众安房产
ZHONG'AN REAL ESTATE

ZHONG AN REAL ESTATE LIMITED
眾安房產有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock code: 672)

INTERIM REPORT
2008

Contents

Board of Directors

Executive Directors
Mr. Shi Kancheng (alias Shi Zhongan)
(Chairman and Chief Executive Officer)
Mr. Lou Yifei
Ms. Shen Tiaojuan
Mr. Zhang Jiangang

Independent Non-executive Directors
Professor Pei Ker Wei
Professor Wang Shu Guang
Mr. Heng Kwoo Seng

Company Secretary and Qualified Accountant

Mr. Lai Po Sing

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office in the PRC

No. 996 Xiaoshao Road
Xiaoshan District
Hangzhou
Zhejiang Province
The PRC

Principal Place of Business in Hong Kong

Unit 2509, 25/F
Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

Company's Website

www.zafc.com

Principal Share Registrar and Transfer Office

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
Grand Cayman KY1-1107
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Principal Bankers

Agricultural Bank of China
Bank of Communications
China Construction Bank Corporation, Hong Kong Branch
Hang Seng Bank Limited

Legal Advisers as to Hong Kong Laws

Chiu & Partners

Auditors

Ernst & Young

Compliance Advisor

Quam Capital Limited

Financial Highlights

	Unaudited		
	For the six months ended 30 June		
	2008	2007	Percentage of increase
Revenue (RMB million)	**1,288.9**	135.6	850.4
Profit attributable to equity holders of the Company (RMB million)	**302.8**	30.8	884.5
Basic earnings per share attributable to equity holders of the Company (RMB)	**0.15**	0.02	650.0

Unaudited net cash balance as at 30 June 2008 was RMB1,416 million.

The total GFA of the Group's land bank as at 30 June 2008 was 5,303,317 sq.m. which is sufficient for development by the Group in the coming five years.

The board (the "Board") of directors (the "Directors") of Zhong An Real Estate Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008 together with the comparative amounts for the corresponding period. The unaudited condensed consolidated interim information and this interim report have been reviewed by the audit committee of the Company.

"...... With sufficient funds, low gearing and a land bank of quality and low cost, the Group has strong ability of resisting risk and to remain competitive in the market."

The unaudited consolidated revenue of the Group was RMB1,288,872,000 for the six months ended 30 June 2008, an increase of 850.4% from the corresponding period in 2007. The unaudited profit attributable to equity holders of the Company was RMB302,758,000 for the six months ended 30 June 2008, an increase of 884.5% from the corresponding period in 2007. The unaudited earnings per share was RMB0.15 for the six months ended 30 June 2008, an increase of 650% from the corresponding period in 2007.

Business Review

Sales and earnings

The unaudited area of properties sold and delivered by the Group for the six months ended 30 June 2008 was 161,142 sq. m. (corresponding period in 2007: 50,777 sq. m.), an increase of 217.4%. The unaudited gross profit for the six months ended 30 June 2008 was RMB459,875,000, an increase of 681.0% from RMB 58,880,000 for the corresponding period in 2007. The reason for the increase was that New White Horse

Works Commencement Ceremony for the International Office Centre in Hangzhou City

Apartment delivered units in a total of 154,178 sq. m. during the second quarter of 2008, whereas the revenue from the sales of properties for the corresponding period in 2007 was mainly derived from the sales of units from Landscape Garden Phase 2 at Hangzhou and Vancouver City, Phase 2 – South Section at Huaibei, Anhui Province that were completed in December 2006 as well as the remaining units of other projects.

The unaudited average sales price per sq. m. achieved by the Group for the six months ended 30 June 2008 was RMB8,210, an increase of 200.8% from the average sales price per sq. m. of RMB2,729 for the corresponding period in 2007. The primary reason was that the sales price of apartments per sq. m. in New White Horse Apartment, representing 97.6% of the total revenue from the sales of properties in the unaudited consolidated revenue for the six months ended 30 June 2008, reached RMB 7,462. For the revenue from the sales of properties for the corresponding period in 2007, the sales revenue attributable to Vancouver City, Phase 2 – South Section and Landscape Garden Phase 2 to the total revenue from the sales of properties represented a relatively higher proportion. However, the sales price of apartments per sq. m. in those two projects were RMB 1,766 and RMB 5,290 respectively.

Vancouver City, Phase 2 – North Section

The unaudited average sales cost per sq. m. was RMB5,092 for the six months ended 30 June 2008, an increase of 237.0% from RMB1,511 for the corresponding period in 2007. The main reason was that the sales cost per sq. m. for apartments in New White Horse Apartment was RMB5,179, whereas the sales cost per sq. m. of apartments in Vancouver City Phase 2 – South Section and Landscape Garden Phase 2 for the corresponding period in 2007 were RMB 1,157 and RMB 2,552.

The unaudited profit attributable to the equity holders of the Company was RMB302,758,000 for the six months ended 30 June 2008 (corresponding period in 2007: RMB30,751,000), an increase of 884.5% from the corresponding period in 2007. Of which the unaudited increase in fair value of investment properties for the six months ended 30 June 2008 was RMB151,977,000 (RMB 102,584,475 net of relevant enterprise income tax and minority interests), whereas the same was RMB 13,668,000 for the corresponding period in 2007 (RMB 8,996,017 net of relevant enterprise income tax and minority interests).

Area for pre-sale

As at 30 June 2008, the area for pre-sale by the Group was approximately 85,664 sq. m. Set out below are the details on the area for pre-sale from the major projects:

	sq. m.
Green Harbour, Phase 1A, Hefei City, Anhui Province	23,790
Vancouver City, Phase 2 – North Section, Huaibei City, Anhui Province	48,770

White Horse Noble Mansion in Hangzhou City

Status of projects expected to be completed in the second half of 2008

It is expected that the expected GFA available for sale/leasing from the projects to be completed in the second half of 2008 is approximately 177,970 sq. m. Details of which are as follows:

	Expected completion date	GFA available for sale/leasing (sq. m.)	Percentage of interest in the project attributable to the Group	Usage
Highlong Plaza, Hangzhou, Zhejiang Province – Uncompleted shopping mall at Level 1 to 5	Completed, inspection of which will be carried out together with that of serviced apartments	13,261	90.0%	For leasing
– Serviced apartments	September 2008	22,593		For leasing and sale
White Horse Noble Mansion, Xihu District, Hangzhou City, Zhejiang Province	December 2008	14,610	99.7%	For sale
Vancouver City, Phase 2 – North Section, Huaibei City, Anhui Province	August 2008		95.0%	For sale
– Low-rise apartment units		59,100		
– Villas		3,000		
– Retail spaces		9,000		
Green Harbour, Phase 1A, Anhui Province	December 2008		84.2%	For sale
– Townhouse units		56,406		
Total		177,970		

Land reserve

As at 30 June 2008, the total GFA of the Group's land bank in Hangzhou, Zhejiang Province and Anhui Province was 2,941,531 sq. m. and 2,361,786 sq. m. respectively, which was 5,303,317 sq. m. in total. Such land bank is sufficient for development by the Group in the coming five years.

