



百仕達控股有限公司

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 1168



INTERIM REPORT 2012

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Ou Yaping (Chairman)  
Tang Yui Man Francis (Chief Executive Officer)  
Chen Wei  
Xiang Ya Bo

#### Non-executive Directors

Law Sze Lai  
Li Ningjun

#### Independent Non-executive Directors

Tian Jin  
Xiang Bing  
Xin Luo Lin

### AUTHORISED REPRESENTATIVES

Ou Yaping  
Tang Yui Man Francis

### COMPANY SECRETARY

Lo Tai On

### AUDIT COMMITTEE

Tian Jin  
Xiang Bing  
Xin Luo Lin (Chairman)

### NOMINATION COMMITTEE

Tang Yui Man Francis  
Tian Jin (Chairman)  
Xiang Bing  
Xin Luo Lin

### REMUNERATION COMMITTEE

Ou Yaping  
Xiang Bing  
Xin Luo Lin (Chairman)

### AUDITOR

Deloitte Touche Tohmatsu  
Certified Public Accountants  
35th Floor, One Pacific Place  
88 Queensway  
Hong Kong

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

28th Floor, Infinitus Plaza  
199 Des Voeux Road Central  
Hong Kong  
Telephone : (852) 2851 8811  
Facsimile : (852) 2851 0970  
Stock Code : 1168  
Website : <http://www.sinolinkhk.com>

### PRINCIPAL SHARE AND CONVERTIBLE BOND REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited  
Rosebank Centre  
11 Bermudiana Road  
Pembroke, HM 08  
Bermuda

### HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
46th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### HONG KONG BRANCH SHARE TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
Shops 1712 – 1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### LEGAL ADVISORS

(As to Hong Kong Law)  
Cleary Gottlieb Steen & Hamilton (Hong Kong)  
Deacons  
Ashurst Hong Kong  
Norton Rose  
Tsang, Chan & Wong  
Woo, Kwan, Lee & Lo

(As to Bermuda Law)  
Conyers Dill & Pearman

### PRINCIPAL BANKERS

Bank of China  
Bank of China (Hong Kong) Limited  
Bank of Ningbo  
China Construction Bank Corporation  
China Merchants Bank  
Industrial and Commercial Bank of China  
Ping On Bank

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COVER PHOTO: SINOLINK TOWER IN SHENZHEN



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### **FOR THE SIX MONTHS ENDED 30 JUNE 2012**

- Turnover down 21% to HK\$162.2 million
- Gross Profit down 32% to HK\$88.2 million
- Profit attributable to owners of the Company down 26% to HK\$286.7 million
- Basic Earnings Per Share down 26% to HK8.10 cents

### BUSINESS REVIEW

During the first half of 2012, the central government reaffirmed its determination to rein in and readjust the property market. On the one hand restrictions remained in place to curtail investment and speculative demand, on the other hand incentives were given to support a reasonable demand for self-use housing. Moreover, the government has increased preemptive adjustment and fine-tuning of monetary policy since the year-end of 2011, resulting in three rounds of deposit reserve ratio cuts and two rounds of lowering the deposit and lending rates. To some extent, these measures have improved the real estate market sentiment and lifted sales of homes.

For the six months ended 30 June 2012, the Group's turnover amounted to HK\$162.2 million, a decrease of 21% compared with the same period last year. Gross profit dropped by 32% to HK\$88.2 million. Profit attributable to owners of the Company fell by 26% to HK\$286.7 million. Basic earnings per share amounted to HK8.10 cents, a decline of 26% compared with the same period last year.

### PROPERTY SALES

During the period under review, the Group had only a small amount of properties available for sale, comprising the remaining units of *The Mangrove West Coast*. As such, the Group's turnover from property sales dropped to HK\$44.1 million, a decrease of 45% compared with the same period last year. The Group sold a total gross floor area ("GFA") of approximately 1,048 square meters during the period, which was 41% less compared to 1,766 square meters recorded a year ago. During the period, gross profit of property sales declined by 57% to HK\$23.0 million compared with the same period last year.

### PROPERTY RENTAL

For the six months ended 30 June 2012, total rental income amounted to HK\$49.5 million, an increase of 4% over the same period last year.

The rental income was mainly contributed by the commercial complexes of *The Vi City* and Sinolink Garden Phase One to Four.

#### *Sinolink Tower*

*Sinolink Tower*, the hotel and office complex of Sinolink Garden Phase Five located in Luowu district in Shenzhen, has a GFA of 50,000 square meters, of which hotel space occupies 30,000 square meters.

Following completion of decoration work at the elevator hall and lobby, the office complex's 20,000 square meters of space became ready and available for lease during the period under review.

## MANAGEMENT DISCUSSION AND ANALYSIS

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As of to date, the office building has entered into seven lease contracts with tenants for 20% of its total leasable area. Moreover, a number of potential tenants have expressed lease interest.

The hotel section has completed the decoration work of its model apartment and is expected to commence operation in 2013 on schedule.

### PROPERTIES UNDER DEVELOPMENT

As at 30 June 2012, the Group has the following properties under development:

1. *Rockbund*, located on the Bund in Shanghai, is an integrated property development project. The project has a total site area of 18,000 square meters with a GFA of 94,080 square meters comprising preserved heritage buildings and new structures. The Group intends to redevelop this historical site and structures into an upscale mixed-use neighborhood, with residential, commercial, retail, offices and cultural facilities. Some of the preserved heritage buildings have commenced operations since May 2010 with rental activities in progress. The entire project is expected to be completed in 2014.
2. *Ningguo Mansions*, the 13,599.6 square meter site with a plot ratio of 1.0 at Changning District in Shanghai, will be developed into 11 quadrate court houses, each with a GFA of 1,000 to 1,500 square meters. David Chipperfield Architects, a British architecture design company, is responsible for the construction and decoration design of the project. *Ningguo Mansions* is located in one of the most accessible and luxury living districts in Shanghai. The land is situated in a low density neighbourhood with luxury residential properties around, and is conveniently located being approximately 10 minutes from the airport and approximately 30 minutes from the city center by car.

