深圳市特力（集团）股份有限公司

SHENZHEN TELLUS HOLDING CO., LTD.

INTERIM REPORT 2006

（B-share）

August 2, 2006

Contents

Section I. Important Notice

Important Notice: The Board of Directors of the Shenzhen Tellus Holding Co., Ltd. (hereinafter referred to as the Company) and it directors individually and collectively accept responsibility for the correctness, accuracy and completeness of the contents of this report and confirm that there are no material omissions nor errors which would render any statement misleading.

The Board of Directors of the Company has nine directors, of which all of them attended the Board meeting.

Mr. Zhang Ruili, Chairman of the Board, Mr. Fu Bin, Chief Financial Officer, and Mr. Yang Jianhui, Manager of Plan and Financial Dept. hereby confirm that the financial report enclosed in this interim report is true and complete.

The interim financial report of the Company has not been audited.

Section II. Company Profile

I. Company profile

1. Legal Name of the Company in Chinese: 深圳市特力（集团）股份有限公司
   Legal Name of the Company in English: ShenZhen Tellus Holding Co., Ltd.
   Abbr. in English: Tellus

2. Stock Exchange Listed with: Shenzhen Stock Exchange
   Short Form of the Stock and Stock Code: G Tellus-A (000025), Tellus-B (200025)

3. Registered Address: 3/F, Tellus Building, No. 56, Shui Bei Er Road, Luohu District, Shenzhen
   Office Address: 15/F, Zhonghe Building, Shennan Middle Road, Shenzhen
   Post Code: 518031
   E-mail: sztljtgf@public.szptt.net.cn

4. Legal Representative: Zhang Ruili

5. Secretary of the Board of Directors: Ren Yongjian
   Contact Address: ShenZhen Tellus Holding Co., Ltd.
   Tel: (86) 755-83989338
   Fax: (86) 755-83989399
   E-mail: szryj@tom.com
   Securities Affairs Representative: Yang Jianhui
   Contact Address: Plan and Financial Dept. of ShenZhen Tellus Holding Co., Ltd.
   Tel: (86) 755-83989363
   Fax: (86) 755-83989399
   E-mail: ndbridge@163.com

6. Newspapers Chosen by the Company for Disclosing the Information:
   Securities Times (Shenzhen) and Hong Kong Ta Kung Pao (overseas)
   Internet Website Designated by CSRC for Publishing the Interim Report of the Company: http://www.cninfo.com.cn
   The Place Where the Interim Report is Prepared and Placed: 15/F, Zhonghe Building, Shennan Middle Road, Shenzhen

II. Major financial data and indexes

1. Major un-audited accounting data and business highlights in the first half year of 2006:

Unit: RMB

Items	At the end of this report period	At the end of the last year	Increase/decrease at the end of this report period compared with the year-begin（％）
Current assets	337,673,010.21	305,954,085.97	10.37
Current liabilities	588,140,702.82	572,098,655.52	2.8

Total assets	877,685,457.62	859,358,659.13	2.13
Shareholders' equity (excluding minority interest)	227,404,241.33	225,872,478.83	0.68
Net assets per share	1.032	1.025	0.68
Net assets per share after adjustment	0.90	0.89	1.12
Items	**In the report period (Jan. to Jun. 2006)**	**At the same period of the last year**	**Increase/decrease in this report period compared with the same period of the last year**
Net profit	1,084,331.86	409,587.98	164.74
Net profit after deducting non-recurring gains and losses	-4,773,424.45	1,843,429.54	-358.94
Earnings per share	0.005	0.002	150.00
Return on equity (%)	0.48	0.19	0.29
Net cash flow arising from operating activities	-20,752,644.11	99,757,526.57	-120.80

Return on equity and earnings per share calculated according to the Reporting Regulations on the Information Disclosure of Companies Publicly Issuing Shares (No. 9) released by CSRC

Supplementary statement of profit

	June 2006			
	Return on equity (%)		**Earnings per share (RMB/share)**	
	Fully diluted	**Weighted average**	**Fully diluted**	**Weighted average**
Profit from main operations	20.45	20.54	0.21	0.21
Operating profit	-1.55	-1.56	-0.016	-0.016
Net profit	0.48	0.48	0.005	0.005
Net profit after deducting non-recurring gains and losses	-0.021	-0.021	-0.022	-0.022

Items of non-recurring gains and losses	**Amount (RMB)**
Non-operating income	8,384,430.99
Non-operating expenses	2,526,674.68
Total	5,857,756.31

2. Difference between CAS and IAS

(1) As per International Accounting Standards

Unit: RMB'000

Items	Jan. – Jun. 2006
Revenue	578,542
Profit after tax	1,084
Total shareholders' fund	220,948
Earnings per share (RMB)	0.005
Net assets per share (RMB)	1.003
Return on equity (%)	0.49
Shareholders' equity ratio (%)	25.17

(2) As per Chinese Accounting Standards

Items	Jan. – Jun. 2006
Revenue	578,542
Profit after tax	1,084
Total assets	877,685
Total shareholders' fund	227,404
Earnings per share (RMB)	0.005
Net assets per share (RMB)	1.032
Return on equity (%)	0.48
Shareholders' equity ratio (%)	25.91

Section III. Change in Share Capital and Particulars about Shares Held by Main Shareholder

I. Change in shares of the Company

In the report period, the Company's structure of share capital was changed as follows:

Statement of Change of Share Capital

Unit: Share

Type of shares	Before the change		Increase/decrease in this time (+, -)					After the change	
	Number of shares	Proportion (%)	Issuance of new shares	Bonus shares	Capitalization of public reserve	Other	Subtotal	Number of shares	Proportion (%)
I. Shares with conditional sales	159597500	72.45	0	13713640 (-)	0	0	13713640 (-)	145883860	66.23
1. Shares held by the State	0	0	0	0	0	0	0	0	0
2. Shares held by state-owned legal person	159588000	72.45	0	13717440 (-)	0	0	13717440 (-)	145870560	66.22
3. Shares held by other domestic investors	0	0	0	0	0	0	0	0	0
Including:									
Shares held by domestic legal persons	0	0	0	0	0	0	0	0	0
Shares held by domestic natural persons	0	0	0		0	0	0	0	0
4. Shares held by foreign investors	0	0	0	0	0	0	0	0	0
Including:	0	0	0	0	0	0	0	0	0
Shares held by foreign legal persons	0	0	0	0	0	0	0	0	0
Shares held by foreign natural persons	0	0	0	0	0	0	0	0	0
5. Shares held by senior executives	9500		0	3800(+)	0	0	3800(+)	13300	0.01
II. Shares without conditional sales	60684100	27.55	0	13713640 (+)	0	0	13713640 (+)	74397740	33.77
1. RMB ordinary shares	34284100	15.57	0	13713640 (+)	0	0	13713640 (+)	47997740	21.79
2. Domestically listed foreign shares	26400000	11.98	0	0	0	0	0	26400000	11.98
3. Overseas listed foreign shares	0	0	0	0	0	0	0	0	0
4. Others	0	0	0	0	0	0	0	0	0
III. Total shares	220281600	100	0	0	0	0	0	220281600	100

