瑞安建業有限公司
SHUI ON CONSTRUCTION AND MATERIALS LIMITED
(To be renamed as "SOCAM Development Limited")

CAPTURING NEW MARKET OPPORTUNITIES WITH SOLID PROGRESS

掌握先機 著實邁進

STOCK CODE 股份代號: 983

INTERIM REPORT 2011 中期報告

A NEW MILESTONE

In September, Shareholders of the Company approved the proposed name change from Shui On Construction and Materials Limited to SOCAM Development Limited (SOCAM), helping to define SOCAM's new brand positioning and development strategies. The new name reflects the significant progress the Company has made over the past few years in its transformation from a construction and building materials company into a leading niche property developer in the Chinese Mainland.

Together with the solid financial position and the wealth of experience SOCAM has accumulated in China, the Company is now in an advantageous position to capture the exciting opportunities ahead. SOCAM will continue to expand its property portfolio in the niche markets of high-end special situation properties and knowledge communities in the Chinese Mainland.

CONTENTS

SOCAM AT A GLANCE

SOCAM (HKSE Stock Code: 983) is principally engaged in property development in the Chinese Mainland with a focus on special situation projects and knowledge communities. The Company is specialised in developing quality high-end projects with visionary plans and precise moves leveraged on its strong expertise and solid background in construction operations. SOCAM's businesses are built on solid business models that seek to tap into and contribute towards the sustained economic and social development of the Chinese Mainland.

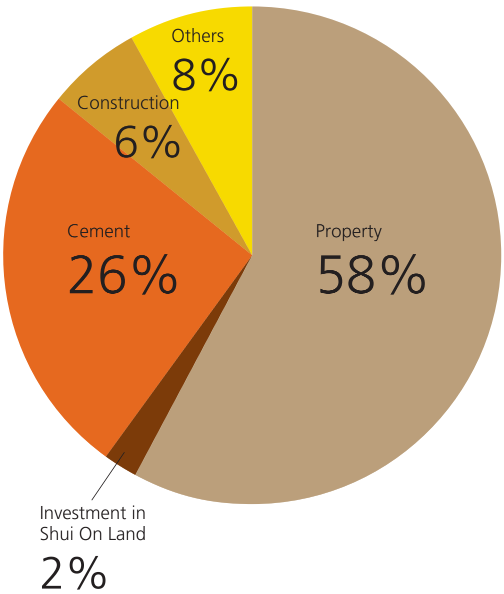
SOCAM is a member of the Shui On Group, currently with property, cement and construction operations in the Chinese Mainland, Hong Kong and Macau. The Company was listed on the Hong Kong Stock Exchange in February 1997 and is one of the constituents of the Hang Seng Composite Index.

FINANCIAL HIGHLIGHTS

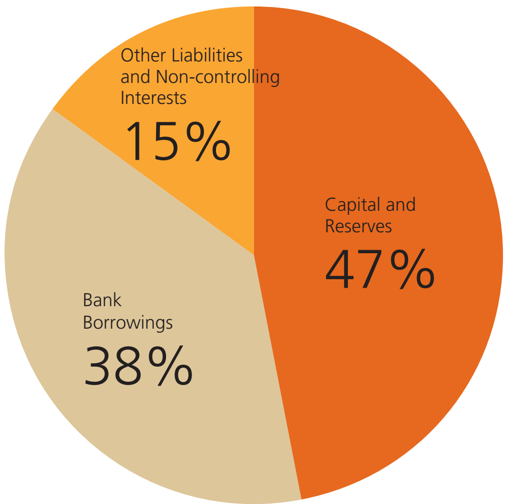
	Six months ended 30 June	
	2011	2010
Turnover	**HK$2,717 million**	HK$2,989 million
Profit attributable to shareholders	**HK$460 million**	HK$517 million
Basic earnings per share	**HK$0.94**	HK$1.06
Interim dividend per share	**HK$0.25**	HK$0.20

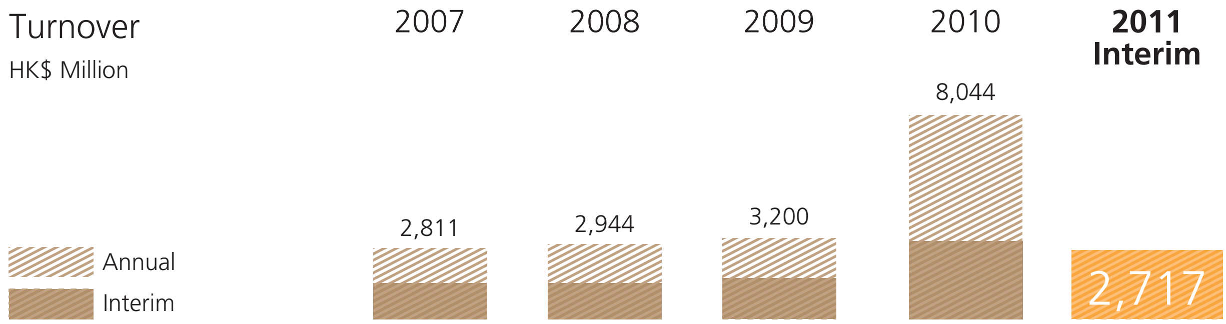
	At 30 June	At 31 December
	2011	2010
Total assets	**HK$20.8 billion**	HK$21.0 billion
Net assets	**HK$9.7 billion**	HK$9.2 billion
Net asset value per share	**HK$19.78**	HK$18.82
Net gearing	**45%**	51%

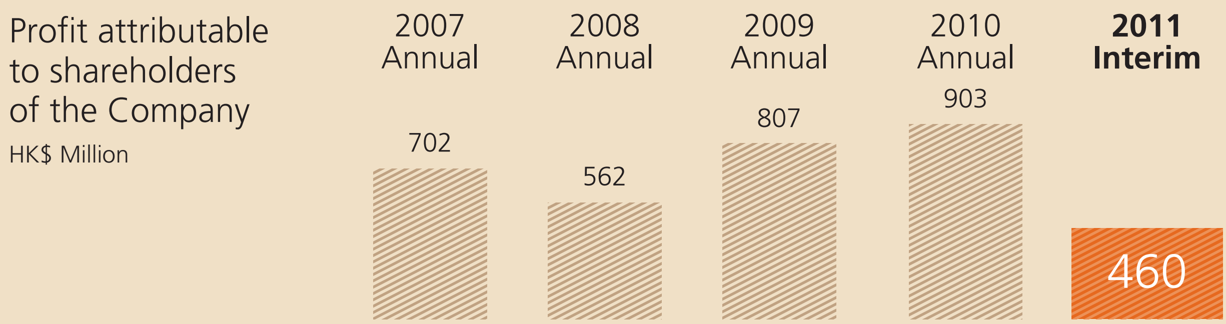
Assets employed
At 30 June 2011

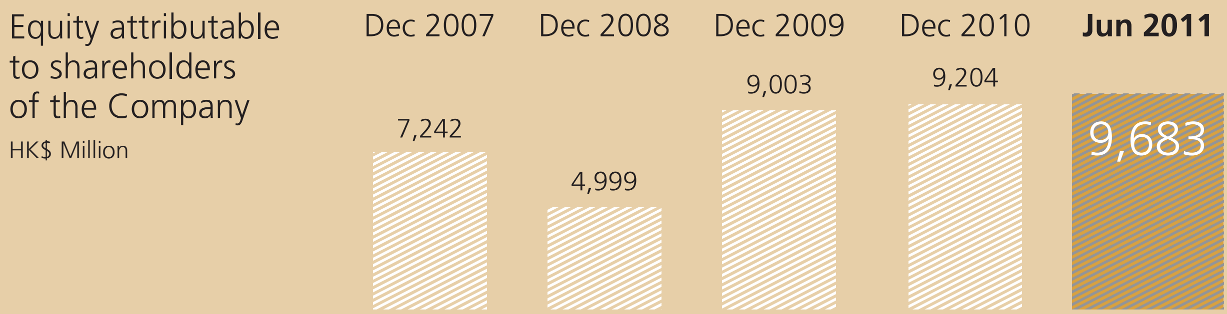


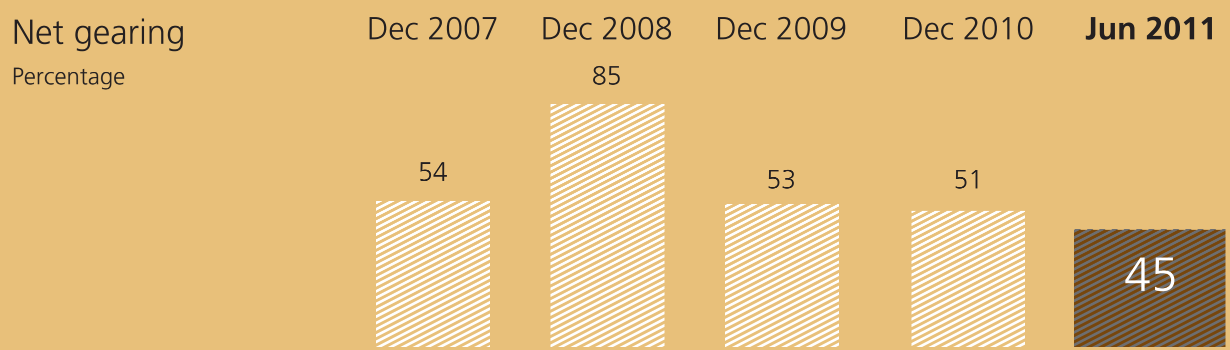
Capital and liabilities
At 30 June 2011



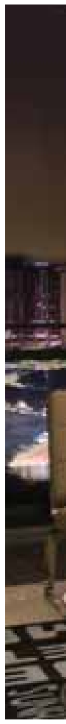

Turnover
HK$ Million
2007
2008
2009
2010
2011 Interim
2,811
2,944
3,200
8,044
2,717
Annual
Interim


Profit attributable to shareholders of the Company
HK$ Million
2007 Annual
2008 Annual
2009 Annual
2010 Annual
2011 Interim
702
562
807
903
460


Equity attributable to shareholders of the Company
HK$ Million
Dec 2007
Dec 2008
Dec 2009
Dec 2010
Jun 2011
7,242
4,999
9,003
9,204
9,683


Net gearing
Percentage
Dec 2007
Dec 2008
Dec 2009
Dec 2010
Jun 2011
54
85
53
51
45





MANAGEMENT DISCUSSION AND ANALYSIS


With SOCAM's expertise in acquisitions, financial restructuring, construction, project management as well as sales and marketing, our strategic realignment to a company which will focus on property development in specialised market areas in the Mainland has gathered momentum.

MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW

INTERIM RESULTS

The Group's turnover was HK$2,717 million for the six months ended 30 June 2011, a 9% decrease from the interim period of 2010. Consolidated profit after taxation and non-controlling interests was HK$460 million, a 11% decrease compared to the same period last year. An analysis of the results is set out in the Financial Review section below.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK$0.25 per share (2010: HK$0.20 per share) to shareholders whose names appear on the register of members of the Company on Tuesday, 4 October 2011. The interim dividend will be paid on Thursday, 13 October 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 30 September 2011 to Tuesday, 4 October 2011, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Thursday, 29 September 2011.

MARKET OVERVIEW

Global economic recovery continued on an unsteady path and it was evident that in the developed world, growth has barely been moderate. With unemployment in the United States remaining high, the housing market still at its ebb, and the European sovereign debt crisis unresolved, another worldwide financial turmoil was triggered off in August following the downgrading of the long-term credit rating in the United States. These crises could well be repeated in the next few years before a sustainable growth can firmly be established in the United States and Europe. Similar uncertainty could spill over to the hitherto largely unaffected growth prospects in emerging markets, including the Chinese Mainland. Concerted efforts from major European countries and the United States are clearly needed to avoid further financial disasters worldwide and the achievement of the expected 2011 global growth of 4.5% forecast by the International Monetary Fund (IMF), led mainly by emerging and developing economies.

Meanwhile, the Chinese Mainland, which has been maintaining robust annual economic growth in excess of 9%, is facing its own problems of rising inflation and labour cost, and the undesirable adverse effect of limiting money supply.

It is against these uncertainties that the Company is announcing the current satisfactory interim results along its path of transformation.

BUSINESS REVIEW

During the first six months of 2011, the Group's businesses continued to produce solid results.

Following our success in repositioning the Group's businesses, our property sector continued to account for approximately 58% (2010: 60%) of the total assets. This strategy has taken further steps forward during the first half of 2011 through new strategic partnerships and the formation of an investment fund with major international institutions to invest in special situation projects in China, testament to their confidence in both our business model and finished products. Meanwhile, our cement business in the southwestern region of China continued to post disappointing results due to over capacities, strong competition and rapidly rising energy and fuel costs. There were, however, clear signs of these negative factors abating in recent months. Our construction operation in Hong Kong benefited from our strong market position and increased government spending, both of which are expected to continue in the foreseeable future.

