

SHANGHAI FORTE LAND CO.,LTD.
Interim Report 2007

Corporate Information

Executive Directors

Guo Guangchang
Fan Wei

Non-Executive Director

Ding Guoqi
Feng Xiekun

Independent Non-Executive Directors

Charles Nicholas Brooke
Chen Yingjie
Zhang Hongming
Wang Meijuan

Authorized Representatives

Fan Wei
Ding Guoqi

Company Secretary

Lo Yee Har Susan

Registered Office in the PRC

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Shanghai
PRC

Principal Place of Business in the PRC

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Place of Business in Hong Kong

Level 28
Three Pacific Place
1 Queen's Road East
Hong Kong

Auditors

Ernst & Young

Legal Advisor as to Hong Kong Law

Herbert Smith

Legal Advisor as to PRC Law

Chen & Co. Law Firm

Hong Kong H Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Principal Bankers

Agricultural Bank of China
Shanghai Pudong Development Bank
China Construction Bank
China Merchants Bank
Bank of Communications
Industrial and Commercial Bank of China

Stock Code

2337

The Board of Directors (the “Board”) of Shanghai Forte Land Co., Ltd. (the “Company” or “Forte”) is pleased to announce its unaudited consolidated interim results of the Company, its subsidiaries and its jointly controlled entities (the “Group”) for the six months ended 30 June 2007 (the “Period”) prepared in conformity with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” promulgated by the International Accounting Standards Board (the “Interim Results”). The Interim Results have been reviewed and confirmed by the Audit Committee of the Company.

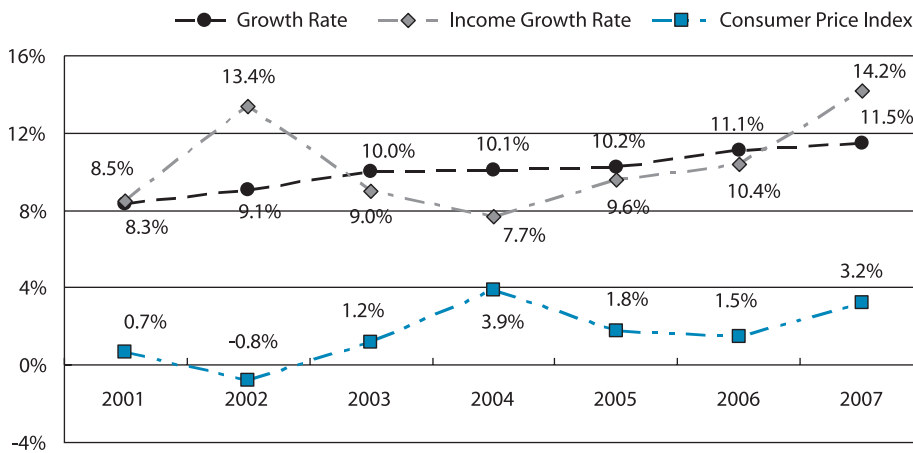
Results and Dividends

During the Period, the Group recorded a revenue of approximately RMB1,336,000,000. Gross profit margin of the Group reached approximately 30.1%. Net profit attributable to shareholders of the Company was approximately RMB62,000,000. Basic earnings per share attributable to ordinary shareholders of the Company amounted to RMB0.025 for the Period. The Board has resolved to declare an interim dividend of RMB0.025 per share for the six months ended 30 June 2007.

Market Review

During the first half of 2007, the PRC economy maintained its rapid growth. The GDP in the first half of the year increased by 11.5% over the corresponding period last year, and was the highest growth speed in Southeast Asia since the financial crisis. Incomes of urban and township residents also increased by 14.2%, attaining a new height in the past decade. Since the second quarter, the Consumer Price Index has indicated an upward trend.

**Comparison of major macro economic indices
in the first half of 2007 with the past years**

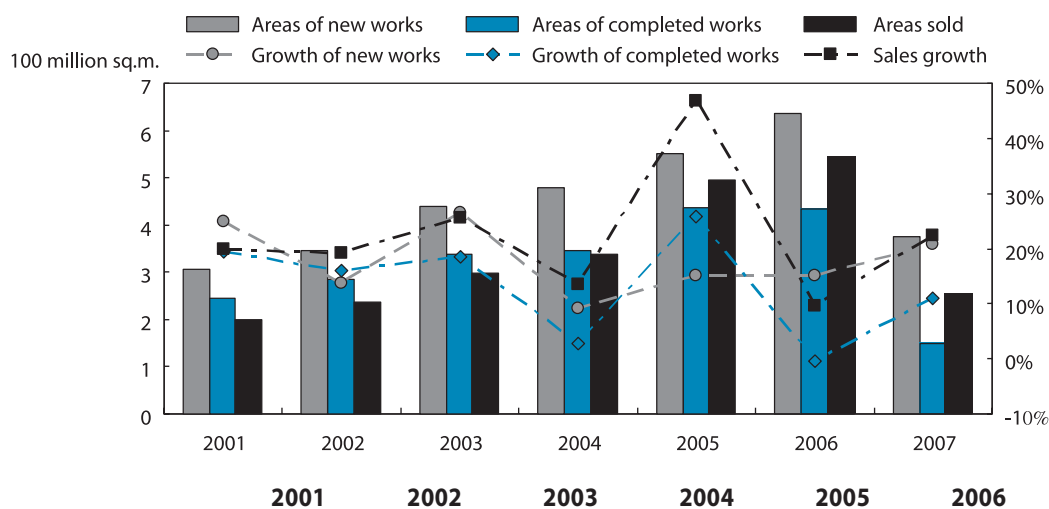


Source: National Statistics Bureau

Market Review (Continued)

Having experienced two years of macro control, the PRC real-estate market experienced a strong performance in the first half of the year. Investments and developments in real-estate increased rapidly, and newly commenced residential areas reached new heights since 2004, which reflected the strong confidence of investors on the interim trend of the market. Driven by the explosive growth in the demand for residential improvements in a large number of secondary cities, residential areas sold in the whole country have attained 22.5% increase, which indicates that the market hot spot has been radiating from the coastal cities to the hinterland.

Comparison of newly commenced, completed, sold areas of residential areas in the first half of 2007 with the past years



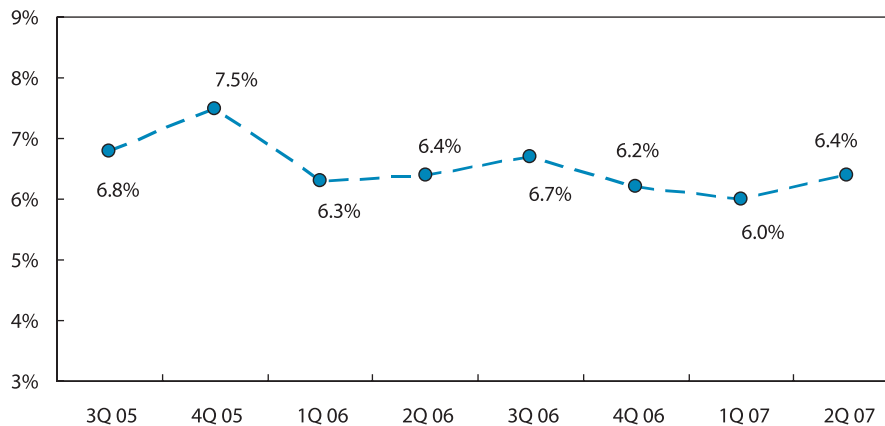
	2001	2002	2003	2004	2005	2006	2007
Areas of new works (100 million sq.m.)	3.05	3.47	4.39	4.79	5.52	6.36	3.75
Areas of completed works (100 million sq.m.)	2.46	2.85	3.38	3.47	4.37	4.35	1.49
Areas sold (100 million sq.m.)	1.99	2.37	2.98	3.38	4.96	5.44	2.54
Growth of new works	25.0%	13.8%	26.5%	9.1%	15.2%	15.2%	20.9%
Growth of completed works	19.4%	15.9%	18.6%	2.7%	25.9%	-0.5%	11.1%
Sales growth	19.9%	19.1%	25.7%	13.4%	46.7%	9.7%	22.5%

