# SHENZHEN Special Economic Zone Real Estate & Properties (Group) Co., Ltd. Interim Report 2006

The Board of Directors, the Supervisory Committee as well as directors, supervisors and senior management of the SHENZHEN Special Economic Zone Real Estate & Properties (Group) Co., Ltd. (hereinafter referred to as the Company) 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.

No director stated that he (she) could not ensure the correctness, accuracy and completeness of the contents of the Semi-annual Report or has objection for this report.

Xie Guangliang, a director of the Company, was absent from the Board meeting due to personnel reason, and entrusted Xu Zhenhan, another director of the Company, to vote on his behalf. Hou Li ying, a director of the Company, was absent from the Board meeting due to business trip reason, and entrusted Shao Zhihe, the chairman of the Company.

Mr. Shao Zhihe, person in charge of the Company, Mr. Guo Hongzhuang, person in charge of Accounting Work, and Mr. Chen Jincai, person in charge of Accounting Organ hereby confirm that the Financial Report enclosed in the Interim Report is true and complete.

The interim financial report 2006 of the Company has not been audited.

## 1. Contents



## Section I. Company Profile

1. Legal Name of the Company
   In Chinese: 深圳经济特区房地产（集团）股份有限公司
   In English: SHENZHEN Special Economic Zone Real Estate & Properties (Group) Co., Ltd.
   Abbr. in Chinese: 深房集团
   Abbr. in English: SPG
2. Stock Exchange Listed with: Shenzhen Stock Exchange
   Short Forms of A Stock: G SHENSHENFANG Stock Code: 000029
   Short Forms of B Stock: SHENSHENFANG B Stock Code: 200029
3. Registered Address: 47/F, SPG Plaza, No. 3005, Renmin South Road, Shenzhen
   Office Address: 46/F-48/F, SPG Plaza, No. 3005, Renmin South Road, Shenzhen
   Postal Code: 518001
   E-mail: spg@163.net
4. Legal Representative: Shao Zhihe
5. Secretary of the Board: Chen Ji
   Securities Affairs Representative: Fen Hongwei
   Tel.: (0755) 82293000-4718, 4715

Fax: (0755) 82294024

E-mail: spg@163.net

6. Newspapers for Disclosing the Information: China Securities Journal and Ta Kung Pao

Internet Website Designated by CSRC: http://www.cninfo.com.cn

The Place Where the semi-annual Report is Prepared and Placed: Rm 4702, 47/F of SPG Plaza, No. 3005, Renmin South Road, Shenzhen

7. Other Information of the Company

Business scope of the Company: real estate development and sales of commercial housing, property lease and management, decoration and installation of buildings, retails and trade of commodity, hotel and cater services.

Initial registration date: Jan. 8, 1980

Registration place: Shenzhen Administration for Industry and Commerce

Registration number of Business License: 4403011002426

Registration number of Taxation: 440301192179585

Name and address of Certified Public Accountant engaged by the Company:

Name: Shenzhen Nanfang Minhe Certified Public Accountants

Address: 8/F, Electronics Tech. Bldg., No. 2007, Shennan Middle Road, Shenzhen

(II) Major financial data and index

Unit: RMB

| Items | Jan.-Jun. 2006 | Jan.-Jun. 2005 |
|---|---|---|
| Net profit | 7,349,856.13 | -15,778,116.72 |
| Net profit after deducting non-recurring gains and losses | 12,158,308.12 | -25,132,226.40 |
| Return on equity (%)（Fully diluted） | 0.69% | -1.60 |
| Earnings per share (RMB Yuan/share) (Fully diluted) | 0.007 | -0.016 |
| Net cash flow per share arising from operating activities (RMB Yuan/share) | 0.23 | 0.10 |

Unit: RMB

| Items | Jun. 30, 2006 | Jun. 30, 2005 |
|---|---|---|
| Current assets | 1,979,638,617.10 | 2,086,221,953.19 |
| Current liabilities | 1,188,646,340.03 | 1,411,354,885.09 |
| Total assets | 2,416,270,231.00 | 2,562,486,598.99 |
| Shareholders' equity (excluding minority interest) | 1,064,329,630.78 | 986,291,280.28 |
| Net assets per share (RMB Yuan/share) | 1.05 | 0.9749 |
| Net assets per share after adjustment (RMB Yuan/share) | 0.9797 | 0.9069 |

Items of non-recurring gains and losses that had been deducted included gains/losses from the disposal of equity amounting to RMB -348,674.32, non-operating income of RMB 221,949.14, non-operating expense of RMB 4,681,726.81, and all these gains and losses totaled to RMB-4,808,451.99. Since the Company had accumulatively incurred losses in previous years, and no income tax had to be paid this year, there had been no sum influenced by income tax arising non-recurring gains and losses.

2. The relevant indexes of return on equity and earnings per share

| Profit as of report period | Return on equity | | Earnings per share (RMB Yuan/share) | |
|---|---|---|---|---|
| | Fully diluted | Weighted average | Fully diluted | Weighted average |

I. Relevant indexes

| | | | | |
|---|---|---|---|---|
| Profit from main operations | 5.51% | 5.53% | 0.058 | 0.058 |
| Operating profit | 1.18% | 1.19% | 0.012 | 0.012 |
| Net profit | 0.69% | 0.69% | 0.007 | 0.007 |
| Net profit after deducting non-recurring gains and losses | 1.14% | 1.15% | 0.012 | 0.012 |

3. Adjustment table of difference of financial statement

| | Net profit (RMB'000) | Net assets (RMB'000) |
|---|---|---|
| According to Chinese Accounting System for Enterprise Business | 7,350 | 1,064,330 |
| Switching back of depreciation charges and amortization charges of invested property | 9,705 | 131,215 |
| Adjustment of market price of short-term investment | 970 | 2,686 |
| Timing difference in recognition of expenses accrued in previous year | | 522 |
| Difference in recognition of cost of fixed assets | | -202,148 |
| Goodwill arising from acquisition of subsidiaries | 699 | -2,203 |
| Others | | |
| According to international accounting standards | 18,724 | 994,402 |

# Section II. Change of Share Capital and Particulars of Shareholders

(I) Changes on share capital

In the report period, total numbers of shares of the Company and the structure of share capital remained unchanged.