PROPERTY

During the first half of 2011, special situation projects contributed to the substantial growth in the property business. Together with the development of knowledge communities, the well-blended business model offers the Group cash flows and profits on quick asset turnover as well as sustainable growth in earnings in the long term.

BUSINESS REVIEW

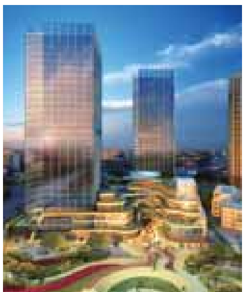
The Group's property business in the Chinese Mainland comprises two distinct businesses, special situation projects and knowledge communities.

In the past year, the Central Government has been attempting to address high inflationary pressures through monetary policies and administrative measures such as home purchase restrictions across the country which are designed to rein in house price hikes.

The National Bureau of Statistics reported that the rise in house prices appeared to have been slowing since May. Pilot property tax schemes were implemented in Chongqing and Shanghai, and these are expected to be extended to other cities in the second half of the year.

The aforementioned austerity measures from the Central Government have created more opportunities for the acquisition of special situation properties and the Group is well poised to ride on such market conditions and consolidate its leading position.

The Group's total attributable developable GFA of such projects at 30 June 2011 is summarised below.

Location:	BEIJING	CHENGDU	CHONGQING	GUANGZHOU
Project:	 Centrium Residence	 Orient Home	 Creative Concepts Center	 Parc Oasis
Total Developable GFA Attributable to the Group (square metres):	30,300*	238,600*	37,100	112,000
Property Type:	Residential	Composite	Composite	Residential and retail
Estimated Completion Year:	2012	2015	Completed	2012

* The Group has a 52.5%, 51%, 70% and 80% interest in Beijing Centrium Residence, Chengdu Orient Home, Shanghai 21st Century Tower and Shenyang Project Phase II respectively. The GFA shown is the effective share attributable to the Group.

Special Situation Projects

This under-served area of special situation property development in the Mainland has continued to be an important contributor of both profit and turnover of SOCAM. With our experience in acquisitions, financial restructuring, construction, project management as well as sales and marketing, SOCAM continued to deliver attractive returns by turning around high-potential special situation projects within a short time.

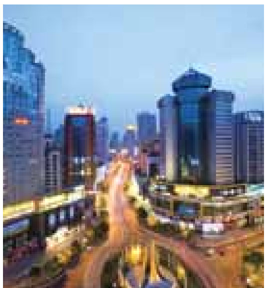
As a leader in this market, we have been actively exploring ways to expand and strengthen our property portfolio. In March, SOCAM announced the successful formation of the SoTan China Real Estate I, LP (SoTan), a private equity vehicle for investing in special situation projects in high-growth secondary cities in the Mainland, with a focus on residential development and mixed-use projects. Partnering with some of the world's leading institutional investors on a 50-50 basis with a combined equity of approximately US$400 million, SoTan should be able to provide a solid investment platform to its investors and enable us to increase the scale of our investments in the current market situation.

Property Acquisitions

The Group continued to be a highly competitive player in special situation projects. The acquisition of 21st Century Tower in Shanghai in December 2010 has paved the way for the Group to pursue the 'branded residences' concept with the luxurious Four Seasons Hotels and Resorts Group.

We were also quick to acquire an industrial site in Zunyi in an auction in Guizhou, which used to house a wet-process cement plant of the Group before closure last year. We plan to convert this well-located site into a residential and retail development with a total gross floor area (GFA) of approximately 620,000 square metres. We are also mindful of similar opportunities in our other cement plant sites.

At 30 June 2011, the Group had nine properties at various stages of completion in seven first and second tier Mainland cities, namely Beijing, Shanghai, Chongqing, Chengdu, Guangzhou, Guizhou and Shenyang. They represent a diverse property portfolio comprising approximately 2.3 million square metres of developable GFA, of which 1.9 million square metres are attributable to the Group. These

GUIZHOU	SHANGHAI		SHENYANG	
				
Zunyi Project	Lakeville Regency Tower 18	21st Century Tower	Shenyang Project Phase I	Shenyang Project Phase II
620,000	22,200	43,800*	281,200	523,100*
Residential and retail	Residential	Branded residence and hotel	Composite	Composite
2018	Completed	2012	2012	2016

Total: 1,908,300 square metres

projects are expected to provide us with a steady stream of profits and cash flows as they are completed over the next few years.

Property Sales and Leasing

The austerity measures taken by the Central Government to curb the excessively rapid rise of housing prices, including the introduction of property taxes and home purchase restriction orders, have resulted in some dampening of sentiment in the residential property market. In light of the market changes, we have made appropriate adjustments to our sales target for this year.

During these first six months, the Group's pre-sale activities focused primarily on Guangzhou Parc Oasis, Chongqing Creative Concepts Center and Shenyang Project Phase I.

In Guangzhou, sales activity for the up-market residential project in the highly sought-after Tianhe district began in March 2011. By June 2011, some 50% of the first batch of residential units launched for pre-sale had been sold. Handover of the presold units is planned for 2012.

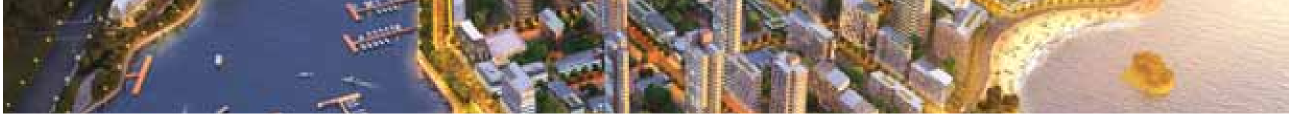
In Chongqing Creative Concepts Center, almost 100% of the residential apartments of 30,000 square metres GFA and over 80% of the office units of 22,000 square metres GFA were sold. Over 90% of the residential apartments were handed over to buyers at June 2011. About 52% of the total lettable area of approximately 21,000 square metres GFA was taken up at June 2011. Average monthly rental of the retail space compares favourably with market rates in the area.

Shenyang Project Phase I has received encouraging market feedback since the launch of residential units in the third quarter of 2009. 43,600 square metres GFA were sold since the pre-sale launch. Low-zone residential units of 268 units were handed over to the owners in late April. Interior fitting-out works were in progress and high-zone residential units will be ready for occupation by the latter half of the year.

Project Development

The Group made steady progress on projects under development, all of which remain on schedule for completion.

In June, we sold 49% of our interest in the Orient Home project in Chengdu for a consideration of RMB440 million to a private equity fund of LaSalle Investment Management. This project is set to be a high quality mixed development with completion in phases by 2015.



Knowledge Communities

Beginning with Dalian Tiandi, our project in China's Liaoning Province, the Group is managing and developing knowledge communities as another focus of its property business. This is a visionary concept which we have developed through careful consideration of the opportunities presented by not only property development in the Mainland, but the desire of the Central Government to lift the country to a next stage of advancement through a knowledge-based economy.

SOCAM has been a pioneer in creating specially-designed knowledge communities that can attract enterprises and talent by providing integrated business, research and lifestyle facilities. During the first half of 2011, we continued to make good progress on the Dalian Tiandi project in terms of both construction and leasing, and certain major tenants, including IBM and Ambow, have moved into a substantial part of their leased area of 135,000 square metres up to August.

We have also been actively pursuing further opportunities in Nanjing through the forming of a partnership with Tsinghua Science Park (Tsinghua SP), a leading innovation incubator and the most successful tech park developer and operator in China, to jointly develop another sustainable knowledge community project. This will further give us an advantage to expand the knowledge community concept to other key cities in China.

Dalian Tiandi

Dalian Tiandi, in the rapidly growing coastal city of Dalian in Northeast China, is being developed by a joint venture involving SOCAM, Shui On Land (SOL) and Yida Group, with SOCAM playing the role of managing partner.

Our project management has ensured that construction has largely remained on schedule in accordance with the master development plan. Premises in the commercial buildings are currently being handed over upon phased completion. Our success in branding, marketing and sales is enabling the project to attract high-and-new technology companies not only from within China but globally. As of 30 June 2011, our anchor tenants include IBM; Chinasoft, the second largest software company in China; Ambow Education, the leading e-learning provider in China; and Singapore based Etonhouse International Education Group. The project is now close to achieving a critical mass for the community.

For the sales launch of Greenville Phase I of this project last October, a record 80 townhouses were sold on the first day of the launch. In addition, a further 17 townhouses and 261 mid-to-high-rise apartments were sold soon afterwards. By mid-2011, most of the townhouses sold were handed over to the purchasers.

In April, the first batch of students was enrolled in Ambow Education courses, while the first phase of IT Tiandi, a retail complex in Huang Ni Chuan, is expected to have its soft opening in the third quarter of this year.

To ensure the continued success of this project, we are bringing in some of the world's most renowned establishments through strategic partnerships. We announced our strategic alliance in February with Mitsui Fudosan Residential (Mitsui), the leading Japanese real estate developer, in Dalian Tiandi. The partnership will jointly develop six parcels of land in the Hekou Bay and Huang Ni Chuan districts, as residential and retail properties. Construction is expected to be completed in 2014. Mitsui has a 30% interest in the partnership. As with the Tsinghua SP partnership, this collaborative venture will greatly enhance the resources, reputation and financial strength of this project.

CEMENT

Lafarge Shui On Cement reported growth in total sales volume for the period but the operation has come under severe price and cost pressures amid the intensified competition environment.

The cement industry in China has generally performed well in the first half of 2011 by continued spending on infrastructure development and other fixed assets investment, coupled with increasing urbanisation and rural modernisation. The Central Government's massive social housing plan for 2011-2015 has given additional impetus to the demand for cement. China's cement output increased by 19.6% year-on-year to 950 million tonnes during the first six months of this year.

Over-capacity remains a problem in certain parts of the country, particularly Sichuan and Chongqing. Acceleration of the elimination of backward, energy-inefficient capacities, coupled with tightening up of approval for the building of new cement plants, will help alleviate the situation. In 2011, the Central Government has planned to eliminate approximately 134 million tonnes of such capacity and it appears to be an achievable target.

Lafarge Shui On Cement (LSOC)

LSOC, in which the Group holds a 45% interest, is the market leader in Southwest China with a major presence in Sichuan, Chongqing, Guizhou and Yunnan. Total annual production capacity stayed at approximately 30 million tonnes during the first six months of 2011.

LSOC's total sales volume was approximately 13 million tonnes in this period, which was higher than that of the previous interim period by approximately 19%, largely due to the additional volumes contributed by the three new dry kilns with aggregate annual capacity of approximately seven million tonnes that were commissioned in late 2010.

The operations of LSOC in Sichuan, Chongqing and Guizhou continued to come under price pressure primarily due to intensified competition from new capacities. Cement prices in all the operating areas of LSOC however staged a reasonable rebound in the second quarter as restriction of power supply had disrupted cement production of smaller producers and reduced market supply. Overall, average selling price for this interim period decreased by approximately 4%, as compared with the corresponding period last year.

The rapid increase in the prices of coal since last year added further pressure on gross profit margin. The variable cost of production for the first six months of this year increased by approximately 8% year-on-year. Despite higher sales volume on expanded production and sustained market demand, LSOC looks set to post disappointing results for another year due to adverse price and cost factors.

The injection by LSOC of its 50% interest in the Dujiangyan plants into Sichuan Shuangma Cement (Shuangma), a listed company on the Shenzhen Stock Exchange, at a valuation of RMB2.3 billion for new shares issued by Shuangma, received the final approval of the China Securities Regulatory Commission in January 2011. LSOC now holds beneficial interests of approximately 78% and 64% in Shuangma and the Dujiangyan plants respectively.

LSOC has planned to inject all of its cement assets into Shuangma over the next few years. Such asset injection is subject to fair market valuation of the cement assets concerned as well as approvals of the relevant regulatory authorities in the Mainland, independent shareholders of Shuangma and minority shareholders of relevant cement companies. On 30 June 2011, LSOC entered into conditional agreements with Shuangma for the injection of its remaining 25% interest in the Dujiangyan plants, 100% interest in the cement plant in Sancha, Guizhou and 75% interests in the cement plants in Xinpu and Dingxiao, Guizhou. In addition, Shuangma also announced that it will conduct a private placement of shares to raise a total of approximately RMB2.8 billion cash to fund the acquisition of the aforementioned cement assets from LSOC. Following completion of this asset injection and share placement, which is expected to take place around the second quarter of 2012, LSOC will continue to hold a majority interest in Shuangma. Thereafter, injections of other cement assets in Yunnan and Chongqing, as well as its remaining interests in the cement plants in Guizhou, into Shuangma will follow.

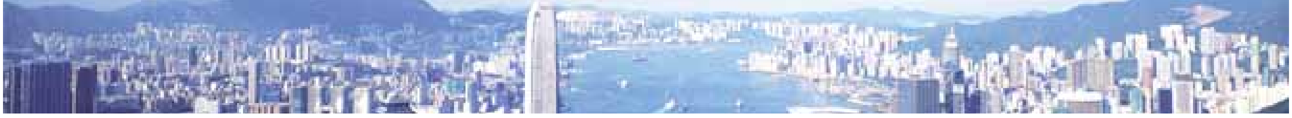
As part of its transformation strategy, SOCAM is reviewing options for the strategic divestment of its interest in LSOC with a view to focusing resources on our unique business operations in the Mainland property sector.