Number of shares held by the top ten shareholders with conditional sales and conditional sales

Unit: share

No.	Name of shareholders with conditional sales	Number of holding shares with conditional sales	Date of listing for trade	Number of additional shares could list for trade	Conditional sales
1	Shenzhen SDG Co., Ltd.	145870560	Jan. 4, 2009	145870560	Within 36 months since Jan. 4, 2006 (the date that the Company implement the share merger reform plan), SDG would not list with Shenzhen Stock Exchange and sell the shares of Tellus held by it (except for the shares used to inspirit the management level of Tellus). To effectively boost the core management level and business backbones for long, SDG would take out its shares, not exceeding 10% in total number after the share merger reform, and apply them to the boost of the management level. The shares would be sold to the Company's management level over 3 years, with the selling price being the net asset value per share audited during the period nearest to the implementation.
2	JIANG QIN JIAN	12600	Dec. 17, 2006		Shares held by senior executives
3	HU XIAO MEI	700	Dec. 17, 2006		Shares held by senior executives

II. Total shareholders of the Company

Total shareholders of the Company at the end of the report period: ended June 30, 2006, the Company had 16,585 shareholders in total, including 12,606 shareholders of A-share and 3,979 shareholders of B-share.

III. Particulars about shares held by the top ten shareholders at the period-end

Name of Shareholder and Nature	Increase/ decrease in this report period	Shares held at the end of period-end	Proportion (%)	Type of shares	Pledged or frozen or custody	Nature of shareholders
1. Shenzhen SDG Co., Ltd.	13,717,440 (-)	145,870,560	66.22	Non-circulating	Naught	State-owned shareholder
2. WANG KE (shareholder of tradable share)	Unknown	331,800	0.15	Circulated	Unknown	Foreign shareholder
3. HU GUANG HUA (shareholder of tradable share)	Unknown	288,586	0.13	Circulated	Unknown	Foreign shareholder
4. MEI ZHENG SHUI (shareholder of tradable share)	Additional holding	281,400	0.13	Circulated	Unknown	Foreign shareholder
5. HE XING (shareholder of tradable share)	Unknown	261,316	0.12	Circulated	Unknown	Foreign shareholder
6. SUN XIAO WEI (shareholder of tradable share)	Unknown	254,000	0.12	Circulated	Unknown	Foreign shareholder
7.LV RUI HUI (shareholder of tradable share)	Unknown	242,000	0.11	Circulated	Unknown	Foreign shareholder
8. YE FEI (shareholder of tradable share)	Unknown	237,000	0.11	Circulated	Unknown	Foreign shareholder
9. ZHOGN YAO XIANG (shareholder of tradable share)	Unknown	226,720	0.10	Circulated	Unknown	Foreign shareholder
10. CAI XIAO LING (shareholder of tradable share)	Unknown	213,640	0.10	Circulated	Unknown	Foreign shareholder

Note: Among the top ten shareholders as listed above, there exists no associated relationship among the shareholders of legal person share. The 2nd to 10th shareholders are shareholders of tradable share, which the Company is unknown whether there exists associated relationship.

IV. Particulars about shares held by the top ten shareholders of tradable share at the end of report period

Shareholder's name and nature	Tradable share held at the period-end	Type
1. WANG KE	331,800	A-share
2. HU GUANG HUA	288,586	B-share
3. MEI ZHENG SHUI	281,400	A-share
4. HE XING	261,316	B-share
5. SUN XIAO WEI	254,000	A-share
6. LV RUI HUI	242,000	B-share
7. YE FEI	237,000	A-share
8. ZHONG YAO XIANG	226,720	B-share
9. CAI XIAO LING	213,640	A-share
10. YANG WU	213,500	A-share

Note: The Company was unknown whether there is any associated relationship among the top ten shareholders of tradable share; or whether there is any action-in-concert among them as described by the Administrative Rules on Information Disclosure about Changing of Shareholding Status.
Explanation on the appointed period of holding shares which strategic investor or general legal person participates in the allotment of new shares: naught

V. Particulars about the controlling shareholder
The controlling shareholder and actual controller of the Company remained unchanged during the report period.

Section IV. Particulars about Directors, Supervisors and Senior Executives

I. Particulars about change in shares held by directors, supervisors and other senior executives:

Name	Title	Number of holding share (share)		Remark
		Period-begin	Period-end	
Zhang Ruili	Chairman of the Board	0	0	
Cheng Peng	Director, GM	0	0	
Fu Bin	Director, CFO	0	0	
Li Mingjun	Director	0	0	
Xue Gang	Director	0	0	
Chen Baojie	Director	0	0	
Zhou Chengxin	Independent Director	0	0	
Shi Weihong	Independent Director	0	0	
Ji Dejun	Independent Director	0	0	
Li Binxue	Chairman of the Supervisory Committee	0	0	
Luo Tao	Supervisor	0	0	
Zhang Xinliang	Supervisor	0	0	
Yang Jianhui	Employee Supervisor	0	0	
Wang Guangye	Employee Supervisor	0	0	
Wang Hailin	Director of the 4th Board of Directors	0	0	He has left his post due to re-election of the Board of Directors on June 17, 2006
Yang Feng	Director of the 4th Board of Directors	0	0	He has left his post due to re-election of the Board of Directors on June 17, 2006
Jiang Qinjian	Director of the 4th Board of Directors	9000	12600	He has left his post due to re-election of the Board of Directors on June 17, 2006
Zhang Yuan	Independent Director of the 4th Board of Directors	0	0	He has left his post due to re-election of the Board of Directors on June 17, 2006
Feng Yu	Supervisor of the 4th Supervisory Committee	0	0	He has left his post due to re-election of the Supervisory Committee on June 17, 2006, now he acts as deputy general manager.
Hu Xiaomei	Employee Supervisor of the 4th Supervisory Committee	500	700	She has left her post due to re-election of the Board of Directors on June 17, 2006
Guo Dongri	Deputy GM	0	0	
Ren Yongjian	Deputy GM, Secretary of the Board	0	0	
Luo Bojun	Deputy GM	0	0	

