瑞安建業
SOCAM DEVELOPMENT

MAXIMISING SHAREHOLDER VALUE

釋放潛力 締造股東價值

INTERIM REPORT 2012 中期報告

STOCK CODE 股份編號：983

ABOUT SOCAM

SOCAM Development Limited (SOCAM) (HKSE Stock Code: 983) was listed on the Hong Kong Stock Exchange in February 1997. The Company is a member of Shui On Group, which has over 40 years of history.

SOCAM has been undergoing a corporate transformation in the past few years, and has expanded far beyond its origin as a construction and building materials company. Today, it is rapidly developing exciting business in the niche property sector in the Chinese Mainland, and is poised to become a leading niche property developer, marked by a rebranding exercise undertaken in September 2011.

With its dedication in the pursuit of excellence, SOCAM is continually seeking opportunities in areas where it has an unassailable China knowledge of the many factors that determine the business success.

CORPORATE MISSION

- To achieve sufficient profit to provide an attractive return to our shareholders and to finance our growth.
- To provide our customers with quality products and services.
- To provide an environment whereby our people can excel, develop and grow with the company.
- To provide an environment that encourages and rewards merit and team effort.

CORPORATE VALUES

- Integrity
- Excellence
- Quality
- Innovation

CONTENTS

SOCAM AT A GLANCE

SOCAM's property business focuses 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 project management, construction and deal structuring. SOCAM's businesses are built on proven business models that seek to tap into and contribute towards the sustained economic and social development of China.

In addition to property, SOCAM currently owns construction and cement operations in the Chinese Mainland, Hong Kong and Macau.

- Special Situation Projects
- Knowledge Community Project
- Private Equity Property Fund

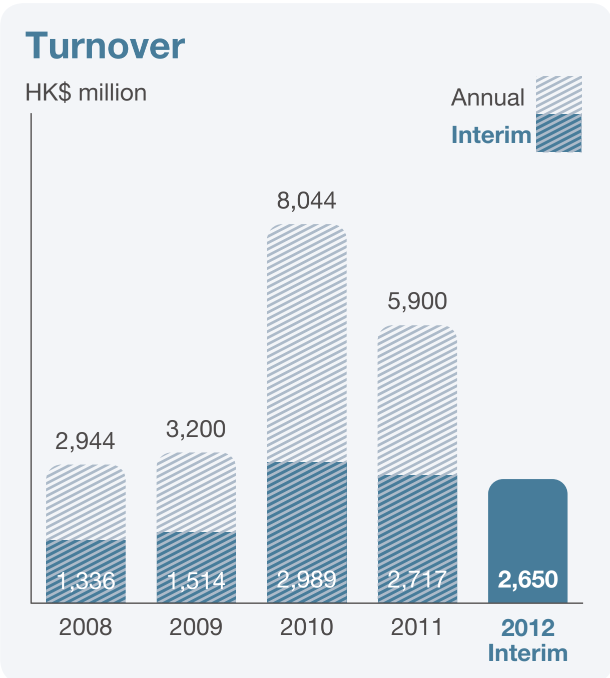
- Public Housing
- Commercial, Residential and Institutional Buildings
- Interior Fitting Out and Building Renovation
- Maintenance

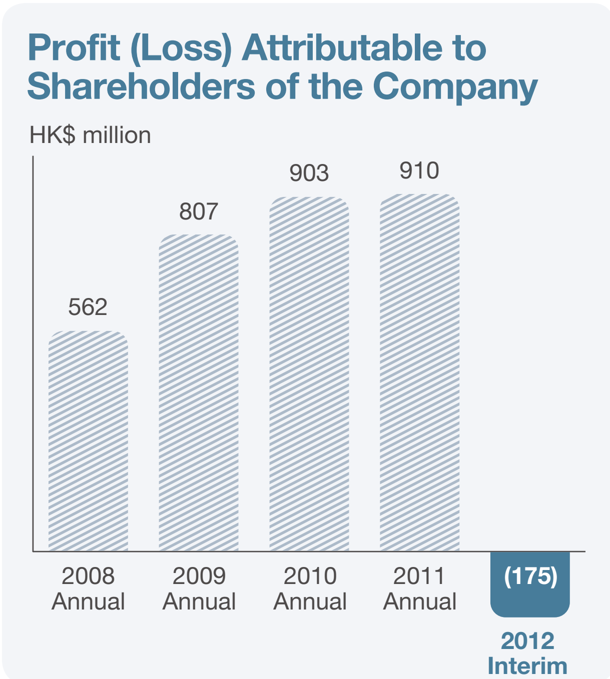
- Lafarge Shui On Cement

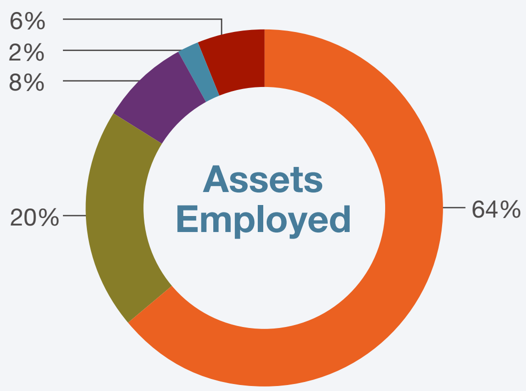
FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2012	2011
Turnover	**HK$2,650 million**	HK$2,717 million
(Loss) profit attributable to shareholders	**(HK$175 million)**	HK$460 million
Basic (loss) earnings per share	**(HK$0.36)**	HK$0.94
Interim dividend per share	**–**	HK$0.25

	At 30 June 2012	At 31 December 2011
Total assets	**HK$22.8 billion**	HK$22.2 billion
Net assets	**HK$9.7 billion**	HK$10.0 billion
Net asset value per share	**HK$19.79**	HK$20.43
Net gearing	**48.8%**	50.5%

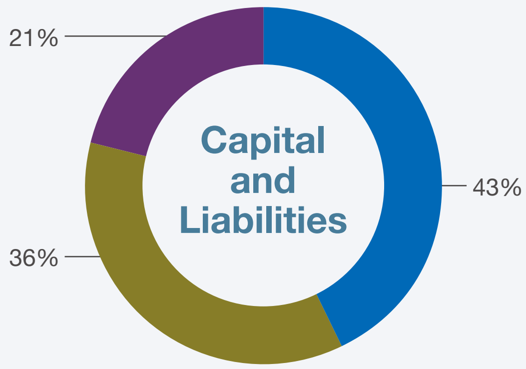






At 30 June 2012

- Property
- Cement
- Construction
- Investment in Shui On Land
- Others

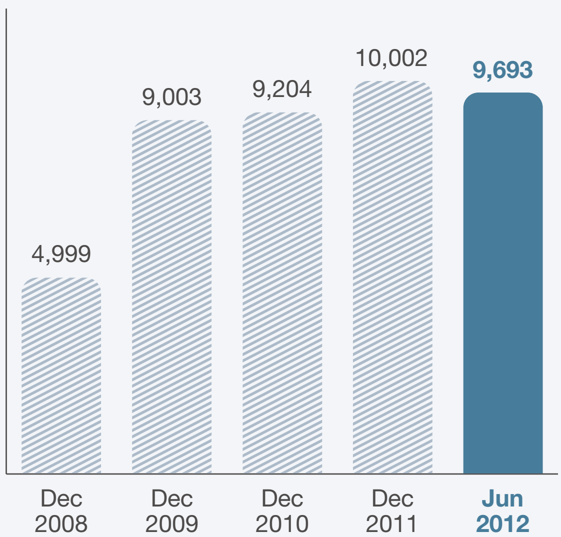


At 30 June 2012

- Capital and Reserves
- Bank Borrowings
- Other Liabilities and Non-controlling Interests

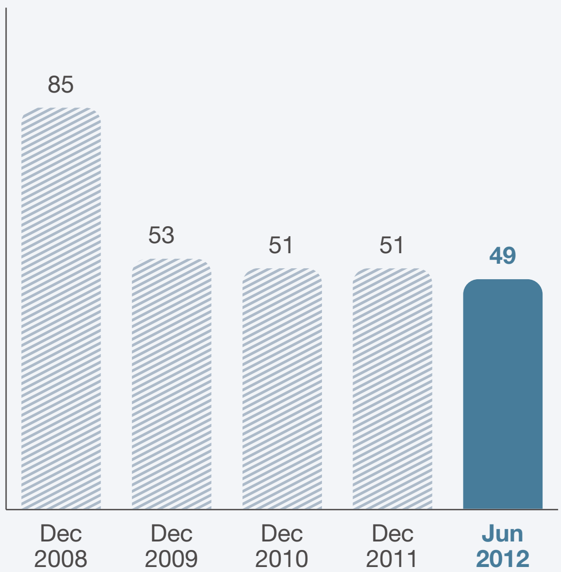
Equity Attributable to Shareholders of the Company

HK$ million



Gearing

Percentage



NICHE
PROPERTY
DEVELOPER

STRONG
EXECUTION,
TIMELY AND
QUALITY
DELIVERY

INTERNATIONAL PARTNERS

MODERN AND INTELLIGENT

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

The sovereign debt crisis continued to plague a number of Eurozone nations in the first half of 2012. The different agenda of the stronger nations and those weaker economies with financial difficulties render it unlikely that a feasible solution can be secured in the near future, not to mention a possibility of the crisis worsening. There are however signs of stronger support from the European Central Bank to the most fragile economies.

Meanwhile, the path to recovery in the United States is by no means steady and conflicting economic data pointing to the targeted growth still came up from time to time. The US government is doing all it can in the election year to ensure that economic growth can pick up slightly in the second half of 2012, delivering a 2.3% GDP increase for the year. Further easing of liquidity therefore remains a distinct possibility.

With waning growth and high unemployment rates in these two large economic zones, global economic activities inevitably remained subdued.

Compared with the western world, the economic outlook of the developing nations and the rest of the world is more encouraging. In particular, China's economy has shown to be relatively resilient as the Central Government continued to implement a proactive fiscal policy and a prudent monetary policy. The country is however not without looming problems. A GDP growth expectation of 7.5% in 2012, the lowest increase since 2004, suggests that the pace of economic expansion is moderating, largely because of a contraction in demand from China's principal export markets, slowdown in fixed assets investment in the domestic economy, as well as the tight liquidity under the austerity measures in the past two years.

To avoid further slowdown in the Mainland economy, earlier this year, the banks' reserve requirement ratios were lowered for the second time in three months and interest rates were also reduced twice in less than a month.