Guizhou Cement

SOCAM continued with the execution of the exit plan for the cement plants in Guizhou. On 12 July 2011, it entered into an agreement for the disposal of the dry line in Kaili for a consideration of up to approximately HK$490 million. In addition, on 29 July 2011, it also signed an agreement to dispose of its minority interest in the cement plant in Liupanshui, Guizhou for a consideration of approximately HK$110 million. Completion of these disposals is expected to take place in the last quarter of this year, by which time SOCAM will have disposed of or closed down all of its major cement plants in Guizhou.

CONSTRUCTION

Notwithstanding the rising building materials and labour costs, the Group's construction business achieved satisfactory profit during the first half of the year.



The Hong Kong economy has continued to benefit from the rapid growth in the Mainland and the rebound in world trade and tourism. The IMF forecast in April that the Hong Kong economy would grow by 5.4% in 2011. The HKSAR Government has launched a series of measures in an attempt to cool down the residential property market and committed to increasing the supply of land to meet the rising private and public housing demand.

During the first quarter of the year, the gross value of construction works completed in the private and public sectors increased by 14.8% and 46.4% respectively year-on-year. This, together with the ten major infrastructure projects and other works, will continue to drive up local construction activities and lower the unemployment rate in the industry.

The Group's construction business performed steadily during the first half of the year. It recorded an 18% increase in profit to HK$54 million, despite rising building materials and labour costs and a 9% decrease in turnover to HK$1,985 million, compared with the corresponding period last year. New contracts totalling approximately HK$1.5 billion were secured.

At 30 June 2011, the gross value of contracts on hand was approximately HK$12.9 billion and the value of outstanding contracts to be completed was approximately HK$6.2 billion, compared with approximately HK$12.3 billion and HK$6.7 billion respectively at 31 December 2010.

Shui On Building Contractors (SOBC) secured a 3-year contract from the Hong Kong Housing Authority (HKHA) for the maintenance and refurbishment works at various housing estates in Kowloon and the New Territories, valued at HK$272 million. Subsequent to the period end, SOBC was awarded a public rental housing project at Kwai Shing Circuit from the HKHA with a value of HK$597 million.

During the period, major projects completed by SOBC included the public rental housing estate at Tseung Kwan O Area 73B for the HKHA and the refurbishment works on a residential development for the Hong Kong Housing Society. Shui On Construction made good progress on the HK$1 billion contract for the construction of the Town Park and Indoor Velodrome-cum Sports Centre for the Hong Kong Architectural Services Department.

Shui On Construction, Mainland (SOCM) provided construction services for the Chongqing Tiandi, Foshan Lingnan Tiandi and Wuhan Tiandi projects of SOL and the Shenyang Project Phase I, Guangzhou Parc Oasis and Dalian Tiandi projects of SOCAM during the period. SOCM completed the renovation works on an office building in Shanghai, and secured RMB1.1 billion worth of new contracts, including construction works for Foshan Lingnan Tiandi and a shopping mall and an office building in Shenyang.

During the period, Pat Davie completed interior fit-out and refurbishment projects for The Links, Hong Kong Polytechnic University, MTR Corporation and a major investment bank in Hong Kong, and MGM and Altira in Macau.

Pat Davie secured a total of approximately HK$157 million worth of new contracts in Hong Kong, Macau and the Chinese Mainland. Major contracts include the fit-out of office buildings and a hotel in Hong Kong, as well as two major casino hotels and a serviced apartment in Macau. After the period end, Pat Davie was awarded fit-out contracts in Hong Kong and Macau with a total value of approximately HK$308 million.

OUTLOOK

The sovereign debt crisis in the United States and certain European countries as well as the slower growth and deteriorating labour market in the western world are likely to pose major challenges and volatility to global financial markets in the near term. Persistent inflationary pressure in the Mainland and Hong Kong has also adversely affected the immediate economic outlook.

Yet with calibrated macroeconomic policies in place, China's economy is expected to sustain a healthy and impressive growth on a firmer footing. Added to this prospect is the accelerating urbanisation process and increase in disposable incomes which will continue to provide impetus in the property market in the long run.

SOCAM's property business in China should benefit from the Central Government's attempts to tighten up and regulate bank lending as more opportunities to acquire special situation projects are available recently. We also strongly believe that our attention now on our long-term growth potential and our devotion of much more resources on the development of integrated knowledge communities will bring sustainable growth to SOCAM. This strategy will be backed by China's continuing switching and upgrading of its manufacturing base to higher technological process, and the emergence of a much larger population of middle class.

The operation of the Group's cement joint venture, managed by Lafarge, has continued to post unsatisfactory

results although there are signs of it coming out from the trough. We will actively look for divestment opportunities, as although the cement business is well positioned to benefit from China's substantial investment in infrastructure and the ambitious plans for massive social housing, decisions on other core businesses of the Group can often generate higher returns with our ample experience in the Mainland and Hong Kong. Management will closely monitor the divestment process and maximise the value which can be potentially generated.

In Hong Kong, government infrastructure spending remains healthy and it is likely that more public housing will be built. This is obviously positive for our construction business, despite the added upward pressure on materials and labour costs.

SOCAM's strategic realignment to a company which will focus on property development in specialised market areas in the Mainland has gathered momentum. A first step towards this goal is our intention to change the Company's name to SOCAM Development Limited, subject to shareholders' approval, which should better reflect the transformation of the core businesses of the Company. The satisfactory financial position, together with the wealth of experience which we have accumulated in the Mainland, have put the Company in an advantageous position to complete the transformation and capture the exciting opportunities ahead.

FINANCIAL REVIEW

MANAGEMENT DISCUSSION AND ANALYSIS
FINANCIAL REVIEW

FINANCIAL RESULTS

The Group's profit attributable to shareholders for the six months ended 30 June 2011 was HK$460 million on a turnover of HK$2,717 million, compared with HK$517 million profit and HK$2,989 million turnover recorded for the same period last year.

An analysis of the total turnover is shown below:

	Six months ended 30 June 2011 HK$ million	Six months ended 30 June 2010 HK$ million
Turnover		
SOCAM and subsidiaries		
Construction and building maintenance	**1,985**	2,177
Property	**731**	809
Others	**1**	3
Total	**2,717**	2,989
Jointly controlled entities and associates		
Cement operations	**1,650**	1,469
Property and others	**81**	1
Total	**1,731**	1,470
Total	**4,448**	4,459

Turnover from construction and building maintenance works for the current interim period was steady following the substantial expansion of workload in Hong Kong and the Mainland during 2010. Revenue from the property business during the period was mainly the result of the disposal of the Qianxinian Building in Chongqing and the recognition of sales of residential and office units of Chongqing Creative Concepts Center and Shenyang Project Phase I. Turnover from the cement operations increased during the first half of 2011 on higher sales volume. Dalian Tiandi, of which the Group has a 22% interest, began to recognise property sales revenue in 2011, and the Group's share of the turnover was HK$79 million.

An analysis of the profit attributable to shareholders is set out below:

	Six months ended 30 June 2011 HK$ million	Six months ended 30 June 2010 HK$ million
Property		
Project fee income	**40**	24
Profit from property sales and net rental income	**118**	65
Gain on disposal of a subsidiary	**337**	–
Fair value gain on investment properties, net of deferred tax provision	**38**	183
Dalian Tiandi	**21**	(12)
Operating expenses	**(74)**	(65)
	480	195
Investment in SOL		
Dividend income	**7**	52
Net gain on disposal of shares	**–**	373
Gain on scrip option	**–**	4
	7	429
Cement operations		
LSOC	**7**	67
Guizhou cement	**7**	2
Reversal/(provision) of impairment losses	**43**	(3)
	57	66
Construction	**54**	46
Venture capital investments	**15**	(16)
Net finance costs	**(81)**	(121)
Corporate overheads and others	**(55)**	(71)
Taxation	**(9)**	(4)
Non-controlling interests	**(8)**	(7)
Total	**460**	517

The Group's core profit increased considerably to HK$438 million, by 3.2 times over the same period last year.

FINANCIAL REVIEW

Property

Property operations reported a substantial growth in total net profit to HK$480 million, reflecting the quality of the portfolio of special situation properties acquired in the past few years. Project fee income from jointly controlled entities and associates increased to HK$40 million for the first half of 2011, from HK$24 million for the same period in 2010.

The profit from property sales in the current period was attributed to the en-bloc disposal of the Qianxinian Building in Chongqing as well as the recognition of sales of the residential and office units of Chongqing Creative Concepts Center and Shenyang Project Phase I following the gradual handover of the units since late 2010. Rental income was derived from the Group's investment property, Lakeville Regency Tower 18 in Shanghai.

In June, the Group disposed of its 49% equity interest in and related shareholder loan to the Chengdu Orient Home project for an aggregate consideration of RMB440 million (approximately HK$528 million) and recognised a net gain of HK$337 million in relation to this transaction in accordance with applicable accounting standards.

Dalian Tiandi launched pre-sale of its residential villas and mid/high-rise apartments in late 2010 and commenced to recognise property sales revenue in 2011, and the Group's 22% share of Dalian Tiandi's net operating profit amounted to HK$21 million.

The valuation of Lakeville Regency Tower 18 in Shanghai and the commercial portions of the properties currently under development, which will be held as investment properties after completion, in Shenyang Project Phase I and Dalian Tiandi at 30 June 2011 produced a net gain of HK$38 million for the Group. In the last interim period, the HK$183 million net gain was largely the result of the period end valuation of Lakeville Regency Tower 18 in Shanghai, which was acquired by the Group at a discount to market price in early 2010.

Investment in SOL

In June 2010, the Group disposed of approximately 6.3% of its then holding of 8.7% of the issued share capital of SOL and recognised a net non-recurrent gain of HK$373 million. Such divestment resulted in the reduction of dividend income from SOL in this interim period, as compared to that of the corresponding period last year.

Cement operations

The Group's 45% share of LSOC's profit decreased to HK$7 million in the first half of 2011. Although LSOC achieved an increase in sales volume and turnover, margins were eroded by lower average selling price as well as higher coal and power prices in its areas of operation. The three new dry lines of LSOC, which experienced production instability in their early months of operation after commissioning in late 2010, suffered an increase in the manufacturing fixed and variable costs in the current interim period.

The HK$7 million net profit from the cement plants in Guizhou for the first half of 2011 was mainly contributed by the dry production line in Kaili on high volume and stable prices.

In July 2011, an agreement was entered into with the PRC joint venture partner for the disposal of the Group's 40.16% interest in the cement plant in Liupanshui, Guizhou at a consideration higher than its original investment cost, resulting in reversal of the HK$43 million impairment loss provisions made in previous years.

Construction

Notwithstanding the decline in turnover, construction business reported a higher profit for this interim period, as average net profit margin increased to 2.7% of turnover, from the 2.1% for the corresponding period last year.

Venture capital

The venture capital funds posted a net attributable profit of HK$15 million, which was largely a result of the valuation gain of the fund's interest in a manufacturer of biodegradable materials and marked-to-market gains on the portfolio of listed shares held.

Net finance costs

Net finance costs decreased to HK$81 million for the first half of 2011, from HK$121 million for the same period in 2010, mainly because of the increase in interest income from the Group's increased cash and deposit balances and the decrease in interest margins charged by certain banks on the Group's loan facilities from the second quarter of 2010.

ASSETS BASE

The total assets and net assets of the Group are summarised as follows:

	30 June 2011 HK$ million	31 December 2010 HK$ million
Total assets	**20,844**	21,048
Net assets	**9,683**	9,204
	HK$	HK$
Net assets per share	**19.8**	18.8

The total assets of the Group decreased slightly from HK$21.0 billion at 31 December 2010 to HK$20.8 billion at 30 June 2011, while both the net assets of the Group and net assets per share increased by 5% in the first half of 2011 largely due to the HK$460 million profit for the period.

An analysis of the total assets by business segments is set out below:

	30 June 2011 HK$ million	**%**	31 December 2010 HK$ million	%
Property	**11,959**	**58**	12,519	60
Cement	**5,485**	**26**	5,366	25
Construction	**1,204**	**6**	1,279	6
Investment in SOL shares	**469**	**2**	514	2
Others	**1,727**	**8**	1,370	7
Total	**20,844**	**100**	21,048	100

The value of property assets as well as assets of other segments remained stable at 30 June 2011, when compared with those at 31 December 2010.

FINANCIAL REVIEW

EQUITY, FINANCING AND GEARING

The shareholders' equity of the Company increased to HK$9,683 million on 30 June 2011, from HK$9,204 million on 31 December 2010, which was mainly attributable to the HK$460 million profit for this interim period.

Net bank borrowings of the Group, which represented bank borrowings, net of bank balances, deposits and cash, amounted to HK$4,394 million on 30 June 2011. This compared with HK$4,722 million on 31 December 2010. The decrease in net bank borrowings during the period was largely due to the disposal of the Group's 49% interest in the Chengdu Orient Home project in June 2011, which produced a net cash inflow of approximately HK$500 million.

