瑞安建業
SOCAM DEVELOPMENT

MONETISATION

UNLOCK

ASSET VALUE

資產變現 釋放價值

INTERIM REPORT 2013
2013年中期報告

STOCK CODE 股份代號：983

Four Seasons Hotel Pudong, Shanghai

ABOUT SOCAM

SOCAM Development Limited (SOCAM) was listed on the Hong Kong Stock Exchange in February 1997 under stock code 983. The Company is a member of the Shui On Group.

SOCAM's primary business interests encompass three main areas:

- Niche property development operations in the Chinese Mainland that leverage on specialist knowledge in the fast turnaround of projects from acquisition, development and market positioning, to disposal. The Company also has close involvement in an integrated knowledge community project in Dalian.
- Burgeoning construction business in Hong Kong with a strong track record of quality, site safety and environmental performance.
- Cement operations through the Lafarge Shui On Cement joint venture, a major cement manufacturer in southwest China.

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- Lafarge Shui On Cement

Parc Oasis,
Guangzhou

CORPORATE VALUES

- INTEGRITY
- QUALITY
- INNOVATION
- EXCELLENCE

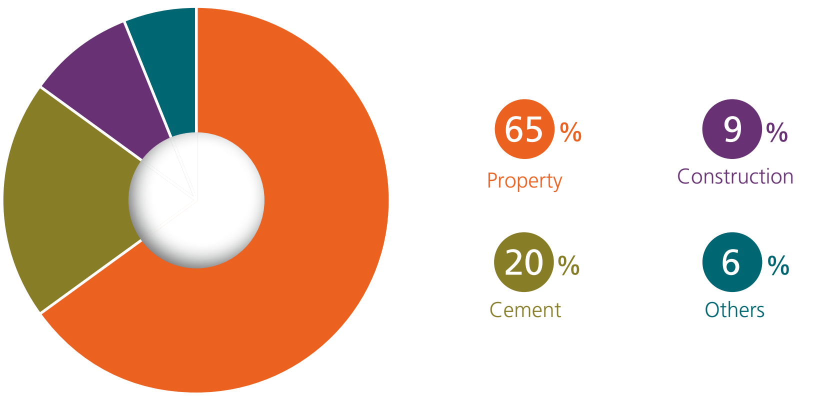
FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2013	2012
Turnover		
Company and subsidiaries	**HK$4,784 million**	HK$2,650 million
Share of joint ventures and associates	**HK$659 million**	HK$148 million
Total	**HK$5,443 million**	HK$2,798 million
Profit (loss) attributable to shareholders	**HK$53 million**	(HK$175 million)
Basic earnings (loss) per share	**HK$0.11**	(HK$0.36)

	At 30 June 2013	At 31 December 2012
Total assets	**HK$23.6 billion**	HK$23.7 billion
Net assets	**HK$10.5 billion**	HK$10.6 billion
Net asset value per share	**HK$21.25**	HK$21.51
Net gearing	**48.0%**	45.5%

