China Properties Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1838

Power & Vision

Interim Report 2010

CONTENTS

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

COMPANY SECRETARY

Ms. Yu Ling Ling

STOCK CODE

1838

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
Industrial and Commercial Bank of China
Agricultural Bank of China

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

COMPANY'S WEBSITE

cpg.mydyn.net

BUSINESS REVIEW AND OUTLOOK

Since the momentary prosperity in the U.S. was brought about by the excessive money supply and huge deficit spending of the U.S. government, the recovery momentum of the U.S. economy was short-lived and declined rapidly. In fact, the real economy was still in a state of confusion. Accordingly, it is understandable that capital denominated in US$ from around the world will flow to China, where return on capital is high. However, the situation in China by the end of 1988 should be well remembered: the amount of money then in circulation reached RMB213.4 billion while consumer prices were still controlled by the government, which led to supply shortages, and people queued up for purchases everywhere. Capitalizing on this opportunity, red-tape driven speculation was rampant whereby corrupted government officials and correlated merchants sold their improperly obtained goods in black markets, which became an epic economic phenomenon in China at that time. To deal with this problem, the government allowed prices to hike. For instance, the price of a pack of cigarettes surged from RMB5 to RMB50. As a result, the government was forced to increase the interest rate in order to combat inflation which eventually brought the economy down. Similarly, if the current prices bubble in China burst, the rugged road to recovery of the world economy will be inevitably hindered. Thus the question we should be asking is: How can we create capital and value in the midst of such complicated economic environment? The present factory-like operation model of the listed Chinese property developers was widely believed to mean high risk. The Group has no notion to boost its share price by pushing for large sales volume. On the contrary, it is set to strive for sustainable and higher investment returns prudently. For example, the sale prices of nearby apartments and shops of Shanghai Concord City, which is located on Nanjing Road, Shanghai spanning 1 kilometer and has a total gross floor area of 400,000 square metres, have reached RMB150,000 per square metre and RMB500,000 per square metre respectively. The Chongqing Concord City commercial project in Jiefangbei, Chongqing with a total gross floor area of 400,000 square meters and the commercial project on Xidan Avenue, Beijing, on which the Group can exercise an option to acquire 50% interest, with a total gross floor area of 380,000 square metres are located at the downtown of both cities. The values of these two projects well exceeded the values of other typical urban properties. As can be seen from the large difference between their amount of investment and returns, the projects are very secure. The Group will surely raise its proportion of properties for sale to investment properties with a view to increasing the turnover of its capital flow and return on investment. In order to provide considerable returns for the shareholders, the Group is still in the process of securing additional funds to be utilized when the best investment opportunities arise.

BUSINESS ENVIRONMENT

Overview of the Mainland Property Market

China economic growth slowed down but still robust. China's economy grew by 10.3% during the second quarter of 2010, down from 11.9% in the first quarter, but still well above the government's 8% target. The slowdown is expected and mainly due to government measures to tighten lending and curb inflation.

The Central Government launched a series of tightening measures in recent months including punishment of property price manipulation, halting third-home mortgages and raising second home payment to curb soaring prices, which soared 11.7% year-on-year in March 2010. China's residential property prices fell 0.1% month-on-month in June, the first time in 16 months, according to the nationwide index of property prices across 70 medium-sized cities; yet, property prices still grew by 11.4% year-on-year.

Consumption demand still acts as the major driving force of the local economy. According to government statistics, total retail sales in Mainland China reached RMB7,266.9 billion during the first half of 2010, up 18.2% year-on-year. More than half of the world's top 50 retailers have entered China. Most started by opening stores in Beijing, Shanghai and other coastal cities; while the second and third tier cities in Mainland China are attractive for future growth.

The office market especially the Grade A sector in China's major cities showed a strong rebound during the first half of 2010, as a result of increasing demand under the global economic recovery. Strong take-ups were recorded in CBD locations in major cities such as Beijing and Shanghai; the investment market was also active as reflected by the increasing number of en-bloc transactions, with capital values continued to climb at a rapid pace.

Overview of the Shanghai's Property Market

Shanghai's high-end residential prices still maintained stable compared with late 2009 during the first quarter of 2010 but a slight drop was recorded in the second quarter after the launch of new real estate tightening measures to curb property speculations. Meanwhile, Shanghai's high-end residential rental market reported strong recovery as a result of increasing demand from expatriate staff working in multinational corporations and Shanghai Expo. Nevertheless, the average residential prices still grew by a slight 2.3% in June 2010 compared with late 2009.

With the opening of Expo and the boost of retail sales, the asking rents of major shopping malls increased during the second quarter of 2010. Good absorption pre-lease rates are also recorded in new retail malls in Shanghai so that the vacancy rate only increased marginally in light of the increased supply. In addition, the significant investment in infrastructures is expect to attract more international retail brands who will take this opportunity to enhance consumers' awareness and loyalty of their brands.

