SHENZHEN PROPERTIES & RESOURCES DEVELOPMENT (GROUP) LTD.

INTERIM REPORT 2007 (SUMMARY)

§1. Important Notice

1.1 The Board of Directors, the Supervisory Committee, directors, supervisors and senior management of Shenzhen Properties & Resources Development (Group) Ltd. (hereinafter referred to as "the Company") warrant that this report does not contain any false or misleading statements or omit any material facts and all information set forth herein are true, accurate and complete.
The summary of interim report 2007 is abstracted from the interim report; and full text of the interim report 2007 is published on the Internet website http://www.cninfo.com.cn in the mean time. The investors are suggested to read the full text of interim report to understand more details.

1.2 No directors, supervisors and senior managers have objections to the report of the true, accurate and complete.

1.3 Yang Shuncheng, director of the Company, neither attended this meeting for vocation, nor entrusted other director to voting.

1.4 The financial report 2007 of the Company contained herein has not been audited.

1.5 Chairman of the Board of the Company Mr. Chen Yugang, Person in Charge of Accounting Work Mr. Zha Shengming and Manager of Financial Department Ms. Shen Xueying hereby confirm that the Financial Statements in this report are true and complete.

§2. Company Profile

2.1 Basic information

Short form of the stock	S Shen Wuye A, Shen Wuye B
Stock code	000011, 200011
Listed stock exchange	Shenzhen Stock Exchange
	Secretary of the Board of Directors
Name	Guo Yumei
Contact address	42/F, International Trade Center, Renmin South Road, Shenzhen
Telephone	0755-82211020
Fax	0755-82210610, 82212043
E-mail	0011@szwuye.com.cn

2.2 Major financial data and indexes

2.2.1 Major accounting data and financial indexes

Unit: RMB

	As at the end of this report period	As at the end of last year		Increase/decrease of the end of report period compared with the end of the last year (%)	
		Before the adjustment	After the adjustment	Before the adjustment	After the adjustment
Total assets	1,720,522,132.35	1,643,924,822.20	1,651,570,450.33	4.66	4.17
Owner's equity (or Shareholder's equity)	579,280,492.10	583,920,212.60	590,581,843.99	-0.79	-1.91
Net assets per share	1.069	1.078	1.090	-0.79	-1.91
	The report period (Jan. -Jun.)	The same period of last year		Increase/decrease during the report period compared with that of the last year (%)	
		Before the adjustment	After the adjustment	Before the adjustment	After the adjustment
Operating profit	-15,989,310.15	-16,391,996.92	-13,209,656.05	-2.46	21.04
Total profit	-15,275,994.26	-20,890,686.29	-17,380,486.69	-26.88	-12.11
Net profit	-15,471,109.29	-23,391,427.55	-19,559,702.90	-33.86	-20.90
Net profit after deducting non-recurring gains and losses	-16,184,425.18	-21,602,596.95	-17,770,872.30	-25.08	-8.93
Earnings per share-basis	-0.029	-0.043	-0.036	-33.86	-20.90
Earnings per share-diluted	-0.029	-0.043	-0.036	-33.86	-20.90
Return on equity (%)	-2.67%	-3.79%	-3.17%	1.12	0.50
Net cash flow arising from operating activities	-56,188,542.80	-87,089,486.03	-87,393,052.18	-35.48	-35.71
Net cash flow per share arising from operating activities	-0.104	-0.161	-0.161	-35.48	-35.71

2.2.2 Items of non-recurring gains and losses

√Applicable ☐Inapplicable

Unit: RMB

Items of non-recurring gains and losses	Amount
Profits and losses from disposal of non-current funds	-87,197.65
Non-operating income	1,057,600.29
Non-operating expense	257,086.75
Total	713,315.89

2.2.3 Difference between PRC GAAP and IFRSs

√Applicable ☐Inapplicable Unit: RMB'000

	Net profit (as of Jan. – Jun. 2007)	Net asset (As at 30 June 2007)
Calculated as per PRC GAAP	-15,471	579,280
Calculated as per IFRSs	-15,471	579,280

§3. Changes in Share Capital and Particulars about Shares held by Main Shareholders

3.1 Statement of change in shares

☐Applicable √Inapplicable

3.2 Particulars about shares held by the top ten shareholders and the top ten shareholders of tradable share

Total number of shareholders	By the end of the report period, the Company has 28,765 shareholders in total, including 20,247 ones of A-share, 8,518 ones of B-share.				
Particulars about shares held by the top ten shareholders					
Full name of Shareholder	**Type of shareholders**	**Proportion (%)**	**Total number of shares held**	**Number of non-tradable shares held**	**Share pledged or frozen**
SHENZHEN CONSTRUCTION INVESTMENT HOLDINGS	State-owned share	59.75	323747713	323747713	0
SHENZHEN INVESTMENT HOLDING CORPORATION	Directional corporate shares	10.45	56628000	56628000	0
LABOR UNION OF SHENZHEN INTERNATIONAL TRADE PROPERTY MANAGERMENT COMPANY	Directional corporate shares	0.46	2516800	2516800	0
ZENG YING	B shares	0.40	1911728	0	0
SHENZHEN SPECIAL ZONE DUTY-FREE COMMODITY CO.	Directional corporate shares	0.29	1573000	1573000	0
LIU GANG	B shares	0.28		0	0
YUNNAN YUNDIAN FINANCE FUNDS MANAGEMENT CO., LTD.	Public shares (A share)	0.23		0	
SHANGHAI ZHAODA INVESTMENT CONSULTANT CO., LTD.	Corporate shares	0.19	1010000	1010000	0
GUOTAIJUNAN SECURITES HONG KONG LIMITED	B shares	0.166	799100	0	?
CHINA EAGLE SECURITIES CO., LTD.	Corporate shares	0.15	786500	786500	786500
Explanation on associated relationship among the above shareholders or consistent action	There exists no associated relationship or consistent action among the top three shareholders. For other shareholders, the Company was unknown whether there exists associated relationship or consistent action.				