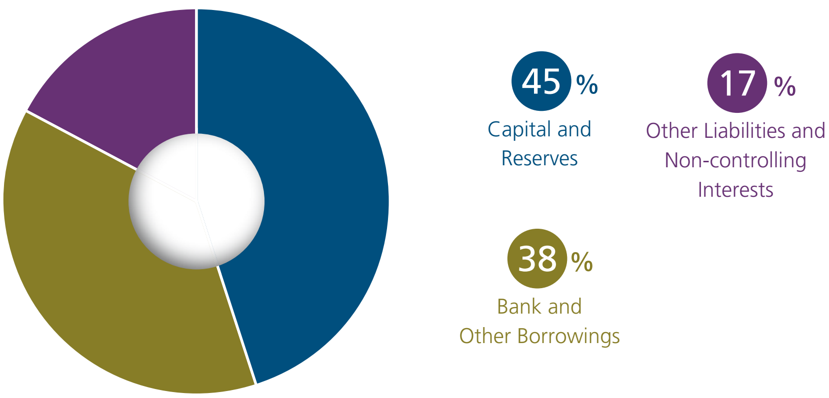
Assets Employed

At 30 June 2013

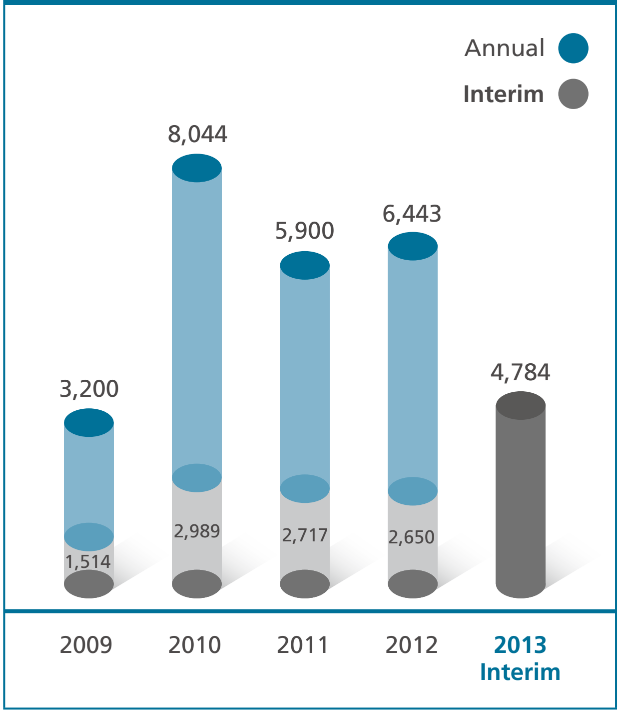


Capital and Liabilities

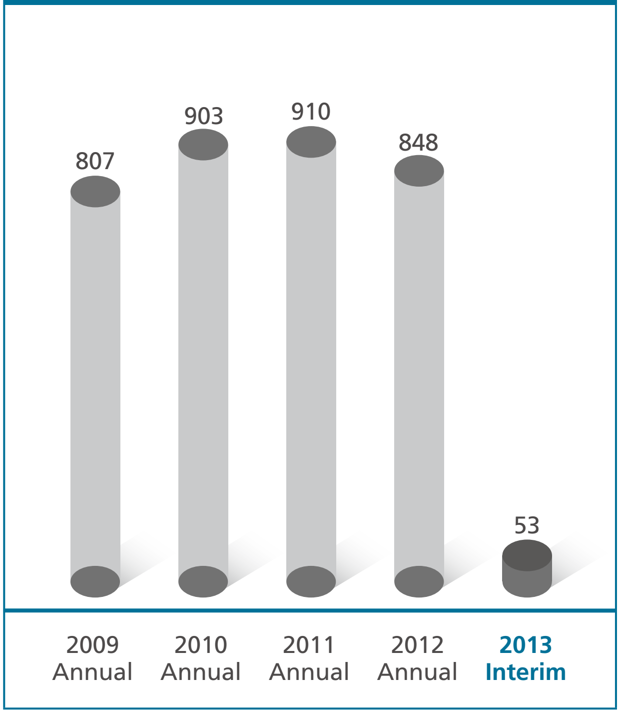
At 30 June 2013



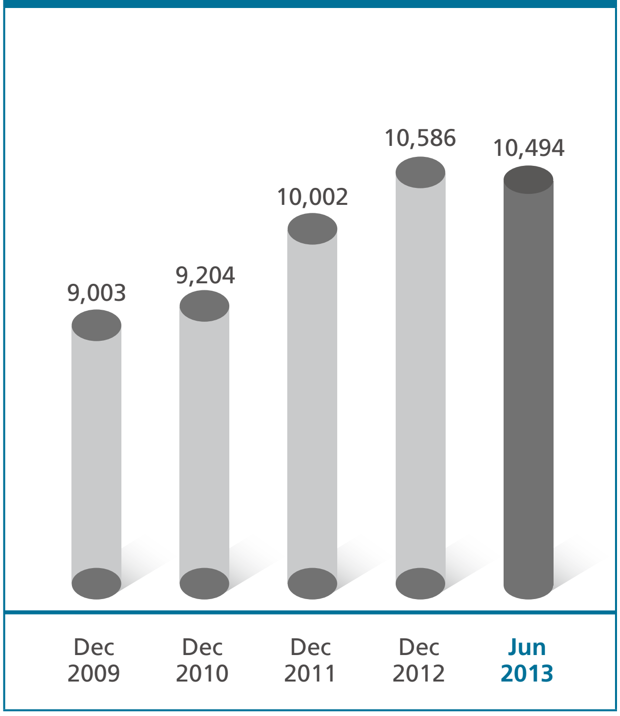
Turnover
HK$ million



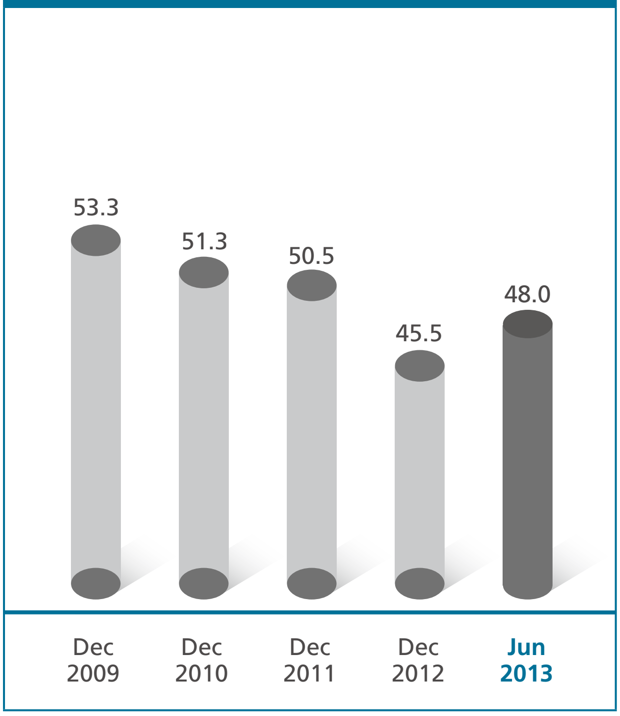
Profit Attributable to Shareholders of the Company
HK$ million



Equity Attributable to Shareholders of the Company
HK$ million



Gearing
Percentage



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Global economic forecasts for 2013 are more positive than in the past several years. While Japan's economy has been boosted by the government's aggressive economic stimulus, the United States is also seeing repeated positive indicators, with a higher employment rate and recovery in home prices. The European economy, although struggling to emerge from recession, is forecast to return to a small growth in the second half of the year. With the continuous support of central banks on the supply of credits, stock markets react positively to these indicators and consumer confidence is stabilising worldwide.

In China, the GDP growth is 7.6% for the first half of 2013, which is still the highest among major economies. However, exports fell in June by 3.1% year-on-year and a contraction in factory output prevailed in the same period. The growth in fixed asset investment, despite a 20.1% increase for the first six months, has been slowing down since the beginning of the year. Overall, economic data still suggests a softening of growth.

China now has six Mainland cities in the IMF top ten world cities on a house price to wage ratio, namely Beijing, Shanghai, Shenzhen, Tianjin, Guangzhou and Chongqing. Understandably, the campaign to stabilise the market will continue and measures to dampen speculative property purchases will remain in force in 2013. These include raising down-payment and mortgage requirements, imposing property tax for the first time in Shanghai and Chongqing, and enacting purchase restrictions in about 40 cities.

China's cement industry continues to face major over-capacity problems, coupled with a liquidity crunch which adversely affects demand. However, significant reductions in excess capacities are evident, mainly through industry consolidation among the larger, modern and efficient producers. SOCAM's divestment of interests in the Lafarge Shui On Cement joint venture is now prescribed in a road map agreed with Lafarge, its partner in the cement joint venture.