II. Particulars about change in directors, supervisors and senior executives in the report period

(I) On June 17, 2006, the Company held the annual shareholders' general meeting 2005, in which directors of the Company's 5^{th} Board of Directors and supervisors of the 5^{th} Supervisory Committee were elected, namely, Zhang Ruili, Cheng Peng, Fu Bin, Li Mingjun, Xue Gang and Chen Baojie were respectively elected as Director of the 5^{th} Board of Directors; Zhou Chengxin, Shi Weihong and Ji Dejun were respectively elected as Independent Director of the 5^{th} Board of Directors; Li Binxue, Luo Tao and Zhang Xinliang were respectively elected as Supervisor of the 5th Supervisory Committee. Additionally, as elected by Enlarged Meeting of Trade Union Committee of the Company, Yang Jianhui and Wang Guangye were respectively as Employee Supervisor of the 5^{th} Supervisory Committee.

(II) On June 17, 2006, the Company held the 1^{st} Extraordinary Meeting of the 5^{th} Board of Directors, in which Zhang Ruili was elected as Chairman of the 5^{th} Board of Directors; Cheng Peng was engaged as General Manager of the Company; Guo Dongri, Ren Yongjian, Luo Bojun and Feng Yu were respectively engaged as Deputy General Manager of the Company; Fu Bin was engaged as CFO of the Company; and Ren Yongjian was engaged as Secretary of the Board. Zhang Ruili no longer took the post of General Manager of the Company. The relevant public notice on resolutions was published in Securities Times and Ta Kung Pao dated June 20, 2006.

(III) On June 17, 2006, the Company held the 1^{st} Extraordinary Meeting of the 5^{th} Supervisory Committee, in which Li Binxue was elected as Chairman of the 5^{th} Supervisory Committee. The relevant public notice on resolutions was published in Securities Times and Ta Kung Pao dated June 20, 2006.

Section V. Discussions and Analysis of the Management

I. Discussions and analysis of the Management

1. Operating results and financial analysis

(1) Increase in income from main operations

In the report period, the Company accumulatively realized income from main operations amounting to RMB 578.54 million, increasing RMB 47.89 million compared with that of RMB 530.65 million realized in the same period of last year, with an increase of 9.02%. Increase of the income was mainly because that sales volume of automobiles increased.

(2) Costs from main operations increased with the increase of income form main operations

In the report period, costs from main operations of the Company amounted to RMB 530.02 million, increasing RMB 54.57 million compared with that of RMB 475.45 million in the same period of last year, with an increase of 11.48%. The costs increased mainly because the income from core business increased.

(3) Period expenses decreased a bit

In the report period, the period expenses of the Company accumulated to RMB 51.17 million, increasing RMB 3.42 million compared with that of RMB 47.75 million in the same period of last year, with an increase of 7.16%, deducting noncomparable factors of RMB 4.16 million compared with the same period of last year, in fact, the period expenses of the Company has decreased by RMB 0.74 million over the same period of last year. Of which: operating expenses of RMB 21.96 million, increasing RMB 0.1 million over the same period of last year as calculated by the same caliber; administrative expenses of RMB 24.22 million, decreasing RMB 2.04 million compared with that of RMB 26.26 million in the same period of last year; financial expenses of RMB 4.98 million, increasing RMB 1.2 million compared with that of RMB 3.78 million in the same period of last year.

(4) The profit increased compared with that in the same period of last year

In the report period, the Company accumulatively realized total profit amounting to RMB 3.35 million, decreasing RMB 0.82 million compared with RMB 4.17 million realized in the same period of last year. The Company accumulatively realized net profit amounting to RMB 1.08 million, increasing RMB 0.67 million compared with RMB 0.41 million realized in the same period of last year.

2. Financial status of the Company

(1) Assets

By the end of June 2006, the total assets of the Company was RMB 877.69 million, of which: current assets amounting to RMB 337.67 million, long-term investment (net amount) amounting to RMB 149.65 million, fixed assets amounting to RMB 366.88 million, intangible and other assets amounting to RMB 23.49 million.

(2) Liabilities

By the end of June 2006, the total liabilities of the Company was RMB 597.06 million, of which: current liabilities amounting to RMB 588.14 million, long-term liabilities amounting to RMB 5.55 million and deferred taxes amounting to RMB 3.37 million.

(3) Net assets

By the end of June 2006, the shareholders' equity of the Company totaled to RMB 280.63 million, of which: owners' equity of the Company amounting to RMB 227.40 million and minority equity amounting to RMB 53.23 million.

II. Operation in the fist half of 2006

1. Scope of main operations and operation

Main Operations in the report period:

	Income from main operations	Cost of main operations	Profit ratio of main operations	Increase or decrease of income from main operations compared with the last year (%)	Increase or decrease of cost from main operations compared with the last year (%)	Increase or decrease of profit ratio of main operations compared with the last year (%)
Automobile examination and maintenance	30,581,488.80	24,163,961.79	20.31	-14.87	-13.37	-2.71
Automobile trade	508,448,320.70	488,805,723.33	3.84	14.30	15.08	-2.71
Lease service	39,073,435.34	16,927,436.86	52.42	22.57	28.48	-2.1
Real Estate	438,511.00	124,817.50	66.34	-97.57	-98.77	29.37
Total	578,541,755.84	530,021,939.48	8.04	9.02	11.48	-1.8

2. In the report period, there were no significant changes about the composing of profit and main operations and its structure and profitability of main operations.

3. The Company had no other operating activities that impacted significant influence on the operating profits in the report period.

4. In the report period, individual share-holding company whose investment earnings impacted over 10% on the net profit of the Company

Name of company	**Business**	**Major products and services**	**Net profit （35%）**
Shenzhen Renfu Tellus Automobile Service Co., Ltd.	Automobile maintenance	Automobile maintenance, automobile show, sales of automobile fittings and accessory, automobile technology consultation, and sales of automobile	1,428,000.00

5. Problems and difficulties arising from the operation

At present, the main business of the Company is the automobile aftermarket and operation and management of property, and the Company's existent difficulties mainly focused on the said two aspects besides difficulty in capital. The difficulties in the automobile aftermarket are due to the policies adjustment factor, which brought the significant effect on the Company.

