China Properties Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1838

Solid Foundation

Interim Report 2009

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Wang Shih Chang, George *(Chairman)*
Mr. Wong Sai Chung *(Managing Director)*
Mr. Xu Li Chang

Non-executive Director

Mr. Kwan Kai Cheong

Independent Non-executive Directors

Mr. Warren Talbot Beckwith
Mr. Cheng Chaun Kwan, Michael
Mr. Luk Koon Hoo
Mr. Garry Alides Willinge
Mr. Wu Zhi Gao

COMMITTEES

Audit Committee

Mr. Warren Talbot Beckwith *(Chairman)*
Mr. Cheng Chaun Kwan, Michael
Mr. Luk Koon Hoo
Mr. Garry Alides Willinge
Mr. Wu Zhi Gao

Remuneration Committee

Dr. Wang Shih Chang, George *(Chairman)*
Mr. Luk Koon Hoo
Mr. Garry Alides Willinge

AUTHORIZED REPRESENTATIVES

Dr. Wang Shih Chang, George
Mr. Wong Sai Chung

QUALIFIED ACCOUNTANT

Mr. Lai Siu Hung

COMPANY SECRETARY

Ms. Yu Ling Ling

STOCK CODE

1838

COMPANY'S WEBSITE

cpg.mydyn.net

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

14th Floor, Wheelock House
20 Pedder Street
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Trustee (Cayman) Limited
P.O. Box 484
HSBC House
68 West Bay Road
Grand Cayman
KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Hang Seng Bank Limited
Wing Hang Bank, Limited

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

It is unquestionable that the sudden and unprecedented financial turmoil over the past century has evaporated billions of wealth of not less than forty five trillion U.S. dollars. However, people have yet to realize and experience the real disaster caused by such rare financial turmoil given the fact that the agonies of the financial turmoil have yet to seep into our daily life. Economic disaster may yet be inevitable and come soon, so the issues that concern us most are the form and time of such disaster. It is predictable that the global economy will be fluctuate in the future. Consequently, the Group emphasizes that it is our policy not to purchase expensive land and not to speculate in stock. On the contrary, the Group aims at seizing the best timing and opportunity to "sell" properties at prime and "purchase" land at low prices. Small profits and quick returns focus is not necessarily the best business model for property developers. To have an eternal business growth, we opt to maintain low leverage, to purchase and sell properties in first-tier and second-tier cities at competitive prices which will generate a high return. The Group will not involve any large development project with high risk and low return. Should this philosophy of business be maintained, over next few years, in terms of the Group's assets and profitability, it will ensure a strong foothold as a leader in China's property market.

BUSINESS ENVIRONMEMT

Overview of the Mainland Property Market

Market sentiment improved notably in the first half of 2009 as the central government's economic stimulus measures have apparently arrested the economic downturn. The government's RMB4 trillion fiscal stimulus plan and new loans of RMB7.37 trillion in the first half of 2009, more than triple the lending levels of a year earlier, have been driving growth. In the first seven months, urban fixed asset investment grew 32.9%.

Due to weakening demand, office rents in Tier-1 cities declined. However, the prime office sales markets in China began to recover, with most of the major cities such as Beijing, Shanghai and Guangzhou recording positive trends.

Although the retail rents in China's major cities softened in the second quarter of 2009 due to an abundant supply of retail space and local retailers' cautious stance towards opening outlets, the retail market is relatively stable as compared to the fourth quarter of 2008.

Luxury residential markets in China exhibited a favourable performance in the first half of 2009. Driven by rising demand, the average sales prices of luxury apartments in major cities were on the upswing.

Government's published statistics reveal that property prices in 70 major cities in China rose by 0.2% year-on-year in June 2009, or 0.8% month-on-month compared with May 2009, after a three-month consecutive growth. With increasing investing activities and boosting demand, major cities including Shanghai and Chongqing recorded a positive growth on property price in the second quarter of 2009.

Overview of the Mainland Property Market in Chongqing

The property market in Chongqing encountered several challenges amid the severe economic environment during the second half of 2008. Entering 2009, with the announcement of the stimulus policies and the rapid improvement of the financial sector, the property market has been showing signs of recovery during the first half of 2009.

According to the half-yearly government statistics, total private property sales has reached 16,156,200 square metres by June 2009, up 37.6% year-on-year; total realized consideration was RMB52.94 billion, up 64.3%. In addition, the improvement of the credit market has increased the pace of market rebound. Total real estate investment amounted to RMB43.429 billion, up 13.2% year-on-year.

The performance of the primary residential market outweighed other property markets. The residential price has risen since the end of 2008. Due to the limited future supply of Grade A office buildings in Chongqing, demand for prime office buildings and its current rental level could be sustained in the first half of 2009. Demand for retail properties in Chongqing remained stable in the first half of 2009. The average price increased but transaction volume fell.

In the second half of 2009, the overall real estate market could remain stable and tend to upward by the end of 2009.

Overview of the Mainland Property Market in Shanghai

The property market in Shanghai maintained steady performance in the first half of 2009. There was some recovery in market confidence starting from the second quarter in tandem with the surge in the stock market, which reinvigorated some demand in the property market, particularly in the residential segment.

There was no substantial policy change on the property market in the first half of 2009, and government policies remained accommodative to both developers and buyers. Amidst an improved market outlook, the land sales market has turned more active since second quarter of 2009 as developers started replenishing land banks.

During the first half of 2009, transactions in the residential and office market rebounded notably, supported by the release of pent-up demand amidst improved affordability and buyers' confidence.