(II) Changes on shares held by the shareholders

1. Ended June 30, 2006, only one shareholder holding over 5% shares of the Company, namely Shenzhen Investment Holding Co., Ltd., whose holding shares of the Company remained unchanged in the report period, nor pledging, mortgaging or custody shares.

2. Shares held by the top ten shareholders

Ended June 30, 2006, the shares held by the top ten shareholders and the top ten tradable shareholders

Unit: share

| **Total shareholders at the end of report period** | | | 97,852 | | |
|---|---|---|---|---|---|
| **Particulars about shares held by the top ten shareholders** | | | | | |
| **Name of Shareholder** | **Nature of shareholders** | **Proportion (%)** | **Total number of shares held (share)** | **Number of holding shares subject to moratorium** | **Number of shares pledged or frozen** |
| SHENZHEN INVESTMENT HOLDINGS CO. LTD. | State-owned shareholder | 66.51% | 672,856,800 | 672,856,800 | 0 |
| JIANG CHANG | Other | 0.11% | 1,115,728 | 0 | 0 |
| YANG CONG RONG | Foreign shareholder | 0.11% | 1,105,400 | 0 | 0 |
| HE CHANG JIN | Foreign shareholder | 0.10% | 1,000,000 | 0 | 0 |
| USBC PRIVATE BANK (SUISSE) SA GENEVA | Foreign shareholder | 0.08% | 799,985 | 0 | 0 |
| CHU KOON YUK | Foreign shareholder | 0.07% | 720,000 | 0 | 0 |
| CHEN KANG LIANG | Foreign shareholder | 0.07% | 711,482 | 0 | 0 |
| ORE BURNS( AUSTRALIA ) PTY. LIMITED | Foreign shareholder | 0.06% | 600,000 | 0 | 0 |
| CHEN LEI | Foreign shareholder | 0.06% | 600,000 | 0 | 0 |
| HU YAN FEN | Foreign shareholder | 0.06% | 600,000 | 0 | 0 |

| **Particulars about shares held by the top ten shareholders not subject to moratorium** | | |
|---|---|---|
| **Name of shareholders** | **Number of holding shares not subject to moratorium** | **Type** |

| | | |
|---|---|---|
| JIANG CHANG | 1,115,728 | Ordinary share |
| YANG CONG RONG | 1,105,400 | Domestically listed foreign share |
| HE CHANG JIN | 1,000,000 | Domestically listed foreign share |
| USBC PRIVATE BANK（SUISSE）SA GENEVA | 799,985 | Domestically listed foreign share |
| CHU KOON YUK | 720,000 | Domestically listed foreign share |
| CHEN KANG LIANG | 711,482 | Domestically listed foreign share |
| ORE BURNS（AUSTRALIA）PTY◦LIMITED | 600,000 | Domestically listed foreign share |
| CHEN LEI | 600,000 | Domestically listed foreign share |
| HU YAN FEN | 600,000 | Domestically listed foreign share |
| ABN AMRO BANK NV | 582,000 | Domestically listed foreign share |
| Explanation on associated relationship among the top ten shareholders or acting-in-concert | Undiscovered | |

3. Controlling shareholder of the Company:
During the report period, the Company's controlling shareholder remained unchanged.

## Section III. Particulars about Directors, Supervisors and Senior Management

(I) Changes in shares of the Company held by directors, supervisors and senior management
During the report period, the number of share held by Shao Zhihe, Chairman of the Board, increased to 7400 shares from 5000 shares, which was because that he obtained the consideration during the share merger reform.

(II) Reengaging and dismission of directors, supervisors and senior management
1. On Apr. 11, 2006, the Company held the 1st Extraordinary Shareholders' General Meeting 2006. The 4th Board of Directors and the 4th Supervisory Committee has expired, the new Board of Director was composed of 7 directors, namely Shao Zhihe, Peng Naidian, Xu Zhenhan, Xie Guangliang, Zong Dechun, Hou Liying and Li Qiusheng, while Chen Wuhua, Liang Song and Yang Shaojia, original directors of the Company, no longer continued to be engaged. The new Supervisory Committee was consisted of 5 supervisors, namely Zhuang Chuanghui, Xiong Xingnong, Deng Kangcheng, Zhang Xuxi and Chen Junyi, while Lin Huimei and Wu Zhiyong, original supervisors of the Company, no longer continued to be engaged.
2. On June 30, 2006, the Company held the Board meeting, in which agreed Mr. Shen Yuesheng to resign from the post of Deputy General Manager.

## Section IV. Discussion and Analysis of Management

(I) Overall condition of operations of the Company in the first half year
1. The Company belongs to real estate industry and is engaged in the development of real estate and sales of commercial house, lease and management of property, construction decoration and installation, retail and trade of commodities and hotel and caters services. Year 2006 is "Year of Brand Benefit" of the Company, in the first half year of 2006, under leading of the Board of Directors, the management team stressed the operating work down-to-earth, deeply developed the activities of "Year of Brand Benefit", firmly paid special attention to the enterprise brand benefit, steadily promoted all operating works: firstly, to attach importance to brand benefit, use successful experience of others for reference, newly portray brand of "SHENFANG", strive for maximized benefit; secondly, to continue to pay attention to the management of revenue-enhancing and expenditure control, perfect the relevant regulations, strictly control cost and run through the all process of project development; thirdly, to strive for enlarging investment scale, attach importance to efficiency, quicken development speed, ensure continuable development of the Company; and fourthly, facing the big environment of macro control, to pay attention to effective deploitation actively, extend financing benefit and channel of the Company in order to provide the safeguard for operation and development of the Company.

2. Change in operating results and analysis on reasons

Unit: RMB'0000

| Items | Amount as of this period | Amount as the same period of |
|---|---|---|

| | | |
|---|---|---|
| | | **last year** |
| Income from main operations | 39439.50 | 17204.79 |
| Profit from main operations | 5,860.60 | 3,659.90 |
| Net profit | 734.98 | -1,577.81 |
| Net increase of cash and cash equivalent | 19,341.88 | 4,954.39 |

In the first half year of 2006, the Company achieved the income from main operations amounting to RMB 394.395 million, an increased of 129.24% compared with RMB 172.048 realized at the same period of last year; realized the profit from main operations of RMB 58.606 million, up 60.13% compared with RMB 36.599 million realized at the same period of last year, which was mainly because that sales income from real estate, the underpinning industrial of the Company, has increased by a large range year-on-year and reached to 315.74%, and proportion of sales income from real estate in total sales income was 50.6%, up 22.7 percent year-on-year. Gross profit ratio has increased to 184.12%, and proportion of gross profit ratio from real estate in total gross profit ratio was 65.2%, up 25.4 percent year-on-year; thus, profit from main operations has increased by 60.13% year-on-year. The sales income from real estate has increased by a big margin, which was mainly because that parent company carried forward the sales income of building such as Yitai Center, BiTongHai Garden, the 3rd phase of Star Lake Garden and Splendid Building and Xinfeng Land Company (subsidiary of the Company) carried forward the sales income of building such as Shantou Jinye Island in the current period.