### MAJOR ASSOCIATE

The Group recorded a share of loss of an associate, Rockefeller Group Asia Pacific, Inc., at an amount of HK\$58.7 million for the six months ended 30 June 2012, compared to a share of gain of the associate at an amount of HK\$13.5 million for the same period last year, due to change in the fair value of investment properties held by the associate.

#### *Rockbund*

Situated at the junction of Huangpu River and Suzhou Creek, *Rockbund* is a redevelopment project that celebrates the birthplace of modern Shanghai. It is part of the historical and cultural preservation area of Shanghai Bund, neighbouring Nanjing Road and the

## MANAGEMENT DISCUSSION AND ANALYSIS

Lujiazui business district and commanding a unique and advantageous location that gives easy access to convenient transport and five star hotels in the vicinity. Thriving on the theme of “Art Invigorates Business”, the project makes full empowerment of the historical architecture and art aroma in the area to provide high quality leasing space for a variety of businesses with flexible and elegant design layouts to meet customers’ diverse needs.

During the period under review, *Rockbund* has made active progress with the leasing of its preserved heritage buildings. Over 100 retailers, food and beverage operators and office users have been in dialogues with the Group through an intensive series of marketing and promotion activities. As of to date, nine corporations have entered into leasing agreements covering a total leasing area of 5,300 square meters, and a number of letters of intent have been signed with potential tenants.

The new buildings of *Rockbund* have commenced underground and part of the above ground works with satisfactory progress made during the period under review.

### OTHER BUSINESSES

Other businesses within the Group include property, facilities and project management provided by the Group’s property management division. For the period ended 30 June 2012, the Group recorded revenue from other businesses of HK\$68.7 million, representing a decrease of 10% compared with the same period last year.

### PROSPECTS

Resolving to stay the course to keep the real estate sector under control, the central government is likely to opt for an increase in infrastructure investment as a preferred means of “steady growth”. For the second half of 2012, the frequency and intensity in the fine-tuning of monetary policy will have a major impact on the real estate sector. What can be certain is that the regulatory and readjustment policy will remain in force in the housing sector to ward off worries that prices might rebound. As such, there will not be a substantial loosening of credit for the housing sector.

Under this macro environment, we have to remain patient and analyze the situations and problems timely and prudently. We are determined to keep abreast with the impact of governing policies on the real estate industry to seize opportunities of investment and development that may arise. Moreover, we will continue to explore new business models that can cope with the new trends to bring satisfactory returns to shareholders.

### FINANCIAL REVIEW

The Group’s financial position remains strong with a low debt leverage and strong interest cover. The Group’s total borrowings decreased from HK\$407.8 million as at 31 December 2011 to HK\$264.3 million as at 30 June 2012. The total borrowings as at

## MANAGEMENT DISCUSSION AND ANALYSIS

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30 June 2012 included bank loans of HK\$239.3 million and liability component of the convertible bonds of HK\$25.0 million. Gearing ratio as at 30 June 2012, calculated on the basis of total borrowings over shareholders' equity, was 3.5% compared to 5.7% as at 31 December 2011. The Group is in a net cash position and bank borrowings are mainly arranged at floating interest rates.

Total assets pledged in securing loans had a carrying value of HK\$0.6 million as at 30 June 2012. The borrowings of the Group are denominated in RMB and HKD. As the entire operation of the Group is carried out in the PRC, substantial receipts and payments in relation to operation are denominated in RMB. No financial instruments have been used for hedging purpose; however, the Board will continue to evaluate and closely monitor the potential impact of RMB and interest rates movements on the Group.

The Group's cash and cash equivalents amounted to HK\$4,143.6 million (including pledged deposits) as at 30 June 2012 and were mostly denominated in RMB, HKD and USD.

### CONVERTIBLE BONDS

As at 30 June 2012, the outstanding principal amount of the convertible bond was HK\$25 million, the convertible bond will be matured on 28 September 2012. Pursuant to the bond instrument, any bond which remains outstanding on the maturity date shall be redeemed by the Company at a redemption amount equal to the principal amount of the bond.

### CAPITAL COMMITMENTS

As at 30 June 2012, the Group had capital commitments in respect of properties under construction and commitments in respect of properties under development amounting to HK\$278.7 million and HK\$102.5 million respectively.

### CONTINGENT LIABILITIES

Guarantees given to banks as security for the mortgage loans arranged for the purchasers of the Group's properties amounted to HK\$64.6 million.

### DISCLOSURE PURSUANT TO RULE 13.22 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "LISTING RULES")

As at 30 June 2012, the aggregate amount of financial assistance to associated companies by the Group in aggregate exceeded 8% of the assets ratios as defined in Rule 14.07(1) of the Listing Rules.



## MANAGEMENT DISCUSSION AND ANALYSIS

In accordance with the requirements under Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of the associated companies as at 30 June 2012 is presented as follows:

	<i>HK\$'000</i>
Non-current assets	4,294,419
Current assets	829,944
Current liabilities	(590,158)
Non-current liabilities	<u>(4,357,087)</u>
Net assets	<u><u>177,118</u></u>

The Group's attributable interest in the associated companies as at 30 June 2012 comprised net assets of HK\$97,596,000.