Shanghai's office market continued its good performance during the second quarter after the strong rebound in the first three months of 2010. The gradual recovery of market demand has further pushed up office rents and improved the occupancy rate which reduced landlords' pressure to slash rents. Grade A offices in Pudong reached a historical low at 7.7%, and is the second lowest in Shanghai next to Huaihai Road in Puxi.

The strong second half performance in 2009 and first half of 2010 paves way for recovery of Shanghai's property market. However, the Central Government's tightening up policies will definitely decrease market liquidity and transactions volume for the rest of the year. In addition, with increased supply of low-cost housing, the middle- to low-end residential properties will be facing pressure.

Overview of the Chongqing's Property Market

The economic performance of Chongqing remained robust during the first half of 2010. GDP growth was 17.6% during the first six months of the year, which was 6.5% higher than the national average. To cope with the Central Government's strategy to curb property prices and speculations, several measures were announced by the local government to cool down the overheated market, as evidenced by the slowing growth in property sales. In addition, the Chongqing municipal government has submitted the application to the Central Government for the introduction of property levy into the local market. Nevertheless, according to the nationwide index of property prices across 70 medium-sized cities, property prices in Chongqing still grew by 3.3% compared with the last quarter of 2009.

The office market maintained good performance during the first half of 2010. With no new supply entering into the market and increased demand, vacancy rate dropped further compared with last quarter of 2009; yet the average rents drops slightly during the second quarter, after increasing by double-digit in the first three months of 2010. Office sale prices continued to climb despite the drop in rental, due mainly to increasing demand as well as the building quality compared to existing projects. Domestic enterprises are still the major players in the market, both in the leasing market as well as the investment market.

Total retail sales in Chongqing still grew by a significant 18.9% year-on-year during the first half of 2010; and per capita citizen's disposable income gained 10.9% in the meantime. The local retail market has attracted several international brands which are expanding towards the second- to third-tier cities. With limited future supply in prime retail locations such as Jiefangbei and Guanyinqiao, retail rents are expected to climb continuously in the coming future.

Outlook of the Mainland Property Market

The Central Government has raised bank reserve ratios three times during the first half of 2010 and introduced controls on second and third home mortgages to contain property prices. In addition, economists predict that China's economic growth will ease further to achieve an overall growth of 9% by the end of 2010. To curb property prices and to combat inflation, the Central Government is expected not to immediately relax policies announced during the first half of the year.

The proposed property tax to be levied in cities including Shanghai, Beijing and Chongqing has cast a cloud over the local real estate industry; however, substantial drop in property prices is not expected as the announced policies are regarded as the adjustments to the preferential policies the government previously implemented to support home sales.

The outlook of the country's retail sector remains positive as the Central Government is intended to change the economic structure by boosting local consumption demand. In the office sector, the market has continued its recovery from the global financial crisis; despite the pleasing performance of rental growth and declining vacancy in recent quarters, rental may not continue its momentum showed in the previous quarters when new stock becomes available to the market.

Property under Beijing Concord Option

For the Beijing Concord Option (the "Option"), an Independent Board Committee (the "IBC") was formed on 13 April 2010 to consider whether to approve the exercise of such Option. The IBC has considered the status regarding the Beijing Concord Option and decided that it is not the appropriate time for the Company to exercise such Option.

FINANCIAL REVIEW

The Group's profit attributable to equity holders for the period amounted to HK$5,766 million (six months ended June 30, 2009: HK$827.4 million), an increase of approximately 6 times.

Earnings per share were HK$3.19 (six months ended June 30, 2009: HK$0.46), an increase of 6 times, reflecting the continuous growth in returns to shareholders.

Total assets increased to HK$51,547.1 million from HK$42,416 million as at December 31, 2009, as the Group continues its investments in premium property developments with attendant appreciation in fair values. Net assets, the equivalent of shareholders' funds, similarly continued to grow to HK$34,583.5 million (December 31, 2009: HK$28,536 million), reflecting the solid investment value to shareholders. In terms of value per share, net assets value per share is HK$19.12 as at the financial position date, as compared to HK$15.77 as at December 31, 2009.

The Group's revenue of HK$67.5 million (six months ended June 30, 2009: HK$1,082.5 million), decreased by 94% 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$54.5 million (six months ended June 30, 2009: HK$1,073 million), down 95% as compared with the corresponding period in 2009. The Group delivered a gross floor area ("GFA") of approximately 74,000 sq. ft. in the first half of 2010 (six months ended June 30, 2009: 1,576,000 sq. ft.), a 95% decrease as compared with the same period last year. Gross profit margin for sales of development properties improved to 67% (six months ended June 30, 2009: 49%), principally as a result of selling prices increases. During the period we sold and delivered certain residential properties which had previously been withheld from sales in Shanghai Cannes, a prime development with picturesque views and yet easily accessible.