In Hong Kong, the economy is forecast to grow moderately in 2013 due to an improving external environment. The Group's construction business and projects-on-hand continue to benefit as housing, public facilities and infrastructure in Hong Kong remain major priorities of the HKSAR Government. Tendering opportunities continue to increase and SOCAM's solid experience in construction is likely to yield a significant expansion in its order book.

Since the announcement of our strategic monetisation plan of our property portfolio in March 2013, the Group has been closely monitoring market conditions and divestment opportunities. In light of the recently improved market sentiment in the China property market, the Group is cautiously positive, and is actively seeking sales opportunities to unlock the best possible values on our assets.

Jockey Club Innovation Tower at The Hong Kong Polytechnic University

PROPERTY

We continued to drive en-bloc sales to interested investors as our monetisation plan gathered pace. The Group completed two en-bloc sales, which are located in Guangzhou and Shenyang respectively, in March and in June.

Centrium Residence, Beijing

Chengdu Centropolitan

Dalian Tiandi

The property market in China continues to be clouded by an uncertain operating environment. However, with a volatile stock market, relatively low yields on available financial instruments and the lack of other safe investment channels, the desire to acquire real estate shows few signs of abating, despite cooling measures to curb purchasers' over-exposure in property assets. In March 2013, higher mortgage rates were introduced for second-time buyers in cities where prices are rising rapidly. Consideration is also in the pipeline to impose a 20% capital gains tax on profit made from home sales. Carefully balancing the need for a soft landing in the property market while sustaining a reasonable GDP growth is among the top priorities for China's new leadership.

During the period, SOCAM completed two en-bloc sales, in March and in June, as our monetisation plan gathered pace. The marketing of other SOCAM developments progressed satisfactorily and units of Beijing Centrium Residence and Guangzhou Parc Oasis are well received. However, the high end property sector has suffered badly under the continuous austerity measures and the downward adjustment of the economy and we have seen sales of the luxurious Four Seasons Place branded residences slowing down significantly.

Special Situation Projects

Our property business is entirely focused on the Chinese Mainland and project developments are mainly in prime locations as part of a diversified, high quality portfolio comprising 11 projects with a total developable gross floor area (GFA) of 2.51 million square metres as at 30 June 2013. Attributable GFA remains at approximately 1.95 million square metres.

Four Seasons Place, Shanghai

As at 30 June 2013, the total developable GFA attributable to the Group spanned across eight cities in the Chinese Mainland, as summarised below:

Property type	Location	Project	Total Developable GFA attributable to the Group (square metres)	Estimated completion year	SOCAM's interest
Residential	**Beijing**	Centrium Residence	8,000*	Completed	52.5%
	Guangzhou	Parc Oasis	19,100*	Completed	100%
	Shanghai	Lakeville Regency Tower 18	22,200	Completed	100%
	Tianjin	Wuqing Project Phase II	87,000	2016	55%
Branded residence and hotel	**Shanghai**	21st Century Tower	37,700*	2013	70%
Composite	**Chengdu**	Centropolitan	240,800	2015	51%
	Chongqing	Creative Concepts Center	34,400*	Completed	100%
	Shenyang	Shenyang Project Phase I	150,100*	2013	100%
		Shenyang Project Phase II	653,000	2017	100%
Residential and retail	**Guizhou**	Zunyi Project	624,600	2018	80%
	Tianjin	Veneto	68,900	2016	45%
Total:			**1,945,800 square metres**		

* The GFA shown above has excluded sold and delivered areas

Property sales and leasing

The first half of 2013 saw noticeable progress in the construction of our development projects. Despite the challenging market conditions, we have kept close to our completion and handover schedules. We continue to drive en-bloc sales to interested investors, which, from our track records, are the most effective ways of disposal.

Sales and leasing highlights during the period include:

Guangzhou Panyu Project

SOCAM acquired the site in late 2011, with mixed-use development plans for a total GFA of 108,800 square metres. Favourable market conditions in southeast China earlier this year resulted in an en-bloc disposal opportunity in accordance with our quick asset turnover model.

Shenyang Project Phase I

This development is centrally located in Shenyang with Phase I consisting of contemporary Grade A offices, upscale apartments and a shopping mall. Our divestment strategy saw an en-bloc sale of a premium office tower with a GFA of approximately 43,000 square metres to the Ping An Insurance Group which was handed over in June.

Centrium Residence, Beijing

The near completion of Phase I and imminent grand opening of the shopping mall later this year create a burgeoning community which has generated interest in the adjacent Phase II that comprises a mixed-use development of 653,000 square metres, due for completion in 2017.

Beijing Centrium Residence

Situated in the sought-after Chaoyang District, this low-density, luxury apartment development offers 210 units. As at 30 June 2013, approximately 190 units have been sold due to the good location and fine finishing quality. Handover of the units has commenced since December 2012.

Guangzhou Parc Oasis

Parc Oasis offers a quality living environment in the prime North Tianhe location. A clubhouse and eco-friendly design add to the popularity of the three residential towers of 35 storeys and the serviced apartment tower of 32 storeys. As at 30 June 2013, only 20 units of the available 740 units remain unsold and handover of the sold apartments progressed smoothly.

Shanghai 21st Century Tower

Construction and fit-out of the Four Seasons Hotel Pudong were completed in less than two years after acquisition, culminating in its grand opening in November 2012. The initial occupancy rate of this new hotel was satisfactory.