3. Main operations classified according to industries

Main operations classified according to industries

Unit: RMB'0000

| Industries | 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 (%) |
|---|---|---|---|---|---|---|
| Development and operation real estate | 19,956.38 | 15,041.93 | 24.63% | 315.74% | 389.88% | -11.40% |
| Other real estate industry | 2,333.13 | 1,477.93 | 36.65% | 10.92% | 17.20% | -3.40% |
| Fitment and Decoration | 5,514.19 | 5,347.32 | 3.03% | 107.95% | 127.75% | -8.43% |
| Property Management | 4,072.28 | 3,262.89 | 19.88% | 4.12% | 11.28% | -5.14% |
| Other | 7,563.48 | 6,774.04 | 10.44% | 102.31% | 108.33% | -2.59% |

The sales income from real estate industry, the core industry of the Company, has increased by a big margin, besides, the sales income from other industries also has a little increase year-on-year. At present, the income from real estate industry, the core industry of the Company, has speedier rose, has the greater profit contribution, which was in compliance with the development and operation thinking of the Company. In the first half year of 2006, properties was sold amounting to 614.38 million square meters, and the contracts signed worth RMB 179.79 million as well as gross profit of RMB 42.28 million.

(II) Financial status and analysis in the first half year of 2006

Unit: RMB'0000

| **Items** | **Amount at the period-end** | **Amount at the period-begin** | **Increase/decrease** |
|---|---|---|---|
| Total assets | 241,627.02 | 228,030.67 | 5.96% |

| | | | |
|---|---|---|---|
| Monetary funds | 50,427.58 | 31,085.69 | 62.22% |
| Inventory | 127,551.71 | 132,510.57 | -3.74% |
| Fixed assets | 18,668.14 | 20,170.37 | -7.45% |
| Total liabilities | 136,988.73 | 124,147.09 | 10.34% |
| Accounts received in advance | 47,808.78 | 30,225.97 | 58.17% |
| Accounts payable | 3,427.65 | 4,509.39 | -23.99% |
| Shareholders' equity | 106,432.96 | 105,697.21 | 0.70% |

1. Total assets has increased by RMB 135.96 million compared with the year-begin, an increase of 5.96%, which was due to the following factors:
(1) Monetary fund has increased by RMB 193.42 million, which was because that cash from sales of real estate has a good reflowing trend in the current period.
(2) Net of inventory had a little decrease, which was because that increase amount of construction in progress was less that amortization for sales cost of completed building and lease products.
(3) Net of fixed assets has reduced by RMB 15.02 million, which was because: a. Hong Kong Xinfeng Company listed the transferring-out of original peninsula office building into inventory; b. listed the office building of A Block of Shenfang Plaza used by Free Tax Company into inventory; and c. depreciation of fixed assets withdrawn in the current period.
2. Total liabilities has increased by RMB 128.42 million compared with the year-begin, an increase of 10.34%, among which: a. long- and short-term loan has decreased by RMB 28.42 million, down 6.64%, which was due to reflowing capital through pre-sale of new buildings, reorganization of bank loan structure of the Company and reduction of financial risk of the Company; b. accounts payable has decreased by RMB 10.81 million compared with the year-begin which was because that the Company paid payment of engineering; and c. accounts received in advance has increased by RMB 175.83 million compared with the year-begin, which was because that the Company received the sales payment from building of Yitai Center, BitongHai Garden and Shantou Jinye Island International Garden.
3. Shareholders' equity (net assets) has increased by RMB 7.36 million over the year-begin, which was due to net profit realized in the current period.
(III) Problems and difficulties in operation
The greater change in real estate industry has happened due to the sustaining macro-control, the demands of buyers took on the diversification day by day, edition binding and saving-energy residences got a development direction in the future due to the adjustment of residence structure, the property developers also faced new challenge in the such aspects as self-owned capital and design ability of project plan. The Company was in conformity to the position change, actively adjusted operating strategy, strived for expanding all financial channels, in the mean time, deeply conducted market and products research, and endlessly improved self-owned design and development ability, and made an effort to obtain the opportunity in new development environment.
(IV) Investments in the report period
1. In the report period, the Company raised no proceeds through share offering and there existed no such situation that the application of proceeds raised through share offering before the report period continued to the report period.
2. Processing of projects invested by significant non-raised capital:

| Name of project | Investment amount as of report period | Progress of project | Earnings of project |
|---|---|---|---|
| Guangzhou Huangpu Yayuan | 3,800.00 | Preparing pre-sale | Without benefit |
| The 3rd phase of Star Lake | 3,802.00 | Completed | Carried forward sales income of RMB 80.16 million, cost of RMB 58.79 million and gross profit of 21.37 |

| | | | |
|---|---|---|---|
| Shantou Jinye Island | 1,496.00 | Constructing of main project | Without benefit |
| Total | 9,098.00 | - | - |

(V) Operating plan in the second half year of 2006

The Company emphasized the following works in the second half year of 2006: firstly, to ensure construction of Shenzhen Longfeng village, to increase investment in 11 Block of Shantou Jinye Island; secondly, to fully promote sales of Guangzhou Huangpu Yayuan, the 6th, 7th and 8th phase of Shantou Jinye Island, enhance the building lease so as to ensure to complete all-year operating plan; thirdly, to properly increase financing and effectively use financial lever role; fourthly, to carefully reduce expenditure of all expenses and strive for intensifying cost control; fifthly, to further improve enterprise management level, promote the Company's management level and operation efficiency; and sixthly, to actively seek the land hive and investment project in order to create the conditions for continuable development of real estate.

## Section V. Significant events

(I) Corporate government

The Company actively standardized its operation in accordance with requirements of the laws and regulations such as Company Law, Standardization Rules for Listed Companies and Stock Listing Rules of Shenzhen Stock Exchange.