Income from property leasing increased by 40% to HK$11.9 million (six months ended June 30, 2009: HK$8.5 million). Income from property leasing continues to recover from the second half of 2009, as more rentable area were completed.

The construction of projects located at Lijiu Road, Chongqing with total GFA of 23,828,000 sq. ft. continues on schedule. Pre-sales of residential properties were well received, culminating into deposits received on sales of properties increased to HK$1,219.6 million; from the balance of HK$537 million as at December 31, 2009.

During the period under review, selling expenses were HK$2.3 million (six months ended June 30, 2009: HK$6.7 million) decrease by 66%. Administrative expenses during the period were HK$32.9 million (six months ended June 30, 2009: HK$23.5 million) which were up by 40% over the same period in 2009, mainly attributed to more property related expenses and taxes were paid.

Finance costs represent mainly interest expenses and other borrowing costs in relation to bank borrowings and the fixed rate senior notes ("the Notes") issued in April 2007. During the period, finance costs incurred HK$162.7 million were wholly capitalized on various property development projects (six months ended June 30, 2009: HK$121.4 million), resulting in nil charge for the period under review (six months ended June 30, 2009: net charge of HK$12.1 million).

The changes in fair value of investment properties were HK$7,681.2 million (six months ended June 30, 2009: HK$568.2 million), an increase of 12.5 folds. Although new real estate tightening measures were launched during the first half year period of 2010, the underlying demand remains strong which reflects in the increases in property prices, despite a containment of transaction volume during the current period. With the opening of World Expo in Shanghai, retail and office property markets enjoy the benefits that were brought about. The changes in fair value of investment properties in Shanghai experienced an increase of HK$4,144.6 million (six months ended June 30, 2009: HK$504.8 million). Economic performance in Chongqing, which is recently hailed by the Foreign Policy (September/October 2010 The Global Cities issue) as the "Chicago on the Yangtze", is also robust. The changes in fair value of investment properties in Chongqing experienced an increase of HK$3,536.6 million (six months ended June 30, 2009: HK$63.4 million).

Income tax expense was HK$1,935.9 million (six months ended June 30, 2009: HK$248.9 million), an increase of 6.8 folds. Income tax for the period went up, mainly as a result of increases in fair value of investment properties as noted in the foregoing paragraph.

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 raised net new bank loans totaling of RMB470 million (approximately HK$534.3 million) in the PRC (six months ended June 30, 2009: HK$385 million). On the other hand, the Group net repaid the advance from a shareholder of approximately HK$110.7 million (six months ended June 30, 2009: 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$2,300.5 million, HK$2,035 million and HK$258.8 million respectively, and the Group's total borrowings were HK$4,594.3 million, an increase of HK$448.9 million when compared to December 31, 2009. The maturity profile spread over a period of four years, with HK$775.6 million repayable within one year and HK$3,818.7 million repayable in the second to fifth year inclusive.

The gearing ratio of the Group as at June 30, 2010 was 10.44% (as at December 31, 2009: 12.51%), determined as a 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.

Subsequent to the end of the reporting period, the Group has acquired a piece of land with total consideration of HK$935.7 million (approximately RMB818.5 million), of which HK$187.1 million (approximately RMB163.7 million) was paid before the end of the reporting period.

There was no material acquisition and disposal of group companies during the period.

TREASURY POLICIES

As at the statement of financial position date, approximately 50% of the Group's borrowings were denominated 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 derivative financial 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 statement of financial position date, certain subsidiaries of the Group pledged assets with an aggregated carrying value of HK$18,435.2 million (December 31, 2009: HK$16,304.8 million) to secure banking facilities.

CONTINGENT LIABILITIES

As at June 30, 2010, we guaranteed mortgage loans to purchasers of our properties in the aggregate outstanding principal amount of HK$1,179.3 million (December 31, 2009: HK$588.6 million). In the first half of 2010, there was no default case. The guarantees were secured by the Group's pledged bank deposits of HK$6.3 million (December 31, 2009: HK$9.1 million).

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of any interim dividend for the period.

EMPLOYEES AND REMUNERATION POLICY

As at June 30, 2010, the Group had 292 employees in Hong Kong and the PRC. There is no significant change in the Group's emolument policies.

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, 2010, 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 positions in ordinary shares of HK$0.1 each of the Company*

As at June 30, 2010, 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 corporation	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, 2010, 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, 2010, none of the directors or chief executives nor 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, 2010.