Particulars about shares held by the top ten tradable shareholder		
Name of shareholders	**Numbers of circulation share held**	**Type of share**

ZENG YING	1911728	B
LIU GANG	1332100	B
YUNNAN YUNDIAN FINANCE FUNDS MANAGEMENT CO., LTD.	1100000	A
GUOTAIJUNAN SECURITES HONG KONG LIMITED	799100	B
CHANGJIANG SECURITIES CO., LTD.	750000	A
ZENG NI	693250	B
SHENZHEN HAOWANJIA INDUSTRY DEVELOPMENT CO., LTD.	637000	A
Raven Oil Limited	500000	B
LI HONG MAO	480491	A
XIA QIAN RU	475760	B
Explanation on associated relationship among the above shareholders of circulation share or consistent action	The Company did not know whether there exists associated relationship among the top ten shareholders of tradable share	

Remark:
① Shenzhen Construction Investment Holdings still holds 485,899 corporate shares of the Company.
② The shares held by Shenzhen Construction Investment Holdings was not be pledged or frozen in the report period.

3.3 Particulars about change in controlling shareholder and actual controller of the Company
□Applicable √Inapplicable

§4. Particulars about Directors, Supervisors and Senior Management

4.1 Particulars about changes in shares held by directors, supervisors and senior management
√Applicable □Inapplicable

Name	Office title	Number of shares held at the year-begin	Increase in the current period	Decrease in the current period	Number of shares held at the period-end	Reasons for change
Liu Jiake	Supervisor	A-share: 5000 B-share: 4900	B-share: 5000	B-share: 6100	B-share: 3800	Realization in the market

§5. Discussion and Analysis of the Management

5.1 Main operations classified according to industries or products

Unit: RMB'000

Industries	Income from main operations (RMB'0000)	Cost of main operations (RMB'0000)	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 (%)

Real estate development	40425	35737	11.60	-57.36	-45.83	-61.85
Property management and lease	61032	58845	3.58	9.31	29.63	-80.86
Taxi passenger transport	19720	9620	51.22	8.09	17.09	-6.82

No related transaction is involved in the main operations of the Company.

5.2 Main operations classified according to region

Unit: RMB’0000

Region	Income from main operations (RMB’0000)	Increase/decrease in income from main operations over the last year (%)
Shenzhen	14790	-16.46
East China	0	0
Hainan	195	1850.00

5.3 Reasons of significant changes in main operations and its structure compared with the last year

□Applicable √Inapplicable

5.4 Reasons of significant changes in profitability capability of main operations (gross profit ratio) than that in the last year

√Applicable □ Inapplicable

Real estate development project of main business sales settlement was bequeathed for many years. And decrease of cost profit rate resulted into large decrease of main business profiting competence.

5.5 Analysis to reasons of significant changes in profit breakdown compared with the previous year

□Applicable √Inapplicable

5.6 Utilization of the raised proceeds

5.6.1 Utilization of the raised proceeds

□Applicable √Inapplicable

5.6.2 Change of projects

□Applicable √Inapplicable

5.7 Revised business plan of the Board for the second half of 2007

□Applicable √Inapplicable

5.8 Estimation on accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its significant change compared with the corresponding period of the last year and explanation on reason

√Applicable □Inapplicable

Achievement forecasts	√loss-making

	□ increase by a large margin towards the same direction □decrease by a large margin towards the same direction □ turning the loss-making to profits
Explanation on achievement forecasts	Since the real estate project of the Company was still in exploitation and failed to achieve sales conditions during the report period, and all sales projects in the report period were those parts that have not been sold out in the previous years. It is estimated that the accumulative net profit from the beginning of the year to the end of next report period would still be in loss.

5.9 Explanation of the Board of Directors on "Qualified Opinion" from the Certified Public Accountants in the report period

□Applicable √Inapplicable

5.10 Explanation of the Board of Directors on changes and solutions of the issues involved in "Qualified Opinion" from the Certified Public Accountants in the last year

√Applicable □Inapplicable

In the financial auditing 2006, Wuhan Zhonghuan Certified Public Accountants issued the auditors' report 2006 with qualified opinions and emphasized issues, the Board of Directors and the Supervisory Committee also made the corresponding explanation in the Annual Report 2006. The explanations on the events involved in the auditors' report are as follows:

1. About progress on qualified opinion

On July 12, 2007, Wuhan Zhonghuan Certified Public Accountants Co., Ltd. issued a Special Review Report on Short-term Investment out of book of Shenzhen Properties & Resources Development (Group) Ltd., in which the explanation on a sum of capital current without enough original invoice was made as follows:

(1) In accordance with the statement of account of A shares held by the Company from Securities Business Office of Ping An Securities Co., Ltd. located in Shen Nan Middle Road, a securities margin amounting to RMB 1,100,000.00 was transferred out from such account on June 14, 1996, moreover, the said securities margin was transferred into such account on the next trading day (June 17, 1996) again, but no original invoice can prove the character of such capital current.

(2) In accordance with the statement of account of A shares held by the Company from Securities Business Office of Ping An Securities Co., Ltd. located in Shen Nan Middle Road, a securities margin amounting to RMB 4,000,000.00 was transferred out from and transferred into such account on Sep. 13, 1996, but no original invoice can prove the character of such capital current.