Details of land bank as at 30 June 2008:

	Type of property	Total GFA (sq.m.)	GFA available for sale/leasing (sq.m.)	Percentage of interest in the project attributable to the Group
Highlong Plaza, Hangzhou, Zhejiang Province	Shopping center/serviced apartments	42,358	35,854	90.0%
A piece of land at Landscape Bay, Ning Wei Town, Hangzhou City, Zhejiang Province	Residential/retail spaces	307,600	268,000	92.7%
A piece of land for Huijun, Xihu District, Hangzhou, Zhejiang Province	Residential/retail spaces	168,657	127,910	99.7%
A piece of land at Huifeng Plaza, Hangzhou, Zhejiang Province	Residential	37,316	28,991	90.0%
A piece of land owned by Zheng Jiang at Hangzhou, Zhejiang Province	Residential/retail spaces/offices	245,000	202,000	96.3%
A piece of land reserved for International Office Centre, Phase A, Hangzhou City, Zhejiang Province	Residential/offices/hotels	696,600	603,600	100.0%
A piece of land reserved for Phase B & C, International Office Center, Hangzhou City, Zhejiang Province	Residential/offices/hotels/ retail spaces	1,444,000	1,018,400	100.0%
Sub-total for land bank in Hangzhou City, Zhejiang Province		**2,941,531**	**2,284,755**	
Vancouver City, Phase 2 – North Section, Huaibei City, Anhui Province	Residential/retail spaces	73,600	71,100	95.0%
Vancouver City, Phase 3A-3D, Huaibei City, Anhui Province	Residential/retail spaces	534,036	491,300	95.0%
Vancouver City, Phase 4 – 6, Huaibei City, Anhui Province	Residential/retail spaces/hotels	921,050	890,000	95.0%
Green Harbour, Phase 1A, Hefei, Anhui Province	Residential	57,600	56,406	84.2%
Green Harbour, Phase 1B & C, Hefei, Anhui Province	Residential	92,000	84,000	84.2%
Green Harbour, Phase 2, Hefei, Anhui Province	Residential/retail spaces	128,200	87,300	84.2%
Green Harbour, Phase 3 – 6, Hefei, Anhui Province	Residential/retail spaces/hotels	555,300	542,500	84.2%
Sub-total for land bank in Anhui Province		**2,361,786**	**2,222,606**	
Total land bank		**5,303,317**	**4,507,361**	

On 15 January 2008, the Group acquired the entire interests in Hangzhou Zheng Jiang Real Estate Development Co., Ltd., ("Zheng Jiang") for which the principal asset is a piece of land adjacent to Xiang Lake, Xiaoshan District, Zhejiang Province with an area of 89,173 sq.m. and an aggregate GFA of 245,000 sq.m.. It is expected that Xiang Lake District will be developed into the core tourism and leisure development zone of Hangzhou. It is expected that it will include SOHO (i.e., small office and home office) office buildings and commercial properties.

Use of Proceeds from Global Offering

In November 2007, the Company issued 543,000,000 shares at HK$6.67 per share by way of the global offering. The net proceeds after deducting the relevant expenses were approximately HK$3,439.8 million. During the period from 13 November 2007 to 30 June 2008, the use of net proceeds from the listing as stated in the Prospectus was as follows:

		RMB in million
1.	Utilized for the project of Landscape Bay	40.5
2.	Utilized for the project of Section A of International Office Center	61.2
3.	Utilized for the payment of land premium for Green Harbor	3.7
4.	Utilized for financing the acquisition of land site with a planned gross floor area of 480,000 square meter in Hangzhou	361.1
5.	Working capital and other general corporate purposes	403.0
		869.5

As at 30 June 2008, the listing proceeds not yet utilized were placed in banks as short-term and saving deposits.

International Office Center

Human resources and remuneration policy

As at 30 June 2008, the Group employed 960 staff (30 June 2007: 486 staff). The main reason for the increase was the staff additionally employed for the hotel, shopping center and property management companies. For the six months ended 30 June 2008, the unaudited staff cost of the Group was approximately RMB22,218,000 (corresponding period of 2007: approximately RMB13,662,000), representing an increase of 62.6%.

The staff cost includes basic salary and welfare. Employees' welfare includes medical insurance plan, pension plan, unemployment insurance plan, and pregnancy insurance plan. The Group's employees are engaged according to employment contracts. The Group conducts performance appraisal once every year for its employees, the results of which are applied in annual salary review and promotion assessment. The Group's employees are considered the grant of annual bonus according to certain performance conditions and appraisal results. The Group also provides a series of benefits to its employees, including housing allowances, medical insurances and transportation allowances. Commission is only provided to the sales staff of the Company. The Group reviews the remuneration packages for its staff once a year. The Group also studies its remuneration packages relative to the similar position as offered by its peers, so as to maintain the competitiveness of the Company in the human resources market.

Dividend policy

The Board shall determine the dividend policy of the Company in future according to the financial condition in general, operating results, capital requirements, shareholders' equity, contractual restraint and other factors considered relevant by the Board.

In addition, the Group's future dividend payments to its shareholders will also depend upon the availability of dividends received from its subsidiaries in the PRC. PRC laws require that dividends be paid out of the net profit calculated according to PRC accounting principles, which differ in many aspects from IFRS. PRC laws also require enterprises located in the PRC to set aside part of their net profit as statutory reserves before they distribute the net proceeds. These statutory reserves are not available for distribution as cash dividends. Distributions from its subsidiary companies may also be restricted if they incur losses or in accordance with any restrictive covenants in bank credit facilities or other agreements that the Group or its subsidiaries may enter into in the future.