The proforma combined statement of financial position of the associated companies has been prepared by combining their statement of financial position, after making adjustments to conform with the Group's significant accounting policies as 30 June 2012.

### INTERIM DIVIDEND

In order to retain resources for the Group's business development, the Board does not declare an interim dividend for the six months ended 30 June 2012 (2011: Nil).

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2012, the Group employed approximately 842 full time employees for its principal activities. The Group recognizes the importance of high caliber and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the share option scheme adopted by the Group.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the six months ended 30 June 2012.

## MANAGEMENT DISCUSSION AND ANALYSIS

### CORPORATE GOVERNANCE

During the period, the Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (the “New Code”) (effective from 1 April 2012) set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), except as noted hereunder.

The independent non-executive directors, Dr. Xiang Bing and Mr. Xin Luo Lin, were unable to attend the annual general meeting of the Company held in May 2012 as provided for in code provision A.6.7 of the New Code as they had personal commitments.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the six months ended 30 June 2012, all Directors have complied with the required standard set out in the Model Code.

### AUDIT COMMITTEE

The Company has an audit committee (“Audit Committee”) which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee comprises three independent non-executive directors. The members of the Audit Committee are Mr. Xin Luo Lin, Dr. Xiang Bing and Mr. Tian Jin. The Audit Committee meets regularly with the Company’s senior management and the Company’s auditor to consider the Company’s financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The interim report of the Group for the six months ended 30 June 2012 had not been audited, but had been reviewed by the Company’s auditor, Deloitte Touche Tohmatsu and the Audit Committee.

### APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to all staff for their devoted efforts and hard work.

By Order of the Board  
**Sinolink Worldwide Holdings Limited**  
**TANG Yui Man Francis**  
*Chief Executive Officer*

Hong Kong, 23 August 2012

## OTHER INFORMATION

### *Directors' Interests or Short Positions in Shares and Share Options*

At 30 June 2012, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company (the "Share"), underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) Section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange were as follows:

#### *Long positions in Shares and underlying Shares*

Name of Directors	Capacity	Interest in Shares			Total interest in Shares	Approximate percentage of issued share capital of the Company at 30.6.2012
		Personal interest	Corporate interest	Family interest		
Chen Wei	Beneficial owner	13,500,000	–	–	13,500,000	0.38%
Law Sze Lai	Beneficial owner	9,345,500	–	–	9,345,500	0.26%
Li Ningjun	Beneficial Owner	2,000,000	–	–	2,000,000	0.06%
Ou Yaping	Joint interest and interest of controlled corporation	–	1,560,845,250 (Note)	7,285,410	1,568,130,660	44.28%
Tang Yui Man Francis	Beneficial owner	21,375,000	–	–	21,375,000	0.60%

*Note:* These 1,560,845,250 Shares are held by Asia Pacific Promotion Limited ("Asia Pacific"), a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, Chairman of the Company.

Share options granted to certain Directors had been lapsed during the period. Details of the Directors' interests in share options are set out below under the heading "Share Option Scheme of the Company".

### *Directors' Rights to Acquire Shares or Debentures of the Company and Associated Corporation*

Other than the share option as disclosed under the heading of "Share Option Scheme of the Company" below, at no time during the period was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

## OTHER INFORMATION

### *Disclosure of change of Directors' information*

Pursuant to rule 13.51B(1) of the Listing Rules, the changes and updated Directors' information are as follows:

Mr. Xin Luo Lin ceased to be a non-executive director of Sino-Tech International Holdings Limited, a listed public company on the Stock Exchange, on 8 June 2012.

### *Share Option Scheme of the Company*

- (A) The Company operated a share option scheme adopted by shareholders of the Company on 24 May 2002 (the "2002 Share Option Scheme"), under which the Board may, at its discretion, offer any employee (including any executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2002 Share Option Scheme has a life of 10 years.

The 2002 Share Option Scheme was terminated by shareholders of the Company at annual general meeting on 17 May 2012. No further options shall thereafter be offered under the 2002 Share Option Scheme but the options which had been granted during its life shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects the provisions of the 2002 Share Option Scheme shall remain in full force and effect.

All options granted under the 2002 Share Option Scheme had been expired on 23 and 24 May 2012 respectively and there was no outstanding option yet to be exercised under the 2002 Share Option Scheme as at 30 June 2012.

Movement of options granted under the 2002 Share Option Scheme were set out below.

Details of specific categories of share options are as follows:

<b>Option types</b>	<b>Date of grant</b>	<b>Exercise period</b>	<b>Exercise price</b> <i>HK\$</i>
2005 Options	13.01.2005	31.12.2005 – 24.05.2012	1.001
	13.01.2005	30.06.2006 – 24.05.2012	1.001
	13.01.2005	31.12.2006 – 24.05.2012	1.001
2006 Options	22.01.2006	31.12.2006 – 24.05.2012	2.107
	22.01.2006	30.06.2007 – 24.05.2012	2.107
	22.01.2006	31.12.2007 – 24.05.2012	2.107

## OTHER INFORMATION

Option types	Date of grant	Exercise period	Exercise price HK\$
2007A Options	06.02.2007	01.01.2009 – 23.05.2012	1.778
	06.02.2007	01.07.2009 – 23.05.2012	1.778
	06.02.2007	01.01.2010 – 23.05.2012	1.778
	06.02.2007	01.07.2010 – 23.05.2012	1.778
2007B Options	12.02.2007	01.01.2009 – 23.05.2012	1.778
	12.02.2007	01.07.2009 – 23.05.2012	1.778
	12.02.2007	01.01.2010 – 23.05.2012	1.778
	12.02.2007	01.07.2010 – 23.05.2012	1.778