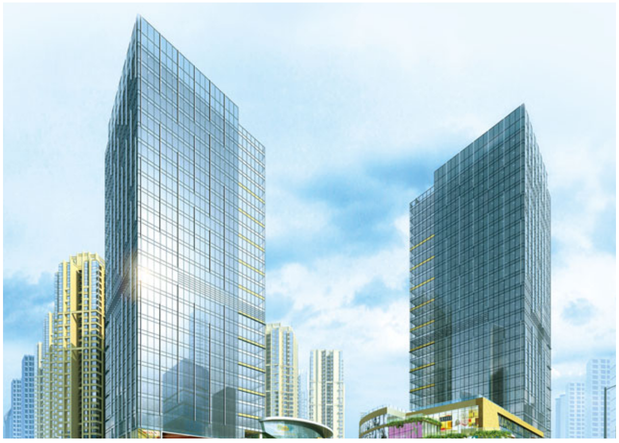
Above the hotel, Four Seasons Place, comprising 73 luxury designer branded residences, are featured with exclusive access and a very attractive cityscape view of the Pudong area. As of June 2013, approximately one quarter of the saleable area of the branded residences was sold.

Shanghai Lakeville Regency Tower 18

This luxury serviced apartment building is situated in the Luwan District in close proximity to Xintiandi. Its central location attracts both medium-term tenants and short-stay visitors and a current average occupancy rate of 85% has always been maintained.

Chengdu Centropolitan

SOCAM began construction work on this development in 2012. With approximately 472,000 square metres of GFA, it comprises 11 residential towers, an office block, serviced apartment tower, shopping mall, clubhouse and kindergarten. The project is being jointly developed with a private equity fund managed by LaSalle Investment Management. SOCAM has a 51% interest in this project, which is scheduled for pre-sale launch in the third quarter of 2013.



Chengdu Centropolitan

Dalian Tiandi

In June 2013, China's service sector contributed 45% of total economic output, up 2.7% from 12 months ago. It is a sign that China is embarking on a path to a more balanced economic growth. Central Government's promotion of high value-added industries such as software development, communications technology, and pharmaceuticals is part of the ongoing target of expanding service industries.

Knowledge communities play a part in this process. Dalian Tiandi is a visionary large-scale knowledge community developed jointly by Shui On Land, SOCAM and the Yida Group in which SOCAM has a 22% interest. It has a blueprint for a self-contained, green knowledge hub.

The project extends across a 12.5 km range of planned parkland and will offer a total leasable and saleable GFA of 3.1 million square metres.

As at 30 June 2013, a total leasable and saleable GFA of 422,000 square metres was completed and the leasable and saleable GFA under construction totaled 430,000 square metres. The overall office occupancy rates stood at 75%. Under the influence of austerity measures, sales of townhouses and villas are behind schedules and marketing efforts are being stepped up.

CONSTRUCTION

The construction market continues to flourish with a large number of projects commissioned in the public sector. Amidst the competitive operating environment, SOCAM captured several major contracts during the first half of 2013.

Public housing development project

Design and build project

Interior fitting-out and building renovation

The Hong Kong GDP grew by 3.1% year-on-year in the first half of 2013, as it benefited from the modest worldwide global recovery. The construction market continues to flourish with a large number of projects commissioned in the public sector.

Prospects for the building sector are promising over the short- to medium-term, on the back of government commitments to increase the supply of public housing to around 80,000 units over the next five years. Together with such heavy output of housing units, improvements and expansion of public facilities and amenities will follow.

As tendering opportunities increase, the local construction industry has been faced with both a shortage of labour, particularly in trades such as steel fixers and carpenters, and an escalation in the cost of materials. Amidst the competitive operating environment, SOCAM has leveraged on its solid track record of timely and quality delivery to capture several major contracts during the period.

The Group's construction business recorded a stable profit of HK$70 million in the first half of the year, despite a 7% decrease in turnover to HK$2,253 million, compared with the corresponding period last year. New contracts totaling approximately HK$2.0 billion were secured.

As at 30 June 2013, the gross value of contracts on hand was approximately HK$19.5 billion and the value of outstanding contracts to be completed was approximately HK$10.3 billion, compared with approximately HK$17.4 billion and HK$10.0 billion respectively as at 31 December 2012.

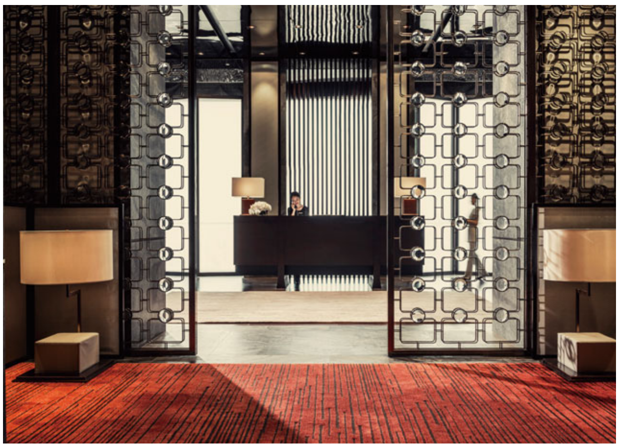
Shui On Construction (SOC) and Shui On Building Contractors (SOBC) secured total contracts worth HK$970 million in the first half of the year. These comprise Relocation of the Department of Justice of the HKSAR Government to Central Government Offices (Main and East Wing) (HK$680 million); Design and Construction of Minor Building/Civil Engineering Works at CLP Power's Premises 2013-2016 (HK$240 million); Tree Nursery Construction Works Contract for West Kowloon Cultural District Authority (HK$27 million); and Design and Construction of Hong Kong Garden in the Qingdao International Horticultural Exposition 2014 (HK$25 million).

Subsequent to 30 June 2013, the joint venture between SOC and China State Construction has been awarded the prestigious HK$9.1 billion contract for the Design and Construction of the Centre of Excellence in Paediatrics from the Architectural Services Department, in which SOC's interest is 40%. Preparations have been geared up for tenders on further and substantial projects in the public sector.

Contracts to be completed in the near future include Jockey Club Innovation Tower at The Hong Kong Polytechnic University, the Town Park and Indoor Velodrome-cum-Sports Centre in Tseung Kwan O, and a public housing development project in Tuen Mun.