Green Harbour, Phase 1A in Hefei City

Capital structure

As at 30 June 2008, the Group had aggregate cash and bank deposits (including pledged deposits) of RMB2,316,720,000 (31 December 2007: RMB3,038,517,000). The decrease was attributable to the repayment of interest-bearing loans and the settlement of consideration for the acquisition of Zheng Jiang.

The current ratio as at 30 June 2008 was 2.4 (31 December 2007: 2.0).

As at 30 June 2008, the bank loans and other borrowings of the Group repayable within one year and after one year were approximately RMB56,342,000 and RMB844,395,000 respectively (31 December 2007: approximately RMB438,197,000 and RMB854,716,000 respectively).

The unaudited consolidated interest expenses for the six months ended 30 June 2008 amounted to RMB6,676,000 (corresponding period in 2007: RMB17,926,000) in total. In addition, for the six months ended 30 June 2008, interests with an unaudited amount of RMB31,040,000 (corresponding period in 2007: RMB18,430,000) were capitalized. Interest cover (including amount of interests capitalized) was 12.2 times (corresponding period in 2007: 0.8 times).

As at 30 June 2008, the ratio of total liabilities to total assets of the Group was 36.8% (31 December 2007: 48.8%).

As at 30 June 2008, the ratio of bank loans and other borrowings to shareholder's funds of the Group was 22.3% (31 December 2007: 33.5%).

As at 30 June 2008, the ratio of bank loans and other borrowings to total assets was 13.8% (31 December 2007: 16.8%).

In conclusion, the financial position of the Group is sound.

Capital commitments

As at 30 June 2008, the capital commitments of the Group were RMB208,766,000 (31 December 2007: RMB437,493,000), which were mainly the capital commitments for land acquisition costs and construction costs. It is expected that the Group will finance such commitments from its own funds and/or bank loans.

Guarantees and contingent liabilities

As at 30 June 2008, the contingent liabilities of the Group was approximately RMB681,261,000 (31 December 2007: RMB523,015,000), which was mainly the guarantee given by the Group in favour of certain banks for the grant of mortgage loans to buyers of the Group's properties.

Pledge of assets

As at 30 June 2008, investment properties of the Group with net book value of approximately RMB946,367,000 (31 December 2007: approximately RMB946,367,000), completed properties held for sale of RMB nil (31 December 2007: approximately RMB22,689,000), properties under development of approximately RMB764,034,364 (31 December 2007: approximately RMB1,117,186,000), properties under the category of property and equipment of approximately RMB163,422,852 (31 December 2007: RMB nil) and pledged deposits of RMB nil (31 December 2007: approximately RMB196,000) were pledged to secure the banking facilities of the Group.

Foreign Exchange Risk

In the balance of bank deposits (including restricted bank balances) for the Group as at 30 June 2008, Renminbi, US dollars, HK dollars and Euro accounted for 79.2%, 19.4%, 1.1% and 0.3% respectively (31 December 2007: accounted for 33.2%, 56.2%, 10.6% and 0%respectively).

As the sales, purchase and bank borrowings of the Group in the first half of 2008 and the corresponding period in 2007 were made mainly in Renminbi, the foreign exchange risk exposed by the Group was relatively minor. The Group did not use foreign exchange hedging instruments to hedge foreign exchange rate risks in the first half of 2008 and the corresponding period in 2007.

Interest rate risks

The interest rates for the Group's loans were floating. Upward fluctuations in interest rates will increase the interest cost of new loans and existing loans. The Group currently does not use derivative instruments to hedge its interest rate risks.

Subsequent events

There was no matter that causes material impact on the Group between the balance sheet date (i.e. 30 June 2008) and the date of this interim report.

Prospects and outlook

The Group will continue to pay attention to the fluctuation in the market in a cautious manner so as to capture opportunities, and place emphasis on acquiring land bank for commercial comprehensive development at low cost through merger and acquisition. In the meantime, the pace of development for existing projects is expected to be accelerated so as to speed up the recovery of funds. With sufficient funds, low gearing and a land bank of quality and low cost, the Group has strong ability of resisting risk and to remain competitive in the market.

Condensed Consolidated Income Statement

	Notes	Unaudited For the six months ended 30 June 2008 RMB'000	2007 RMB'000
Revenue	4	**1,288,872**	135,613
Cost of sales		**(828,997)**	(76,733)
Gross profit		**459,875**	58,880
Other income	4	**56,480**	23,897
Selling and distribution costs		**(25,031)**	(8,277)
Administrative expenses		**(32,004)**	(27,809)
Other expenses		**(44,680)**	(1,068)
Increase in fair value of investment properties	5	**151,977**	13,668
Finance costs		**(6,676)**	(17,926)
Profit before tax	6	**559,941**	41,365
Income tax	7	**(226,102)**	(9,205)
Profit for the period		**333,839**	32,160
Attributable to:			
Equity holders of the Company		**302,758**	30,751
Minority interests		**31,081**	1,409
		333,839	32,160
Earnings per share attributable to ordinary equity holders of the Company (RMB)	8		
Basic		**0.15**	0.02
Dividends	9	**–**	–

The accompanying notes on pages 20 to 39 form an integral part of the condensed consolidated financial information.

Condensed Consolidated Balance Sheet

	Notes	Unaudited 30 June 2008 RMB'000	Audited 31 December 2007 RMB'000
ASSETS			
Non-current assets			
Property and equipment	10	**202,183**	37,151
Investment properties		**1,175,913**	958,913
Properties under development	11	**1,617,588**	997,961
Goodwill		**115,915**	63,928
Available-for-sale investment		**3,300**	–
Deferred tax assets		**16,501**	21,738
		3,131,400	2,079,691
Current assets			
Completed properties held for sale		**246,425**	212,820
Properties under development	11	**357,345**	1,433,404
Prepayments, deposits and other receivables	12	**490,137**	920,746
Pledged deposits		**–**	196
Cash and cash equivalents		**2,316,720**	3,038,517
		3,410,627	5,605,683
Total assets		**6,542,027**	7,685,374
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the Company			
Issued capital	13	**189,070**	190,808
Reserves		**3,843,340**	3,663,485
		4,032,410	3,854,293
Minority interests		**100,841**	81,681
Total equity		**4,133,251**	3,935,974

