SHENZHEN PROPERTIES & RESOURCES DEVELOPMENT (GROUP) LTD
SEMI-ANNUAL REPORT 2005

August 13, 2005

Section I. Important Notice & Contents

The Board of Directors of ShenZhen Properties & Resources Development (Group) Ltd (hereinafter referred to as the Company) and its directors individually and collectively accept responsibility for the correctness, accuracy and completeness of the contents of this report and confirm that there are no material omissions or errors which would render any statement misleading.

Chairman of the Board of the Company Tian Chenggang, Director and Deputy General Manager Zha Shengming and Manager of Financial Department Zhang Wei hereby confirm that the Financial Report of the Semi-annual Report is true and complete.

This report was prepared in both Chinese and English; should there be any difference in interpretation between the two versions, the Chinese one shall prevail.

The semi-annual financial report of the Company has not been audited.

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Section II. Company Profile

(I) Basic Information

1. Name of the Company
   In Chinese: 深圳市物业（发展）集团股份有限公司
   Abbreviation in Chinese: 物业集团
   In English: Shenzhen Properties & Resources Development (Group) Ltd. (PRD)
2. Stock Exchange Listed with: Shenzhen Stock Exchange
   Short Form of Stock and Stock Code: Shenwuye A (000011) Shenwuye B (200011)
3. Registered/Office Address: 39/F and 42/F, International Trade Center, Renmin Rd (S), Shenzhen city
   Post Code: 518014
4. Legal Representative: Tian Chenggang
5. Secretary of Board of Directors: Guo Yumei
   Securities Affairs Representative: Dong Wei
   Tel: 0755-82211020
   Fax: 0755-82210610, 82212043
   Contact Address: 42/F, International Trade Center, Renmin Rd. (S), Shenzhen city
   E-mail: 0011@szwuye.com.cn
6. Media Designated for Disclosing Information of the Company:
   A-Share: Securities Times; B-Share: Ta Kung Pao
   Internet Website Designated by CSRC for Publishing the Semi-annual Report: http://www.cninfo.com.cn
   Venue Where the Semi-annual Report is Prepared and Placed: Office of Board of Directors, 42/F, International Trade Center, Renmin Rd (S), Shenzhen city

(II) Major Financial Data and Indexes

1. Major financial data and indexes

Unit: RMB

	At the end of this report period	**At the period-end of last year**	**Increase/decrease at the end of this report period compared with the year-begin（%）**
Current assets	1,671,085,443.32	1,842,393,965.73	-9.30
Current liabilities	1,419,022,239.15	1,529,549,381.24	-7.23
Total assets	2,118,129,440.88	2,302,935,990.54	-8.02
Shareholders' equity (excluding minority interest)	582,220,250.95	567,128,809.36	2.66
Net assets per share	1.0746	1.0468	2.66
Net assets per share after adjustment	0.7883	0.7885	-0.02
	In the report period (Jan. to Jun. 2005)	**At the same period of last year**	**Increase/decrease in this report period compared with the same period of last year (%)**
Net profit	15,091,441.59	8,463,406.95	78.31
Net profit after deducting on-recurring gains and losses	23,877,022.13	8,125,903.08	193.84
Earnings per share	0.0279	0.0156	78.85
Return on equity	2.63%	1.75%	An increase of 0.88%

Net cash flow arising from operating activities	73,192,857.46	91,887,286.95	-20.34

2. Non-recurring gains and losses

Non-recurring gains and losses	**Amount**
1.Gains and losses produced by disposal of long-term investment on equities, fixed assets, projects under construction, intangible assets and other long-term investments	-7,409,103.03
2.Other non-operating incomes after deducting the withdrawn capital depreciation reserve according to the Enterprise Accounting System	658,999.83
3.Other non-operating expenses after deducting the withdrawn capital depreciation reserve according to the Enterprise Accounting System	-1,917,970.56
4.Income tax influence number	-117,506.78
Total	-8,785,580.54

3. Difference between CAS and IAS:

Unit: RMB

	CAS	**IAS**
Net profit	15,091,441.59	15,091,441.59
Explanation on difference	In the first half of 2005, the Company's net profit was RMB 15,091,441.59 and RMB 15,091,441.59 audited according to CAS and IAS respectively.	

Earning rate on net assets and earnings per share are calculated according to the Report Regulation on the Information Disclosure for Companies Publicly Issuing Securities (No. 9).

Jun. 30, 2005 Unit: RMB

Profits in the report period	**Earning rate on net assets**		**Earnings per share**	
	Fully diluted	**Weighted average**	**Fully diluted**	**Weighted average**
Profits from main operations	16.95%	17.18%	0.1822	0.1822
Operating profits	3.98%	4.03%	0.0428	0.0428
Net profits	2.59%	2.63%	0.0279	0.0279
Net profits after deducting the non-recurring gains and losses	4.10%	4.15%	0.0441	0.0441

Section III. Changes in Share Capital and Particulars about Shares Held by Main Shareholders

(I) By the end of the report period, the Company's total shares and its structure of share capital remained unchanged compared with the previous report period.

(II) By the end of the report period, particulars about the Company's top ten shareholders and the top ten shareholder of circulation share:

Total shareholders at the end of report period	By the end of report period, the Company had totally 41,384 shareholders, including 33,438 shareholders of A-share and 7,946 shareholders of B-share.