During the report period, the Company amended the Articles of Association of the Company in time according to the requirements of the laws and regulations such as new Company Law, Securities Law, Rules of Procedure for Shareholders' General Meeting of Listed Companies and Guidelines on the Articles of Association of the Listed Companies, and revised the Rules of Procedure for Shareholders' General Meeting, the Rules of Procedure for the Board of Directors and the Rules of Procedure for the Supervisory Committee one after the other in line with the Articles of Association after amendment.

(II) Profit distribution of the Company

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

(III) Material lawsuits and arbitrations

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

IV. The Company had no significant acquisition of assets in the report period.

(V) Related transaction

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

(VI) Guarantees

Guarantees in the report period please refer to notes VII. (II) to financial statement.

The Company belonged to the real estate industry, in accordance with the relevant regulations of People's Bank of China, property developers must provide mortgage loan guarantee for buyers. At present, the Company provided staggered joint guarantee for the buyers with the guarantee term from date of bank loan to date of mortgage bank preparing Real Estate Ownership Certificate for the buyers. In case of the buyers did not perform debtor's responsibility within the aforesaid guarantee period, the Company was entitled to take back the properties sold, thus, the said guarantee is unable to bring any loss to the Company. As at the period-end, the Company has provided the aforesaid guarantee amounting to RMB 190.09 million.

(VII) Occupation of funds

The controlling shareholder and its subsidiary had no capital occupation of the Company.

(VIII) Important contracts and implementation

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

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

(IX) Commitments made by the Company or the shareholders holding over 5% (including 5%) of shares of the Company

During the share merger reform of the Company, Shenzhen Investment Holding Co., Ltd. made the following commitments:

1. Commitments on trading moratorium: No trading or transferring within 12 months since the date the Share Merger Reform Plan was implemented; after the expiration of the aforesaid provision, the proportion in the total shares of the Company taken up by the originally nontradable shares sold through listing and trading at Stock Exchange would not exceed five percent within 12 months, and not exceed ten percent within 24 months.

2. Legal commitments of the share merger reform: ① The Company would abide by the relevant laws, regulations and rules, and fulfilling the legal responsibilities promised obligation; ② the Company declared: “The Promisor would dutifully fulfill its commitments and shoulder corresponding legal responsibilities. Only if the assignee agree and have the ability to shoulder the commitment responsibility, the Promisor would never transfer the shares held by it.”; and, ③ the company made the commitment: “The Promisor hereby promises that, should the Promisor failed to fulfill its commitment or not fully fulfill its commitment, it would compensate other shareholders for their losses suffered thereafter”.

## Section VI. Financial Report (Un-audited)

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

## Section VII. Documents Available for Reference

(I) Interim Report 2006 with the signature of the Chairman of the Board;

(II) Financial Report with signatures and seals of the legal representative, person in charge of accounting work and person in charge of accounting organ;

(III) Originals of all documents publicly disclosed in the newspapers China Securities Journal and Ta Kung Pao designated by CSRC in the report period;

(IV) Articles of Association of the Company.

**Board of Directors of**

a. SHENZHEN Special Economic Zone

**Real Estate & Properties (Group) Co., Ltd.**

Aug. 23, 2006

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

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CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2006
(UNAUDITED)

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

| | Notes | 01/01-30/06/2006 RMB'000 | 01/01-30/06/2005 RMB'000 |
|---|---|---|---|
| Turnover | 4 | 377,647 | 165,231 |
| Cost of sales | | (309,336) | (118,621) |
| **Gross (loss) / profit** | | 68,311 | 46,610 |
| Other operating income | | 6,303 | 2,355 |
| Write back of provision for impairment losses of properties under development for sale | | -- | -- |
| General and administrative expenses | | (30,055) | (37,898) |
| Operating expenses | | (10,117) | (6,251) |
| **Profit / (loss) from operations** | 5 | 34,442 | 4,816 |
| Finance cost | 6 | (16,617) | (21,328) |
| Share of profit of non-consolidated subsidiaries, associated companies, and contractual joint ventures | | 1,320 | 9,965 |
| **Profit/(Loss) before taxation** | | 19,145 | (6,547) |
| Taxation | 7 | (231) | (364) |
| **Profit/(Loss) after taxation** | | 18,914 | (6,911) |
| Minority interests | | (190) | (761) |
| **Net profit/( loss) for the period** | | 18,724 | (6,150) |
| **Earnings per share** | | | |
| Basic | 8 | RMB0.019 | RMB(0.006) |
| Diluted | 8 | N/A | N/A |

The notes on pages 5 to28 form part of these financial statements.

DIRECTOR DIRECTOR

CONSOLIDATED BALANCE SHEET
AT JUNE 30, 2006
(UNAUDITED)

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

| | Notes | 30/06/2006 | 31/12/2005 |
|---|---|---|---|
| | | RMB'000 | RMB'000 |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant & equipment | 9 | 69,741 | 84,522 |
| Investment properties | 10 | 594,255 | 583,962 |
| Non-consolidated subsidiaries | 11 | 124,124 | 126,560 |
| Associates | 12 | 24,191 | 24,191 |
| Contractual joint ventures | 13 | 80,344 | 80,302 |
| Long term investments | 14 | 10,420 | 10,420 |
| Intangible assets | 15 | 19 | 35 |
| Land held for development | 16 | -- | -- |
| | | 903,094 | 909,992 |
| **Current assets** | | | |
| Properties under development for sale | 16 | 287,158 | 270,622 |
| Completed properties for sale | 17 | 394,770 | 471,986 |
| Inventories | 18 | 36,422 | 27,159 |
| Short term investments | 19 | 4,390 | 3,422 |
| Accounts receivable | | 35,621 | 30,692 |
| Prepayments, deposits and other debtors | | 114,859 | 109,393 |
| Cash and bank balances | | 504,276 | 310,857 |
| | | 1,377,496 | 1,224,131 |
| **Current liabilities** | | | |
| Customers' deposits | | 478,088 | 302,260 |
| Accounts payable and accrued expenses | | 402,866 | 417,110 |
| Dividends payable | | -- | -- |
| Tax payable | 20 | 2,382 | 8,585 |
| Bank loans | 22 | 239,558 | 317,974 |
| | | 1,122,894 | 1,045,929 |
| **Net current liabilities** | | 254,602 | 178,202 |
| **Total assets less current liabilities** | | 1,157,696 | 1,088,194 |
| **Non-current liabilities** | 21 | (181,241) | (130,659) |
| **Minority interests** | | 17,947 | 18,136 |
| **NET ASSETS** | | 994,402 | 975,671 |
| **CAPITAL AND RESERVES** | | | |
| Issued capital | 23 | 1,011,660 | 1,011,660 |
| Reserves | | (17,258) | (35,989) |
| | | 994,402 | 975,671 |

The notes on pages 5 to 28form part of these financial statements.

