

HAINAN PEARL RIVER HOLDINGS CO., LTD.

SUMMARY OF INTERIM REPORT 2007

§1. Important Notice

1.1 The Board of Directors, the Supervisory Committee as well as directors, supervisors and senior executives of HaiNan Pearl River Holdings Co., Ltd. (hereinafter referred to as the Company) individually and collectively accept responsibility for the correctness, accuracy and completeness of the contents of this report and confirm that there are no material omissions or errors which would render any statement misleading.

The summary of interim report 2007 is abstracted from full text of the interim report, which is published on the Internet website designed by <http://www.cninfo.com.cn> in the mean time. The investors are suggested to read the full text of interim report 2006 to understand more details.

1.2 No director stated that he (she) could not ensure the correctness, accuracy and completeness of the contents of the Interim Report or have objection for this report.

1.3 The interim financial report of the Company has not been audited.

1.4 Mr. Zheng Qing, Chairman of the Board as well as General Manager, Mr. Chen Binglian, Deputy General Manager as well as Deputy General Manager, and Mr. Yang Daoliang, Manager of Financial Department hereby confirm that the Financial Report enclosed in the Interim Report is true and complete.

§2. Company Profile

2.1 Basic information

Short form of the stock	Zhujiang konggu, Pear River B	
Stock code	000505, 200505	
Listed stock exchange	Shenzhen Stock Exchange	
	Secretary of the Board	Securities Affairs Representative
Name	Feng Pai	Gu Lirong
Contact address	29/F, Royal Empire Building, Pearl River Plaza, Binhai Avenue, Haikou	29/F, Royal Empire Building, Pearl River Plaza, Binhai Avenue, Haikou
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2.2 Major financial data and indexes

2.2.1 Major accounting data and financial indexes

Unit: RMB

	Period-end of this term	Period-end of last year		Increase/decrease of this period-end compared with the same period of last year (%)
		Before adjustment	After adjustment	
Total asset	817,329,987.33	739,722,953.45	740,910,490.97	10.31
Owner's equity (or shareholders' equity)	222,752,948.09	226,890,270.22	226,890,270.22	-1.82
Net asset per share	0.5220	0.5317	0.5317	-1.82
	Report period (Jan.-Jun.)	The same period of last year		Increase/decrease of this report period compared with the same period of last year (%)
		Before adjustment	After adjustment	
Business profit	-329,459.29	-18,107,101.96	-21,447,305.31	98.46
Total profit	33,139.55	-21,315,275.10	-21,470,303.11	100.15
Net profit	-4,137,322.13	-20,776,756.84	-21,188,362.23	80.47
Net profit after deducting non-recurring gains/losses	-4,533,955.69	-22,618,748.64	-21,162,227.89	78.58
Earning per basic share	-0.0097	-0.0550	-0.0561	82.71
Earning per diluted share	-0.0097	-0.0550	-0.0561	82.71
Earning ratio of net asset	-1.86%	-40.82%	-41.76%	Up by 39.9 percentage points
Net cash flow raised from operation activities	24,080,873.05	93,685,413.24	93,656,952.07	-74.29
Net cash flow raised from per operation activities	0.06	0.25	0.25	-76.00

2.2.2 Items of non-recurring gains and losses

Applicable

Inapplicable

Unit: RMB

Items of non-recurring gains/losses	Amount	Jan.—Jun., 2006
Gains/losses from disposal of non-current asset	25,308.53	0.00
Other non-business net income/payment	337,290.31	-22,997.80
Influenced amount of income tax		
Influenced amount of minority shareholder gains/losses	34,034.72	-3,136.54
Total	396,633.56	-26,134.34

2.3.3 Difference between CAS and IAS

Applicable

Inapplicable

Effect on profit/ (loss) and net asset of this year from adjustment of International Financial Report Standard

	(unaudited) End at June 30, 2007 Losses for six months RMB'000	(unaudited) As of June 30, 2007 Net asset RMB'000
Amount from legal account	(2,591)	237,954
Effect from adjustment of International Financial Report Standard		
- Written back capital reserves occurred in affiliated company invested by the parent company as construction in progress	-	(2,072)
- uncertain written back tradable financial assets impaired reserve	-	(44,035)
- reserve for bad debt	-	(14,600)
- amortization of land use right	-	(1,337)
-adjustment of long-term amortization expense	-	(1,521)
- adjustment of affiliated company investment profit	-	(9,929)
- other	-	1,035
Amount after adjustment	(2,591)	165,495