Particulars about shares held by the top ten shareholders

Name of Shareholder	Increase / decrease in the report period	Holding shares at the year-end	Proportion (%)	Type of shares	Number of share pledged or frozen	Nature of shareholders
Shenzhen Construction Investment Holdings Corporation	0	323,747,713	59.75	Non-circulating	Naught	Shareholder ofstate-owned share
Shenzhen Investment Holding Corporation	0	56,628,000	10.45	Non-circulating	Naught	Shareholder of legal person's share
Labor Union of Shenzhen International Trade Center Property Management Co., Ltd.	0	2,516,800	0.46	Non-circulating	Naught	Shareholder of legal person's share
Shenzhen Special District Duty-free Commodity Company	0	1,573,000	0.29	Non-circulating	Naught	Shareholder of legal person's share
Shanghai Zhaoda Investment & Consultant Co., Ltd.	0	1,010,000	0.19	Non-circulating	Naught	Shareholder of legal person's share
Yiu Xian Hui	—117,297	1,000,000	0.19	Circulating	Unknown	Shareholder of general public share A-share
Du Nian	0	802,663	0.15	Circulating	Unknown	Shareholder of general public share A-share
China Eagle Securities Co., Ltd	0	786,500	0.15	Non-circulating	Naught	Shareholder of legal person's share
Guotaijunan Securities Hongkong Limited	-14,876	638,703	0.12	Circulating	Unknown	Shareholder of B-share
Shanghai Kunling Industrial & Trading Co., Ltd	0	629,200	0.12	Non-circulating	Naught	Shareholder of legal person's share

Particulars about shares held by top ten shareholders of circulation share

Full name of shareholder	Number of circulation shares held at the year-end (share)	Type (A-share and B-share)
Yiu Xian Hui	1,000,000	A-share
Du Nian	802,663	A-share
Guotaijunan Securities Hongkong Limited	638,703	B-share
Zeng Ying	536,900	B-share
Li Wei Xiang	496,391	B-share
Zhou Ting	432,166	A-share
Deng Shao ping	392,898	B-share
Zhuo Hong Quan	365,134	A-share
Li Ya Jie	348,600	A-share

Pan Wen Hui	340,000	B-share
Explanation on associated relationship or consistent actions among the said shareholders	Among the top ten shareholders, there exists no associated relationship among the No. 1, 2 and 3 shareholders, and the Company is unknown whether there exists associated relationship among the other shareholders or whether they are consistent actors; the Company is unknown whether there exists associated relationship among the top ten shareholders of circulation share or whether they are consistent actors.	
Explanation on the appointed period of holding shares which strategic investor or general legal person participates in the allotment of new shares	Inapplicable	

Notes:
1. Shenzhen Construction Investment Holdings Corporation holds the above state-owned shares and holds 485,899 shares of legal person's share of the Company as well.
2. During the report period, the controlling shareholder and actual controller of the Company remained unchanged. On April 1, 2005, the largest shareholder of the Company, Shenzhen Construction Investment Holdings Corporation and the second largest shareholder of the Company, Shenzhen Investment Holding Corporation signed the Agreement on Share Transfer to transfer their total equities of the Company (accounting for 70.3% of total equities) to Zhuojian Investment Co., Ltd. The Company disclosed this event on print medias of Securities Times and Ta Kung Pao designated by CSRC and on the appointed website www.cninfo.com.cn. Relevant examining and approving formalities are undergoing. The Company is liable for disclosing relevant information in time.

Section IV. Particulars about Directors, Supervisors And Senior Executive

(I) In the report period, director of the Company, Mr. Li Zhen holds 4,000 shares of Shenwuye A-share. The shares held by other directors, supervisors and senior executives remained unchanged.

(II) On April 19, 2005, the Company held the Board Meeting and engaged Mr. Luo Rurong as general manager and Ms. Wei Yuxin as chief financial officer. In the report period, Mr. Fang Yibing handed in his resignation from director of the Company.

Section V. Discussions and Analysis of the Management

(I) Analysis to financial and operating situation
In the report period, the Company accomplished income from main operations amounting to RMB 344,628,662.44, an increase of 32.92% over the same period of last year; profit from main operations amounting to RMB 98,713,704.77, an decrease of 2.14% over the same period of last year; and net profit amounting to RMB 15,091,441.95, an increase of 78.31% over the same period of last year.

Ended June 30, 2005, the total assets was RMB 2,118,129,440.88, an decrease of 8.02% compared with that at the year-begin, and the shareholders' equity was RMB

582,220,250.95, an increase of 2.66% compared with that at the year-begin.

1. Changes in income from main operations, profit from main operations, net profit and cash and cash equivalents over the same period of last year and analysis to reasons of change:

Unit: RMB

Items	Jan.-Jun. 2005	Jan.-Jun. 2004	Increase/decrease (%)
Income from main operations	344,628,662.44	259,275,868.71	32.92
Profit from main operations	98,713,704.77	100,869,587.82	-2.14
Net profit	15,091,441.59	8,463,406.95	78.31
Net increase in cash and cash equivalents	-25,432,178.97	-83,756,207.05	Inapplic

Explanation on reasons of change:
①Income from main operations: The increase of 32.92% over the same period of last year is mainly due to the real estate projects increasing both the sales volume and transfer-ins when meeting the terms of settlement.
②Profit from main operations: The decrease of 2.14% over the first half of 2004 is mainly due to the difference in gross profit ratio of real estate projects that is transferred in.
③Net profits: The increase of 78.31% over the same period of last year is due to the operating and administrative expenses falling compared with the same period of last year.
④ Net increase in cash and cash equivalents: The increase over the same period of last year is due to more repayment of loans in the same period of last year.