The maturity profile of the Group's bank borrowings is set out below:

	30 June 2011 HK$ million	31 December 2010 HK$ million
Bank borrowings repayable:		
Within one year	**5,471**	2,864
After one year but within two years	**2,365**	3,770
After two years but within five years	**150**	1,565
Total bank borrowings	**7,986**	8,199
Bank balances, deposits and cash	**(3,592)**	(3,477)
Net bank borrowings	**4,394**	4,722

The net gearing ratio of the Group, calculated as net bank borrowings over shareholders' equity, decreased to 45% at 30 June 2011, from 51% at 31 December 2010, mainly as a result of the increase in shareholders' equity as well as the decrease in net bank borrowings as explained above.

The Group will continue to seek longer term financings, which match more closely with its assets portfolio. Subsequent to the interim period end, HK$220 million and HK$200 million bank loans were renewed upon maturity for a further one year and two years respectively.

TREASURY POLICIES

The Group's financing and treasury activities are centrally managed and controlled at the corporate level.

The Group's bank borrowings are mainly denominated in Hong Kong dollars and have been arranged on a floating-rate basis. Investments in the Chinese Mainland are partly funded by capital already converted into Renminbi and partly financed by borrowings in Hong Kong dollars. Renminbi financing is at project level only where the sources of repayment are also Renminbi denominated. Given that income from operations in the Chinese Mainland is denominated in Renminbi, the Group expects that the continual appreciation of Renminbi in the foreseeable future will have positive effect on the Group's business performance and financial status. No hedging against Renminbi exchange risk has therefore been arranged. It is the Group's policy not to enter into derivative transactions for speculative purposes.

EMPLOYEES

At 30 June 2011, the number of employees in the Group was approximately 1,170 (31 December 2010: 1,180) in Hong Kong and Macau, and 10,380 (31 December 2010: 11,630) in subsidiaries and jointly controlled entities in the Chinese Mainland. While staff costs are kept stable during the current interim period, employee remuneration packages are maintained at competitive levels and employees are rewarded on a performance-related basis. Other staff benefits, including provident fund schemes and medical insurance, remained at appropriate levels. The Group continued to retain and develop talents through executive development and management trainee programmes. Share options are granted annually by the Board of Directors to senior management and staff members under different schemes as reward and long-term incentives. Likewise, in the Chinese Mainland, staff benefits are commensurate with market levels, with emphasis on building the corporate culture and providing professional training and development opportunities for local employees. It remains our objective to be regarded as an employer of choice to attract, develop and retain high calibre competent staff.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF
SHUI ON CONSTRUCTION AND MATERIALS LIMITED
(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 28 to 53, which comprises the condensed consolidated balance sheet of Shui On Construction and Materials Limited (the "Company") and its subsidiaries as of 30 June 2011 and the related condensed consolidated income statement, 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 34 "Interim Financial Reporting" ("HKAS 34") 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 enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

31 August 2011

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 June **2011** **HK$ million** **(unaudited)**	 2010 HK$ million (unaudited)
Turnover			
The Company and its subsidiaries		**2,717**	2,989
Share of jointly controlled entities/associates		**1,731**	1,470
		4,448	4,459
Group turnover	3	**2,717**	2,989
Other income		**129**	88
Changes in inventories of finished goods, work in progress, contract work in progress and cost of properties sold		**(565)**	(745)
Raw materials and consumables used		**(303)**	(294)
Staff costs		**(297)**	(278)
Depreciation and amortisation expenses		**(11)**	(10)
Subcontracting, external labour costs and other expenses		**(1,504)**	(1,701)
Fair value changes on investment properties		**8**	195
Dividend income from available-for-sale investments		**7**	52
Interest on bank loans and overdrafts and other borrowing costs	4	**(116)**	(136)
Gain on disposal of available-for-sale investments	9	**–**	373
Gain on disposal of a subsidiary	10	**337**	–
Share of results of jointly controlled entities		**34**	29
Share of results of associates		**43**	15
Profit before taxation		**479**	577
Taxation	5	**(11)**	(53)
Profit for the period	6	**468**	524
Attributable to:			
Owners of the Company		**460**	517
Non-controlling interests		**8**	7
		468	524
Earnings per share	8		
Basic		**HK$0.94**	HK$1.06
Diluted		**HK$0.94**	HK$1.06

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2011	2010
	HK$ million	HK$ million
	(unaudited)	(unaudited)
Profit for the period	**468**	524
Other comprehensive income (expense)		
Loss on fair value changes of available-for-sale investments	**(45)**	(521)
Reclassification adjustments for amounts transferred to profit or loss:		
– upon disposal of available-for-sale investments	**–**	(374)
– upon disposal of a subsidiary	**(2)**	–
– upon disposal of property inventories,		
net of deferred tax of HK$2 million (2010: HK$2 million)	**(10)**	(30)
Exchange differences arising on translation of foreign operations	**257**	106
Share of other comprehensive income of jointly controlled entities	**–**	8
Other comprehensive income (expense) for the period	**200**	(811)
Total comprehensive income (expense) for the period	**668**	(287)
Total comprehensive income (expense) attributable to:		
Owners of the Company	**660**	(294)
Non-controlling interests	**8**	7
	668	(287)

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30 June 2011 HK$ million (unaudited)	31 December 2010 HK$ million (audited)
Non-current Assets			
Investment properties		**2,206**	2,310
Property, plant and equipment		**76**	89
Prepaid lease payments		**44**	43
Interests in jointly controlled entities		**4,793**	4,432
Available-for-sale investments	9	**469**	514
Interests in associates		**475**	425
Club memberships		**1**	1
Amounts due from jointly controlled entities		**2,312**	1,624
Amounts due from associates		**693**	683
Defined benefit assets		**22**	22
Restricted bank deposits		**–**	275
		11,091	10,418
Current Assets			
Inventories		**7**	7
Prepaid lease payments		**1**	1
Properties held for sale		**608**	718
Properties under development for sale		**2,272**	3,267
Debtors, deposits and prepayments	11	**1,314**	1,730
Amounts due from customers for contract work		**346**	346
Amounts due from jointly controlled entities		**446**	459
Amounts due from associates		**179**	68
Amounts due from related companies		**152**	49
Taxation recoverable		**4**	4
Pledged bank deposit		**–**	359
Restricted bank deposits		**707**	260
Bank balances, deposits and cash		**2,885**	2,583
		8,921	9,851
Assets classified as held for sale	12	**832**	779
		9,753	10,630

	Notes	30 June 2011 HK$ million (unaudited)	31 December 2010 HK$ million (audited)
Current Liabilities			
Creditors and accrued charges	13	**1,477**	2,028
Sales deposits received		**593**	406
Amounts due to customers for contract work		**167**	154
Amounts due to jointly controlled entities		**68**	15
Amounts due to non-controlling shareholders of subsidiaries		**3**	3
Taxation payable		**115**	180
Bank borrowings due within one year	14	**5,471**	2,864
		7,894	5,650
Liabilities associated with assets classified as held for sale	12	**345**	403
		8,239	6,053
Net Current Assets		**1,514**	4,577
Total Assets Less Current Liabilities		**12,605**	14,995
Capital and Reserves			
Share capital	15	**489**	489
Reserves		**9,194**	8,715
Equity attributable to owners of the Company		**9,683**	9,204
Non-controlling interests		**54**	56
		9,737	9,260
Non-current Liabilities			
Bank borrowings	14	**2,515**	5,335
Deferred tax liabilities		**353**	400
		2,868	5,735
		12,605	14,995

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company													
	Share capital HK$ million	Share premium account HK$ million	Translation reserve HK$ million	Contributed surplus (Note a) HK$ million	Goodwill HK$ million	Retained profits HK$ million	Reserve funds HK$ million	Share option reserve HK$ million	Actuarial gain and loss HK$ million	Investment revaluation reserve HK$ million	Other reserve (Note b) HK$ million	Total HK$ million	Non-controlling interests HK$ million	Total Equity HK$ million
At 1 January 2011	489	3,205	859	197	(3)	3,705	4	133	(24)	185	454	9,204	56	9,260
Fair value changes of available-for-sale investments	–	–	–	–	–	–	–	–	–	(45)	–	(45)	–	(45)
Exchange differences arising on translation of financial statements of foreign operations	–	–	257	–	–	–	–	–	–	–	–	257	–	257
Disposal of a subsidiary	–	–	(1)	–	–	–	–	–	–	–	(1)	(2)	–	(2)
Disposal of property inventories	–	–	–	–	–	–	–	–	–	–	(10)	(10)	–	(10)
Profit for the period	–	–	–	–	–	460	–	–	–	–	–	460	8	468
Total comprehensive income (expense) for the period	–	–	256	–	–	460	–	–	–	(45)	(11)	660	8	668
Issue of shares upon exercise of share options	–	2	–	–	–	–	–	–	–	–	–	2	–	2
Recognition of share-based payments	–	–	–	–	–	–	–	13	–	–	–	13	–	13
Transfer upon exercise/ lapse of share options	–	1	–	–	–	21	–	(22)	–	–	–	–	–	–
Dividends recognised as distribution	–	–	–	–	–	(196)	–	–	–	–	–	(196)	–	(196)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(10)	(10)
At 30 June 2011	489	3,208	1,115	197	(3)	3,990	4	124	(24)	140	443	9,683	54	9,737

	Attributable to owners of the Company													
	Share capital HK$ million	Share premium account HK$ million	Translation reserve HK$ million	Contributed surplus (Note a) HK$ million	Goodwill HK$ million	Retained profits HK$ million	Reserve funds HK$ million	Share option reserve HK$ million	Actuarial gain and loss HK$ million	Investment revaluation reserve HK$ million	Other reserve (Note b) HK$ million	Total HK$ million	Non-controlling interests HK$ million	Total Equity HK$ million
At 1 January 2010	488	3,196	501	197	(3)	3,010	3	114	(36)	1,034	499	9,003	45	9,048
Fair value changes of available-for-sale investments	–	–	–	–	–	–	–	–	–	(521)	–	(521)	–	(521)
Exchange differences arising on translation of financial statements of foreign operations	–	–	106	–	–	–	–	–	–	–	–	106	–	106
Disposal of available-for-sale investments	–	–	–	–	–	–	–	–	–	(374)	–	(374)	–	(374)
Disposal of subsidiaries holding property inventories	–	–	(13)	–	–	–	–	–	–	–	(17)	(30)	–	(30)
Share of other comprehensive income of a jointly controlled entity	–	–	–	–	–	–	–	–	–	–	8	8	–	8
Profit for the period	–	–	–	–	–	517	–	–	–	–	–	517	7	524
Total comprehensive income (expense) for the period	–	–	93	–	–	517	–	–	–	(895)	(9)	(294)	7	(287)
Issue of shares upon exercise of share options	1	3	–	–	–	–	–	–	–	–	–	4	–	4
Deemed disposal of interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	(4)	(4)	4	–
Recognition of share-based payments	–	–	–	–	–	–	–	21	–	–	–	21	–	21
Transfer upon exercise/ lapse of share options	–	1	–	–	–	10	–	(11)	–	–	–	–	–	–
Dividends recognised as distribution	–	–	–	–	–	(122)	–	–	–	–	–	(122)	–	(122)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(6)	(6)
At 30 June 2010	489	3,200	594	197	(3)	3,415	3	124	(36)	139	486	8,608	50	8,658

Notes:

(a) The contributed surplus of the Group represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1997.