Source: National Statistics Bureau

Market Review (Continued)

During the first half of the year, rise in housing prices in the whole country accelerated in general. According to the report of the National Development and Reform Commission ("NDRC"), in the second quarter, selling prices of commodity housing in 70 large and medium-sized PRC cities increased by 6.4%, with remarkable increase in the growth speed. At the same time, housing prices in different regions showed diversified trends: in cities such as Beijing and Shenzhen, increase has been faster, with over 20% increase as compared with the corresponding period of last year, while in cities such as Shanghai and Hangzhou, increase has been moderate, with an increase of less than 5%.

Increase in the selling price of newly constructed commodity housing in 70 large and medium sized cities in the PRC in the various quarters from 2005 to 2007



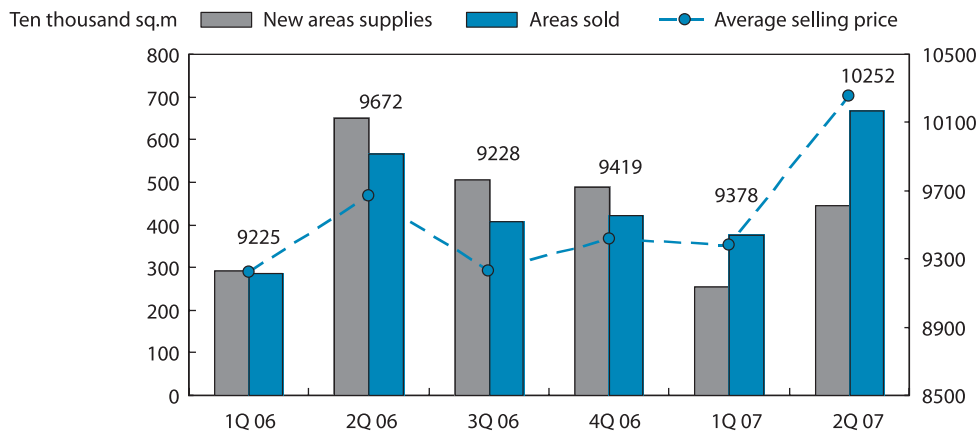
Source: NDRC

As the central government continues to implement a land policy with tightening tendency, the situation of land supply will be difficult to ease in the years to come, and the general situation of demand being greater than supply will not change. On the other hand, the central government has begun to strengthen construction of low rental housing with the low-income groups. However, it will not affect the general trend of rapid growth in the residential market.

Shanghai

Land supply in Shanghai has been extremely tight in the first half of the year, new residential properties fell short in supply, and transacted volumes increased substantially after the slow-down in the last two years, with prices regaining their upward trend. Investments in real-estate developments increased by 6.9% over the corresponding period of last year, up 6.5 percentage points over the corresponding period last year. As a result of the increased expectations on the interim trend of the market, compulsory demands and investment demands entered the market, driving the significant increase in the transacted volumes of residential properties over the corresponding period of last year. On the other hand, the continued tightening of land supply in the past two years has led new supplies in the first half year to drop substantially by 22% over the corresponding period of last year. The tight relationship between supply and demand has caused the situation unable to ease-off in the short-term.

**Demand and selling prices of residential properties in Shanghai
In the various quarters from 2006 to 2007**



Source: Shanghai Property Exchange Centre

Beijing, Tianjin, Chongqing

The extremely tight land supply in the past two years has led residential supplies in Beijing to drop significantly in the first half of this year compared with the corresponding period of last year. Following the count-down to the 2008 Beijing Olympics, substantial amounts of foreign capital and domestic buyers entered Beijing to seek investment opportunities in high-end residential properties. Adding to the tremendous scope of demand of Beijing itself, residential prices in Beijing have continued a straight line rise in the past year. During the first half of the year, prices of residential properties in Beijing rose by approximately 30% over the corresponding period of last year.

Changes in the residential property markets in Beijing, Tianjin, Chongqing in the first half of 2007

Project	Beijing		Tianjin		Chongqing	
	Value	Growth Rate	Value	Growth Rate	Value	Growth Rate
GDP (RMB100 million)	4,064.3	12.1%	2,312.56	14.5%	1,677.67	14.5%
Per capita disposable incomes of urban and township residents (RMB)	11,242	14.7%	7,705	17.1%	6,990	18.4%
Approved pre-sale areas of commodity residential properties (10,000 M ²)	516.76	-31.9%	411.23	61.5%	540.5	105.4%
Areas of commodity residential properties sold (10,000 M ²)	694.90	-29.4%	420.60	72.8%	620.6	8.9%
Average selling price of commodity residential properties (RMB/M ²)	9,554	29.5%	5,762	22.3%	2,867	8.5%

Source: Property Exchange Centers in Beijing, Tianjin, Chongqing (Note: Data for Chongqing are only for the main urban districts)

The driving force of policy orientation on the market has been reflected on the two other municipalities – Tianjin and Chongqing. Since the positioning of Tianjin as the “Northern Economic Center” and Chongqing as the “Experimental district in the State Plan for Urban and Village Comprehensive Reforms” by the central government, the large scale construction of infrastructure and industrial planning in Tianjin and Chongqing have affected the real-estate market which was previously seriously under estimated. Structural changes accordingly occurred to the residential property market and scope of demand increased rapidly. Prices of residential properties in Tianjin, from down-town prime land lots to emerging urban areas were being re-valued, and overall prices rose. In Chongqing, due to the regional over-supply in the past few years, there have not been material changes in the first half of the year, and prices increased moderately.

Hangzhou, Nanjing, Wuxi, Wuhan, Haikou

Similar to Shanghai, demand for residential properties in Hangzhou showed a strong resilience in the first half of the year, and prices increased rapidly. Due to the extreme shortage of down-town residential supply, prices stood high. Demand for housing purchases rapidly moved to emerging urban areas where ancillary facilities are gradually maturing, pushing the increase in the scope of demand and prices in the emerging urban areas.

Project	Hangzhou		Nanjing		Wuhan		Wuxi		Haikou	
	Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth
GDP (RMB100 million)	1798.1	14.4%	1493.74	15.6%	1424.71	15.1%	1835.15	15.4%	185.45	13.1%
Per capita disposable income of urban and township residents (RMB)	11899	14.7%	10863	17.7%	7551	16.7%	10774	14.9%	6543	14.4%
Approved pre-sale areas of commodity residential properties (10,000 M ²)	300.10	-22.2%	370.57	27.2%	422.05	22.2%	202.20	39.7%	149.82	24.2%
Areas of commodity residential properties sold (10,000 M ²)	305.97	58.3%	483.66	11.8%	486.09	-1.2%	203.22	40.7%	121.95	98.0%
Average selling price of commodity residential properties (RMB/M ²)	7686	4.0%	4549	18.2%	4023	12.6%	4517	9.0%	3020	4.2%

Source: Property Exchange Centers in the various cities (Note: Data for Wuxi are only for the main urban districts)

Being another major provincial capital city in the Huadong region, commencing from the second half of last year, the residential property market in Nanjing changed from moderate growth in the past years, to rapid growth. Both prices and transacted volumes increased rapidly, and hot spots radiated from down-town to emerging urban areas.