SHARE OPTION SCHEME

No share option was granted and outstanding for the six months ended June 30, 2010 (six months ended June 30, 2009: Nil).

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SHARES

During the six months ended June 30, 2010, 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, 2010.

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, 2010.

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 has reviewed the unaudited interim results of the Group for the six months ended June 30, 2010.

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.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2010

		Six months ended June 30,	
	NOTES	**2010 HK$'000 (unaudited)**	2009 HK$'000 (unaudited)
Revenue	3 & 4	**67,494**	1,082,458
Cost of sales		**(20,854)**	(547,324)
Gross profit		**46,640**	535,134
Other income	4	**9,275**	15,186
Selling expenses		**(2,271)**	(6,683)
Administrative expenses		**(32,881)**	(23,508)
Finance costs	5	**—**	(12,114)
		20,763	508,015
Changes in fair value of investment properties	10	**7,681,206**	568,234
Profit before taxation		**7,701,969**	1,076,249
Tax charge	6	**(1,935,942)**	(248,869)
Profit for the period attributable to the owners of the Company	7	**5,766,027**	827,380
Other comprehensive income			
Exchange differences arising on translation to presentation currency		**281,517**	31,424
Total comprehensive income for the period attributable to the owners of the Company		**6,047,544**	858,804
Earnings per share — Basic (HK dollar)	8	**3.19**	0.46

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT JUNE 30, 2010

	NOTES	June 30, 2010 HK$'000 (unaudited)	December 31, 2009 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**211,808**	71,722
Prepaid lease payments		**158,604**	88,721
Investment properties	10	**46,583,135**	38,864,650
Pledged bank deposits		**—**	16,536
		46,953,547	39,041,629
Current assets			
Properties under development for sales		**2,960,082**	2,324,384
Properties held for sales, at cost		**314,083**	321,037
Trade and other receivables, deposits and prepayments		**334,595**	169,027
Pledged bank deposits		**23,251**	9,067
Bank balances and cash		**961,541**	550,872
		4,593,552	3,374,387
Current liabilities			
Other payables and accruals		**458,627**	485,242
Amount due to a shareholder		**258,797**	364,343
Deposits received on sales of properties		**1,219,646**	536,980
Bank loans, secured — due within one year	11	**516,749**	—
Tax payable		**546,687**	569,386
		3,000,506	1,955,951
Net current assets		**1,593,046**	1,418,436
Total assets less current liabilities		**48,546,593**	40,460,065
Non-current liabilities			
Bank loans, secured — due after one year	11	**1,518,235**	1,485,766
Fixed rate senior notes	12	**2,300,469**	2,295,324
Deferred tax liabilities		**10,144,353**	8,142,983
		13,963,057	11,924,073
Net assets		**34,583,536**	28,535,992
Capital and reserves			
Share capital	13	**180,907**	180,907
Share premium and reserves		**34,402,629**	28,355,085
Total equity		**34,583,536**	28,535,992

The condensed consolidated financial statements on pages 9 to 28 were approved and authorized for issue by the Board of Directors on August 27, 2010 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, 2010

	Attributable to owners 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$'000	**Retained earnings** HK$'000	**Total** HK$'000
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
Other comprehensive income for the period	—	—	—	—	—	—	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
At January 1, 2010 (audited)	180,907	1,378,443	6,410	778,662	2,455,562	51,533	2,059,522	21,624,953	28,535,992
Profit for the period	—	—	—	—	—	—	—	5,766,027	5,766,027
Other comprehensive income for the period	—	—	—	—	—	—	281,517	—	281,517
Total comprehensive income for the period	—	—	—	—	—	—	281,517	5,766,027	6,047,544
At June 30, 2010 (unaudited)	180,907	1,378,443	6,410	778,662	2,455,562	51,533	2,341,039	27,390,980	34,583,536

* Special reserve represented 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 reorganization ("Corporate Reorganization") to rationalize 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 ultimate controlling shareholder of the Company, of the interests in the Company's subsidiaries owned by other shareholders and the implementation of the Corporate Reorganization.

