

Chairman's Statement

Dear Shareholders,

We have staged an expansion strategy in 2006 by consolidating our leading market position in Guangdong province and prudently developing markets in other provinces and extending our brand name into selected cities such as Nanjing and Chengdu.

For the six months ended 30 June 2006, we recorded sales of RMB3,047.3 million and profits attributable to shareholders of RMB579.6 million, representing growths of 28.1% and 44.3% over the same period in 2005 respectively. Earnings per share amounted to RMB0.167, improved by 3.7% as compared to the same period last year.

DIVIDENDS

The Board of Directors (the "Board") of Agile Property Holdings Limited (the "Company") has made every effort to maintain a stable dividend policy while keeping a sound financial position for further development. For the best interests of shareholders, the Board resolved on distribution of an interim dividend of HK5 cents per share on 22 September 2006 to those shareholders whose names are shown in the register of members of the Company on 15 September 2006.

BUSINESS REVIEW

In the first half of 2006, the China economy maintained continuous growth with GDP of RMB9,144.3 billion, representing an increase of 10.9% over the same period last year; and GDP in Guangdong province was RMB1,141.68 billion, representing an increase of 14.4% over the same period last year.

With the robust economy, and leveraging on our renowned brand name and large scale. The Group consolidated its market position in the Pearl River Delta region, having recognized a total GFA sold of approximately 509,000 sq.m., representing an increase of 26.9% compared to the same period in 2005. At the same time, the Group has also proactively sought to accelerate its development in other medium and large PRC cities with promising growth potentials, and has achieved significant progress with several acquisitions of attractive sites in Nanjing and Chengdu.

LAND BANK

On a prudent basis, and after comprehensive analysis, we have acquired, through public auction, tender, transfer of land use rights and acquisition of equity interest, a substantial amount of quality land in:

- key cities in Guangdong province;
- the high growth potential cities outside Guangdong province.

As at 30 June 2006, we had a land bank with GFA of approximately 8.30 million sq.m. as set out below:

| Stage of development | Completed GFA for sale (sq.m.) | GFA under development (sq.m.) | GFA held for future development (sq.m.) | Total (sq.m.) |
|-----------------------------|---|--|--|--------------------------|
| Guangzhou | 67,908 | 556,932 | 2,305,644 | 2,930,484 |
| Zhongshan | 200,917 | 755,817 | 2,127,774 | 3,084,508 |
| Foshan | 51,625 | 127,783 | 446,100 | 625,508 |
| Huizhou | — | — | 1,663,898 | 1,663,898 |
| Total | 320,450 | 1,440,532 | 6,543,416 | 8,304,398 |

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In addition to the existing land bank, as of 30 June 2006, the Group had contractual interests in approximately 6.39 million sq.m. of GFA, pending full payment of land costs and issuance of land use right certificates.

| Tentative project name | Location | Usage | Percentage of Interest | Site area (sq.m.) | Estimated GFA (sq.m.) |
|---------------------------------|---|----------------------------|------------------------|-------------------|-----------------------|
| Minzhong Town Project | Minzhong Town, Zhongshan City | Residential and commercial | 100.0% | 63,464 | 95,196 |
| Foshan City Project | Adjacent to the south of Asian Arts Park (亞洲藝術公園), Foshan City | Residential and commercial | 100.0% | 110,525 | 199,155 |
| Ever Creator Project 1 | Adjacent to Agile Garden, Sanxiang Town, Zhongshan City | Residential and commercial | 100.0% | 597,333 | 896,000 |
| Royal Hillside Villa No. 3 | Junction of Land Lot No.1 and Land Lot No. 2 of Royal Hillside Villa | Residential and commercial | 100.0% | 39,384 | 78,768 |
| Phase 2 of The Landmark | Junction of Bo'ai Road and Qiguan West Road in East District, Zhongshan City | Residential and commercial | 100.0% | 15,968 | 25,200 |
| Conghua Project | Yuanjiang Lot, Jiangpu Street (江鋪街沿江路段), Conghua City | Residential and commercial | 100.0% | 33,194 | 49,791 |
| Nanjing Qinhuai Project | North Guangdian (北方光電地塊) Qinhuai District, Nanjing City | Residential and commercial | 100.0% | 141,178 | 358,980 |
| Jiacheng Building (嘉誠大廈), Panyu | Dabei Road, Beicheng Zone, Shiqiao Street (市橋街北城區大北路), Panyu District, Guangzhou City | Residential and commercial | 98% | 4,070 | 10,410 |
| Chengdu Shuangliu Project | Lushan Main Road, Huayang (華陽麓山大道), Shuangliu County | Residential and commercial | 100.0% | 1,338,960 | 1,606,752 |
| Huizhou Bailuhu Project | Ruhu Town, Huizhou City | Residential and commercial | 89.5% | 336,102 | 336,102 |
| Heyuan Project | Xipian District, Dongcheng (東城西片區), Heyuan City | Residential and commercial | 100.0% | 1,364,741 | 2,729,481 |
| Total | | | | 4,044,919 | 6,385,835 |