Since the second quarter of 2009, acquisition interest has spread to the high-end segment. Amidst improved sentiment, developers clawed back price discount. In overall terms, the decline in home prices ostensibly stabilized, and home prices in some districts reverted to increase.

The retail property sector will hold steady, while we see further improvements in the luxury residential property market. Overall, rental in all sectors is expected to be under downward pressure in the second half of 2009 and 2010 before demand strengthens along with a fully fledged recovery of the economy, by 2011 at the earliest. Capital value in overall terms will tend to stabilize in the coming 12 months as risk appetite gradually returns, backed by positive medium-term market outlook.

Major institutions have recently upgraded their growth forecast on China. The continuous de-stocking in the property market, as manifested in recent pick-up in sales, should pave the way for the recovery of the property market, coupled with improved accessibility to funding, which should reinvigorate investment by developers. On the demand side, as the market gradually settles to a less volatile trajectory in Shanghai, reduced risk aversion will rekindle investors' acquisition interest in the second half of 2009.

Outlook in Mainland Property Market

The stabilization of the China economy, as upheld by growth in domestic demand, should offset the impacts of the global recession on the property market. Property markets also show sign of bottoming out after government's rescue efforts. It is very likely that China will see a positive outlook in the second half of 2009.

FINANCIAL REVIEW

The Group's profit attributable to equity holders for the period amounted to HK$827.4 million (six months ended June 30, 2008: HK$452.7 million), an increase of 82.8% when compared to same period in 2008.

The Group's revenue of HK$1,082.5 million (six months ended June 30, 2008: HK$1,410.1 million), decreased by 23.2% when compared to the corresponding period last year, and was mainly due to the decrease in revenue from sales of development properties.

The revenue from sales of development properties amounted to HK$1,073 million (six months ended June 30, 2008: HK$1,393 million), down 23% as compared with the corresponding period in 2008. Gross profit margin for sales of development properties was 49.4% (six months ended June 30, 2008: 55.5%); the decrease was due to the cost of construction rising, as a result of the increase in raw materials prices, outweighing the increase in selling price.

The Group delivered a gross floor area ("GFA") of approximately 1,576,000 sq. ft. in the first half of 2009 (six months ended June 30, 2008: 2,623,000 sq. ft.), a 39.9% decrease as compared with the same period last year. During the period, the Group delivered a majority of the residential units at Phase IV B of Shanghai Cannes.

Income from property leasing decreased by 43.3% to HK$8.5 million (six months ended June 30, 2008: HK$15 million). The decrease was attributable to the impact of the global financial crisis, which gathered pace during the third quarter of 2008, slowing down the leasing market. The Group, however, will take this opportunity to optimize its rental mix to ensure a steady stream of quality recurring income. Property management income dropped by HK$1.2 million when compared to same period in last year as a result of the termination of property management contract for Shanghai Cannes.

During the period under review, selling expenses were HK$6.7 million (six months ended June 30, 2008: HK$30.3 million), a decrease of 77.9%. Less promotion expenses were required as Shanghai Cannes has already built up its goodwill through the previous advertising campaign aiming at the sales of Phase I to Phase IV A. Administrative expenses incurred during the six months ended June 30, 2009 were HK$23.5 million (six months ended June 30, 2008: HK$65.9 million) which were down by 64.3% over the same period in 2008. The decrease in administrative expenses was mainly attributed to the exchange loss of HK$35.6 million in 2008 arising from the appreciation of RMB during the conversion of US$ to RMB by our subsidiaries in the PRC, such exchange loss did not recur during the six months period ended June 30, 2009.

Finance costs incurred for the period amounted to HK$12.1 million (six months ended June 30, 2008: HK$71 million), a decrease of 82.9%, represented mainly the interest expense and other borrowing costs in relation to the fixed rate senior notes (the "Note") issued in April 2007 which have not been capitalized to various construction projects in the PRC.

The changes in fair value of investment properties was HK$568.2 million (six months ended June 30, 2008: HK$22.5 million), an increase of 24.3 fold. As the economy and property market in the PRC recovered from the global financial crisis, fair values of investment properties increased for the period. Fair value of investment properties in Shanghai experienced an increase of HK$504.8 million (six months ended June 30, 2008: nil) whereas fair value of investment properties in Chongqing experienced an increase of HK$63.4 million (six months ended June 30, 2008: HK$22.5 million).

Income tax expense was HK$248.9 million (six months ended June 30, 2008: HK$212.3 million), an increase of 17.2%. The Group's effective income tax rate was 23.1% (six months ended June 30, 2008: 31.9%). Land Appreciation Tax in the PRC ("LAT") in relation to sales of development properties for the period dropped due to decrease in profit margin as the construction costs went up. LAT together with tax effect of LAT on the PRC Enterprise income tax for the period was HK$25.3 million (six months ended June 30, 2008: HK$77.8 million). Excluding the effect of LAT on the PRC Enterprise income tax, the effective tax rate was 20.78% and 20.22% for six months periods ended 2009 and 2008 respectively.

LIQUIDITY AND FINANCING

The Group monitors its liquidity requirements on a short to medium term basis and arranges refinancing of the Group's borrowing when appropriate. During the period, the Group rolled-over a bank loan of approximately HK$587.9 million and raised new bank loans totaling approximately HK$385 million in the PRC. On the other hand, the Group repaid the advance from a shareholder of approximately HK$156.8 million.

