REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007
(UNAUDITED)

CONTENTS | PAGE(S)

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

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2007
(UNAUDITED)

	Notes	01/01-30/06/2007 RMB'000	01/01-30/06/2006 RMB'000
Turnover	4	190,189	377,647
Cost of sales		(142,512)	(309,336)
Gross (loss) / profit		47,677	68,311
Other operating income		1,639	6,303
Write back of provision for impairment losses of properties under development for sale		--	--
General and administrative expenses		(41,117)	(30,055)
Operating expenses		(4,122)	(10,117)
Profit / (loss) from operations	5	4,077	34,442
Finance cost	6	(2,392)	(16,617)
Share of profit of non-consolidated subsidiaries, associated companies, and contractual joint ventures		30,794	1,320
Profit/(Loss) before taxation		32,479	19,145
Taxation	7	(3,616)	(231)
Profit/(Loss) after taxation		28,863	18,914
Minority interests		(625)	(190)
Net profit/(loss) for the period		28,238	18,724
Earnings per share			
Basic	8	RMB0.028	RMB0.019
Diluted	8	N/A	N/A

The notes on pages 5 to25form part of these financial statements.

DIRECTOR DIRECTOR

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

CONSOLIDATED BALANCE SHEET
AT JUNE 30, 2007
(UNAUDITED)

	Notes	30/06/2007 RMB'000	31/12/2006 RMB'000
ASSETS			
Non-current assets			
Property, plant & equipment	9	68,492	69,231
Investment properties	10	685,610	682,899
Non-consolidated subsidiaries	11	--	110,723
Associates	12	19,251	31,376
Contractual joint ventures	13	70,683	70,683
Long term investments	14	10,184	10,184
Intangible assets	15	--	4
		854,220	975,100
Current assets			
Properties under development for sale	16	783,686	492,459
Completed properties for sale	17	95,301	139,462
Inventories	18	47,051	22,420
Short term investments	19	130	--
Accounts receivable		20,885	14,623
Prepayments, deposits and other debtors		205,770	165,248
Cash and bank balances		494,602	461,311
		1,647,426	1,295,523
Current liabilities			
Customers' deposits		523,301	285,510
Accounts payable and accrued expenses		472,526	601,298
Tax payable	20	(1,084)	4,577
Bank loans	22	261,400	275,425
		1,256,143	1,166,810
Net current liabilities		391,283	128,713
Total assets less current liabilities		1,245,503	1,103,813
Non-current liabilities	21	(196,919)	(85,796)
Minority interests		12,081	17,449
NET ASSETS		1,060,665	1,035,466
CAPITAL AND RESERVES			
Issued capital	23	1,011,660	1,011,660
Reserves		49,005	23,806
		1,060,665	1,035,466

The notes on pages 5 to 25form part of these financial statements.

DIRECTOR DIRECTOR

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

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2007
(UNAUDITED)

	Notes	1/1-30/6/2007 RMB'000	1/1-30/6 /2006 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sales of goods or rendering of services		342,633	565,553
Other cash received relating to operating activities		60,470	263,631
Cash paid for goods and services		(317,851)	(213,008)
Cash paid to and on behalf of employees		(39,541)	(38,923)
Payments of all types of taxes		(32,412)	(35,989)
Cash paid relating to other operating activities		(82,184)	(243,076)
Interest paid		(9,201)	(15,637)
Net cash inflows from operating activities		(78,086)	282,551
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments		31,850	3
Cash received from dividend and interest		100	100
Net cash received from the sale of fixed assets, intangible assets and other long-term assets		98	137
Other cash received relating to investing activities		--	--
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(2,865)	(718)
Cash paid to acquire investments		--	--
Cash paid relating to other investing activities		--	--
Net cash outflows (inflows) from investing activities		29,183	(478)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from borrowings		235,726	165,371
Other cash received relating to financing activities		--	--
Cash repayments of amounts borrowed		(140,025)	(190,437)
Cash paid relating to other financing activities		--	(1,225)
Net cash outflows from financing activities		95,701	(26,291)
NET INCREASE IN CASH AND CASH EQUIVALENTS		46,798	255,782
Cash and cash equivalents at the beginning of the period		422,399	210,968
Cash and cash equivalents at the end of the period	24	469,197	466,750

The notes on pages 5 to25form 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, 2007
(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 01,2006	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
Balance at Jan 01, 2007	1,011,660	686,308	48,880	118,911	--	(830,293）	1,035,466
Net profit/(loss) for the period	--	--	--	--	--	28,238	28,238
Others	--	--	(3,039)	--	--	--	(3,039)
Balance at Jun 30,2007	1,011,660	686,308	45,841	118,911	--	(802,055)	1,060,665

PRC laws and regulations require PRC companies to provide statutory reserves. Statutory reserve is appropriated of 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 statutory reserve ceases when the accumulated general reserve amounts to 50% of the issued capital. All statutory reserves are for specific purposes and are not distributed in the form of cash dividends.