2. By the end of report period, the emphasized issues involved in the Annual Report 2006 have no new progress.

§6. Significant Events

6.1 Acquisition and sales of assets and assets restructure

6.1.1 Assets acquired

□Applicable √Inapplicable

6.1.2 Assets sold

□Applicable √Inapplicable

6.1.3 Progress of these events and its influence on the operating results and financial status in the report period after the report on assets restructure or public notice on acquisition and sales of assets being published

□Applicable √Inapplicable

6.2 Guarantees

√Applicable □Inapplicable

Unit: RMB’0000

Particulars about External Guarantees (excluding guarantees for shareholding subsidiaries)						
Name of Warrantee	**Date of occurrence**	**Amount of guarantee (RMB’0000)**	**Type of guarantee**	**Term of guarantee**	**Accomplished implementation or not**	**Guaranteed for related parties or not**
Gintian Company	Dec. 30, 1998	260	Joint and liability guarantee	Dec. 30, 1998-Sep. 30,1999	No	No
Total guarantee occurred in the report term				0		
Total balance in the report term (A)				260		
Guarantees for shareholding subsidiaries by the Company						
Total guarantee provided to the controlled subsidiaries in the report term				3,955		
Total balance of guarantee provided to the controlled subsidiaries in the report term (B)				10,955		
Total guarantee amount of the Company (including guarantees for shareholding subsidiaries)						
Total amount of guarantee（A+B）				11,215		
The proportion of the total amount of guarantee in the net assets of the Company				19.36%		
Among which:						
Amount of guarantee provided for the shareholder, actual controller and other related parties（C）				0		
The debts guarantee amount provided for the guarantee of which the assets-liability ratio exceeded 70%（D）				260		
Proportion of total amount of guarantee in net assets of the Company exceeded 50%（E）				0		
Total amount of the above three guarantees*（C+D+E）				260		

6.3 Non-operating current related credits and liabilities

√Applicable □Inapplicable

Unit: RMB’0000

Related parties	**Funds provided by the listed company to related parties**		**Funds provide by related parties to listed company**	
	Occurred amount	**Balance**	**Occurred amount**	**Balance**
Shenzhen Investment Holdings Corporation			82	1404
Shenzhen Fulin Industrial Co., Ltd.				953

Shenzhen Property Jifa Storage Co., Ltd				183
Shenzhen Guomao Tian'an Properties Co., Ltd		2971		
Anhui Nanpeng Papermaking Co., Ltd		1057		
Shenzhen Guomao Industrial Development Co., Ltd		243		
Shenzhen Wufang Pottery & Porcelain Industrial Co., Ltd		175		
Total	0	4446	82	2540

Of which: Listed company offered a capital of RMB 0.00 to controlling shareholders and its subsidiaries. The balance was RMB 0.00 in reported period.

6.4 Material lawsuits and arbitrations

√Applicable ☐Inapplicable

1. No new significant lawsuit and arbitration events occurred during the report period.

2. In the report period, the progress of the significant lawsuits and arbitrations disclosed in the previous years:

(1) About the case of "Haiyi Company" disclosed in the Annual Reports during 2000 and 2006, the Company applied for the Supreme Court for the second instance appeal and the case is still in the trial process.

(2) About the case of "Jiyong Company" disclosed in the extraordinary notice of Apr.12, 2001 and in Annual Report during 2000 and 2006, in January 2006, Guangdong Higher People's Court issued a civil judgment (2002YGFZZ No. 1), which considered that the Company has no any condition the Company appealed for execution on this cash, in view of these, the original ruling would be suspended from the execution, after disappearance of the said situation, the Court would execute the original judgment. In March 2006, In accordance with the last regulations of the Supreme Court of the People's Republic of China, the other properties such as Jiabin Building that the Company appealed to the Court for sealing in this case has been released from sealing.

(3) The Court accepted the case on prosecuting Shenzhen Shengfenglu Guomao Jewel & Gold Co., Ltd by the Company disclosed in Annual Report 2005 and 2006. And the Court has opened a court session. Now the Company is waiting for the judgment from the Court.

(4) About the contract dispute of "Duokuai Elevator" disclosed in Annual Report 2006, Shenzhen Intermediate People's Court made a civil judgment with (2006) SZFMWCZ No. 116. As the sealed five properties such as Huangcheng Plaza 1902, assistant buildings of Huangcheng Plaza 1029, 1030, 1030A and 1029A were affirmed as the mutual properties of Hainan Duokuai Elevator Service (Far-East) Co., Ltd., Duokuai Elevator (Far-East) Co., Ltd. and Duokuai Elevator Far-East (1996) Co., Ltd.. Such result possibly caused a certain difficult and hindrance on the execution work of Huangcheng Properties Company, but Huangcheng Properties Company would safeguard its legal rights and benefit in full sail on the basis of the laws.

(5) About the case of "Meisi Company Lawsuit" disclosed by the Company in the Annual Report 2004, the extraordinary public notice on Apr. 15, 2006 and the extraordinary public notice on Aug. 5, 2006, the extraordinary public notice on Apr. 11, 2007, the Annual Report 2006 as well as the extraordinary public notice on May 19, 2007, the Company instituted

the administrative reconsideration to the Administrative Reconsideration Office of the People's Government of Shenzhen Municipality on July 9, 2007, which considered that those action that Registration Center for Property of Real Estate of Shenzhen Municipality rescinded property ownership certificate of SFDZ No. 3000119899 and No. 3000320987 owned by the Company and return the registration of Meilin Workshop, Comprehensive Building and use right of land occupied to property ownership certificate of SFDZ No. 0103142 and No. 0103139 went against the provisions of the Decision on Strengthening Land Market Management and further Enlivening and Standardizing Real Estate Market (SF (2001) No. 94) promulgated by Shenzhen Municipal Government, and requested Shenzhen Municipal Government to rescind the Decision on Repealing the Property Ownership Certificate of SFDZ No. 3000119899 and No. 3000320987 (SFZ (2007) No. 27). On same day, the Administrative Reconsideration Office of the People's Government of Shenzhen Municipality accepted the application of the Company.

