



China Properties Group Limited
中國地產集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1838

**For identification purpose only*

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Management Discussion and Analysis

BUSINESS AND OPERATION REVIEW

Business Review and Outlook

Group Strategies

The Group focuses on developing and creating high quality, large-scale residential projects as well as prime retail streets in major cities in the PRC. The Group designs the properties based on themes and concepts drawn from different cultures and market demand from different cities. The properties are designed to target the significant large and growing middle- and upper- class purchasers and consumers in the PRC, who the Group believes are attracted to a high quality environment, modern and upscale lifestyle atmosphere which commensurate with their strong purchasing power.

Among the features is the large-scale theme residential communities which a special emphasis is to follow the various markets requirement in a large-scale residential community to build the themes as living in the midst of sea shore or by the hills. The selected properties/sites are connected with mass transit system and/or convenient transportation system.

For the upscale theme shopping street developments, these projects must be located on prime retail streets in major cities in the PRC. We intend to include areas for retail, residential, entertainment, cultural and hotel uses. Our aim is to make each of these projects both a focal point for the entire district in which it is located and a day-trip destination for local and non-local residents.

Currently, the Group occupies an almost one-kilometre stretch of the booming Nanjing West Road commercial district in Shanghai. The stretch, with a gross floor area ("GFA") of approximately 4,000,000 sq.ft. will be a large-scale commercial street, comprising of retail shops, shopping arcade, hotel, office and service apartment, etc.. The Group is also developing an approximately 20,000,000 sq.ft. large scale theme residential complex adjacent to the underground railway terminal in Puxi, Shanghai. In addition, the Group has been granted certain options from our substantial shareholder for the acquisition of properties interests located in Beijing and other cities.

It is important that the Group maintains a diversification of revenue from the sale of residential properties and from the strong and stable recurring income from rental properties.

Business Environment

Overview of the Mainland China Property Market

Following the launch of various macro policies related to the real estates in the PRC since last year, the property market in various provinces and cities experienced steady growth in the first half year of 2007. According to the National Statistics Bureau, the overall average growth rate of residential prices in the first quarter was approximately 5.6%, which is comparable to 2006. Cities such as Shenzhen, Beijing, Guangzhou have experienced a higher growth rate of approximately 10%. Shanghai property market, after experiencing a rather stabilized price movement and mild growth in sales volume in 2006, the residential property price in Shanghai property market grew by approximately 2.2% while sales volume increased by 23.3% in the first half year of 2007. On the other hand, the take up rate of residential GFA exceeded the new supply by approximately 25% in the first five

Management Discussion and Analysis

months of 2007. The office market also experienced strong growth in the first half year of 2007. The average vacancy rate for prime office was about 5%, representing a decrease of approximately 3.3% from the end of 2006. Average vacancy rate for prime retail properties was approximately 5.4% in the first half year of 2007, representing a decrease of about 1.2% from the end of 2006.

Operation Review, Financial Review and Outlook

The Group's profit attributable to the shareholders amounts to HK\$1,753,217,000, including the changes in fair value of investment properties (after deferred tax) of HK\$394,313,000 and deferred tax credit of HK\$782,445,000. The Group's revenue of HK\$1,858,101,000 was mainly generated by the sale of residential properties, rental income from retail properties and service apartments. The Group's operating profit before taxation amounts to HK\$892,955,000.

In the first half year of 2007, the total delivered GFA of the Group increased by around 3,060,000 sq.ft. In the second half year of 2007, the GFA under development is expected to be approximately 4,500,000 sq.ft. and the saleable properties to be approximately RMB2 billion. The Group is targeting to acquire new property projects with GFA of approximately 50,000,000 sq.ft. in Shanghai, Beijing and Chongqing. We expect the total GFA under construction in 2008 will be approximately 15,000,000 sq.ft., of which 5,000,000 sq.ft. will be for retail properties and 10,000,000 sq.ft. will be for residential properties.

The Group is currently in preparation for construction work of Phase II of Concord City at Nanjing West Road, including application for various kinds of approval documents. The Group expects to commence construction of approximately 3,400,000 sq.ft. retail street of Phase II, Concord City within this year. Phase I retail and service apartments have been operating well. In addition to the residential properties under construction, we are also designing a development plan for a themed retail street with GFA of approximately 3,000,000 sq.ft. at Shanghai Cannes.

Looking ahead, the Group could bring favourable returns to shareholders in 2007.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

On February 23, 2007, the shares of the Company were listed on the main board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") with the issuance of 450 million shares ("Listing") and together with the issuance of 6,537,000 shares pursuant to the exercise of the over-allotment option by Merrill Lynch International, the sole global coordinator and sole bookrunner of the Listing (the "Over-allotment") on March 21, 2007. The net proceeds raised from the listing was approximately HK\$1,522.7 million, while the issued share capital of the Company was approximately HK\$180.7 million.

The Company issued US\$300 million fixed rate senior notes ("Notes") on April 27, 2007. The Notes bear interest at an annual rate of 9.125%. As at June 30, 2007, the Notes of HK\$2,261.1 million were measured at the net proceeds after deducting the underwriting discount and other estimated expenses payable in connection with the issue of the Notes. The Notes will mature on May 4, 2014.