The following table discloses movements in the Company's share options granted under the 2002 Share Option Scheme during the period:

	Option types	Outstanding at 1.1.2012	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.6.2012
<i>Category 1: Directors</i>						
Chen Wei	2007B Options	11,250,000	–	–	11,250,000	–
Law Sze Lai	2005 Options	6,300,000	–	–	6,300,000	–
	2007B Options	3,375,000	–	–	3,375,000	–
Li Ningjun	2005 Options	500,000	–	–	500,000	–
	2007A Options	7,875,000	–	–	7,875,000	–
Tang Yui Man Francis	2007B Options	22,500,000	–	–	22,500,000	–
Tian Jin	2006 Options	2,250,000	–	–	2,250,000	–
	2007B Options	2,925,000	–	–	2,925,000	–
Xiang Ya Bo	2007A Options	11,250,000	–	–	11,250,000	–
Xin Luo Lin	2007B Options	2,925,000	–	–	2,925,000	–
Total for Directors		71,150,000	–	–	71,150,000	–
	Option types	Outstanding at 1.1.2012	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.6.2012
<i>Category 2: Employees</i>						
	2005 Options	7,000,000	–	–	7,000,000	–
	2007A Options	31,837,500	–	–	31,837,500	–
Total for employees		38,837,500	–	–	38,837,500	–
Total for all categories		109,987,500	–	–	109,987,500	–

## OTHER INFORMATION

### Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
  2. These options represent personal interest held by Directors as beneficial owners until the date of expiry.
  3. During the period, no options were granted, exercised or cancelled under the 2002 Share Option Scheme.
  4. During the period, 109,987,500 options were lapsed under the 2002 Share Option Scheme.
- (B) A new share option scheme was adopted by shareholders of the Company on 17 May 2012 (the "2012 Share Option Scheme"), under which the Board may, at its discretion, offer any employee (including any executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme has a life of 10 years and no options were granted since the date of its adoption.

### Substantial Shareholders

At 30 June 2012, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors, the following shareholder(s) had notified the Company of relevant interests and short positions in the issued share capital of the Company:

### Long positions and short positions in Shares and underlying Shares

Name of shareholder	Capacity/ Nature of Interest	Interest in Shares	Approximate percentage of the Company's issued share capital at 30.6.2012
Asia Pacific	Beneficial owner/ Beneficial interest	1,560,845,250 (Long) (Note)	44.08%

Note: The 1,560,845,250 Shares are held by Asia Pacific, a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, Chairman of the Company.

Save as disclosed above, as at 30 June 2012, the Company has not been notified of any other interests or short positions in the Shares and underlying Shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

# Deloitte.

# 德勤

TO THE BOARD OF DIRECTORS OF SINOLINK WORLDWIDE HOLDINGS LIMITED  
(*incorporated in Bermuda with limited liability*)

## *Introduction*

We have reviewed the condensed consolidated financial statements of Sinolink Worldwide Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 14 to 32, which comprises the condensed consolidated statement of financial position as of 30 June 2012 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 these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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 these condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
23 August 2012

## CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	NOTES	Six months ended	
		30.6.2012 <i>HK\$'000</i> <i>(unaudited)</i>	30.6.2011 <i>HK\$'000</i> <i>(unaudited)</i>
Turnover	3	<b>162,205</b>	204,270
Cost of sales		<b>(73,993)</b>	(74,689)
Gross profit		<b>88,212</b>	129,581
Other income		<b>213,905</b>	166,314
Selling expenses		<b>(1,863)</b>	(6,296)
Administrative expenses		<b>(38,376)</b>	(37,997)
Increase in fair value of investment properties	10	<b>300,832</b>	228,844
Gain on derivative components of convertible bonds	16	<b>884</b>	39,934
(Loss) gain from changes in fair value of investments held for trading		<b>(27,328)</b>	22,848
Share of results of associates		<b>(58,723)</b>	13,483
Finance costs	4	<b>(1,483)</b>	(10,561)
Profit before taxation		<b>476,060</b>	546,150
Taxation	5	<b>(130,794)</b>	(121,433)
Profit for the period	6	<b>345,266</b>	424,717
Attributable to:			
Owners of the Company		<b>286,698</b>	387,793
Non-controlling interests		<b>58,568</b>	36,924
		<b>345,266</b>	424,717
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	8		
Basic		<b>8.10</b>	10.95
Diluted		<b>8.04</b>	9.28



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	<b>Six months ended</b>	
	<b>30.6.2012</b>	30.6.2011
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Profit for the period	<u>345,266</u>	<u>424,717</u>
Other comprehensive (expense) income		
Exchange differences arising on translation	<b>(22,859)</b>	92,124
Share of translation reserve of associates	<u>(2,750)</u>	<u>2,532</u>
Other comprehensive (expense) income for the period	<u>(25,609)</u>	<u>94,656</u>
Total comprehensive income for the period	<u><b>319,657</b></u>	<u>519,373</u>
Total comprehensive income attributable to:		
Owners of the Company	<b>265,569</b>	462,908
Non-controlling interests	<u>54,088</u>	<u>56,465</u>
	<u><b>319,657</b></u>	<u>519,373</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2012