2. Increase/decrease in total assets, shareholders' equity and other items compared with that at the year-begin and analysis to reasons of change:

Unit: RMB

Items	June 30, 2004	Dec. 31, 2004	Increase/decrease (%)
Total assets	2,118,129,440.88	2,302,935,990.54	-8.02
Accounts receivable	139,615,863.08	136,175,350.04	2.53
Other receivables	353,374,598.63	355,380,428.16	-0.56
Inventories	1,366,813,943.07	1,507,997,280.52	-9.36
Long-term investment	196,434,086.71	191,614,733.75	2.52
Fixed assets	382,587,210.93	412,050,456.18	-7.15
Shareholders' equity (excluding minority interests)	582,220,250.95	567,128,809.36	2.66

Main reasons of change:
①Total assets decreased over the beginning of the report period mainly due to the Company repaying loans to the bank and settling the accounts from the real estate projects.
②Accounts receivable and other receivables had no great change compared with the beginning of the year.
③Inventories decreased mainly due to the real estate projects meeting the terms of settlement and transferring in corresponding costs.
④Long-term investment increased than in the beginning of the report period mainly due to the amount of net increase/decrease in the invested company owners' equity

increasing.
⑤Fixed assets decreased than in the beginning of the report period mainly due to the fixed assets being sold in the report period.
⑥Shareholders' equity increased than in the beginning of the report period mainly due to the profits increasing in the report period.

(II) Operation in the report period
1.Main operation scope and operating condition
The Company is a large specialized real estate company mainly engaged in the property development, operation and management, with by-lines of taxi passenger transport and caterings. In the first half of 2005, the Company gained RMB 345 million of incomes from main operations and RMB 18.08 million of total profits. The formation of incomes is as follows:

(1) Classified by products and industries
Real estate development generates RMB 261.96 million of revenues and RMB 25.34 million of profits.
Real estate management and lease generate RMB 41.63 million of revenues and RMB –150 of profits.
Passenger transport generates RMB 36.34 million of revenues and RMB 3.96 of profits.
In the report period, the real estate projects on sale, Junfeng Lishe and Huangyuyuan B generally achieved good results in sale and have accomplished all the sales plan made in the year-begin; the projects of Huangyuyuan C and Fenghe Rili B are still in their initial preparation stage with less real investments.

(2) Classified by regions
RMB 321.1 million of revenues and RMB 19.21 million of profits from main operations in Shenzhen;
RMB 23.49 million of revenues and RMB 0.32 million of profits from main operations in south China;
RMB 40 thousand of revenues and RMB –1.45 million of profits from main operations in Hainan;

(3) As for major products taking up over 10% of incomes from main operations or of total profits from main operations, details for sales revenues, costs and gross profits are as follows:

Unit: RMB'000

Industries	Income from main operations	Cost of main operations	Gross profit ratio	Increase/decrease in income from main operations over last year (%)	Increase/decrease in cost of main operations over last year (%)	Increase/decrease in gross profit ratio over last year (%)
Real estate development	261960	170640	34.86	38.83	77.18	-28.80
Property management and lease	41630	35180	15.49	11.37	18.77	—25.49
Taxi passenger transport	36340	20460	43.70	32.24	17.72	18.91

Note: The main operations of the Company are not involved in the related transactions.

2. Operation of share-holding companies (whose investment earnings take over 10% of net profits)

①

Unit: RMB'000

Name of shareholding companies		Shenzhen Huangcheng Real Estate Co., Ltd.		
Investment earnings contributed in this period		9950	**Proportion in net profit of listed companies**	65.93%
Shareholding companies	**Business scope**	Development, construction, operation and management of auxiliary commercial service facilities of Huanggang Port		
	Net profit	9950		

②

Unit: RMB'000

Name of shareholding companies		Shenzhen International Trade Auto Industrial Company		
Investment earnings contributed in this period		3936	**Proportion in net profit of listed companies**	26.24%
Share-holding companies	**Business scope**	Automobile passenger transport and automobile lease		
	Net profit	3936		

3. Problems and difficulties in the operation:

In recent years, the Company has made more efforts on keeping its hold on the market, promoting its sales and marketing, optimizing its assets structure, adjusting the operation plan and standardizing its administration. Through these methods, the Company has effectively withdrawn funds, reduced the rate of debts (currently down to 72.5%), solved the problems left-over from history to a large extent, and laid a better foundation for further development. Nevertheless, there still exist some difficulties at present due to various reasons, mainly including:

① Financial strain. The State's stringent control over the real estate industry together with the severe competition in the industry has put forward a higher demand for capital abundance of the property developing enterprises; in the report period, the principal shareholders of the Company signed the Agreement on Share Transfer, because the banks, in a transition period, place a stringent control over credit risks, convert part of the Company's loans on guarantee into loans on mortgage so that the Company has got less new loans and larger pressure of loan repayment in the end.

② Comprehensive competitiveness in the industry need to be strengthened. The company should strengthen its capabilities in such aspects that will affect the corporate further development as the land reservation, the human resource integration and the system transformation

(III) Particulars about Investment in the report period

1. In the report period, there are neither raised proceeds in the report period nor proceeds raised prior to and lasting to the report period.