Based on the corporation law implemented in China on January 1st, 2006,the company has not provided staff welfare this year.

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.

1. GENERAL

Shenzhen Special Economic Zone Real Estate and Properties (Group) Co., Ltd. (the “Company”) was incorporated in January 1980 in the People’s Republic of China (the “PRC") and was reorganized as a joint stock limited company in July 1993. A and B shares were issued by the Company on September 15, 1993 and January 10, 1994 respectively.

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

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

2. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

Basis of consolidation

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

Goodwill

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

3. PRINCIPAL ACCOUNTING POLICIES - (continued)

*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.

3 PRINCIPAL ACCOUNTING POLICIES - (continued)

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.

3 PRINCIPAL ACCOUNTING POLICIES - (continued)

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.

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.

3. PRINCIPAL ACCOUNTING POLICIES - (continued)

Inventories

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

Long-term investments

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

Short-term investments

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

Revenue recognition

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

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

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

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

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

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

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

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

3 PRINCIPAL ACCOUNTING POLICIES - (continued)

Retirement benefit costs

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

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

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

Deferred income tax

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

Intangible assets

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

Foreign currency translation

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

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

Borrowing costs

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

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

3 PRINCIPAL ACCOUNTING POLICIES - (continued)

Provisions, contingent liabilities and contingent assets

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

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

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

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

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

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

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

Principal activities are as follows:

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

4. BUSINESS AND GEOGRAPHICAL SEGMENTS - (continued)

The Group's business is principally conducted in the People's Republic of China (PRC) with its turnover for the year ended June 30, 2007 identified by geographical segments as follows:

	1/1-30/6/2007 RMB'000	1/1-30/6/2006 RMB'000
PRC	189,830	352,101
Overseas	359	25,546
	190,189	377,647

Segment information about these businesses for the year ended June 30, 2007 is presented below:

	Properties	Retailing and trading	Transportation and catering services	Construction technical support	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
1/1-30/6/2007	49,593	--	52,789	63,941	23,866	190,189
1/1-30/6/2006	206,148	59,067	52,080	55,142	5,210	377,647

5. LOSS FROM OPERATIONS

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

	1/1-30/6/2007 RMB' 000	1/1-30/6/2006 RMB'000
Crediting:		
Interest income	1,020	5,188
Rental income	25,176	23,331
Gain on disposal of fixed assets	74	28
Charging:		
Depreciation	2,083	6,447
Amortization	423	315
Staff costs	18,457	38,923

6. FINANCE COSTS

	1/1-30/6/2007 RMB' 000	1/1-30/6/2006 RMB'000
Interest expenses		
- bank borrowings	2,858	16,504

7. TAXATION

	1/1-30/6/2007 RMB' 000	1/1-30/6/2006 RMB'000
The charge comprises:		
PRC income tax for the year	3,616	231

Domestic income tax is calculated in accordance with applicable income tax regulations and at 15% (2006: 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:

	2007 RMB' 000	2006 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 RMB26,733,788.77 (2006:profit of RMB18,724,473.43) and on the 1,011,660,000 shares (2006: 1,011,660,000 shares) in issue during the year.

（b） During the year ended 30 June 2007 and 2006, 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, 2007	26,656	31,438	32,454	58,858	--	149,406
Additions	--	2,166	--	551	--	2,717
Disposal	--	236	--	29	--	265
At June 30, 2007	26,656	33,368	32,454	59,380	--	151,858
DEPRECIATION						
At January 1, 2007	22,454	7,708	25,595	24,286	--	80,043
Charge for the year	2,256	590	205	374	--	3,425
Disposal	--	212	--	21	--	233
At June 30, 2007	24,710	8,086	25,800	24,639	--	83,235
PROVISION FOR DIMINUTION IN VALUE						
At January 1, 2007	--	68	48	15	--	131
At June 30, 2007	--	68	48	15	--	131
NET BOOK VALUE						
At June 30, 2007	1,946	25,214	6,606	34,726	--	68,492
At January 1, 2007	4,202	23,662	6,811	34,557	--	69,231