Retail sales in China continue to record double digit growth annually. According to the National Bureau of Statistics, the growth of Chinese retail sales slowed marginally year-on-year in July 2012 to 13.1%, still indicative of the strong spending power of the middle class. In June 2012, home prices in China also reversed after nine months of consecutive decline, giving the first sign of a return of market confidence.

BUSINESS REVIEW

Against a backdrop of slowing Mainland growth, SOCAM is coping with the difficult market conditions. The Group's turnover was HK$2,650 million for the six months ended 30 June 2012, a 2% decrease compared to the interim period of 2011. Consolidated loss after taxation and non-controlling interests was HK$175 million, as compared with a profit of HK$460 million for the same period last year. The interim results for this period were presaged in an announcement issued by the Company in May, and are attributable to two key factors.

The first is that negotiations with certain potential buyers on the disposal of the Group's 45% interest in Lafarge Shui On Cement (LSOC) were still ongoing in the first half of 2012. The Group will press ahead with the divestment plan in a prudent manner, and remains optimistic that it can take place in the second half.

The second arises from the acquisition, development and delivery cycle of the Group's property interests in the Chinese Mainland that sees, in the first six months of the year, fewer properties being completed and delivered. Further, as with other Mainland property developers, SOCAM's marketing and sales activities were scaled back due to unfavourable market sentiment since last year.

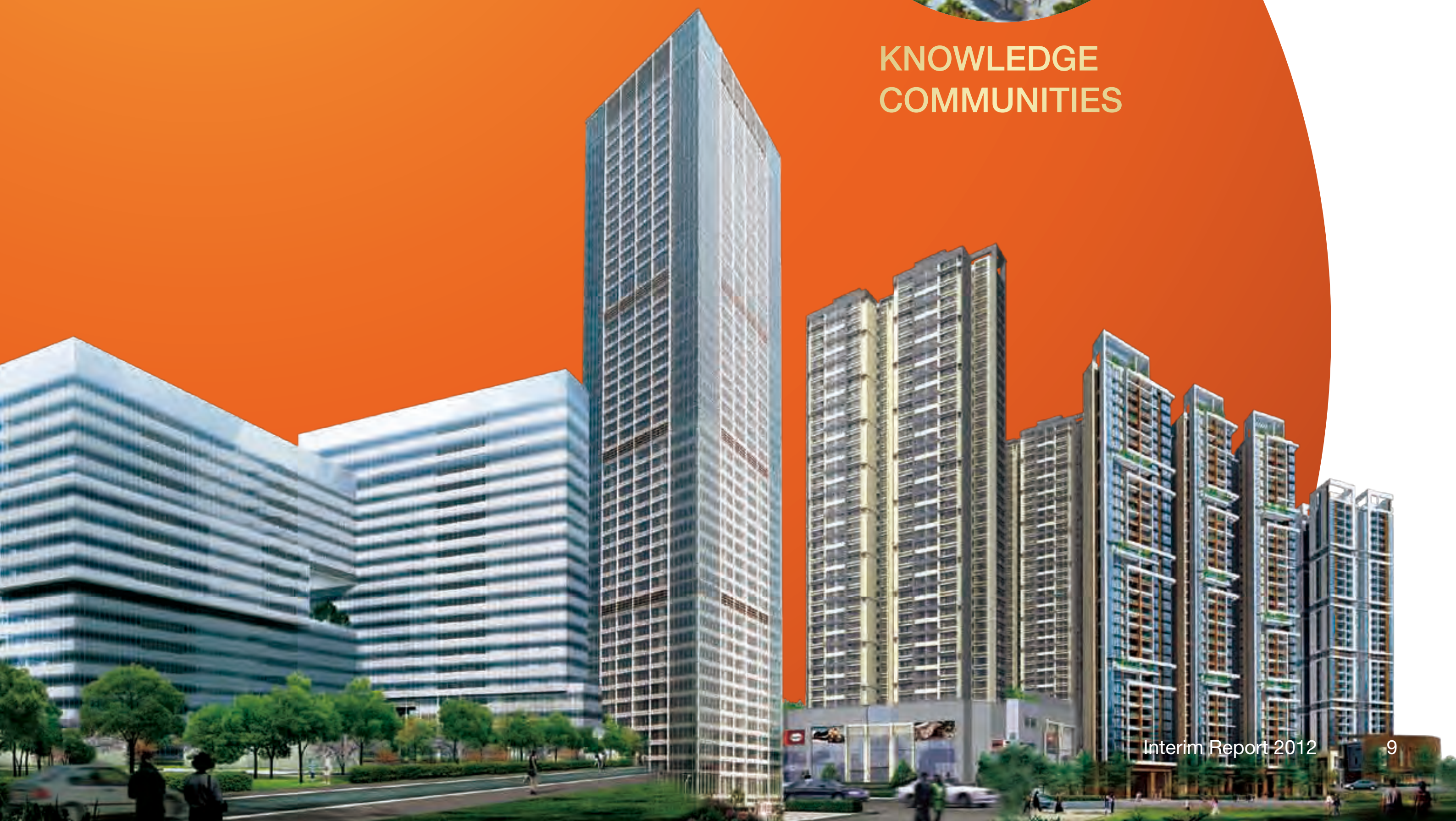
Current indications suggest that the property sector in the Mainland will experience a mild, yet welcome, recovery in the second half of 2012, as evidenced by rises in transaction volumes and property prices in June, the first month-on-month increase this year. It is planned that the Group's major property projects in Beijing, Shanghai, Guangzhou and Shenyang will be progressively put up for sale in the second half of 2012. Already, the pre-sale launches of Beijing Centrium Residence and the branded residence in the Shanghai 21st Century Tower project have met with positive market response.

PROPERTY

It is planned that the Group's major property projects in Beijing, Shanghai, Guangzhou and Shenyang will be progressively put up for sale in the second half of 2012.

SPECIAL SITUATION PROJECTS

KNOWLEDGE COMMUNITIES



BUSINESS REVIEW

Four Seasons Place, Shanghai, SOCAM's first branded residence.

Challenging market conditions in the property sector in the Mainland continued to prevail in the first half of 2012, as the Central Government's initiatives to cool the property sector introduced last year were carried forward into this year, resulting in a significant fall in transaction volumes and a curb on the excessive upsurge in home prices. Yet China remains flexible and reacted quickly to market changes. Certain banks began to offer discounts on mortgage rates for first-home buyers subsequent to the Central Bank's recent cuts in interest rates, which provided useful support to first-time buyers.

Reductions in banks' reserve requirement have also helped release liquidity and allowed banks to extend more loans. After the slight increase in home prices in June, their first reversal in nine months, more buoyant demand is expected in the second half of the year, a period which coincides with SOCAM's launching of sales campaigns on several major residential developments.

The Group's total attributable developable GFA of special situation projects at 30 June 2012 is summarised below:





Location	Beijing	Chengdu	Chongqing	Guangzhou	
Project	Centrium Residence	Centropolitan (Formerly "Orient Home")	Creative Concepts Center	Parc Oasis	Panyu Project
Total developable GFA attributable to the Group (square metres)	30,300	240,800	34,600*	112,000	108,800
Property type	Residential	Composite	Commercial	Residential	Composite
Estimated completion year	2012	2015	Completed	2012	2016
SOCAM's interest	52.5%	51%	100%	100%	100%

* The GFA shown above has excluded sold areas

SPECIAL SITUATION PROJECTS

At the core of the special situation model is the identification of high-potential projects and the ability to move quickly on their acquisition, for fast turn-around in development and subsequent sales at good returns.

SOCAM was an early mover in this niche market and has since built up a wealth of experience in the Mainland. This includes expertise in project acquisition, financial structuring, project management as well as sales and marketing.

SOCAM strives for very high standards and quality that prove attractive to both project partners and reputable international investors and, ultimately, to the market on delivery.

As of June 2012, SOCAM owned a diversified portfolio with a total developable gross floor area (GFA) of approximately 2.6 million square metres and an attributable GFA of approximately 2.3 million square metres, spanning Beijing, Chengdu, Chongqing, Guangzhou, Guizhou, Shanghai, Shenyang and Tianjin.





Guizhou	Shanghai		Shenyang		Tianjin
Zunyi Project	Lakeville Regency Tower 18	21st Century Tower	Shenyang Project Phase I	Shenyang Project Phase II	Wuqing Project
780,700	22,200	41,900	199,000*	653,900	52,000
Residential and retail	Residential	Branded residence and hotel	Composite	Composite	Retail and residential
2018	Completed	2012	2012	2016	2014
100%	100%	70%	100%	100%	45%

Total : 2,276,200 square metres

BUSINESS REVIEW

Property Sales and Leasing

The steady downward drift in home prices over the first half of 2012, as a result of a comparative stalling in China's economic growth and the bearish financial markets worldwide, caused SOCAM to make prudent adjustments to overall development progress. Given the significant decrease in volume of newly completed properties and the continuing impact of austerity measures on the property sector, the Group revised some of its sales targets. SOCAM's pre-sale activities in the first half of 2012 focused mainly on the apartment units in Beijing Centrium Residence, Shanghai 21st Century Tower, Guangzhou Parc Oasis and Shenyang Project Phase I. All are on schedule for completion and available for delivery in the second half of 2012.

In Beijing, superstructure works of Centrium Residence, located in the Chaoyang District, were completed and pre-sale permits were issued in late 2011. While external and interior fit-outs were in progress in the first half of 2012, a high-zone show flat was open to the public in late March. SOCAM launched the pre-sale of Centrium Residence in December 2011 and the first batch of close to 140 units was offered for sale; 110 of them were subscribed for at the date of this report.

In Shanghai, the Group acquired the 26th to 49th floors of 21st Century Tower in Lujiazui, Pudong in December 2010, to be developed into a deluxe hotel and branded residence. This first branded residence project of SOCAM, Four Seasons Place, situated next to the Park Hyatt Hotel, offers 73 luxurious serviced apartments commanding spectacular views of the Pudong area. Managed by the Four Seasons Hotels and Resorts Group, it is due for completion in the second half of 2012. The first batch of branded residences will be launched for pre-sale in August, and the grand opening of Four Seasons Hotel is scheduled for the fourth quarter.

All four towers of Parc Oasis, a sought-after residential development in the upmarket North Tianhe area in Guangzhou, were topped out in late 2011 as planned. Over 95% of the bare-shell units in the serviced apartment tower offered in the pre-sale launch in March 2012 was sold over one weekend. Residential units began sales activity in March 2011, and approximately 40% of the units was signed up by June 2012.