Condensed Consolidated Balance Sheet

	Notes	Unaudited 30 June 2008 RMB'000	Audited 31 December 2007 RMB'000
Non-current liabilities			
Interest-bearing bank and other borrowings	14	**844,395**	854,716
Deferred tax liabilities		**151,978**	71,864
		996,373	926,580
Current liabilities			
Trade payables	15	**253,830**	406,155
Bills payable		**–**	196
Other payables and accruals		**271,303**	283,268
Advances from customers		**271,077**	1,301,721
Interest-bearing bank and other borrowings	14	**56,342**	438,197
Tax payable		**559,851**	393,283
		1,412,403	2,822,820
Total liabilities		**2,408,776**	3,749,400
Total equity and liabilities		**6,542,027**	7,685,374
Net current assets/(liabilities)		**1,998,224**	2,782,863
Total assets less current liabilities		**5,129,624**	4,862,554

The accompanying notes on pages 20 to 39 form an integral part of the condensed consolidated financial information.

Condensed Consolidated Statement of Changes In Equity

	Note	Unaudited										
		Issued capital	Share premium account	Contributed surplus	Capital reserve	Statutory surplus reserve	Statutory reserve fund	Exchange fluctuation reserve	Retained profits	Total	Minority interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2007		–	–	39,318	6,326	15,174	2,099	–	138,510	201,427	46,155	247,582
Profit for the period		–	–	–	–	–	–	–	30,751	30,751	1,409	32,160
Foreign currency translation differences		–	–	–	–	–	–	6,319	–	6,319	–	6,319
Acquisition of an additional equity interest in a subsidiary	16(d)	–	–	–	3,440	–	–	–	–	3,440	(11,440)	(8,000)
Disposal of a subsidiary	17	–	–	–	–	–	–	–	–	–	(200)	(200)
At 30 June 2007		–	–	39,318	9,766	15,174	2,099	6,319	169,261	241,937	35,924	277,861
At 1 January 2008		190,808	3,094,116	39,318	9,766	61,648	6,104	(26,804)	479,337	3,854,293	81,681	3,935,974
Profit for the period		–	–	–	–	–	–	–	302,758	302,758	31,081	333,839
Foreign currency translation differences		–	–	–	–	–	–	(72,613)	–	(72,613)	–	(72,613)
Increase in effective interest of non-wholly owned subsidiaries	16(b)	–	–	–	11,921	–	–	–	–	11,921	(11,921)	–
Shares repurchased and cancelled		(1,738)	(62,211)	–	–	–	–	–	–	(63,949)	–	(63,949)
At 30 June 2008		189,070	3,031,905	39,318	21,687	61,648	6,104	(99,417)	782,095	4,032,410	100,841	4,133,251

The accompanying notes on pages 20 to 39 form an integral part of the condensed consolidated financial information.

Condensed Consolidated Cash Flow Statement

	Unaudited For the six months ended 30 June 2008 RMB'000	2007 RMB'000
Cash generated from/(used in) operating activities	**240,825**	(347,252)
Net cash inflow/(outflow) from operating activities	**165,084**	(403,871)
Net cash outflow from investing activities	**(372,109)**	(207,328)
Net cash inflow/(outflow) from financing activities	**(442,159)**	702,592
Net increase/(decrease) in cash and cash equivalents	**(649,184)**	91,393
Cash and cash equivalents at 1 January	**3,038,517**	130,073
Effect of foreign exchange rate changes, net	**(72,613)**	6,319
Cash and cash equivalents at 30 June	**2,316,720**	227,785
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**2,316,720**	227,785

The accompanying notes on pages 20 to 39 form an integral part of the condensed consolidated financial information.

1. Corporate information and reorganisation

The Company is a limited liability company incorporated as an exempted company in the Cayman Islands on 13 March 2007 under the Companies Law (revised) of the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

In preparation for the listing of the Company on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") in November 2007, the Company and its subsidiaries underwent a reorganisation (the "Reorganisation"), as a result of which the Company became a holding company of the subsidiaries comprising the Group.

The Group is principally engaged in property development, leasing and hotel management. The Group's property development projects during the six months ended 30 June 2008 are all located in Zhejiang and Anhui provinces, the People's Republic of China (the "PRC"). There were no significant changes in the nature of the Group's principal activities during the period under review.

In the opinion of the Directors, the holding company and the ultimate holding company of the Company is Whole Good Management Limited, a company incorporated in the British Virgin Islands on 3 May 2007. Whole Good Management Limited is wholly owned by Mr. Shi Kancheng (alias Shi Zhongan) ("Mr. Shi"), the Chairman and Chief Executive Officer of the Company.

This unaudited condensed consolidated interim financial information was approved by the Board for issue on 12 September 2008.

2. Basis of presentation and accounting policies

The unaudited condensed consolidated interim financial information has been prepared on a continuing basis as if the Reorganisation had been completed as at the beginning of 2007. The acquisition of Ideal World Investments Limited ("Ideal World") and other subsidiaries pursuant to the Reorganisation were regarded as a business combination under common control, because the Company, Ideal World and other subsidiaries are ultimately controlled by the same party, Mr. Shi before and after the Reorganisation. The unaudited condensed consolidated income statements, balance sheets, cash flow statements and statements of changes in equity of the companies now comprising the Group have been prepared as if the Reorganisation had been completed as at the beginning of 2007, or from the respective dates of establishment/incorporation of the companies (where this is a shorter period), to the extent of interests held by the Company's shareholders.

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2008 has been prepared in accordance with IAS 34, "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2007, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

2. Basis of presentation and accounting policies (continued)

Except as described below, the accounting policies applied are consistent with those of the annual financial statements of the Group for the year ended 31 December 2007, as described in those annual financial statements.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2008 but are not currently relevant for the Group:

- IFRIC 11, 'IFRS 2 – Group and treasury share transactions'.
- IFRIC 12, 'Service concession arrangements'.
- IFRIC 14, 'IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction'.

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

- IFRS 8, 'Operating segments', effective for annual periods beginning on or after 1 January 2009. IFRS 8 replaces IAS 14, 'Segment reporting', and requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The Group expects to adopt IFRS 8 from 1 January 2009, should its adoption be applicable to the Group.