Management Discussion and Analysis

On June 11, 2007, the registered capital of Shanghai Minhang Concord Property Development Co., Ltd. ("Minhang Concord") was increased by US\$15.1 million to US\$45.2 million. The amount had been paid up in full as of June 15, 2007. On June 5, 2007 and June 7, 2007, Concord Properties Holding (Shanghai) Limited and Wise Way International Limited contributed the required registered capital of US\$15.4 million and US\$1.6 million to Shanghai Jingan-Concord Real Estate Co., Ltd. ("Jingan Concord") respectively. The registered capital had been paid up in full. The equity interests of Concord Properties Holding (Shanghai) Limited and Wise Way International Limited in Jingan Concord remain the same after the increase of registered capital and total investment amounts.

The income from property development has reached HK\$1,834.4 million, up 137% from HK\$773.4 million on a year-to-year basis. The increase was mainly sourced from sales of residential properties of Shanghai Cannes.

The delivery of Cannes' properties in early 2007 induced the increase of management fee income of our property investment.

The functional currency of the respective group entities is Renminbi ("RMB"), the currency of the primary economic environment in which the Group operates. For the purpose of the consolidated financial statements and convenience of the financial statements users, the results and financial position of the Group are expressed in Hong Kong dollars, the presentation currency for the consolidated financial statements.

On June 30, 2007, our bank balances and cash together with pledged bank deposits amounted to HK\$2,720.9 million in which HK\$2,046 million was mainly denominated in USD. Total assets of the Group was approximately HK\$17,649.7 million. The bank loans of the Group amounting to HK\$751.1 million were secured by our investment properties, development in progress, properties under development for sales, and properties held for sales together with pledged deposit with total carrying value of HK\$5,472 million and HK\$15.1 million respectively.

The gearing ratio of the Group as at June 30, 2007 was 2.9% (2006: 13.8%). The gearing ratio was calculated as the bank loans, loans from related companies and fixed rate senior notes, less amounts due from related companies, pledged bank deposits and; bank balances and cash, divided by total equity.

The capital commitment contracted for but not yet provided in relation to the property, plant and equipment and investment properties amounting to HK\$311 million (2006: HK\$117.5 million).

CONTINGENT LIABILITIES

As at June 30, 2007, the Group has given guarantees to banks in respect of mortgage loans provided to the purchasers of our properties in the aggregate outstanding principal amount of HK\$1,881.4 million (2006: HK\$1,857.8 million). Such guarantees will be released by banks upon the delivery of the properties to the purchasers and completion of the registration of the mortgage with the relevant mortgage registration authorities. In the opinion of the directors, the fair value of the financial guarantee contracts is not significant. These guarantees were secured by pledged bank deposits of HK\$73.5 million (2006: HK\$77.6 million).

Management Discussion and Analysis

POST BALANCE SHEET EVENT

By a supplemental loan agreement dated July 10, 2007 entered into between Hang Seng Bank (China) Limited, Shanghai Branch (the "Bank") and Jingan Concord, the maturity date of the existing facility is extended from 24 months to 36 months after the facility agreement date. On July 10, 2007, a new loan agreement (the "Agreement") was entered into between the Bank and Jingan Concord with facility amount of up to RMB120 million to be made available to Jingan Concord subject to and in accordance with the terms and conditions therein contained. The maturity date of the new facility is March 21, 2009. The Company intends to use the new facility to finance the working capital requirements or the other investments of Jingan Concord. In addition to the existing facility, extended loans of RMB400 million, the total facility amounts to RMB520 million.

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK5.5 cents per share (2006: Nil) to members whose names appear on the register of members on August 24, 2007. The dividend will be paid on August 31, 2007.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members will be closed from August 22, 2007 to August 24, 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend of HK5.5 cents per ordinary share, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on August 21, 2007.

Additional Information Required under the Listing Rules

EMPLOYEES AND REMUNERATION POLICY

As at June 30, 2007, the Group had approximately 527 employees in Hong Kong and the Mainland China. The total staff costs incurred were approximately HK\$13.8 million.

The Group remunerates its employees mainly with reference to individual performance, qualification, experience and the prevailing industry practice. Apart from basic remuneration and statutory retirement benefit scheme, discretionary bonus may be granted to eligible employees by reference to the Group's performance as well as individual performance. In addition, share options may be granted from time to time in accordance with the terms of the Company's approved share option scheme to provide incentives and rewards to the employees.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at June 30, 2007, the interests and/or short positions of the directors and chief executive of the Company and their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations, (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange, were as follows:

(a) *Long position in ordinary shares and underlying shares of the directors and the chief executive of the Company*

Name of director	Nature of interests	Number of ordinary shares held	As approximate percentage of total issued ordinary shares	Note
Mr. Wong Sai Chung	Corporate	1,350,000,000 shares	74.73%	(i)

Note:

- (i) These shares are held directly by Hillwealth Holdings Limited ("Hillwealth"), whose entire issued capital is held by Mr. Wong Sai Chung.