In the first half of the year, supply and demand structure in the Wuxi market indicated an active change. With the rapid progress in infrastructure construction in the suburbs, absorption of the down-town population by emerging urban areas with larger residential supply grew and was evidenced by the rapid enhancement of transacted volumes and the steady increase in prices in these areas.

Hangzhou, Nanjing, Wuxi, Wuhan, Haikou (Continued)

In the first half of the year, supplies of residential properties in Wuhan increased, enabling the tight supply and demand relationship in the past two years to ease to a certain extent. However, overall supplies were still short. Prices of high-end residential properties in the prime land lots in Wuhan down-town areas grew rapidly, causing the housing prices in the whole city to rise by 12.6%.

During the first half of the year, under the impact of the rapid development of the real-estate market in the whole country, the real-estate market in Haikou showed signs of strong growth after experiencing several years of steady resilience. Although housing prices increased by only 4.2%, they were driven by the rapid growth in scope of demand which rose by 98%.

Notes:

1. The "Index of housing selling prices in 70 large to medium sized cities in the country in the second quarter of 2007" issued by NDRC.
2. As no actual prices have been issued by the majority of the local government authorities, the average selling prices of residential properties in the various places were estimates based on the transacted amounts and transacted areas of residential properties in the various places in the first half of the year as announced by the local property exchange centers.

Business Review

During the first half of 2007, the macro economic situation in the PRC was still promising. Appreciation of Renminbi has accelerated, and the real estate market in the whole country is booming. Meanwhile, competition in the industry is becoming more intense and the cost of land has increased rapidly. The Group's various property projects progressed well in the first half of the year. The major achievements were as follows:

Project Development

During the Period, there were 33 projects (including joint venture projects in which the Group has an interest) under development, a total Gross Floor Area (the "GFA") of which amounted to approximately 1,969,702 sq.m., and approximately 63% of this GFA was outside Shanghai.

During the Period, there were six newly commenced projects with a GFA of approximately 322,017 sq.m.

In addition, there were five projects completed, with a GFA of approximately 235,249 sq.m.

Business Review (Continued)

Project Development (Continued)

Projects developed in the first half of 2007 were as follows:

Region	Total GFA (sq.m.)
Shanghai	733,331
Wuhan	27,468
Nanjing	543,131
Wuxi	73,794
Hangzhou	9,289
Tianjin	151,903
Beijing	430,786
Total	1,969,702

Sales of Property

During the Period, the Group had contracted to sell an aggregate of GFA of 420,647 sq.m. (including joint venture projects in which the Group had an interest), representing an increase of 55% compared with the corresponding period of last year.

Total GFA sold under contract in the first half of 2007 were as follows:

Region	Total GFA (sq.m.)
Shanghai	180,947
Wuxi	21,879
Chongqing	23,554
Beijing	89,852
Wuhan	4,014
Nanjing	100,401
Total	420,647

Note: Including joint venture projects in which the Group has an interest.

Business Review (Continued)

Sales of Property (Continued)

Land Bank (As of 30 June 2007)

Region	Approximate total GFA (sq.m.)					
			Under construction		Construction not yet commenced	
	Before interest attributed	After interest attributed	Before interest attributed	After interest attributed	Before interest attributed	After interest attributed
Shanghai	1,577,406	1,070,039	576,402	391,051	1,001,004	678,988
Nanjing	1,459,882	600,734	543,132	222,226	916,750	378,508
Wuxi	486,545	243,273	52,010	26,005	434,535	217,268
Chongqing	683,656	683,656	—	—	683,656	683,656
Beijing	452,281	359,358	401,718	310,339	50,563	49,019
Tianajin	151,903	113,927	151,903	113,927	—	—
Haikou	133,437	133,437	—	—	133,437	133,437
Hangzhou	420,170	420,170	9,289	9,289	410,881	410,881
Total	5,365,280	3,624,594	1,734,454	1,072,837	3,630,826	2,551,757

Note: Including joint venture projects in which the Group has an interest.

During the Period, the Group increased its land bank by means of acquiring the interest in a project company. On 11 June 2007, Shanghai Forte Investment Management Co., Ltd., a wholly-owned subsidiary of the Company, entered into a joint development agreement with Shanghai Yuyuan Shangcheng Real Estate Development Co., Ltd., a wholly-owned subsidiary of Shanghai Yuyuan Tourist Mart Co., Ltd., with respect to a plot of land at No. 147 Chongshan Beilu, Wuchang District, Wuhan. The project is located at Wuhan city in the PRC, with a site area of 465,799 sq.m., and a total GFA of 1,064,490 sq.m..

Note: The project is subject to approval at the extraordinary general meeting of the Company, and is temporarily not included in the land bank.

The Group's current land bank is sufficient to satisfy its development needs for the next four to five years, and thereby provides a solid foundation for its rapid development in the long run.

Business Review (Continued)

Outlook for the Second Half of the Year

- Proposed Issue of A Shares to Expand Financing Channels

Since the initiation of the issuance of the A shares in February of this year, the Company has completed the preparation of the relevant documentation, which is currently pending approval by China Securities Regulatory Commission and related government authorities. The proceeds from the proposed A shares Issue will enhance the Group's financial strength.

- Increase New Land Bank

The Group is optimistic about the future growth of the real estate market in the PRC, and in the consolidation of the real estate market, it will identify more merger and acquisition opportunities. In the second half of 2007, the Group plans to proactively increase new land bank by means of acquisitions or tenders.

- Consolidate the Group's Real Estate Development Position in the Existing Cities

The Group's nationwide expansion strategy has been initially completed. It has entered into the real estate markets in nine cities in the PRC. In the second half of 2007, the Group will continue to consolidate and expand the existing markets in these cities, and continue to seek new development opportunities.

- Expedite Project Developments and Asset Turnovers

The Group shall continue to insist on the development and operation model of "Rapid turnover" and "Scaled expansion".

- Expand Cooperation with Investment Funds

Currently, four of the Group's projects are under joint development with overseas investment funds. The Group has not only obtained gains from the equity investments, but has also accelerated the turnover of the internal funds. The Group shall continue to consolidate and expand this cooperation model.

FINANCIAL ANALYSIS

1. Revenue and Operating Results

During the Period, the Group recorded a revenue of approximately RMB1,335,775,000, representing an increase of 36.1% over the restated amount of RMB981,490,000 in the same period of 2006. Increase in revenue was mainly due to the increase in the GFA of completed projects and accounted in the combined statements during the Period as compared with the same period of last year. Gross profit of the Group for the first half of 2007 was approximately RMB402,673,000, representing an increase of 2.4% over the restated amount of RMB393,276,000 in the same period of 2006. Gross profit margin during the Period was approximately 30.1%, representing a decrease of 10 percentage points compared with 40.1% in the restated amount of the same period of 2006. The decrease in the gross profit margin was mainly attributable to the phase I of the Villa Espana Estillo De Vida project located at plot B of Qingpu in Shanghai which was accounted during the Period, and was an ordinary residential building with lower gross profit margin. Profit attributable to shareholders for the interim period in 2007 was approximately RMB62,071,000, a decrease of 78% over the amount of RMB281,718,000 in the same period of 2006. Decrease in profit attributable to the shareholders was mainly due to: (i) completed and booked GFA from a jointly controlled entity and the associates during the Period decreased by 97% as compared with the same period of last year, and accordingly profits attributable to a jointly controlled entity and the associates decreased by approximately RMB89,720,000 as compared with the same period of last year; (ii) during the Period, in addition to prepayment of land VAT in the proportion as required by the tax authorities, there was an additional provision for land VAT made in the amount of RMB77,186,000, whereas there was no such provision made in the same period of last year.