Shenyang Project Phase I comprises upscale residential units, serviced apartments, grade A offices and a shopping mall. Over 70% of the residential GFA was sold and progressively delivered to buyers as construction work was completed. The opening of the mall is scheduled in the second half of 2012, while leasing activities have progressed smoothly with around 50% of the retail space having been taken up. In August, an agreement for the en-bloc sale of an office tower of this project was entered into with the Ping An Insurance Group, which had previously bought our completed office tower in central Chengdu.

Centrium Residence, Beijing, received welcoming market response in its pre-sale launch.

To boost sales in the second half of the year, the Group has recently stepped up a number of marketing initiatives. An exclusive sales event was organised in June in Hong Kong to introduce the Four Seasons Place and Beijing Centrium Residence to affluent potential buyers. Another exhibition was also held in Hangzhou to promote the brand of Four Seasons Place and broaden its customer base.

SOCAM has been selectively replenishing its property portfolio in the Mainland and is working with SoTan, a private equity vehicle for investing in special situation projects, to identify suitable new opportunities. In January, the Group completed the acquisition of the Wuqing Project in Tianjin, which is situated at a prime location close to the Wuqing station of the Beijing-Tianjin Intercity Railway. SOCAM will jointly develop this project with SoTan on a 50-50 basis. Planning for this project, together with two other newly acquired projects in Zunyi, Guizhou and Panyu, Guangzhou, is underway. Construction will commence once approvals and permits from the relevant government authorities are obtained.

The Group will further leverage its successful niche market track record to attract prestigious partners to enter into joint ventures with us in developing our property business, thus widening the investor base on which SOCAM can further strengthen its property development in the years ahead.

KNOWLEDGE COMMUNITIES

China continues to make notable progress in promoting more balanced economic growth, witnessing sector expansion in areas such as software development, communications technology and health care. Such high value-added industries often seek the cluster community benefits that can be generated from operating in specifically designed knowledge communities which provide a first-class, eco-friendly environment built around a “work, live, learn, play” model, a concept pioneered by the Shui On Group.

Dalian Tiandi

Dalian Tiandi is situated at the midpoint of Dalian’s South Lvshun Road Software Industry Belt. It extends across a 12.5 km range of planned parkland with mid- and low-rise developments boasting a total GFA of 3.4 million square metres upon completion, and which will be surrounded by spacious outdoor recreation, educational campuses, environmental facilities and public amenities.

The project is jointly developed by Shui On Land, SOCAM and Yida, in which SOCAM has a 22% interest. Construction progressed according to the master development plan. At 30 June 2012, a total GFA of 312,000 square metres has been developed, and the GFA under construction totaled 307,000 square metres, comprising residential premises for sale of 185,000 square metres and leasing properties of 122,000 square metres. Our success in branding, marketing and sales has attracted international and Asian corporations such as IBM, Chinasoft, and Ambow Education to this project. At the period end, the occupancy rate of leasable offices achieved 75%.

Sales of townhouses and apartments in the Huang Ni Chuan area are progressing well. The retail complex in IT Tiandi in the Huang Ni Chuan zone is now completed and provides a wide range of first class shopping and food and beverage outlets for the growing number of residents, as phased project completion gathers pace.

BUSINESS REVIEW

CONSTRUCTION

On the strength of a considerably expanded workload, the Group's construction business produced encouraging results in the first half of 2012, and recorded a marked increase in both profit and turnover compared with the corresponding period last year.

DESIGN AND BUILD PROJECTS

INTERIOR FITTING OUT AND BUILDING RENOVATION

In the first half of 2012, the Hong Kong economy grew at the slowest pace since the global financial crisis in 2008 as Eurozone debt woes undermined export demand, although the domestic sector continued to show strength on the back of low unemployment, strong tourist spending and increased public expenditure by the HKSAR Government.

The construction industry in Hong Kong continued to flourish through substantial public sector infrastructure works, while private residential building works remained steady.

During the first quarter of the year, the gross value of construction works performed at public sector and private sector sites increased by 17% and 41% respectively, year-on-year.

The HKSAR Government has placed increasing importance on meeting the housing needs in Hong Kong. It is the policy of the new government to accelerate public rental housing programmes and resume the Home Ownership Scheme and other initiatives to promote affordable housing and increase land supply. This is additional to the building of 75,000 public rental housing flats in the five years from 2012 under the current public housing programme. Capitalising on SOCAM's solid track record in government housing projects, our construction operations are well poised to capture the greater number of opportunities ahead.

Operating Performance

The Group's construction business recorded a 31% increase in profit to HK$71 million during the first half of the year, despite rising building materials and labour costs. Turnover for the period was HK$2,431 million, representing a 22% increase compared with the corresponding period last year. New contracts totaling approximately HK$4.0 billion were secured.

At 30 June 2012, the gross value of contracts on hand was approximately HK$13.3 billion and the value of outstanding contracts to be completed was approximately HK$6.5 billion, compared with approximately HK$13.7 billion and HK$6.0 billion respectively at 31 December 2011.

Shui On Construction (SOC) was awarded a contract for the design and construction of West Kowloon Law Courts Building at Sham Shui Po, valued at approximately HK$2.2 billion, from the Hong Kong Architectural Services Department (ASD). During the period, SOC made good progress on the HK$1 billion contract for construction of the Town Park and Indoor Velodrome-cum Sports Centre, and completed the contract for the design and construction of staff quarters for the Hong Kong Immigration Department in Kwai Chung, both from the ASD.

Major projects completed by Shui On Building Contractors (SOBC) during the period included Shek Kip Mei Estate Phase 5 for the Hong Kong Housing Authority (HKHA), two maintenance term contracts from the ASD for the design and construction of minor works on government and subvented properties, and two maintenance and refurbishment term contracts for HKHA's housing estates within designated districts.

SOBC and SOC continued to receive positive industry recognition for outstanding performance in building quality, site safety, environmental awareness and energy-saving construction. Of particular note, SOBC's construction project, redevelopment of Lam Tin Estate, was the Grand Award Winner under the Hong Kong Residential (Multiple Building) Category in Quality Building Award 2012. In May 2012, SOBC was among the first building contractors in Hong Kong to receive accreditation for ISO 50001 on energy management systems.

Shui On Construction, Mainland (SOCM) provided construction services for Chongqing Tiandi, Foshan Lingnan Tiandi, Wuhan Tiandi, Shanghai Rui Hong Xin Cheng and Dalian Tiandi projects of Shui On Land, and Shenyang Project Phase I, Guangzhou Parc Oasis and Shanghai 21st Century Tower projects of SOCAM during the period. SOCM completed the main construction contracts for lots A6 and A4-3 in Wuhan Tiandi, and secured approximately RMB840 million worth of new contracts, including construction works for Chengdu Centropolitan and Four Seasons Place in Shanghai.

During the period, Pat Davie completed fit-out and refurbishment works for The Link, Hongkong International Theme Parks and the Airport Authority in Hong Kong, and Hard Rock Hotel, Altira, Venetian and City of Dreams in Macau as well as conversion of an industrial building into office premises in Hong Kong.

Pat Davie secured a total of approximately HK$734 million worth of new contracts in Hong Kong and Macau. Major contracts include refurbishment of stables and grandstand at Sha Tin Racecourse of the Hong Kong Jockey Club and the renovation of two shopping centres of The Link in Hong Kong and two casino projects in Macau.

BUSINESS REVIEW

CEMENT

Despite the more promising outlook for the cement business in Southwest China, SOCAM continues to press ahead with the strategic exit of its cement interests as part of our transformation strategy.

The cement industry in the Chinese Mainland has been operating in a difficult climate in the first half of 2012. Most of the cement suppliers have seen profit performance retreating over the first two quarters, with a number of prominent players issuing profit warnings, primarily due to a nationwide decrease in demand and prices resulting from tight liquidity under the austerity measures and the slowdown in fixed assets investment.

Under the shadow of revised economic growth targets, the progress and initiation of infrastructure construction projects slowed as, according to the National Bureau of Statistics of China, the growth rate of fixed assets investment fell by 5.2% in the first half of 2012, compared with the same period last year. Private sector property development, another major driver of cement demand, also reduced as property investment decreased by 16.3% in the six months to June 2012.

Cement prices in the Southwest were particularly depressed due to overcapacity and intense competition among producers. The region is feeling a cyclical backlash from being the fastest-growing regional market three years ago, with cement production having increased by some 31% year-on-year to October 2011 alone. The rushing of producers, big and small, to build new cement plants to cater for the anticipated substantial market demand after the massive 2008 earthquake in Sichuan, and the resulting surplus capacity afterwards is worsening the oversupply situation.

However, several factors point towards a more positive outlook. Firstly, China's anticipated 2012 cement output growth of 8% is partly absorbed by the construction of seven million public housing units that started during the year.

Secondly, in the long run, a more rational supply/demand situation will likely emerge, especially in the Southwest region, where consolidation and elimination of weaker players have gathered pace. New cement supply also continues on a downward curve. In 2010, nearly 300 million tonnes of new capacity (16% of total output) came onto market; in 2011, 136 million tonnes (7%); and in 2012, potentially only 90 million tonnes (5%). The emergence of new producers is fewer as the industry consolidates through acquisitions and mergers. Banks are also reluctant to support further spending in this sector under the direction of the Central Government. The top ten cement providers are likely to account for 35% of market share by 2015, compared to 25% today. Simultaneously, the phasing out of backward, energy-inefficient capacity has accelerated, with 250 million tonnes of outdated production capacity to be eliminated by 2015.

Lafarge Shui On Cement (LSOC)

LSOC, in which the Group holds a 45% interest, is a market leader in Southwest China with a major presence in Sichuan, Chongqing, Guizhou and Yunnan. Total annual production capacity stayed at approximately 31 million tonnes during the first half of 2012.

Operating Performance

Amid very difficult market conditions, LSOC posted disappointing results for the first six months. Total sales volume was approximately 12.7 million tonnes in this period, which was marginally higher than that of the previous interim period. Cement prices in all the operating areas of LSOC came under pressure primarily due to intensified competition from new capacities and sluggish market demand. The average selling price for this interim period decreased by approximately 7%, while variable costs increased by approximately 3% mainly due to higher fuel cost, as compared with the corresponding period last year.