Additional Information Required under the Listing Rules

(b) Long position in shares of associated corporations of the Company

Name of director	Nature of interests	Name of associated company	Number of shares held	Percentage of the issued shares of the same class in the associated corporation	Note
Mr. Wong Sai Chung	Corporate	Concord Properties Holding (Shanghai) Limited ("Concord Properties (Shanghai)")	100 non-voting deferred class "B" shares of HK\$1.00 each	100%	(ii)
	Personal	Hillwealth	1 share of US\$1.00	100%	(iii)

Note:

- (ii) Concord Properties (Shanghai) is an indirectly owned subsidiary of the Company. It has in issue 100 non-voting deferred class "B" shares (the rights attached to which are set out in the prospectus dated February 9, 2007 issued by the Company), all of which are beneficially owned by Concord China Land Holdings Limited which is in turn beneficially and wholly owned by Pacific Concord Holding Limited ("PCH") (which is wholly owned by Mr. Wong Sai Chung).
- (iii) As Hillwealth owns more than 50% of the Company, Hillwealth is an associated corporation of the Company under the SFO. The entire issued share capital of Hillwealth is owned by Mr. Wong Sai Chung.

As at June 30, 2007, Mr. Wong Sai Chung was a director of Hillwealth, Concord China Land Holdings Limited and PCH, and Dr. Wang Shih Chang, George and Mr. Kwan Kai Cheong were also directors of PCH.

Save as disclosed above, as at June 30, 2007, none of the directors and chief executive of the Company had or deemed to have any interest or short position in the shares, underlying shares or debentures of the Company nor any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be disclosed pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above in "Directors' and Chief Executive's interests in Shares and Underlying Shares and Debentures", the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO discloses no person as having a notifiable interest or short position in the issued capital of the Company as at June 30, 2007 and as at the date of this report.

SHARE OPTION SCHEME

No share option was granted and outstanding for the six months ended June 30, 2007 (2006: nil)

Additional Information Required under the Listing Rules

PURCHASE, SALE OR REDEMPTION OF SHARES

To comply with the requirement of the Stock Exchange in connection with our Listing on February 23, 2007, we entered into an agreement with Indopark Holdings Limited ("Indopark") to repurchase all the 48,700 shares held by Indopark at the aggregate price of US\$55 million. The shares were repurchased and cancelled on February 15, 2007. Other than that, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

CORPORATE GOVERNANCE

(a) *Compliance with the Code on Corporate Governance Practices*

The Company has applied the principles and complied throughout the six months ended June 30, 2007 with the code provisions set out in the Code on Corporate Governance Report contained in Appendix 14 to the Listing Rules.

(b) *Compliance with the Model Code set out in Appendix 10 of the Listing Rules*

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its code for regulating securities transactions of the Directors of the Company. Having made specific enquiry of all directors of the Company, they all confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended June 30, 2007.

Employees who are likely to be in possession of unpublished price sensitive information of the Company are also subject to compliance with guidelines on no less exacting terms than the Model Code.

(c) *Audit Committee*

The Audit Committee comprises five members, all being independent non-executive directors of the Company. The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the six months ended June 30, 2007.

The unaudited condensed consolidated financial statements of the Company for the six months ended June 30, 2007 have been reviewed by the Company's external auditor Deloitte Touche Tohmatsu, in accordance with the Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

(d) *Remuneration Committee*

The Company has established a Remuneration Committee with written terms of reference to set out its authority and duties. The Remuneration Committee comprises one executive director and two independent non-executive directors.

Report on Review of Interim Financial Information



TO THE DIRECTORS OF CHINA PROPERTIES GROUP LIMITED

INTRODUCTION

We have reviewed the interim financial information set out on pages 10 to 30, which comprises the condensed consolidated balance sheet of China Properties Group Limited as of June 30, 2007 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all materials respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw to your attention that the comparative condensed consolidated income statement for the six month period ended June 30, 2006 and the comparative condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period ended June 30, 2006 disclosed in the interim financial information have not been reviewed in accordance with standards applicable to review engagements issued by the Hong Kong Institute of Certified Public Accountants.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
July 30, 2007

Condensed Consolidated Income Statement

For the six months ended June 30, 2007

		Six months ended June 30,	
	Notes	2007 HK\$'000 (unaudited)	2006 HK\$'000 (unaudited)
Revenue	3 & 4	1,858,101	790,877
Business tax		(97,494)	(41,099)
Cost of sales		(797,041)	(370,336)
Gross profit		963,566	379,442
Other income	4	27,397	417
Selling expenses		(38,332)	(10,354)
Administrative expenses		(22,241)	(32,307)
Finance costs	5	(37,435)	—
Operating profit before taxation		892,955	337,198
Changes in fair value of investment properties		525,751	3,748
Profit before taxation	6	1,418,706	340,946
Income tax credit (expense)	7	334,511	(181,996)
Profit for the period attributable to the shareholders		1,753,217	158,950
Interim dividend declared after the balance sheet date	9	99,360	—
Earning per share			
Basic (HK dollar)	8	1.05	0.12
Interim dividend per share	9	5.5 cents	—