Based on the weighted average number of shares of 2,529,306,000 of the Group during the Period, the earnings per share amounted to RMB0.025.

2. Financial Resources, Liquidity and Liabilities

During the Period, the Group's liquidity was maintained at a healthy level, and its financial resources were also reasonably distributed. As at 30 June 2007, the Group's total assets amounted to approximately RMB12,534,606,000, of which current assets accounted for approximately RMB7,164,501,000. The Group's total liabilities amounted to approximately RMB7,725,115,000, of which current liabilities accounted for approximately RMB5,351,501,000, and non-current liabilities accounted for approximately RMB2,373,614,000. The equity attributable to shareholders of the Company amounted to approximately RMB4,496,683,000.

As at 30 June 2007, the Group's cash and bank balances amounted to approximately RMB1,435,174,000. The Group has sufficient working capital for its operations, the liquidity of its assets is good and its solvency is healthy.

FINANCIAL ANALYSIS (Continued)

3. Pledge of Assets

As at 30 June 2007, guaranteed deposits, properties under development and completed properties held for sale and investment properties with total book values of approximately RMB2,246,000, RMB2,542,552,000 and RMB451,000,000 respectively of the Group have been pledged to financial institutions as security for credit facilities granted to the Group, and the bank loans and other loans thereof amounted to RMB1,927,000,000.

4. Contingent Liabilities

As at 30 June 2007, the Group has provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. The guarantees will end when the relevant customers have submitted the relevant ownership certificates of the buildings to the mortgagee banks. As at 30 June 2007, guarantees provided by the Group amounted to approximately RMB1,805,864,000.

In addition, the Group has provided guarantees in respect of loans granted by certain banks to the joint venture of the Group. As at 30 June 2007, guarantees provided by the Group amounted to approximately RMB37,000,000.

During the Period, as a condition for the Company's purchase of a plot of land in Qiaoshi in Hangzhou, the Company has provided guarantee to the Industrial and Commercial Bank of China Zhejiang Branch and Bank of Communications Hangzhou Gaoxin Branch in respect of the RMB184,500,000 loan given to Hangzhou Dadi Environment Protection Co., Ltd. ("Hangzhou Dadi"). Such guarantee will be released when the Company has paid land relocation compensation to Hangzhou Dadi.

Save as disclosed above, the Group did not have any outstanding loan capital, bank overdrafts, liabilities under acceptance or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase commitments, or guarantees or other material contingent liabilities outstanding as at 30 June 2007, apart from intra-group liabilities.

5. Operation Lease Arrangements and Commitments

As at 30 June 2007, the Group's lease payments under non-cancellable operating leases were RMB12,974,000, of which RMB7,608,000 should be repaid within a year, RMB5,366,000 should be repaid in the next two to five years, both years inclusive.

As at 30 June 2007, the Group has capital commitments contracted but not provided for in the amount of approximately RMB1,603,115,000.

FINANCIAL ANALYSIS (Continued)

6. Foreign Exchange Risks

The Group conducts its business almost exclusively in the currency of Renminbi and does not have any direct exposure to foreign exchange fluctuations. The Directors do not expect that the Group will have material foreign exchange exposure. However, there is no assurance that foreign exchange risks will not affect the results of operations of the Group.

Employees

As at 30 June 2007, the Group employed 1,695 full time staff in total. Of these, 652 persons were university level or above, representing approximately 38.5%. 1,416 persons were below the age of 40, representing approximately 83.6%. 478 persons were engineering technicians, representing approximately 28.2%, 423 persons were management staff, representing approximately 25.0%.

Final Dividend of 2006

The Company approved to distribute a final dividend of RMB0.04 per share for the year ended 31 December 2006 at the 2006 annual general meeting. The cheques for the final dividend were despatched to the shareholders on 16 August 2007.

Interim Dividend of 2007

The Board was authorised by the shareholders to consider and approve the payment of an interim dividend for 2007 at the annual general meeting of the Company held on 28 June 2007. The Board has resolved to distribute an interim dividend of RMB0.025 per share for the Period, to shareholders whose names appear on the register of members of the Company as at 24 September 2007. Cheques for the interim dividend will be despatched to the shareholders around Wednesday, 3 October 2007.

According to the articles of association of the Company (the "Articles of Association"), dividends payable to shareholders shall be calculated and declared in RMB. Dividends payable to holders of the Company's domestic shares shall be paid in RMB, whereas dividends payable to holders of the Company's H shares shall be paid in Hong Kong dollars. The exchange rate to be adopted shall be the average closing rate of the week preceding the date of declaration of dividend as announced by the People's Bank of China.

Closure of Register of Members

In accordance with the Articles of Association, no transfer of shares shall be registered in the register of members five days before the record date determined by the Company for the distribution of dividends. The Company's register of members of H shareholders will be closed from 20 September 2007 to 24 September 2007 (both days inclusive), during which no transfer of shares will be registered. In order to be qualified for the interim dividend, all instruments of transfer of H shares, accompanied by the relevant H share certificates, must be lodged for registration with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 19 September 2007.

Share Capital

Shareholding structure of the Company as at 30 June 2007:

Class of shares	Number of shares	Percentage(%)
Domestic shares	1,473,768,065	58.27
Of which:		
Shanghai Fosun High Technology (Group) Company Limited ("Fosun High Technology")	1,191,746,150	47.12
Shanghai Fosun Pharmaceutical Development Company Limited ("Fosun Pharmaceutical")	267,217,615	10.56
Dahua (Group) Company Limited	7,402,150	0.29
Dazhong Transportation (Group) Company Limited	7,402,150	0.29
H shares	1,055,538,122	41.73
Total	2,529,306,187	100.00

Note: Sum of numbers in table may differ from total due to rounding.