2. Explanation on major projects invested by non-raised proceeds, their construction process and their earnings in the report period.

Unit: RMB'000

Name of project	**Amount of project**	**Progress of project**	**Earnings of project**
Huangyuyuan C	5130	Completed the design and part of the foundation construction	18 ~ 22 %
Junfeng Lishe B	1630	In the early stage and setting about construction soon	18 ~ 22 %
Total	6760		

(IV) In 2004 financial auditing of the Company, Wuhan Zhonghuan Certified Public Accountants produced auditing opinion with interpretative explanation. Such 3 lawsuits as the case of “Haiyi Company” involved in the interpretative explanation had no change in the report period.

Section VI. Significant Events

(I) Corporate governance

1. In the report period, the Company keeps on pushing the level of administration, and guaranteeing the corporate and investors’ equity strictly in compliance with corporate institutions and relevant laws and regulations of the State which currently in effect.

2. Risk controls in the transition period. In the report period, the principal shareholders of the Company signed the Agreement of Share Transfer. On April 19, 2005, the board of directors held a meeting and passed the resolutions on risk control in the transition period and plans for its normal operations. Detailed measures are available for reference in the Public Notice on Resolutions of the Board on the designated media of Securities Times and Ta Kung Pao dated April 20, 2005 and appointed website www.cninfo.com.cn.

3. Settlement of capital occupation by principal shareholders of the Company. The Company has disclosed the relate situation about Circular on Standardizing Capital Current Between Listed Company and Related Parties and External Guarantees of Listed Company promulgated by China Securities Regulatory Commission in the 2003 Annual Report dated April 19, 2005, the provisional report dated June 3 2004, the 2004 Semi-annual Report dated August 14, 2004, and the 2004 Annual Report dated March 1, 2005. As for the situation of capital occupation by related parties, the former controlling shareholder of the Company, Shenzhen Construction Investment Holdings Corporation occupied RMB 6.78428 million of the Company for non-operating application ended on the disclosing date of 2004 Annual Report.

In the report period, the Company was paid off aforesaid loans by the former controlling shareholder, Shenzhen Construction Investment Holdings Corporation, totaling RMB 6.78428 million. Thus far, the capital occupied by controlling shareholder of the Company for non-operating application has been made complete restitution.

(II) Profit distribution and implementation

1. According to the resolutions of Annual Shareholders’ General Meeting 2004, the Company will neither distribute profits nor convert capital public reserve to share capital in the year of 2004. RMB 90,449,977.35 of net profits and RMB 374,278,076.18 of capital public reserves realized in 2004 are used to offset the losses of last year.

2. Ended June 30, 2005, the net profits realized by the Company amounts to RMB 15,091,441.59. The Company will neither distribute profits nor convert capital public reserve into share capital in the second half of 2005.

(III) Lawsuits

1. In the report period, there were neither new material lawsuits nor arbitrations.

2. In the report period, there was no new progress in the material lawsuits and arbitrations disclosed in the previous report period.

(IV) Sales of assets

In the report period, the Company had no acquisition, sales and restructure of material assets.

(V) Related transactions
1. In the report period, the Company had no any new significant related transactions.
2. The related transaction disclosed in Securities Times, Ta Kung Pao and http://www.cninfo.com.cn on Jan. 15, 2003 by the Company, was the project of "City Golden Castle and Famous Garden"(currently renamed Junfeng Lishe), which was developed by the Company and constructed by Shenzhen Yuezhong (Group) Co., Ltd. Ended the end of June 2005, the engineering account amounting to RMB 107.70 million has been paid.

3. The related transaction disclosed in Securities Times, Ta Kung Pao and http://www.cninfo.com.cn on Nov. 17, 2001 by the Company, was the engineering project of " Building 12-15 of District B of Huang Yu Yuan", which was developed by Shenzhen Huangcheng Real Estate Co., Ltd., a subsidiary of the Company, and constructed by Shenzhen Jianye Construction Engineering Company. Ended June 30, 2005, the paid engineering payments amounted to RMB 170.91 million.

4. For the details about the credits, liabilities and guarantees between the Company and the related parties at the end of the report period please refer to Item VIII 2 in the Notes to Financial Statements.

(VI) No material guarantees newly increased in the report period
1. The Company has disclosed the "Gintian Company" guarantee issues in the provisional announcement dated Dec. 28, 2004 and the Annual Report 2001, 2002, 2003 and 2004.
In the report period, the Company received Civil Ruling Paper (2004) JZZ No. 1168-12 and No. 1168-13 delivered by Jiutai People's Intermediate Court of Jilin Province (hereinafter referred to as the Court). As the Company has honored the Agreement on Debt Restructure Guarantee with China Cinda Asset Management Corporation, the Court ruled to dissolve the sequestration of apartment 101 of Junfeng Lishe Garden located on Longzhu Avenue, Nanshan district, Shenzhen city (previously dissolved the sequestration of apartment 67 of Junfeng Lishe Garden in Dec. 2004), to dissolve the sequestration of 17 apartments of the Guomao Commercial Building located in Luohu district, Shenzhen city (previously dissolved the sequestration of 1 apartment of Guomao Commercial Building in Dec. 2004). Thus far, the lawsuit incurred from the case that Company provided guarantee for RMB 59 million loans borrowed by Jiantian Industry (Group) Co., Ltd from the Bank of Communications Changchun branch has terminated. As the Company had made complete restitution of the Agreement on Debt Restructure Guarantee, the Court dissolved sequestration of all real estates of the Company frozen by this lawsuit.