Assets injection

LSOC has planned to inject all of its cement plants into Sichuan Shuangma Cement (Shuangma), a listed company on the Shenzhen Stock Exchange, over the next few years. On 18 July 2012, Shuangma received shareholders' approval for a private placement of shares to raise funds for the acquisition of the remaining 25% interest in the Dujiangyan plants of LSOC at a valuation of approximately RMB903 million. Relevant government approvals for the asset injection and share placement are being sought, and completion is expected to take place in the first half of 2013. Shareholders of Shuangma have also approved the issuance of bonds up to a total amount of RMB1.3 billion within the next two years for loans repayment, working capital and asset acquisitions.

Further injections of LSOC's cement assets in Guizhou, Yunnan and Chongqing into Shuangma will follow.

Divestment

Despite the more promising outlook for the cement business in Southwest China, SOCAM continues to press ahead with the strategic exit of its cement interests as part of our transformation strategy. Progress has been made in negotiations with interested buyers, as the Group proceeds with divestment plan in a prudent manner which aims at generating maximum benefit to our shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

OUTLOOK

Opportunities still abound in the niche market of special situation projects, coupled with good progress made in the divestment of our cement interest in LSOC, and the healthy order book on hand for our construction business, it is with confidence that SOCAM will continue to weather the worldwide economic crisis.

Beijing Centrium Residence is committed to very high standards in prestige living.

It is with confidence that we expect SOCAM will continue to weather the worldwide economic crisis. Your company is also likely to benefit from the selective and gradual relaxation of the tight monetary policy under the austerity measures which have been in force in the Mainland over the past two years.

SOCAM's four major property projects in Shanghai, Beijing, Guangzhou and Shenyang are approaching their completion stage in construction and pre-sale results have all been encouraging.

With these projects maturing and generating considerable amount of sales revenue as planned in the coming months, in addition to our continuous efforts to secure buyers for other quality assets in our portfolio, we are cautiously optimistic that the results for the whole year will be comparable to that of last year, despite the loss in the first half, which is in accordance with our expectation and budget, as the majority of our sales activities will take place in the second half.

Opportunities still abound in the niche market of special situation projects and our search for quality ones will continue. Meanwhile, the divestment of our cement interest in LSOC progressed well. Although the exact timing cannot be predicted, the exit of this investment on reasonable terms will benefit the Group in terms of cash and profit.

Prospects for our construction business look promising with the healthy order book on hand. The expected upsurge in public housing construction and revival of the HKSAR Government's Home Ownership Scheme, two areas which have always been the core competence of your company, will offer good business opportunities, albeit due caution will be exercised on rapid increases in labour and material costs.

We sincerely thank the extra effort and dedication of our loyal staff members in the challenging times during the period. Management will continue with their efforts, under the guidance of the Board, to realise the full potential of our businesses and assets for shareholders.

FINANCIAL REVIEW

With more projects maturing and generating considerable amount of sales revenue as planned in the coming months, in addition to our continuous efforts to secure buyers for other quality assets in our portfolio, we are cautiously optimistic that the results for the whole year will be comparable to that of last year.

Interim Results

The Group's loss attributable to shareholders for the six months ended 30 June 2012 was HK$175 million on a turnover of HK$2,650 million, compared with HK$460 million profit and HK$2,717 million turnover recorded for the corresponding period last year. In view of the fact that the Group recorded a loss for the current interim period, the Board has resolved not to declare an interim dividend (2011: HK$0.25 per share).

An analysis of the total turnover is shown below:

	Six months ended 30 June 2012 HK$ million	Six months ended 30 June 2011 HK$ million (Re-presented)
Turnover		
SOCAM and subsidiaries		
Construction and building maintenance	**2,431**	1,985
Property	**218**	731
Others	**1**	1
Total	**2,650**	2,717
Jointly controlled entities and associates		
Property	**105**	79
Cement and others	**43**	91
Total	**148**	170
Total	**2,798**	2,887

Turnover from construction and building maintenance works for the current interim period recorded a marked increase on the strength of a considerably expanded workload in Hong Kong and the Mainland, with a total of HK$6.0 billion new contracts secured in the second half of 2011 and the first half of 2012. However, revenue from the property business decreased substantially as sales and delivery of the apartment units of Beijing Centrium Residence, Shanghai Four Seasons Place and Guangzhou Parc Oasis for 2012, as planned, are mainly in the second half of the year. In 2011, the turnover mainly came from the en-bloc disposal of the Qianxinian Building in Chongqing and strata-title sales of office and residential units of Chongqing Creative Concepts Center and Shenyang Project Phase I.

Following the strategic decision of the Group to divest its 45% interest in LSOC, the Group's interest in LSOC was accounted for as "Assets classified as held for sale" with effect from 1 January 2012. In accordance with applicable accounting standards, the Group has discontinued to equity account for the results of this cement joint venture. Accordingly, the Group's 45% share of LSOC's loss for the current period, amounting to HK$173 million, has not been included in the Group's results for the period.

FINANCIAL REVIEW

Dalian Tiandi, in which the Group has a 22% interest, began to recognise property sales income in 2011. The Group's share of the turnover for the current period increased to HK$105 million, from HK$79 million for the same period last year.

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

	Six months ended 30 June 2012 HK$ million	Six months ended 30 June 2011 HK$ million
Property		
Project fee income	**41**	40
Profit from property sales and net rental income	**28**	118
Gain on disposal of a subsidiary	**–**	337
Fair value gain on investment properties, net of deferred tax provision	**60**	6
Dalian Tiandi	**1**	53
Share of results of jointly controlled entities	**(33)**	33
Operating expenses	**(132)**	(107)
	(35)	480
Construction	**71**	54
Cement operations		
LSOC	**4**	7
Guizhou cement	**(2)**	7
Reversal of impairment losses	**–**	43
	2	57
Dividend income from Shui On Land (SOL)	**14**	7
Venture capital investments	**(6)**	15
Net finance costs	**(117)**	(81)
Corporate overheads and others	**(63)**	(55)
Taxation	**(27)**	(9)
Non-controlling interests	**(14)**	(8)
Total	**(175)**	460

Property

Property operations reported a net loss of HK$35 million in the first half of 2012. Project fee income from jointly controlled entities and associates for the current period was steady comparing to the same period in 2011.

The profit from property sales in both the current and last interim periods was mainly from the recognition of sales of the residential and office units of Chongqing Creative Concepts Center and Shenyang Project Phase I, which commenced handover of the units to buyers since late 2010 and early 2011 respectively. In the interim period in 2011, the profit from property sales also included the en-bloc disposal gain of the Qianxinian Building in Chongqing. Rental income continued to be derived from the Group's investment properties, Lakeville Regency Tower 18 in Shanghai and the retail portion of Chongqing Creative Concepts Center.

In June 2011, the Group disposed of its 49% equity interest in the Chengdu Centropolitan project for an aggregate consideration of RMB440 million (approximately HK$528 million) and recognised a net gain on disposal of a subsidiary of HK$337 million.

The valuation of the Group's investment properties, including both completed and those under development, at the period end, produced a net gain of HK$60 million, reflecting the enlarged investment property portfolio of the Group following the acquisition of the remaining 20% interest in Shenyang Project Phase II and the re-designation of the retail portion of Chongqing Creative Concepts Center from inventory in late 2011.

Dalian Tiandi's net profit for the current period, of which the Group has a 22% share, was substantially reduced by the sales and marketing expenses and exchange loss on foreign currency borrowings due to depreciation of Renminbi against Hong Kong dollars. In the previous interim period, the sales of residential villas produced higher profit as their profit margins were much higher than those of the mid/high-rise apartment sales recognised in the current period, and the marked appreciation of Renminbi gave rise to a meaningful amount of exchange gain.

Certain of the Group's property development projects, including Beijing Centrium Residence and Shanghai 21st Century Tower, are invested through jointly controlled entities. These projects incurred losses in the current interim period as they commenced sales and marketing activities for the pre-sale launches of apartment units this year, whereas they reported profit in the last interim period mainly because of the exchange gain on foreign currency borrowings arising from appreciation of Renminbi.

Construction

Construction business reported higher profit on increased turnover for this interim period. Average net profit margin increased slightly to 2.9% of turnover, from 2.7% for the corresponding period last year, despite upsurges in both material and labour costs.

Cement operations

As mentioned above, the Group no longer took up its share of the results of LSOC from 1 January 2012. The profit from LSOC in the current period represented advisory fee payable by LSOC to SOCAM.

The Group's interest in the cement plant in Liupanshui, Guizhou was disposed of at a consideration higher than its original investment cost in the second half of 2011, and this resulted in reversal in the last interim period of the HK$43 million impairment loss provisions made in previous years.

Venture capital investments

During the current period, there was no significant change in the fair value of the investments held by the venture capital funds in which the Group invested. In the last interim period, the net attributable profit of HK$15 million was largely a result of the valuation gain of the fund's interest in a manufacturer of biodegradable materials.

Net finance costs

Net finance costs increased to HK$117 million for the first half of 2012, from HK$81 million for the same period in 2011, mainly because of higher average net bank borrowings coupled with the increase in interest margins charged by banks upon renewal of the loan facilities granted to the Group.

FINANCIAL REVIEW

Assets Base

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

	30 June 2012 HK$ million	31 December 2011 HK$ million
Total assets	**22,806**	22,231
Net assets	**9,693**	10,002

	HK$	HK$
Net assets per share	**19.8**	20.4

The total assets of the Group increased marginally to HK$22.8 billion at 30 June 2012 from HK$22.2 billion at 31 December 2011, while both the net assets of the Group and net assets per share decreased slightly mainly because of the loss for this period.

An analysis of the total assets by business segments, which remained relatively stable, is set out below:

	30 June 2012 HK$ million	**%**	31 December 2011 HK$ million	%
Property	**14,624**	**64**	13,879	63
Cement	**4,618**	**20**	4,727	21
Construction	**1,904**	**8**	1,759	8
Investment in SOL shares	**432**	**2**	324	1
Others	**1,228**	**6**	1,542	7
Total	**22,806**	**100**	22,231	100

Equity, Financing and Gearing

The shareholders' equity of the Company was HK$9,693 million on 30 June 2012, comparing with HK$10,002 million on 31 December 2011, which was mainly attributable to the HK$175 million loss for the period.

Net bank borrowings of the Group, which represented bank borrowings, net of bank balances, deposits and cash, amounted to HK$4,728 million on 30 June 2012. This compared with HK$5,056 million on 31 December 2011. The decrease in net bank borrowings during the period was largely due to the gradual receipt of sales proceeds from the property business of the Group. Sales deposits received increased to HK$1,335 million on 30 June 2012, from HK$721 million on 31 December 2011.