Interests of Substantial Shareholders and Other Parties in Shares and Underlying Shares

As at 30 June 2007, the following shareholders (who are not Directors nor chief executives of the Company) had 5% or more beneficial interest or short positions in the issued shares, underlying shares and debentures of the Company as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"):

Name of shareholders	Class of shares	Number of shares	Percentage in the relevant class of share capital	Percentage in total share capital
Fosun High Technology	Domestic Shares	1,458,963,765 (L) (Note 1)	99.00%	57.68%
Fosun International Limited	Domestic Shares	1,458,963,765 (L) (Note 2)	99.00%	57.68%
Fosun Holdings Limited	Domestic Shares	1,458,963,765 (L) (Note 3)	99.00%	57.68%
Fosun International Holdings Ltd.	Domestic Shares	1,458,963,765 (L) (Note 4)	99.00%	57.68%
Fosun Pharmaceutical	Domestic Shares	267,217,615 (L)	18.13%	10.56%
Shanghai Fosun Pharmaceutical (Group) Company Limited ("Fosun Pharmaceutical (Group)")	Domestic Shares	267,217,615 (L) (Note 5)	18.13%	10.56%
JPMorgan Chase & Co.	H Shares	72,231,700 (L) 54,957,000 (P)	6.84% 5.21%	2.86% 2.17%
Platinum Asset Management Limited	H Shares	86,256,000 (L)	8.17%	3.41%
T. Rowe Price International, Inc. on behalf of our advisory clients	H Shares	73,214,000 (L)	6.94%	2.89%
UBS AG	H Shares	80,250,450 (L) 4,825,000 (S)	7.60% 0.46%	3.17% 0.19%
Wellington Management Company, LLP	H Shares	61,675,000 (L)	5.84%	2.44%

Interests of Substantial Shareholders and Other Parties in Shares and Underlying Shares (Continued)

Notes:

1. Out of these 1,458,963,765 shares, 1,191,746,150 shares are directly held by Fosun High Technology and the remaining 267,217,615 shares are deemed indirectly held through Fosun Pharmaceutical (Group) which is a wholly owned subsidiary of Fosun High Technology
2. Fosun High Technology is wholly owned by Fosun International Limited. Fosun International Limited is deemed to be interested in 1,191,746,150 shares held by Fosun High Technology and 267,217,615 shares held by Fosun Pharmaceutical
3. Fosun International Limited is wholly owned by Fosun Holdings Limited
4. Fosun Holdings Limited is wholly owned by Fosun International Holdings Ltd.
5. The 100% share interest of Fosun Pharmaceutical is held by Fosun Pharmaceutical (Group) who is deemed to have interest in 267,217,615 shares held by Fosun Pharmaceutical
6. (L), (P) and (S) represent long position, lending pool and short position respectively.

Directors' and Supervisors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2007, the interests and short positions of the Directors and Supervisors' in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which any such Director has taken or deemed to have under such provisions of the SFO) or which was recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing The Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(a) Long positions in the shares, underlying shares and debentures of the Company:

Name of Director	Nature of Interest	Number of shares	Approximate percentage of shares in issue
Guo Guangchang	Corporate	1,458,963,765	57.68%

Directors' and Supervisors' Interests and Short Positions in Shares, Underlying Shares and Debentures (Continued)

(b) Long positions in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO):

Name of director	Name of associated corporation	Nature of interest	Number of shares directly and indirectly held	Approximate percentage of shares in issue of the associated corporation
Guo Guangchang	Fosun International Holdings Ltd.	Individual	29,000	58%
Fan Wei	Fosun International Holdings Ltd.	Individual	5,000	10%

Purchase, Redemption or Sale of the Listed Securities of the Company

During the Period, neither the Company, nor any of its subsidiaries, nor a jointly controlled entity purchased, redeemed or sold any of the Company's listed securities.

Compliance with the Provisions of the Code on Corporate Governance Practices

In the opinion of the Directors, for the Period, the Company had been in strict compliance with all the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the director's securities transactions. Specific enquiry has been made to all directors, who have confirmed that they had complied with the required standard set out in the Model Code for the Period.

Audit Committee

During the Period, there were four members in the audit committee and they were all independent non-executive directors of the Company.

The duties of the audit committee primarily include reviewing and supervising the Group's financial reporting procedures and the internal control systems as well as providing advice to the Board. The audit committee has reviewed the Company's interim financial report for the Period.

Disclosure of Information on the Stock Exchange's Website and the Company's Website

The Company will submit to the Stock Exchange all the information as required under Appendix 16 to the Listing Rules before the due dates, and publish on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.forte.com.cn>).

Others

As at the date of this announcement, the executive directors of the Company are Mr. Guo Guangchang and Mr. Fan Wei; the non-executive directors are Mr. Ding Guoqi and Mr. Feng Xiekun; and the independent non-executive directors are Mr. Charles Nicholas Brooke, Mr. Chen Yingjie, Mr. Zhang Hongming and Ms. Wang Meijuan.

By Order of the Board

Guo Guangchang

Chairman

Shanghai, the PRC, 27 August 2007

Interim Condensed Consolidated Income Statement

For the six months ended 30 June 2007

	Notes	For the six months ended 30 June	
		2007 RMB'000 (Unaudited)	2006 RMB'000 (Restated, unaudited)
REVENUE	4	1,335,775	981,490
Cost of sales		(933,102)	(588,214)
GROSS PROFIT		402,673	393,276
Other income and gains	4	27,847	74,494
Selling and distribution costs		(106,962)	(77,011)
Administrative expenses		(99,517)	(75,809)
Other expenses		(1,666)	(1,852)
Finance costs	5	(2,735)	(585)
Share of profits and losses of:			
– Jointly-controlled entities		8,176	1,248
– Associates		4,444	101,092
PROFIT BEFORE TAX	6	232,260	414,853
Tax	7	(114,814)	(119,613)
PROFIT FOR THE PERIOD		117,446	295,240
Attributable to:			
Equity holders of the Company		62,071	281,718
Minority interests		55,375	13,522
		117,446	295,240
DIVIDENDS	8	—	126,465
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY-BASIC (RMB)	9	0.025	0.116

Interim Condensed Consolidated Balance Sheet

30 June 2007

	Notes	30 June 2007 RMB'000 (Unaudited)	31 December 2006 RMB'000 (Audited, restated)
NON-CURRENT ASSETS			
Property and equipment		120,555	92,670
Investment properties	10	451,000	446,000
Properties under development	11	3,941,088	3,487,672
Goodwill		32,664	32,664
Investments in jointly-controlled entities		198,486	92,072
Investments in associates		198,132	193,688
Available-for-sale investments		250	250
Prepayments	12	284,400	111,742
Deferred tax assets		143,530	110,469
TOTAL NON-CURRENT ASSETS		5,370,105	4,567,227
CURRENT ASSETS			
Cash and cash equivalents		1,435,174	1,160,476
Pledged deposits		2,246	25,599
Derivative financial instruments	13	3,808	—
Income tax recoverable		91,741	63,993
Trade receivables	14	190,445	136,962
Prepayments, deposits and other receivables		268,441	222,309
Amounts due from related companies		357,778	372,730
Amount due from the holding company		139,854	117,746
Completed properties held for sale		865,961	790,489
Properties under development	11	3,809,053	4,022,172
TOTAL CURRENT ASSETS		7,164,501	6,912,476

		30 June 2007 RMB'000	31 December 2006 RMB'000 (Audited, restated)
	Notes	(Unaudited)	
CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings	15	1,218,000	1,063,230
Trade payables	16	867,202	789,210
Advances from customers		2,038,907	1,422,345
Accrued liabilities and other payables		338,735	426,010
Tax payable		455,222	353,512
Dividend payable	8	101,172	—
Amounts due to related companies		332,263	136,809
TOTAL CURRENT LIABILITIES		5,351,501	4,191,116
NET CURRENT ASSETS		1,813,000	2,721,360
TOTAL ASSETS LESS CURRENT LIABILITIES		7,183,105	7,288,587
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings	15	1,976,000	1,961,731
Loans from related companies		149,301	144,573
Deferred tax liabilities		248,313	301,874
TOTAL NON-CURRENT LIABILITIES		2,373,614	2,408,178
NET ASSETS		4,809,491	4,880,409
EQUITY			
Equity attributable to equity holders of the Company:			
Issued capital		505,861	505,861
Reserves		3,990,822	3,913,890
Proposed final dividend		—	101,172
		4,496,683	4,520,923
MINORITY INTERESTS		312,808	359,486
TOTAL EQUITY		4,809,491	4,880,409