Shui On Construction, Mainland (SOCM), the Group's 85%-owned construction arm in the Chinese Mainland, provided services for the 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, Shanghai 21st Century Tower and Chengdu Centropolitan projects of SOCAM. SOCM completed the main construction contracts for lots A6 and A4-3 in Wuhan Tiandi, and secured approximately HK$560 million worth of new contracts, including construction works for Chengdu Centropolitan.

During the period, Pat Davie secured fit-out and renovation contracts of approximately HK$495 million. New projects included Pacific Place Phases 1 and 2 lobbies renovation, Hong Kong Science Park Phase 3 and, in Macau, Studio City gaming floor and Wynn Tower guest room renovation. Major completed projects included the MTRC Shopping Mall in Tseung Kwan O, MTRC Sun Tuen Mun Centre, Chung Fu Plaza of The Link in Tin Shui Wai, and a hotel refurbishment in Jordan.



Four Seasons Hotel Pudong, Shanghai

CEMENT

China's cement industry continues to face over-capacity problems. The Group's divestment of interest in the Lafarge Shui On Cement joint venture is now prescribed in a road map agreed with Lafarge, its partner in the cement joint venture.

Lafarge Shui On Cement
Joint Venture

China's cement production totaled 1.1 billion tonnes in the first half of 2013, up 9.7% from the same period a year ago. The southwestern region, including Sichuan, Chongqing, Guizhou and Yunnan, saw the fastest growth rate of 15.7%, yet over-capacity situation in the region persisted. The balance on demand and supply is expected to become more favourable in the next two years as local and central authorities continue to tighten new capacity approval, while eliminating backward and energy-inefficient producers.

Restrictions on lending to the cement industry which has excess capacities are also helping to improve the competitive environment. Investment in the cement sector decreased by 9.5% year-on-year in the first six months of the year.

Demand for cement in China is primarily driven by fixed asset investment, which rose 20.1% in the year to June 2013. In southwest China, fixed asset investment grew by 24% year-on-year from January to June 2013 on the back of recovery of infrastructure-related expenditure, which, although at a smaller amount than in 2008/09 after the Sichuan earthquake, still significantly boosts demand in the area.

Cement prices were generally depressed, but have gradually recovered in the first half of 2013, compared to the second half of 2012. The overall market view is that the stiff competition in our operating regions is likely to be over and the industry is coming out of its trough.

Sichuan Shuangma Cement

Dujiangyan Plant

Lafarge Shui On Cement (LSOC)

LSOC, in which the Group holds a 45% interest, has a major presence in southwest China. Its total annual production capacity stayed at approximately 31 million tonnes.

Amid difficult market conditions and keen competition, LSOC's results slightly improved in the first half of 2013. Total sales volume for the period was approximately 13.2 million tonnes, marginally higher than that of the same period last year. Despite average selling prices falling by only 2%, margins improved with variable costs decreasing by approximately 10%, due mainly to lower fuel costs.

Construction of new dry kilns in Hedigang and Luquan, Yunnan with respective capacities of 2,500 and 4,600 tonnes per day were in progress. The Hedigang plant is expected to commence production in the fourth quarter of this year.

LSOC's plan to inject cement plants into Sichuan Shuangma Cement, a listed company on the Shenzhen Stock Exchange, remains in progress, and will be subject to approvals by relevant regulatory authorities.

The exit strategy for the Group's investment in LSOC has been formalised in a road map agreed between the joint venture partners in December 2012, which is a top priority of SOCAM.

West Kowloon Law Courts Building, Hong Kong

Shanghai 21st Century Tower

Shenyang Project Phases I & II

Jockey Club Innovation Tower at The Hong Kong Polytechnic University

OUTLOOK

A promising outlook for SOCAM's construction business prevails. Tendering opportunities continue to increase and SOCAM's solid experience in construction is likely to yield a significant expansion in its order book.

The first half of the year has seen uneven recovery in the global economy, a pattern which is likely to continue and extend into next year. Economic growth in China in 2013 is projected to be between 7.5% and 8%, which, although still unmatched by any western economy, has obviously been dampened due to the slowdown of the export market. However, figures released in July gave an encouraging signal on factory production, investment and real estate construction, all registering meaningful increases for the first time in the past 12 months.

Overall, the Central Government is carefully assessing data of the past and present as it seeks to strike a healthy balance between a high growth scenario and a more sustainable economy. Macro economic measures to support a broadening base for growth, while promoting social harmony and environmental sustainability, are likely to dominate the policies of the new leadership of China.

SOCAM embarked on a plan of monetisation of our property portfolio in China in March this year. As a result, the Group has received a number of enquiries from interested buyers as a large part of our portfolio is completed properties of very good quality and those projects under development are situated in sought-after locations. The recently improved sentiment in the property market in the Mainland as well as the need for property developers to replenish their land bank resulted in price ranges under discussion with potential buyers becoming more favourable to SOCAM. We shall take advantage of this change in market sentiment to unlock the most appropriate values for our shareholders.

Lung Yat Estate,
Tuen Mun, Hong Kong

Meanwhile, the Group will continue to pursue our planned exit strategy for our interests in Lafarge Shui On Cement, a joint venture which has for some years failed to meet profit expectations and has tied up substantial financial resources of the Group. The projected improvement in demand/supply balance will help to bring about a more satisfactory outcome to this divestment exercise.

A promising outlook for SOCAM's construction business prevails. We see a healthy flow of projects in the pipeline at a time when public works projects are being actively launched by the HKSAR Government and the home ownership scheme is likely to be revived in the near future. SOCAM is well poised to capture the market opportunities despite the competitive tendering environment, given that our construction operation has long been our core competence. With due caution on the rising material and labour costs, we expect our construction business will contribute more to our profitability, as well as to the wider community of Hong Kong in terms of quality delivery and environmental friendliness.

Against this background, the Group is cautiously optimistic on its areas of operations and business activities, albeit unforeseeable variations are unavoidable during the course of our monetisation programme.