(1) The automobile maintenance enterprises in Shenzhen are recognized as general taxpayer's qualification, so that the partial automobile maintenance enterprises would be imposed tax based on 17 percent of VAT rate, and all enterprises under Tellus Group have a mass of auto repairing business. The adjustment of the vehicle testing policies brought influence on motor vehicle testing business of the Company, and

resulted in the decrease of testing business of the Company. The State implemented new consumable tax to vehicles since April 1, 2006 and rise in fuel price, which caused reduction in the profit space obviously and affected sales volume.

(2) At present, Tellus Group's properties are quite aging, the lease price is only kept in the lower level, maintenance costs is the higher, and the whole operation and management level is also under improving.

(3) Difficulty in capital. The historical debts and problems left over by history are the Company's albatross all along. Through struggle for many years, the problems are being solved step by step, which Tellus Group's ratio of debts to assets has decreased to 68% now from 81% in the year 2003, but the pressure in capital payment such as repayment and debts reorganization is still exist.

Targeting at the problems and difficulties encountered, the Company has dug deep into its potential advantages, laid emphasis on taking initiative, objectively analyzed the current situation of the Company, the market as well as the whole industry, and adopted the some effective measures, including integrating properties, tapping idle assets, strengthening service supervision, stepping up financing and debt reorganization, conducting HR management system reform and enterprise transformation and promoting the standardization of the new project of auto repair as well as the dealership of CHEM-TUNE products, etc.

III. Investments in the report period

1. There were no proceeds raised in the report period by the Company, nor were there any proceeds that had been raised before the report period and still used in the report period.

2. There were no projects invested with non-raised proceeds in the report period.

IV. The Company has not disclosed any profit prediction or any other relevant forecasts or plans.

V. The Company cannot predict the net profit to be made in the 3rd quarter based upon the current operation and finance status.

Section VI. Significant Events

I. Corporate administration

In the report period, in accordance with the newly issued Company Law, Securities Law as well as other relevant laws and regulations, the Company has revised the Articles of Association, Rules of Procedure of the Shareholders' General Meeting and the Rules of Procedure of the Board of Directors, etc, improved corporate administration structure and further standardized its operation. The management and operation of the Company have basically met the requirements set by the administration rules for listed companies.

II. Plan on profit distribution and capitalization of public reserves of the report period

1. In the report period, the Company has neither distributed any profit nor capitalized

any public reserves.
2. No profit will be granted and no public reserves will be capitalized in the interim.
III. Important lawsuits and arbitrations
No new lawsuits or arbitrations happened in the report period.
Solutions and development of the former lawsuits and arbitrations are as follows:
(I) For the case of the Company failing to repay the overdue loan amounting to RMB 13 million to the Luohu Sub-Branch of Shenzhen Development Bank Co., Ltd, the Company has reached an loan transfer agreement with Shenzhen Development Bank Co., Ltd.
(II) In October 2005, the Company lodged a complaint to the People’s Court of Shnzhen Luohu District, demanding that Gintian Industry (Group) Co., Ltd repay the Company RMB 4,081,830 (Including the principal RMB 3,000,000, the interest RMB 1,051,380, the litigation cost RMB 25,160 and the execution cost RMB 5,290. For the fund taken away, the Company had recorded as losses.) that had been deducted compulsively from the Company’s account because of the bank loan guarantee provided for it. The court has accepted the case. Till the disclosure of this report, the court is still hearing the case.
(III) In October 2005, the Company lodged a complaint to Shenzhen Intermediate People’s Court, demanding that Shenzhen Zhonghao (Group) Ltd repay the Company RMB 16.62 million, mainly including the bank interest RMB 5 million, and the bank loan RMB 11.5 million that the Company paid for Zhonghao Company’s bank loans as well as the litigation cost and assessment cost RMB 120 thousand paid by the Company on its behalf (The aforesaid funds had been dealt as losses in previous years). The court has accepted the case. Till the disclosure of this report, the court is still hearing the case.
(IV) As to the case on the guarantee provided by the Company for the overdue loan totaling USD 2 million obtained by Gintian Industry (Group) Co., Ltd from Shenzhen Development Bank Co., Ltd, the Company has reached a loan transfer agreement with Shenzhen Development Bank Co., Ltd. The Company has assumed this overdue loan and will step up the debt recovery work on Gintian. Relevant notices have been published in the Apr. 28, 2006 editions of Securities Times and Ta Kung Pao.
(V) As to the case on Shenzhen Shangbu Sub-Branch of Agricultural Bank of China suing Shenzhen Petrochemical Industry (Group) Co., Ltd for the overdue loan of RMB 57.6 million with guarantee provided by the Company, the Company received the Judgment Paper from Shenzhen Intermediate People’s Court on May 9, 2006, which ruled that the Company fulfill its joint liquidation responsibility for Petrochemical Company’s repayment duty. The Company has lodged a complaint to Guangdong High People’s Court. Relevant public notices were published in Securities Times and Ta Kung Pao on May 10, 2006.
(VI) As to the case on the Company’s subsidiary Tellus Real Estate Company suing Shenzhen Jinlu Industry & Trade Company (hereinafter referred to as Jinlu Company) on the cooperated construction contract dispute, Tellus Real Estate Company and Jinlu Company both as plaintiffs sued the Branch of the Housing Administration Bureau and 75731 Army in March 2005, demanding that the two defendants

implement the cooperation contract and hand over the Liyehui Food Street property amounting to 11,845 square meters (with the value totaling approximately RMB 11,851,357) to the two plaintiffs, and that the two defend compensate the plaintiffs with RMB 5,034,664.94 for the rents receivable since the year 1998. In the meantime, Tellus Real Estate Company also signed an agreement with Jinlu Company, which stated that once the Liyehui Food Street property is recovered either by voluntary implementation or compulsory execution by the court, Tellus Real Estate Company will get a fixed share of 6,000 square meters while the remaining property will be given to Jinlu Company; that should the whole property do not total 6,000 square meters, Tellus Real Estate Company will have it all; and that the two parties will split the accounts receivable to be recovered 5:5. The court has accepted the case. Till the disclosure of this report, the court is still hearing the case. Tellus Real Estate Company has withdrawn a 50% bad debt reserve for this account receivable.