6.5 Other significant events and explanation on analysis to their influences and solutions
6.5.1 Securities investment
√Applicable ☐Inapplicable

Serial number	Securities variety	Securities code	Short form of securities	Amount of initial investment (RMB)	Number of shares held (share)	Book value at period-end (RMB)	Proportion in total securities investment (%)	Profits or losses in the report period (RMB)
1	Shenzhen B stock	200002	VANKE B	289,072.93	383,818	6,169,951.11	25.75	2,390,970.60
2	Shanghai A stock	600694	DSG	452,814.99	72,455	4,419,145.00	18.44	1,108,576.65
3	Shenzhen A stock	000001	Shen Development	884,264.31	122,081	3,052,587.00	12.74	1,407,203.30
4	Shenzhen A stock	000581	Weifu High-tech	960,116.79	158,184	2,799,856.80	11.69	1,575,512.64
5	Hongkong Stock	688	China overseas	855,877.82	180,000	2,139,694.56	8.93	438,462.00
6	Shenzhen A stock	000570	Su ChangchaiA	459,470.40	51,480	684,684.00	2.86	470,527.20
7	Shenzhen Fund	184705	Yuze Fudn	639,792.64	300,000	639,000.00	2.67	120,300.00
8	Shenzhen A stock	000601	Shaoneng	457,904.17	82425.00	470,646.75	1.96	178,038.00
9	Shenzhen Fund	184719	Rongxin Fund	964,734.55	187,500	468,750.00	1.96	95,062.50
10	Shenzhen A stock	000782	Meida	513,461.96	74,515	407,597.05	1.70	207,151.70
Other securities investment held at the period-end				1,863,590.36	----	2,707,544.20	11.30	1,163,779.94
Profits or losses of securities sold in the report period				----	----	----	----	6,796,989.79

total	8,341,100.92	----	23,959,456.47	100%	15,952,574.32

6.5.2 Equity of other listed companies the Company held

√Applicable ☐Inapplicable

Securities code	Short form of securities	Amount of initial investment (RMB)	Proportion in equity of the Company	Book value at period-end (RMB)	Profits or losses in the report period (RMB)	Changes of owners' equity in the report period
000569	*ST CSSC	7,317,750.20	0.24%	11,487,507.60	0	4,169,757.40
000509	S*ST HASU	2,962,500.00	0.33%	802,199.55	0	0
Total		10,280,250.20		12,289,707.15	0	4,169,757.40

6.5.3 Equity of non-listed financial enterprises and companies to be listed held by the Company

☐Applicable √Inapplicable

6.5.4 Other significant events

√Applicable ☐Inapplicable

1. The Company withdrew land appreciation of Jinlihua Building amounting to RMB 56,303,627.40 in advance in the previous years. In accordance with the regulation of Document with SGT [2001] No. 314, the land appreciation unpaid or owed would be exempted. But the said land use right was still not be transferred, and the Company would actively handle the procedures related with exempting land appreciation of Jinlihua Building amounting to RMB 56,303,627.40, after issuing the relevant reply, the Company would cancel the aforesaid land appreciation withdrawn in advance after verification.

2. A sum for real estate of Jinlihua Building amounting to RMB 100,014,300 that the Company should receive from Shenzhen Jiyong Properties Development Co., Ltd., has been withdrawn bad debts of RMB 44,014,300, and net amount amounted to RMB 56 million. In accordance with the regulations of Shenzhen Municipal Government on transacting 52 "Problem Buildings", ended Sep. 30, 2006, in case Jiyong Company does still not handle the re-work registration procedure of Jinlihua Building exceeding the time limit, the Government will take Jinlihua Building's land use right and the buildings on the ground back in line with the laws.

3. Year 2000 to 2002, the wholly owned subsidiary company of the Company, Huangcheng Properties Company signed the agreement on Releasing Agreement of Establishment, Development, Cooperation, and Operation of Shenzhen Huanggang Port-of-Entry Service District and supplementary provisions with Hong Kong Hehe Huanggang Development Co., Ltd. and Guangdong Railways Construction (the both parties hereinafter referred to as "Hehe Company") and decided to release the cooperation relationship. The said agreement took effect after official reply with SWJMZF [2002] No. 2027 document from Bureau of Foreign Trade Economic Cooperation of Shenzhen. In accordance with the said agreement and its supplementary provisions, Huangcheng Properties Company should return the investment

principal and the relevant interest amounting to RMB 433,880,000 to Hehe Company within 48 months since the agreement came into effect. Meanwhile, the payment amount, payment term, and the calculation method for interest overdue payment term were also stipulated in the said agreement. Huangcheng Properties Company did not repay the debt on schedule in line with the said agreement. As at June 30, 2007, a debt of RMB 98.3 million overdue payment terms was not discharged. Ended the reporting date, it is estimated that the Company would pay the interest of RMB 19,541,677.84 to Hehe Company, and the Company has estimated the said losses in accounting book.

§7. Financial Report

7.1 The financial report 2007 of the Company contained herein has not been audited.

7.2 Income statement of comparative consolidation and parent company (attached)

7.2.1 Balance sheet

Prepared by Shenzhen Properties & Resources Development (Group) Ltd. 30 June 2007

Unit: RMB

Items	Amount at the period-end		Amount at the period-begin	
	Consolidation	Parent company	Consolidation	Parent company
CURRENT ASSETS				
Cash and bank balance	129,892,354.85	66,012,454.82	92,624,163.31	31,776,172.64
Held for trading financial assets	23,959,456.47	19,357,934.16	26,969,628.70	23,407,441.27
Note receivables				
Trade receivables	73,251,691.33	56,026,115.00	67,280,936.04	56,026,115.00
Advances to suppliers	2,549,233.58	104,200.00	1,805,927.26	137,323.00
Other receivables	75,133,210.16	326,464,731.91	76,713,136.96	306,999,723.90
Financial assets purchased under agreements to resell				
Inventories	952,696,859.98	162,735,225.38	916,130,343.05	162,692,562.38
Non-current assets due within 1 year				
Other current assets	3,042,279.54		2,481,948.00	
TOTAL CURRENT ASSETS	1,260,525,085.91	630,700,661.27	1,184,006,083.32	581,039,338.19
NON-CURRENT ASSETS				
Loans and advance				
Available for sale financial assets	11,487,507.60	9,355,407.60	7,317,750.20	5,827,680.00
Held to maturity investments				
Long-term receivables				
Long-term equity investment	71,058,472.50	553,545,782.05	70,544,815.02	553,032,124.57
Investment properties	178,311,785.01	116,112,711.18	182,201,225.68	119,158,213.03
Fixed assets	121,213,595.30	83,064,281.61	128,476,075.45	85,903,791.53
Construction in progress				
Construction materials				
Disposal of fixed assets				
Capitalized biological assets				
Oil-gas assets				