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

3.1 Statement of change in shares

Applicable Inapplicable

3.2 Particulars about shares held by the top ten shareholders and the top ten shareholders not subject to moratorium

Total number of shareholders		38405			
Particulars about shares held by the top ten shareholders					
Full name of shareholders	Nature of shareholders	Proportion (%)	Total number of shares held (share)	Number of shares subject to moratorium held	Number of shares pledged or frozen
Beijing Wanfa Real Estate Development Co., Ltd.	State-owned legal person	25.31	107,993,698	107,993,698	53996840
Henglong International Co., Ltd.	Domestic non-state-owned legal person	3.18	13,570,000	13,570,000	0
Guangzhou Lishengde Investment Co., Ltd.	Domestic non-state-owned legal person	2.81	12,000,000	12,000,000	0
Anhui Hengrui Mining Development Co., Ltd.	Domestic non-state-owned legal person	2.07	8,836,600	8,836,600	0
Hebei Securities Co., Ltd.	State-owned legal person	1.52	6,497,500	6,497,500	0
Guangzhou Pearl River Foreign Capital Contraction Design Institute, Hainan Branch	State-owned legal person	1.30	5,532,480	5,532,480	0
Yang Bochen	Domestic natural person	1.28	5,450,000	5,450,000	0
Liunan	Domestic natural person	1.17	5,000,000	5,000,000	0
Gu Hongjuan	Domestic natural person	0.94	4,004,600	4,004,600	0
Ping An Insurance Company Of China, Ltd.	Domestic non-state-owned legal person	0.91	3,898,500	3,898,500	0
Particulars about shares held by the top ten shareholders not subject to moratorium					
Name of shareholder	Shares holding not subject to moratorium		Type of shares		
Yang Jianzhong	2,040,072		A share		
Zhang Xiaoxia	1,949,250		B share		
Houjiong	1,311,333		A share		
Zhao Shuzhen	1,187,374		A share		
Zhang Lijun	894,056		A share		
Panqi	800,065		B share		
Liu Xinfang	710,042		B share		
Xiao Jianming	656,800		A share		
Qiu Lanzhen	628,819		A share		
Wubing	604,100		A share		
Explanation on associated relationship among the top ten shareholders or consistent action	Among the shareholders of the Company, there exists no association relationship between the first largest shareholder and other shareholders; and neither of the first largest shareholder is acting-in-concert with any other shareholders as described by the Administrative Rules on Information Disclosure about Changing of Shareholding Status. The Company was unknown whether there is any associated relationship among the other shareholders; or whether there is any action-in-concert among them as described by the Administrative Rules on Information Disclosure about Changing of Shareholding Status.				

3.3 Particulars about change in controlling shareholder and actual controller of the Company

Applicable Inapplicable

§4. Particulars about Directors, Supervisors and Senior Managements

4.1 Particulars about changes in shares held by directors, supervisors and senior managements

Applicable Inapplicable

Shares' option of the Company held by foresaid personnel and authorized shares amount with restrictions

Applicable Inapplicable

§5. Discussion and Analysis of the Management

5.1 Main operations classified according to industries or products

Industries or products	Business income	Business cost	Gross profit ratio (%)	Increase/decrease of business income compared with the same period of last year (%)	Increase/decrease of business cost compared with the same period of last year (%)	Increase/decrease of gross profit ratio compared with the same period of last year (%)
Sale of real estate	59,422,762	35,218,184	40.73	1,326.24	523.16	Up by 76.38 percentage points
Property management and service	19,045,377	16,939,740	11.06	52.66	59.10	Down by 3.6 percentage points

Among which, in the report period, listed company provided controlling shareholders and subsidiaries of related transactions (selling products and providing labor service) amounted to RMB .

5.2 Main operations classified according to region

Area	Business income	Increase/decrease of business income compared with (%)
Hannan	23,108,750	27.67
Hubei	55,359,389	

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

Applicable Inapplicable

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

Applicable Inapplicable

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

Applicable Inapplicable

5.6 Utilization of the raised proceeds

5.6.1 Utilization of the raised proceeds

Applicable Inapplicable

5.6.2 Change of projects

Applicable Inapplicable

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

Applicable Inapplicable

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

Applicable Inapplicable

Achievement forecasts	<input type="checkbox"/> loss-making <input type="checkbox"/> turning the loss-making to profits <input type="checkbox"/> increase by a large margin towards the same direction <input type="checkbox"/> decrease by a large margin towards the same direction
Explanation on achievement forecasts (explanation on reason, indetermination and influence of achievement forecasts)	The 2 nd term of Wuhan “Meilin Qingcheng” project of the Company was not start, so directional increasing distribution was not perform. It is estimated that the Company would possibly make losses in the 3 rd report period, but the detailed amount is undetermined.