*** 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, 2010

		Six months ended June 30,	
	NOTES	**2010** **HK$'000** **(unaudited)**	2009 HK$'000 (unaudited)
Net cash from operating activities		**385,690**	59,941
Net cash (used in) from investing activities			
Additions to property, plant and equipment		**(4,907)**	(14,428)
Additions to investment properties		**(59,502)**	(49,086)
Decrease (increase) in pledged bank deposits		**2,543**	(3,917)
Deposit received for disposal of a subsidiary	*20*	**—**	192,482
Deposit paid for acquisition of a piece of land	*22*	**(187,138)**	—
Interest received		**1,836**	985
		(247,168)	126,036
Net cash from financing activities			
New bank loans raised		**591,185**	384,964
Repayments of bank loans		**(56,845)**	—
Repayment of amount due to a shareholder		**(110,718)**	(156,772)
Interest paid		**(157,514)**	(128,417)
		266,108	99,775
Net increase in cash and cash equivalents		**404,630**	285,752
Cash and cash equivalents at beginning of the period		**550,872**	305,017
Effect of foreign exchange difference		**6,039**	(108)
Cash and cash equivalents at end of the period, represented by bank balances and cash		**961,541**	590,661

1. BASIS OF PREPARATION

The 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 34 ("HKAS") "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 Group's annual financial statements for the year ended December 31, 2009.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2009.

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.

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

HKFRS 3 (Revised) Business Combinations

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after January 1, 2010. The requirements in HKAS 27 (Revised) ("Consolidated and Separate Financial Statements") in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after January 1, 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Amendment to HKAS 17 Lease

As part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present as prepaid lease payments in the condensed consolidated statement of financial position. The amendment to HKAS 17 has removed such a requirement. The amendment requires the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendment to HKAS 17, the Group reassessed the classification of unexpired leasehold land at January 1, 2010 based on information that existed at the inception of the leases. In the opinion of the directors of the Company, no reclassification is considered necessary because none of the leasehold land qualifies for finance lease classification. The adoption of amendment to HKAS 17 has had no effect on the condensed consolidated financial statements of the Group for the six months period ended June 30, 2010.

The application of these new and revised HKFRSs had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

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)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related party disclosure[4]
HKAS 32 (Amendment)	Classification of right issues[2]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[3]
HKFRS 9	Financial instruments[5]
HK(IFRIC) — INT 14 (Amendment)	Prepayments of a minimum funding requirement[4]
HK(IFRIC) — INT 19	Extinguishing financial liabilities with equity instruments[3]

[1] Effective for annual periods beginning on or after July 1, 2010 and January 1, 2011, as appropriate.
[2] Effective for annual periods beginning on or after February 1, 2010.
[3] Effective for annual periods beginning on or after July 1, 2010.
[4] Effective for annual periods beginning on or after January 1, 2011.
[5] Effective for annual periods beginning on or after January 1, 2013.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from January 1, 2013, with earlier application permitted. The Standard requires all recognized financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortized cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

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 following is an analysis of the Group's revenue and results by operating segment for the period under review:

Six months ended June 30, 2010 (unaudited)

	Property development		Property investment				
	Shanghai HK$'000	**Chongqing HK$'000**	**Shanghai HK$'000**	**Chongqing HK$'000**	**Others HK$'000**	**Elimination HK$'000**	**Total HK$'000**
Revenue							
External sales	**54,505**	**—**	**11,924**	**—**	**1,065**	**—**	**67,494**
Inter-segment sales	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total	**54,505**	**—**	**11,924**	**—**	**1,065**	**—**	**67,494**

Inter-segment sales are charged at prevailing market rates.

Segment profit (loss)	**36,317**	**(911)**	**4,154,593**	**3,536,633**	**(1,057)**	**—**	**7,725,575**
Other income							**9,275**
Unallocated expenses							**(32,881)**
Profit before taxation							**7,701,969**

Six months ended June 30, 2009 (unaudited)

	Property development		Property investment				
	Shanghai HK$'000	Chongqing HK$'000	Shanghai HK$'000	Chongqing HK$'000	Others HK$'000	Elimination HK$'000	Total HK$'000
Revenue							
External sales	1,072,954	—	8,537	—	967	—	1,082,458
Inter-segment sales	—	—	—	—	—	—	—
Total	1,072,954	—	8,537	—	967	—	1,082,458

Inter-segment sales are charged at prevailing market rates.

Segment profit (loss)	523,917	—	508,921	63,471	(1,913)	—	1,094,396
Other income							15,186
Unallocated expenses							(33,333)
Profit before taxation							1,076,249

3. SEGMENT INFORMATION (CONTINUED)

The accounting policies of the operating segments are the same as the Group's accounting policies described in the Group's annual consolidated financial statements for the year ended December 31, 2009. Segment profit (loss) represents the profit earned by (loss from) each segment including the changes in fair value of investment properties without allocation of other income, finance costs, certain selling expenses, 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 performance assessment.

For the purposes of monitoring segment performances, segment profit (loss) comprise of changes in fair value of investment properties.