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2007

	For the six months ended 30 June	
	2007 RMB'000 (Unaudited)	2006 RMB'000 (Unaudited)
SHARE CAPITAL		
Issued and fully paid share capital		
At beginning of period	505,861	470,677
Issue of shares	—	35,184
At end of period	505,861	505,861
RESERVES		
Capital reserve		
At beginning of period	2,753,393	1,952,881
Issue of shares	—	682,121
Share issue expenses	—	(10,493)
Contributed capital reserve arising from:		
– indemnity receivable of land appreciation tax (“LAT”) from the holding company	22,108	—
– tax effect of LAT indemnity	(7,296)	—
At end of period	2,768,205	2,624,509
EXCHANGE FLUCTUATION RESERVE		
Exchange realignment and total expense for the period recognised directly in equity	49	—
STATUTORY SURPLUS RESERVE		
At beginning and end of period	388,918	195,770
STATUTORY PUBLIC WELFARE FUND		
At beginning and end of period	—	147,160

	For the six months ended 30 June	
	2007 RMB'000 (Unaudited)	2006 RMB'000 (Unaudited)
Retained earnings		
At beginning of period	771,579	570,880
Net profit for the period attributable to shareholders of the Company	62,071	281,718
Adjustment on 2005 proposed final dividend resulting from shares issued in April 2006	—	(7,037)
Proposed interim dividend	—	(126,465)
At end of period	833,650	719,096
Reserves	3,990,822	3,686,535
PROPOSED FINAL DIVIDEND		
At beginning of period	101,172	94,135
Adjustment on 2005 proposed final dividend resulting from shares issued in April 2006	—	7,037
Dividend declared	(101,172)	(101,172)
Proposed interim dividend	—	126,465
At end of period	—	126,465
MINORITY INTERESTS		
At beginning of period	359,486	322,515
Profit for the period attributable to minority shareholders	55,375	13,522
Capital contribution from minority shareholders	400	—
Arising from disposal of a subsidiary	—	5
Acquisition of minority interests from minority shareholders	(1,000)	263
Dividends paid to minority shareholders	(101,453)	(26,184)
At end of period	312,808	310,121
TOTAL EQUITY	4,809,491	4,628,982

Guo Guangchang
Director

Fan Wei
Director

Interim Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2007

	For the six months ended 30 June	
	2007 RMB'000 (Unaudited)	2006 RMB'000 (Restated, unaudited)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	560,734	(900,354)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	(253,433)	33,250
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING ACTIVITIES	307,301	(867,104)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	(32,603)	1,761,072
NET INCREASE IN CASH AND CASH EQUIVALENTS	274,698	893,968
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,160,476	894,210
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,435,174	1,788,178
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances (excluding pledged deposits)	1,435,174	1,788,178

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2007

1. CORPORATE INFORMATION

The Company is a limited liability company established in the People's Republic of China (the "PRC") on 13 August 1998 and changed to a stock company on 27 September 2001. The registered office of the Company is located at 9th Floor, 510 Caoyang Road, Shanghai, the PRC. The principal place of business of the Company is located at 5th-7th Floor, Fuxing Business Building, No.2 East Fuxing Road, Shanghai 200010, the PRC.

The principal activities of the Group are property development, property agency, property investment, property management and the provision of all consultancy services relating to such businesses.

In the opinion of the directors, the holding company of the Group is Fosun High Technology, which is incorporated in the PRC; the ultimate holding company of the Group is Fosun International Holdings Ltd., which is incorporated in the British Virgin Islands.

2.1 BASIS OF PREPARATION

The unaudited interim financial information, which comprises the interim condensed consolidated balance sheet of the Group as at 30 June 2007 and the related condensed consolidated statements of income, changes in equity and cash flow for the six months ended 30 June 2007 have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board.

The unaudited interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2006.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted in the preparation of the interim financial information are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2006, except for a certain change in accounting policy and the adoption of certain new/revised International Financial Reporting Standards ("IFRSs"; which also include IASs and Interpretations), as set out in note 2.3 and 2.4, respectively.

2.3 CHANGE IN ACCOUNTING POLICY

During the six months ended 30 June 2007, the Group changed its accounting policy for reporting investments in jointly-controlled entities in the interim financial information from “proportionate consolidation” to the “equity method” of accounting. Such change is to conform with the new accounting policy adopted by the Group for the preparation of its PRC statutory financial statements, which are prepared in accordance with the new Chinese Accounting Standards (“CAS”) effective for accounting periods beginning on or after 1 January 2007. The new CAS eliminated the use of “proportionate consolidation” and require the use of the “equity method” for investments in jointly-controlled entities.

This change in accounting policy has had no impact on the opening retained earning and the net profit for the six months ended 30 June 2007.

In accordance with IAS 8, this change in accounting policy has been accounted for retrospectively, and certain comparative figures for the consolidated balance sheet as at 31 December 2006 and interim financial information for the six months ended 30 June 2006 have been restated. The effect of the change in this accounting policy is tabulated below.

(a) Effect on the consolidated balance sheet as at 31 December 2006

	Increase/(Decrease) RMB'000
Current assets	33,713
Non-current assets	(309,565)
Total assets	(275,852)
Current liabilities	(269,936)
Non-current liabilities	(5,916)
Total liabilities	(275,852)
Equity	—

2.3 CHANGE IN ACCOUNTING POLICY (Continued)

- (b) Effect on the interim condensed consolidated income statement for the six months ended 30 June 2006.

	Increase/(Decrease) RMB'000
Revenue	—
Selling and distribution costs	(479)
Share of profits and losses of Jointly-controlled entities	1,248
Tax	1,727

There is no impact on revenue since the two jointly-controlled entities did not generate revenue for the six months ended 30 June 2006.

2.4 ADOPTION OF NEW/REVISED IFRSS

In 2007, the Group adopted the following new and revised IFRSs, which are relevant to its operations.

IAS 1 Amendment	Capital Disclosures
IFRS 7	Financial Instruments: Disclosures
IFRIC-Int 8	Scope of IFRS 2
IFRIC-Int 9	Reassessment of Embedded Derivatives
IFRIC-Int 10	Interim Financial Reporting and Impairment

The adoption of these new/revised IFRSs does not have any significant impact on the accounting policies of the Group and the method of computation in the interim financial information.

2.5 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSS

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective, in the interim financial information.

IAS 23 (revised)	Borrowing Costs ¹
IFRS 8	Operating Segments ¹
IFRIC-Int 11	IFRS 2 - Group and Treasury Share Transactions ²
IFRIC-Int 12	Service Concession Arrangements ³
IFRIC-Int 13	Customer Loyalty Programmes ⁴
IFRIC-Int 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ³

¹ Effective for accounting periods beginning on or after 1 January 2009

² Effective for accounting periods beginning on or after 1 March 2007

³ Effective for accounting periods beginning on or after 1 January 2008

⁴ Effective for accounting periods beginning on or after 1 July 2008

The Group expects that while the adoption of the IFRS 8 may result in new or amended disclosures, these new/revised IFRSs will not have any significant impact on the Group's financial statements in the period of initial application.