FINANCIAL REVIEW

Town Park, Indoor Velodrome-cum-Sports Centre, Tseung Kwan O, Hong Kong

Interim Results

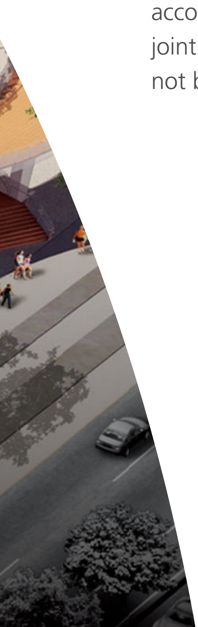
The Group's profit attributable to shareholders for the six months ended 30 June 2013 was HK$53 million on a turnover of HK$4,784 million, compared with HK$175 million loss and HK$2,650 million turnover for the corresponding period last year. The Board has resolved not to declare an interim dividend (2012: nil).

An analysis of the total turnover is as follows:

	Six months ended 30 June 2013 HK$ million	Six months ended 30 June 2012 HK$ million
Turnover		
SOCAM and subsidiaries		
Construction and building maintenance	**2,253**	2,431
Property	**2,530**	218
Others	**1**	1
Total	**4,784**	2,650
Joint ventures and associates		
Property	**618**	105
Cement and others	**41**	43
Total	**659**	148
Total	**5,443**	2,798

Turnover from our construction and building maintenance businesses for the current period was steady following the substantial addition of workload in Hong Kong and the Mainland during 2012. Revenue from the property business increased significantly to HK$2,530 million, from HK$218 million for the last interim period, as delivery of the apartment units of the Group's major developments, hence recognition of property sales revenue, started in the fourth quarter of last year. In the current interim period, the turnover mainly came from strata-title sales of residential units of Guangzhou Parc Oasis and en-bloc disposals of the Guangzhou Panyu project and an office tower of Shenyang Project Phase I. Beijing Centrium Residence and Shanghai Four Seasons Place, in which the Group has a 52.5% and 70% interest respectively, also began to recognise property sales revenue from the second half of 2012, which were carried forward to this reporting period. Together with the 22%-owned Dalian Tiandi, the Group's share of property sales revenue from these joint developments increased to HK$618 million for the current interim period, compared with HK$105 million in the same period last year.

The Group's 45% interest in LSOC has been accounted for as "Assets classified as held for disposal" since 2012 and, 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 share of LSOC's loss for the current interim period, amounting to HK$127 million, has not been included in the results for the period.



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

	Six months ended 30 June 2013 HK$ million	Six months ended 30 June 2012 HK$ million
Property		
Project fee income	**38**	41
Profit from property sales and net rental income	**368**	28
Fair value gain on investment properties, net of deferred tax provision	**13**	60
Share of results of joint ventures and associates	**62**	(32)
Net operating expenses	**(90)**	(132)
	391	(35)
Construction	**70**	71
Cement operations		
LSOC	**7**	4
Guizhou cement	**5**	(2)
	12	2
Dividend income from Shui On Land (SOL)	**1**	14
Venture capital investments	**(32)**	(6)
Net finance costs	**(152)**	(117)
Corporate overheads and others	**(42)**	(63)
Taxation	**(187)**	(27)
Non-controlling interests	**(8)**	(14)
Total	**53**	(175)

Property

Project fee income from joint ventures and associates for the current period was steady comparing to the same period in 2012.

The profit from property sales related to strata-title sales of residential units of Guangzhou Parc Oasis, and en-bloc disposals of Guangzhou Panyu project and an office tower of Shenyang Project Phase I. In the previous interim period, a lower property sales profit was reported as delivery of the pre-sold residential units in Guangzhou Parc Oasis commenced in the second half of 2012. 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.

The Group's jointly developed projects, Beijing Centrium Residence and Shanghai Four Seasons Place commenced recognition of property sales profit from the second half of 2012 and the momentum continued, which contributed to the increased share of net income of the joint ventures. The newly-opened Four Seasons Hotel Pudong, Shanghai, although registering a small loss, has seen its occupancy picking up steadily. In the last interim period, the loss was mainly from share of sales and marketing expenses in the pre-sale launches of apartment units and exchange loss on foreign currency borrowings incurred by these joint ventures.

Construction

Notwithstanding the decline in turnover, profit from construction business for the current period was comparable to that of the same period last year, as average net profit margin increased to 3.1% from 2.9%, despite upsurges in both material and labour costs.

Cement operations

Since 2012, the Group has no longer taken up its share of results of LSOC as the Group's interest in LSOC has been accounted for as "Assets classified as held for disposal". The profit from LSOC in the current period represented advisory fee and interest on shareholder's loan payable by LSOC to SOCAM.

Dividend income from SOL

In December 2012, the Group disposed of approximately 2.01% of its then holding of 2.38% of the issued share capital of SOL. Such divestment resulted in the reduction of dividend income from SOL for the current interim period.

Venture capital investments

During the current period, the venture capital funds in which the Group invested recorded valuation losses on their investment portfolios as certain investee companies suffered from lower-than-expected results in 2013.

Net finance costs

Net finance costs increased to HK$152 million for the first half of 2013, from HK$117 million for the same period in 2012, mainly because of higher average net bank borrowings coupled with the increase in interest margins charged by banks.

Taxation

Taxation increased to HK$187 million in the current interim period, which was mainly related to profits from properties sold.

Assets base

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

	30 June 2013 HK$ million	31 December 2012 HK$ million
Total assets	**23,608**	23,688
Net assets	**10,494**	10,586

	HK$	HK$
Net assets per share	**21.3**	21.5

The total assets and net assets of the Group as well as the net assets per share did not change materially at 30 June 2013, when compared with those at 31 December 2012.

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

	30 June 2013 HK$ million	**%**	31 December 2012 HK$ million	%
Property	**15,220**	**65**	15,633	66
Cement	**4,670**	**20**	4,627	20
Construction	**2,222**	**9**	2,274	10
Investment in SOL shares	**68**	**–**	84	–
Others	**1,428**	**6**	1,070	4
Total	**23,608**	**100**	23,688	100

Equity, Financing and Gearing

The shareholders' equity of the Company was HK$10,494 million on 30 June 2013, compared with HK$10,586 million on 31 December 2012.