	NOTES	30.6.2012 <i>HK\$'000</i> <i>(unaudited)</i>	31.12.2011 <i>HK\$'000</i> <i>(audited)</i>
<b>Non-current assets</b>			
Property, plant and equipment	9	300,746	239,717
Prepaid lease payments		71,957	119,635
Investment properties	10	2,463,313	2,000,423
Interests in associates		97,596	159,069
Available-for-sale investments		13,761	13,761
Loan receivable	11	2,312,554	2,142,895
		<b>5,259,927</b>	4,675,500
<b>Current assets</b>			
Stock of properties	12	707,748	684,292
Trade and other receivables, deposits and prepayments	13	49,954	144,030
Prepaid lease payments		1,318	2,140
Amounts due from an associate	14	259,333	75,590
Investments held for trading		175,522	175,159
Pledged bank deposits	21	604	606
Bank balances and cash		4,143,012	4,312,385
		<b>5,337,491</b>	5,394,202
<b>Current liabilities</b>			
Trade and other payables, deposits received and accrued charges	15	699,754	495,426
Amounts due to associates	14	17,178	–
Taxation payable		855,403	778,633
Borrowings – amount due within one year		18,405	161,652
Convertible bonds	16	25,372	25,456
		<b>1,616,112</b>	1,461,167
<b>Net current assets</b>		<b>3,721,379</b>	3,933,035
<b>Total assets less current liabilities</b>		<b>8,981,306</b>	8,608,535
<b>Non-current liabilities</b>			
Borrowings – amount due after one year		220,858	221,948
Deferred taxation		296,193	217,389
		<b>517,051</b>	439,337
		<b>8,464,255</b>	8,169,198
<b>Capital and reserves</b>			
Share capital	17	354,111	354,111
Reserves		7,111,191	6,845,622
Equity attributable to owners of the Company		<b>7,465,302</b>	7,199,733
Non-controlling interests		998,953	969,465
		<b>8,464,255</b>	8,169,198

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Share premium	Translation reserve	Share option reserve	General reserves	Contributed surplus	Retained earnings	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2012	354,111	1,824,979	775,930	53,755	148,846	367,782	3,674,330	7,199,733	969,465	8,169,198
Profit for the period	-	-	-	-	-	-	286,698	286,698	58,568	345,266
Exchange differences arising on translation	-	-	(18,379)	-	-	-	-	(18,379)	(4,480)	(22,859)
Share of translation reserve of associates	-	-	(2,750)	-	-	-	-	(2,750)	-	(2,750)
Total comprehensive (expense) income for the period	-	-	(21,129)	-	-	-	286,698	265,569	54,088	319,657
Lapse of share options	-	-	-	(53,755)	-	-	53,755	-	-	-
Dividends declared to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	(24,600)	(24,600)
At 30 June 2012	<u>354,111</u>	<u>1,824,979</u>	<u>754,801</u>	<u>-</u>	<u>148,846</u>	<u>367,782</u>	<u>4,014,783</u>	<u>7,465,302</u>	<u>998,953</u>	<u>8,464,255</u>
At 1 January 2011	354,111	1,824,979	577,465	54,261	148,846	367,782	3,298,652	6,626,096	849,905	7,476,001
Profit for the period	-	-	-	-	-	-	387,793	387,793	36,924	424,717
Exchange differences arising on translation	-	-	72,583	-	-	-	-	72,583	19,541	92,124
Share of translation reserve of associates	-	-	2,532	-	-	-	-	2,532	-	2,532
Total comprehensive income for the period	-	-	75,115	-	-	-	387,793	462,908	56,465	519,373
Lapse of share options	-	-	-	(506)	-	-	506	-	-	-
At 30 June 2011	<u>354,111</u>	<u>1,824,979</u>	<u>652,580</u>	<u>53,755</u>	<u>148,846</u>	<u>367,782</u>	<u>3,686,951</u>	<u>7,089,004</u>	<u>906,370</u>	<u>7,995,374</u>

Note: The general reserves represent the enterprise expansion fund and general reserve fund set aside by certain subsidiaries in accordance with the relevant laws and regulations of the PRC, which are not available for distribution.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	<b>Six months ended</b>	
	<b>30.6.2012</b>	30.6.2011
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Net cash from (used in) operating activities	<b>65,130</b>	(421,976)
Net cash (used in) from investing activities		
Interest received	<b>45,727</b>	19,117
Purchase of property, plant and equipment	<b>(36,111)</b>	(18,181)
Development costs paid for investment properties under development	<b>(21,829)</b>	(9,179)
Proceeds from disposal of investment properties	–	106,971
Other investing cash flows	<b>(51,337)</b>	(21,267)
	<b>(63,550)</b>	77,461
Net cash used in financing activities		
Repayment of bank loans	<b>(143,051)</b>	–
Interest paid	<b>(9,903)</b>	(11,264)
	<b>(152,954)</b>	(11,264)
Net decrease in cash and cash equivalents	<b>(151,374)</b>	(355,779)
Cash and cash equivalents at beginning of the period	<b>4,312,385</b>	4,915,904
Effect of foreign exchange rate changes	<b>(17,999)</b>	83,163
Cash and cash equivalents at end of the period, representing bank balances and cash	<b>4,143,012</b>	4,643,288

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL

The Company is a public limited company incorporated in Bermuda as an exempted company with its shares listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activities of the Group are property development, property investment and property management.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

## 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 their fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2011.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

- amendments to HKFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets; and
- amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

### *Amendments to HKAS 12*

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 for the purposes of measuring deferred tax, unless the presumption is rebutted in certain circumstances.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 2. *PRINCIPAL ACCOUNTING POLICIES (Cont'd)*

#### *Amendments to HKAS 12 (Cont'd)*

As at 30 June 2012, the Group had investment properties amounting to HK\$2,463,313,000 (31.12.2011: HK\$2,000,423,000). The Group and its associates measure their investment properties using the fair value model. As a result of the application of amendments to HKAS 12, the directors reviewed the Group's investment properties portfolio which are all located in the People's Republic of China ("PRC") and concluded that the investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, the presumption set out in the amendments to HKAS 12 is rebutted. The Group and the associates continue to recognise deferred taxation on change in fair value of investment properties based on the tax consequences of recovering the entire investment properties through use. Hence, the application of the amendments to HKAS 12 has had no effect on the Group's financial performance and financial position in the current and prior periods.