(b) Other reserve of the Group mainly include (i) an amount of HK$231 million recognised in prior years, which arose when the Group entered into agreements with Shui On Company Limited ("SOCL"), the Company's substantial shareholder, to co-invest in Shui On Land Limited during the year ended 31 March 2005; (ii) an amount of HK$102 million, which represents the Group's share of compensation recognised by Lafarge Shui On Cement Limited ("LSOC") in the form of donation in respect of losses in the earthquake in Sichuan during the year ended 31 December 2008; (iii) an amount of HK$42 million recognised during the year ended 31 December 2009, which represents the Group's share of revaluation reserve of a then associate, China Central Properties Limited ("CCP"), arising from an acquisition achieved in stages by CCP; and (iv) an amount of HK$43 million, which represents the revaluation surplus of the Group's 42.88% previously held interest in CCP, recognised upon the acquisition of the remaining 57.12% interest in CCP during the year ended 31 December 2009, net of the amount released during the current and prior periods as a result of disposal of property inventories (effected through direct sales or disposal of subsidiaries holding those property inventories).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2011	2010
	HK$ million	HK$ million
	(unaudited)	(unaudited)
Net cash from (used in) operating activities		
Operating cash flows before movements in working capital	**85**	(34)
Decrease (increase) in properties under development for sale	**106**	(511)
Movements in other working capital	**169**	47
Tax paid	**(105)**	(27)
	255	(525)
Net cash from investing activities		
Proceeds from disposal of available-for-sale investments	**–**	1,080
Payment for construction of investment properties	**(200)**	(86)
Payment in respect of acquisition of interest in a jointly controlled entity	**(349)**	–
Net proceeds from disposal of a subsidiary	**498**	–
Net proceeds from disposal of subsidiaries holding property inventories (note)	**185**	547
Acquisition of investment properties and other assets and liabilities through acquisition of subsidiaries	**–**	(368)
Pledged bank deposits refunded	**359**	–
Increase in restricted bank deposits	**(172)**	(420)
Other investing cash flows	**(166)**	(32)
	155	721
Net cash used in financing activities		
New bank loans raised	**338**	2,543
Repayment of bank loans	**(347)**	(2,348)
Interest paid	**(106)**	(110)
Refund of sale deposits received from a jointly controlled entity	**–**	(302)
Dividends paid	**–**	(122)
(Decrease) increase in liabilities associated with assets held for sale	**(21)**	30
Other financing cash flows	**(23)**	(97)
	(159)	(406)
Net increase (decrease) in cash and cash equivalents	**251**	(210)
Cash and cash equivalents at the beginning of the period	**2,595**	1,551
Effect of foreign exchange rate changes	**53**	13
Cash and cash equivalents at the end of the period	**2,899**	1,354
Analysis of the balances of cash and cash equivalents		
Bank balances, deposits and cash	**2,885**	1,347
Bank balances, deposits and cash included in assets classified as held for sale	**14**	7
	2,899	1,354

Note: During the current and prior periods, the Group disposed of certain property inventories classified as properties under development for sale and properties held for sale under current assets, through disposals of equity interests in the subsidiaries holding these properties. According to HKAS 7 "Cash Flow Statements", as such disposals were effected through disposals of subsidiaries, the aggregate net cash inflow of approximately HK$185 million (2010: HK$547 million) arising therefrom was included in cash flows from investing activities, rather than operating activities.

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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain 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 31 December 2010. Jointly controlled entities and associates of the Group adopt uniform accounting policies for like transactions and events in similar circumstances as those of the Group. In the current interim period, the Group has applied, for the first time, a number of new or revised standards and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial period beginning on 1 January 2011. The application of these new or revised HKFRSs has had no material effect on the amounts reported and disclosures set out in the condensed consolidated financial statements of the Group for the current or prior accounting periods.

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

HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
HKFRS 9	Financial Instruments[2]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[3]
HKAS 19 (Revised 2011)	Employee Benefits[2]
HKAS 27 (2011)	Separate Financial Statements[2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[2]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2012
4 Effective for annual periods beginning on or after 1 July 2012

2. PRINCIPAL ACCOUNTING POLICIES (continued)

The five new or revised standards on consolidation, joint arrangements and disclosures, namely HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 and HKAS 28 were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 January 2013. Early application is permitted provided that all of these five new or revised standards are applied early at the same time. The Directors of the Company anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for the financial year ending 31 December 2013.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement. The application of HKFRS 10 might result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting. The application of HKFRS 11 might result in changes in the classification of the Group's joint arrangements and their accounting treatments.

Under the amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets, investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances.

Also, HKFRS 13 Fair Value Measurement will affect the disclosures in relation to the Group's assets and liabilities measured at fair value or amortised cost.

The Directors of the Company are in the process of assessing the potential impact of the above mentioned new or revised standards and amendments; and anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

3. SEGMENT INFORMATION

(a) Reportable segment revenue and profit or loss

For management reporting purposes, the Group is currently organised into four operating divisions based on business nature – property, construction and building maintenance, cement operations and others. These divisions are the basis on which the Group reports to its chief operating decision makers, who are the Directors of the Company, for the purposes of resource allocation and assessment of segment performance.

An analysis of the Group's reportable segment revenue and segment results by reportable and operating segment is as follows:

For the six months ended 30 June 2011

			Cement operations			
	Property HK$ million	Construction and building maintenance HK$ million	Through LSOC# HK$ million	Other cement operations HK$ million	Others HK$ million	Total HK$ million
REVENUE						
Sales of goods	670	–	–	–	–	670
Rental income	21	–	–	–	–	21
Revenue from rendering of services	40	–	–	–	1	41
Construction contract revenue	–	1,985	–	–	–	1,985
Revenue from external customers	731	1,985	–	–	1	2,717
Inter-segment revenue	–	48	–	–	–	48
	731	2,033	–	–	1	2,765
Share of jointly controlled entities/associates' revenue	79	2	1,561	89	–	1,731
Total segment revenue	810	2,035	1,561	89	1	4,496
Inter-segment revenue is charged at mutually agreed prices.						
# LSOC denotes Lafarge Shui On Cement Limited, a jointly controlled entity of the Group.						
Reportable segment results	521	54	7	53	15	650
Segment results have been arrived at after crediting (charging):						
Depreciation and amortisation	(8)	(2)	–	–	(1)	(11)
Interest income	31	1	–	1	–	33
Imputed interest income on loans to jointly controlled entities/associates	37	–	–	–	–	37
Fair value changes on investment properties	8	–	–	–	–	8
Dividend income from available-for-sale investments	7	–	–	–	–	7
Reversal of impairment loss recognised in respect of interests in jointly controlled entities	–	–	–	31	–	31
Gain on disposal of a subsidiary	337	–	–	–	–	337
Share of results of jointly controlled entities						
Cement operations in						
– LSOC	–	–	3	–	–	3
– Guizhou	–	–	–	11	–	11
Venture capital investments	–	–	–	–	15	15
Property development	33	–	–	–	–	33
Imputed interest expense	(27)	–	–	–	–	(27)
Others	–	(1)	–	–	–	(1)
						34
Share of results of associates						
Property development	53	–	–	–	–	53
Imputed interest expense	(10)	–	–	–	–	(10)
						43

3. SEGMENT INFORMATION (continued)

(a) Reportable segment revenue and profit or loss (continued)

For the six months ended 30 June 2010

	Property HK$ million	Construction and building maintenance HK$ million	Cement operations: Through LSOC HK$ million	Cement operations: Other cement operations HK$ million	Others HK$ million	Total HK$ million
REVENUE						
Sales of goods	770	–	–	–	2	772
Rental income	15	–	–	–	–	15
Revenue from rendering of services	24	–	–	–	1	25
Construction contract revenue	–	2,177	–	–	–	2,177
Revenue from external customers	809	2,177	–	–	3	2,989
Inter-segment revenue	–	183	–	–	–	183
	809	2,360	–	–	3	3,172
Share of jointly controlled entities' revenue	–	1	1,270	199	–	1,470
Total segment revenue	809	2,361	1,270	199	3	4,642
Reportable segment results	691	46	67	(2)	(20)	782
Segment results have been arrived at after crediting (charging):						
Depreciation and amortisation	(7)	(2)	–	–	(1)	(10)
Interest income	13	2	–	–	–	15
Imputed interest income on loans to jointly controlled entities/associates	35	–	–	–	–	35
Fair value changes on investment properties	195	–	–	–	–	195
Dividend income from available-for-sale investments	52	–	–	–	–	52
Impairment loss recognised in respect of interests in jointly controlled entities	–	–	–	(3)	–	(3)
Gain on disposal of available-for-sale investments	373	–	–	–	–	373
Share of results of jointly controlled entities						
Cement operations in						
– LSOC	–	–	63	–	–	63
– Guizhou	–	–	–	2	–	2
Venture capital investments	–	–	–	–	(16)	(16)
Property development	7	–	–	–	–	7
Imputed interest expense	(25)	–	–	–	–	(25)
Others	–	(2)	–	–	–	(2)
						29
Share of results of associates						
Property development	25	–	–	–	–	25
Imputed interest expense	(10)	–	–	–	–	(10)
						15

3. SEGMENT INFORMATION (continued)

(b) Reportable segment assets and liabilities

An analysis of the Group's reportable segment assets and liabilities by reportable and operating segment is as follows:

At 30 June 2011

			Cement operations			
	Property HK$ million	Construction and building maintenance HK$ million	Through LSOC HK$ million	Other cement operations HK$ million	Others HK$ million	Total HK$ million
Reportable segment assets	**12,625**	**1,542**	**4,043**	**1,490**	**2,050**	**21,750**
Reportable segment liabilities	**2,767**	**1,146**	**–**	**1,176**	**71**	**5,160**

At 31 December 2010

			Cement operations			
	Property HK$ million	Construction and building maintenance HK$ million	Through LSOC HK$ million	Other cement operations HK$ million	Others HK$ million	Total HK$ million
Reportable segment assets	13,169	1,654	3,947	1,463	1,695	21,928
Reportable segment liabilities	3,236	1,404	–	1,207	112	5,959

(c) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

	Six months ended 30 June	
	2011 HK$ million	2010 HK$ million
Revenue		
Reportable segment revenue	**4,496**	4,642
Elimination of inter-segment revenue	**(48)**	(183)
Elimination of share of revenue of jointly controlled entities/associates	**(1,731)**	(1,470)
Consolidated turnover	**2,717**	2,989

3. SEGMENT INFORMATION (continued)

(c) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities (continued)

	Six months ended 30 June	
	2011	2010
	HK$ million	HK$ million
Profit before taxation		
Reportable segment profit before taxation	**650**	782
Unallocated other income	**2**	9
Interest on bank loans and overdrafts and other borrowing costs	**(116)**	(136)
Other unallocated corporate expenses	**(57)**	(78)
Consolidated profit before taxation	**479**	577

	30 June	31 December
	2011	2010
	HK$ million	HK$ million
Assets		
Reportable segment assets	**21,750**	21,928
Elimination of inter-segment receivables	**(931)**	(906)
Other unallocated assets	**25**	26
Consolidated total assets	**20,844**	21,048

	30 June	31 December
	2011	2010
	HK$ million	HK$ million
Liabilities		
Reportable segment liabilities	**5,160**	5,959
Elimination of inter-segment payables	**(931)**	(906)
Unallocated liabilities		
– Bank borrowings	**6,214**	6,155
– Taxation and others	**664**	580
Consolidated total liabilities	**11,107**	11,788

4. FINANCE COSTS

	Six months ended 30 June	
	2011	2010
	HK$ million	HK$ million
Interest on bank loans and overdrafts and other borrowing costs	**141**	164
Less: amounts capitalised to properties under development	**(25)**	(28)
	116	136

5. TAXATION

	Six months ended 30 June	
	2011	2010
	HK$ million	HK$ million
The charge comprises:		
Current taxation		
Hong Kong Profits Tax	**10**	6
People's Republic of China ("PRC") Enterprise Income Tax	**12**	10
PRC Land Appreciation Tax	**8**	–
	30	16
Deferred taxation	**(19)**	37
	11	53

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) on the estimated assessable profits for the period.

PRC Enterprise Income Tax is calculated at 25% (2010: 25%) on the estimated assessable profits for the period.

PRC Land Appreciation Tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditure including amortisation of land use rights, borrowing costs, business taxes and all property development expenditure. The tax is incurred upon transfer of property ownership.

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2011	2010
	HK$ million	HK$ million
Profit for the period has been arrived at after charging (crediting):		
Depreciation and amortisation:		
Prepaid lease payments	**1**	1
Property, plant and equipment	**11**	10
Less: amounts capitalised to properties under development	**(1)**	(1)
	11	10
Cost of properties sold	**552**	725
Share of tax of associates (included in share of results of associates)	**11**	12
Share of tax of jointly controlled entities (included in share of results of jointly controlled entities)	**17**	35

7. DIVIDENDS

On 31 August 2011, the Board declared an interim dividend of HK$0.25 per share (2010: HK$0.20 per share) for the six months ended 30 June 2011.

	Six months ended 30 June	
	2011	2010
	HK$ million	HK$ million
Final dividend recognised as distribution during the period (note)	**196**	122
Interim dividend declared in respect of 2011 at HK$0.25 per share (2010: HK$0.20 per share)	**122**	98

Note:

On 6 July 2011, a dividend of HK$0.40 per share (2010: HK$0.25 per share) was paid to shareholders as the final dividend for the year ended 31 December 2010.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended 30 June	
	2011	2010
	HK$ million	HK$ million
Earnings:		
Earnings for the purposes of basic and diluted earnings per share	**460**	517

	Million	Million
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**489**	488
Effect of dilutive potential ordinary shares:		
Share options	**1**	1
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**490**	489

The computation of the diluted earnings per share for the current and prior periods does not assume the exercise of certain parts of the Company's share options, of which the relevant exercise price was higher than the average market price of shares of the Company for the period when those options were outstanding.

9. AVAILABLE-FOR-SALE INVESTMENTS

	30 June	31 December
	2011	2010
	HK$ million	HK$ million
Available-for-sale investments comprise:		
Listed equity securities in Hong Kong (at market price)	**469**	514

Available-for-sale investments at 30 June 2011 and 31 December 2010 represent the Group's equity interest in Shui On Land Limited ("SOL"). At 30 June 2011, the Group held a 2.6% (31 December 2010: 2.6%) equity interest in SOL.