The following is an analysis of the Group's assets by operating segment which is also the information presented to the Group's Chief Executive Officer:

	June 30, 2010 HK$'000 (unaudited)	December 31, 2009 HK$'000 (audited)
Property development		
— Shanghai	**669,514**	715,042
— Chongqing	**2,607,203**	1,992,947
Property investment		
— Shanghai	**39,559,385**	35,041,306
— Chongqing	**7,023,750**	3,694,665
Others	**304,159**	221,030
Segment total	**50,164,011**	41,664,990
Unallocated assets	**1,383,088**	751,026
Consolidated assets	**51,547,099**	42,416,016

For the purposes of monitoring segment performances and allocating resources between segments, segment assets comprise of investment properties, properties under development for sales, properties held for sales, at cost and trade receivables and certain other receivables that can be identified to a particular operating segment.

4. REVENUE AND OTHER INCOME

	Six months ended June 30,	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Revenue		
Sales of residential properties	**54,505**	1,072,954
Property rental income	**11,924**	8,537
Property management income	**1,065**	967
	67,494	1,082,458
Other income		
Reversal of other payables and accruals	**—**	10,367
Interest on bank deposits	**1,836**	986
Others	**7,439**	3,833
	9,275	15,186
Total income	**76,769**	1,097,644

5. FINANCE COSTS

	Six months ended June 30,	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interest on bank loans wholly repayable within five years	**50,751**	21,655
Effective interest expenses on fixed rate senior notes	**111,908**	111,908
Total finance costs	**162,659**	133,563
Less: Amount capitalized in investment properties under construction and properties under development for sales	**(162,659)**	(121,449)
	—	12,114

Borrowing costs capitalized during the period arose on the specific borrowings.

6. TAX CHARGE

	Six months ended June 30,	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Current tax:		
Enterprise income tax in the PRC	**5,157**	101,911
Land appreciation tax ("LAT") in the PRC	**10,483**	33,684
	15,640	135,595
Deferred tax:		
Current period	**1,920,302**	113,274
	1,935,942	248,869

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries, Shanghai Jingan-Concord Real Estate Co., Ltd. ("Jingan Concord") and Shanghai Minhang Concord Property Development Co., Ltd. ("Minhang Concord"), is 25% from January 1, 2008 onwards.

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.

Under the New Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from January 1, 2008 onwards. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to retained earnings of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

7. PROFIT FOR THE PERIOD

	Six months ended June 30, 2010 HK$'000 (unaudited)	2009 HK$'000 (unaudited)
Profit for the period has been arrived at after charging (crediting):		
Directors' emoluments	**765**	765
Other staff costs	**15,952**	17,761
Total staff costs	**16,717**	18,526
Less: Amount capitalized in investment properties under construction and properties under development for sales	**(7,022)**	(8,965)
	9,695	9,561
Amortization of prepaid lease payments	**1,252**	1,248
Less: Amount capitalized in construction in progress under property, plant and equipment	**(1,227)**	(1,223)
	25	25
Depreciation of property, plant and equipment	**2,420**	2,772
Less: Amount capitalized in construction in progress under property, plant and equipment	**(1,190)**	(1,150)
	1,230	1,622
Loss on disposal of property, plant and equipment	**—**	36
Cost of properties sold (included in cost of sales)	**17,983**	542,533
Compensation to purchasers of properties (included in administrative expenses)	**—**	450
Net foreign exchange (gain) loss	**(750)**	26
Gross rental income from investment properties	**11,924**	8,537
Less: Direct operating expenses from investment properties that generated rental income during the period	**(1,903)**	(4,379)
	10,021	4,158

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, 2010 HK$'000 (unaudited)	Six months ended June 30, 2009 HK$'000 (unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to the owners of the Company)	**5,766,027**	827,380

	Six months ended June 30, 2010 '000 (unaudited)	Six months ended June 30, 2009 '000 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,809,077**	1,809,077

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

No dividends were paid, declared or proposed during the reported period. The directors of the Company do not recommend the payment of an interim dividend.

10. INVESTMENT PROPERTIES

The fair values of the Group's investment properties at June 30, 2010 were arrived at on the basis of a valuation carried out on that date by Cushman & Wakefield Valuation Advisory Services (HK) Ltd. ("C&W") (December 31, 2009: C&W) in respect of the properties situated in Shanghai, the PRC, and C&W (December 31, 2009: Colliers International (Hong Kong) Limited ("Colliers")) in respect of the properties situated in Chongqing, the PRC. C&W is independent qualified professional valuer not connected with the Group and has 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.

As at June 30, 2010, the completed investment properties held for rental purpose carried at fair value is HK$3,044,896,000 (December 31, 2009: HK$2,837,054,000), the leasehold land under and held for construction of properties for rental purpose and investment properties under construction carried at fair value is HK$40,658,431,000 (December 31, 2009: HK$33,167,936,000) and investment properties under construction carried at cost is HK$2,879,808,000 (December 31, 2009: HK$2,859,660,000).