As at the statement of financial position date, the Group's senior notes, bank loans and amount due to a shareholder amounted to approximately HK$2,290.2 million, HK$973.7 million and HK$6.8 million respectively, and the Group's total borrowings were HK$3,270.7 million, an increase of HK$234.3 million when compared to December 31, 2008. The maturity profile spread over a period of five years, with HK$86.1 million repayable within one year and HK$3,184.6 million repayable in the second to fifth year inclusive.

The gearing ratio of the Group as at June 30, 2009 was 13.36%, determined as proportion of the Group's net borrowings (after deducting bank balances and bank deposits) to the shareholder's funds.

With cash in hand and banking facilities available, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

On March 10, 2009, the Group entered into share transfer agreements with an independent third party to sell its interest in Chongqing Promate Real Estate Co., Ltd ("Chongqing Promate"), a wholly-foreign owned enterprise registered in the PRC, to the third party for a total consideration of approximately HK$207.6 million of which approximately HK$192.5 million was received by the Group. The remaining approximately HK$15.1 million will be received subject to certain conditions being fulfilled by the Group. The transfer was not completed as at the statement of financial position date.

Save as the above-mentioned, there was no material acquisition and disposal of group companies during the period.

TREASURY POLICIES

As at the end of the reporting period, approximately 70% of the Group's borrowings were in US$ with the balance in RMB and HK$. The Group derives its revenue mainly in RMB. Bank balances are maintained mainly in HK$, US$ and RMB.

The bank borrowings are principally on a floating rate basis while the senior notes are on a fixed rate basis.

The functional currency of the respective group entities is RMB, the currency of the primary economic environment in which the Group operates. For the purpose of the condensed 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 condensed consolidated financial statements.

The Group has not used any interest rate or foreign currency derivative instrument to hedge its exposure to interest rate and foreign exchange risk. However, the management monitors closely the exposures and will consider hedging the exposures should the need arise.

CHARGE ON ASSETS

As at the end of the reporting period, certain subsidiaries of the Group pledged assets with an aggregated carrying value of HK$10,530.7 million (December 31, 2008: HK$1,669.9 million) to secure bank loan facilities utilized.

CONTINGENT LIABILITIES

As at June 30, 2009, we guaranteed mortgage loans to purchasers of our properties in the aggregate outstanding principal amount of HK$535.3 million (December 31, 2008: HK$1,409.2 million). In the first half of 2009, there was no default case. The guarantees were secured by the Group's pledged bank deposits of HK$13.5 million (December 31, 2008: HK$15.7 million).

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of any interim dividend for the period (six months ended June 30, 2008: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at June 30, 2009, the Group had approximately 285 employees in Hong Kong and the PRC. There is no significant change in the Group's emolument policies.

POST STATEMENT OF FINANCIAL POSITION EVENT

Subsequent to the reporting period, the Company was informed by Mr. Wong Sai Chung ("Mr. Wong"), an executive director and the controlling shareholder of the Company that at the request of 江蘇昆山經濟技術開發區管理委員會 (Jiangsu Kunshan Economic Technology Development Area Management Committee), 昆山協和城(不動產)經營有限公司 (Kunshan Concord City (Immovable Property) Management Co., Ltd.) ("Kunshan Properties") had entered into an agreement with 江蘇昆山經濟技術開發區管理委員會 (Jiangsu Kunshan Economic Technology Development Area Management Committee) under which, the land at which Kunshan International City was proposed to be developed was to be surrendered by Kunshan Properties to 江蘇昆山經濟技術開發區管理委員會 (Jiangsu Kunshan Economic Technology Development Area Management Committee) ("Surrender").

As a result of the Surrender, the Kunshan Option previously granted to the Company by Mr. Wong had automatically lapsed in accordance with the terms of the Kunshan Option Agreement as Mr. Wong had ceased to have an interest in the Kunshan International City project. Please refer to the Company's announcement dated August 18, 2009 for further details.

ADDITIONAL INFORMATION REQUIRED UNDER LISTING RULES

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

Directors' and Chief Executives' Interests in Securities of the Company

As at June 30, 2009, the interests and/or short positions of the directors and chief executives 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 ("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 the Listed Companies to be notified to the Company and the Stock Exchange, were as follows:–

(a) Long position in ordinary shares of HK$0.1 each of the Company

As at June 30, 2009, the long position in ordinary shares and underlying shares of the Company of the directors and the chief executives are as follows:

Name of director	Nature of interest	Number of issued ordinary shares held	Percentage of the issued share capital of the Company	*Note*
Mr. Wong Sai Chung ("Mr. Wong")	Corporate	1,350,000,000 shares	74.62%	*(i)*

Note:

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

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

Name of director	Nature of interest	Name of associated company	Number of issued ordinary shares held	Percentage of the issued share of the same class in the associated corporation	*Note*
Mr. Wong	Corporate	Concord Properties Holding (Shanghai) Limited ("CPH (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)*

Notes:

(ii) CPH (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), 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).

(iii) As Hillwealth owns 74.62% and being the substantial shareholder 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.

As at June 30, 2009, Mr. Wong 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 herein, as at June 30, 2009, none of the directors or chief executives or their associates had or deemed to have any interests or short positions in any shares or underlying shares or debentures of the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above in "Directors' and Chief Executives' 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, 2009.

SHARE OPTION SCHEME

No share option was granted and outstanding for the six months ended June 30, 2009 (six months ended June 30, 2008: Nil).

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SHARES

During the six months ended June 30, 2009, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the model code for securities transactions by directors of listed issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. The directors have confirmed that, following specific enquiry by the Company, they have complied with the required standards set out in Model Code during the six months ended June 30, 2009.