Net bank and other borrowings of the Group, which represented bank and other borrowings, net of bank balances, deposits and cash, amounted to HK$5,032 million on 30 June 2013. This compared with HK$4,815 million on 31 December 2012.

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

	30 June 2013 HK$ million	31 December 2012 HK$ million
Bank and other borrowings repayable:		
Within one year	**7,381**	4,786
After one year but within two years	**1,146**	3,215
After two years but within five years	**480**	78
Total bank and other borrowings	**9,007**	8,079
Bank balances, deposits and cash	**(3,975)**	(3,264)
Net bank and other borrowings	**5,032**	4,815

The net gearing ratio of the Group, calculated as net bank and other borrowings over shareholders' equity, increased slightly to 48% at 30 June 2013, from 46% at 31 December 2012, mainly as a result of the increase in net bank and other borrowings during this period. During the first half of 2013, the Group has obtained new banking facilities and renewed/refinanced existing banking facilities totalling HK$3,500 million.

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 2013, the number of employees in the Group was approximately 1,090 (31 December 2012: 1,100) in Hong Kong and Macau, and 8,320 (31 December 2012: 8,640) in subsidiaries and joint ventures 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 management staff 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 25 to 49, which comprises the condensed consolidated statement of financial position as of 30 June 2013 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other 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

28 August 2013

FINANCIAL INFORMATION
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Six months ended 30 June **2013** **HK$ million** **(unaudited)**	2012 HK$ million (unaudited)
Continuing operations			
Turnover			
The Company and its subsidiaries		**4,784**	2,650
Share of joint ventures/associates		**659**	148
		5,443	2,798
Group turnover	3	**4,784**	2,650
Other income		**109**	53
Changes in inventories of finished goods, work in progress, contract work in progress and cost of properties sold		**(2,170)**	(149)
Raw materials and consumables used		**(327)**	(325)
Staff costs		**(274)**	(300)
Depreciation and amortisation expenses		**(15)**	(12)
Subcontracting, external labour costs and other expenses		**(1,723)**	(1,935)
Fair value changes on investment properties		**17**	77
Dividend income from available-for-sale investments		**1**	14
Finance costs	4	**(178)**	(145)
Share of results of joint ventures		**30**	(39)
Share of results of associates		**(9)**	(10)
Profit (loss) before taxation		**245**	(121)
Taxation	5	**(191)**	(44)
Profit (loss) for the period from continuing operations	7	**54**	(165)
Discontinued operations			
Profit for the period from discontinued operations	6	**7**	4
Profit (loss) for the period		**61**	(161)
Attributable to:			
Owners of the Company		**53**	(175)
Non-controlling interests		**8**	14
		61	(161)
Earnings (loss) per share	9		
From continuing and discontinued operations			
Basic		**HK$0.11**	(HK$0.36)
Diluted		**HK$0.11**	(HK$0.36)
From continuing operations			
Basic		**HK$0.10**	(HK$0.37)
Diluted		**HK$0.10**	(HK$0.37)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2013	2012
	HK$ million	HK$ million
	(unaudited)	(unaudited)
Profit (loss) for the period	**61**	(161)
Other comprehensive income (expense)		
Items that may be subsequently reclassified to profit or loss:		
(Loss) gain on fair value changes of available-for-sale investments	**(30)**	108
Exchange differences arising on translation of financial statements of foreign operations	**127**	(59)
Share of exchange differences of joint ventures	**4**	(1)
Share of exchange differences of associates	**9**	(2)
Reclassification adjustments for amounts transferred to profit or loss:		
– upon disposal of property inventories, net of deferred tax of HK$3 million (2012: nil)	**(14)**	(2)
Other comprehensive income for the period	**96**	44
Total comprehensive income (expense) for the period	**157**	(117)
Total comprehensive income (expense) attributable to:		
Owners of the Company	**149**	(131)
Non-controlling interests	**8**	14
	157	(117)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2013 HK$ million (unaudited)	31 December 2012 HK$ million (audited)
Non-current Assets			
Investment properties		**4,192**	4,065
Property, plant and equipment		**67**	72
Prepaid lease payments		**41**	41
Interests in joint ventures		**805**	871
Available-for-sale investments	10	**68**	84
Interests in associates		**504**	511
Club memberships		**1**	1
Trade debtors	11	**38**	–
Amounts due from joint ventures		**2,211**	1,861
Amounts due from associates		**860**	860
		8,787	8,366
Current Assets			
Inventories		**24**	29
Prepaid lease payments		**1**	1
Properties held for sale		**591**	1,896
Properties under development for sale		**2,201**	2,569
Debtors, deposits and prepayments	11	**1,959**	1,567
Amounts due from customers for contract work		**380**	321
Amounts due from joint ventures		**795**	797
Amounts due from associates		**432**	393
Amounts due from related companies		**362**	308
Taxation recoverable		**41**	25
Restricted bank deposits		**1,276**	1,214
Bank balances, deposits and cash	12		
– Cash and cash equivalents		**2,425**	1,854
– Other bank balances		**274**	196
		10,761	11,170
Assets classified as held for disposal	13	**4,060**	4,152
		14,821	15,322