3. SEGMENT INFORMATION

The Group's revenue and contribution to profit from operating activities for the six months ended 30 June 2007 (the "Period") were mainly derived from property development in the PRC. The principal assets employed by the Group are located in the PRC. Accordingly, no segment analysis by business or geographical segment is provided.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2007 RMB'000 (Unaudited)	2006 RMB'000 (Restated, unaudited)
Revenue		
Sale of properties	1,364,488	1,028,223
Rental income from investment properties	2,069	526
Property agency income	37,197	7,587
Property sales planning and advertising income	3,985	1,918
Property management income	3,318	2,829
Construction supervisory income	1,159	672
	1,412,216	1,041,755
Less: Business tax and government surcharges	(76,441)	(60,265)
	1,335,775	981,490
Other income		
Government grants	15,373	31,469
Interest income	643	4,356
Miscellaneous rental income	860	912
Others	2,163	237
	19,039	36,974

4. REVENUE, OTHER INCOME AND GAINS (Continued)

An analysis of revenue, other income and gains is as follows: (Continued)

	For the six months ended 30 June	
	2007 RMB'000 (Unaudited)	2006 RMB'000 (Restated, unaudited)
Gains		
Gain on a fair value adjustment of investment properties	5,000	16,299
Gain on a fair value of derivative instruments - transactions not qualifying as hedges	3,808	—
Gain on disposal of interest in a subsidiary	—	3,271
Gain on disposal of interest in an associate	—	17,950
	8,808	37,520
Other income and gains	27,847	74,494
Total	1,363,622	1,055,984

5. FINANCE COSTS

	For the six months ended 30 June	
	2007 RMB'000 (Unaudited)	2006 RMB'000 (Unaudited)
Total interest expenses	89,738	84,497
Less: interest capitalised	(87,003)	(84,497)
Interest expenses, net	2,735	—
Exchange losses	—	569
Bank charges and others	—	16
Total finance costs	2,735	585

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2007	2006
	RMB'000	RMB'000
	(Unaudited)	(Restated, unaudited)
Cost of sales	933,102	588,214
Depreciation	7,843	3,573
Loss on disposal of items of property and equipment	427	236

7. TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the Period.

The major components of tax expense for the six months ended 30 June 2007 and 2006 are as follows:

	Notes	For the six months ended 30 June	
		2007	2006
		RMB'000	RMB'000
		(Unaudited)	(Restated, unaudited)
Current taxation			
– Income tax in the PRC for the period	(1)	118,969	111,352
– LAT in the PRC for the period	(2)	89,763	7,900
Deferred tax	(3)	(93,918)	361
Tax expense for the period		114,814	119,613

7. TAX (Continued)

- (1) The provision for PRC current income tax has been based on a statutory rate of 33% of the assessable profit of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC for the six months ended 30 June 2007 and 2006, except for certain subsidiaries of the Group in the PRC, which are taxed at preferential rate of 15%.
- (2) According to tax notice issued by the relevant local tax authorities, the Group commenced to pay LAT at rates ranging from 1% to 3% on proceeds of the sale and pre-sale of properties from 2004. Prior to the year end of 2006, except for this amount paid to the local tax authorities, no further provision for LAT had been made. The directors considered that the relevant tax authorities would be unlikely to impose additional LAT levies other than the amount already paid based on the relevant percentages of the proceeds from the sale and pre-sale of the Group's properties.

For six months ended 30 June 2007, based on the latest understanding of LAT regulations from tax authorities, the Group made additional LAT provision in the amount of RMB77,186,000 (six months ended 30 June 2006: nil) in respect of properties sold up to 30 June 2007 in accordance with the requirements set forth in the relevant PRC tax laws and regulations.

In 2004, upon the reorganisation and the listing of the Company, the Company and Fosun High Technology, the holding company of the Company, entered into a deed of tax indemnity whereby Fosun High Technology has undertaken to indemnify the Company in respect of the LAT payable attributable to the Group in excess of the prepaid LAT based on 1% to 3% of sales proceeds, after netting off potential income tax savings, in consequence of the disposal of the properties owned by the Group as at 30 November 2003. As at 30 June 2007, the indemnity of LAT from the holding company after netting off potential income tax saving amounted to RMB139,854,000 (31 December 2006: RMB117,746,000), and the deferred tax liability arising thereon amounted to RMB46,152,000 (31 December 2006: RMB38,856,000). This LAT indemnity after netting off the corresponding tax liability was credited to capital reserve directly.

- (3) During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law (the "New CIT Law") was approved and will become effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. According to IAS 12, the deferred tax assets and deferred tax liabilities should be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. As a result, the temporary differences of the deferred tax assets and liabilities which are expected to be realised or settled after 1 January 2008 are measured at the tax rate of 25%.

8. DIVIDENDS

(A) DIVIDENDS ATTRIBUTABLE TO THE INTERIM PERIOD

Pursuant to the directors' resolution of the Company dated 27 August 2007, the Board declared an interim dividend of RMB0.025 per share.

(B) DIVIDENDS ATTRIBUTABLE TO THE PREVIOUS FINANCIAL YEAR, DECLARED AND PAID DURING THE INTERIM PERIOD

	For the six months ended 30 June	
	2007 RMB'000 (Unaudited)	2006 RMB'000 (Unaudited)
Final dividend in respect of financial year ended 31 December 2006 of RMB0.04 per share (2005: RMB0.04 per share)		
Declared during the interim period	101,172	101,172
Paid during the interim period	—	(101,172)
	101,172	—

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the Period attributable to equity holders of the Company for the Period of approximately RMB62,071,000 (six months ended 30 June 2006: RMB281,718,000) and the weighted average number of 2,529,306,000 (six months ended 30 June 2006: 2,431,140,000) ordinary shares in issue during the Period.

Diluted earnings per share amounts for the six months ended 30 June 2006 and 2007 have not been disclosed as no diluting events existed during these periods.

10. INVESTMENT PROPERTIES

	30 June 2007 RMB'000 (Unaudited)
Carrying amount at beginning of period	446,000
Gain from fair value adjustment	5,000
Carrying amount at end of period	451,000

The Group's investment properties are situated in Beijing, the PRC. The Group's investment properties were revalued on 30 June 2007 at RMB451,000,000 by Sallmanns (Far East) Limited, independent professionally qualified valuers, on an open market, existing use basis. The valuation was made on the assumption that the seller sells the properties on the open market without the benefit of a deferred term contract, leaseback, management agreement or any similar arrangement that could serve to affect the values of the properties. The investment properties are leased to third parties under operating leases.

11. PROPERTIES UNDER DEVELOPMENT

	30 June 2007 RMB'000 (Unaudited)	31 December 2006 RMB'000 (Audited, restated)
Land costs	5,326,329	4,924,685
Construction costs	2,045,547	2,299,362
Capitalised financial costs	378,265	285,797
Portion classified as current assets	7,750,141 (3,809,053)	7,509,844 (4,022,172)
	3,941,088	3,487,672

The Group's properties under development are situated in Shanghai, Hangzhou, Wuhan, Nanjing, Beijing, Chongqing, Haikou, Wuxi and Tianjin, the PRC.

12. PREPAYMENTS

On 28 December 2006, the Group entered into a cooperative agreement with Home Value Holding Co., Ltd. ("Home Value") to acquire 33% equity interest in a subsidiary of Home Value, Beijing Hehua Real Estate Development Co., Ltd. ("Beijing Hehua"), for the joint development of JW Marriott Centre in Beijing ("the agreement"), pursuant to which (i) the Group conditionally agreed to inject an aggregate amount of US\$7,600,000 (equivalent to RMB60,000,000) by way of contribution to the registered capital of Beijing Hehua and (ii) the Group conditionally agreed to provide an additional project investment of RMB387,000,000 to Beijing Hehua.