Details for the aforementioned issues are available for reference in the provisional announcements and Notes (X) Other Significant Events to Financial Statements on the designated medias of Securities Times, Ta Kung Pao and the website http://www.cninfo.com.cn.

After fulfilling one's liabilities, the Company filed a petition to the Court for the Repayment Warrant of RMB 48 million compensation from Jintian Co.. The Repayment Warrant takes effect and the Company claims RMB 48 million from Jintian Co. The Company has withdrawn RMB 48 million of bad debt reserve by this credit.

In 1997, Jintian Co. borrowed RMB 6 million from the Agricultural Bank of China,

Guomao sub-branch of Shenzhe branch, provided with joint guarantee by the Company. The Company has achieved the Agreement on Conciliation of Execution, that is, the Company paid RMB 6 million including principal of loans and execution expense for Jiantian Co. in the report period. As the agreement has been implemented , the Company is going to claim reimbursement from Jiantian Co. according to relevant laws and regulations. In 2004, the Company has predicted related losses of RMB 6 million and it has withdrawn RMB 6 million bad debt reserve by credit in this report period.

2. The Company and the subsidiaries of the Company provided mortgage loan guarantees to the banks for the subscribers of commercial housing. Ended June 30, 2005, the guarantee amount that still had not been settled totally amounted to RMB 456.73 million. This guarantee issue was the guarantee provided by the real estate developers for the small owners to purchase the commercial housing of the Company, which was normal phenomenon within the industry.

(VII) On April 1, 2005, the largest shareholder of the Company, Shenzhen Construction Investment Holdings Corporation and the second largest shareholder of the Company, Shenzhen Investment Holding Corporation signed the Agreement on Share Transfer to transfer their total equities of the Company (accounting for 70.3% of total equities) to Zhuojian Investment Co., Ltd. Both parties make commitment on relate arrangements which are recorded in the agreement attachment. The details are available for reference in the provisional announcements on the designated media of Securities Times and Ta Kung Pao and appointed website www.cninfo.com.cn.

Expect for the commitments aforementioned, the Company or the shareholders holding over 5% of the Company equities neither made any commitment in the report period nor had any commitment made prior to but lasting to the report period which would probably impact significant influence on the operating results and financial position of the Company.

(VIII) In the report period, according to the requirements in Circular on Standardizing Capital Current Between Listed Company and Related Parties and External Guarantees of Listed Company promulgated by China Securities Regulatory Commission (ZJF [2003] No. 56 Document), the Company investigated the company itself and concluded that ended Jun. 30, 2005, there exists no guarantees for its subsidiaries or illegal guarantees.

(IX) In the report period, the Company or the management has never been punished by the securities regulatory department.

(X) Contents of Significant Events in the Report Period

Serial No.	Content of Events	Published newspapers and page	Date	Website
1	Special disposal of cancellation of stock transactions	Securities Times, Page12 Ta Kung Pao, Page C6	March 7, 2005	**www.cninfo.com.cn**
2	Return of occupied capitals by principal shareholders	Securities Times, Page 10 Ta Kung Pao, Page B9	March 17, 2005	**www.cninfo.com.cn**
3	Public Notice on the state-owned share	Securities Times, page 25 Ta Kung Pao, page D10-11	April 5, 2005	**www.cninfo.com.cn**

	transfer			
4	Statement to all shareholders	Securities Times, page 32 Ta Kung Pao, page A32-33	April 20, 2005	**www.cninfo.com.cn**
5	Engagement of Senior executives	Securities Times, page 32 Ta Kung Pao, page A32-33	April 20, 2005	**www.cninfo.com.cn**

Section VII. Financial Report (un-audited)

Balance Sheet

Shenzhen Properties & Resources Development (Group) Ltd. Jun. 30. 2005 Unit: RMB

Assets	Notes	The Group		The Company	
		Amount at the end of the period	Amount at the begin of the year	Amount at the end of the period	Amount at the begin of the year
Current assets					
Monetary fund	6.1	214,802,017.49	240,234,196.46	98,218,310.45	54,436,556.43
Short-term investment	6.2	8,717,984.71	9,944,291.22	1,887,326.00	1,887,326.00
Notes receivable					
Dividends receivable					
Accounts receivable	6.3 (1)	72,070,621.20	68,630,108.16	54,672,496.35	56,132,939.75
Accounts paid in advance	6.4	5,463,558.19	5,455,518.45	3,399,885.23	2,888,410.98
Others receivable	6.3 (2)	128,351,520.42	136,357,349.95	113,207,020.31	122,417,787.22
Inventory	6.5	1,240,438,311.95	1,381,621,649.40	295,219,136.69	392,862,768.02
Expense to be apportioned	6.6	1,241,429.36	150,852.09		
Long-term credit investment due within 1 year					
Other current assets					
Total current assets		1,671,085,443.32	1,842,393,965.73	566,604,175.03	630,625,788.40
Long-term investment					
Long-term equity investment	6.7	111,488,734.63	106,669,381.67	581,062,968.22	567,646,906.97
Long-term credit investment					
Total long-term investment		111,488,734.63	106,669,381.67	581,062,968.22	567,646,906.97
Fixed assets					
Original price of fixed assets	6.8	382,587,210.93	412,050,456.18	299,742,503.93	330,308,698.90
Less: accumulated depreciation	6.8	126,593,026.26	134,148,423.69	100,406,807.39	100,945,279.43
Net value of fixed assets		255,994,184.67	277,902,032.49	199,335,696.54	229,363,419.47
Provision for devaluation of fixed assets	6.8				
Net amount of fixed assets					
Engineering material					
Construction in progress					
Disposal of fixed assets					
Total fixed assets		255,994,184.67	277,902,032.49	199,335,696.54	229,363,419.47
Intangible and other assets:					
Intangible assets	6.9	72,216,289.29	73,177,611.93		
Long-term expenses to be apportioned					
Other long-term assets					
Total intangible and other assets		72,216,289.29	73,177,611.93		
Deferred taxes-debit item					
Deferred taxes-debit item	6.10	7,344,788.97	2,792,998.72		
Total assets		2,118,129,440.88	2,302,935,990.54	1,347,002,839.79	1,427,636,114.84