The application of the above amendments to HKFRSs in the current interim period has had no material impact on the amounts reported in these condensed consolidated financial statements and/or on disclosures set out in these condensed consolidated financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. SEGMENT INFORMATION

The following is an analysis of the Group's turnover and results by reportable and operating segments:

#### Six months ended 30 June 2012

	Property development HK\$'000	Property investment HK\$'000	Property management HK\$'000	Total for reportable segment HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
TURNOVER							
External sales	44,067	49,476	52,732	146,275	15,930	-	162,205
Inter-segment sales	-	-	-	-	1,107	(1,107)	-
	<u>44,067</u>	<u>49,476</u>	<u>52,732</u>	<u>146,275</u>	<u>17,037</u>	<u>(1,107)</u>	<u>162,205</u>
RESULT							
Segment result	<u>10,299</u>	<u>345,072</u>	<u>6,070</u>	<u>361,441</u>	<u>8,845</u>	<u>-</u>	370,286
Other income							213,905
Unallocated corporate expenses							(21,481)
Gain on derivative components of convertible bonds							884
Loss from changes in fair value of investments held for trading							(27,328)
Share of results of associates							(58,723)
Finance costs							(1,483)
Profit before taxation							<u>476,060</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. SEGMENT INFORMATION (Cont'd)

Six months ended 30 June 2011

	Property development HK\$'000	Property investment HK\$'000	Property management HK\$'000	Total for reportable segment HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
TURNOVER							
External sales	80,378	47,723	51,782	179,883	24,387	-	204,270
Inter-segment sales	-	-	-	-	1,073	(1,073)	-
	<u>80,378</u>	<u>47,723</u>	<u>51,782</u>	<u>179,883</u>	<u>25,460</u>	<u>(1,073)</u>	<u>204,270</u>
RESULT							
Segment result	<u>47,770</u>	<u>270,570</u>	<u>8,954</u>	<u>327,294</u>	<u>8,023</u>	<u>-</u>	335,317
Other income							166,314
Unallocated corporate expenses							(21,185)
Gain on derivative components of convertible bonds							39,934
Gain from changes in fair value of investments held for trading							22,848
Share of results of associates							13,483
Finance costs							<u>(10,561)</u>
Profit before taxation							<u>546,150</u>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. SEGMENT INFORMATION (Cont'd)

Inter-segment sales are charged at prevailing market prices.

Segment result represents the profit earned by each segment without allocation of central administration costs, directors' salaries, share of results of associates, changes in fair value on investments held for trading and derivative components of convertible bonds and finance costs. This is the measure reported to the executive directors, the Group's chief operating decision maker, for performance assessment and resource allocation.

No analysis of the Group's assets and liabilities by reportable segments is disclosed as it is not regularly provided to the executive directors for review.

### 4. FINANCE COSTS

	Six months ended	
	30.6.2012	30.6.2011
	HK\$'000	HK\$'000
Interest on bank borrowings		
wholly repayable within five years	9,865	11,264
Effective interest expense on convertible bonds	800	9,355
Others	38	–
	<u>10,703</u>	<u>20,619</u>
Less: Amount capitalised to property under construction	(5,532)	(6,035)
Amount capitalised to investment properties under construction	(3,688)	(4,023)
	<u>1,483</u>	<u>10,561</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 5. TAXATION

	<b>Six months ended</b>	
	<b>30.6.2012</b>	30.6.2011
	<b>HK\$'000</b>	HK\$'000
The charge comprises:		
Current tax		
Hong Kong Profits Tax		
Underprovision in prior years	65	–
PRC Enterprise Income Tax	25,524	26,975
PRC land appreciation tax	184	47,377
Withholding tax on distribution of earnings of PRC subsidiaries	<u>24,893</u>	–
	50,666	74,352
Deferred taxation	<u>80,128</u>	47,081
	<u><b>130,794</b></u>	<u>121,433</u>

No provision for Hong Kong Profits Tax had been made in the condensed consolidated financial statements as the amount involved was insignificant.

Taxation for subsidiaries of the Group, which were established and principally operated in the Shenzhen Special Economic Zone, is calculated at the rate of 25% (six months ended 30 June 2011: 24%) of their assessable profits for the six months ended 30 June 2012 according to the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law.

In addition, PRC land appreciation tax ("LAT") shall be levied at progressive rates ranging from 30% to 60% on the appreciation of land value, represented by the excess of sales proceeds of properties over prescribed direct costs. Prescribed direct costs are defined to include costs of land, development and construction costs, as well as certain costs relating to the property development. According to the State Administration of Taxation's official circulars, LAT shall be payable provisionally upon sales of the properties, followed by final ascertainment of the gain at the completion of the properties development. The Shenzhen local tax bureau has echoed by promulgating Shenfubanhan [2005] No. 93 and Shendishuifa [2005], whereby among others, LAT should be seriously implemented towards sales of properties where contracts were signed on or after 1 November 2005. The management of the Group considers that it has complied with the rules of the aforementioned circulars and other official tax circulars in Shenzhen and LAT for the Group has been accrued accordingly.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 5. TAXATION (Cont'd)

Deferred taxation charge for the period represents deferred tax arising from revaluation of investment properties and undistributed profits of subsidiaries. Deferred taxation on undistributed profits of subsidiaries has been recognised taking into accounts the dividends to be distributed from profits earned by the subsidiaries in the PRC starting from 1 January 2008 under the relevant tax rates and regulations of the PRC that requires withholding tax with tax rate ranging from 5% to 10% upon the distribution of such profits to the shareholders.