Condensed Consolidated Balance Sheet

At June 30, 2007

	Notes	As at June 30, 2007 HK\$'000 (unaudited)	As at December 31, 2006 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	67,715	70,734
Prepaid lease payments		4,592	7,393
Investment properties	10	11,057,700	10,402,200
Development in progress		1,781,427	1,738,947
		12,911,434	12,219,274
Current assets			
Properties under development for sales		1,375,012	1,122,413
Properties held for sales, at cost		457,007	1,234,279
Other receivables		185,307	195,299
Amounts due from related companies		—	1,517,546
Pledged bank deposits		88,580	91,554
Bank balances and cash		2,632,325	28,686
		4,738,231	4,189,777
Current liabilities			
Other payables and accruals		356,544	316,709
Deposits received on sales of properties		1,184,163	2,786,794
Tax payable		430,610	246,531
Loans from related companies		—	1,850,461
Bank loans, secured – due within one year	11	751,142	383,816
		2,722,459	5,584,311
Net current assets (liabilities)		2,015,772	(1,394,534)
Total assets less current liabilities		14,927,206	10,824,740
Non-current liabilities			
Bank loans, secured – due after one year	11	—	397,891
Fixed rate senior notes	12	2,261,055	—
Deferred tax liabilities		2,582,720	3,227,587
		4,843,775	3,625,478
		10,083,431	7,199,262
Capital and reserves			
Share capital	13	180,654	100
Share premium and reserves		9,902,777	7,199,162
Total equity		10,083,431	7,199,262

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2007

	Attributable to equity holders of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve* HK\$'000	Other reserve** HK\$'000	Exchange reserve HK\$'000	Accumulated profits HK\$'000	
At January 1, 2006 (audited)	95	–	778,662	2,455,562	48,324	3,305,347	6,587,990
Exchange differences arising on translation of foreign operation representing income recognized directly in equity	–	–	–	–	8,620	–	8,620
Profit for the period	–	–	–	–	–	158,950	158,950
Total recognized income for the period	–	–	–	–	8,620	158,950	167,570
Issue of share on private placement	5	387,695	–	–	–	–	387,700
Share issue expenses	–	(12,675)	–	–	–	–	(12,675)
At June 30, 2006 (unaudited)	100	375,020	778,662	2,455,562	56,944	3,464,297	7,130,585
At January 1, 2007 (audited)	100	375,020	778,662	2,455,562	77,076	3,512,842	7,199,262
Exchange differences arising on translation of foreign operation representing income recognized directly in equity	–	–	–	–	6,084	–	6,084
Profit for the period	–	–	–	–	–	1,753,217	1,753,217
Total recognized income for the period	–	–	–	–	6,084	1,753,217	1,759,301
Shares repurchased and cancelled	(5)	(429,694)	–	–	–	–	(429,699)
Issue of shares by capitalization	134,905	(134,905)	–	–	–	–	–
Issue of shares	45,654	1,597,880	–	–	–	–	1,643,534
Share issue expenses	–	(88,967)	–	–	–	–	(88,967)
At June 30, 2007 (unaudited)	180,654	1,319,334	778,662	2,455,562	83,160	5,266,059	10,083,431

* The special reserve of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) represents the difference between the nominal value of shares of the acquired subsidiaries and the nominal value of the shares of the Company issued for the acquisition at the time of the reorganization to rationalize the Group structure prior to the listing of the Company's share on The Stock Exchange of Hong Kong Limited (“Listing”).

** Other reserve arose from the acquisition by Mr. Wong Sai Chung (“Mr. Wong”), the controlling shareholder of the Company, of the interests in the Company's subsidiaries owned by other shareholders and the implementation of the Company's group reorganization in preparation for the Listing.

Condensed Consolidated Cash Flow Statement

For the six months ended June 30, 2007

	Six months ended June 30,	
	2007	2006
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash used in operating activities	(347,699)	(178,300)
Net cash used in investing activities	(56,679)	(368,363)
Net cash from financing activities:		
Proceeds from issue of shares	1,643,534	—
Proceeds from issue of fixed rate senior notes	2,340,000	—
Payment on repurchase of shares	(429,699)	—
Repayment of loans from related companies	(332,915)	(135,748)
Other financing cash flows	(212,046)	686,106
	<u>3,008,874</u>	<u>550,358</u>
Net increase in cash and cash equivalents	2,604,496	3,695
Cash and cash equivalents at beginning of the period	28,686	6,852
Effect of foreign exchange difference	(857)	(6,547)
Cash and cash equivalents at end of the period, represented by bank balances and cash	<u>2,632,325</u>	<u>4,000</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2007

I. GENERAL AND BASIS OF PREPARATION

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability. Its ultimate and immediate holding company is Hillwealth Holdings Limited ("Hillwealth"), a limited company incorporated in the British Virgin Islands ("BVI"). The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company is 14th Floor, Wheelock House, 20 Pedder Street, Central, Hong Kong. Details of the subsidiaries of the Company at June 30, 2007 are set out in note 20.

The Company acts as an investment holding company. The subsidiaries of the Company are principally engaged in property development and property investment in the Mainland of the People's Republic of China ("PRC").

Pursuant to a corporate reorganization (the "Corporate Reorganization") in preparation for the Listing, the Company became the holding company of the Group on April 22, 2006 by issuing shares in exchange for the entire share capital of Cheergain Group Limited ("Cheergain"). Details of the Corporate Reorganization are set out in the prospectus dated February 9, 2007 issued by the Company.

The shares of the Company have been listed on the Stock Exchange since February 23, 2007.

The Group resulting from the Corporate Reorganization is regarded as a continuing entity. Accordingly, the unaudited condensed consolidated financial statements of the Group have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as if the group structure under the Corporate Reorganization had been in existence throughout the six-month period ended June 30, 2006 or since their respective dates of incorporation or establishment or date of acquisition, whichever is the shorter period, in accordance with the respective equity interests in the individual companies attributable to the controlling shareholder throughout the six-month period ended June 30, 2006.