- IAS 23 (amendment), 'Borrowing costs', effective for annual periods beginning on or after 1 January 2009. It requires capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Group currently capitalises the borrowing costs which are directly attributable to the construction of the Group's projects, the revised standard is unlikely to have any financial impact on the Group.

- IFRS 2 (amendment), 'Share-based payment', effective for annual periods beginning on or after 1 January 2009. The Standard restricts the definition of "vesting condition" to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. In the case that the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation. The Group has not entered into share-based payment schemes with non-vesting conditions attached and, therefore, does not expect significant implications on its accounting for share-based payments.

2. Basis of presentation and accounting policies (continued)

- IFRS 3 (amendment), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements upon the Group.

- IAS 1 (amendment), 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. It separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income. It presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is still evaluating whether it will have one or two statements.

- IAS 32 (amendment), 'Financial instruments: presentation', and consequential amendments to IAS 1, 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. The Group does not expect that these amendments would have impact on the financial statements of the Group.

- IFRIC 13, 'Customer loyalty programmes', effective for annual periods beginning on or after 1 July 2008. It requires that loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transaction. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished. As the Group currently has no customer loyalty award credits, it is not applicable to the Group and therefore is unlikely to have any financial impact on the Group.

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, it has concluded that while the adoption of IFRS 8 may result in new or amended disclosures, these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. Segment information

The Group's turnover and profit for the six months ended 30 June 2007 and 30 June 2008 were mainly derived from the property development business. The principal assets employed by the Group and the Group's property development projects are both located in the PRC. Accordingly, no analysis by business and geographical segments is presented.

4. Revenue and other income

Revenue, which is also the Group's turnover, represents revenue from the sale of properties, leasing, hotel operation and management fee income during the period under review, net of business tax and other sales related taxes and discounts allowed.

An analysis of revenue and other income is as follows:

	Unaudited For the six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
Revenue		
Sale of properties	**1,323,005**	138,584
Leasing income	**11,164**	2,742
Management fee income	**2,763**	1,694
Revenue from hotel operation	**22,126**	–
Others	**144**	–
Less: Business tax and surcharges	**(70,330)**	(7,407)
	1,288,872	135,613
Other income		
Interest income	**26,247**	3,548
Excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition	**–**	19,689
Government grants	**2,300**	600
Gain on foreign exchange differences	**27,904**	–
Others	**29**	60
	56,480	23,897

5. Increase in fair value of investment properties

The increase in fair value of investment properties during the six months ended 30 June 2008 derived from the office building of Highlong Plaza.

6. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	Unaudited For the six months ended 30 June 2008 RMB'000	2007 RMB'000
Cost of properties sold	**820,481**	76,733
Depreciation	**5,655**	2,463
Amortisation of land use rights	**–**	1,044
Minimum lease payments under operating leases		
– Office premises	**979**	99
Auditors' remuneration	**357**	129
Staff costs including		
Directors' remuneration:		
– Salaries and other staff costs	**20,860**	12,966
– Retirement benefits scheme contributions	**1,358**	696
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**823**	659
Excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition arising from acquisition of a subsidiary	**–**	(19,689)
Gain on disposal of a subsidiary	**–**	(4)
Impairment in goodwill	**41,343**	–
Changes in fair value of investment properties	**(151,977)**	(13,668)

7. Income 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 under review.

Provision for the PRC income tax has been provided at the applicable income tax rate of 25% on the assessable profits of the Group's subsidiaries in Mainland China.

According to the requirements of the Provisional Regulations of the PRC on Land Appreciation Tax (the "LAT") effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995, all income from the sale or transfer of the state-owned prepaid land lease payments, buildings and their attached facilities in Mainland China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

	Unaudited For the six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
Current tax:		
PRC corporate income tax	**98,870**	8,380
PRC land appreciation tax	**101,971**	9,492
Deferred tax:		
Relating to origination and reversal of temporary differences	**25,261**	(8,667)
Total tax charge	**226,102**	9,205

7. Income tax (continued)

The PRC Enterprise Income Tax Law provides that an income tax rate of 20% will normally be applicable to dividends payable to non-PRC enterprise investors which are derived from sources within the PRC, unless there exists a tax treaty between the PRC and the relevant jurisdictions in which such non-PRC enterprise shareholders reside whereupon the relevant tax may be reduced or exempted. In accordance with the PRC Enterprise Income Tax Law and the "Implementation Rules of the People's Republic of China on the Enterprise Income Tax Law" promulgated by the State Council on 6 December 2007 and effective from 1 January 2008, a reduced income tax rate of 10% shall be applicable to any dividends payable to non-PRC enterprise investors from foreign invested enterprises.

8. Earnings per share attributable to the equity holders of the Company

The calculation of basic earnings per share is based on the profit for the six months ended 30 June 2008 attributable to ordinary equity holders of the Company of RMB302,758,000 (corresponding period in 2007: RMB30,751,000) and the weighted average ordinary shares of 1,993,051,005 (corresponding period in 2007: 1,457,000,000) in issue during the six months ended 30 June 2008.

The Company's weighted average number of 1,457,000,000 ordinary shares in issue used in the basic earnings per share calculation for the six months ended 30 June 2007 is determined on the assumption that these ordinary shares had been issued throughout that period, comprising:

(i) the one and 999,999 shares of the Company allotted and issued nil paid upon incorporation on 13 March 2007;

(ii) the 1,000,000 shares issued as consideration for the acquisition of a subsidiary on 17 October 2007; and

(iii) the 1,455,000,000 shares allotted and issued on 17 October 2007 in connection with the Company's initial public offering.

Diluted earnings per share amount has not been presented as there were no diluting events during the period under review.

9. Dividends

No dividends have been paid or declared by the Company and its subsidiaries during the six months ended 30 June 2008 (corresponding period in 2007: Nil).