After 30 June 2006, the Group acquired contractual interests in approximately 1.05 million sq.m of GFA, pending full payment of land costs and issuance of land use right certificates.

| Tentative project name | Location | Usage | Percentage of Interest | Site area (sq.m.) | Estimated GFA (sq.m.) |
|--------------------------------|--|----------------------------|------------------------|-------------------|-----------------------|
| Qijiang Land 4 | Junction of Bo'ai First Road and Qijiang River, Zhongshan City | Residential and commercial | 100% | 206,870 | 413,741 |
| Zhujiang New City Project | Zhujiang New Town, Guangzhou | Office | 100% | 6,605 | 88,466 |
| Sanxiang Town 137 Project | Quanyan Village, Sanxiang, Zhongshan City | Residential and commercial | 100% | 91,333 | 156,267 |
| La Cite Greenville 392 Project | Linked with A16 Zone of Le Cite Greenville | Residential and commercial | 100% | 261,480 | 392,220 |
| Total | | | | 566,288 | 1,050,694 |

PROPERTY DEVELOPMENT

In the first half of 2006, in its continued effort to discourage property speculation and over investment, the central government issued further austerity measures, including:

- Increasing the proportion of down payment for mortgages to luxury property or second-home buyers;
- Adjusting the business tax of residential property transfer;
- Reducing the supply of luxury properties by requiring 70% of the new residential units to be less than 90 sq.m.;
- Limiting property purchase by foreigners; and
- Regulating land supply.

We believe these measures are positive for the stable and sustainable development of the Chinese property market in the long term, since the policy objectives are to reduce speculation and protect genuine end-users. We believe these measures will increase the industry consolidation in favor of developers with sound financial position, competitive cost structure, and high quality products and services, which are meeting genuine customer needs. With continued strong economic growth and steady demand growth for property, the outlook of the Chinese property market remains promising.

So far, these measures have had the desired effect of slowing down run-away property prices in some cities with rampant property speculation. In the Group's key markets, namely Guangzhou, Zhongshan and Foshan in the Pearl River Delta, we continued to experience mild price pick-up along with healthy volume growth. We believe we can continue to achieve above-average performance due to our strong brand name, high quality products, superior services, effective marketing and loyal customers. The comparison is listed below:

| | The Group | Guangdong province |
|---|------------------|---------------------------|
| Growth of GFA sold of commodity properties | 26.9% | 14.5% |
| Growth of aggregate sales of commodity properties | 28.8% | 25.0% |

Note: Industry data of Guangdong province are extracted from Guangdong Statistics Information Network: <http://www.gdstats.gov.cn>

PROPERTY MANAGEMENT

The provision of excellent property management service is a key factor for the Group to maintain its competitive edge in brand increase. For the first half of 2006, the Group continued to enhance the customer satisfaction through various means, including the organization of 60 large-scale Owners' Sports Days and different community activities with a view to establishing a harmonic and friendly community environment as well as

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maintaining effective communication with clients. According to our internal statistics, customers' referral rate for the first half of the year was approximately 60%, while the property management income was RMB57.5 million, improved by 17.2% as compared to the same period last year. Meanwhile, the Group further improved the quality of property management service by fully regulating the operation process of property management service during the period.