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the HKICPA. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2006.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2006 except for the following accounting policies which are applicable to the period ended June 30, 2007.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2007

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Notes and options

The notes issued by the Group that contain both liability and early redemption option components are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognized at fair value.

In subsequent periods, the liability component of the notes is carried at amortized cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognized in the consolidated income statement immediately.

Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortized over the period of the notes using the effective interest method.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognized in the consolidated income statement immediately.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their economic risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognized in the income statement.

In the current interim period, the Group has applied, for the first time, new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning January 1, 2007.

The adoption of these new HKFRSs has had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognized.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective.

HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) – INT 11	HKFRS 2 – Group and Treasury Share Transactions ²
HK(IFRIC) – INT 12	Service Concession Arrangements ³

¹ Effective for annual periods beginning on or after January 1, 2009.

² Effective for annual periods beginning on or after March 1, 2007.

³ Effective for annual periods beginning on or after January 1, 2008.

The directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2007

3. SEGMENT INFORMATION

During the period, the Group is principally engaged in property development and property investment in the PRC. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Property development	–	developing and selling of properties
Property investment	–	leasing of investment properties
Other	–	provision of building management and construction consultancy services

Six months ended June 30, 2007 (unaudited)

	Property development HK\$'000	Property investment HK\$'000	Other HK\$'000	Total HK\$'000
Revenue	<u>1,834,392</u>	<u>13,233</u>	<u>10,476</u>	<u>1,858,101</u>
Segment results	<u>911,086</u>	<u>9,413</u>	<u>(1,836)</u>	<u>918,663</u>
Unallocated other income				27,397
Unallocated corporate expenses				(15,670)
Changes in fair value of investment properties		525,751		525,751
Finance costs				(37,435)
Income tax credit				<u>334,511</u>
Profit for the period				<u>1,753,217</u>

Six months ended June 30, 2006 (unaudited)

	Property development HK\$'000	Property investment HK\$'000	Other HK\$'000	Total HK\$'000
Revenue	<u>773,402</u>	<u>11,273</u>	<u>6,202</u>	<u>790,877</u>
Segment results	<u>350,436</u>	<u>8,572</u>	<u>(567)</u>	<u>358,441</u>
Unallocated other income				417
Unallocated corporate expenses				(21,660)
Changes in fair value of investment properties		3,748		3,748
Income tax expense				<u>(181,996)</u>
Profit for the period				<u>158,950</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2007

4. REVENUE AND OTHER INCOME

	Six months ended June 30,	
	2007	2006
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue		
Sales of properties	1,834,392	773,402
Property rental income	13,233	11,273
Property management income	10,476	6,202
	<u>1,858,101</u>	<u>790,877</u>
Other income (Note)	27,397	417
	<u>1,885,498</u>	<u>791,294</u>

Note: Other income includes interest on bank deposits of HK\$26,461,000 (2006: HK\$278,000).

5. FINANCE COSTS

	Six months ended June 30,	
	2007	2006
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on:		
Bank loans wholly repayable within five years	19,736	41,291
Fixed rate senior notes repayable after five years	33,866	—
Loans from related companies	5,488	19,052
Other borrowing costs	<u>3,497</u>	<u>—</u>
	<u>62,587</u>	<u>60,343</u>
Total borrowing costs		
Less: Amount capitalized in development in progress and properties under development for sales	<u>(25,152)</u>	<u>(60,343)</u>
	<u>37,435</u>	<u>—</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2007

6. PROFIT BEFORE TAXATION

	Six months ended June 30,	
	2007 HK\$'000 (unaudited)	2006 HK\$'000 (unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Directors' emoluments	416	138
Other staff costs	13,373	11,903
Total staff costs	13,789	12,041
Less: Amount capitalized in development in progress and properties under development for sales	(6,575)	(6,170)
	7,214	5,871
Auditors' remuneration	52	16
Amortization of prepaid lease payments	118	170
Depreciation of property, plant and equipment	1,929	1,927
Less: Amount capitalized in development in progress	(677)	(616)
	1,252	1,311
Cost of properties sold (included in cost of sales)	786,568	363,721
Professional and other expenses incurred relating to Listing (Note)	6,645	16,108
Compensation to purchasers of properties (included in administrative expenses)	4,780	8,081

Note: Pursuant to HKAS 32, the transaction costs of an equity transaction are accounted for as deduction from equity to the extent they are directly attributable to the issuing of new shares as disclosed in note 13. The remaining costs are recognized as an expense when incurred.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2007

7. INCOME TAX CREDIT (EXPENSE)

	Six months ended June 30,	
	2007	2006
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current taxation:		
PRC Enterprise income tax	(198,503)	—
Land appreciation tax ("LAT") in the PRC	(136,152)	(88,514)
	<u>(334,655)</u>	<u>(88,514)</u>
Deferred tax:		
Current period	(113,279)	(93,482)
Attributable to change in tax rate	782,445	—
	<u>669,166</u>	<u>(93,482)</u>
Income tax credit (expense)	<u>334,511</u>	<u>(181,996)</u>

In accordance with the applicable enterprise income tax law of the PRC, and the relevant rules promulgated by the Shanghai municipal government, the subsidiaries, Shanghai Jingan-Concord Real Estate Co., Ltd. ("Jingan Concord"), Shanghai Minhang Concord Property Development Co., Ltd. ("Minhang Concord") and Shanghai Yingduoli Property Management Company Limited ("Property Management Co") are subject to a tax rate of 33% on their assessable profits throughout the period.