CODE OF CORPORATE GOVERNANCE PRACTICES

The Company has fully complied with all code provisions in the Code on Corporate Governance Practices ("CG Practices") set out in Appendix 14 to the Listing Rules throughout the six months ended June 30, 2009.

AUDIT COMMITTEE

The Company has established the Audit Committee and has formulated its written terms of reference in accordance with the provisions set out in the Code on CG Practices. The Audit Committee comprises five Independent Non-executive Directors, namely Mr. Warren Talbot Beckwith (Chairman of the Audit Committee), Mr. Luk Koon Hoo, Mr. Garry Alides Willinge, Mr. Cheng Chaun Kwan, Michael and Mr. Wu Zhi Gao. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal controls procedures, review of the Group's financial information and review of the relationship with the external auditor of the Company. The Audit Committee and the external auditor, Messrs Deloitte Touche Tohmatsu, Certified Public Accountants, have reviewed the interim results of the Group for the six months ended June 30, 2009.

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee with majority of the members being Independent Non-executive Directors. The Remuneration Committee comprises the Chairman of the Board, Dr. Wang Shih Chang, George (Chairman of the Remuneration Committee), and two Independent Non-executive Directors, namely Mr. Luk Koon Hoo, Mr. Garry Alides Willinge.

The principal duties of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure for directors and senior management and on the establishment of formal and transparent procedures for developing policy on such remunerations.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF CHINA PROPERTIES GROUP LIMITED

Introduction

We have reviewed the interim financial information set out on pages 10 to 26, which comprises the condensed consolidated statement of financial position of China Properties Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of June 30, 2009 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows 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 of the Company 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 inquiries, 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 material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period ended June 30, 2008 and the relevant explanatory notes disclosed in the interim financial information have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
August 31, 2009

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2009

	NOTES	Six months ended June 30, 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)
Revenue	3 & 4	**1,082,458**	1,410,101
Cost of sales		**(547,324)**	(627,491)
Gross profit		**535,134**	782,610
Other income	4	**15,186**	27,223
Selling expenses		**(6,683)**	(30,255)
Administrative expenses		**(23,508)**	(65,931)
Finance costs	5	**(12,114)**	(71,023)
		508,015	642,624
Changes in fair value of investment properties		**568,234**	22,452
Profit before taxation		**1,076,249**	665,076
Income tax expense	6	**(248,869)**	(212,337)
Profit for the period attributable to the owners of the Company	7	**827,380**	452,739
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**31,424**	1,103,605
Total comprehensive income for the period attributable to the owners of the Company		**858,804**	1,556,344
Earnings per share – Basic (HK dollar)	8	**0.46**	0.24

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT JUNE 30, 2009

	NOTES	**June 30, 2009 HK$'000 (unaudited)**	December 31, 2008 HK$'000 (audited) (restated)
Non-current assets			
Property, plant and equipment		**187,037**	175,306
Prepaid lease payments		**89,818**	90,931
Investment properties	*10*	**22,684,624**	22,084,161
Investment properties under construction		**3,286,850**	3,181,011
Pledged bank deposits		**14,904**	–
		26,263,233	25,531,409
Current assets			
Properties under development for sales		**1,943,326**	1,821,343
Properties held for sales, at cost		**414,733**	1,182,189
Other receivables, deposits and prepayments		**64,350**	318,626
Pledged bank deposits		**30,596**	41,521
Bank balances and cash		**590,661**	305,017
		3,043,666	3,668,696
Assets classified as held for sale	*11*	**194,827**	–
		3,238,493	3,668,696
Current liabilities			
Other payables and accruals		**671,622**	677,369
Amount due to a shareholder		**6,793**	163,503
Deposits received on sales of properties		**38,572**	976,153
Tax payable		**557,944**	526,830
Bank loans, secured – due within one year	*12*	**79,257**	587,903
		1,354,188	2,931,758
Net current assets		**1,884,305**	736,938
Total assets less current liabilities		**28,147,538**	26,268,347
Non-current liabilities			
Bank loans, secured – due after one year	*12*	**894,475**	–
Fixed rate senior notes	*13*	**2,290,178**	2,285,033
Deferred tax liabilities		**5,248,560**	5,127,793
		8,433,213	7,412,826
Net assets		**19,714,325**	18,855,521
Capital and reserves			
Share capital	*14*	**180,907**	180,907
Share premium and reserves		**19,533,418**	18,674,614
Total equity		**19,714,325**	18,855,521

The condensed consolidated financial statements on pages 10 to 26 were approved and authorised for issue by the Board of Directors on August 31, 2009 and are signed on its behalf by:

Dr. Wang Shih Chang, George
DIRECTOR

Wong Sai Chung
DIRECTOR

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2009

	Attributable to equity holders of the Company								
	Share capital HK$'000	Share premium HK$'000	Revaluation reserve HK$'000	Special reserve* HK$'000	Other reserve** HK$'000	General reserve*** HK$'000	Exchange reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
At January 1, 2008 (audited)	189,686	1,647,348	6,410	778,662	2,455,562	47,408	917,586	11,399,388	17,442,050
Profit for the period	–	–	–	–	–	–	–	452,739	452,739
Exchange differences arising on translation	–	–	–	–	–	–	1,103,605	–	1,103,605
Total comprehensive income for the period	–	–	–	–	–	–	1,103,605	452,739	1,556,344
Shares repurchased and cancelled	(2,363)	(96,381)	–	–	–	–	–	–	(98,744)
Dividend paid	–	(59,953)	–	–	–	–	–	–	(59,953)
At June 30, 2008 (unaudited)	187,323	1,491,014	6,410	778,662	2,455,562	47,408	2,021,191	11,852,127	18,839,697
At January 1, 2009 (audited)	180,907	1,378,443	6,410	778,662	2,455,562	47,408	1,994,300	12,013,829	18,855,521
Profit for the period	–	–	–	–	–	–	–	827,380	827,380
Exchange differences arising on translation	–	–	–	–	–	–	31,424	–	31,424
Total comprehensive income for the period	–	–	–	–	–	–	31,424	827,380	858,804
At June 30, 2009 (unaudited)	180,907	1,378,443	6,410	778,662	2,455,562	47,408	2,025,724	12,841,209	19,714,325

* Special reserve 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 corporate reorganisation ("Corporate Reorganisation") to rationalise the Group structure prior to the listing of the Company's share on The Stock Exchange of Hong Kong Limited ("the Stock Exchange").