In June 2010, the Group disposed of 316.8 million SOL shares for an aggregate amount of cash consideration of HK$1,080 million, representing approximately its then 6.3% equity interest in SOL, to a wholly-owned subsidiary of Shui On Company Limited ("SOCL"), a substantial shareholder of the Company that has significant influence over the Group and SOL. As a result, the Group recognised a net gain on disposal of HK$373 million in the condensed consolidated income statement for the six months ended 30 June 2010.

10. GAIN ON DISPOSAL OF A SUBSIDIARY

On 17 June 2011, the Group entered into an agreement with an independent third party (the "JV partner") to dispose of 49% of the issued share capital of and assign 49% of the shareholder's loans made to a subsidiary, which indirectly owns a property development project in Chengdu, at an aggregate consideration of approximately RMB440 million (equivalent to approximately HK$528 million). Following completion of the disposal in June 2011 and pursuant to the terms of the relevant shareholders' agreement, the Group and the JV partner have joint control over the disposed subsidiary as all of the major strategic financial and operating decisions require unanimous consent of the Group and the JV partner. As a result, the subsidiary has become a 51% jointly controlled entity of the Group. The assets and liabilities of the subsidiary were deconsolidated from the Group's condensed consolidated balance sheet and the interest in this jointly controlled entity has been accounted for using equity method. The fair value of the 51% retained interest in the jointly controlled entity at the date on which the control was lost, which was based on the consideration for this disposal, was regarded as the cost on initial recognition of the investment in the jointly controlled entity. A gain of HK$180 million, net of transaction costs, on disposal of the 49% interest, and a fair value gain of HK$157 million on the 51% retained interest, have been recognised in the condensed consolidated income statement for the six months ended 30 June 2011. Details of this transaction are set out in an announcement of the Company dated 17 June 2011.

The net assets disposed of in the transaction are as follows:

	HK$ million
Investment property	364
Property under development for sale	776
Debtors, deposits and prepayments	3
Bank balances, deposits and cash	30
Creditors and other payables	(191)
Bank borrowings	(227)
Deferred tax liabilities	(78)
Net assets disposed of	677
Cash consideration received	528
Net assets disposed of	(677)
Fair value of 51% retained interest in this jointly controlled entity	210
Amount due from this jointly controlled entity	341
Deferred tax recognised	(53)
Cumulative exchange differences and other reserve reclassified to profit or loss	2
Transaction costs incurred in connection with the disposal	(14)
Gain in connection with the disposal	337
Net cash inflow arising on disposal:	
Cash consideration received	528
Cash and cash equivalents disposed of	(30)
	498

11. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group maintains a defined credit policy. The general credit term ranges from 30 to 90 days.

Included in debtors, deposits and prepayments are debtors with an aged analysis (based on invoice date) at the balance sheet date as follows:

	30 June 2011 HK$ million	31 December 2010 HK$ million
Trade debtors		
Not yet due or within 90 days	**591**	1,144
91 days to 180 days	**3**	6
181 days to 360 days	**4**	6
Over 360 days	**10**	10
	608	1,166
Less: amounts reclassified as amounts due from associates and related companies	**(103)**	(47)
Retention receivable	**156**	152
Prepayments, deposits and other receivables (note)	**653**	459
	1,314	1,730

Note:

Included in prepayments, deposits and other receivables at 30 June 2011 are receivables of HK$238 million (31 December 2010: HK$235 million) in relation to the disposal by CCP in 2008 of a subsidiary that held a property interest in the PRC. The amounts are unsecured and carry interest at prevailing market rates. In addition to these receivables, the Group has also issued a guarantee in favour of a bank for a loan granted to this former subsidiary of CCP (see note 19(e)). In the opinion of the Directors of the Company, these receivables will be fully settled when the legal title to the property is transferred to the buyer, which is expected to take place within twelve months from the end of the reporting period. In determining the recoverable amount of such receivables, management has exercised judgement in estimating the timing and future cash flows to be recovered and determined that no impairment was necessary at the balance sheet date. If the actual recoverable amount or timing of recovery are different from expectation, an impairment loss may arise.

12. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

The Group has committed to disposing of certain jointly controlled entities and a subsidiary, relating to the cement operation not operated by LSOC. The assets and liabilities attributable to these companies have been treated as assets classified as held for sale and liabilities associated with assets classified as held for sale, and are presented separately in the condensed consolidated balance sheet.

	30 June 2011 HK$ million	31 December 2010 HK$ million
Jointly controlled entities classified as held for sale (note b), comprising		
Interests in jointly controlled entities	**86**	83
Amounts due from jointly controlled entities	**86**	87
	172	170
A subsidiary classified as held for sale (note a)		
Property, plant and equipment	**587**	479
Inventories	**35**	38
Debtors, deposits and prepayments	**24**	80
Bank balances, deposits and cash	**14**	12
	660	609
Total assets classified as held for sale	**832**	779
A subsidiary classified as held for sale (note a)		
Amounts due to jointly controlled entities	**(107)**	(130)
Creditors and accrued charges	**(43)**	(61)
Bank borrowings	**(195)**	(212)
Liabilities associated with assets classified as held for sale	**(345)**	(403)

Notes:

(a) In July 2011, the Group entered into an agreement with an independent third party to sell the Group's equity interest in and the related shareholder's loan to this subsidiary. Details of this transaction are disclosed in note 21.

(b) The Group is committed to a plan to sell the Group's equity interest in and the related shareholder's loans to certain jointly controlled entities (the "Disposal Group"), which are engaged in the production and sale of cement and concrete in Guizhou and has initiated a programme to actively locate suitable buyers for it and complete the plan. The Directors of the Company consider that the carrying amount of the Group's investment in these jointly controlled entities will be recovered principally through a sale transaction at market price and the sale is expected to be completed within twelve months from the date of classification. Accordingly, the assets and liabilities attributable to the Disposal Group are classified as held for sale at 30 June 2011.

13. CREDITORS AND ACCRUED CHARGES

The aged analysis of creditors (based on invoice date) of HK$332 million (31 December 2010: HK$590 million), which are included in the Group's creditors and accrued charges, is as follows:

	30 June 2011 HK$ million	31 December 2010 HK$ million
Trade creditors		
Not yet due or within 30 days	**241**	382
31 days to 90 days	**45**	169
91 days to 180 days	**13**	26
Over 180 days	**33**	13
	332	590
Retention payable	**283**	275
Consideration payable in respect of acquisition of interest in a jointly controlled entity	**–**	349
Provision for contract work	**302**	378
Dividend payable	**196**	–
Other accruals and payables	**364**	436
	1,477	2,028

14. BANK BORROWINGS

During the six months ended 30 June 2011, the Group repaid bank borrowings totalling HK$347 million, renewed credit facilities totalling HK$906 million and obtained new bank loan facilities totalling HK$115 million. These new and renewed bank loan facilities carry interest at approximately 2.12% to 3.52% per annum.

15. SHARE CAPITAL

	30 June 2011 Number of shares	31 December 2010 Number of shares	**30 June 2011 HK$ million**	31 December 2010 HK$ million
Ordinary shares of HK$1 each:				
Authorised				
At the beginning and the end of the period/year	**1,000,000,000**	1,000,000,000	**1,000**	1,000
Issued and fully paid				
At the beginning of the period/year	**489,164,786**	488,096,786	**489**	488
Exercise of share options	**318,293**	1,068,000	**–**	1
At the end of the period/year	**489,483,079**	489,164,786	**489**	489

16. CAPITAL COMMITMENTS

(a) At 30 June 2011, the Group's capital commitment in respect of investment properties is as follows:

	30 June 2011 HK$ million	31 December 2010 HK$ million
Authorised but not contracted for	**73**	357
Contracted but not provided for	**114**	216

(b) In addition, the Group had other capital commitments in respect of certain investments in jointly controlled entities contracted but not provided for in the condensed consolidated financial statements amounting to approximately HK$2,211 million at 30 June 2011 (31 December 2010: HK$9 million).

(c) At 30 June 2011, the Group's share of the capital commitments of its jointly controlled entities mainly in relation to long-lived assets is as follows:

	30 June 2011 HK$ million	31 December 2010 HK$ million
Authorised but not contracted for	**117**	–
Contracted but not provided for	**365**	463

17. SHARE-BASED PAYMENTS

The Company has a share option scheme for eligible employees of the Group. Details of the share options outstanding during the current period are as follows:

	Number of shares subject to options
Outstanding at 1 January 2011	**37,797,000**
Granted during the period	**7,310,000**
Exercised during the period	**(318,293)**
Cancelled during the period	**(2,364,554)**
Lapsed during the period	**(3,424,000)**
Outstanding at 30 June 2011	**39,000,153**

The Group engaged independent valuers to assess the fair value of the share options granted, which were determined in accordance with the Binomial Model. The following table discloses details of the share options granted during the period.

Date of grant	13 May 2011	23 June 2011
Shares subject to options granted	**5,150,000**	**2,160,000**
Exercise price	**HK$10.66**	**HK$10.90**
Vesting period	**13-11-2011 to 12-5-2016**	**23-12-2011 to 22-6-2016**
Average fair value of the share options	**HK$3.66**	**HK$3.72**
Share price on the date of grant	**HK$10.66**	**HK$10.90**

18. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY

In January 2010, the Group acquired the entire issued capital of Dignitary Limited, which indirectly owns an investment property known as Tower 18 of the Lakeville Regency, located at the Luwan District of Shanghai. The assets acquired and liabilities assumed did not constitute a business as defined under HKFRS 3 Business Combinations and therefore, the acquisition was accounted for as assets acquisition. The net cash outflow arising from the acquisition was HK$368 million.

19. CONTINGENT LIABILITIES

At 30 June 2011, the Group had the following contingent liabilities, which have not been provided for in the condensed consolidated financial statements:

(a) Standby documentary credits arranged with a bank amounting to RMB117 million (HK$140 million) (31 December 2010: HK$216 million) to secure a bank loan granted to a subsidiary of an associate.

(b) Guarantees issued in favour of banks amounting to RMB84 million (HK$101 million) (31 December 2010: RMB174 million (HK$205 million)) in respect of mortgage facilities granted by the banks to the buyers of the Group's property inventories.

(c) Effective share of guarantees issued in favour of banks amounting to HK$756 million (31 December 2010: HK$639 million) to secure bank loans granted to certain jointly controlled entities.

(d) Effective share of a guarantee issued in favour of a joint venture (the "Joint Venture", which was formed between an associate and an independent third party (the "Joint Venture Partner")) and the Joint Venture Partner for an amount not exceeding RMB110 million (HK$132 million) in respect of certain of the Group's payment obligations to the Joint Venture and the Joint Venture Partner.

(e) Guarantee issued in favour of a bank for a loan granted to a former wholly-owned subsidiary of CCP (the "Former Subsidiary") with an outstanding amount of RMB542 million (HK$652 million) at 30 June 2011 (31 December 2010: RMB542 million (HK$637 million)). Such guarantee arose as a result of the disposal of this Former Subsidiary by CCP in 2008 (see also note 11 for details of receivables arising from such disposal). The acquirer of the Former Subsidiary has agreed to procure the repayment of the bank loan and this obligation is guaranteed by the parent company of such acquirer.

In determining whether financial liabilities should be recognised in respect of the Group's financial guarantee contracts, the Directors of the Company exercise judgment in evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation. In the opinion of the Directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of the default of the parties involved is remote. Accordingly, no value has been recognised in the condensed consolidated balance sheet. Should the actual outcome be different from expected, provision for losses will be recognised in the consolidated financial statements.

20. MATERIAL RELATED PARTY TRANSACTIONS

(a) During the period, the Group had the following transactions with SOCL and its subsidiaries and associates other than those of the Group.

Nature of transactions	Six months ended 30 June 2011 HK$ million	2010 HK$ million
Income recognised:		
Dividend income	**7**	52
Construction work	**402**	184
Cost and expenses recognised:		
Rental expenses	**2**	1
Interest expense	**–**	4

(b) During the period, the Group had the following transactions with jointly controlled entities.

Nature of transactions	Six months ended 30 June 2011 HK$ million	2010 HK$ million
Income recognised:		
Dividend income	**–**	7
Interest income	**15**	–
Imputed interest income	**27**	25
Management fee	**39**	30

(c) During the period, the Group had the following transactions with associates.

Nature of transactions	Six months ended 30 June 2011 HK$ million	2010 HK$ million
Income recognised:		
Management fee	**15**	8
Imputed interest income	**10**	10
Interest income	**6**	6
Construction/subcontracting work	**33**	14

20. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(d) The Group is licensed by Shui On Holdings Limited, a wholly-owned subsidiary of SOCL, to use the trademark, trade name of "Shui On", "瑞安" and/or the Seagull devices on a non-exclusive, royalty-free basis for an unlimited period of time.

(e) During the period, the Group acquired car parking spaces situated in an investment property of the Group from a wholly-owned subsidiary of SOL at a consideration of RMB19 million (HK$23 million).