DECORATION SERVICE

During the period, the Group fully implemented ISO9001 quality control system to improve product quality via standardizing tasks and on-the-spot management. Also, the Group adopted internal quality assessment and rectification and prevention measures. According to our internal statistics, the rate of satisfaction for our decoration service quality increased from 95.3% last year to 98.63%. The Group was dedicated to providing reliable services for the decoration works of our property projects.

BRAND NAME

Upon our successful listing, the Group's brand awareness was further enhanced with growing recognition in the industry. We were accredited the following awards and honors:

1. "Outstanding Property Enterprise in China" (the only awarded China enterprise) accredited by *Capital* (資本雜誌);
2. The fourth in "Top 10 Hong Kong Listed China Property Enterprises in 2006 with Comprehensive Strengths", which was awarded by Top 10 Research Group. Top 10 Research Group comprises three research organizations, namely the Enterprises Development Research Center of the State Council, the Property Market Research Center of Tsing Hua University and the Chinese Index Academy;
3. The Fifth (2006) Top 20 Financially Strong and Credible Property Enterprises in Guangdong;
4. "Top 10 Market Value of Privately-Owned Listed Enterprises in 2006" jointly awarded by Oriental Enterprise Magazine Publisher (東方企業家雜誌社) and the China Europe International Business School (中歐商學院);
5. Strategic partner of individual housing business with the Bank of China; and
6. Developer with Best Financing Capacity (awarded by Industrial and Commercial Bank of China/Bank of China/China Minsheng Banking Corporation/Agricultural Bank of China/China Construction Bank/People's Daily Press).

CHARITABLE SERVICES

The Group is persistent in proactively participating in various charitable activities and performing its obligation as a corporate citizen in the society with an aggregate donation of RMB7.5 million:

1. Donated RMB1 million to the Red Cross of Heyuan city;
2. Donated RMB1 million to the Education Fund of Conghua city;
3. Donated RMB1 million to the Poor Relief and Education Fund of Yagangcun, Sanxiang Town (三鄉鎮鴉崗村扶貧助學基金) of Zhongshan city;
4. Donated RMB1.5 million to the Fanrong Guangdong Opera Fund (繁榮粵劇基金會) of Guangdong province;
5. Donated HK\$1 million to the Community Chest of Hong Kong;
6. Donated RMB1.5 million to the north of Guangdong province for relieving the effect of Typhoon "Bliss" in July 2006 which caused the most serious flooding to the north of Guangdong province historically; and
7. Donated RMB500,000 for the reconstruction of the damaged area after the serious flooding in the north of Guangdong province.

INTERNAL MANAGEMENT

To accommodate the needs of the Group's strategic expansion into regions outside Guangdong, we have further adjusted and optimized our two-tier management system by:

- Strengthening group level oversight of procedures and quality standards through the completion of operational manuals for all the functional units to ensure uniform quality across all projects in various regions;
- Clearly assigning/delegating responsibilities to preserve project level flexibility and decision speed.

At the same time, the Group further enhanced its target management system by establishing a comprehensive evaluation system for key performance indicators, with a view to optimize the balance between group level oversight and project level autonomy.

As the Group continue to improve its internal management, we believe the Agile brand will be an important asset in our expansion strategy, leading to wider market acceptance and valuation creation.

DEVELOPMENT STRATEGY

- Prudent expansion and timely response to changing market conditions in order to extend the Group's brand name in areas outside Guangdong province, such as Nanjing and Chengdu;
- Embrace a prudent and reliable financial strategy;
- Adopt international industry best practices and maintain an efficient organizational structure;
- Attract and train talents to cater to the Group's business development strategy;
- Strengthen our brand recognition in local market and leverage our expertise to expand into other regions of China; and
- Focus on fast-growth customer segments while developing high-quality, large-scale property project in sub urban locations. Furthermore, the Group will strengthen its foothold in the existing market via offering quality products, while rapidly exploring new markets, maintaining impressive efficiency and ultimately generating satisfactory returns to shareholders.

Chen Zhuo Lin

Chairman

Hong Kong, 24 August 2006