Intangible assets	68,870,633.56		70,020,245.00	175,960.00
Development expenditure				
Goodwill				
Long-term deferred expenses	245,004.00		280,001.99	
Deferred tax asset	8,810,048.47		8,724,253.67	
Other non-current assets				
TOTAL NON-CURRENT ASSETS	459,997,046.44	762,078,182.44	467,564,367.01	764,097,769.13
TOTAL ASSETS	1,720,522,132.35	1,392,778,843.71	1,651,570,450.33	1,345,137,107.32
CURRENT LIABILITIES				
Short-term borrowings	404,205,408.12	311,205,408.12	409,889,914.94	317,109,914.94
Held for trading financial liabilities				
Note payables				
Trade payables	174,986,089.30	35,652,705.85	188,916,595.28	36,052,434.35
Advances from customers	24,282,156.87	906,245.85	11,802,982.03	387,114.85
Financial assets sold under agreements to repurchase				
Handling charges and commission payable				
Payroll payable	28,656,034.29	3,962,985.26	29,036,802.88	3,821,983.67
Taxes payable	32,456,698.87	1,984,489.66	39,543,631.69	8,624,254.01
Dividends payable				
Interest payables				
Other payables	130,770,217.36	315,062,160.84	126,938,625.33	311,941,744.35
Non-current liabilities due within 1 year				
Other current liabilities				
TOTAL CURRENT LIABILITIES	795,356,604.81	668,773,995.58	806,128,552.15	677,937,446.17
NON-CURRENT LIABILITIES				
Long-term borrowings	146,285,947.11	80,000,000.00	49,723,313.87	20,000,000.00
Debentures payable				
Long-term payables				
Specific purpose account payables				
Provisions for contingent liabilities	63,914,583.91	44,372,906.07	63,914,583.91	44,372,906.07
Deferred tax liabilities				
Other non-current liabilities	134,823,740.45	9,886,144.84	140,361,392.44	9,886,144.84
TOTAL NON-CURRENT LIABILITIES	345,024,271.47	134,259,050.91	253,999,290.22	74,259,050.91
TOTAL LIABILITIES	1,140,380,876.28	803,033,046.49	1,060,127,842.37	752,196,497.08
OWNERS' EQUITY				
Paid-in capital (Share capital)	541,799,175.00	541,799,175.00	541,799,175.00	541,799,175.00
Capital surplus	29,502,688.92	28,860,659.12	25,332,931.52	25,332,931.52
Less: Treasury Stock				

Reserved fund	62,919,127.11	62,919,127.11	62,919,127.11	62,919,127.11
General risk provision				
Retained earnings	-54,940,498.93	-43,833,164.01	-39,469,389.64	-37,110,623.39
Foreign exchange difference				
Total owners' equity attributable to holding company	579,280,492.10	589,745,797.22	590,581,843.99	592,940,610.24
Minority interest	860,763.97		860,763.97	
TOTAL OWNER'S EQUITY	580,141,256.07	589,745,797.22	591,442,607.96	592,940,610.24
TOTAL LIABILITIES & OWNER'S EQUITY	1,720,522,132.35	1,392,778,843.71	1,651,570,450.33	1,345,137,107.32

7.2.2 Income statement

Prepared by Shenzhen Properties & Resources Development (Group) Ltd. Jan.-Jun. 2007

Unit: RMB

Items	As of this period		The same period of last year	
	Consolidation	Parent company	Consolidation	Parent company
I. Total sales	149,851,407.46	8,533,034.29	180,244,182.07	10,002,525.58
Including: Sales	149,851,407.46	8,533,034.29	180,244,182.07	10,002,525.58
II. Total cost of sales	182,306,949.41	31,144,048.67	198,540,855.11	35,134,802.08
Including: Cost of sales	121,813,029.64	3,966,170.14	124,524,965.1	5,822,231.60
Taxes and associate charges	7,283,424.64	443,030.14	13,828,778.23	662,666.76
Selling and distribution expenses	5,976,799.72		10,538,414.08	
Administrative expenses	43,347,948.65	21,050,615.88	50,033,696.78	22,006,069.07
Financial expense	6,772,331.87	5,684,232.51	5,945,038.43	5,240,835.65
Impairment loss	-2,886,585.11		-6,330,037.51	1,402,999.00
Add: gain/(loss) from change in fair value	9,155,584.53	7,871,007.39	4,738,444.27	4,266,117.64
gain/(loss) from investment	7,310,647.27	7,282,555.64	348,572.72	348,572.72
Including: investment gain from Associates and Joint venture	513,657.46	513,657.46	348,572.72	348,572.72
foreign exchange difference				
III. Operating profit	-15,989,310.15	-7,457,451.35	-13,209,656.05	-20,517,586.14
Add: non-operating incomes	1,057,600.29	900,134.77	738,777.59	115,131.00
Less: non-operating expenses	344,284.40	165,224.04	4,909,608.23	4,398,407.00
Including: loss from disposal of fixed assets	87,197.65			
IV. Profit before tax	-15,275,994.26	-6,722,540.62	-17,380,486.69	-24,800,862.14
Less: income tax	195,115.03		2,179,216.21	
V. Net profit/(loss)	-15,471,109.29	-6,722,540.62	-19,559,702.90	-24,800,862.14
Attributable to holding company	-15,471,109.29	-6,722,540.62	-19,559,702.90	-24,800,862.14

Minority interest				
VI. Earning per share:				
Basic EPS	-0.0286	-0.0124	-0.0361	-0.0458
Diluted EPS	-0.0286	-0.0124	-0.0361	-0.0458

7.2.3 Cash flow statement

Prepared by Shenzhen Properties & Resources Development (Group) Ltd. Jan. – Jun. 2007