### 6. PROFIT FOR THE PERIOD

	<b>Six months ended</b>	
	<b>30.6.2012</b>	30.6.2011
	<b>HK\$'000</b>	HK\$'000
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	<b>4,413</b>	3,990
Release of prepaid lease payments	<b>51</b>	49
Exchange loss	<b>2,108</b>	–
and after crediting:		
Interest income (included in other income) from:		
– listed senior notes classified as investment held for trading	<b>1,286</b>	–
– bank deposits	<b>42,242</b>	19,117
– loan receivable	<b>169,659</b>	146,489
Exchange gain	<b>–</b>	<b>3,760</b>

### 7. DIVIDENDS

No dividends were paid, declared and proposed by the Company during the interim period. The directors have determined that no dividend will be paid in respect of the current interim period (six months ended 30 June 2011: nil).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 8. EARNINGS PER SHARE

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

	<b>Six months ended</b>	
	<b>30.6.2012</b>	30.6.2011
	<b>HK\$'000</b>	<b>HK\$'000</b>
Earnings for the purpose of basic earnings per share, being profit for the period attributable to owners of the Company	<b>286,698</b>	387,793
Effect of dilutive potential ordinary shares:		
Gain on derivative components of convertible bonds	<b>(884)</b>	(39,934)
Interest on convertible bonds	<b>800</b>	9,355
	<u>286,614</u>	<u>357,214</u>
Earnings for the purpose of diluted earnings per share	<b>286,614</b>	357,214
	<b>Number of shares</b>	
	<b>30.6.2012</b>	30.6.2011
Weighted average number of shares for the purpose of basic earnings per share	<b>3,541,112,832</b>	3,541,112,832
Effect of dilutive potential ordinary shares:		
Convertible bonds	<b>22,727,273</b>	309,090,909
	<u>3,563,840,105</u>	<u>3,850,203,741</u>
Weighted average number of shares for the purpose of diluted earnings per share	<b>3,563,840,105</b>	3,850,203,741

The computation of diluted earnings per share for the six months ended 30 June 2012 and 30 June 2011 did not assume the exercise of the Company's outstanding options because the exercise prices of these options were higher than the average market price of shares for the six months ended 30 June 2012 and 30 June 2011.

### 9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group incurred HK\$66,884,000 (six months ended 30 June 2011: HK\$37,197,000) on property, plant and equipment which included additions of property under construction of HK\$63,516,000 (six months ended 30 June 2011: HK\$34,860,000).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 10. INVESTMENT PROPERTIES

	<b>Completed investment properties</b> <i>HK\$'000</i>	<b>Investment properties under construction</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
FAIR VALUE			
At 1 January 2012	1,869,297	131,126	2,000,423
Exchange realignment	(9,912)	(645)	(10,557)
Transfer from prepaid lease payments	–	47,851	47,851
Construction costs incurred	–	124,764	124,764
Transfer	303,096	(303,096)	–
Increase in fair value of investment properties	<u>300,832</u>	<u>–</u>	<u>300,832</u>
At 30 June 2012	<u><u>2,463,313</u></u>	<u><u>–</u></u>	<u><u>2,463,313</u></u>

The investment properties under construction were completed during the current interim period. Included in the construction costs incurred of HK\$124,764,000, an amount of HK\$99,247,000 was not yet paid and the corresponding payable was included as an other payable as at 30 June 2012.

The fair values of the completed investment properties as at 30 June 2012 and 31 December 2011 have been arrived at on the basis of a valuation carried out on those dates by Messrs. DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group, and are the members of the Hong Kong Institute of Surveyors. The valuation of investment properties of HK\$2,463,313,000 (31.12.2011: HK\$1,869,297,000) were arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions or, where appropriate, by considering the capitalised income to be derived from the existing tenancies and the reversionary potential of the properties.

### 11. LOAN RECEIVABLE

	<b>30.6.2012</b> <i>HK\$'000</i>	31.12.2011 <i>HK\$'000</i>
Shareholder's loan receivable	<u><u>2,312,554</u></u>	<u><u>2,142,895</u></u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 11. LOAN RECEIVABLE (Cont'd)

The amount represents shareholder's loan receivable from the Group's associate, Rockefeller Group Asia Pacific, Inc. ("RGAP"), for financing a property development project and property investment project in Shanghai, which carries a 20% coupon interest rate per annum and forms part of the net investment in RGAP. The amount is carried at amortised cost based on the estimated future cash flows that are expected to be received by the Group as well as the estimates of the timing of such receipts. The loan receivable including principal and interest is unsecured and has no fixed repayment terms. The directors consider that the loan receivable will not be repayable within one year from the end of the reporting period, it is classified as non-current asset accordingly.

The directors have reviewed the carrying amount of loan receivable of HK\$2,312,554,000 (31.12.2011: HK\$2,142,895,000) and considered that this amount is fully recoverable.