DIRECTOR DIRECTOR

ONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2006
(UNAUDITED)

| | Notes | 1/1-30/6/2006 | 1/1-30/6 /2005 |
|---|---|---|---|
| | | RMB'000 | RMB'000 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash received from sales of goods or rendering of services | | 565,553 | 283,667 |
| Other cash received relating to operating activities | | 263,631 | 244,333 |
| Cash paid for goods and services | | (213,008) | (188,675) |
| Cash paid to and on behalf of employees | | (38,923) | (33,143) |
| Payments of all types of taxes | | (35,989) | (20,150) |
| Cash paid relating to other operating activities | | (243,076) | (185,107) |
| Interest paid | | (15,637) | (20,071) |
| **Net cash inflows from operating activities** | | 282,551 | 80,854 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Cash received from disposal of investments | | 3 | -- |
| Cash received from dividend and interest | | 100 | 110 |
| Net cash received from the sale of fixed assets, intangible assets and other long-term assets | | 137 | 4 |
| Other cash received relating to investing activities | | -- | -- |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | | (718) | (426) |
| Cash paid to acquire investments | | -- | -- |
| Cash paid relating to other investing activities | | -- | -- |
| **Net cash outflows (inflows) from investing activities** | | (478) | (312) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Cash received from borrowings | | 165,371 | 445,570 |
| Other cash received relating to financing activities | | -- | 1,259 |
| Cash repayments of amounts borrowed | | (190,437) | (477,424) |
| Cash paid relating to other financing activities | | (1,225) | (403) |
| **Net cash outflows from financing activities** | | (26,291) | (30,998) |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | 255,782 | 49,544 |
| Cash and cash equivalents at the beginning of the period | | 210,968 | 161,424 |
| Cash and cash equivalents at the end of the period | 24 | 466,750 | 210,968 |

The notes on pages 5 to28form part of these financial statements.

DIRECTOR　　　　　　DIRECTOR

SHENZHEN SPECIAL ECONOMIC ZONE REAL ESTATE & PROPERTIES (GROUP) CO., LTD
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2006
(UNAUDITED)

| | Share capital RMB'000 | Capital reserve RMB'000 | Cumulative translation reserve RMB'000 | General reserve RMB'000 | Staff welfare fund RMB'000 | Accumulated profits RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|---|
| Balance at Jan 01,2005 | 1,011,660 | 686,308 | 9,940 | 3,317 | 115,594 | (934,804) | 892,015 |
| Profit/(Loss) for the period | -- | -- | -- | -- | -- | (6,150) | (6,150) |
| Balance at Jun 30, 2005 | 1,011,660 | 686,308 | 9,940 | 3,317 | 115,594 | (940,954) | 885,865 |
| Balance at Jan 01, 2006 | 1,011,660 | 686,308 | 31,154 | 3,317 | 115,594 | （872,362） | 975,671 |
| Net profit/(loss) for the period | -- | -- | -- | -- | -- | 18,724 | 18,724 |
| Others | -- | -- | 7 | -- | -- | -- | 7 |
| Balance at Jun 30,2006 | 1,011,660 | 686,308 | 31,161 | 3,317 | 115,594 | （853,638） | 994,402 |

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

The Company declares dividends based on the lower of net profit after appropriation to reserves as reported in the financial statements prepared under the Accounting Standards for Business Enterprises and Accounting Systems for Business Enterprises in PRC and as reported in the financial statements prepared under IFRS. For six months to June 30, 2006, the directors have not declared any dividends to its shareholders.

The notes on pages 5 to 28 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

## 2. 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.

## 3. BASIS OF PREPARATION

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board under the historical cost basis except for the revaluation of investment properties. The accounting policies adopted by the Company under IFRS differ from the accounting policies used in the financial statements of the Group which were prepared in accordance with Accounting Standards for Enterprise Business and Accounting Systems for Enterprise Business in the PRC. Adjustments to restate the results of operations and the net assets in compliance with IFRS will not be taken up in the accounting books of the companies in the Group. Details of impacts of such adjustments on the net assets as at 30 June 2006and net profit for the year then ended are included in note 29 to the financial statements.

## 4. 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 and adjusted thereafter for post acquisition change in the Group's share of net assets of the subsidiaries. The consolidated income statement reflects the Group's share of the results of operations of the subsidiaries.

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

Associates

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

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

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

Contractual joint ventures

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



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

Cash and cash equivalents

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

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

Property, plant & equipment

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

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

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

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

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

Investment properties

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

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

3 PRINCIPAL ACCOUNTING POLICIES - (continued)

Impairment of assets

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

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

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

Borrowing costs

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

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

Provisions, contingent liabilities and contingent assets

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

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

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

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

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

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

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

Principal activities are as follows:

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

The Group's business is principally conducted in the People's Republic of China (PRC) with its turnover for the year ended June 30, 2006 identified by geographical segments as follows:

| | 1/1-30/6/2006<br>RMB'000 | 1/1-30/6/2005<br>RMB'000 |
|---|---|---|
| PRC | 352,101 | 164,899 |
| Overseas | 25,546 | 332 |
| | 377,647 | 165,231 |

Segment information about these businesses for the year ended June 30, 2006 is presented below:

| | Properties<br>RMB'000 | Retailing and trading<br>RMB'000 | Transportation and catering services<br>RMB'000 | Construction technical support<br>RMB'000 | Others<br>RMB'000 | Total<br>RMB'000 |
|---|---|---|---|---|---|---|
| 1/1-30/6/2006 | 206,148 | 59,067 | 52,080 | 55,142 | 5,210 | 377,647 |
| 1/1-30/6/2005 | 101,329 | 24,435 | 8,425 | 26,517 | 4,525 | 165,231 |