IV. Major assets purchases, sales or reorganization in the report period

On May 18, 2006, the Company's shareholding subsidiary Shenzhen Auto Industry & Trade Corporation (hereinafter referred to as Auto Industry & Trade) signed a property sale contract with Mr. Qin Kebo, which stated that Auto Industry & Trade would transfer the A-B 103 and 203 stores at Shenzhen Fuyiyaju to Mr. Qin Kebo at the price of RMB 16.6 million. Relevant notices have been published in the Jul. 15, 2006 editions of Securities Times and Ta Kung Pao. Till the disclosure of this report, the relevant property ownership transfer procedure is under way.

The purpose of this sale of assets is to increase the cash flow of the Company and alleviate the current capital shortage situation. The reflowed capital will help the Company to develop its main operations, which will have some positive influence on the Company's production and operation.

V. Important guarantees

Unit: RMB'0000

External guarantees of the Company (excluding guarantees for shareholding subsidiaries)						
Name of companies guaranteed	**Date of occurrence (agreement signing day)**	**Guarantee amount**	**Guarantee type**	**Guarantee term**	**Accomplished or not**	**For related parties or not (yes or no)**
Shenzhen Auto Industry Import & Export Company	Mar. 30, 2006	800	Credit	1 year	No	Yes
Shenzhen Auto Industry Import & Export Company	Jan. 26, 2006	1000	Credit	1 year	No	Yes
Shenzhen Auto Industry Import & Export Company	Jul. 6, 2005	1000	Credit	1 year	No	Yes
Shenzhen Auto Industry Import & Export Company		USD 200	Line of credit			Yes
Total guarantee amount occurred in the report period				1800		
Total guarantee balance at the end of the report period (A)				4337.83		
Guarantees for shareholding subsidiaries by the Company						
Total guarantee amount occurred in the report period for shareholding subsidiaries				311.6		
Total guarantee balance at the end of the report period for shareholding subsidiaries (B)				3004		
Total guarantee amount of the Company (including guarantees for shareholding subsidiaries)						
Total guarantee amount (A+B)				7341.83		
Proportion of the Company's net assets taken by the total guarantee amount				32.29%		
Including:						

Guarantee amount for shareholders, the actual controller and their related parties (C)	0
Guarantee amount for the debts of the guaranteed companies with an asset-liability ratio of over 70 percent, directly or indirectly (D)	4337.83
The amount by which the total guarantee amount exceeded 50 percent of the net assets (E)	0
Total amount of aforesaid three types of guarantees *(C+D+E)	4337.83

By Jun. 30, 2006, guarantees provided by the Company (including guarantees for shareholding subsidiaries) amounted to RMB 73,418,300, taking up 32.29% of the Company's net assets. No guarantee has been provided by the Company for shareholders, the actual controller or other related parties during the report period, while the guarantees provided for companies with an asset-liability ratio of over 70 percent amounted to RMB 43,378,300.

Of the aforesaid guarantees, the first guarantee provided by the Company's subsidiary Auto Industry & Trade for Import & Export Company occurred in 1996, when the Import & Export Company had not carried out the system transformation yet and still was a wholly-owned subsidiary of Auto Industry & Trade. The guarantee provided by Auto Industry & Trade for Import & Export Company before the latter's system transformation amounted to RMB 84 million. In July 2002, Import & Export Company conducted the transformation, after which all shareholders began to guarantee for Import & Export Company's loans according to their respective shares as required by the agreements reached among the shareholders. As a result, the guarantee amount of Auto Industry & Trade was reduced to RMB 36 million and USD 2 million of line of credit. Apart from this, other shareholders of Import & Export Company also laid their equity as pledge to Auto Industry & Trade.

Decisions on providing guarantees for shareholding subsidiaries have been made strictly according to relevant regulations of the Company.

The Company will take effective measures to control and avoid guarantee risks.

VI. Significant related transactions in the report period

1. The Company has conducted no transactions of commodity purchase or sales or offer of labor service with related parties in the report period.

2. The Company has made no transactions of assets purchase or sales with related parties in the report period.

3. Credits and liabilities as well as guarantees between the Company and related parties:

For details on the credits and liabilities as well as guarantees between the Company and related parties, please refer to VII (III) in the Notes to the Accounting Statements.

The Company and its controlling shareholder SDG signed an Agreement in Shenzhen during the report period. The two parties had reached an agreement on the cash liabilities between SDG's subsidiaries and the Company as well as the cash liabilities between the Company's shareholding subsidiaries and SDG. Since parties involved in the credits and liabilities included the Company, the shareholding subsidiaries of the Company, SDG and SDG's shareholding subsidiaries, this transaction had formed a related transaction. Relevant announcements on the related transaction were published in Securities Times and Ta Kung Pao on Feb. 15, 2006.

4. Other major events as well as analyses and explanations on their influence and solutions

Non-operating capital occupation and clearing progress

Unit: RMB'0000

<table>
<tr><th colspan="2">Balance of non-operating capital of the Listed Company occupied by the principal shareholder and its affiliated companies</th><th rowspan="2">Total amount cleared this period</th><th rowspan="2">Mode of clearing</th><th rowspan="2">Amount cleared</th><th rowspan="2">Time of clearing</th></tr>
<tr><th>At the beginning of the period</th><th>At the end of the period</th></tr>
<tr><td rowspan="3">75.63</td><td rowspan="3">0</td><td rowspan="3">75.63</td><td>Compensation</td><td>75.63</td><td>April 2006</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td colspan="2">Non-operating capital of the Listed Company occupied by the principal shareholder and its subsidiaries and detailed explanation on clearing</td><td colspan="4">By the end of April 2006, all the non-operating capital occupied by the principal shareholder and its affiliated companies had been recovered. Relevant announcements were published in Securities Times and Ta Kung Pao on May 9, 2006.</td></tr>
</table>

5. Other important information on related transactions

(1) In the report period, Shenzhen SDG Development Center Construction Supervision Co., Ltd (hereinafter referred to as SDG Supervision) provided a short-term loan of RMB 3 million to the Company, with a term of 3 months. Since SDG Supervision is a shareholding subsidiary of the Company's controlling shareholder SDG, this transaction formed a related transaction.

The purpose of this related transaction was to alleviate the Company's capital turnover difficulty, and no significant influence had been exerted upon the Company.

Relevant announcements on this related transaction were published in Securities Times and Ta Kung Pao on Apr. 27, 2006.

(2) In the report period, Shenzhen SDG Co., Ltd (hereinafter referred to as SDG) provided a loan of RMB 12.6 million to the Company, with a term of 1 year. Since SDG is the controlling shareholder of the Company, this transaction formed a related transaction.

Relevant announcements on this related transaction were published in Securities Times and Ta Kung Pao on Jul. 25, 2006.