The resulting increase in fair value of investment properties of approximately HK$7,681,206,000 (six months ended June 30, 2009: HK$568,234,000), has been recognized directly in profit or loss.

10. INVESTMENT PROPERTIES (CONTINUED)

In determining the fair values of the investment properties located in Shanghai, C&W has adopted the discounted cash flow method and residual method with the following key assumptions:

a. Annual growth rate of rental income is ranging from 4% to 6% (December 31, 2009: ranging from 4% to 6%)

b. Occupancy rate for the investment properties is ranging from 80% to 95% (December 31, 2009: ranging from 80% to 95%)

c. Expected developer profit is ranging from 10% to 20% (December 31, 2009: ranging from 10% to 20%)

d. Discount rate is ranging from 4% to 9% (December 31, 2009: ranging from 4% to 9%)

e. Rental rate per month per square metre is ranging from HK$191 to HK$1,430 (December 31, 2009: ranging from HK$169 to HK$1,240)

In determining the fair values of investment properties located in Chongqing, C&W (December 31, 2009: Colliers, adopted the residual method) has adopted the discounted cash flow method and residual method with the following key assumptions:

a. Annual growth rate of rental income is ranging from 4% to 6%

b. Occupancy rate for the investment properties is ranging from 80% to 95%

c. Expected developer profit margin is ranging from 10% to 30% (December 31, 2009: 15%)

d. Discount rate is ranging from 4% to 9% (December 31, 2009: 6%)

e. Rental rate per month per square metre is ranging from HK$28 to HK$817

During the current period, amount of HK$141,690,000 was transferred from investment properties under construction carried at cost to construction in progress under property, plant and equipment and amount of HK$70,432,000 was transferred from leasehold land under and held for construction of properties for rental purpose to prepaid lease payments, representing the construction cost and land value for some hotel operation as at June 30, 2010.

During the current period, amount of HK$18,326,000 was transferred from investment properties under construction carried at cost to properties under development for sales and amount of HK$258,354,000 was transferred from leasehold land under and held for construction of properties for rental purpose to properties under development for sales, representing the deemed cost of some properties under development for sales as at June 30, 2010.

As at June 30, 2010, the Group obtained four (December 31, 2009: four) out of six State-owned Land Use Rights Certificates for Chongqing projects sites. The Group was in the process of obtaining the remaining two (December 31, 2009: two) State-owned Land Use Rights Certificates. The carrying amount of the prepaid lease payments, investment properties and properties under development for sales which relate to these remaining two (December 31, 2009: two) State-owned Land Use Rights Certificates amounted to approximately HK$154,286,000 (December 31, 2009: HK$84,304,000), HK$5,778,072,000 (December 31, 2009: HK$3,255,075,000) and HK$389,136,000 (December 31, 2009: HK$129,743,000) respectively.

11. BANK LOANS, SECURED

	June 30, 2010 HK$'000 (unaudited)	December 31, 2009 HK$'000 (audited)
The variable-rate bank loans are repayable as follows:		
On demand or within one year	**516,749**	—
More than one year, but not exceeding five years	**1,518,235**	1,485,766
	2,034,984	1,485,766
Less: Amount due within one year shown under current liabilities	**(516,749)**	—
	1,518,235	1,485,766

The Group has variable-rate bank loans which carry interest range from the People's Bank of China 1–3 year loan base rate to the People's Bank of China 1–3 year loan base rate multiply by 120%. Interest is repriced every three months.

The range of effective interest rate (which are also equal to contracted interest rates) on the Group's bank loans are ranged from 5.31% to 6.48% (year ended December 31, 2009: 5.40% to 6.48%) per annum.

The bank loans outstanding as of June 30, 2010 were secured by the following:

- property, plant and equipment with a net book value of HK$24,401,000 (December 31, 2009: HK$24,579,000);
- investment properties under construction carried at cost with a carrying value of nil (December 31, 2009: HK$440,900,000);
- investment properties (excluding investment properties under construction carried at cost) with a carrying value of HK$17,072,684,000 (December 31, 2009: HK$14,817,614,000);
- properties under development for sales with a carrying value of HK$1,024,510,000 (December 31, 2009: HK$708,008,000);
- properties held for sales with a carrying value of HK$290,365,000 (December 31, 2009: HK$288,060,000); and
- pledged bank deposits of HK$16,946,000 (December 31, 2009: HK$16,536,000).

12. FIXED RATE SENIOR NOTES

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

The notes bear interest at a fixed rate of 9.125% per annum. The interest charged for the period is calculated by applying an effective interest rate of approximately 9.675% (year ended December 31, 2009: 9.675%) per annum. Interest on the notes is payable on May 4 and November 4 of each year. 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 12-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 notes have been listed on the Singapore Exchange Limited since May 4, 2007. The market value of the notes at June 30, 2010 was US$230,500,000 (approximately HK$1,797,900,000) (December 31, 2009: US$234,125,000 (approximately HK$1,826,176,000)).