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

	30 June 2012 HK$ million	31 December 2011 HK$ million
Bank borrowings repayable:		
Within one year	**5,001**	6,134
After one year but within two years	**2,856**	2,131
After two years but within five years	**330**	296
Total bank borrowings	**8,187**	8,561
Bank balances, deposits and cash	**(3,459)**	(3,505)
Net bank borrowings	**4,728**	5,056

The short-term portion of bank borrowings, i.e. those repayable within one year, reduced from 72% of total bank borrowings on 31 December 2011 to 61% on 30 June 2012, after the successful renewal/refinancing of bank borrowings with tenors beyond the next twelve months.

The net gearing ratio of the Group, calculated as net bank borrowings over shareholders' equity, decreased to 49% at 30 June 2012, from 51% at 31 December 2011, mainly as a result of the decrease in net bank borrowings as explained above.

The Group will continue to seek longer term financings, which will match more closely with its assets portfolio. During the first half of 2012, the Group has renewed/refinanced approximately HK$2,360 million and HK$970 million bank loans for a further two years and one year 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 steady appreciation of Renminbi in the long run 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 2012, the number of employees in the Group was approximately 1,140 (31 December 2011: 1,170) in Hong Kong and Macau, and 8,610 (31 December 2011: 8,860) 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF
SOCAM DEVELOPMENT LIMITED
(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of SOCAM Development Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 48, 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

22 August 2012

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 June 2012 HK$ million (unaudited)	2011 HK$ million (re-presented) (unaudited)
Continuing operations			
Turnover			
The Company and its subsidiaries		2,650	2,717
Share of jointly controlled entities/associates		148	170
		2,798	2,887
Group turnover	3	2,650	2,717
Other income		53	125
Changes in inventories of finished goods, work in progress, contract work in progress and cost of properties sold		(149)	(565)
Raw materials and consumables used		(325)	(303)
Staff costs		(300)	(297)
Depreciation and amortisation expenses		(12)	(11)
Subcontracting, external labour costs and other expenses		(1,935)	(1,504)
Fair value changes on investment properties		77	8
Dividend income from available-for-sale investments		14	7
Finance costs	4	(145)	(116)
Gain on disposal of a subsidiary	10	–	337
Share of results of jointly controlled entities		(39)	31
Share of results of associates		(10)	43
(Loss) profit before taxation		(121)	472
Taxation	5	(44)	(11)
(Loss) profit for the period from continuing operations	7	(165)	461
Discontinued operations			
Profit for the period from discontinued operations	6	4	7
(Loss) profit for the period		(161)	468
Attributable to:			
Owners of the Company		(175)	460
Non-controlling interests		14	8
		(161)	468
(Loss) earnings per share	9		
From continuing and discontinued operations			
Basic		(HK$0.36)	HK$0.94
Diluted		(HK$0.36)	HK$0.94
From continuing operations			
Basic		(HK$0.37)	HK$0.93
Diluted		(HK$0.37)	HK$0.93

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2012	2011
	HK$ million	HK$ million
	(unaudited)	(unaudited)
(Loss) profit for the period	**(161)**	468
Other comprehensive income (expense)		
Gain (loss) on fair value changes of available-for-sale investments	**108**	(45)
Exchange differences arising on translation of financial statements of foreign operations	**(59)**	148
Share of exchange differences of jointly controlled entities	**(1)**	100
Share of exchange differences of associates	**(2)**	9
Reclassification adjustments for amounts transferred to profit or loss:		
– upon disposal of a subsidiary	**–**	(2)
– upon disposal of property inventories, net of deferred tax of nil (2011: HK$2 million)	**(2)**	(10)
Other comprehensive income for the period	**44**	200
Total comprehensive (expense) income for the period	**(117)**	668
Total comprehensive (expense) income attributable to:		
Owners of the Company	**(131)**	660
Non-controlling interests	**14**	8
	(117)	668

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2012 HK$ million (unaudited)**	31 December 2011 HK$ million (audited)
Non-current Assets			
Investment properties		**3,718**	3,609
Property, plant and equipment		**68**	77
Prepaid lease payments		**44**	44
Interests in jointly controlled entities		**442**	4,562
Available-for-sale investments	11	**432**	324
Interests in associates		**481**	495
Club memberships		**1**	1
Amounts due from jointly controlled entities		**1,706**	1,162
Amounts due from associates		**839**	828
Restricted bank deposits		**–**	185
		7,731	11,287
Current Assets			
Inventories		**53**	21
Prepaid lease payments		**1**	1
Properties held for sale		**310**	428
Properties under development for sale		**4,359**	3,641
Debtors, deposits and prepayments	12	**1,343**	1,557
Amounts due from customers for contract work		**319**	323
Amounts due from jointly controlled entities		**533**	995
Amounts due from associates		**240**	313
Amounts due from related companies		**257**	241
Taxation recoverable		**49**	12
Restricted bank deposits		**893**	910
Bank balances, deposits and cash	13		
– Cash and cash equivalents		**1,970**	2,410
– Other bank balances		**596**	–
		10,923	10,852
Assets classified as held for sale	14	**4,152**	92
		15,075	10,944

	Notes	30 June 2012 HK$ million (unaudited)	31 December 2011 HK$ million (audited)
Current Liabilities			
Creditors and accrued charges	15	2,123	1,803
Sales deposits received		1,335	721
Amounts due to customers for contract work		205	186
Amounts due to jointly controlled entities		389	45
Amounts due to related companies		29	–
Amounts due to non-controlling shareholders of subsidiaries		2	11
Taxation payable		65	117
Bank borrowings due within one year	16	5,001	6,134
		9,149	9,017
Net Current Assets		5,926	1,927
Total Assets Less Current Liabilities		13,657	13,214
Capital and Reserves			
Share capital	17	490	490
Reserves		9,203	9,512
Equity attributable to owners of the Company		9,693	10,002
Non-controlling interests		63	66
		9,756	10,068
Non-current Liabilities			
Bank borrowings	16	3,186	2,427
Defined benefit liabilities		90	90
Other payables	15	182	202
Deferred tax liabilities		443	427
		3,901	3,146
		13,657	13,214

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 2012	490	3,208	1,355	197	(3)	4,328	6	138	(149)	(5)	437	10,002	66	10,068
Fair value changes of available-for-sale investments	–	–	–	–	–	–	–	–	–	108	–	108	–	108
Exchange differences arising on translation of financial statements of foreign operations	–	–	(59)	–	–	–	–	–	–	–	–	(59)	–	(59)
Share of exchange differences of jointly controlled entities	–	–	(1)	–	–	–	–	–	–	–	–	(1)	–	(1)
Share of exchange differences of associates	–	–	(2)	–	–	–	–	–	–	–	–	(2)	–	(2)
Disposal of property inventories	–	–	–	–	–	–	–	–	–	–	(2)	(2)	–	(2)
Loss for the period	–	–	–	–	–	(175)	–	–	–	–	–	(175)	14	(161)
Total comprehensive income (expense) for the period	–	–	(62)	–	–	(175)	–	–	–	108	(2)	(131)	14	(117)
Issue of shares upon exercise of share options	–	1	–	–	–	–	–	–	–	–	–	1	–	1
Recognition of share-based payments	–	–	–	–	–	–	–	17	–	–	–	17	–	17
Transfer upon exercise/lapse of share options	–	1	–	–	–	62	–	(63)	–	–	–	–	–	–
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	(12)	(12)
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	6	6
Dividends recognised as distribution (note 8)	–	–	–	–	–	(196)	–	–	–	–	–	(196)	–	(196)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(11)	(11)
At 30 June 2012	490	3,210	1,293	197	(3)	4,019	6	92	(149)	103	435	9,693	63	9,756

	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	–	–	148	–	–	–	–	–	–	–	–	148	–	148
Share of exchange differences of jointly controlled entities	–	–	100	–	–	–	–	–	–	–	–	100	–	100
Share of exchange differences of associates	–	–	9	–	–	–	–	–	–	–	–	9	–	9
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 (note 8)	–	–	–	–	–	(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

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 (2011: 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 (2011: 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$35 million (2011: HK$42 million), 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 during the year ended 31 December 2009, net of the amount released as a result of disposal of property inventories; and (iv) an amount of HK$41 million (2011: 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 as a result of disposal of property inventories.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2012	2011
	HK$ million	HK$ million
	(unaudited)	(unaudited)
Net cash from operating activities		
Operating cash flows before movements in working capital	**(25)**	85
Increase in sales deposit received	**621**	290
Increase in other bank balances (note 13)	**(596)**	–
Movements in other working capital	**159**	(15)
Tax paid	**(117)**	(105)
	42	255
Net cash from investing activities		
Payment for construction of investment properties	**(52)**	(200)
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
Acquisition of property inventory and other assets and liabilities through acquisition of a subsidiary (note 20)	**(18)**	–
Payment in respect of acquisition of investment property, property inventory and other assets and liabilities through acquisition of a subsidiary	**(67)**	–
Pledged bank deposits refunded	**–**	359
Restricted bank deposits refunded	**651**	–
Restricted bank deposits placed	**(449)**	(172)
Other investing cash flows	**(15)**	(166)
	50	155
Net cash used in financing activities		
New bank loans raised	**575**	338
Repayment of bank loans	**(940)**	(347)
Interest paid	**(122)**	(106)
Decrease in liabilities associated with assets held for sale	**–**	(21)
Other financing cash flows	**(34)**	(23)
	(521)	(159)
Net (decrease) increase in cash and cash equivalents	**(429)**	251
Cash and cash equivalents at the beginning of the period	**2,410**	2,595
Effect of foreign exchange rate changes	**(11)**	53
Cash and cash equivalents at the end of the period	**1,970**	2,899
Analysis of the balances of cash and cash equivalents		
Bank balances, deposits and cash	**1,970**	2,885
Bank balances, deposits and cash included in assets classified as held for sale	**–**	14
	1,970	2,899

Note: During the period ended 30 June 2011, 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 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 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 fair value of the Group's investment properties at 30 June 2012 and 31 December 2011 has been arrived at on the basis of valuations carried out on that date by an independent qualified professional valuer.

The accounting policies and methods of computation 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 2011. 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, certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, which are effective for the Group's financial period beginning on 1 January 2012. As a result of the application of the amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets", the Directors of the Company reviewed the Group's portfolio of investment properties, which is located in the People's Republic of China ("PRC"), and concluded that the Group's 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, and that the presumption set out in the amendments to HKAS 12 is rebutted. Therefore, deferred taxation in relation to the investment properties continues to be measured based on the tax consequences of recovering through use. Hence the application of the amendments to HKAS 12 and other 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 new and revised standards, amendments or interpretation that have been issued but are not yet effective.