## 6. LOSS FROM OPERATIONS

| | 1/1-30/6/2006 | 1/1-30/6/2005 |
|---|---|---|
| | RMB' 000 | RMB'000 |

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

| | 1/1-30/6/2006 | 1/1-30/6/2005 |
|---|---|---|
| **Crediting:** | | |
| Interest income | 5,188 | 1,991 |
| Rental income | 23,331 | 21,034 |
| Exchange gain | 16 | 3 |
| Gain on disposal of fixed assets | 28 | 5 |
| **Charging:** | | |
| Depreciation | 6,447 | 6,201 |
| Amortization | 315 | 336 |
| Staff costs | 38,923 | 33,143 |
| Exchange loss | 130 | 43 |

## 6. FINANCE COSTS

| | 1/1-30/6/2006 | 1/1-30/6/2005 |
|---|---|---|
| | RMB' 000 | RMB'000 |
| Interest expenses | | |
| - bank borrowings | 16,504 | 20,449 |

## 7. TAXATION

| | 1/1-30/6/2006 | 1/1-30/6/2005 |
|---|---|---|
| | RMB' 000 | RMB'000 |
| The charge comprises: | | |
| PRC income tax for the year | 231 | 364 |

Domestic income tax is calculated in accordance with applicable income tax regulations and at 15% (2005: 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:

| | 2006 | 2005 |
|---|---|---|
| | RMB' 000 | RMB'000 |
| PRC enterprises income tax | | |
| - enterprises in Shenzhen | 15% | 15% |
| - enterprises outside Shenzhen | 33% | 33% |
| Hong Kong profits tax | 17.5% | 17.5% |
| United States corporation income tax | 15-59% | 15-59% |

8. EARNINGS PER SHARE

(a) The calculation of basic earnings per share is based on the consolidated profit of RMB18,724,473.43 (2005: loss of RMB6,148,886.87) and on the 1,011,660,000 shares (2005: 1,011,660,000 shares ) in issue during the year.

(b) During the year ended 30 June 2006 and 2005, there were no dilutive potential shares. Fully diluted earnings per share are not disclosed.

9. FIXED ASSETS

| | Land and buildings | Plant and machinery | Motor Vehicles | Office equipment and others | Construction in progress | Total |
|---|---|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **COST** | | | | | | |
| At January 1, 2006 | 43,607 | 31,417 | 33,066 | 57,920 | -- | 166,010 |
| Additions | 615 | -- | 60 | 492 | -- | 1,167 |
| Disposal | (19,236) | -- | (737) | -- | -- | (19,973) |
| At June 30, 2006 | 24,986 | 31,417 | 32,389 | 58,412 | -- | 147,204 |
| **DEPRECIATION** | | | | | | |
| At January 1, 2006 | 22,661 | 7,691 | 26,288 | 23,448 | -- | 80,088 |
| Charge for the year | 5,391 | -- | 671 | 386 | -- | 6,448 |
| Disposal | (9,943) | -- | (513) | (17) | -- | (10,473) |
| At June 30, 2006 | 18,109 | 7,691 | 26,446 | 23,817 | -- | 76,063 |
| **PROVISION FOR DIMINUTION IN VALUE** | | | | | | |
| At January 1, 2006 | 1,269 | 68 | 48 | 15 | -- | 1,400 |
| At June 30, 2006 | 1,269 | 68 | 48 | 15 | -- | 1,400 |
| **NET BOOK VALUE** | | | | | | |
| At June 30, 2006 | 5,608 | 23,658 | 5,895 | 34,580 | -- | 69,741 |
| At January 1, 2006 | 19,677 | 23,658 | 6,730 | 34,457 | -- | 84,522 |

The Group's leasehold land and buildings including investment properties (note 10) are being held in the People's Republic of China under medium term leases. Certain properties have been pledged as security for the Group's bank borrowings (see note 25).

## 10. INVESTMENT PROPERTIES

| | 30/06/2006 | 31/12/2005 |
|---|---|---|
| | RMB'000 | RMB' 000 |
| Net book amount at beginning of year | 583,962 | 686,957 |
| Disposal of properties | -- | (105,794) |
| Reclassified from inventories | 10,293 | 2,799 |
| Net book amount at end of year | 594,255 | 583,962 |

The investment properties have been revalued as at 30 June 2006 by the directors, and certain investment properties have been pledged as security for the group's bank borrowings (see note 25).

## 11. SUBSIDIARIES

At June 30, 2006, the Company had interests in the following principal subsidiaries, which were grouped 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, decoration and construction design | 100 | -- |
| Skill Elite Ltd. | Hong Kong | Corporate financing | -- | 100 |
| Shenzhen City Shenfang Free Trade Trading Ltd. | PRC | Trading of construction materials | 95 | 5 |
| Shenzhen City Shenfang Investment Ltd. | PRC | Investment and management | 90 | 10 |
| Shenzhen City Bamboo Garden Car Rental Ltd. | PRC | Car rental | 100 | -- |
| Beijing fresh peak property development management limited company | PRC | Property development and management | 75 | 25 |
| 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 |

## 11. SUBSIDIARIES – (continued)

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

| Subsidiaries | Place of equity establishment/incorporation | Principal activities | Interest held Direct % | Interest held Indirect % |
|---|---|---|---|---|
| Shantou SEZ Wellam Fty Bldg., Dev. Co. | PRC | Factory building, sales and rental | -- | 82 |
| Xin-Feng Real Estate Dev. Construction (Wuhan) Co. Ltd. | PRC | Real estate management and rental service | -- | 55 |
| Fresh Peak Investment Ltd. | Hong Kong | Properties investment | -- | 55 |
| Wellam Ltd. | Hong Kong | Investment holding | -- | 82 |
| Shenzhen Petrel Hotel Co. Ltd. | PRC | Hotel operations | 68.1 | 31.9 |
| Shenzhen City Property Management Ltd. | PRC | Property management | 95 | 5 |
| Shenzhen Zhen Tung Engineering Ltd. | PRC | Fitting-out contracting and maintenance | 73 | 27 |
| Fresh Peak Holdings Ltd. | Hong Kong | Investment, management and consultation | 100 | -- |
| Fresh Peak Enterprise Ltd. | Hong Kong | Investment holding | 82 | -- |
| 广州黄埔新邨房地产有限公司 | PRC | Property development and sale | -- | 100 |
| Keyear Development Ltd. | Hong Kong | Investment holding | -- | 100 |