Balance Sheet (Con.)

Shenzhen Properties & Resources Development (Group) Ltd. Jun. 30. 2005 Unit: RMB

Liabilities and shareholders' equity	Notes	The Group		The Company	
		Amount at the end of the period	Amount at the begin of the year	Amount at the end of the period	Amount at the begin of the year
Current liabilities:					
Short-term loans	6.11	400,120,000.00	400,980,000.00	341,400,000.00	362,980,000.00
Notes payable					
Account payable	6.12	322,925,611.78	464,482,212.79	57,566,111.88	115,132,307.42
Accounts received in advance	6.13	240,994,393.44	129,975,798.41	138,291,124.86	52,020,567.21
Other payable	6.16	117,031,226.15	170,220,221.16	59,208,227.78	100,335,110.89
Wage payable		625,801.20	3,017,349.00	2,000.00	321,190.00
Welfare funds payable		13,580,868.30	14,096,534.79	638,011.23	1,235,554.13
Taxes payable	6.14	38,986,137.19	71,106,931.55	7,059,016.01	15,387,930.89
Dividends payable					
Other unpaid accounts	6.15	69,176.61	147,972.17	34,665.61	46,713.47
Accrued expenses	6.17	59,086,720.41	57,920,057.30	56,303,627.40	56,303,627.40
Projected liabilities	6.18	52,602,304.07	58,602,304.07	52,602,304.07	58,602,304.07
Long-term liabilities due within 1 year	6.19	173,000,000.00	159,000,000.00	49,000,000.00	
Other current liabilities					
Total current liabilities		1,419,022,239.15	1,529,549,381.24	762,105,088.84	762,365,305.48
Long-term liabilities					
Long-term loans			96,000,000.00		96,000,000.00
Bonds payable					
Long-term accounts payable					
Special accounts payable					
Other long-term liabilities	6.20	116,886,950.78	110,257,799.94		
Total long-term liabilities		116,886,950.78	206,257,799.94		96,000,000.00
Deferred taxes-credit item					
Deferred taxes-credit item					
Total liabilities	5.6	1,535,909,189.93	1,735,807,181.18	762,105,088.84	858,365,305.48
Minority interests					
Minority interests					
Shareholders' equity					
Share capital	6.21	541,799,175.00	541,799,175.00	541,799,175.00	541,799,175.00
Less: Restored investment					
Net amount of share capital					
Capital public reserve	6.22	25,042,365.73	399,320,441.91	25,042,365.73	399,320,441.91
Surplus public reserve	6.23	62,919,127.11	62,919,127.11	62,919,127.11	62,919,127.11
Including: Statutory public welfare fund		62,919,127.11	62,919,127.11	62,919,127.11	62,919,127.11
Retained profit	6.24	(47,540,416.89)	(436,909,934.66)	(44,862,916.89)	(434,767,934.66)
Difference balance in conversion of foreign currency					
Total shareholders' equity of the Company		582,220,250.95	567,128,809.36	584,897,750.95	569,270,809.36
Total shareholders' equity		582,220,250.95	567,128,809.36	584,897,750.95	569,270,809.36
Total liabilities and shareholders' equity		2,118,129,440.88	2,302,935,990.54	1,347,002,839.79	1,427,636,114.84