** 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 Corporate Reorganisation.

*** As stipulated by the relevant laws and regulations in the People's Republic of China (the "PRC"), the subsidiaries established in the PRC shall set aside 10% of their net profit to the general reserve before the distribution of the net profit each year. The general reserve can only be used upon approval by the board of directors of the relevant subsidiaries to offset accumulated losses or increase capital.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2009

	NOTE	Six months ended June 30, 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)
Net cash from (used in) operating activities		**22,091**	(945,015)
Net cash from (used in) investing activities			
Additions to property, plant and equipment		**(14,428)**	(1,617)
Additions to investment properties		**–**	(264,390)
Additions to investment properties under construction		**(49,086)**	(361,266)
Deposits paid for acquisition of land		**–**	(507,395)
Increase in pledged bank deposits		**(3,917)**	(111,167)
Deposit received for disposal of a subsidiary	11	**192,482**	–
Other investing cash flows (net)		**985**	20,409
		126,036	(1,225,426)
Net cash from (used in) financing activities			
Payment on repurchase of shares		**–**	(98,744)
New bank loans raised		**384,964**	113,520
Repayments of bank loans		**–**	(206,443)
Repayment of amount due to a shareholder		**(156,772)**	–
Other financing cash flows (net)		**(91,813)**	(213,635)
		136,379	(405,302)
Net increase (decrease) in cash and cash equivalents		**284,506**	(2,575,743)
Cash and cash equivalents at beginning of the period		**305,017**	2,872,722
Effect of foreign exchange difference		**1,138**	55,196
Cash and cash equivalents at end of the period, represented by bank balances and cash		**590,661**	352,175

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2009

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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 (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2008.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, 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 Group's annual consolidated financial statements for the year ended December 31, 2008.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments or interpretations, ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning January 1, 2009.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after July 1, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009, in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of financial statements
HKAS 23 (Revised)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellation
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – INT 13	Customer loyalty programmes
HK(IFRIC) – INT 15	Agreements for the construction of real estate
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation

HKAS 1 (Revised) "Presentation of financial statements" has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 "Segment Reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments by principal business activities. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3).

2. PRINCIPAL ACCOUNTING POLICIES (continued)

HKAS 40 "Investment Property" has been amended to include within its scope properties under construction or development for future use as investment properties and to require such properties to be measured at fair value (where the fair value is reliably determinable). In the past, the costs for construction of investment properties for rental purpose and properties for future owner-occupied purpose, were classified as development in progress and carried at cost less any identified impairment losses, while the leasehold land under and held for construction for rental purpose was classified as an investment property and was measured at fair value. The Group has applied the amendment to HKAS 40 prospectively from January 1, 2009 in accordance with the relevant transitional provision. The directors of the Company determine that at June 30, 2009, the fair values of the investment properties under construction (excluding the land portions which are included in investment properties) are not reliably determinable because the construction of the investment properties are still in a preliminary stage. As a result, the investment properties under construction, excluding the land portions, are measured at cost less impairment until either their fair values become reliably determinable or construction is complete. For better presentation, the Group's cost for construction of properties for future owner-occupied purpose has been reclassified as construction in progress under property, plant and equipment at June 30, 2009 amounting to HK$114,051,000, accordingly, the balance at December 31, 2008 of HK$100,564,000 was restated for comparison purpose.

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

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

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvement to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 27 (Revised in 2008)	Consolidated and separate financial statements[1]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[3]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions[3]
HKFRS 3 (Revised in 2008)	Business combinations[1]
HK(IFRIC) - INT 17	Distribution of non-cash assets to owners[1]
HK(IFRIC) - INT 18	Transfer of assets from customers[4]

1 Effective for annual periods beginning on or after July 1, 2009.
2 Amendments that are effective for annual periods beginning on or after July 1, 2009 or January 1, 2010, as appropriate.
3 Effective for annual periods beginning on or after January 1, 2010.
4 Effective for transfers on or after July 1, 2009.

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after the beginning of the first annual reporting period beginning on or after July 1, 2009. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions.

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

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from January 1, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

In prior years, segment information reported externally was analysed on the basis the Group's principal business activities (i.e. property development and property investment). However, the information reported to the Group's Chief Executive Officer, the chief operating decision maker, for the purposes of resource allocation and assessment of performance focuses more specifically on the operating locations of each principal business activity. The principal locations are Shanghai and Chongqing in the PRC. The Group's reportable segments under HKFRS 8 are therefore as follows:

Property development	–	Shanghai
(developing and selling of properties)	–	Chongqing
Property investment	–	Shanghai
(leasing of investment properties)	–	Chongqing
All other segments (hotel operation, provision of building management and construction consultancy service)		

Information regarding these segments is presented below. Amounts reported for the prior period have been restated to conform to the requirement of HKFRS 8.