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

	30/06/2007	31/12/2006
	RMB'000	RMB' 000
Net book amount at beginning of year	682,899	583,962
Disposal of properties		--
Reclassified from inventories	2,711	10,293
Net book amount at end of year	685,610	594,255

10. INVESTMENT PROPERTIES – (continued)

The investment properties have been revalued as at 30 June 2007 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, 2007, 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 Car Rental Ltd.	PRC	Car rental	55	45
Beijing fresh peak property development management limited company	PRC	Property development and management	75	25
Barenie Co. Ltd.	Hong Kong	Properties investment	--	80
Openice Ltd.	Hong Kong	Investment holding	20	80

11 SUBSIDIARIES – (continued)

Subsidiaries	Place of equity establishment/incorporation	Principal activities	Interest held Direct	Indirect
Shantou SEZ Wellam Fty Bldg., Dev. Co.	PRC	Factory building, sales and rental	--	82
Xin-Feng Real Estate Dev. Construction (Wuhan) Co. Ltd.	PRC	Real estate management and rental service	--	55
Fresh Peak Investment Ltd.	Hong Kong	Properties investment	--	55
Wellam Ltd.	Hong Kong	Investment holding	--	82
Shenzhen Petrel Hotel Co. Ltd.	PRC	Hotel operations	68	32
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	--
Guangzhou Huangpu Xizun real estate limited company	PRC	Property development and sale	--	100
Keyear Development Ltd.	Hong Kong	Investment holding	--	100
Shenzhen City Wa Gen Construction Management Ltd.	PRC	Construction project management	75	25

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

	2007 RMB' 000	2006 RMB'000
Unlisted Investments, at cost	--	416,574
Share of post-acquisition losses	--	(167,616)
	--	248,958
Less: Provision for impairment losses		(104,835)
	--	144,123
Add: Amounts (due to) / due from non-consolidated subsidiaries	--	(33,400)
	--	110,723

11 SUBSIDIARIES – (continued)

At Dec 31,2006,Details of the non-consolidated subsidiaries are summarized in the following:

Subsidiaries	Place of Establishment/ incorporation	Principal activities	Equity interest held Direct %	Equity 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 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

12. ASSOCIATES

	30/06/2007 RMB'000	31/12/2006 RMB'000
Unlisted investments, at cost	46,685	57,185
Share of post-acquisition losses	(9,129)	(9,129)
	37,556	48,056
Less: Provision for impairment losses	(22,303)	(22,303)
	15,253	25,753
Add: Amounts (due to)/ due from associated companies	(3,998)	(5,623)
	19,251	31,376

At June 30, 2007, 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

	30/06/2007 RMB' 000	31/12/2006 RMB'000
Unlisted Investments, at cost	112,225	112,225
Share of post-acquisition profits	914	914
	113,139	113,139
Less: Provision for impairment losses	(42,456))	(42,456)
	70,683	70,683
Add: Amount (due to)/due from contractual joint ventures	--	--
	70,683	70,683

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

	30/06/2007 RMB' 000	31/12/2006 RMB'000
PRC legal entity shares, at cost	68,731	68,731
Unlisted equity investments, at cost less provision for diminution in value	(58,547)	(58,547)
	10,184	10,184

15 INTANGIBLE ASSETS

	Computer software RMB' 000	Total RMB' 000
At January 1, 2007	4	4
Amortization for the year	(4)	(4)
At June 30, 2007	--	--

16. PROPERTIES UNDER DEVELOPMENT FOR SALE

	30/06/2007 RMB' 000	31/12/2006 RMB'000
Cost	930,161	591,350
Less: Provision for impairment losses	(146,475)	(98,891)
	783,686	492,459

Included in properties under development for sale is a piece of land awaiting development held in the United States at a cost of RMB120,488,666.21 against which provision for impairment of RMB98,890,670.42 was made in prior years.