VII. Important contracts and their implementation

1. The Company has not entrusted, contracted or leased other companies' assets or vice versa in the report period, nor were there any such kind of issues that happened in previous period and still lasted in the report period.

2. There were no important guarantee contracts in the report period, nor were there any such issues that happened in previous period and still lasted in the report period.

3. The Company has not entrusted others with the management of cash assets in the report period, nor were there any such issues that happened in previous period and still lasted in the report period.

VIII. Commitments made by shareholders holding over 5% shares

During the Company's share merger reform, SDG, the shareholder holding non-circulating shares, has made the following special commitments apart from the implementation of its statutory duties:

1. No Tellus shares held by SDG (except for the shares used as equity incentives for the management team of Tellus) will be traded and sold through listing at Shenzhen Stock Exchange within 36 months since the day the reform plan is implemented.

2. Special commitments of the incentive mechanism

To encourage the core management level and business elites of the Company, SDG will take no more than 10% out of its total shares after the share merger reform as equity incentive for the management team. Those shares will be sold to the management team of the Company over 3 years and the selling price will be the latest audited value of the net assets per share at the time of the implementation. Each year before the implementation of the equity incentive plan, members of the management team should hand over risk responsibility fund to the Company, i.e. 20% of the predicted selling price. Should they fail to accomplish the tasks for achievement examination set by the Board of Directors, the risk responsibility fund will be taken by the Company and not returned to the individual. Detailed rules on the restrictions and incentives plans including the subscription conditions and risk responsibility fund for the management team, etc will be drafted by the Board of the Company and then handed over to relevant department for approval. The implementation of the incentive shares will follow the relevant laws and regulations and the circulating conditions of these shares will abide by the rules set by Shenzhen Stock Exchange.

3. Expenses of Tellus' share merger reform will be paid by SDG.

IX. Other events with significant influence

In the report period, neither the Company nor the Board or its directors had received any administrative punishment or notice of criticism from the CSRC, or had been criticized publicly by the Shenzhen Stock Exchange.

Section VII. Financial Report (Un-audited)

1. Balance Sheet, Income Statement, Cash Flow Statement and Notes to the Accounting Statements of the report period (the next page)

2. The Interim Financial Statements 2006 of the Company have not been audited.

Appendix I

Shenzhen Tellus Holding Co., Ltd

Balance Sheet

Jun. 30, 2006 Unit: RMB

Assets	No.	Amount at the beginning of the period		Amount at the end of the period	
		Consolidation	Parent company	Consolidation	Parent company
Current assets:					
Monetary assets	1	105,804,080.45	833,381.63	99,078,014.30	1,876,586.14
Short-term investments	2				
Notes receivable	3				
Dividends receivable	4				
Interest receivable	5				
Accounts receivable	6	23,910,250.18	242,401.54	27,717,564.61	242,401.54
Other accounts receivable	7	52,311,978.58	28,888,125.17	49,492,526.24	28,945,641.89
Prepayments	8	21,153,640.77		47,085,999.11	
Allowance receivable	9	602,284.46		602,284.46	
Inventories	10	101,769,734.83	0.00	111,459,446.14	
Deferred and prepaid expenses	11	402,116.70	168,330.00	2,237,175.35	181,314.00
Long-term investments on bonds due within one year	12				
Other current assets	13				
Total current assets	14	305,954,085.97	30,132,238.34	337,673,010.21	31,245,943.57
Long-term investments:					
Long-term equity investments	15	138,197,572.90	384,839,745.16	149,522,934.00	383,713,605.23
Long-term investments on bonds	16	121,300.00		121,300.00	
Total long-term investments	17	138,318,872.90	384,839,745.16	149,644,234.00	383,713,605.23
Including: consolidation difference	18				
Fixed assets:					
Original value of fixed assets	19	571,365,232.98	170,748,363.03	552,688,763.09	165,141,840.46
Less: accumulated depreciation	20	175,531,932.02	50,258,055.77	181,691,638.90	50,274,079.89
Net value of fixed assets	21	395,833,300.96	120,490,307.26	370,997,124.19	114,867,760.57
Less: depreciation reserves for fixed assets	22	4,231,301.32	3,555,385.70	4,231,301.32	3,555,385.70
Net amount of fixed assets	23	391,601,999.64	116,934,921.56	366,765,822.87	111,312,374.87
Project materials	24				
Construction in progress	25	0.00		109,678.30	
Disposal of fixed assets	26	0.00			
Total fixed assets	27	391,601,999.64	116,934,921.56	366,875,501.17	111,312,374.87
Intangible assets and other assets:					
Intangible assets	28	1,283,424.95	1,283,424.95	1,283,424.95	1,283,424.95
Long-term deferred assets	29	11,127,551.45	1,432,721.54	11,278,324.29	1,177,246.14
Other long-term assets	30	11,072,724.22		10,930,963.00	
Total intangible assets and deferred assets	31	23,483,700.62	2,716,146.49	23,492,712.24	2,460,671.09
Deferred taxes:					
Deferred taxes - debits	32				
Total assets	33	859,358,659.13	534,623,051.55	877,685,457.62	528,732,594.76

Appendix I

Shenzhen Tellus Holding Co., Ltd

Balance Sheet (Con't)