Six months ended June 30, 2009 (unaudited)

	Property development		Property investment		All other segments	Total
	Shanghai HK$'000	Chongqing HK$'000	Shanghai HK$'000	Chongqing HK$'000	HK$'000	HK$'000
Revenue	1,072,954	–	8,537	–	967	1,082,458
Segment profit (loss)	523,917	–	508,921	63,471	(1,913)	1,094,396
Other income						15,186
Central administrative expenses and directors' salaries						(21,219)
Finance costs						(12,114)
Profit before taxation						1,076,249
Income tax expense						(248,869)
Profit for the period						827,380

3. SEGMENT INFORMATION (continued)

Six months ended June 30, 2008 (unaudited)

	Property development Shanghai HK$'000	Property development Chongqing HK$'000	Property investment Shanghai HK$'000	Property investment Chongqing HK$'000	All other segments HK$'000	Total HK$'000
Revenue	1,392,928	–	15,044	–	2,129	1,410,101
Segment profit (loss)	735,443	–	11,516	22,452	(2,691)	766,720
Other income						27,223
Central administrative expenses and directors' salaries						(57,844)
Finance costs						(71,023)
Profit before taxation						665,076
Income tax expense						(212,337)
Profit for the period						452,739

All of the segment revenue reported above is from external customers.

Segment profit (loss) represents the profit earned by each segment and the changes in fair value of investment properties without allocation of other income, finance costs, central administrative expenses and directors' salaries. This is the measure reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of segment performance.

The following is an analysis of the Group's assets by operating segment:

	June 30, 2009 HK$'000	December 31, 2008 HK$'000
Property development		
– Shanghai	**729,594**	1,297,852
– Chongqing	**1,628,465**	1,513,159
Property investment		
– Shanghai	**24,114,931**	23,519,927
– Chongqing	**1,856,543**	1,745,245
All other segments	**253,936**	242,221
Total segment assets	**28,583,469**	28,318,404

4. REVENUE AND OTHER INCOME

	Six months ended June 30, 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)
Revenue		
Sales of properties	**1,072,954**	1,392,928
Property rental income	**8,537**	15,044
Property management income	**967**	2,129
	1,082,458	1,410,101
Other income *(Note)*	**15,186**	27,223
Total income	**1,097,644**	1,437,324

Note: Other income includes interest on bank deposits of approximately HK$986,000 (six months ended June 30, 2008: HK$20,407,000).

5. FINANCE COSTS

	Six months ended June 30, 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)
Interest on:		
Bank loans wholly repayable within five years	**21,655**	31,250
Fixed rate senior notes	**106,763**	106,763
Other borrowing costs	**5,145**	5,145
Total finance costs	**133,563**	143,158
Less: Amount capitalised in investment properties under construction and properties under development for sales and construction in progress under property, plant and equipment	**(121,449)**	(72,135)
	12,114	71,023

6. INCOME TAX EXPENSE

	Six months ended June 30, 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)
Current taxation:		
PRC Enterprise income tax	**101,911**	77,142
Land appreciation tax ("LAT") in the PRC	**33,684**	103,766
	135,595	180,908
Deferred tax:		
Current period	**113,274**	31,429
Income tax expense	**248,869**	212,337

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 25% (six months ended June 30, 2008: 25%) on their assessable profits throughout the period.

Pursuant to the relevant laws and regulations in the PRC, Shanghai Baili Construction Management and Consultancy Company Limited ("Construction Management Co") is exempted from PRC Enterprise 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. Construction Management Co is subject to a tax rate of 12.5% (six months ended June 30, 2008: 12.5%) throughout the period.

Pursuant to the letters issued by the relevant PRC tax authority on July 25, 2006, Shanghai Zhengtian Construction Management and Consultancy Company Limited ("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 Enterprise income tax for two financial years, starting from the 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). The first profit making year of Construction Consultancy Co is 2006. Construction Consultancy Co is subject to a tax rate of 12.5% (six months ended June 30, 2008: 12.5%) throughout the 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.

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

No deferred tax liability has been recognised in respect of temporary differences associated with undistributed earnings of subsidiaries operating in the PRC because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

7. PROFIT FOR THE PERIOD

	Six months ended June 30, 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)
Profit for the period has been arrived at after charging (crediting):		
Directors' emoluments	**765**	764
Other staff costs	**17,761**	16,470
Total staff costs	**18,526**	17,234
Less: Amount capitalised in investment properties under construction and properties under development for sales and construction in progress under property, plant and equipment	**(8,965)**	(5,032)
	9,561	12,202
Amortisation of prepaid lease payments	**1,248**	129
Depreciation of property, plant and equipment	**2,772**	2,184
Less: Amount capitalised in construction in progress under property, plant and equipment	**(1,150)**	(738)
	1,622	1,446
Loss on disposal of property, plant and equipment	**36**	581
Cost of properties sold (included in cost of sales)	**542,533**	619,504
Compensation to purchasers of properties (included in administrative expenses)	**450**	4,571
Net exchange losses (included in administrative expenses)	**26**	35,629
Gross rental income from investment properties	**8,537**	15,044
Less: Direct operating expenses from investment properties that generated rental income during the period	**(4,379)**	(3,528)
	4,158	11,516

8. EARNINGS PER SHARE

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

	Six months ended June 30, 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)
Earnings for the purpose of basic earnings per share (profit for the period attributable to the owners of the Company)	**827,380**	452,739

8. EARNINGS PER SHARE (continued)

	Six months ended June 30, 2009 '000 (unaudited)	2008 '000 (unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,809,077**	1,879,422

There was no diluted earnings per share as there were no potential shares outstanding during the period and as at the end of the reporting period.