A subsidiary, Shanghai Baili Construction Management and Consultancy Company Limited ("Construction Management Co") is subject to a tax rate of 33%. Pursuant to the relevant laws and regulations in the PRC, Construction Management Co is exempted from PRC income tax for two financial years starting from April 4, 2005 (date of its establishment), followed by a 50% reduction for the next three years.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2007

7. INCOME TAX CREDIT (EXPENSE) (Continued)

A subsidiary, Shanghai Zhengtian Construction Management and Consultancy Company Limited ("Construction Consultancy Co"), is subject to a tax rate of 33%. Pursuant to the letters issued by the relevant PRC tax authority on July 25, 2006, Construction Consultancy Co, under article 8 of "Rule of the PRC on Enterprises Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment for Foreign Enterprise" (中華人民共和國外商投資企業和外國企業所得稅法實施細則), is exempted from PRC income tax for two financial years, starting from first profit making year, followed by a 50% reduction for the next three years, provided that more than 50% of the revenue of Construction Consultancy Co is generated from productive services pursuant to the "Notice in respect of the Preferential Tax Treatment applicable to Foreign Investment Enterprise which engages in both Productive and Non-Productive Services" (國家稅務總局關於外商投資企業兼營生產性和非生產性業務如何享受稅收優惠問題的通知).

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

On March 16, 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax by Order No. 63 of the President of the People's Republic of China, which will change the tax rate from 33% to 25% for certain subsidiaries from January 1, 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realized or the liability is settled, resulting in a deferred tax credit of approximately HK\$782,445,000 reported in the current interim period.

Under the Provisional Regulations on LAT implemented upon the issuance of the Provisional Regulations of the PRC on January 27, 1995, all gains arising from transfer of real estate property in the PRC effective from January 1, 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including borrowings costs and all property development expenditures.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2007

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended June 30,	
	2007	2006
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings for the purpose of basic earnings per share (profit for the period attributable to the shareholders)	<u>1,753,217</u>	<u>158,950</u>

	Six months ended June 30,	
	2007	2006
	'000	'000
	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>1,674,414</u>	<u>1,309,318</u>

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been adjusted for the capitalization issue of 1,349,048,700 shares on February 22, 2007.

9. DIVIDENDS

	Six months ended June 30,	
	2007	2006
	'000	'000
	(unaudited)	(unaudited)
Interim dividend proposed after the balance sheet date of 5.5 cents (2006: NIL) per share	<u>99,360</u>	<u>—</u>

The interim dividend proposed after the balance sheet date has not been recognized as a liability at the balance sheet date.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2007

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the period, the Group acquired property, plant and equipment at a cost of HK\$2,076,000.

The fair values of the Group's investment properties at June 30, 2007 were determined by the directors by reference to a valuation on these properties at June 30, 2007 performed by Colliers International (Hong Kong) Limited. Colliers International (Hong Kong) Limited is an independent qualified professional valuer not connected with the Group and is a member of the Institute of Valuers, and has appropriate qualifications and recent experiences in the valuation of properties. The valuation, which conform to International Valuation Standards, was arrived at by reference to market conditions existing at the valuation date. The resulting increase in fair value of investment properties of approximately HK\$525,751,000 has been recognized directly in the condensed consolidated income statement.

11. BANK LOANS, SECURED

	As at June 30, 2007 HK\$'000 (unaudited)	As at December 31, 2006 HK\$'000 (audited)
The bank loans are repayable as follows:		
On demand or within one year	751,142	383,816
More than one year, but not exceeding two years	—	397,891
	751,142	781,707
Less: Amount due within one year shown under current liabilities	(751,142)	(383,816)
	—	397,891

Our bank loans outstanding as of June 30, 2007 were secured by the following:

- investment properties with a carrying value of HK\$3,115,216,000 (2006: HK\$3,009,999,000);
- properties under development in progress with a carrying value of HK\$831,880,000 (2006: HK\$760,135,000);
- properties under development for sales with a carrying value of HK\$1,271,007,000 (2006: HK\$951,185,000);
- properties held for sales with a carrying value of HK\$253,862,000 (2006: HK\$253,862,000); and
- pledged deposits of HK\$15,099,000 (2006: HK\$13,940,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2007

12. FIXED RATE SENIOR NOTES

On April 27, 2007, the Company issued approximately US\$300 million (approximately HK\$2,340,000,000) in aggregate principal amount of the fixed rate senior notes, which contain two components, liability and early redemption options.

The notes bear interest at the fixed rate of 9.125% per annum. Interest on the notes is payable on May 4 and November 4 of each year. The first interest payment will be due on November 4, 2007. The notes will mature on May 4, 2014. The notes are our senior obligations guaranteed by the Company's subsidiaries other than those established under the laws of the PRC.

At any time before May 4, 2011, the Company may redeem the notes, in whole or in part, at a redemption price equal to 100% of their principal amount plus a premium and accrued and unpaid interest, if any, to the redemption date. In addition, at any time prior to May 4, 2010, the Company may redeem up to 35% of the aggregate principal amount of the notes using net cash proceeds from certain equity offerings at a redemption price of 109.125% of the principal amount of the notes plus accrued and unpaid interest, if any, to the redemption date.