Jun. 30, 2006 Unit: RMB

Liabilities and owners' euqity	No.	Amount at the beginning of the period		Amount at the end of the period	
		Consolidation	Parent company	Consolidation	Parent company
Current liabilities					
Short-term loans	34	223,491,173.85	144,613,190.01	222,207,190.01	156,337,190.01
Notes payable	35	86,498,377.80		113,316,007.05	
Accounts payable	36	40,805,353.93	1,554.00	47,098,312.52	1,554.00
Deposit received	37	37,095,598.94		34,913,069.39	
Payroll payable	38	6,871,896.79		5,010,234.63	
Welfare payable	39	4,761,668.91	469,973.22	4,858,711.54	296,205.31
Dividends payable	40	1,674,491.98		1,674,491.98	
Taxes payable	41	6,557,071.92	4,294,079.65	1,352,155.76	1,017,879.90
Others payable to government	42	6,631,159.35	2,379.10	6,679,428.91	15,819.28
Other payables	43	124,154,084.91	132,660,988.96	144,279,929.68	141,836,570.00
Accrued expense	44	9,105,677.14	1,798,341.16	6,751,171.35	1,598,341.16
Accrued liabilities	45	24,452,100.00	24,452,100.00		
Long-term liabilities due within one year	46				
Other current liabilities	47				
Total current liabilities	48	572,098,655.52	308,292,606.10	588,140,702.82	301,103,559.66
Long-term liabilities:					
Long-term loans	49				
Bonds payable	50				
Long-term payables	51	5,548,531.66		5,548,531.66	
Specific payables	52				
Other long-term liabilities	53				
Total long-term liabilities	54	5,548,531.66	0.00	5,548,531.66	0.00
Deferred taxes:					
Deferred taxes – credits	55	4,494,155.45		3,366,577.43	
Total liabilities	56	582,141,342.63	308,292,606.10	597,055,811.91	301,103,559.66
Minority owners' (shareholders') equity	57	51,344,837.67		53,225,404.38	
Owners' equity (or shareholders' equity)					
Paid-up capital (or share capital)	58	220,281,600.00	220,281,600.00	220,281,600.00	220,281,600.00
Less: investment returned	59				
Net paid-up capital (or share capital)	60	220,281,600.00	220,281,600.00	220,281,600.00	220,281,600.00
Capital reserves	61	5,780,685.92	5,780,685.92	5,780,685.92	5,780,685.92
Surplus reserves	62	3,218,372.66	3,218,372.66	3,218,372.66	3,218,372.66
Including: statutory welfare reserve	63				
Retained profit	64	-2,950,213.13	-2,950,213.13	-1,418,450.63	-1,651,623.48
Including: cash dividend					
Foreign currency translation difference	65				
Unconfirmed investment losses	66	-457,966.62		-457,966.62	
Total owners' equity	67	225,872,478.83	226,330,445.45	227,404,241.33	227,629,035.10
Total liabilities and owners' equity	69	859,358,659.13	534,623,051.55	877,685,457.62	528,732,594.76

Appendix II

Shenzhen Tellus Holding Co., Ltd

Income Statement

Accounting period: January – June 2006 Unit: RMB

Items	No.	Amount of the report period		Amount of the same period last year	
		Consolidation	Parent company	Consolidation	Parent company
I. Revenue from main operations	1	578,541,755.84	8,263,340.50	530,652,688.62	8,737,312.98
Less: cost of main operations	2	530,021,939.48	2,115,596.20	475,449,326.28	1,538,741.47
Taxes and surcharges on main operations	3	2,007,054.18	429,693.70	3,011,022.51	454,340.27
II. Sales (operating) profit from main operations	4	46,512,762.18	5,718,050.60	52,192,339.83	6,744,231.24
Add: profit from other operations	5	1,131,480.25		1,661,809.43	0.00
Less: operating expenses	6	21,962,792.92		17,703,431.83	0.00
Management expenses	7	24,222,894.96	5,995,086.63	26,263,902.70	7,415,242.43
Finance expenses	8	4,982,726.79	3,703,093.35	3,779,768.41	3,307,895.79
III. Operating profit	9	-3,524,172.24	-3,980,129.38	6,107,046.32	-3,978,906.98
Add: investment income (losses listed as minus)	10	1,012,163.86	-82,672.08	-508,117.10	3,685,482.90
Subsidy income	11				0.00
Non-operating income	12	8,384,430.99	6,034,368.67	446,986.06	21,924.63
Less: non-operating expenses	13	2,526,674.68	1,120,408.20	1,880,827.62	202,352.59
IV. Total profit	14	3,345,747.93	851,159.01	4,165,087.66	-473,852.04
Less: income tax	15	621,472.78		932,653.84	0.00
Minority gains and losses	16	1,639,943.29		2,822,845.84	0.00
Add: unconfirmed investment losses					
V. Net profit	17	1,084,331.86	851,159.01	409,587.98	-473,852.04
Add: retained profit at the beginning of the year	18	-2,950,213.13	-2,950,213.13	-231,927,943.55	-231,927,943.55
Other transfer-ins	19	447,430.64	447,430.64	342,849.92	447,430.65
VI. Profit available for distribution	20	-1,418,450.63	-1,651,623.48	-231,175,505.65	-231,954,364.94
Less: statutory surplus reserves withdrawn	21				
Statutory welfare reserves withdrawn	22				
Employees' bonus and welfare funds withdrawn	23				
Reserve fund withdrawn	24				
Enterprise development fund withdrawn	25				
Profit returned into investment	26				
VII. Profit available to be distributed to investors	27	-1,418,450.63	-1,651,623.48	-231,175,505.65	-231,954,364.94
Less: dividends for preference shares payable	28				
Discretionary surplus reserves withdrawn	29				
Dividends for ordinary shares payable	30				
Dividends for ordinary shares converted into share capital	31				
VIII. Retained profit	32	-1,418,450.63	-1,651,623.48	-231,175,505.65	-231,954,364.94
Supplementary materials:					
1. Income the sales or disposal of departments or invested units					
2. Losses arising out of natural disasters					

3. Increase (or decrease) of the total profit due to changes of the accounting policies					
4. Increase (or decrease) of the total profit due to changes of the accounting estimations					
5. Losses arising from debt reorganization					
6. Others					

Appendix III

Shenzhen Tellus Holding Co., Ltd

Cash Flow Statement

Accounting period: January – June 2006 Unit: RMB

Items	**Consolidated amount**	**Amount of the parent company**
I. Cash flows arising from operating activities:		
Cash received from selling products and providing services	677,216,851.80	1,262,239.90
Tax rebate received	251,951.58	
Other cash received concerning operating activities	160,094,912.59	42,165,458.45
Subtotal of cash inflow	837,563,715.97	43,427,698.35
Cash paid for purchase of products and services	550,770,671.38	
Cash paid to/for employees	30,225,957.04	2,912,044.98
Taxes paid	18,884,496.15	4,935,327.69
Other cash paid concerning operating activities	258,435,235.51	44,864,840.47
Subtotal of cash outflow	858,316,360.08	52,712,213.14
Net cash flows arising from operating activities	-20,752,644.11	-9,284,514.79
II. Cash flows arising from investing activities:		
Cash received from withdrawal of investment	141,000.00	141,000.00
Cash received from investment income	2,186,802.76	6,527.92
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	25,562,376.00	6,098,000.00
Other cash received relating to investing activities		
Subtotal of cash inflow	27,890,178.76	6,245,527.92
Cash paid for the purchase or construction of fixed assets, intangible assets and other long-term assets	1,061,024.74	7,600.00
Cash paid for investment	10,500,000.00	
Other cash paid relating to investing activities	243,816.50	
Subtotal of cash outflow	11,804,841.24	7,600.00
Net cash flows arising from investing activities	16,085,337.52	6,237,927.92
III. Cash flows arising from financing activities:		
Cash received from obtaining investment		
Cash received from loans	48,178,016.16	37,000,000.00
Other cash received relating to financing activities	15,025,943.07	