The Directors of the Company anticipate that the application of these new and revised standards, amendments or interpretation 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 three operating divisions based on business nature. These divisions are the basis on which the Group reports information to its chief operating decision makers, who are the Executive Directors of the Company, for the purposes of resource allocation and assessment of segment performance.

The Group's reportable and operating segments under HKFRS 8 "Operating Segments" are as follows:

1. Property – property development for sale and investment and provision of property asset management services

2. Construction and building maintenance – construction, interior fit-out, renovation and maintenance of building premises, sales of building materials and provision of related consultancy services

3. Other businesses – venture capital investment, cement operations not through Lafarge Shui On Cement Limited ("LSOC"), and others

3. SEGMENT INFORMATION (continued)

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

The cement operations through LSOC were classified as discontinued operations in the current period. The segment information reported in this note 3 does not include any amounts for the discontinued operations in the current and prior periods, which are described in detail in note 6. The cement operations not through LSOC are now included under the "Other businesses" operating segment. Accordingly, segment information for prior period has been re-presented.

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

For the six months ended 30 June 2012

	Property HK$ million	Construction and building maintenance HK$ million	Other businesses HK$ million	Total HK$ million
REVENUE				
Sales of goods	151	32	–	183
Rental income	26	–	–	26
Revenue from rendering of services	41	16	1	58
Construction contract revenue	–	2,383	–	2,383
Revenue from external customers	218	2,431	1	2,650
Inter-segment revenue	–	169	–	169
	218	2,600	1	2,819
Share of jointly controlled entities/ associates' revenue	105	1	42	148
Total segment revenue	323	2,601	43	2,967
Inter-segment revenue is charged at mutually agreed prices.				
Reportable segment results	15	71	(11)	75
Segment results have been arrived at after crediting (charging):				
Depreciation and amortisation	(9)	(2)	–	(11)
Interest income	19	2	2	23
Imputed interest income on loans to jointly controlled entities/associates	14	–	–	14
Fair value changes on investment properties	77	–	–	77
Dividend income from available-for-sale investments	14	–	–	14
Share of results of jointly controlled entities				
Cement operations in Guizhou	–	–	(2)	(2)
Venture capital investments	–	–	(6)	(6)
Property development	(33)	–	–	(33)
Imputed interest expense	(3)	–	–	(3)
Others	–	5	–	5
				(39)
Share of results of associates				
Property development	1	–	–	1
Imputed interest expense	(11)	–	–	(11)
				(10)

3. SEGMENT INFORMATION (continued)

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

For the six months ended 30 June 2011 (re-presented)

	Property HK$ million	Construction and building maintenance HK$ million	Other businesses 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	89	170
Total segment revenue	810	2,035	90	2,935
Inter-segment revenue is charged at mutually agreed prices.				
Reportable segment results	521	54	68	643
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 Guizhou	–	–	11	11
Venture capital investments	–	–	15	15
Property development	33	–	–	33
Imputed interest expense	(27)	–	–	(27)
Others	–	(1)	–	(1)
				31
Share of results of associates				
Property development	53	–	–	53
Imputed interest expense	(10)	–	–	(10)
				43

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 2012

	Property HK$ million	Construction and building maintenance HK$ million	Other businesses HK$ million	Total HK$ million
Reportable segment assets	15,299	2,239	2,373	19,911
Reportable segment liabilities	4,725	1,718	868	7,311

At 31 December 2011 (re-presented)

	Property HK$ million	Construction and building maintenance HK$ million	Other businesses HK$ million	Total HK$ million
Reportable segment assets	14,428	2,099	2,605	19,132
Reportable segment liabilities	3,462	1,592	907	5,961

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

	Six months ended 30 June	
	2012 HK$ million	2011 HK$ million (re-presented)
Revenue		
Reportable segment revenue	2,967	2,935
Elimination of inter-segment revenue	(169)	(48)
Elimination of share of revenue of jointly controlled entities/associates	(148)	(170)
Consolidated turnover (from continuing operations)	2,650	2,717

	Six months ended 30 June	
	2012 HK$ million	2011 HK$ million (re-presented)
(Loss) profit before taxation		
Reportable segment profit before taxation	75	643
Unallocated other income	5	2
Interest on bank loans and overdrafts and other borrowing costs	(145)	(116)
Other unallocated corporate expenses	(56)	(57)
Consolidated (loss) profit before taxation (from continuing operations)	(121)	472

3. SEGMENT INFORMATION (continued)

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

	30 June 2012 HK$ million	31 December 2011 HK$ million (re-presented)
Assets		
Reportable segment assets	19,911	19,132
Elimination of inter-segment receivables	(1,231)	(988)
Assets relating to discontinued operations		
– Interest in a jointly controlled entity	4,060	4,060
– Amount due from this jointly controlled entity	16	15
Other unallocated assets	50	12
Consolidated total assets	22,806	22,231

	30 June 2012 HK$ million	31 December 2011 HK$ million
Liabilities		
Reportable segment liabilities	7,311	5,961
Elimination of inter-segment payables	(1,231)	(988)
Unallocated liabilities		
– Bank borrowings	6,175	6,556
– Taxation and others	795	634
Consolidated total liabilities	13,050	12,163

4. FINANCE COSTS

	Six months ended 30 June	
	2012 HK$ million	2011 HK$ million
Continuing operations		
Interest on bank loans and overdrafts and other borrowing costs	176	141
Less: amounts capitalised to properties under development	(31)	(25)
	145	116

5. TAXATION

	Six months ended 30 June	
	2012	2011
	HK$ million	HK$ million
Continuing operations		
The charge comprises:		
Current taxation		
Hong Kong Profits Tax	**7**	10
PRC Enterprise Income Tax	**17**	12
PRC Land Appreciation Tax	**4**	8
	28	30
Deferred taxation	**16**	(19)
	44	11

Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) on the estimated assessable profits for the period.

PRC Enterprise Income Tax is calculated at 25% (2011: 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. DISCONTINUED OPERATIONS

Pursuant to the Group's strategic decision to divest its 45% interest in LSOC and to concentrate business resources and asset deployment in the property business, the Group has initiated an active programme to locate buyers and negotiations with certain potential buyers are ongoing. The Group expects to complete the sale by end of 2012. Therefore, the Group's interests in LSOC, amounting to HK$4,060 million at 30 June 2012, has been accounted for as "Assets classified as held for sale" in the condensed consolidated statement of financial position at 30 June 2012. In addition, the Group's cement operations through LSOC have been classified as discontinued operations with effect from January 2012. The prior period figures have been re-presented for conformity with current period presentation.

Profit for the period from discontinued operations attributable to owners of the Company is HK$4 million (2011: HK$7 million), which include other income of HK$4 million (2011: HK$4 million) and share of results of jointly controlled entities of nil (2011: HK$3 million).

During the period, there were no cash flows attributable to the operating, investing and financing activities of the discontinued operations.

7. (LOSS) PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2012 **HK$ million**	2011 HK$ million (re-presented)
(Loss) profit for the period from continuing operations has been arrived at after charging (crediting):		
Depreciation and amortisation:		
Prepaid lease payments	1	1
Property, plant and equipment	12	11
Less: amounts capitalised to properties under development	(1)	(1)
	12	11
Cost of properties sold	127	552
Share of tax of associates (included in share of results of associates)	6	11
Share of tax of jointly controlled entities (included in share of results of jointly controlled entities)	–	1

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend (2011: HK$0.25 per share) for the six months ended 30 June 2012.

	Six months ended 30 June	
	2012 **HK$ million**	2011 HK$ million
Final dividend recognised as distribution during the period (note)	196	196
Interim dividend declared in respect of 2011 at HK$0.25 per share	–	122

Note:
On 3 July 2012, a dividend of HK$0.40 per share (2011: HK$0.40 per share) was paid to shareholders as the final dividend for the year ended 31 December 2011.

9. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

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

	Six months ended 30 June	
	2012 **HK$ million**	2011 HK$ million (re-presented)
(Loss) earnings:		
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share	(175)	460
	Million	Million
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	490	489
Effect of dilutive potential ordinary shares:		
Share options	–	1
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	490	490

9. (LOSS) EARNINGS PER SHARE (continued)

From continuing and discontinued operations (continued)

The computation of the diluted loss per share for the six months ended 30 June 2012 does not assume the exercise of the Company's share options, because this would result in a decrease in the loss per share.

The computation of the diluted earnings per share for the six months ended 30 June 2011 did 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 that period when those options were outstanding.

From continuing operations

The calculation of the basic and diluted (loss) earnings per share from continuing operations is based on the following data and the denominators detailed above for both basic and diluted (loss) earnings per share.

	Six months ended 30 June	
	2012	2011
	HK$ million	HK$ million
(Loss) earnings:		
(Loss) profit for the period attributable to owners of the Company	**(175)**	460
Less: Profit for the period from discontinued operations	**(4)**	(7)
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share from continuing operations	**(179)**	453

From discontinued operations

Basic and diluted earnings per share for the discontinued operations is HK$0.01 per share (2011: HK$0.01 per share), based on the profit for the period from the discontinued operations of HK$4 million (2011: HK$7 million) and the denominators detailed above for both basic and diluted (loss) earnings per share.

10. GAIN ON DISPOSAL OF A SUBSIDIARY

In 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 owned 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 had 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 had become a 51% jointly controlled entity of the Group. The assets and liabilities of the subsidiary were deconsolidated from the Group's condensed consolidated statement of financial position and the interest in this jointly controlled entity had 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. An aggregate gain of HK$337 million had been recognised in the condensed consolidated income statement for the six months ended 30 June 2011. Details of this transaction were set out in an announcement of the Company dated 17 June 2011.

10. GAIN ON DISPOSAL OF A SUBSIDIARY (continued)

The net assets disposed of in the transaction were 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. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2012 HK$ million	31 December 2011 HK$ million
Available-for-sale investments comprise:		
Listed equity securities in Hong Kong (at market price)	432	324

Available-for-sale investments at 30 June 2012 and 31 December 2011 represent the Group's equity interest in Shui On Land Limited ("SOL"). At 30 June 2012, the Group held a 2.4% (31 December 2011: 2.6%) equity interest in SOL.