(f) In connection with the acquisition of an investment property in January 2010, the Group assumed from the seller an amount due to a wholly-owned subsidiary of SOL of approximately US$17.2 million (HK$133 million), which was unsecured and bore interest at 8% per annum. The Group incurred interest expense of approximately HK$4 million on such payable for the period ended 30 June 2010. The outstanding principal together with the accrued interest were repaid in 2010.

(g) During the period ended 30 June 2010, the Group disposed of HK$1,080 million worth of SOL shares to a wholly-owned subsidiary of SOCL.

(h) Disclosures of the remuneration of Directors and other members of key management during the period under HKAS 24 Related Party Disclosures, were as follows:

	Six months ended 30 June	
	2011	2010
	HK$ million	HK$ million
Fees	**1**	1
Salaries and other benefits	**21**	21
Bonuses	**20**	18
Retirement benefit scheme contributions	**1**	1
Share-based payments	**7**	15
	50	56

The remuneration of Executive Directors is determined by the Remuneration Committee having regard to the performance of each individual. The Remuneration Committee also determines the guiding principles applicable to the remuneration of key executives who are not Directors. In both cases, the Remuneration Committee has regard to market trends.

20. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(i) The emoluments paid or payable to each of the ten (2010: twelve) Directors which were included in note (h) above are set out as follows:

Name of Directors	Notes	Fees HK$'000	Salaries and other benefits HK$'000	Bonuses HK$'000	Retirement benefit scheme contributions HK$'000	Share based payments HK$'000	Six months ended 30 June 2011 Total HK$'000	Six months ended 30 June 2010 Total HK$'000
Mr. Lo Hong Sui, Vincent		5	–	–	–	–	5	5
Mr. Choi Yuk Keung, Lawrence		5	1,841	2,368	112	1,642	5,968	5,559
Mr. Wong Yuet Leung, Frankie		5	1,425	2,180	6	2,620	6,236	10,806
Mr. Wong Kun To, Philip		5	2,315	5,157	104	1,152	8,733	7,134
Mr. Wong Fook Lam, Raymond		5	1,714	2,439	103	772	5,033	4,162
Mr. Gerrit de Nys	(i)	205	–	–	–	–	205	181
Ms. Li Hoi Lun, Helen	(i)	208	–	–	–	–	208	192
Mr. David Gordon Eldon	(i)	205	–	–	–	–	205	140
Mr. Chan Kay Cheung	(i)	253	–	–	–	–	253	159
Mr. Tsang Kwok Tai, Moses	(i)	190	–	–	–	–	190	137
Professor Michael Enright	(ii)	–	–	–	–	–	–	143
Mr. Anthony Griffiths	(iii)	–	–	–	–	–	–	180
		1,086	7,295	12,144	325	6,186	27,036	28,798

Notes:

(i) Independent Non-executive Directors.

(ii) Professor Michael Enright retired as a Non-executive Director at the annual general meeting held on 28 May 2010.

(iii) Mr. Anthony Griffiths retired as an Independent Non-executive Director at the annual general meeting held on 28 May 2010.

21. SUBSEQUENT EVENT

On 12 July 2011, the Group entered into a conditional agreement with an independent third party ("the Purchaser"), pursuant to which the Group will sell and the Purchaser will purchase the Group's entire equity interest in, and the related shareholder's loan to, a subsidiary engaged in cement operation, which was classified as held for sale at 30 June 2011 (the "Cement Subsidiary"), and procure the repayment of debts owed by the Cement Subsidiary to other Group entities. The sum of the maximum aggregate consideration under the agreement and the Group's debts and loans is approximately RMB407 million (equivalent to approximately HK$490 million). The Directors of the Company expect the disposal will be completed in 2011 and it will not have a material financial impact to the Group. Details of this transaction are set out in an announcement of the Company dated 12 July 2011.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

Financial assistance and guarantees provided by the Group to its affiliated companies amounted to HK$4,421 million at 30 June 2011, details of which are as follows:

		Balance at 30 June 2011			
		Unsecured loans			
Affiliated companies	Approximate effective percentage of interest	Interest free with no fixed repayment terms HK$ million	Interest bearing with no fixed repayment terms HK$ million (Note a)	Guarantee HK$ million	Total HK$ million
Brisfull Limited	50%	9	45	–	54
Broad Wise Limited	80%	849	–	–	849
Eagle Fit Limited	53%	233	–	289	522
Gracious Spring Limited	51%	–	521	117	638
Guizhou Bijie Shui On Cement Co., Ltd.	80%	33	–	–	33
Guizhou Kaili Ken On Concrete Co., Ltd.	75%	2	2	–	4
貴州六礦瑞安水泥有限公司	40%	6	10	–	16
貴州習水瑞安水泥有限公司	90%	56	–	–	56
貴州遵義瑞安水泥有限公司	80%	28	–	–	28
Lamma Yue Jie Company Limited	60%	17	–	–	17
Lead Wealthy Investments Limited	70%	–	654	350	1,004
Nanjing Jiangnan Cement Co., Ltd.	60%	143	–	–	143
Richcoast Group Limited	28%	518	242	272	1,032
Super Race Limited	50%	–	4	–	4
The Yangtze Ventures II Limited	75%	21	–	–	21
		1,915	1,478	1,028	4,421

The proforma combined balance sheet of the above affiliated companies at 30 June 2011 is as follows:

	HK$ million
Non-current assets	9,363
Current assets	10,126
Current liabilities	(7,727)
Net current assets	2,399
Non-current liabilities	(8,796)
Non-controlling interests	(960)
Shareholders' funds	2,006

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES (continued)

Notes:

(a) Loans made by the Group to the following affiliated companies are charged at various interest rates.

Affiliated companies	Interest rate per annum
Brisfull Limited	Fixed at 2.5%
Gracious Spring Limited	A total of HK$100 million bear interest at 7.5% per annum. The remaining bear base interest at 13.175% per annum plus payment in kind interest at 14% per annum on a notional sum of RMB175 million
Guizhou Kaili Ken On Concrete Co., Ltd.	3-month HIBOR + 2%
貴州六礦瑞安水泥有限公司	Prevailing base lending rate published by the People's Bank of China
Lead Wealthy Investments Limited	HIBOR + 3.5%
Richcoast Group Limited	Fixed at 5%
Super Race Limited	1-month HIBOR

(b) All affiliated companies are accounted for as jointly controlled entities or associates of the Group.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

At 30 June 2011, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO) and the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") or which were required to be entered in the register required to be kept under section 352 of the SFO were as follows:

(a) Long position in the shares of the Company

	Number of ordinary shares				Approximate
Name of Directors	Personal interests	Family interests	Other interests	Total	percentage of the issued share capital
Mr. Lo Hong Sui, Vincent	–	312,000 (Note 1)	235,981,000 (Note 2)	236,293,000	48.27%
Mr. Choi Yuk Keung, Lawrence	540,000	–	–	540,000	0.11%
Mr. Wong Yuet Leung, Frankie	800,000	–	–	800,000	0.16%
Mr. Wong Kun To, Philip	–	72,533 (Note 3)	–	72,533	0.01%
Mr. Wong Fook Lam, Raymond	32,000	–	–	32,000	0.01%

Notes:

(1) These shares were beneficially owned by Ms. Loletta Chu ("Mrs. Lo"), the spouse of Mr. Lo Hong Sui, Vincent ("Mr. Lo"). Under the SFO, Mr. Lo was deemed to be interested in such shares and both Mr. Lo and Mrs. Lo were also deemed to be interested in 235,981,000 shares mentioned in note (2) below.

(2) These shares were beneficially owned by Shui On Company Limited ("SOCL"). Of these 235,981,000 shares beneficially owned by SOCL, 220,148,000 shares were held by SOCL itself and 15,833,000 shares were held by Shui On Finance Company Limited, an indirect wholly-owned subsidiary of SOCL. SOCL was owned by the Bosrich Unit Trust, the trustee of which was Bosrich Holdings (PTC) Inc. ("Bosrich"). The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Lo was a discretionary beneficiary and HSBC International Trustee Limited ("HSBC Trustee") was the trustee. Accordingly, Mr. Lo, Mrs. Lo, HSBC Trustee and Bosrich were deemed to be interested in such shares under the SFO.

(3) These shares were beneficially owned by the spouse of Mr. Wong Kun To, Philip. Under the SFO, Mr. Wong was deemed to be interested in such shares.

(b) Short position in the shares of the Company

Name of Director	Personal interests	Family interests	Other interests	Total	Approximate percentage of the issued share capital
	Number of ordinary shares				
Mr. Lo Hong Sui, Vincent	–	–	1,600,000 (Note)	1,600,000	0.32%

Note: These shares represent the underlying shares of the Company subject to the call option granted by SOCL on 27 August 2002 to Mr. Wong Yuet Leung, Frankie as part of the incentive reward to his services to the Company. Mr. Lo, Mrs. Lo, HSBC Trustee and Bosrich were deemed to have a short position in these shares under the SFO.

(c) Share options of the Company

Pursuant to the share option scheme of the Company, certain Directors were granted share options to subscribe for the shares of the Company and details of the Directors' interests in share options are set out under the section headed "Share Options" below.

(d) Call option over the shares of the Company

At 30 June 2011, the following Director had a call option granted by SOCL over the shares of the Company pursuant to the arrangement mentioned in the note to item (b) above:

Name of Director	Exercise price per share	Exercise period	Number of ordinary shares subject to the call option
Mr. Wong Yuet Leung, Frankie	HK$6.00	27-8-2005 to 26-8-2011 (Note)	1,600,000

Note: Pursuant to a letter of agreement entered into between SOCL and Mr. Wong Yuet Leung, Frankie in July 2010, the exercise period was extended from 26 August 2010 to 26 August 2011. The exercise period was further extended to 26 August 2012 pursuant to a letter of agreement between the two parties in July 2011.

Save as disclosed above, at 30 June 2011, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO) or the Model Code or which were required to be entered in the register required to be kept under section 352 of the SFO.

SHARE OPTIONS

During the period, options were granted to subscribe for a total of 7,310,000 shares of the Company under the share option scheme adopted by the Company on 27 August 2002 (the "scheme"). The fair values of the share options granted during the period are set out in note 17 to the condensed consolidated financial statements.

The movements in the share options of the Company during the period are set out as follows:

Name or category of eligible participants	Date of grant	Subscription price per share HK$	Number of shares subject to options: At 1.1.2011	Granted during the period (Note a)	Exercised during the period	Lapsed during the period	Cancelled during the period (Note b)	At 30.06.2011	Period during which options outstanding at 30.06.2011 are exercisable	Average closing reference price for exercise of options (Note c) HK$
Directors										
Mr. Choi Yuk Keung, Lawrence (Note d)	14.6.2007	20.96	250,000	–	–	–	–	250,000	14.12.2007 to 13.6.2012	–
	7.5.2008	19.76	250,000	–	–	–	–	250,000	7.11.2008 to 6.5.2013	–
	7.5.2008	19.76	1,000,000	–	–	(1,000,000)	–	–	7.5.2011 to 6.5.2018	–
	9.4.2009	7.63	250,000	–	–	–	–	250,000	9.10.2009 to 8.4.2014	–
	9.4.2009	7.63	1,000,000	–	–	–	–	1,000,000	9.4.2012 to 8.4.2019	–
	12.4.2010	12.22	250,000	–	–	–	–	250,000	12.10.2010 to 11.4.2015	–
	12.4.2010	12.22	1,000,000	–	–	–	–	1,000,000	12.4.2013 to 11.4.2020	–
	23.6.2011	10.90	–	250,000	–	–	–	250,000	23.12.2011 to 22.6.2016	–
Mr. Wong Yuet Leung, Frankie (Note d)	1.8.2006	14.00	2,000,000	–	–	–	–	2,000,000	1.2.2007 to 31.7.2011	–
	14.6.2007	20.96	500,000	–	–	–	–	500,000	14.12.2007 to 13.6.2012	–
	7.5.2008	19.76	500,000	–	–	–	–	500,000	7.11.2008 to 6.5.2013	–
	7.5.2008	19.76	2,000,000	–	–	(2,000,000)	–	–	7.5.2011 to 6.5.2018	–
	9.4.2009	7.63	750,000	–	–	–	–	750,000	9.10.2009 to 8.4.2014	–
	9.4.2009	7.63	2,000,000	–	–	–	–	2,000,000	9.4.2012 to 8.4.2019	–
	12.4.2010	12.22	350,000	–	–	–	–	350,000	12.10.2010 to 11.4.2015	–
	12.4.2010	12.22	1,000,000	–	–	–	–	1,000,000	12.4.2013 to 11.4.2020	–
	23.6.2011	10.90	–	150,000	–	–	–	150,000	23.12.2011 to 22.6.2016	–
Mr. Wong Kun To, Philip (Note d)	5.6.2009	11.90	1,602,000	–	–	–	–	1,602,000	3.1.2010 to 2.1.2012	–
	5.6.2009	11.90	88,000	–	–	–	–	88,000	1.7.2010 to 13.6.2012	–
	12.4.2010	12.22	350,000	–	–	–	–	350,000	12.10.2010 to 11.4.2015	–
	12.4.2010	12.22	1,500,000	–	–	–	–	1,500,000	12.4.2013 to 11.4.2020	–
	23.6.2011	10.90	–	400,000	–	–	–	400,000	23.12.2011 to 22.6.2016	–
Mr. Wong Fook Lam, Raymond	1.8.2006	14.00	176,000	–	–	–	–	176,000	1.2.2007 to 31.7.2011	–
	14.6.2007	20.96	200,000	–	–	–	–	200,000	14.12.2007 to 13.6.2012	–
	12.4.2010	12.22	200,000	–	–	–	–	200,000	12.10.2010 to 11.4.2015	–
	12.4.2010	12.22	1,000,000	–	–	–	–	1,000,000	12.4.2013 to 11.4.2020	–
	23.6.2011	10.90	–	250,000	–	–	–	250,000	23.12.2011 to 22.6.2016	–
Sub-total			18,216,000	1,050,000	–	(3,000,000)	–	16,266,000		
Employees (in aggregate)	1.8.2006	14.00	952,000	–	–	–	(118,000)	834,000	1.2.2007 to 31.7.2011	–
	14.6.2007	20.96	1,704,000	–	–	–	(247,576)	1,456,424	14.12.2007 to 13.6.2012	–
	14.6.2007	20.96	600,000	–	–	–	(194,942)	405,058	14.12.2008 to 13.6.2012	–
	7.5.2008	19.76	2,490,000	–	–	(50,000)	(403,521)	2,036,479	7.11.2008 to 6.5.2013	–
	7.5.2008	19.76	300,000	–	–	–	(80,704)	219,296	7.11.2009 to 6.5.2013	–
	9.4.2009	7.63	2,845,000	–	(318,293)	(30,000)	(441,811)	2,054,896	9.10.2009 to 8.4.2014	10.76
	5.6.2009	11.90	2,882,000	–	–	–	(578,000)	2,304,000	3.1.2010 to 2.1.2012	–
	5.6.2009	11.90	1,182,000	–	–	–	–	1,182,000	1.7.2010 to 13.6.2012	–
	5.6.2009	11.90	1,236,000	–	–	(244,000)	–	992,000	7.5.2011 to 6.5.2013	–
	12.4.2010	12.22	5,390,000	–	–	(80,000)	(300,000)	5,010,000	12.10.2010 to 11.4.2015	–
	13.5.2011	10.66	–	5,150,000	–	(20,000)	–	5,130,000	13.11.2011 to 12.5.2016	–
	23.6.2011	10.90	–	1,110,000	–	–	–	1,110,000	23.12.2011 to 22.6.2016	–
Sub-total			19,581,000	6,260,000	(318,293)	(424,000)	(2,364,554)	22,734,153		
Total			37,797,000	7,310,000	(318,293)	(3,424,000)	(2,364,554)	39,000,153		