Unit: RMB

Items	As of this period		The same period of last year	
	Consolidation	Parent company	Consolidation	Parent company
1. Cash flows from operating activities:				
Cash received from sales of goods or rending of services	172,736,891.23	8,533,034.29	169,698,790.93	10,266,682.84
Cash received from disposal of held for trading financial assets				
Refund of tax and fare received	2,584,084.85	892,244.27		
Other cash received relating to operating activities	29,256,650.05	8,374,068.62	19,307,106.26	96,164,904.58
Sub-total of cash inflows	204,577,626.13	17,799,347.18	189,005,897.19	106,431,587.42
Cash paid for goods and services	112,929,055.62	1,086,749.23	79,266,926.60	10,846,535.45
Cash paid to and on behalf of employees	69,395,283.66	9,694,434.00	111,907,040.44	26,105,932.69
Tax and fare paid	18,546,494.18	7,445,865.34	43,907,162.54	16,034,326.24
Other cash paid relating to operating activities	59,895,335.47	26,560,925.56	41,317,819.79	41,981,484.73
Sub-total of cash outflows	260,766,168.93	44,787,974.13	276,398,949.37	94,968,279.11
Net cash flow from operating activities	-56,188,542.80	-26,988,626.95	-87,393,052.18	11,463,308.31
2. Cash Flows from Investment Activities:				
Cash received from return of investments	19,282,607.29	19,080,724.87		
Cash received from investment income			400.00	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			20,900.00	
Proceeds from sale of subsidiaries and other operating units				
Other cash received relating to investment activities				
Sub-total of cash inflows	19,282,607.29	19,080,724.87	21,300.00	

Cash paid for acquiring fixed assets, intangible assets and other long-term assets	501,159.00	235,236.00	828,763.00	23,480.00
Cash paid for acquiring investments				
Net cash used in loans				
Net cash used in acquiring subsidiaries and other operating units				
Other cash paid relating to investment activities				
Sub-total of cash outflows	501,159.00	235,236.00	828,763.00	23,480.00
Net cash flow from investing activities	18,781,448.29	18,845,488.87	-807,463.00	-23,480.00
3. Cash Flows from Financing Activities:				
Cash received from absorbing investment				
Including: Cash received from increase in minority interest				
Cash received from borrowings	233,550,000.00	190,000,000.00	113,080,000.00	85,300,000.00
Cash received from issuing debentures				
Other proceeds relating to financing activities				
Sub-total of cash inflows	233,550,000.00	190,000,000.00	113,080,000.00	85,300,000.00
Cash paid for settling debt	143,492,202.27	136,724,835.51	141,261,497.12	90,282,117.37
Cash paid for distribution of dividends or profit or reimbursing interest	15,331,360.71	10,895,744.23	14,177,114.69	10,572,889.62
Including: dividends or profit paid to minority interest				
Other cash payments relating to financing activities				
Sub-total of cash outflows	158,823,562.98	147,620,579.74	155,438,611.81	100,855,006.99
Net cash flow from financing activities	74,726,437.02	42,379,420.26	-42,358,611.81	-15,555,006.99
4、Effect of foreign exchange rate changes	-51,150.96		-16,548.81	
5、Increase in cash and cash equivalents	37,268,191.55	34,236,282.18	-130,575,675.80	-4,115,178.68
Add : Cash and cash equivalents at the beginning of the period	92,624,163.31	31,776,172.64	241,754,808.45	14,202,724.29
6、Cash and cash equivalents at the end of the period	129,892,354.86	66,012,454.82	111,179,132.65	10,087,545.61

7.2.4 Notes to cash flow statement

Prepared by Shenzhen Properties & Resources Development (Group) Ltd. 30 June 2007

Unit: RMB

Supplemental information	Amount as of this period		Amount as of last period	
	Consolidation	Parent company	Consolidation	Parent company
1. Transferring net profit into cash flows of operating activities:				
Net profit	-15,471,109.29	-6,722,540.62	-19,559,702.90	-24,800,862.14
Add: Provision for impairment of assets	-2,886,585.11		-6,330,037.51	1,402,999.00
Depreciation of fixed assets, depletion of oil-gas assets, depreciation of capitalized biological assets	11,393,310.79	6,036,509.77	10,509,185.07	5,631,802.64
Amortization of intangible assets	1,233,349.44	259,698.00	973,651.44	
Amortization of long-term expenses to be apportioned	34,998.00		35,000.00	
Loss from disposal of fixed assets, intangible assets and other long-term assets (income is listed with "-")			-6,793.19	7,736.53
Loss from rejection of fixed assets (income is listed with "-")	87,197.65			
Loss from change in fair value (income is listed with "-")	-9,155,584.53	-7,871,007.39	-4,738,444.27	-4,266,117.64
Financial expenses（income is listed with "-")	6,772,331.87	5,684,232.51	6,703,385.30	5,240,835.65
Investment loss（income is listed with "-"）	-7,310,647.27	-7,282,555.64	-348,572.72	-348,572.72
Decrease of deferred income tax assets (increase is listed with "-")	-85,794.80		-321,525.05	
Increase of deferred income tax liabilities decrease is listed with "-")				
Decrease of inventory (increase is listed with "-")	-32,646,630.18	-42,663.00	28,949,515.71	4,610,796.10
Decrease in operating receivables（increase is listed with "-")	-5,134,134.81	-19,431,885.01	11,673,407.06	76,924,350.62
Increase in operating payables（decrease is listed with "-")	-10,625,092.51	-3,258,943.77	-114,932,121.12	-52,948,454.31
Other	7,605,847.95	5,640,528.20		8,794.58
Net cash flows arising from operating activities	-56,188,542.80	-26,988,626.95	-87,393,052.18	11,463,308.31
2. Investing and financing activities without cash movement:				
Capital converted from debts				
Convertible bonds due within one year				

Fixed assets acquired through financing lease				
3. Net increase (decrease) in cash and cash equivalents:				
Ending balance of cash	129,892,354.85	66,012,454.82	111,179,132.65	10,087,545.61
Less: Beginning balance of cash	92,624,163.31	31,776,172.64	241,754,808.45	14,202,724.29
Add: ending balance of cash equivalents				
Less: beginning balance of cash equivalents				
Net increase in cash and cash equivalents	37,268,191.54	34,236,282.18	-130,575,675.80	-4,115,178.68

