhen Investment Shareholding Company. This related transaction increased RMB21,586,982.17 yuan net profit.

Shenzhen City Wing Wah Engineering Ltd.

	2005 RMB' 000	2004 RMB'000
Construction and development expenses	566	662

The expenses were made based on the market price.

Shenzhen Construction group Financial limited company	2005 RMB' 000	2004 RMB'000
Loan	80,000	100,000

Shenzhen Construction group financial limited company

	2005 RMB' 000	2004 RMB'000
Interest of loan	6,867	5,930

Interest rate: Loan agreement signs which according to both sides, interest rate for 6.3 ‰ monthly

Shenzhen Investment Shareholding Limited Company

	2005 RMB' 000	2004 RMB'000
Guarantees accepted for banking and credit facilities	80,000	100,000

Shenzhen Investment Shareholding Limited Company

	2005 RMB' 000	2004 RMB'000
Fee of guarantee	720	--

Some net balances due from / (due to) related parties at December 31, 2005 and 2004 are stated in notes 13, 14 and 15, and included in the balance sheet of the Group as non-consolidated subsidiaries, associates and contractual joint venture, the remaining balances are summarized as follows:

	2005	2004
	RMB' 000	RMB'000
Shenzhen Investment Shareholding Limited Company	(10,000)	(188,671)

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

	2005	2004
	RMB' 000	RMB'000
Accounts payable and accrued expenses	(10,000)	(49,907)
Dividends payable	--	(138,764)
	(10,000)	(188,671)

Both these balances are unsecured and non-interest bearing.

Directors' emoluments

There are ten directors in the Company. Four of the directors received emoluments totaling RMB891, 712 for the year ended December 31, 2005. Four directors did not receive any salary or other benefits from the Company.

32. CONTINGENT LIABILITIES

	2005	2004
	RMB' 000	RMB'000
Guarantees given for banking and credit facilities granted to:		
- contractual joint ventures	--	2,000
- third parties	201,420	120,942
	201,420	122,942

33. LITIGATION AND ARBITRATION

(1) On March 21 1997,the company executed an agreement with Baoxin real Estate Development (Shenzhen)Company limited (called Baoxin below) to sell its share of 68% interest in Guoxin 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 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 sentence by the Guangdong High People's Court on September 28 2002, Baoxin should pay the outstanding purchase consideration of RMB 98,948,060 and the interests to the company. Upon a second sued of the case, the outcome remained unchanged and in the favour of the company. Up to December 31 2004, part of outstanding purchase consideration has been received. In 2005, As sentence by the Guangdong High People's Court on July 7 2005. By Guangdong Shanwei urban people's court is responsible executed for this case. Because can't be found property available from executor, so fail to execute this year. For

prudence purpose, the company has not recognized any income, cost on the above transaction. The company accounting RMB166, 109,047 of Guoxin Building to other account receivable and deduct the provision for doubtful accounts of RMB 69,907,107, as also after received of RMB68, 720,773.33 in receive in advance account, balance of RMB27,481,166.67 to provision for doubtful accounts.

(2) A subsidiary, Fresh Peak Holding limited company (called Fresh Peak below),entered into a joint venture agreement with a third party to establish a contractual joint venture, Xian Fresh Peak Estate Commercial limited company (Xian Fresh Peak Estate) 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 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 judgment 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 development of Xian government is jointly liable for the interest payment. During this year RMB11, 500,000.00 have been received. In May 30 2005, issuance <Warrant of creditor’s right> through the Shanxin High People’s Court, confirm the two executors still owing RMB21, 540,000.00 of principal and interest to Fresh Peak. The company with Xian government consults until now. Up to December 31 2005, RMB42, 143,749.62 was included in contractual joint ventures and a provision of RMB21, 438,691.59 has been made in account.

(3) 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. In November 15 2005, adjust through the ShanTou intermediate people’s court’s paper of civil mediation: Shantou Branch signed a mediation agreement with Songshan Company in November 14 2005, the court confirm for agreement, thus forming lawful contract. The agreement is now being performs. Up to December 31 2005, RMB68, 968,179.71 was included in long term investment in the ledger and a provision of RMB58, 547,652.25 has been made in account.

33. LITIGATION AND ARBITRATION (continued)

(4) The subsidiary, HK Fresh Peak Holding limited company (called Fresh Peak below), entered into a equity control agreement with a third party to establish a equity controlled company—ShenYang Tongxin Real Estate Development Limited Company (called ShenYang TongXin below), its principal activities are the development and development of Xinfeng mall in ShenYang. January 5 2005, the company signed <confirm the creditor and debtor and repayment agreement> with Fresh peak, ShenYang TongXin. Our company RMB87, 181,320.88 of principal in a loan by the Fresh Peak to confirm and promises repayment before January 30 2005; The ShenYang TongXin to discharge a debt and an obligation, RMB59, 026,688.18 of principal and interest of Fresh Peak liabilities limitation. Due to agreement can't compliance with the period. In 2005 the company sued to Shenzhen intermediate people's court. The company manages to reconciliation agreement with Fresh Peak and ShenYang TongXin, continue the above confirmed to jointly liability of principal and interest; though ShenZhen intermediate people's court confirmed for adjust agreement and having the force of law. But due to unfulfilled of obligation by both parties, the company applies of forcible execution toward the court in June 21 2005. On October 9 2005, after carries out the court Shenzhen intermediate people's court to entrust Shenzhen country audiences to unite the property to appraise The Real State Estimate consultation Limited Company may supply to this case to carry out (Shenyang which the property Fresh Peak company has with ShenYany Tongxin company 93.1% stockholder's rights) the value carries on the appraisal, carries out the auction basis as Shenzhen intermediate people's court. On November 23, 2005, after Shenzhen intermediate people's court the civil written verdict to rule: Auctions Shenyang which the Fresh Peak company has with Tongxin company 93.1% stockholder's rights, the first auction base price (after competes for the RMB65,640,630.61 Yuan buys human to compete the above stockholder's rights, Fresh Peak company will give up it to Shenyang Tongxin company's all creditor's rights); Above carries out the measure by RMB87,181,320.88 Yuan , the interest, punishes the rest, the legal fee, the execution spends and so on to be limited to. On January 22 2006, this 93.1% stockholder's rights by compete patting to compete by RMB 89,200,000 Yuan . This case still carries out at present.

34. COMMITMENTS

At December 31, 2005, the Group also has outstanding capital commitments for property development projects as follows:

	2005 RMB'000	2004 RMB'000
Authorized but not contracted	21,739	361,190
Contracted for	40,739	65,000
	62,478	426,190

35. IMPACT OF IFRS AND OTHER ADJUSTMENTS ON NET PROFIT AND SHAREHOLDERS' EQUITY

	Net profit for the year RMB'000	Net assets RMB'000
As reported in the consolidated financial statements prepared in accordance with Accounting Standards for Enterprise Business in the PRC	12,100	1,056,972
Reversal of depreciation charges in respect of investment properties	26,993	121,509
Adjustment for market value of short-term investments	363	1,718
Expenses accrued in previous year	--	522
Difference in recognition of cost of fixed assets	--	(202,148)
Profit arising from troubled debt restructuring	21,587	--
Goodwill arising from acquisition of subsidiaries	1,397	(2,902)
Other	2	--
As reported in the consolidated financial statements prepared in accordance with IFRS	62,442	975,671