10. Property and equipment

	Unaudited					
	Properties RMB'000	Machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2008						
Cost	12,590	1,408	20,010	16,281	210	50,499
Accumulated depreciation	(3,212)	(656)	(2,799)	(6,681)	–	(13,348)
Net carrying amount	9,378	752	17,211	9,600	210	37,151
At 1 January 2008, net of accumulated depreciation	9,378	752	17,211	9,600	210	37,151
Additions	–	319	653	3,889	544	5,405
Transfer from properties under development (note 11)	165,282	–	–	–	–	165,282
Depreciation provided during the period	(2,541)	(71)	(1,652)	(1,391)	–	(5,655)
At 30 June 2008, net of accumulated depreciation	172,119	1,000	16,212	12,098	754	202,183
At 30 June 2008:						
Cost	177,872	1,727	20,663	20,170	754	221,186
Accumulated depreciation	(5,753)	(727)	(4,451)	(8,072)	–	(19,003)
Net carrying amount	172,119	1,000	16,212	12,098	754	202,183

10. Property and equipment (continued)

	Unaudited					
	Properties RMB'000	Machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2007:						
Cost	12,086	1,403	3,908	12,219	–	29,616
Accumulated depreciation	(2,148)	(525)	(1,006)	(4,900)	–	(8,579)
Net carrying amount	9,938	878	2,902	7,319	–	21,037
At 1 January 2007, net of accumulated depreciation	9,938	878	2,902	7,319	–	21,037
Additions	723	–	246	2,683	–	3,652
Acquisition of a subsidiary (note 16(c))	–	–	88	240	–	328
Disposals	–	–	–	(76)	–	(76)
Depreciation provided during the period	(1,203)	(12)	(266)	(982)	–	(2,463)
At 30 June 2007, net of accumulated depreciation	9,458	866	2,970	9,184	–	22,478
At 30 June 2007:						
Cost	12,809	1,403	4,242	14,952	–	33,406
Accumulated depreciation	(3,351)	(537)	(1,272)	(5,768)	–	(10,928)
Net carrying amount	9,458	866	2,970	9,184	–	22,478

All property and equipment were carried at cost.

11. Properties under development

	Unaudited 30 June 2008 RMB'000	Audited 31 December 2007 RMB'000
At 1 January	**2,431,365**	1,175,003
Additions	**267,599**	1,019,449
Acquisition of a subsidiary (note 16 (a) & (c))	**360,360**	487,000
Amortisation of land use rights recognised as expenses	**–**	(2,087)
Transfer to investment properties	**(65,023)**	(178,432)
Transfer to completed properties held for sale	**(854,086)**	(69,568)
Transfer to property and equipment (note 10)	**(165,282)**	–
At period/year end	**1,974,933**	2,431,365
Current assets	**357,345**	1,433,404
Non-current assets	**1,617,588**	997,961
	1,974,933	2,431,365

The Group's properties under development were located in Mainland China.

12. Prepayments, deposits and other receivables

Prepayments, deposits and other receivables do not include trade receivables.

13. Share capital

Shares

	Unaudited 30 June 2008 '000	Audited 31 December 2007 '000
Authorised:		
4,000,000,000 ordinary shares of HK$0.10 each	**HK$400,000**	HK$400,000
Issued and fully paid:		
1,981,783,000 ordinary shares of HK$0.10 each as at 30 June 2008 and 2,000,000,000 ordinary shares as at 31 December 2007 of HK$0.10 each	**RMB189,070**	RMB190,808

During the six months ended 30 June 2008, the Company has repurchased 19,244,000 ordinary shares on the Stock Exchange and 18,217,000 ordinary shares were cancelled on or before 30 June 2008. The remaining 1,027,000 ordinary shares were subsequently cancelled after 30 June 2008.

A summary of the transactions during the six months ended 30 June 2008 with reference to the above movement in the Company's issued ordinary share capital is detailed in the condensed consolidated statement of changes in equity as set out on page 18 of this interim report.

14. Interest-bearing bank and other borrowings

	Unaudited 30 June 2008 RMB'000	Audited 31 December 2007 RMB'000
Current:		
Bank borrowings – secured	**56,342**	268,000
Other borrowings – unsecured	**–**	170,197
	56,342	438,197
Non-current:		
Bank borrowings – secured	**844,395**	854,716
Other borrowings – unsecured	**–**	–
	844,395	854,716

14. Interest-bearing bank and other borrowings (continued)

	Unaudited 30 June 2008 RMB'000	Audited 31 December 2007 RMB'000
Repayable:		
Within one year or on demand	**56,342**	438,197
Over one year but within two years	**141,920**	90,900
Over two years but within five years	**576,975**	265,316
Over five years	**125,500**	498,500
	900,737	1,292,913
Current liabilities	**56,342**	438,197
Non-current liabilities	**844,395**	854,716

As at 30 June 2008, except for certain short-term bank borrowings of RMB nil (31 December 2007: RMB183,000,000) and other borrowings of RMB nil (31 December 2007: RMB170,197,000), bore interest at fixed rates, all bank borrowings bore interest at floating rates.

The Group's bank borrowings bore interest at rates ranging from 6.19% to 8.21% (2007: 6.19% to 8.21%) per annum. The Group's other borrowings bore interest of 5.75% per annum at 2007.

As at 30 June 2008, except for the unsecured other borrowings of RMB nil (31 December 2007: RMB170,197,000) and certain secured bank loans aggregating to US$33,000,000, equivalent to RMB226,350,300 (31 December 2007: US$33,000,000, equivalent to RMB240,316,000) which is denominated in United States dollars, all borrowings are in Renminbi.

Movement in interest-bearing bank and other borrowings are as follows:

	Unaudited For the six months ended 30 June 2008 RMB'000	2007 RMB'000
At 1 January	**1,292,913**	683,280
Addition	**14,100**	871,252
Repayment	**(392,310)**	(115,970)
Effect of foreign exchange rate changes	**(13,966)**	–
	900,737	1,438,562

14. Interest-bearing bank and other borrowings (continued)

The Group's bank loans are secured by:

(i) the Group's investment properties with an aggregate carrying amount of approximately RMB946,367,000 (2007: RMB946,367,000) were pledged for bank loans;

(ii) the Group's properties under development amounting to approximately RMB764,034,364 (2007: 1,117,186,000) were pledged for bank loans;

(iii) the Group's completed properties held for sale amounting to approximately RMB nil (2007: RMB22,689,000) were pledged for bank loans;

(iv) the Group's properties under the category of property and equipment amounting to approximately RMB163,422,852 (2007: RMB nil) were pledged for bank borrowings; and

(v) as at 30 June 2008, the Group's other borrowings of RMB nil (31 December 2007: RMB170,197,000) were guaranteed by Mr. Shi.