As at 30 June 2007, the Group has made an advance payment of RMB284,400,000 to Beijing Hehua. The remaining capital commitment not provided of RMB162,600,000 (31 December 2006: RMB340,100,000) is set out in note 18.

13. DERIVATIVE FINANCIAL INSTRUMENT

Derivative financial instruments represent a fair value gain of interest rate swap contracts as at 30 June 2007.

The Group uses interest rate swaps to manage its interest rate risk. On 23 May 2007, the Group entered into interest rate swap contracts with Agriculture Bank of China, Shanghai Branch ("ABC"), covering a period from 25 May 2007 to 25 May 2010. The interest rate swap contracts entitle the Group to receive interest at floating rates on an aggregate notional principal of RMB1,560,000,000 and to pay interest at a fixed rate of 6.23% on the same notional principal simultaneously. The Group agreed with ABC to swap the interest difference between the fixed rate and floating rate on the deemed notional principal amounts on a quarterly basis.

The floating rates of the Group's interest rate swap contracts are linked to the number of days when EURO CMS30Y less EURO CMS2Y greater than negative 0.10%.

13. DERIVATIVE FINANCIAL INSTRUMENT (Continued)

The remaining terms and notional principal amounts of the outstanding interest rate swap contracts of the Company as at 30 June 2007, which are denominated in RMB, were as follows:

	30 June 2007 RMB'000 (Unaudited)
Later than one year and not later than five years	1,560,000

14. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the balance sheet date, based on the due date, is as follows:

	30 June 2007 RMB'000 (Unaudited)	31 December 2006 RMB'000 (Audited, restated)
Outstanding balances with ages:		
Undue and within 90 days	190,445	136,962

15. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	Notes	30 June 2007 RMB'000 (Unaudited)	31 December 2006 RMB'000 (Audited, restated)
Bank loans:			
Secured	(1)	1,727,000	1,928,230
Unsecured		1,075,000	704,000
		2,802,000	2,632,230
Other borrowings:			
Secured	(2)	200,000	200,000
Unsecured		192,000	192,731
Total		3,194,000	3,024,961

15. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS (Continued)

Notes:

(1) Bank loans

	30 June 2007 RMB'000 (Unaudited)	31 December 2006 RMB'000 (Audited, restated)
Secured by:		
Pledged deposits	2,246	25,598
Investment properties	451,000	446,000
Properties under development	2,229,992	3,909,014
Completed properties held for sale	31,671	—
	2,714,909	4,380,612
The bank loans bear interest at rates per annum in the range of	6.30% to 7.43%	5.58% to 6.93%

(2) Other borrowings

	30 June 2007 RMB'000 (Unaudited)	31 December 2006 RMB'000 (Audited, restated)
Secured by:		
Properties under development	280,889	203,395
The other borrowings bear interest at rates per annum in the range of	5.85% to 9.20%	5.22% to 9.20%

16. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	30 June 2007 RMB'000 (Unaudited)	31 December 2006 RMB'000 (Audited, restated)
Outstanding balances aged:		
Within 90 days	406,656	544,841
91 - 180 days	140,004	705
181 - 365 days	181,341	42,995
Over 1 year	139,201	200,669
	867,202	789,210

17. OPERATING LEASE ARRANGEMENTS

(A) AS LESSOR

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to eight years.

At the balance sheet date, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2007 RMB'000 (Unaudited)	31 December 2006 RMB'000 (Audited)
Within one year	2,843	4,164
In the second to fifth years, inclusive	9,807	9,884
After five years	544	475
	13,194	14,523

17. OPERATING LEASE ARRANGEMENTS (Continued)

(B) AS LESSEE

The Group leases certain of its office properties under operating lease arrangements. Leases for office properties are negotiated for terms ranging from three to six years.

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2007 RMB'000 (Unaudited)	31 December 2006 RMB'000 (Audited)
Within one year	7,608	10,215
In the second to fifth years, inclusive	5,366	3,349
After five years	—	2,700
	12,974	16,264

18. COMMITMENTS

In addition to the operating lease commitments detailed in note 17 (b), the Group had the following capital commitments at the balance sheet date:

	30 June 2007 RMB'000 (Unaudited)	31 December 2006 RMB'000 (Audited)
Authorised, but not contracted for investment	—	340,100
Contracted, but not provided for:		
– investment	162,600	58,858
– properties under development	1,440,515	2,137,491
	1,603,115	2,536,449

19. CONTINGENT LIABILITIES

The Group had the following contingent liabilities:

	30 June 2007 RMB'000 (Unaudited)	31 December 2006 RMB'000 (Audited, restated)
Guaranteed banking facilities of:		
Third parties	184,500	221,500
Related parties	37,000	75,000
Qualified buyers' mortgage loans	1,805,864	1,325,788
	2,027,364	1,622,288

20. RELATED PARTY TRANSACTIONS

(1) During the Period, the Group had the following material transactions with related parties:

	Six months ended 30 June	
	2007	2006
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Recurring transactions		
Associates:		
Property management service fee	2,384	3,450
Sales agency service fee	—	534
Construction supervisory service income	600	—
Advertising service income	1,477	—
	4,461	3,984
Jointly-controlled entity:		
Notional interest	2,249	—
Project consulting service income	1,805	—
	4,054	—
Holding company:		
LAT indemnity receivable	22,108	—
Other related parties:		
Operating lease fee	4,449	4,051
Operating lease income	1,005	1,125
Notional interest	2,479	—
	7,933	5,176
Non-recurring transaction		
Associate:		
Entrusted bank loan provided	—	3,200

In the opinion of the directors, except for the tax indemnity receivable from the holding company and the entrusted bank loan provided by an associate, all related party transactions as set out above were conducted on normal commercial terms.

20. RELATED PARTY TRANSACTIONS (Continued)

(2) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2007	2006
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	2,140	2,625
Pension scheme contributions	158	105
Total compensation paid to key management personnel	2,298	2,730

21. SIGNIFICANT EVENTS DURING THE PERIOD

On 21 February 2007, the board of directors (“the Board”) passed a resolution that the Company would apply (i) to the China Securities Regulatory Commission (“CSRC”) for the issue to the PRC public and institutional investors of a maximum of 126,400,000 A Share of RMB1.00 each (or 632,000,000 A Shares of RMB0.20 each, as the case may be); and (ii) to the Shanghai Stock Exchange for the listing of the A Shares on the Shanghai Stock Exchange (hereinafter referred as the “Proposed A Share Issue”). The net proceeds of the Proposed A Share Issue will be used primarily for the funding of the development of the Company’s property development projects.

22. SUBSEQUENT EVENT

Pursuant to the directors’ resolution of the Company dated 27 August 2007, the Board declared an interim dividend of RMB0.025 per share.

23. COMPARATIVE AMOUNTS

As further explained in note 2.3 to the interim condensed consolidated financial statements, due to the voluntary change in accounting policy during the current period, certain prior year adjustments have been made and certain comparative amounts have been reclassified and restated to conform with the current period's presentation and accounting treatment.

24. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The interim financial information was approved and authorised for issue by the board of directors on 27 August 2007.