Subtotal of cash inflow	63,203,959.23	37,000,000.00
Cash paid for debts	57,697,240.00	28,252,240.00
Cash paid for dividends, profit distribution or interest repayment	5,685,498.24	4,657,968.62
Other cash paid relating to financing activities	1,879,374.70	
Subtotal of outflow	65,262,112.94	32,910,208.62
Net cash flows arising from financing activities	-2,058,153.71	4,089,791.38
IV. Influence on cash due to fluctuation in exchange rate	-605.85	
V. Net increase in cash and cash equivalents	-6,726,066.15	1,043,204.51

Shenzhen Tellus Holding Co., Ltd

Cash Flow Statement

Accounting period: January – June 2006 Unit: RMB

1. Transferring net profit into cash flows of operating activities:		
Net profit	1,084,331.86	851,159.01
Add: Minority interests	1,639,943.29	
Assets depreciation reserves withdrawn	41,883.48	
Depreciation of fixed assets	9,247,705.39	2,455,078.77
Amortization of intangible assets		
Amortization of long-term prepaid expenses	2,139,984.79	424,895.40
Decrease in prepaid expenses (less: increase)	-1,868,310.62	-12,984.00
Increase in accrued expenses (Less: decrease)	-2,371,651.61	-200,000.00
Loss from disposal of fixed assets, intangible assets and other long-term assets (Less: income)	2,265,717.87	
Loss on disposal of fixed assets	43,000.00	
Financial expenses	4,967,981.84	3,703,093.35
Investment loss (less: income)	-1,360,580.49	82,672.08
Deferred tax-credits (Less: debits)	1,205,351.68	
Decrease of inventories (Less: increase)	-1,384,097.47	
Decrease in operating receivables (less: increase)	-65,626,181.64	-9,399,382.96
Increase in operating payables (less: decrease)	29,222,277.52	-7,189,046.44
Others		
Net cash flows arising from operating activities	-20,752,644.11	-9,284,514.79
2. Investing and financing activities without cash movement:		
Capital converted from debts		
Convertible bonds due within one year		
Fixed assets acquired through financing lease		
3. Net increase (decrease) in cash and cash equivalents:		
Ending balance of cash	99,078,014.30	1,876,586.14
Less: Beginning balance of cash	105,804,080.45	833,381.63
Add: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-6,726,066.15	1,043,204.51

Assets Depreciation Reserve Statement

Appendix of the Balance Sheet

Compilation by: Shenzhen Tellus Holding Co., Ltd June 2006 Unit: RMB

Items	Beginning balance		Increase during the report period		Decrease during the report period						Ending balance	
					Amount written back due to appreciation of assets value		Amount transferred out due to other reasons		Subtotal			
	Parent company	consolidation	Parent company	consolidation	Parent company	consolidation	Parent company	consolidation	Parent company	consolidation	Parent company	consolidation
I. Total bad debt reserves	7,503,282.56	72,820,468.15	-	-	-	-	169.88	169.88	169.88	169.88	7,503,112.68	72,820,298.27
Including: accounts receivable	242,401.54	32,542,692.91	-	-			-	-		-	242,401.54	32,542,692.91
Other accounts receivable	7,260,881.02	40,277,775.24	-	-			169.88	169.88	169.88	169.88	7,260,711.14	40,277,605.36
II. Total depreciation reserves for short-term loans												
Including: securities investment												
Bond investment												
III. Total depreciation reserves for inventories	2,372,278.63	15,302,259.97	-	-	-	-	-	-	-	-	2,372,278.63	15,302,259.97
Including: inventories	2,372,278.63	12,547,411.77						-		-	2,372,278.63	12,547,411.77
Raw materials		2,754,848.20									-	2,754,848.20
Lease of developed products		-									-	-
Low-value and easy-worn-out articles											-	-

IV. Total depreciation reserves for long-term investments	17,780,900.00	33,713,140.65	-	-	-	-	-	-	-	-	17,780,900.00	33,713,140.65
Including: long-term equity investment	17,780,900.00	33,713,140.65									17,780,900.00	33,713,140.65
Long-term bond investment												
V. Total depreciation reserves for fixed assets	3,555,385.70	4,231,301.32	-	-	-	-	-	-	-	-	3,555,385.70	4,231,301.32
Including: buildings	3,555,385.70	3,555,385.70									3,555,385.70	3,555,385.70
Machinery equipment		650,147.31									-	650,147.31
Transportation equipment		-									-	-
Other equipment		25,768.31									-	25,768.31
VI. Total depreciation reserves for intangible assets												
Including: patent right												
Trademark right												
VII. Depreciation reserves for under-construction projects												
VIII. Depreciation reserves for entrusted loans												

Supplementary Materials to the Income Statement

Items	The report period		The same period last year	
	Consolidation	Parent company	Consolidation	Parent company
1. Income the sales or disposal of departments or invested units				
2. Losses arising out of natural disasters				
3. Total profit increase (or decrease) due to changes of the accounting policies				
4. Total profit increase (or decrease) due to changes of the accounting estimations				
5. Losses arising from debt reorganization				
6. Others				

Appendix of the Income Statement

Items	June 2006			
	Return on equity (%)		Earnings per share (RMB/share)	
	Fully diluted	Weighted average	Fully diluted	Weighted average
Profit from main operations	20.45	20.54	0.21	0.21
Operating profit	-1.55	-1.56	-0.016	-0.016
Net profit	0.48	0.48	0.005	0.005
Net profit with non-recurring gains and losses deducted	-0.021	-0.021	-0.022	-0.022

Section VIII. Documents for Reference

There are complete documents available at the office building of the Company for the reference by CSRC, Shenzhen Stock Exchange, relevant departments in charge and the investors. The documents include:

1. Interim Report with the signature of the Chairman of the Board of the Company;
2. Text of the Financial Report with the signatures and seals of the legal representative, the person in charge of accounting work and the person of the accounting organs;
3. Texts of all the Company’s documents ever disclosed in the newspapers designated by the CSRC in the report period as well as the originals of the public notices;
4. Text of the Articles of Association of the Company;
5. Other relevant materials.

B**oard of Directors of**
Shenzhen Tellus Holding Co., Ltd
Signature of the Chairman of the Board:

Aug. 2, 2006