Cash and cash equivalent

Items	**Amount as of this period**		**Amount as of last period**	
	Consolidation	**Parent company**	**Consolidation**	**Parent company**
I. Cash	129,892,354.86	66,012,454.82	111,179,132.65	10,087,545.61
Of which: cash on hand	377,290.04	96,038.21	357,465.25	54,573.27
Bank deposit used for paying at any moment	115,447,757.65	65,859,363.68	97,035,180.52	10,032,972.34
Other monetary used for paying at any moment	14,067,307.16	57,052.93	13,786,486.88	
II. Cash equivalent				
Of which: bond investment due within three months				
III. Balance of cash and cash equivalent at the end of period	129,892,354.86	66,012,454.82	111,179,132.65	10,087,545.61
Of which: restricted cash and cash equivalent used by parent company or subsidiaries under the Group				

7.2.5 Statement of Change in Owner's Equity

Prepared by Shenzhen Properties & Resources Development (Group) Ltd. June 2007

Unit: RMB

Items	**Amount as of this period (Jun. 2007)**							
	Owner's equity attributable to the parent company						Minority interest	Total owner's equity
	Paid-in capital (or share capital)	Capital reserve	Less: treasury stock	Surplus reserve	Retained profit	Other		
I. Balance at the end of the last year	541,799,175.00	25,332,931.52		62,919,127.11	-46,131,021.03			583,920,212.60
Add: changes of accounting policy					6,661,631.39		860,763.97	7,522,395.36

Correction of accounting error of the last period								
II. Balance at the beginning of this year	541,799,175.00	25,332,931.52		62,919,127.11	-39,469,389.64		860,763.97	591,442,607.96
III. Increase/ Decrease in this year (decrease expressed in'"-")		4,169,757.40			-15,471,109.29			-11,301,351.89
(I) Net profit					-15,471,109.29			-15,471,109.29
(II) Profits and losses recorded into owners' equity directly		4,169,757.40						4,169,757.40
1. Net amount of change in fair value of financial assets available for sale		4,169,757.40						4,169,757.40
2. Effect on changes in other owner's' equity of investee under equity method								
3. Effect on income tax related to owners' equity in invested companies under equity method								
4. Other								
Total of (1) and (2)		4,169,757.40			-15,471,109.29			-11,301,351.89
(III) Capital invested and reduced by owners								
1. Capital invested by owners								
2. Amount measured into owner's equity in shares paid								
3. other								
(IV) Profit distribution								
1. Withdrawal of surplus reserve								
2. Distribution for owners (or								

shareholders)								
3. Other								
(V) Internal breakdown of owner's equity								
1. Capital (share capital) transferred from capital reserve								
2. Capital (share capital) transferred from surplus reserve								
3. Offsetting loss with surplus reserve								
4. Other								
IV. Balance at the end of this year	541,799,175.00	29,502,688.92		62,919,127.11	-54,940,498.93		860,763.97	580,141,256.07

Statement of Change in Owner's Equity (Con.)

Prepared by Shenzhen Properties & Resources Development (Group) Ltd. June 2007

Unit: RMB

Items	Amount as of the year 2006							
	Owner's equity attributable to the parent company						Minority interest	Total owner's equity
	Paid-in capital (or share capital)	Capital reserve	Less: treasury stock	Surplus reserve	Retained profit	Other		
I. Balance at the end of the last year	541,799,175.00	25,269,249.52		65,959,753.29	17,230,214.97			650,258,392.78
Add: changes of accounting policy								
Correction of accounting error of the last period				-3,040,626.18	-17,307,014.88			-20,347,641.06
II. Balance at the beginning of this year	541,799,175.00	25,269,249.52		62,919,127.11	-76,799.91			629,910,751.72
III. Increase/ Decrease in this year (decrease expressed in'"-")		63,682.00			-46,054,221.12			-45,990,539.12
(I) Net profit					-46,054,221.12			-46,054,221.12

(II) Profits and losses recorded into owners' equity directly		63,682.00						63,682.00
1. Net amount of change in fair value of financial assets available for sale								
2. Effect on changes in other owner’s' equity of investee under equity method								
3. Effect on income tax related to owners' equity in invested companies under equity method								
4. Other		63,682.00						63,682.00
Total of (1) and (2)		63,682.00			-46,054,221.12			-45,990,539.12
(III) Capital invested and reduced by owners								
1. Capital invested by owners								
2. Amount measured into owner’s equity in shares paid								
3. other								
(IV) Profit distribution								
1. Withdrawal of surplus reserve								
2. Distribution for owners (or shareholders)								
3. Other								
(V) Internal breakdown of owner’s equity								
1. Capital (share capital) transferred from capital reserve								
2. Capital (share capital) transferred from surplus								

reserve								
3. Offsetting loss with surplus reserve								
4. Other								
IV. Balance at the end of this year	541,799,175.00	25,332,931.52		62,919,127.11	-46,131,021.03			583,920,212.60

Statement of Change in Owner's Equity (Con.)

Prepared by Shenzhen Properties & Resources Development (Group) Ltd. (Parent Company) June 2007

Unit: RMB

Items	Amount as of this period (Jun. 2007)							
	Owner's equity attributable to the parent company						Minority interest	Total owner's equity
	Paid-in capital (or share capital)	Capital reserve	Less: treasury stock	Surplus reserve	Retained profit	Other		
I. Balance at the end of the last year	541,799,175.00	25,332,931.52		62,919,127.11	-43,033,774.37			587,017,459.26
Add: changes of accounting policy					5,923,150.98			5,923,150.98
Correction of accounting error of the last period								
II. Balance at the beginning of this year	541,799,175.00	25,332,931.52		62,919,127.11	-37,110,623.39			592,940,610.24
III. Increase/ Decrease in this year (decrease expressed in'"-")		3,527,727.60			-6,722,540.62			-3,194,813.02
(I) Net profit					-6,722,540.62			
(II) Profits and losses recorded into owners' equity directly								
1. Net amount of change in fair value of financial assets available for sale		3,527,727.60						
2. Effect on changes in other owner's' equity of investee								

under equity method								
3. Effect on income tax related to owners' equity in invested companies under equity method								
4. Other								
Total of (1) and (2)								
(III) Capital invested and reduced by owners								
1. Capital invested by owners								
2. Amount measured into owner's equity in shares paid								
3. other								
(IV) Profit distribution								
1. Withdrawal of surplus reserve								
2. Distribution for owners (or shareholders)								
3. Other								
(V) Internal breakdown of owner's equity								
1. Capital (share capital) transferred from capital reserve								
2. Capital (share capital) transferred from surplus reserve								
3. Offsetting loss with surplus reserve								
4. Other								
IV. Balance at the end of this year	541799,175	28,860,659.12		62,919,127.11	-43,833,164.01			589,745,797.22

Statement of Change in Owner's Equity (Con.)