5.9 Explanation of the Management Team on “Qualified Opinion” from the Certified Public Accountants in the report period

Applicable

Inapplicable

5.10 Explanation of the Management Team on changes and solutions of the issues involved in “Qualified Opinion” from the Certified Public Accountants in the last year

Applicable

Inapplicable

§6. Important Events

6.1 Purchase, sales and assets reorganization

6.1.1 Purchase of assets

Applicable

Inapplicable

6.1.2 Sales of assets

Applicable

Inapplicable

6.1.3 Progress of these events after the publication of the Assets Reorganization Report or public notices on the purchases or sales of assets, as well as the influences of these events on the operation results and financial status of the Company in the report period

Applicable

Inapplicable

6.2 Important guarantee events

Applicable

Inapplicable

6.3 Related credits and liabilities current

Applicable

Inapplicable

Related parties	Related relationship	Loans to an related parties		Related parties loans to the Company	
		Debt entry	Balance at the end of the period	Credit entry	Balance at the end of the period
Beijing Xinxing Real Estate Development Corporation	Controlling shareholder of the principle shareholder			92,451,400.00	169,530,804.57
Beijing Wanfa Real Estate Development Co., Ltd.	Principle shareholder of the Company			35,605,000.00	51,905,000.00
Total				128,056,400.00	221,435,804.57

Note: In the report period, amount of related transactions that listed company provided fund to its controlling shareholder and its subsidiaries was RMB 0.00, and balance was RMB 0.00.

6.4 Significant lawsuits and arbitrations

Applicable Inapplicable

6.5 Other important events as well as analyses and explanations on their influences and solutions

Applicable Inapplicable

6.5.1 Securities investment

Applicable Inapplicable

6.5.2 Holding equity of other listed company

Applicable Inapplicable

6.5.3 Holding non-listed financial enterprise equity and equity planned to list

Applicable Inapplicable

Name of objects	Initial investment amount	Holding amount	Proportion of the Company's equity	Book value at the end of period	Loss/gain in the report period	Change of owner' equity in the report period
Equity of Southwest Securities Co., Ltd.	RMB 150,000,000	75,000,000 shares	3.21%	68,000,451.80		

6.6 Statement for receiving investigation, communication, interview, etc. in the report period.

Reception time	Reception place	Reception way	Reception object	Discussion content and materials provided by the Company
None				

§7. Financial Report

7.1 Auditors' opinions

Financial Report	Un-audited	Audited
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7.2 Financial statement

7.3 Notes to the statements

7.3.1 Should there be any changes in accounting policies or accounting estimation or correction of accounting errors, give the relevant content, reasons and amounts influenced.

Applicable Inapplicable

7.3.2 Should there be any significant changes in the consolidation scope of the financial statements, give the reasons and the amounts influenced.

Applicable Inapplicable

7.3.3 Should the auditors have expressed qualified opinions, give relevant notes to the issues involved.

Applicable Inapplicable

**Board of Directors of
HaiNan Pearl River Holdings Co., Ltd.**

Aug., 2007

Consolidated income statement

for the period from 1 January 2007 to 30 June 2007

	(unaudited) Six months ended 30 June 2007 RMB'000	(unaudited) Six months ended 30 June 2006 RMB'000
Revenue	79,347	16,319
Cost of sales	(57,168)	(17,204)
Gross profit/(loss)	22,179	(885)
Other income	363	238
Selling, general and administrative expenses	(13,930)	(8,188)
Profit / (Loss) from operations	8,612	(8,835)
Net finance costs	(8,578)	(9,376)
Share of losses of associates	-	(2,311)
Profit / (Loss) before income tax	34	(20,522)
Income tax expense	(2,625)	-
Loss for the period	(2,591)	(20,522)
Attributable to :		
Equity holders of the Company	(4,136)	(20,234)
Minority interests	1,545	(288)
Loss for the period	(2,591)	(20,522)
Basic loss per share (RMB Fen)	(0.97)	(4.74)