Statement of Profit and Profit Distribution

Shenzhen Properties & Resources Development (Group) Ltd. Jan.-Jun.2005 Unit: RMB

Items	The Group		The Company	
	Accumulated amount in this period	Amount at the same period of last year	Accumulated amount in this period	Amount at the same period of last year
I. Income from core business（note 6.25）	344,628,662.44	259,275,868.71	142,848,742.34	15,509,881.51
Less: Discount and allowance				
Net income from core business	344,628,662.44	259,275,868.71	142,848,742.34	15,509,881.51
Less: Cost of core business （note 6.26）	229,467,176.13	146,269,878.90	97,258,317.23	6,141,590.33
Taxes and extras of core business（note 6.27）	16,447,781.54	12,136,401.99	7,228,021.82	806,513.71
II. Profit from core business	98,713,704.77	100,869,587.82	38,362,403.29	8,561,777.47
Add: Profit from other business lines (note 6.28)	-210,026.97	-578,839.89		
Less: Losses on price falling of inventory				
Operating expenses	7,791,699.71	13,724,840.81		17,004.00
Administrative expenses (note 6.29)	50,285,505.91	57,543,188.73	19,548,655.22	22,931,856.80
Financial expenses (note 6.30)	17,263,671.40	16,113,639.77	8,434,002.15	6,350,332.16
III. Operating profit	23,162,800.78	12,909,078.62	10,379,745.92	-20,737,415.49
Add: Investment income (note 6.31)	3,583,046.45	1,572,328.69	13,416,061.25	29,223,306.70
Subsidy income				
Non-operating income（note 6.32）	658,999.83	43,128.21	83,621.60	44,684.72
Less: Non-operating expenditure（note 6.33）	9,327,073.59	505,624.34	8,252,487.18	67,168.98
IV. Total profit	**18,077,773.47**	**14,818,911.18**	**15,626,941.59**	**8,463,406.95**
Less: Income tax	2,986,331.88	6,355,504.23	0.00	0.00
Minority interests			0.00	0.00
V. Net profit	**15,091,441.59**	**8,463,406.95**	**15,626,941.59**	**8,463,406.95**
Add: Retained profit at the begin of the year	(436,909,934.66)	(527,359,912.01)	(434,767,934.66)	(526,288,912.01)
Transferring into surplus public reserve	374,278,076.18	0.00	374,278,076.18	0.00
VI. Profit available for distribution:	**(47,540,416.89)**	**(518,896,505.06)**	**(44,862,916.89)**	**(517,825,505.06)**
Less: Allotted statutory surplus public reserve	0.00	0.00	0.00	0.00
Allotted statutory welfare funds	0.00	0.00	0.00	0.00
VII. Profit available for distribution to shareholders:	**(47,540,416.89)**	**(518,896,505.06)**	**(44,862,916.89)**	**(517,825,505.06)**
Less: Dividend of preference shares payable	0.00	0.00	0.00	0.00

Allotted arbitrary surplus public reserve	0.00	0.00	0.00	0.00
Dividend of common share payable	0.00	0.00	0.00	0.00
Dividend of common share transferred as share capital	0.00	0.00	0.00	0.00
VIII. Retained profit	**(47,540,416.89)**	**(518,896,505.06)**	**(44,862,916.89)**	**(517,825,505.06)**

Shenzhen Properties & Resources Development (Group) Ltd.
Supplement Information of Statement of Profit
Jan.-Jun. 2005

No.	Items	Consolidation		Parent company	
		Accumulated amount in the period	Actual amount as of previous year	Accumulated amount in the period	Actual amount as of previous year
1	Income from selling or disposal branch and investee enterprise				
2	Losses due from natural disaster				
	Increase (or decrease) of total profit due to the changing of accounting policies				
3	Increase (or decrease) of total profit due to the changing of accounting estimation				
4	Losses on debts reorganization				
5	Other				

Statement of Cash Flow

Shenzhen Properties & Resources Development (Group) Ltd. Jan.-Jun.2005 Unit: RMB

Items	The Group	The Company
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	490,636,912.58	232,266,258.34
Rebated tax received		
Other cash received concerning operating activities (note 5.35)	33,913,939.25	44,741,916.33
Subtotal of cash inflows	**524,550,851.83**	**277,008,174.67**
Cash paid for purchasing commodities and receiving labor service	178,174,148.09	49,763,958.95
Cash paid to / for staff and workers	88,203,432.20	28,715,227.76
Taxes paid	67,579,382.39	22,500,341.30
Other cash paid concerning operating activities (note 6.36)	117,401,031.69	71,007,982.77
Subtotal of cash outflows	**451,357,994.37**	**171,987,510.78**
Net cash flows arising from operating activities	**73,192,857.46**	**105,020,663.89**
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets	18,635,127.28	15,825,557.28
Other cash received concerning investing activities		
Subtotal of cash inflows	**18,635,127.28**	**15,825,557.28**
Net cash paid for purchasing fixed, intangible and other long-term assets	16,773,576.30	
Cash paid for investment		
Other cash paid concerning investing activities		
Subtotal of cash outflows	16,773,576.30	50,465.00
Net cash flows arising from investing activities	**1,861,550.98**	**15,775,092.28**
III. Cash flows arising from financing activities		
Cash received by absorbing investment		
Cash received from loans	193,920,000.00	153,200,000.00
Other cash received concerning financing activities	65,194.99	
Subtotal of cash inflows	**193,985,194.99**	**153,200,000.00**
Cash paid for settling debts	276,780,000.00	221,780,000.00
Cash paid for dividends and profit distributing or interest paying	17,644,601.68	8,434,002.15
Other cash paid concerning financing activities (note 6.37)	47,180.72	
Subtotal of cash outflows	**294,471,782.40**	**230,214,002.15**
Net cash flows arising from financing activities	**-100,486,587.41**	**-77,014,002.15**
IV. Influence of fluctuation in exchange rate on cash		
V. Net increase of cash and cash equivalents	**-25,432,178.97**	**43 ,781,754.02**

Notes:

Supplement information	The Group	The Company
1. Investing and financing activities involving no cash incomings / outgoings:		
Debts repaid with fixed assets		
Debts repaid with investment		
Long-term investment made with fixed assets		