On or after May 4, 2011, the Company may, at its option, redeem all or part of the notes at the redemption prices equals to the percentage of the principal amount set forth below plus accrued and unpaid interest to the redemption date if redeemed during the twelve-month period commencing on May 4 of the years indicated below:

<u>12-month period commencing in the year</u>	<u>Percentage</u>
2011	104.56250%
2012	102.28125%
2013 and thereafter	100.00000%

The directors of the Company considers that the fair value of the redemption options as at date of issuance of the notes and at June 30, 2007 is insignificant.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2007

13. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.1 each		
Authorized:		
At January 1, 2007	3,800,000	380
Increase of authorized share capital on February 5, 2007 (Note a)	4,996,200,000	499,620
At June 30, 2007	<u>5,000,000,000</u>	<u>500,000</u>
Issued and fully paid:		
At January 1, 2007	1,000,000	100
Shares repurchased and cancelled (Note b)	(48,700)	(5)
Issued by capitalization of the share premium account (Note c)	1,349,048,700	134,905
Issue of shares upon placing and public offer (Note d)	<u>456,537,000</u>	<u>45,654</u>
At June 30, 2007	<u>1,806,537,000</u>	<u>180,654</u>

Notes:

- (a) On February 5, 2007, the Company passed a resolution that the authorized share capital of the Company was increased by creation of a further 4,996,200,000 new ordinary shares of HK\$0.1 each.
- (b) On February 5, 2007, the Company and Indopark Holdings Limited ("Indopark"), an independent third party, entered into an agreement pursuant to which the Company agreed to repurchase and Indopark agreed to sell a total of 48,700 shares of HK\$0.1 each of the Company (representing about 4.87% of the total issued share capital) at a total repurchase price of US\$55 million (approximately HK\$429,699,000) which was satisfied with the issue of a loan note in the same amount to Indopark. The loan note was guaranteed by Pacific Concord Holding Limited ("PCH"), a company in which Mr. Wong has controlling interests. On February 15, 2007, the Company cancelled those shares repurchased from Indopark and Indopark ceased to be a shareholder of the Company. The loan note guaranteed by PCH was released and was settled on the listing date.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2007

13. SHARE CAPITAL (Continued)

Notes: (Continued)

- (c) Pursuant to a written resolution of the shareholders of the Company passed on February 5, 2007, the directors were authorized to capitalize an amount of HK\$134,904,870 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 1,349,048,700 shares of HK\$0.1 each for allotment and issue to Hillwealth.
- (d) On February 22, 2007, 450,000,000 new ordinary shares of the Company of HK\$0.1 each were issued at HK\$3.6 per share for cash through an initial public offering by way of placing and public offer.

On March 21, 2007, the over-allotment option was exercised and 6,537,000 new ordinary shares of the Company of HK\$0.1 each were issued at HK\$3.6 per share for cash.

14. CONTINGENT LIABILITIES

At the balance sheet date, the contingent liabilities of the Group are as follows:

	As at June 30, 2007 HK\$'000 (unaudited)	As at December 31, 2006 HK\$'000 (audited)
Guarantees given to banks in connection with credit facilities granted to:		
– third parties (Notes)	<u>1,881,422</u>	<u>1,857,803</u>

Notes:

- (a) The guarantees were given to banks with respect to loans procured by the purchasers of the Group's properties. Such guarantees will be released by banks upon the delivery of the properties to the purchasers and completion of the registration of the mortgage with the relevant mortgage registration authorities. In the opinion of the directors, the fair value of the financial guarantee contracts is not significant. Deposits received on sales of properties prior to the date of revenue recognition are classified as current liabilities in the condensed consolidated balance sheet.
- (b) The guarantees were secured by pledged deposits of HK\$73,481,000 (2006: HK\$77,614,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2007

15. COMMITMENTS

	As at June 30, 2007 HK\$'000 (unaudited)	As at December 31, 2006 HK\$'000 (audited)
Construction commitment contracted for but not provided in respect of property, plant and equipment and investment properties	<u>311,039</u>	<u>117,492</u>

16. OPERATING LEASE COMMITMENTS

As lessor

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	As at June 30, 2007 HK\$'000 (unaudited)	As at December 31, 2006 HK\$'000 (audited)
Within one year	17,841	17,046
In the second to fifth year inclusive	72,237	69,266
After five years	<u>19,752</u>	<u>30,303</u>
	<u>109,830</u>	<u>116,615</u>

The properties are expected to generate rental yields of average 1% to 4% on an ongoing basis. All the properties held have committed tenants from 3 to 10 years.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2007

17. RETIREMENT BENEFITS PLANS

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees.

According to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme. The total contributions incurred in this connection for the six months ended June 30, 2006 (unaudited) and 2007 (unaudited) was approximately HK\$1,239,000 and HK\$1,790,000 respectively.

18. SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme pursuant to a resolution passed by all its shareholders on February 5, 2007, whereby staff and directors of the Group, among others, may be granted options entitling them to subscribe for shares which, when aggregated with options granted under any other share option schemes for shares, amount to a maximum of 10% of the aggregate of the shares in issue on the listing date (subject to such 10% limit being refreshed at a shareholders' meeting, and the overall 30% ongoing limit on all share option schemes as imposed by the Listing Rules.) The scheme will expire on February 5, 2017.