The fair values of the interest-bearing bank loans and other borrowings at the end of 30 June 2008 and 31 December 2007 approximate to their corresponding carrying amounts.

15. Trade payables

An ageing analysis of the trade payables as at the balance sheet date, based on the payment due date, is as follows:

	Unaudited 30 June 2008 RMB'000	Audited 31 December 2007 RMB'000
Within six months	**241,486**	394,101
Over six months but within one year	**6,308**	7,170
Over one year	**6,036**	4,884
	253,830	406,155

The above balances are unsecured and interest-free. The fair values of the trade payables as at 30 June 2008 and 31 December 2007 approximate to their corresponding carrying amounts.

16. Acquisition of subsidiaries

(a) On 15 January 2008, the Group completed the acquisition (the "Acquisition") of the equity interest of Hangzhou Zheng Jiang Real Estate Development Co., Ltd. (杭州正江房地產開發有限公司) ("Zheng Jiang"), a limited liability company established in the PRC. Its principal activity is property development. The Acquisition has been accounted for using the purchase method of accounting. The interim condensed consolidated financial information includes the results of Zheng Jiang for the period from 15 January 2008 to 30 June 2008.

The fair value of the identifiable assets and liabilities of Zheng Jiang as at the date of the Acquisition were:

	As at the date of Acquisition date	
	Fair value recognised on acquisition Unaudited RMB'000	**Carrying amount Unaudited** RMB'000
Net assets acquired		
Properties under development (note 11)	360,360	120,000
Cash and cash equivalents	10,000	10,000
Tax payables	(30,000)	(30,000)
Deferred tax liabilities	(60,090)	–
	280,270	100,000
Goodwill arising on the Acquisition	93,330	
Total acquisition cost	373,600	

Cash outflow on the Acquisition:

	Unaudited RMB'000
Net cash acquired from Zheng Jiang	10,000
Cash paid	(373,600)
Net cash outflow	(363,600)

16. Acquisition of subsidiaries (continued)

(a) (continued)

Zheng Jiang contributed no revenue and net profit to the Group for the period from the completion of the Acquisition on 15 January 2008 to 30 June 2008. If the Acquisition had occurred on 1 January 2008, the consolidated revenue and consolidated profit of the Group for the six months ended 30 June 2008 would have been RMB1,288,872,000 and RMB333,839,000.

The goodwill recognised above is attributed to the expected development potential of the properties owned by Zheng Jiang and the expected synergies and other benefits from combining the assets and activities of Zheng Jiang with those of the Group.

The fair values of Zheng Jiang's identifiable assets, liabilities or contingent liabilities were determined only provisionally at 30 June 2008. Hence, the Company shall recognise any adjustments to those provisional values as a result of completing the initial accounting within 12 months of the date of Acquisition.

(b) In April 2008, the Group's effective equity interest in Zheng Jiang and Hangzhou Danube Real Estate Co., Ltd. (杭州多瑙河置業有限公司) is increased by 6.325% and 2.65% respectively through capital injection of RMB10,000,000 and RMB3,600,000 by the Group respectively.

(c) Pursuant to a share transfer agreement dated 5 June 2007 as supplemented by two supplemental agreements dated 18 June 2007 and 12 August 2007, respectively entered into between Ideal World as transferee and Huijun Architectural Design Limited ("Huijun Design"), an independent third party, as transferor, Huijun Design agreed to transfer the 100,000 ordinary shares of par value of HK$1 each of Huijun (International) Holdings Limited ("Huijun International"), a wholly-owned subsidiary of Huijun Design, to Ideal World for a consideration of HK$100,000. In addition, the share transfer agreement was subject to the following conditions:

(i) Huijun Design assigns to the Group loans of approximately HK$218,000,000 owed by Huijun International to Huijun Design for a consideration of US$28,800,000. The Group is obligated to pay the consideration to Huijun Design after completion of the development and sale of properties of Zhejiang Huijun Real Estate Co., Ltd. ("Huijun Real Estate"), a subsidiary of Huijun International established in the PRC, and the completion of liquidation of Huijun Real Estate or on an earlier date the Group may choose. Regardless of when the Group elects or is due to pay the consideration, the Group's payment obligation is subject to the return of RMB210,000,000 deposits paid by Zhejiang Zhong An as a guarantee for the payment obligation;

(ii) The Group agrees to pay a sum of RMB76,700,000 to Huijun Real Estate in respect of the amounts owed by Huijun Real Estate to third parties;

16. Acquisition of subsidiaries (continued)

(c) (continued)

(iii) The Group agrees to pay RMB150,000,000 in respect of a loan payable to Hangzhou Jiayuan Property Development Co., Ltd., a minority shareholder of Huijun Real Estate, and the interest payable for this loan from 1 April 2007 to 30 June 2007 in the amount of RMB2.4 million; and

(iv) The Group agrees to pay RMB3,000,000 in respect of an amount owed by Huijun Real Estate to Huijun Design.

The 100,000 ordinary shares of Huijun International were transferred to Ideal World on 12 June 2007 and thereafter, Huijun International became a wholly-owned subsidiary of the Group.

The fair values of the identifiable assets and liabilities of Huijun International as at the date of acquisition were:

		As at the acquisition date	
	Notes	**Fair value recognised on acquisition** RMB'000	**Carrying amount** RMB'000
Net assets acquired:			
Property and equipment	10	328	328
Deferred tax assets		7,067	7,067
Properties under development	11	487,000	397,693
Prepayments, deposits and other receivables		233,026	233,026
Cash and cash equivalents		37	37
Trade payables		(29)	(29)
Other payables and accruals		(233,890)	(233,890)
Deferred tax liabilities		(22,327)	–
		471,212	404,232
Excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition	4	(19,689)	
		451,523	
Satisfied by:			
Cash		232,260	
Other payable		219,263	
		451,523	

16. Acquisition of subsidiaries (continued)

(c) (continued)

There were no intangible assets being identified separately in the acquisition. The excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition are recognised to the income statement during the six months ended 30 June 2007.