Consolidated balance sheet

as at 30 June 2007

	(unaudited) 30 June 2007 RMB'000	(audited) 31 December 2006 RMB'000
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	217,991	166,565
Land use right	27,629	25,995
Investments in unconsolidated subsidiaries	-	2,932
Interests in associates	1,729	1,397
Available-for-sale financial investments	26,290	25,640
	273,639	222,529
Current assets		
Inventories	286,876	330,041
Trade and other receivables	125,599	91,412
Cash at banks and in hand	58,757	25,357
	471,232	446,810
Current liabilities		
Trade and other payables	263,243	137,260
Loans from related companies	221,436	93,379
Dividends payable	3,213	3,213
Tax payable	1,850	6,331
Borrowings	67,634	134,070
	557,376	374,253
Net current (liabilities) / assets	(86,144)	72,557
Non-current liabilities		
Borrowings	22,000	127,000
Net assets	165,495	168,086
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	426,745	426,745
Reserves	(276,445)	(272,309)
	150,300	154,436
Minority interests	15,195	13,650
Total equity	165,495	168,086

Consolidated statement of changes in equity

for the period from 1 January 2007 to 30 June 2007

Equity attributable to equity holders of the Company

	Share capital RMB'000	Capital reserve RMB'000	Statutory common reserve fund RMB'000	Accumulated losses RMB'000	Total RMB'000	Minority Interest RMB'000	Total equity RMB'000
Balance at 1 January 2006 (audited)	377,651	288,912	109,908	(742,043)	34,428	6,098	40,526
Loss for the period (unaudited)	-	-	-	(20,234)	(20,234)	(288)	(20,522)
Total recognised income and expense for the period	-	-	-	(20,234)	(20,234)	(288)	(20,522)
Balance at 30 June 2006 (unaudited)	377,651	288,912	109,908	(762,277)	14,194	5,810	20,004
Balance at 1 January 2007 (audited)	426,745	334,096	114,091	(720,496)	154,436	13,650	168,086
Loss for the period (unaudited)	-	-	-	(4,136)	(4,136)	1,545	(2,591)
Total recognised income and expense for the period	-	-	-	(4,136)	(4,136)	1,545	(2,591)
Balance at 30 June 2007 (unaudited)	426,745	334,096	114,091	(724,632)	150,300	15,195	165,495

Consolidated cash flow statement for the period from 1 January 2007 to 30 June 2007

	(unaudited) Six months ended 30 June 2007 RMB'000	(unaudited) Six months ended 30 June 2006 RMB'000
Cash flows from operating activities		
Profit / (Loss) before taxation	34	(20,522)
Adjustments for :		
Depreciation	1,321	887
Amortisation of land use right	410	-
Interest income	-	(40)
Interest expenses	8,578	9,416
Share of losses of associates	-	2,311
Operating profit/(loss) before working capital changes	10,343	(7,948)
Decrease/(Increase) in inventories	24,167	(86,553)
Increase in trade and other receivables	(34,187)	(36,437)
Decrease in amounts due from related companies	-	578
(Decrease)/Increase in trade and other payables	(10,585)	259,264
(Decrease)/Increase in amount due to an unconsolidated subsidiary	-	(1,373)
Increase/(Decrease) in amounts due to associates	-	(686)
Cash (used in)/generated from operations	(10,262)	126,845
Interest paid	(2,010)	(9,416)
Income tax paid	(7,106)	-
Net cash (used in)/generated from operating activities	(19,378)	117,429
Cash flows from investing activities		
Purchases of property, plant and equipment	(34,522)	(20,239)
Increase in available-for-sale financial investments	-	(160)
Proceeds from disposal of property, plant and equipment	679	-
Proceeds from disposal of an associate	-	1,672
Interest received	-	40
Net cash used in investing activities	(33,843)	(18,687)
Cash flows from financing activities		
Increase in loans from related companies	128,057	-
Increase in trade and other payables	130,000	-
Repayment of bank loans	(171,436)	(55,137)
Repayment of loans from related companies	-	(54,063)
Repayment of loans from associate	-	(1,000)
Dividend paid to minority interest	-	(42)
Net cash (used in)/generated from financing activities	86,621	(110,242)
Net increase/(decrease) in cash and cash equivalents	33,400	(11,500)
Cash and cash equivalents at 1 January	25,357	27,790
Cash and cash equivalents at 30 June	58,757	16,290