12. 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 end of the reporting period as follows:

	30 June 2012 HK$ million	31 December 2011 HK$ million
Trade debtors aged analysis:		
Not yet due or within 90 days	735	753
91 days to 180 days	109	85
181 days to 360 days	9	6
Over 360 days	10	15
	863	859
Less: amounts reclassified as amounts due from jointly controlled entities, associates and related companies	(417)	(240)
Retention receivable	171	160
Consideration receivables in respect of disposal of a subsidiary/jointly controlled entity	20	90
Deposit for acquisition of property projects	43	51
Prepayments, deposits and other receivables (note)	663	637
	1,343	1,557

Note:
Included in prepayments, deposits and other receivables at 30 June 2012 are receivables of HK$326 million (31 December 2011: HK$314 million) due from CCP's former subsidiaries (the "Debtor"), which hold a property interest in the PRC and were disposed of in 2008. The amounts are repayable on demand and, out of the total outstanding balance, an amount of HK$147 million (31 December 2011: HK$148 million) carries interest at prevailing market rates. In December 2011, a court in the PRC issued a notice to attach the aforesaid property interest for two years until December 2013 to cause the Debtor to settle part of the outstanding receivable in the amount of RMB120 million (approximately HK$147 million) and its related interests. In addition to these receivables, the Company has provided a guarantee in relation to a loan granted to the Debtor (see note 21(e)). In the opinion of the Directors of the Company, these receivables will be fully settled and the guarantee provided by the Company will be released either after completion of the transfer of the legal title to the aforesaid property interest to the Debtor or the sale of the equity interest of the entity holding the property interest, which is expected to take place within twelve months from the end of the reporting period.

13. BANK BALANCES, DEPOSITS AND CASH

Balances at 30 June 2012 include an amount of HK$596 million, which is earmarked for payments of certain properties under development. For the purposes of the condensed consolidated statement of cash flows, cash and cash equivalents at 30 June 2012 amounted to HK$1,970 million.

14. ASSETS CLASSIFIED AS HELD FOR SALE

	30 June 2012 HK$ million	31 December 2011 HK$ million
Interests in jointly controlled entities		
LSOC (note a)	**4,060**	–
Other jointly controlled entities (note b)	**88**	88
	4,148	88
Amounts due from other jointly controlled entities (note b)	**4**	4
Total assets classified as held for sale	**4,152**	92

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 sale transactions and the sales are expected to be completed within twelve months from the date of classification. Accordingly, the assets attributable to the above jointly controlled entities are classified as held for sale in the condensed consolidated statement of financial position.

Notes:

(a) The Group is committed to a plan to sell the Group's 45% equity interest in LSOC, which is engaged in the production and sale of cement in the PRC. The Group has initiated an active programme to locate buyers and negotiations with certain potential buyers are ongoing in the current period. The Group expects to complete the sale by end of 2012.

(b) The Group is also committed to sell the Group's equity interest in and the related shareholder's loans to certain jointly controlled entities, which are engaged in the production and sale of cement and concrete in Guizhou (not operated through LSOC), and has initiated a programme to actively locate buyers and complete the sale.

15. CREDITORS AND ACCRUED CHARGES

The aged analysis of creditors (based on invoice date) of HK$576 million (31 December 2011: HK$682 million), which are included in the Group's creditors and accrued charges, is as follows:

	30 June 2012 HK$ million	31 December 2011 HK$ million
Trade creditors aged analysis:		
Not yet due or within 30 days	**435**	550
31 days to 90 days	**47**	55
91 days to 180 days	**46**	14
Over 180 days	**48**	63
	576	682
Retention payable	**274**	305
Consideration payable in respect of acquisitions of subsidiaries (note)	**347**	335
Provision for contract work/construction cost	**439**	283
Dividend payable	**196**	–
Other accruals and payables	**473**	400
	2,305	2,005
Less: amounts due for settlement after 12 months (note)	**(182)**	(202)
	2,123	1,803

Note:
The amounts represent the outstanding considerations in respect of the acquisition of a subsidiary during the period ended 30 June 2012 and the remaining 20% equity interest in a jointly controlled entity during the year ended 31 December 2011. Out of the total outstanding considerations, a total of HK$165 million (31 December 2011: HK$133 million) will be settled within one year and the balance will be settled in 2 to 3 years, from the end of the reporting period.

16. BANK BORROWINGS

During the six months ended 30 June 2012, the Group raised new bank borrowings totalling HK$575 million (2011: HK$338 million), repaid bank borrowings totalling HK$940 million (2011: HK$347 million), renewed/refinanced credit facilities totalling HK$2,908 million and obtained new bank loan facilities totalling HK$580 million. These new and renewed bank loan facilities carry interest at approximately 3.30% to 4.86% per annum.

17. SHARE CAPITAL

	30 June 2012 Number of shares	31 December 2011 Number of shares	**30 June 2012 HK$ million**	31 December 2011 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	**489,530,487**	489,164,786	**490**	489
Exercise of share options	**189,934**	365,701	**–**	1
At the end of the period/year	**489,720,421**	489,530,487	**490**	490

18. CAPITAL COMMITMENTS

(a) At 30 June 2012, the Group's capital commitment in respect of investment properties is as follows:

	30 June 2012 HK$ million	31 December 2011 HK$ million
Authorised but not contracted for	**566**	601
Contracted but not provided for	**7**	19

(b) In addition, the Group had other capital commitments in respect of certain investments contracted but not provided for in the condensed consolidated financial statements amounting to approximately HK$7 million at 30 June 2012 (31 December 2011: HK$11 million).

(c) At 30 June 2012, 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 2012 HK$ million	31 December 2011 HK$ million
Authorised but not contracted for	**–**	–
Contracted but not provided for	**175**	305

19. 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 2012	86,147,377
Exercised during the period	(189,934)
Lapsed during the period	(13,088,724)
Outstanding at 30 June 2012	72,868,719

20. ACQUISITION OF PROPERTY INVENTORY AND OTHER ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY

In January 2012, the Group acquired the entire issued capital of 廣州市番禺廣鋁實業有限公司, which directly owns a land parcel for property development in Guangzhou. The assets acquired and liabilities assumed did not constitute a business combination as defined in HKFRS 3 "Business Combinations" and therefore, the acquisition was accounted for as assets acquisition. The net cash outflow arising from the acquisition during the period ended 30 June 2012 was approximately HK$18 million.

21. CONTINGENT LIABILITIES

At 30 June 2012, the Group had the following contingent liabilities, which have not been provided for in the condensed consolidated financial statements:

(a) Standby documentary credit arranged with a bank amounting to HK$145 million (31 December 2011: RMB117 million (HK$144 million)) to secure a bank loan granted to a subsidiary of an associate.

(b) Guarantees issued in favour of banks amounting to RMB138 million (HK$169 million) (31 December 2011: RMB87 million (HK$107 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$829 million (31 December 2011: HK$805 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$135 million) (31 December 2011: RMB110 million (HK$136 million)) in respect of certain of the Group's payment obligations to the Joint Venture and the Joint Venture Partner.

(e) In 2007, the Company issued a guarantee (the "Guarantee") in favour of a bank for a loan granted to an entity which was a wholly-owned subsidiary of CCP at that time (the "Former Subsidiary"). Subsequently, the Former Subsidiary was sold by CCP in 2008, but the Company remained as the guarantor for the bank loan following the disposal (see note 12 for details of receivables due from the Former Subsidiary arising from such disposal). In October 2011, the Company received a notice from the aforesaid bank that it had entered into an agreement to sell all its rights and interests, including the Guarantee, to a new lender (the "New Lender"). At the same time, the Company entered into a restructuring deed with the New Lender, whereby the New Lender agreed not to demand fulfilment of the Company's obligations under the Guarantee initially for one year, subject to extension after further discussions. The outstanding principal amount of the loan under the Guarantee amounting to RMB542 million (HK$665 million) at 30 June 2012 (31 December 2011: RMB542 million (HK$669 million)) is secured by a property interest in the PRC held by the Former Subsidiary. Both of the parent company of the acquirer and the acquirer of the Former Subsidiary have agreed to procure the repayment of the loan and agreed unconditionally to undertake and indemnify the Group for all losses as a result of the Guarantee.

21. CONTINGENT LIABILITIES (continued)

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 after taking into consideration the possibility of the default of the parties involved. Accordingly, no value has been recognised in the condensed consolidated statement of financial position.

22. 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 2012 HK$ million	 2011 HK$ million
SOCL and its subsidiaries		
Construction work income	195	–
Dividend income	14	–
Rental expenses	2	2
SOCL's associates		
Dividend income	–	7
Construction work income	281	402

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

Nature of transactions	Six months ended 30 June 2012 HK$ million	 2011 HK$ million
Interest income	27	15
Imputed interest income	3	27
Management fee income	52	39
Construction/subcontracting work income	142	–
Revenue from sales of goods	32	–

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

Nature of transactions	Six months ended 30 June 2012 HK$ million	 2011 HK$ million
Management fee income	9	15
Imputed interest income	11	10
Interest income	6	6
Construction/subcontracting work income	13	33

(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 the land use rights of the land parcels located in Zunyi, Guizhou from a jointly controlled entity at a consideration of RMB312 million (HK$383 million).

(f) During the period, the Group received dividend income amounting to HK$49 million from a jointly controlled entity.

22. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(g) During the period ended 30 June 2011, 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).

(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 2012 HK$ million	2011 HK$ million
Fees	1	1
Salaries and other benefits	17	21
Bonuses	16	20
Retirement benefit scheme contributions	1	1
Share-based payments	9	7
	44	50

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.

(i) The emoluments paid or payable to each of the ten (2011: ten) 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$'000	Six months ended 30 June 2012 Total HK$'000	2011 Total HK$'000
Mr. Lo Hong Sui, Vincent		5	–	–	–	–	5	5
Mr. Choi Yuk Keung, Lawrence		5	1,921	2,416	117	2,153	6,612	5,968
Mr. Wong Kun To, Philip		5	2,419	4,666	109	3,036	10,235	8,733
Mr. Wong Fook Lam, Raymond		5	1,832	2,350	111	1,887	6,185	5,033
Mr. Wong Yuet Leung, Frankie	(i)	195	–	505	–	622	1,322	6,236
Mr. Gerrit Jan de Nys	(ii)	210	–	–	–	–	210	205
Ms. Li Hoi Lun, Helen	(ii)	213	–	–	–	–	213	208
Mr. David Gordon Eldon	(iii)	157	–	–	–	–	157	205
Mr. Chan Kay Cheung	(ii)	269	–	–	–	–	269	253
Mr. Tsang Kwok Tai, Moses	(ii)	180	–	–	–	–	180	190
		1,244	6,172	9,937	337	7,698	25,388	27,036

Notes:

(i) Mr. Wong Yuet Leung, Frankie retired as a Vice Chairman and Executive Director with effect from 1 September 2011 and appointed as a Non-executive Director with effect from the same date.