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

	As at the acquisition date RMB'000
Cash consideration paid	(232,260)
Cash and cash equivalents acquired	37
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	(232,223)

(d) In April 2007, Zhejiang Zhong'an Property Development Co., Ltd. acquired additional equity interests of 15% and 1% in Hangzhou White Horse Property Development Co., Ltd. ("White Horse") from Zhejiang Mingri Real Estate Development Co., Ltd. and Zhejiang Datong Real Estate Development Co., Ltd. for considerations of RMB7,500,000 and RMB500,000, respectively. The payable of RMB500,000 was offset against the balance receivable from Zhejiang Nandu Property Co., Ltd. The difference between the cost of investment and share of net assets from the additional interests in White Horse amounting to RMB3,440,000 was credited to capital reserve.

17. Disposal of a subsidiary

In 2007, the Group disposed of its equity interest in Hefei Yixing Agricultural Development Company Limited ("Yixing Agricultural") to Huaibei Kang Ju Wood Products Co., Ltd., an independent third party.

	As at the disposal date RMB'000
Net assets disposed of:	
Prepayments, deposits and other receivables	2,000
Cash and cash equivalents	21
Other payables and accruals	(25)
Minority interests	(200)
	1,796
Gain on disposal of a subsidiary	4
	1,800
Satisfied by:	
Other receivables	1,800

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	As at the disposal date RMB'000
Cash consideration received	–
Cash and cash equivalents disposed of	(21)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(21)

18. Related party transactions

The Group had the following transactions with related parties during the period under review:

(a) During the six months ended 30 June 2008, there were fund transfers between the Group and a Director, Mr. Shi. The maximum balance receivable from Mr. Shi amounted to RMB397,847 (the corresponding period in 2007: maximum balance receivable of RMB488,000). The fund transfers were unsecured, interest-free and temporary in nature.

The amount due from/(to) Mr. Shi at 30 June 2008 is RMB397,847 (31 December 2007: RMB(38,000)).

(b) Amounts of loan interest charged by Directors during the period under review is set out as below:

	Unaudited For the six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
Mr. Zhang Jiangang	–	60
Mr. Lou Yifei	–	6
Ms. Shen Tiaojuan	–	361
	–	427

The interests on loans from Directors were charged at an interest rate of 12% per annum.

(c) Compensation of key management personnel of the Group which comprises Directors were RMB2,121,007 and RMB599,938 for the six months ended 30 June 2008 and 2007, respectively.

(d) As at 31 December 2007, other borrowings of RMB170,197,000 of the Group were guaranteed by a Director, Mr. Shi which was repaid during the six months ended 30 June 2008.

19. Capital commitments

The Group had the following commitments for property development expenditure at the balance sheet date:

	Unaudited 30 June 2008 RMB'000	Audited 31 December 2007 RMB'000
Contracted, but not provided for:		
Properties under development	**208,766**	437,493

20. Contingent liabilities

	Unaudited 30 June 2008 RMB'000	Audited 31 December 2007 RMB'000
Guarantees given to banks for:		
Mortgage facilities granted to purchasers of the Group's properties	**681,261**	523,015

The Group provided guarantees in respect of the mortgage facilities granted by certain banks to the purchasers of the Group's properties. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The Group's guarantee period commences from the date of grant of the relevant mortgage loan and ends after the execution of individual purchasers' collateral agreements.

The Group did not incur any material losses during the period under review in respect of the guarantee provided for mortgage facilities granted to purchasers of the Group's properties. The Directors consider that in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

21. Post balance sheet events

There are no events to cause material impact on the Group from the balance sheet date to the date of this interim report.

Director's interests and short positions in securities

As at 30 June 2008, the interests and short positions of a Director and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under 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 Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), were as follows:

Number of shares held and nature of interest in the Company:

Name of Director	Capacity	Number and class of securities held	Approximate percentage of interest	Long/Short Position
Mr. Shi Kancheng	Interest of controlled corporation (Note)	1,457,000,000 shares of HK$0.1 each in the capital of the Company	73.52%	Long

Note: These shares are held by Whole Good Management Limited, the entire issued share capital of which is solely and beneficially owned by Mr. Shi.

Save as disclosed above, as at 30 June 2008, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' rights to acquire shares or debentures

At no time during the six months ended 30 June 2008 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any Director or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or were the Company, its holdings companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors, their respective spouses or children under 18 years of age to acquire such rights in any other body corporate.

Substantial shareholders' and other persons' interests in shares and underlying shares

As at 30 June 2008, the interests or short positions of every person, other than a Director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO are as follows:

Name	Number of shares held	Percentage of the Company's issued share capital	Long/Short Position
Whole Good Management Limited	1,457,000,000	73.52% (Note)	Long

Note: These shares are held by Whole Good Management Limited, the entire issued share capital of which is solely and beneficially owned by Mr. Shi.

Save as disclosed above, as at 30 June 2008, no person, other than a Director or chief executive of the Company, had registered interests or short positions in the shares and underlying shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Model code for securities transactions by directors of listed issuers

During the six months ended 30 June 2008, the Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code.

The Company has made specific enquiry of all Directors and all Directors have confirmed with the Company that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the six months ended 30 June 2008.

Audit committee and independent non-executive Directors

The Company has set up an audit committee (the "Audit Committee") and the terms of reference adopted complied with the requirement of the Listing Rules. The chairman of the Audit Committee is Mr. Heng Kwoo Seng. The other members are Professor Pei Ker Wei and Professor Wang Shu Guang. The Audit Committee comprises all of the three independent non-executive Directors of the Company.

Purchase, sales or redemption of listed securities of the company

During the six months ended 30 June 2008, the Company has repurchased 19,244,000 of its shares on the Stock Exchange at an aggregate price paid of HK$69,820,038. Save as disclosed aforesaid, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2008.

Compliance with the code on corporate governance practices

The Company and the Board have applied the principles in the code provisions of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Listing Rules on the Stock Exchange by adopting the code provisions of the Code.

During the six months ended 30 June 2008, the Board has adopted and complied with the code provisions of the Code in so far they are applicable with the exception of the deviation from the code provision A.2.1 (i.e. the roles of the Chairman and the Chief Executive Officer of the Company are performed by Mr. Shi).

The Board believes that the roles of both the Chairman and the Chief Executive Officer of the Company being performed by the same person provides the Company with consistent leadership and enables the Company to carry out the planning and implementation of business plans and decisions efficiently.

The Board will review the management structure of the Group from time to time and will adopt appropriate measures as may be desirable for future development of the operating activities or business of the Group.