Debts repaid with inventories		
2. Adjusting net profit to cash flows for operating activities:		
Net profit	15,091,441.59	15,626,941.59
Add: allotment of provision for bad debts or reselling of bad debts	1,236,306.51	
Minority interests		
Depreciation of fixed assets	10,610,249.47	6,072,493.08
Amortization of intangible assets	961,322.64	
Amortization of long-term expenses to be apportioned		
Decrease of expenses to be apportioned (Less: increase)	**-1,069,878.53**	
Increase of accrued expenses (Less: decrease)	**1,418,663.11**	
Loss on disposal of fixed, intangible and other long-term assets (Less: income)	**7,409,103.03**	**8,168,865.58**
Losses on rejection of fixed assets		
Financial expense	**17,263,671.40**	**8,434,002.15**
Investment loss (Less: income)	**-4,283,852.96**	**-13,416,061.25**
Deferred taxes – credit item (-: debit item)	**-4,551,790.25**	
Decrease of inventory (Less: increase)	**141,422,145.47**	**97,643,631.33**
Decrease of receivables in operating (Less: increase)	**-2,307,440.88**	**10,159,736.06**
Increase of payables in operating (Less: decrease)	**-99,093,281.35**	**-20,751,435.88**
Other	**-10,913,801.79**	**-6,917,508.77**
Net cash flows arising from operating activities	**73,192,857.46**	**105,020,663.89**
3. Net increase of cash and cash equivalents:		**0.00**
Balance of cash at the end of the period	**214,802,017.49**	**98,218,310.45**
Less: Balance of cash at the begin of the period	**240,234,196.46**	**54,436,556.43**
Add: Balance of cash equivalents at the end of the period		**0.00**
Less: Balance of cash equivalents at the begin of the period		**0.00**
Net increase of cash and cash equivalents	**-25,432,178.97**	**43,781,754.02**

Subsidiary Statement of Consolidation Provision for Devaluation of Assets

Jun. 30, 2005

KG Table 01-1

Shenzhen Properties & Resources Development (Group) Ltd. Unit: RMB

Items	Balance at the begin of the year	Increase in the period	Decrease in the period			Balance at the end of the period
			Switching back due to recovered price of assets	Transferring out due to other reasons	Total	
I. Total of provision for bad debts	286,568,320.09	6,000,000.00				292,568,320.09
Including: Account receivable	67,545,241.88					67,545,241.88
Other receivable	219,023,078.21	6,000,000.00				225,023,078.21
II. Total of provision for falling price of short-term investment	14,648,214.30	1,236,306.51				15,884,520.81
Including: Stocks investment	14,648,241.30	1,236,306.51				15,884,520.81
Bonds investment						
III. Total of provision for falling price of inventory	126,375,631.12					126,375,631.12
Including: Raw material	1,081,928.84					1,081,928.84
Merchandise inventory	30,246.00					30,246.00
Land planning to develop	81,920,964.29					81,920,964.29
Work in progress						
Finished product	43,342,491.99					43,342,491.99
IV. Total of provision for devaluation of long-term investment	84,945,352.08					84,945,352.08
Including: Long-term equity investment	84,945,352.08					84,945,352.08
Long-term credit investment						
V. Total of provision for devaluation of fixed assets						

Including: Building						
Machinery and equipment						
VI. Provision for devaluation of intangible assets						
Including: Patent right						
Land use right						
VII. Provision for devaluation of construction in progress						
VIII. Provision for devaluation of commission loan						
IX.Total	512,537,517.59	7,236,306.51				519,773,824.10

Subsidiary Statement of Provision for Devaluation of Assets

Jun. 30, 2005

KG Table 01-1

Shenzhen Properties & Resources Development (Group) Ltd. Unit: RMB

Items	Balance at the begin of the year	Increase in the period	Decrease in the period			Balance at the end of the period
			Switching back due to recovered price of assets	Transferring out due to other reasons	Total	
I. Total of provision for bad debts	257,146,975.27	6,000,000.00				263,146,975.27
Including: Account receivable	62,514,568.05					62,514,568.05
Other receivable	194,632,407.22	6,000,000.00				200,632,407.22
II. Total of provision for falling price of short-term investment	4,782,706.45					4,782,706.45
Including: Stocks investment	4,782,706.45					4,782,706.45
Bonds investment						
III. Total of provision for falling price of inventory	74,842,393.01					74,842,393.01
Including: Raw material						

Merchandise inventory						
Land planning to develop	73,201,702.01					73,201,702.01
Work in progress						
Finished product	1,640,691.00					1,640,691.00
IV. Total of provision for devaluation of long-term investment	72 ,157,923.78					72,157,923.78
Including:	72,157,923.78					72,157,923.78
Long-term equity investment						
Long-term credit investment						
V. Total of provision for devaluation of fixed assets						
Including: Building						
Machinery and equipment						
VI. Provision for devaluation of intangible assets						
Including: Patent right						
Land use right						
VII. Provision for devaluation of construction in progress						
VIII. Provision for devaluation of commission loan						
IX.Total	408,929,998.51	6,000,000.00				414,929,998.51

Section VIII. Documents Available for Reference

(I) Text of semi-annual report with the signature of Chairman of the Board;
(II) Financial statements carried with signatures and seals of Legal Representative, Person in charge of accounting work and Person in charge of accounting institution;
(II) Originals and manuscripts of documents of public notices disclosed in the designated media by CSRC in the report period;
(IV) Original of the Articles of the Association.

Board of Directors of
Shenzhen Properties & Resources Development (Group) Ltd
Aug. 13, 2005