17. COMPLETED PROPERTIES FOR SALE

	30/06/2007 RMB' 000	31/12/2006 RMB'000
Cost	114,174	163,242
Less: Provision for impairment losses	(18,873)	(23,780)
	95,301	139,462

18. INVENTORIES

	30/06/2007 RMB' 000	31/12/2006 RMB'000
Raw materials	3,435	4,084
Work-in-progress	42,173	17,765
Finished goods	1,701	821
Less: Provision for impairment losses	(258)	(258)
Consumables	--	8
	47,051	22,420

19. SHORT-TERM INVESTMENTS

	30/06/2007 RMB' 000	31/12/2006 RMB'000
Listed equity investments, at market value	130	--
	130	--

20. TAX PAYABLE

	30/06/2007 RMB' 000	31/12/2006 RMB'000
Corporation tax	(1,098)	566
Personal income tax	237	265
Business tax	959	2,134
Value added tax	(2,918)	(2,102)
Property tax	1,682	3,158
Land increment tax	74	287
Others	(20)	269
	(1,084)	4,577

21. NON-CURRENT LIABILITIES

	30/06/2007 RMB' 000	31/12/2006 RMB'000
Bank loans (note 22)	175,000	65,000
Other liabilities	21,919	20,796
	196,919	85,796

Included in other liabilities was RMB12,210,000 borrowed from minority shareholders of a subsidiary of the Company and the remaining balance is the accruals for property management and maintenance fees. These liabilities are non-interest bearing and do not have fixed terms for repayment.

22. BORROWINGS

	30/06/2007 RMB' 000	31/12/2006 RMB'000
Bank loans		
Secured	395,400	300,425
Guaranteed	26,000	--
Credit	--	40,000
Hypothecation	15,000	--
	436,400	340,425
Bank loans repayable:		
Within one year or on demand	421,400	257,425
In the second year	--	65,000
In the third to fifth years, inclusive	15,000	--
	436,400	340,425
Portion classified as current liabilities	261,400	275,425
Long term portion	175,000	65,000
	436,400	340,425

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

	30/06/2007 RMB' 000	31/12/2006 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

	1/1-30/06/2007 RMB' 000	1/1- 30/6/2006 RMB'000
Cash and bank balances	484,280	504,276
Less: deposits secured over 3 months	(15,083)	(37,526)
	469,197	466,750
Effect of foreign exchange rate changes	--	--
Restated cash and cash equivalents	469,197	466,750

25. PLEDGE OF ASSETS

At June, 30 2007, 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 RMB373,288,700,000 and fixed deposits amounting to HKD15,000,000 was pledged to secure loans of RMB 436,400,000 granted 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 Investment Shareholding Limited Company	Ultimate holding company

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

Shenzhen Investment Shareholding Limited Company	2006	2007
	RMB' 000	RMB'000
Loan	86,849	79,849

27. CONTINGENT LIABILITIES

	30/06/2007	31/12/2006
	RMB' 000	RMB'000
Guarantee given for banking and credit facilities granted to:		
- contractual joint ventures	--	--
- third parties	29,456	38,596
	29,456	38,596

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 RMB68, 720,773.33 in receive in advance account, the balance were to provision for doubtful accounts.

28. LITIGATION AND ARBITRATION- (continued)

(2) A subsidiary, Fresh Peak Holding limited company (called Fresh Peak below),entered into a joint venture agreement with a third party to establish a contractual joint venture, Xian Fresh Peak Estate Commercial limited company (Xian Fresh Peak Estate) in Xian. Its principal activities are the development and management of commercial buildings in Xian. Pursuant to the aforesaid agreement, Fresh Peak hold 84% of Xian Fresh Peak and the third party provide the land for development and hold 16% of Xian Fresh Peak. The development of the commercial building started in November 1995 and suspended in 1996 due to disagreement between Fresh Peak and the third party. In 1997, the Xian government decided to receive the project and transferred to an enterprise under a department of the Xian government. Xian Fresh Peak then lodged a litigation regarding the compensation. Subsequently, the court judgment in Xian was that 1: the enterprise of the department of Xian government has to pay compensation to Xian Fresh Peak of RMB36, 620,000 plus interest and 2: the development of Xian government is jointly liable for the interest payment. During this year RMB11, 500,000.00 have been received. In May 30 2005, issuance <Warrant of creditor's right> through the Shanxin High People's Court, confirm the two executors still owing RMB21, 540,000.00 of principal and interest to Fresh Peak. The company with Xian government consults until now.

Up to June 30 2007, RMB24,132,000 was included in long term investment and a provision of RMB20,673,831.77 has been made in account.

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	9,783	1,124,670
Reversal of depreciation charges in respect of investment properties	15,554	149,483
Adjustment for market value of short-term investments	--	--
Expenses accrued in previous year	--	(12,844)
Difference in recognition of cost of fixed assets	--	(202,148)
Goodwill arising from acquisition of subsidiaries	2,901	1,504
Others	--	--
As reported in the consolidated financial statements prepared in accordance with IFRS	28,238	1,060,665

30. COMPARATIVE FIGURES

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