9. DIVIDENDS

	Six months ended June 30, 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)
2008 final dividend recognised as distribution during the period – nil (2008: 2007 final dividend of HK 3.2 cents per share)	–	59,953

The directors do not recommend the payment of any interim dividend for the period.

10. INVESTMENT PROPERTIES

The fair values of the Group's investment properties at June 30, 2009 were arrived at on the basis of a valuation carried out on that date by Cushman & Wakefield Valuation Advisory Services (HK) Ltd. in respect of the properties situated in Shanghai, the PRC, and Colliers International (Hong Kong) Limited in respect of properties situated in Chongqing, the PRC. Cushman & Wakefield Valuation Advisory Services (HK) Ltd. and Colliers International (Hong Kong) Limited are independent qualified professional valuers not connected with the Group and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation methods were mainly based on residual method by making reference to recent sales transactions of completed properties or rental yield as available in the relevant market to determine the potential sales proceeds or rental income of the completed investment properties and deducting the development costs and required profits from the investment properties, which are derived from the interpretation of prevailing investor requirements or expectations. The rental income included in the residual method was principally based on income approach by taking into account the current rents passing and the reversionary income potential of tenancies. The resulting increase in fair value of investment properties of approximately HK$568,234,000 (six months ended June 30, 2008: HK$22,452,000), has been recognised directly in the condensed consolidated statement of comprehensive income.

As at June 30, 2009, the Group obtained one out of five State-owned Land Use Rights Certificates for Chongqing projects sites. The Group was in the process of obtaining the remaining four State-owned Land Use Rights Certificates. The carrying amount of the prepaid lease payments, investment properties and properties under development for sales in the process of obtaining the remaining four State-owned Land Use Rights Certificates amounted to approximately HK$85,276,000 (December 31, 2008: HK$86,264,000), HK$1,684,879,000 (December 31, 2008: HK$1,698,722,000) and HK$1,046,541,000 (December 31, 2008: HK$1,397,817,000) respectively.

11. ASSETS CLASSIFIED AS HELD FOR SALE

On March 10, 2009, the Group entered into share transfer agreements with an independent third party to sell its entire interest in Chongqing Promate Real Estate Co., Ltd ("Chongqing Promate"), a wholly-foreign owned enterprise registered in the PRC to the third party for a total consideration of RMB183,395,000 (approximately equivalent to HK$207,648,000) of which RMB170,000,000 (approximately equivalent to HK$192,482,000) was received by the Group. The remaining RMB13,395,000 (approximately equivalent to HK$15,166,000) will be received upon the fulfilment of certain conditions by the Group. The transfer has not completed at the end of the reporting period. As at June 30, 2009, Chongqing Promate has a land with carrying amount of RMB172,071,000 (approximately equivalent to HK$194,827,000) and no other material asset nor liability is noted.

12. BANK LOANS, SECURED

	June 30, 2009 HK$'000 (unaudited)	December 31, 2008 HK$'000 (audited)
The bank loans are repayable as follows:		
On demand or within one year	**79,257**	587,903
More than one year, but not exceeding five years	**894,475**	–
	973,732	587,903
Less: Amount due within one year shown under current liabilities	**(79,257)**	(587,903)
	894,475	–

The bank loans outstanding as of June 30, 2009 were secured by the following:

- property, plant and equipment with a carrying value of HK$71,614,000 (December 31, 2008: nil);
- investment properties with a carrying value of HK$9,424,157,000 (December 31, 2008: HK$1,356,902,000);
- investment properties under construction with a carrying value of HK$650,966,000 (December 31, 2008: nil);
- properties under development for sales with a carrying value of HK$70,211,000 (December 31, 2008: nil);
- properties held for sales with a carrying value of HK$287,570,000 (December 31, 2008: HK$287,148,000); and
- pledged bank deposits of HK$26,188,000 (December 31, 2008: HK$25,829,000).

13. FIXED RATE SENIOR NOTES

On April 27, 2007, the Company issued approximately US$300,000,000 (approximately equivalent to 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 a fixed rate of 9.125% per annum. Interest on the notes is payable on May 4 and November 4 of each year. The interest charged for the period is calculated by applying an effective interest rate of approximately 9.675% (June 30, 2008: 9.675%) per annum. The notes will mature on May 4, 2014. The notes are guaranteed by certain of 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 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:

12-month period commencing in the year	**Percentage**
2011	104.56250%
2012	102.28125%
2013 and thereafter	100.00000%

The directors of the Company consider that the fair value of the redemption options as at date of issuance of the notes and at June 30, 2009 and December 31, 2008 is insignificant.

The notes have been listed on the Singapore Exchange Limited since May 4, 2007. The market value of the notes at June 30, 2009 was US$203,625,000 (approximately equivalent to HK$1,588,275,000) (December 31, 2008: US$129,750,000 (approximately equivalent to HK$1,012,050,000)).

14. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At January 1, 2008, June 30, 2008, January 1, 2009 and June 30, 2009	5,000,000,000	500,000
Issued and fully paid:		
At January 1, 2008	1,896,864,000	189,686
Shares repurchased	(23,635,000)	(2,363)
At June 30, 2008	1,873,229,000	187,323
Shares repurchased	(64,152,000)	(6,416)
At December 31, 2008, January 1, 2009 and June 30, 2009	1,809,077,000	180,907

15. CONTINGENT LIABILITIES

At the end of the reporting period, the contingent liabilities of the Group are as follows:

	June 30, 2009 HK$'000 (unaudited)	December 31, 2008 HK$'000 (audited)
Guarantees given to banks in connection with credit facilities granted to the purchasers of the Group's properties *(Notes)*	**535,296**	1,409,230

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 statement of financial position.