11. SUBSIDIARIES (continued)

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

| | 30/06/2006<br>RMB' 000 | 31/12/2005<br>RMB'000 |
|---|---|---|
| Unlisted Investments, at cost | 420,599 | 420,599 |
| Share of post-acquisition losses | (163,799) | (163,799) |
| | 256,800 | 256,800 |
| Less: Provision for impairment losses | (108,568) | (108,568) |
| | 140,391 | 148,232 |
| Add: Amounts (due to) non-consolidated subsidiaries | (24,108) | (21,672) |
| | 124,124 | 126,560 |

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

| Subsidiaries | Place of establishment/ incorporation | Principal activities | Interest held Direct % | Interest held Indirect % |
|---|---|---|---|---|
| Shenzhen City SPG Bao An Development Ltd. | PRC | Property development and sales | 95 | 5 |
| Shenzhen Shenfang Department Store Co. Ltd. | PRC | Commercial goods supplier | 95 | 5 |
| Shenzhen Shenfang Car Park Ltd. | PRC | Develop and operate car park | 70 | 30 |
| Shenzhen Cyber Port Co., Ltd | PRC | Property investment and information technology consultancy | 70 | -- |
| 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 |

11. SUBSIDIARIES (continued)

| Subsidiaries | Place of equity establishment/ incorporation | Principal activities | Interest held Direct % | Interest held Indirect % |
|---|---|---|---|---|
| Shenzhen Shen Fang Industrial Development Co., Ltd. | PRC | Property management, investment holding | 100 | -- |
| Shenzhen Real Estate Consolidated Service Co., Ltd. | PRC | Construction material, consume goods | 100 | -- |
| Shenzhen Tefa Real Estate Consolidated Service Co., Ltd. | PRC | Construction and decoration | 100 | -- |
| Guangdong Province Fengkai Lian Feng Cement Manufacturing Co., Ltd. | PRC | Manufacturing and trading in cement products | -- | 90 |
| Shenzhen City Zhen Tung New Electronic and Electrical Development Ltd. | PRC | Investing on electronic and electrical engineering project | 95 | 5 |
| Fidelity Development Limited | Canada | Property Development | 75 | -- |
| Bekaton Property Limited | Australia | Property Development | 60 | -- |
| Beijing SPG Property Management Limited | PRC | Property management | 100 | -- |
| ShenYang Tongxin real estate development limited company | | Property Development | -- | 93.1 |
| Shenzhen City Shenfang Construction and Decoration Materials Ltd. | PRC | Retailing/trading of construction materials | 100 | -- |
| Shenzhen City SPG Long Gang Development Ltd. | PRC | Property development, sales, management and rental | 100 | -- |
| Shenzhen Lian Hua Industry and Trading Co. Ltd. | PRC | Trading of equipment and provision of renovation material | 100 | -- |
| Paklid Limited | HK | Property construction and trading of construction materials | 100 | -- |

12. ASSOCIATES

| | 30/06/2006 | 31/12/2005 |
|---|---|---|

| | RMB'000 | RMB'000 |
|---|---|---|
| Unlisted investments, at cost | 57,824 | 57,824 |
| Share of post-acquisition losses | (9,138) | (9,138) |
| | 48,686 | 48,686 |
| Less: Provision for impairment losses | (23,088) | (23,088) |
| | 25,598 | 25,598 |
| Add: Amounts (due to)/ due from associated companies | (1,407) | (1,407) |
| | 24,191 | 24,191 |

At June 30, 2006, the Company had interests in the following principal associated companies:

| Associated companies | Place of Establishment/ incorporation | Principal activities | Equity interest held Direct % | Equity interest held Indirect % |
|---|---|---|---|---|
| Yunnan Kun Peng Aviation Service Ltd. | PRC | Aviation service | 25 | |
| Tung Yick Property Co., Ltd. | Hong Kong | Property development | 20 | |
| Shenzhen Fresh Peak Real Estate Trading and Revaluation Co. Ltd. | PRC | Property trading agency | 30 | |
| Shenzhen City Wing Wah Engineering Ltd. | PRC | Repairs and maintenance of machinery | 25 | |

13. CONTRACTUAL JOINT VENTURES

| | 30/06/2006 RMB' 000 | 31/12/2005 RMB'000 |
|---|---|---|
| Unlisted Investments, at cost | 201,500 | 201,500 |
| Share of post-acquisition profits | (86,023) | (86,065) |
| | 115,477 | 115,435 |
| Less: Provision for impairment losses | (43,221) | (43,221) |
| | 72,256 | 72,214 |
| Add: Amount (due to)/due from contractual joint ventures | 8,088 | 8,088 |
| | 80,344 | 80,302 |

13. 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. |

14. LONG TERM INVESTMENTS

| | 30/06/2006<br>RMB' 000 | 31/12/2005<br>RMB'000 |
|---|---|---|
| PRC legal entity shares, at cost | -- | -- |
| Unlisted equity investments, at cost less provision for diminution in value | 10,420 | 10,420 |
| | 10,420 | 10,420 |

15. INTANGIBLE ASSETS

| | Computer software<br>RMB' 000 | Total<br>RMB' 000 |
|---|---|---|
| At January 1, 2006 | 35 | 35 |
| Amortization for the year | (16) | (16) |
| At June 30, 2006 | 19 | 19 |

16. PROPERTIES UNDER DEVELOPMENT FOR SALE

| | 30/06/2006<br>RMB' 000 | 31/12/2005<br>RMB'000 |
|---|---|---|
| Cost | 389,699 | 373,163 |
| Less: Provision for impairment losses | (102,541) | (102,541) |
| | 287,158 | 270,622 |

Included in properties under development for sale is a piece of land awaiting development held in the United States at a cost of RMB124,937,052against which provision for impairment of RMB102,541667.97was made in prior years.