### 12. STOCK OF PROPERTIES

	<b>30.6.2012</b>	31.12.2011
	<b>HK\$'000</b>	HK\$'000
Properties under development	<b>659,616</b>	618,432
Completed properties held for sale	<b>48,132</b>	65,860
	<b><u>707,748</u></b>	<u>684,292</u>

### 13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>30.6.2012</b>	31.12.2011
	<b>HK\$'000</b>	HK\$'000
Trade receivables	<b>4,886</b>	4,552
Other receivables, deposits and prepayments (Note)	<b>45,068</b>	139,478
	<b><u>49,954</u></b>	<u>144,030</u>

Note: At 31 December 2011, included in other receivables was an amount of RMB75,444,000 (equivalent to approximately HK\$93,026,000) paid to an independent third party for the development of intelligent community projects. The amount was fully refunded in January 2012.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Cont'd)

The Group allows an average credit period ranging from 0 to 60 days to its customers. The following is an aged analysis of trade receivables presented based on the invoice date at the end of reporting period:

	<b>30.6.2012</b> <b>HK\$'000</b>	31.12.2011 HK\$'000
Aged:		
0 to 90 days	<b>3,803</b>	3,593
91 to 180 days	<b>650</b>	578
Over 181 days	<b>433</b>	381
	<u><b>4,886</b></u>	<u>4,552</u>

### 14. AMOUNTS DUE FROM/TO ASSOCIATES

The amounts are unsecured, interest-free and repayable on demand.

### 15. TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

Included in trade and other payables, deposits received and accrued charges are trade payables of HK\$199,642,000 (31.12.2011: HK\$245,907,000) and receipt in advance from property sales of HK\$7,063,000 (31.12.2011: HK\$10,562,000).

The following is an aged analysis of trade payables at the end of the reporting period:

	<b>30.6.2012</b> <b>HK\$'000</b>	31.12.2011 HK\$'000
Aged:		
0 to 90 days	<b>56,061</b>	88,627
91 to 180 days	<b>7,732</b>	12,182
181 to 360 days	<b>17,158</b>	26,845
Over 360 days	<b>118,691</b>	118,253
	<u><b>199,642</b></u>	<u>245,907</u>

### 16. CONVERTIBLE BONDS

On 28 September 2009, the Company issued the three-year zero coupon convertible bonds at par with a nominal value of HK\$500,000,000 to independent third parties. The convertible bonds are denominated in Hong Kong dollars. The bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the bonds and before their settlement date on 28 September 2012 ("Maturity Date") at a conversion price of HK\$1.10 per ordinary share. If the bonds have not been converted, they will be redeemed on Maturity Date at par.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 16. CONVERTIBLE BONDS (Cont'd)

There was no redemption and conversion of convertible bonds during the current interim period.

The convertible bonds contain two components, liability component and conversion and early redemption option derivative components. The effective interest rate of the liability component is 6.85%. The conversion and early redemption option derivatives are measured at fair value with changes in fair value recognised in profit or loss.

The movement of the liability component and conversion and early redemption option derivative components of the convertible bonds for the period is set out as below:

	Principal amount <i>HK\$'000</i>	Carrying amount of liability component <i>HK\$'000</i>	Conversion and early redemption option derivatives <i>HK\$'000</i>
At 1 January 2012	25,000	24,202	1,254
Interest charge	–	800	–
Change in fair value	–	–	(884)
	<u>25,000</u>	<u>25,002</u>	<u>370</u>
At 30 June 2012	<u>25,000</u>	<u>25,002</u>	<u>370</u>

The fair values of the conversion and early redemption option derivatives are estimated based on the binomial option pricing model. Details of the assumptions of conversion and early redemption option derivatives are as follows:

Date of valuation	30.6.2012	31.12.2011
Share price ( <i>HK\$</i> )	0.50	0.58
Exercise price ( <i>HK\$</i> )	1.10	1.10
Expected volatility (expressed as a weighted average volatility used in the modeling under binomial option pricing model)	36.14%	41.99%
Maturity period	0.2 year	0.7 year
Conversion period	0.2 year	0.7 year



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 17. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2012 and 30 June 2012	<u>6,000,000,000</u>	<u>600,000</u>
Issued and fully paid:		
At 1 January 2012 and 30 June 2012	<u>3,541,112,832</u>	<u>354,111</u>

### 18. RELATED PARTY TRANSACTIONS

Save as disclosed in elsewhere in the condensed consolidated financial statements, the Group had the following transactions with related parties during the period.

Name of related party	Nature of transaction	Six months ended	
		30.6.2012 HK\$'000	30.6.2011 HK\$'000
Associates:			
RGAP	Interest income on shareholder's loan	<b>169,659</b>	146,489
Shanghai Bund de Rockefeller Group Master Development Co., Ltd.	Project management fee income	<u><b>13,098</b></u>	<u>13,098</u>

During the current interim period, the emoluments of key management personnel were HK\$6,196,000 (six months ended 30 June 2011: HK\$8,742,000).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 19. CONTINGENT LIABILITIES

	<b>30.6.2012</b>	31.12.2011
	<b>HK\$'000</b>	HK\$'000
Guarantees given to banks for the mortgage loans arranged for the purchases of the Group's properties	<u><b>64,553</b></u>	<u>74,640</u>

No financial liabilities were recorded as, in the opinion of the directors, the fair values of the financial guarantee contracts at initial recognition were not significant as at 30 June 2012 and 31 December 2011 and it is not probable that the counterparties would default on the relevant loans.

### 20. COMMITMENTS

	<b>30.6.2012</b>	31.12.2011
	<b>HK\$'000</b>	HK\$'000
Capital commitments in respect of properties under construction and investment properties under construction:		
– contracted for but not provided in the condensed consolidated financial statements	<u><b>177,130</b></u>	<u>76,511</u>
– authorised but not contracted for	<u><b>101,554</b></u>	<u>546,495</u>
Commitments in respect of stock of properties under development:		
– contracted for but not provided in the condensed consolidated financial statements	<u><b>102,542</b></u>	<u>123,360</u>

### 21. PLEDGE OF ASSETS

At 30 June 2012, bank deposits of HK\$604,000 (31.12.2011: HK\$606,000) and investment properties with an aggregate carrying amount of Nil (31.12.2011: HK\$480,888,000) were pledged to banks to secure general banking facilities granted to the Group.