13. SHARE CAPITAL

	Number of shares	**Share capital**
		HK$'000
Ordinary shares of HK$0.1 each		
Authorized:		
At January 1, 2009, June 30, 2009, January 1, 2010 and June 30, 2010	5,000,000,000	500,000
Issued and fully paid:		
At January 1, 2009, June 30, 2009, January 1, 2010 and June 30, 2010	1,809,077,000	180,907

14. CONTINGENT LIABILITIES

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

	June 30, 2010 HK$'000 (unaudited)	December 31, 2009 HK$'000 (audited)
Guarantees given to banks in connection with credit facilities granted to the purchasers of the Group's properties *(Notes)*	**1,179,290**	588,646

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 of the Company and completion of the registration of the mortgage with the relevant mortgage registration authorities. In the opinion of the directors of the Company, 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 the Group's pledged bank deposits of HK$6,305,000 (December 31, 2009: HK$9,067,000).

15. OTHER COMMITMENTS

	June 30, 2010 HK$'000 (unaudited)	December 31, 2009 HK$'000 (audited)
Construction commitment contracted for but not provided in respect of property, plant and equipment and investment properties	**473,896**	450,571

16. 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, 2010 HK$'000 (unaudited)	December 31, 2009 HK$'000 (audited)
Within one year	**23,093**	**22,107**
In the second to fifth year inclusive	**45,485**	**49,811**
After five years	**265**	**—**
	68,843	**71,918**

16. OPERATING LEASE COMMITMENTS (CONTINUED)

As lessee

Minimum lease payments paid under operating lease during the period:

	Six months ended June 30,	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Premises	**1,733**	1,733

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, 2010	December 31, 2009
	HK$'000	HK$'000
	(unaudited)	(audited)
Within one year	**3,466**	**3,466**
In the second to fifth year inclusive	**289**	**2,022**
	3,755	**5,488**

17. 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 profit or loss 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.

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$2,193,000 (six months ended June 30, 2009: HK$2,048,000).

18. 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 option has been granted since the adoption of the share option scheme.

19. RELATED PARTY TRANSACTIONS

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

	Six months ended June 30,	
Nature of transactions	**2010** **HK$'000** **(unaudited)**	2009 HK$'000 (unaudited)
Office premises expenses *(Note)*	**19**	19

Note: 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,	
	2010 **HK$'000** **(unaudited)**	2009 HK$'000 (unaudited)
Salaries and short term benefits	**765**	765

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

20. DEPOSIT RECEIVED FOR DISPOSAL OF A SUBSIDIARY

On March 10, 2009, the Group entered into a share transfer agreement 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 (equivalent to approximately HK$207,648,000).

As at June 30, 2009, RMB170,000,000 (equivalent to approximately HK$192,482,000) was received by the Group. The transfer has been completed as at December 31, 2009.

21. LIST OF SUBSIDIARIES

Details of the Company's principal subsidiaries as at June 30, 2010 and December 31, 2009 are as follows:

Name of the company	Country of establishment	Equity interest attributable to the Group as at June 30, 2010	Equity interest attributable to the Group as at December 31, 2009	Issued and fully paid registered and paid-up capital as at June 30, 2010	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
Shanghai Yingduoli Property Management Company Limited##	PRC	**100%**	100%	RMB500,000	Property management service
Shanghai Shengba Construction Co., Ltd.##	PRC	**100%**	100%	RMB30,000,000	Provision of construction consultancy service
Shanghai Baili Construction Management and Consultancy Company Limited#	PRC	**100%**	100%	US$500,000	Provision of construction consultancy service
Shanghai Zhengtian Construction Management and Consultancy Company Limited#	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 Riverside Real Estate Co., Ltd.#	PRC	**100%**	100%	US$50,000,000	Property development and investment
Chongqing Yangtze-Jialing River Real Estate Co., Ltd.#	PRC	**100%**	100%	US$50,000,000	Property development and investment
重慶正天投資有限公司##	PRC	**100%**	100%	RMB51,000,000	Property development and investment

Wholly foreign owned enterprises registered in the PRC.

A limited liability company registered in the PRC.

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, 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.

22. EVENT AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group has acquired a piece of land with total consideration of RMB818,450,000 (equivalent to approximately HK$935,692,000), of which RMB163,690,000 (equivalent to approximately HK$187,138,000) was paid before the end of the reporting period and included in trade and other receivables, deposits and prepayments as at June 30, 2010.