Prepared by Shenzhen Properties & Resources Development (Group) Ltd. (Parent Company) June 2007

Unit: RMB

Items	Amount as of the year 2006							
	Owner's equity attributable to the parent company						Minority interest	Total owner's equity
	Paid-in capital (or share capital)	Capital reserve	Less: treasury stock	Surplus reserve	Retained profit	Other		
I. Balance at the end of the last year	541,799,175	25,269,249.52		65,959,753.29	20,443,214.97			653,471,392.78
Add: changes of accounting policy								
Correction of accounting error of the last period				-3,040,626.18	-17,307,014.88			-20,347,641.06
II. Balance at the beginning of this year	541,799,175	25,269,249.52		62,919,127.11	3,136,200.09			633,123,751.72
III. Increase/ Decrease in this year (decrease expressed in'"-")					-46,106,292.46			-46,106,292.46
(I) Net profit								
(II) Profits and losses recorded into owners' equity directly								
1. Net amount of change in fair value of financial assets available for sale								
2. Effect on changes in other owner's' equity of investee under equity method								
3. Effect on income tax related to owners' equity in invested companies under equity method								
4. Other								
Total of (1) and (2)								
(III) Capital invested and reduced by								

owners								
1. Capital invested by owners								
2. Amount measured into owner's equity in shares paid								
3. other								
(IV) Profit distribution								
1. Withdrawal of surplus reserve								
2. Distribution for owners (or shareholders)								
3. Other								
(V) Internal breakdown of owner's equity								
1. Capital (share capital) transferred from capital reserve								
2. Capital (share capital) transferred from surplus reserve								
3. Offsetting loss with surplus reserve								
4. Other								
IV. Balance at the end of this year	541,799,175	25,332,931.52		62,919,127.11	-43,033,774.37			587,017,459.26

7.3 Notes to financial report

7.3.1 About changes in accounting policies, accounting estimates and correct on accounting errors

In accordance with the requirements of "Circular on Thirty-Eight Specific Standards such as Accounting Standard for Business Enterprise No. 1 - Inventories Issued by the Ministry of Finance" with [2006] No. 3 document on Feb. 15, 2006, the Company performed the new accounting standard for business enterprise since Jan. 1, 2007. Subsequent to fulfillment of the new accounting standard for business enterprise, the change in accounting policies and accounting estimate occurred and influence on financial status and operation result of the Company are as follows:

(1) Financial assets and financial assets available for sale measured at the fair value and its change was recorded into the gains and losses of the current period

The short-term investment of the Company as at Dec. 31, 2006 is securities and stock investment. The closing price in the securities market at the period-end was higher than the book value by RMB 5,923,150.98, which should be recorded into the financial assets (tradable financial assets) measured at the fair value and its change was recorded into the gains and losses of the current period under the new accounting standard for business enterprises. The shareholders' equity at the beginning of the year 2007 was increased by RMB 5,923,150.98 due to this difference after the retroactive adjustment.

② Income tax

Differences (deductble temporary difference) were existed between the book value as at Dec. 31, 2006 and its tax basis of Shenzhen Huangcheng Properties Co., Ltd and Shenzhen Property Engineering Development Co., Ltd --- subsidiaries of the Company. It is expected that taxable income tax occurred in the coming years could switch back such differences, thus the said difference was recognized as deferred income tax assets of RMB 8,724,253.67. The shareholders' equity at the beginning of the year 2007 was increased by RMB 8,724,253.67 due to this difference after the retroactive adjustment.

③ Other

Ended Dec. 31, 2006, Shenzhen Real Estate Exchange, Shenzhen Tesu Motor Vehicle Driver Training Center Co., Ltd., Zhanjiang Shenzhen Properties Development Co., Ltd., Shenzhen International Trade Shopping Mall Co., Ltd. and Shenye Land Development Co., Ltd. were shut down, so they were not be brought into the consolidated scope of accounting statement under the old accounting standard. While under the new accounting standard, these companies should be brought into the consolidated scope of accounting statement. Because these companies were measured into consolidated accounting statement, resulted in the differences of total shareholders' equity amounting to -7,125,009.29 due to affirming minority interest, offsetting internal currency loss for bad debt withdrawn, consolidation of deficient company and other factors. The shareholders' equity at the beginning of the year 2007 was decreased by RMB 7,125,009.29 due to this difference.

The shareholders' equity at the beginning of the year 2007 was increased by RMB 7,522,395.36 in total due to the aforesaid difference.

7.3.2 About the change in the consolidation scope of the financial statements

Ended Dec. 31, 2006, Shenzhen Real Estate Exchange, Shenzhen Tesu Motor Vehicle Driver Training Center Co., Ltd., Zhanjiang Shenzhen Properties Development Co., Ltd., Shenzhen International Trade Shopping Mall Co., Ltd. and Shenye Land Development Co., Ltd. were shut down, so they were not be brought into the consolidated scope of accounting statement under the old accounting standard. While the Company performed the new accounting standard for business enterprises since Jan. 1, 2007, thus under the new accounting standard, these companies should be brought into the consolidated scope of accounting statement. Because these companies were measured into consolidated accounting statement, resulted in the differences of total shareholders' equity amounting to -7,125,009.29 due to affirming minority interest, offsetting internal currency loss for bad debt withdrawn, consolidation of deficient company and other factors. The shareholders' equity at the beginning of the year 2007 was decreased by RMB 7,125,009.29 due to this difference.

Board of Directors of
Shenzhen Properties & Resources
Development (Group) Ltd.
Aug. 14, 2007