17. COMPLETED PROPERTIES FOR SALE

| | 30/06/2006<br>RMB' 000 | 31/12/2005<br>RMB'000 |
|---|---|---|
| Cost | 578,834 | 674,117 |
| Less: Provision for impairment losses | (184,064) | (202,131) |
| | 394,770 | 471,986 |

18. INVENTORIES

| | 30/06/2006<br>RMB' 000 | 31/12/2005<br>RMB'000 |
|---|---|---|
| Raw materials | 3,459 | 4,410 |
| Work-in-progress | 31,654 | 22,226 |
| Finished goods | 1,566 | 736 |
| Less: Provision for impairment losses | (258) | (258) |
| Consumables | 1 | 45 |
| | 36,422 | 27,159 |

19. SHORT-TERM INVESTMENTS

| | 30/06/2006<br>RMB' 000 | 31/12/2005<br>RMB'000 |
|---|---|---|
| Listed equity investments, at market value | 4,390 | 3,419 |
| Debentures, at market value | -- | 3 |
| | 4,390 | 3,422 |

20. TAX PAYABLE

| | 30/06/2006<br>RMB' 000 | 31/12/2005<br>RMB'000 |
|---|---|---|
| Corporation tax | (1,610) | 448 |
| Personal income tax | 1,021 | 889 |
| Business tax | 3,434 | 4,911 |
| Value added tax | (1,818) | (1,523) |
| Property tax | 1,091 | 2,955 |
| Land increment tax | 131 | 718 |
| Others | 133 | 187 |
| | 2,382 | 8,585 |

21. NON-CURRENT LIABILITIES

| | 30/06/2006<br>RMB' 000 | 31/12/2005<br>RMB'000 |
|---|---|---|
| Bank loans (note 22) | 160,000 | 110,000 |
| Other liabilities | 21,241 | 20,659 |
| | 181,241 | 130,659 |

Included in other liabilities was RMB12,662000 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.

22. BORROWINGS

| | 30/06/2006 RMB' 000 | 31/12/2005 RMB'000 |
|---|---|---|
| Bank loans | | |
| Secured | 300,062 | 313,974 |
| Guaranteed | 79,496 | 94,000 |
| Credit | 20,000 | 20,000 |
| | 399,558 | 427,974 |
| Bank loans repayable: | | |
| Within one year or on demand | 239,558 | 317,974 |
| In the second year | 50,000 | -- |
| In the third to fifth years, inclusive | 110,000 | 110,000 |
| | 399,558 | 427,974 |
| Portion classified as current liabilities | 239,558 | 317,974 |
| Long term portion | 160,000 | 110,000 |
| | 399,558 | 427,974 |

Particulars of assets which are pledged to secure bank loans and other facilities are set out in note 25. The guarantees are provided by third parties and certain group companies.

23. SHARE CAPITAL

| | 30/06/2006 RMB' 000 | 31/12/2005 RMB'000 |
|---|---|---|
| Registered, issued and paid-in 891,660,000 A shares | 891,660 | 891,660 |
| 120,000,000 B shares | 120,000 | 120,000 |
| | 1,011,660 | 1,011,660 |

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

24. INCREASE IN CASH AND CASH EQUIVALENT

| | 1/1-30/06/2006 RMB' 000 | 1/1- 30/6/2005 RMB'000 |
|---|---|---|
| Cash and bank balances | 504,276 | 247,165 |
| Less: deposits secured over 3 months | (37,526) | (36,197) |
| | 466,750 | 210,968 |
| Effect of foreign exchange rate changes | -- | -- |
| Restated cash and cash equivalents | 466,750 | 210,968 |

25. PLEDGE OF ASSETS

At June, 30 2006, 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 RMB297,310,000 and fixed deposits amounting to HKD15,000,000 和 USD2,700,000 were pledged to secure loans of RMB266,800,00, HKD58,000,000 和 USD2,700,000granted to the Group.

26. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

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

| | Nature of relationship |
|---|---|
| Shenzhen Construction Investment Holding Corporation and its subsidiaries | Ultimate holding company or with the same ultimate holding company |

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

Shenzhen City Wing Wah Engineering Ltd.

| | 1/1-30/6/2006 | 1/1-30/6/2005 |
|---|---|---|
| | RMB' 000 | RMB'000 |
| Construction and development expenses | 92 | 509 |

The expenses were made based on the market price.

| Shenzhen Construction group Financial limited company | 2006 | 2005 |
|---|---|---|
| | RMB' 000 | RMB'000 |
| Loan | 80,000 | 80,000 |

Interest rate: Loan agreement signs which according to both sides, interest rate for 6.3 ‰ monthly. Interest payable 3,124,800.00 in period .

Shenzhen Investment Shareholding Limited Company

| | 2006 | 2005 |
|---|---|---|
| | RMB' 000 | RMB'000 |
| Guarantees accepted for banking and credit facilities | 80,000 | 80,000 |

Fee of guarantee RMB80,000.00

Some net balances due from / (to) related parties at June 30, 2006 and December 31, 2005are stated in notes 11, 12 and 13, and included in the balance sheet of the Group as non-consolidated subsidiaries, associates and contractual joint ventures, the remaining balances are summarized as follows:

| | 30/06/2005 | 31/12/2004 |
|---|---|---|
| | RMB' 000 | RMB'000 |
| Shenzhen Construction Investment Holding Corporation | (10,000) | (10,000) |

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

| | 30/06/2006 | 31/12/2005 |
|---|---|---|
| | RMB' 000 | RMB'000 |

| | | |
|---|---|---|
| Accounts payable and accrued expenses | (10,000) | (10,000) |
| Dividends payable | -- | -- |
| | (10,000) | (10,000) |

Both these balances are unsecured and non-interest bearing.

27. CONTINGENT LIABILITIES

| | 30/06/2006 RMB' 000 | 31/12/2005 RMB'000 |
|---|---|---|
| Guarantee given for banking and credit facilities granted to: | | |
| - contractual joint ventures | -- | -- |
| - third parties | 190,090 | 201,420 |
| | 190,090 | 201,420 |

28.
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. No process in period.

(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

28. LITIGATION AND ARBITRATION (continued)

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 June 30 2006, RMB42,152,734.81 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 June 30 2006, 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.

(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.

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

| | Net loss for the period | Net assets |
|---|---|---|
| | RMB'000 | RMB'000 |
| As reported in the consolidated financial statements prepared in accordance with Accounting Standards for Enterprise Business in the PRC | 7,350 | 1,064,330 |
| Reversal of depreciation charges in respect of investment properties | 9,705 | 131,215 |
| Adjustment for market value of short-term investments | 970 | 2,686 |
| Expenses accrued in previous year | -- | 522 |
| Difference in recognition of cost of fixed assets | -- | (202,148) |
| Goodwill arising from acquisition of subsidiaries | 699 | (2,203) |
| Others | -- | -- |
| As reported in the consolidated financial statements prepared in accordance with IFRS | 18,724 | 994,402 |

30. COMPARATIVE FIGURES

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