(b) The guarantees were secured by pledged bank deposits of HK$13,471,000 (December 31, 2008: HK$15,692,000).

16. OTHER COMMITMENTS

	June 30, 2009 HK$'000 (unaudited)	December 31, 2008 HK$'000 (audited)
Construction commitment contracted for but not provided in respect of property, plant and equipment and investment properties	**686,100**	164,957

17. OPERATING LEASE COMMITMENTS

As lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	June 30, 2009 HK$'000 (unaudited)	December 31, 2008 HK$'000 (audited)
Within one year	**11,464**	10,575
In the second to fifth year inclusive	**28,511**	30,757
	39,975	41,332

The properties are expected to generate rental yields of average 2% (December 31, 2008: 2%) on an ongoing basis. All the properties held have committed tenants from 1 to 4 years (December 31, 2008: 1 to 7 years).

As lessee

Minimum lease payments paid under operating lease during the period:

	Six months ended June 30,	
	2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)
Office premises	**1,734**	–

At the end of the reporting period, the Group had commitment for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	June 30, 2009 HK$'000 (unaudited)	December 31, 2008 HK$'000 (audited)
Within one year	**3,466**	3,466
In the second to fifth year inclusive	**3,754**	5,488
	7,220	8,954

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years.

18. RETIREMENT BENEFITS PLANS

The Group operates a MPF Scheme under rules and regulations of Mandatory Provident Fund Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made by both the Group and the employees based on 5% of the employees' salaries (capped at HK$20,000) and are charged to the condensed consolidated statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

18. RETIREMENT BENEFITS PLANS (continued)

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 period was approximately HK$2,048,000 (six months ended June 30, 2008: HK$1,714,000).

19. SHARE OPTION SCHEME

The Company 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.

20. RELATED PARTY TRANSACTIONS

The Group had material transactions during the period with Pacific Concord Holding Limited ("PCH"), a company in which Mr. Wong Sai Chung (the controlling shareholder of the Company) has controlling interests, and its subsidiaries ("PCH Group") as follows:

Nature of transactions	**Six months ended June 30, 2009 HK$'000 (unaudited)**	2008 HK$'000 (unaudited)
Office premises expenses *(Note)*	**19**	914

Note: On February 8, 2007, the Group has entered into an office licence agreement with a subsidiary of PCH to share half of all rent, rates, service fee 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.

On July 31, 2008, a tenancy agreement (the "Tenancy Agreement") for the use of the principal place of business of the Company in Hong Kong was entered into between the landlord, a subsidiary of PCH and the Group. The Tenancy Agreement is effective from August 1, 2008 to July 31, 2011.

On the same date, a sharing agreement was entered into between a subsidiary of PCH and the Group which both parties agreed that the principal office will be divided into two equal halves and each party will be entitled to occupy, use and possess half of the principal office. The rental and the electricity fee, fixed line telephone charge and other charges will be shared equally by the parties.

Compensation of key management personnel

The remuneration of directors of the Group during the period was as follows:

	Six months ended June 30, 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)
Short term benefits	**765**	764

Except no remuneration is received by Dr. Wang Shih Chang, George and Mr. Wong Sai Chung, the remuneration of all other directors is determined with reference to the involvement and the business performance of the directors.

21. LIST OF SUBSIDIARIES

Details of the Company's principal subsidiaries as at June 30, 2009 and December 31, 2008 are as follows:

Name of the company	Country of establishment	Equity interest attributable to the Group as at June 30, 2009	Equity interest attributable to the Group as at December 31, 2008	Issued and fully paid registered and paid-up capital as at June 30, 2009	Principal activities
Jingan Concord#	PRC	100%	100%	US$68,000,000	Property development and investment
Minhang Concord#	PRC	100%	100%	US$99,600,000	Property development and investment
Property Management Co##	PRC	100%	100%	RMB500,000	Property management service
Shanghai Shengba Construction Co##	PRC	100%	100%	RMB30,000,000	Provision of construction consultancy service
Construction Management Co#	PRC	100%	100%	US$500,000	Provision of construction consultancy service
Construction Consultancy Co#	PRC	100%	100%	US$500,000	Provision of construction consultancy service
Chongqing Ace Blossom Real Estate Co., Ltd.#	PRC	100%	100%	US$50,000,000	Property development and investment
Chongqing Mid-Levels No. 1 Real Estate Co. Ltd.#	PRC	100%	100%	US$50,000,000	Property development and investment
Chongqing Peak No. 1 Real Estate Co., Ltd.#	PRC	100%	100%	US$50,000,000	Property development and investment
Chongqing Promate#	PRC	100%	100%	US$99,000,000###	Property development and investment
Chongqing Riverside Real Estate Co., Ltd.#	PRC	100%	100%	US$50,000,000	Property development and investment
Chongqing Yangze-Jialing River Real Estate Co., Ltd.#	PRC	100%	100%	US$50,000,000	Property development and investment

Wholly foreign owned enterprises registered in the PRC.

A limited liability company registered in the PRC.

The total registered capital of Chongqing Promate is US$99,000,000. As at December 31, 2008, there was unpaid registered capital of US$74,500,000. Pursuant to the approval issued by 重慶市對外貿易經濟委員會 on December 25, 2007, the unpaid registered capital should be paid on or before June 5, 2010.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.