(ii) Independent Non-executive Directors.

(iii) Mr. David Gordon Eldon retired as an Independent Non-executive Director at the annual general meeting of the Company held on 18 May 2012.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

Financial assistance and guarantees provided by the Group to its affiliated companies amounted to HK$4,016 million at 30 June 2012, details of which are as follows:

Affiliated companies	Approximate effective percentage of interest	Balance at 30 June 2012 – Unsecured loans – Interest free with no fixed repayment terms HK$ million	Unsecured loans – Interest bearing with no fixed repayment terms HK$ million (Note a)	Guarantee HK$ million	Total HK$ million
Brisfull Limited	50%	5	37	–	42
Cosy Rich Limited	50%	151	–	–	151
Eagle Fit Limited	53%	107	–	418	525
Gracious Spring Limited	51%	–	800	61	861
Guizhou Bijie Shui On Cement Co., Ltd.	80%	27	–	–	27
Guizhou Kaili Ken On Concrete Co., Ltd.	75%	2	2	–	4
貴州遵義瑞安水泥有限公司	80%	16	–	–	16
Lamma Yue Jie Company Limited	60%	17	–	–	17
Lead Wealthy Investments Limited	70%	–	765	350	1,115
Nanjing Jiangnan Cement Co., Ltd.	60%	138	–	–	138
Richcoast Group Limited	28%	597	242	280	1,119
Super Race Limited	50%	–	1	–	1
		1,060	1,847	1,109	4,016

The proforma combined statement of financial position of the above affiliated companies at 30 June 2012 is as follows:

	HK$ million
Non-current assets	10,201
Current assets	11,431
Current liabilities	(7,491)
Net current assets	3,940
Non-current liabilities	(11,476)
Non-controlling interests	(995)
Shareholders' funds	1,670

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 balance 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%
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.

GENERAL INFORMATION

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

At 30 June 2012, 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				
Name of Directors	Personal interests	Family interests	Other interests	Total	Approximate percentage of the issued share capital
Mr. Lo Hong Sui, Vincent	–	312,000 (Note 1)	235,981,000 (Note 2)	236,293,000	48.25%
Mr. Choi Yuk Keung, Lawrence	540,000	–	–	540,000	0.11%
Mr. Wong Kun To, Philip	–	192,533 (Note 3)	–	192,533	0.03%
Mr. Wong Fook Lam, Raymond	32,000	–	–	32,000	0.01%
Mr. Wong Yuet Leung, Frankie	600,000	–	–	600,000	0.12%

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 one of the discretionary beneficiaries 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	Number of ordinary shares Personal interests	 Family interests	 Other interests	 Total	Approximate percentage of the issued share capital
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 2012, 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 26-8-2012 (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 for this call option 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 2012, 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, no option was granted under the share option scheme adopted by the Company on 27 August 2002 (the "Scheme"). 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 1.1.2012	Granted during the period	Exercised during the period	Lapsed during the period	At 30.6.2012	Period during which options outstanding at 30.6.2012 are exercisable	Average closing reference price for exercise of options (Note a) HK$
Directors									
Mr. Choi Yuk Keung,	14.6.2007	20.96	250,000	–	–	(250,000)	–	14.12.2007 to 13.6.2012	–
Lawrence (Note b)	7.5.2008	19.76	250,000	–	–	–	250,000	7.11.2008 to 6.5.2013	–
	9.4.2009	7.63	250,000	–	–	–	250,000	9.10.2009 to 8.4.2014	–
	9.4.2009	7.63	1,000,000	–	–	(620,000)	380,000	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	–
	28.7.2011	10.00	6,500,000	–	–	–	6,500,000	1.5.2015 to 27.7.2021	–
Mr. Wong Kun To,	5.6.2009	11.90	1,602,000	–	–	(1,602,000)	–	3.1.2010 to 2.1.2012	–
Philip (Note b)	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	–
	28.7.2011	10.00	10,800,000	–	–	–	10,800,000	1.5.2015 to 27.7.2021	–
Mr. Wong Fook Lam,	14.6.2007	20.96	200,000	–	–	(200,000)	–	14.12.2007 to 13.6.2012	–
Raymond (Note b)	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	–
	28.7.2011	10.00	6,500,000	–	–	–	6,500,000	1.5.2015 to 27.7.2021	–
Mr. Wong Yuet Leung,	14.6.2007	20.96	500,000	–	–	(500,000)	–	14.12.2007 to 13.6.2012	–
Frankie (Notes b and c)	7.5.2008	19.76	500,000	–	–	–	500,000	7.11.2008 to 6.5.2013	–
	9.4.2009	7.63	750,000	–	–	–	750,000	9.10.2009 to 8.4.2014	–
	9.4.2009	7.63	1,778,000	–	–	–	1,778,000	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	416,000	–	–	–	416,000	12.4.2013 to 11.4.2020	–
	23.6.2011	10.90	150,000	–	–	–	150,000	23.12.2011 to 22.6.2016	–
Sub-total			37,084,000	–	–	(3,260,000)	33,824,000		
Employees	14.6.2007	20.96	1,445,666	–	–	(1,445,666)	–	14.12.2007 to 13.6.2012	–
(in aggregate)	14.6.2007	20.96	405,058	–	–	(405,058)	–	14.12.2008 to 13.6.2012	–
	7.5.2008	19.76	2,011,043	–	–	–	2,011,043	7.11.2008 to 6.5.2013	–
	7.5.2008	19.76	219,296	–	–	–	219,296	7.11.2009 to 6.5.2013	–
	9.4.2009	7.63	1,994,314	–	(189,934)	–	1,804,380	9.10.2009 to 8.4.2014	8.39
	5.6.2009	11.90	2,304,000	–	–	(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	992,000	–	–	(442,000)	550,000	7.5.2011 to 6.5.2013	–
	12.4.2010	12.22	4,910,000	–	–	(120,000)	4,790,000	12.10.2010 to 11.4.2015	–
	13.5.2011	10.66	5,070,000	–	–	(180,000)	4,890,000	13.11.2011 to 12.5.2016	–
	23.6.2011	10.90	1,030,000	–	–	–	1,030,000	23.12.2011 to 22.6.2016	–
	28.7.2011	10.00	27,500,000	–	–	(3,750,000)	23,750,000	1.5.2015 to 27.7.2021	–
Sub-total			49,063,377	–	(189,934)	(9,828,724)	39,044,719		
Total			86,147,377	–	(189,934)	(13,088,724)	72,868,719		

Notes:

(a) 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.

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

(c) Mr. Wong Yuet Leung, Frankie has retired from employment of the Company on 1 September 2011. In accordance with the terms of the Scheme and subject to the terms of the relevant offer letters, the outstanding share options of Mr. Wong were exercisable within a period of 12 months after the date of his retirement.

(d) 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 2012, 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	112,551,888 (L) (Note 2)	22.98%
Penta Asia Long/Short Fund, Ltd.	Beneficial owner	34,247,120 (L) (Note 3)	6.99%
Penta Master Fund, Limited	Beneficial owner	33,097,392 (L) (Note 4)	6.75%

Notes:

(1) The letter "L" denotes a long position.

(2) Among the interests owned by this shareholder, 20,748,729 shares were cash settled derivative interests.

(3) Among the interests owned by this shareholder, 4,941,988 shares were cash settled derivative interests.

(4) Among the interests owned by this shareholder, 4,045,673 shares 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 2012.

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 nine members — the Chairman, three other Executive Directors, one Non-executive Director and four 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 2012, 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.

Nomination Committee

During the period, the Nomination Committee has reviewed the size and composition of the Board and its committees as well as 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 acquisition, 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 Corporate Governance Code

The Stock Exchange has made amendments to the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Listing Rules, which have come into effect on 1 April 2012. In view of these amendments, a review of the Company's corporate governance practices has been made and, where appropriate, actions have been taken to ensure the Company's compliance with the revised CG Code as from 1 April 2012.

Except for the deviations set out below, the Company has complied with the code provisions of the former CG Code for the period from 1 January 2012 to 31 March 2012, as well as those of the revised CG Code for the period from 1 April 2012 to 30 June 2012.

A code provision in the CG Code provides that the terms of reference of the Remuneration Committee should include, as a minimum, the responsibilities (i) to determine or, in the revised CG Code, to make recommendations to the Board on the remuneration packages of the individual Executive Directors and senior management; and (ii) to review and approve compensation payable to Executive Directors and senior management for any loss or termination of office or appointment. Under the code provision in the revised CG Code, the Remuneration Committee should also have a responsibility to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives. The Board has reviewed the functions of the Remuneration Committee and considered that these responsibilities in relation to the remuneration and compensation of management should be vested in the Executive Directors who have a better understanding of the level of expertise, experience and performance expected of the management in the daily business operations. Accordingly, the terms of reference of the Remuneration Committee were amended to exclude such responsibilities from its scope of duties, which deviates from the code provision. 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 packages 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, which also deviates from the code provision. 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 2011 of the Company are set out as follows:

Name of Directors	Details of changes
Mr. Wong Yuet Leung, Frankie	Appointed as a director of Sichuan Shuangma Cement Co., Ltd., a company listed on the Shenzhen Stock Exchange, with effect from 18 July 2012.
Mr. Gerrit Jan de Nys	Appointed as the Chairman of the Group Audit Committee of IMC Pan Asia Alliance Corporation with effect from 24 July 2012.
Mr. Chan Kay Cheung	Appointed as a member of the Nomination Committee of the Company with effect from 18 May 2012.
Mr. Tsang Kwok Tai, Moses	Appointed as the Chairman of the Remuneration Committee of the Company with effect from 18 May 2012.

The amount of emoluments of all the Directors of the Company for the six months ended 30 June 2012 are set out in note 22(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. 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. Tsang Kwok Tai, Moses (Chairman)
Mr. Lo Hong Sui, Vincent
Ms. Li Hoi Lun, Helen

NOMINATION COMMITTEE

Mr. Lo Hong Sui, Vincent (Chairman)
Mr. Wong Kun To, Philip
Mr. Gerrit Jan de Nys
Mr. Chan Kay Cheung
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. 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

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