No share option has been granted since the adoption of the scheme.

19. RELATED PARTY TRANSACTIONS

The Group had material transactions during the period with the PCH and its subsidiaries ("PCH Group") as follows:

Nature of transactions	Notes	Six months ended June 30,	
		2007 HK\$'000 (unaudited)	2006 HK\$'000 (unaudited)
Recharge of administrative expenses	(a)	1,119	6,429
Office premises expenses	(a)	674	—
Interest expenses	(b)	5,488	19,052

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2007

19. RELATED PARTY TRANSACTIONS (Continued)

Notes:

- (a) The expenses mainly comprised staff costs, office rent, rate and building service charges, utilities, travelling cost and other sundry administrative expenses. The expenses were recharged to the Group during the period based on the estimated time of the directors and employees of the PCH Group spent on each of the projects. The recharge of the expenses has discontinued after the Listing. On February 8, 2007, the Group has entered into an office licence agreement with a subsidiary of PCH (the "Lessor") to share half of the rent, rates, service charges and utility charges of an office premises. The agreement is effective from February 16, 2007 to July 31, 2008. The Group has the right to terminate the agreement on one month's prior notice. Under the terms of the head lease by which the Lessor leases the property, it is required to obtain consent from its landlord for the entering into the office license agreement. The Lessor has applied for the consent.
- (b) This represents interest charged on the loans from PCH Group.

Compensation of key management personnel

The remuneration of executive directors during the period was set out in note 6.

The remuneration of directors is determined with reference to the involvement and the business performance of the directors.

20. LIST OF SUBSIDIARIES

Details of the Company's subsidiaries as at June 30, 2007 are as follows:

Name of the company	Country/ place and date of incorporation/ establishment	Equity interest attributable to the Group as at June 30, 2007	Issued and fully paid registered and paid-up capital as at June 30, 2007	Principal activities
Cheergain*	BVI February 8, 2005	100%	US\$1	Investment holding
China Channel Limited	BVI August 15, 1996	100%	US\$13	Investment holding
Concord Properties Holding (Shanghai) Limited**** ("Concord Properties (Shanghai)")	Hong Kong March 3, 1992	100%	HK\$200	Investment holding
Wise Way International Limited ("Wise Way")	BVI January 15, 2001	100%	US\$50,000	Investment holding

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2007

20. LIST OF SUBSIDIARIES (Continued)

Name of the company	Country/ place and date of incorporation/ establishment	Equity interest attributable to the Group as at June 30, 2007	Issued and fully paid registered and paid-up capital as at June 30, 2007	Principal activities
Jingan Concord	PRC February 3, 1993	100%	US\$68,000,000**	Property development and investment
Silatop Associates Limited ("Silatop")	BVI September 30, 1999	100%	US\$1	Investment holding
Minhang Concord	PRC June 16, 1997	100%	US\$45,150,000***	Property development and investment
Property Management Co [#]	PRC June 22, 1999	100%	RMB500,000	Property management service
Winnic Limited	BVI January 11, 2005	100%	US\$1	Investment holding
Construction Management Co [#]	PRC April 4, 2005	100%	US\$500,000	Provision of construction consultancy service
Charm World International Limited	BVI September 21, 2005	100%	US\$1	Investment holding
Construction Consultancy Co [#]	PRC December 21, 2005	100%	US\$500,000	Provision of construction consultancy service

* Cheergain is directly held by the Company, the remaining subsidiaries comprising the Group are indirectly held by the Company.

** The total registered capital of Jingan Concord is US\$68,000,000. At December 31, 2006, there was unpaid registered capital of US\$17,000,000. Pursuant to the approval issued by 上海市外國投資工作委員會 (translated in English as Shanghai Foreign Investment Committee ("SFIC")) on March 18, 2005, the unpaid registered capital of US\$17,000,000 should be paid on or before March 15, 2008. Concord Properties (Shanghai) and Wise Way contributed the required registered capital of US\$15,400,000 and US\$1,600,000 on June 5, 2007 and June 7, 2007 respectively.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2007

20. LIST OF SUBSIDIARIES (Continued)

- *** The total registered capital of Minhong Concord as at December 31, 2006 was US\$30,070,000. At June 11, 2007, the total registered capital was increased to US\$45,150,000. Silatop contributed the registered capital of US\$15,080,000 into Minhong Concord on June 15, 2007.
- **** Certain non-voting deferred shares in Concord Properties (Shanghai) are held by the associate of Mr. Wong.
- # Wholly foreign owned enterprises registered in the PRC.
- ## A limited liability company registered in the PRC.

By Order of the Board
CHINA PROPERTIES GROUP LIMITED
Dr. Wang Shih Chang, George
Chairman

Hong Kong, July 30, 2007

As at the date of this interim report, the Board of the Company comprises Dr. Wang Shih Chang, George, Mr. Wong Sai Chung and Mr. Xu Li Chang as executive directors, Mr. Kwan Kai Cheong as non-executive director and Mr. Warren Talbot Beckwith, Mr. Luk Koon Hoo, Mr. Garry Alides Willinge, Mr. Cheng Chaun Kwan, Michael and Mr. Wu Zhi Gao as independent non-executive directors.