Notes:

(a) The closing prices of the Company's shares preceding the dates on which the share options were granted on 13 May 2011 and 23 June 2011 were HK$10.46 and HK$10.80 respectively.

(b) These share options were taken up by SOCL and cancelled on 15 June 2011 pursuant to a voluntary conditional option offer by SOCL, details of which have been set out in the composite offer document dated 9 May 2011 and various joint announcements issued by SOCL and the Company.

(c) The average closing reference price represented the average of the closing prices of the Company's shares immediately before the dates on which the share options were exercised during the period, weighted by the number of shares subject to the options exercised by such category of eligible participants.

(d) Mr. Choi Yuk Keung, Lawrence, Mr. Wong Yuet Leung, Frankie and Mr. Wong Kun To, Philip were previously granted share options in excess of their respective maximum individual entitlement of 1%.

(e) The vesting of all share options granted to the eligible participants is subject to the vesting schedules and/or performance conditions as set out in the respective offer letters.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed below and under the section headed "Interests of Directors and Chief Executive" above, the Directors are not aware of any other person (other than a Director or chief executive of the Company or his/her respective associate(s)) who, at 30 June 2011, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholders	Capacity	Number of ordinary shares/ underlying shares	Approximate percentage of the issued share capital
Penta Investment Advisers Limited	Investment manager	111,298,449 (L) (Note 2)	22.73%
Penta Master Fund, Limited	Beneficial owner	42,089,392 (L) (Note 3)	8.59%
Penta Asia Long/Short Fund, Ltd.	Beneficial owner	27,288,242 (L) (Note 4)	5.57%
UBS AG	Beneficial owner/Holder of security interest in shares/ Interest of controlled corporation	30,684,787 (L) 24,343,075 (S) (Note 5)	6.26% 4.97%

Notes:

(1) The letter "L" denotes a long position and the letter "S" denotes a short position.

(2) Among the interests owned by this shareholder, 28,994,100 shares were cash settled derivative interests.

(3) Among the interests owned by this shareholder, 9,545,673 shares were cash settled derivative interests.

(4) Among the interests owned by this shareholder, 1,564,620 shares were cash settled derivative interests.

(5) Among the interests owned by this shareholder, 24,051,075 shares in which the shareholder had a short position were cash settled derivative interests.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2011.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance through its continuous effort in improving its corporate governance practices and processes.

The Board

The Board currently comprises ten members – the Chairman, three other Executive Directors, one Non-executive Director and five Independent Non-executive Directors. Six Board committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee, the Finance Committee, the Investment Committee and the Executive Committee, have been set up to oversee particular aspects of the Group's affairs.

Audit Committee

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2011, including the accounting principles and practices adopted by the Group, and has also considered selected accounting, internal control and financial reporting matters of the Group, in conjunction with the Company's external auditor.

Remuneration Committee

During the period, the Remuneration Committee has reviewed the remuneration packages of the Executive Directors as well as the annual bonus and share option recommendations for executives and management staff. It has also reviewed and discussed the Company's overall long-term incentive scheme for award of share options and recommended the Board to adopt a new long-term incentive plan which aims at aligning management interests with the overall achievement of a 3-year strategic plan of the Group to promote significant and integrated growth in the coming years.

Nomination Committee

The Nomination Committee has reviewed the size and composition of the Board and the time commitment required of the Non-executive Directors.

Finance Committee

During the period, the Finance Committee has discussed financial strategies and reviewed compliance of the finance policy and bank loan covenants, the overall banking relationship, the asset disposals and acquisitions, the cash flow forecast and funding requirements of the Group.

Investment Committee

The Investment Committee has assessed the investment and disposal recommendations on property projects of the Group during the period.

Executive Committee

The Executive Committee has reviewed the operating performance and financial position of the Group and its strategic business units and the execution of the strategies and business plans approved by the Board on a monthly basis.

Compliance with the Code on Corporate Governance Practices

The Company has complied with the Code on Corporate Governance Practices (the "CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the period, except for the deviation from Code Provision B.1.3, which is explained below.

Code Provision B.1.3 of the CG Code provides that the terms of reference of the Remuneration Committee should include, as a minimum, the specific delegated responsibility to determine the detailed remuneration packages of all Executive Directors and senior management. In 2008, the Remuneration Committee had reviewed its functions and considered that the delegated responsibility to determine the specific remuneration packages of senior management should be vested in the Executive Directors who have a better understanding of the level of expertise, experience and performance expected of the senior management in the daily business operations. The Remuneration Committee would continue to be primarily responsible for the determination and review of the remuneration packages of the Executive Directors. After due consideration, the Board resolved to amend the terms of reference of the Remuneration Committee in 2008 to exclude from its scope of duties the delegated responsibility to determine the specific remuneration packages of senior management, which deviates from Code Provision B.1.3. Notwithstanding such deviation, the Remuneration Committee is still responsible for reviewing, approving and making recommendations to the Board on the guiding principles applicable to the determination of the remuneration and benefits of senior management.

Having reviewed the practices and procedures of remuneration committees in other jurisdictions, the Remuneration Committee decided that it would be better practice for the Non-executive Directors to cease involvement in recommending their own remuneration. Such recommendations were made to the Board by the Chairman of the Company, taking the advice of external professionals as appropriate. This practice was formally adopted and the Board approved the relevant amendment to the terms of reference of the Remuneration Committee in this respect in 2009. The Non-executive Directors have abstained from voting in respect of the determination of their own remuneration at the relevant Board meetings.

Compliance with the Model Code

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' securities transactions. Following specific enquiries by the Company, the Directors have confirmed that they have complied with the required standard set out in the Model Code during the period.

CHANGES IN INFORMATION OF DIRECTORS UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of the Directors of the Company since the date of the Annual Report 2010 or (as the case may be) the circular dated 28 April 2011 of the Company are set out as follows:

Name of Directors	Details of changes
Mr. David Gordon Eldon	• Appointment as the non-executive chairman of HSBC Bank Middle East Limited with effect from 1 May 2011. • Resignation as an independent non-executive director of Champion Real Estate Investment Trust, a collective investment scheme listed in Hong Kong, with effect from 14 June 2011.
Mr. Wong Yuet Leung, Frankie	• Appointment as a non-executive director of Shui On Land Limited with effect from 17 August 2011. • Re-designation of the role from Executive Director to Non-executive Director of the Company with effect from 1 September 2011. • Cessation to act as a Vice Chairman of the Company, the Chairman of the Finance Committee and a member of the Executive Committee of the Company with effect from 1 September 2011. • Appointment as a member of the Audit Committee of the Company with effect from 1 September 2011.
Ms. Li Hoi Lun, Helen	• Renewal of service contract for a term of another three years commencing from 28 August 2011.
Mr. Wong Kun To, Philip	• Appointment as the Chairman of the Finance Committee of the Company with effect from 1 September 2011.

The amount of emoluments of all the Directors of the Company for the six months ended 30 June 2011 are set out in note 20(i) to the condensed consolidated financial statements.

CORPORATE INFORMATION

BOARD

Executive Directors
Mr. Lo Hong Sui, Vincent (Chairman)
Mr. Choi Yuk Keung, Lawrence (Vice Chairman)
Mr. Wong Kun To, Philip
(Managing Director and Chief Executive Officer)
Mr. Wong Fook Lam, Raymond (Chief Financial Officer)

Non-executive Director
Mr. Wong Yuet Leung, Frankie*

Independent Non-executive Directors
Mr. Gerrit Jan de Nys
Ms. Li Hoi Lun, Helen
Mr. David Gordon Eldon
Mr. Chan Kay Cheung
Mr. Tsang Kwok Tai, Moses

AUDIT COMMITTEE

Mr. Chan Kay Cheung (Chairman)
Mr. Gerrit Jan de Nys
Ms. Li Hoi Lun, Helen
Mr. Wong Yuet Leung, Frankie

REMUNERATION COMMITTEE

Mr. David Gordon Eldon (Chairman)
Mr. Lo Hong Sui, Vincent
Ms. Li Hoi Lun, Helen
Mr. Tsang Kwok Tai, Moses

NOMINATION COMMITTEE

Mr. Lo Hong Sui, Vincent (Chairman)
Mr. Wong Kun To, Philip
Mr. Gerrit Jan de Nys
Mr. David Gordon Eldon
Mr. Tsang Kwok Tai, Moses

FINANCE COMMITTEE

Mr. Wong Kun To, Philip (Chairman)
Mr. Wong Fook Lam, Raymond
Mr. Wong Yuet Leung, Frankie
Mr. Gerrit Jan de Nys
Mr. David Gordon Eldon
Mr. Chan Kay Cheung
Mr. Tsang Kwok Tai, Moses

INVESTMENT COMMITTEE

Mr. Choi Yuk Keung, Lawrence (Chairman)
Mr. Wong Kun To, Philip
Mr. Wong Fook Lam, Raymond
Ms. Li Hoi Lun, Helen
Mr. Chan Kay Cheung

EXECUTIVE COMMITTEE

Mr. Choi Yuk Keung, Lawrence (Chairman)
Mr. Lo Hong Sui, Vincent
Mr. Wong Kun To, Philip
Mr. Wong Fook Lam, Raymond
Other key executives

COMPANY SECRETARY

Ms. Ng Lai Tan, Melanie#

AUDITOR

Deloitte Touche Tohmatsu

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

34th Floor, Shui On Centre
6-8 Harbour Road, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Securities Services (Bermuda) Limited
6 Front Street, Hamilton HM 11, Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
26th Floor, Tesbury Centre
28 Queen's Road East, Wanchai, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited
Industrial and Commercial Bank of China Limited
The Bank of East Asia, Limited
CITIC Bank International Limited
BNP Paribas

STOCK CODE

983

WEBSITE

www.socam.com

* *Mr. Wong Yuet Leung, Frankie has been re-designated from Executive Director to Non-executive Director with effect from 1 September 2011.*

\# *Ms. Tsang Yuet Kwai, Anita has resigned and Ms. Ng Lai Tan, Melanie has been appointed as the Company Secretary with effect from 19 September 2011.*

瑞 安 建 業 有 限 公 司
SHUI ON CONSTRUCTION AND MATERIALS LIMITED
(Incorporated in Bermuda with limited liability 於百慕達註冊成立的有限公司)
(To be renamed as "SOCAM Development Limited")

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