	Notes	30 June 2013 HK$ million (unaudited)	31 December 2012 HK$ million (audited)
Current Liabilities			
Creditors and accrued charges	14	**2,372**	2,376
Sales deposits received		**339**	1,301
Amounts due to customers for contract work		**502**	347
Amounts due to joint ventures		**99**	65
Amounts due to associates		**–**	1
Amounts due to related companies		**1**	64
Amounts due to non-controlling shareholders of subsidiaries		**3**	4
Taxation payable		**239**	109
Bank and other borrowings due within one year	15	**7,381**	4,786
		10,936	9,053
Net Current Assets		**3,885**	6,269
Total Assets Less Current Liabilities		**12,672**	14,635
Capital and Reserves			
Share capital	16	**494**	492
Reserves		**10,000**	10,094
Equity attributable to owners of the Company		**10,494**	10,586
Non-controlling interests		**57**	70
		10,551	10,656
Non-current Liabilities			
Bank and other borrowings	15	**1,626**	3,293
Defined benefit liabilities		**112**	112
Other payables	14	**–**	116
Deferred tax liabilities		**383**	458
		2,121	3,979
		12,672	14,635

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 2013														
– as originally stated	492	3,232	1,241	197	(3)	5,041	11	96	(183)	30	432	10,586	70	10,656
– effect of changes in accounting policy (note 2)	–	–	–	–	–	(138)	–	–	138	–	–	–	–	–
– as restated	492	3,232	1,241	197	(3)	4,903	11	96	(45)	30	432	10,586	70	10,656
Fair value changes of available-for-sale investments	–	–	–	–	–	–	–	–	–	(30)	–	(30)	–	(30)
Exchange differences arising on translation of financial statements of foreign operations	–	–	127	–	–	–	–	–	–	–	–	127	–	127
Share of exchange differences of joint ventures	–	–	4	–	–	–	–	–	–	–	–	4	–	4
Share of exchange differences of associates	–	–	9	–	–	–	–	–	–	–	–	9	–	9
Disposal of property inventories	–	–	–	–	–	–	–	–	–	–	(14)	(14)	–	(14)
Profit for the period	–	–	–	–	–	53	–	–	–	–	–	53	8	61
Total comprehensive income (expense) for the period	–	–	140	–	–	53	–	–	–	(30)	(14)	149	8	157
Issue of shares upon exercise of share options	2	10	–	–	–	–	–	–	–	–	–	12	–	12
Recognition of share-based payments	–	–	–	–	–	–	–	(6)	–	–	–	(6)	–	(6)
Transfer upon exercise/lapse of share options	–	4	–	–	–	19	–	(23)	–	–	–	–	–	–
Deregistration of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	(6)	(6)
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	4	4
Dividends recognised as distribution (note 8)	–	–	–	–	–	(247)	–	–	–	–	–	(247)	–	(247)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(19)	(19)
At 30 June 2013	494	3,246	1,381	197	(3)	4,728	11	67	(45)	–	418	10,494	57	10,551

	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														
– as originally stated	490	3,208	1,355	197	(3)	4,328	6	138	(149)	(5)	437	10,002	66	10,068
– effect of changes in accounting policy (note 2)	–	–	–	–	–	(117)	–	–	117	–	–	–	–	–
– as restated	490	3,208	1,355	197	(3)	4,211	6	138	(32)	(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 joint ventures	–	–	(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)	3,902	6	92	(32)	103	435	9,693	63	9,756

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 (2012: 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 (2012: HK$102 million), which represents the Group's share of compensation recognised by Lafarge Shui On Cement Limited 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$26 million (2012: HK$35 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 subsequent disposal of property inventories; and (iv) an amount of HK$33 million (2012: HK$41 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 subsequent disposal of property inventories.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June 2013 HK$ million (unaudited)	2012 HK$ million (unaudited)
Net cash (used in) from operating activities		
Operating cash flows before movements in working capital	**172**	(25)
Decrease in properties held for sale	**1,322**	114
(Decrease) increase in sales deposits received	**(907)**	621
Increase in other bank balances (note 12)	**(78)**	(596)
Movements in other working capital	**(550)**	45
Tax paid	**(157)**	(117)
	(198)	42
Net cash from investing activities		
Payment for construction of investment properties	**(49)**	(52)
Net proceeds from disposal of property inventory through disposal of a subsidiary (note)	**358**	–
Acquisition of investment property, property inventories and other assets and liabilities through acquisition of subsidiaries	**(11)**	(85)
Restricted bank deposits refunded	**64**	651
Restricted bank deposits placed	**(126)**	(449)
Other investing cash flows	**(154)**	(15)
	82	50
Net cash from (used in) financing activities		
New bank loans raised	**1,599**	575
Repayment of bank loans	**(692)**	(940)
Interest paid	**(160)**	(122)
Other financing cash flows	**(92)**	(34)
	655	(521)
Net increase (decrease) in cash and cash equivalents	**539**	(429)
Cash and cash equivalents at the beginning of the period	**1,854**	2,410
Effect of foreign exchange rate changes	**32**	(11)
Cash and cash equivalents at the end of the period	**2,425**	1,970
Analysis of the balances of cash and cash equivalents		
Bank balances, deposits and cash	**2,425**	1,970

Note:

During the six months ended 30 June 2013, the Group disposed of a property inventory classified as properties under development for sale under current assets, through disposal of equity interest in a subsidiary holding this property. According to HKAS 7 "Cash Flow Statements", as such disposal was effected through disposal of subsidiary, the net cash inflow of approximately HK$358 million (2012: nil) 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 on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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 2013 and 31 December 2012 has been arrived at on the basis of valuations carried out on those dates 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 2012, except for the adoption of the revised standard HKAS 19 (2011) "Employee Benefits" as mentioned below. Joint ventures 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, the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, which are mandatorily effective for the Group's financial period beginning on 1 January 2013.

The Group has applied HKFRS 13 "Fair Value Measurement" for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 23.

HKAS 19 (2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the condensed consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a 'net interest' amount under HKAS 19 (2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. As such, certain amounts previously recognised by the Group in retained profits are reclassified as actuarial gain or loss. The financial impact on these changes are shown as below.

The amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income" introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The application of the new and revised HKFRSs, except for the revised standard HKAS 19 (2011), 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 application of the HKAS 19 (2011) has resulted in changes to the Group's accounting policy and the Group is required to apply HKAS 19 (2011) retrospectively. Accordingly, comparative figures have been restated.

Summary of the effects of the changes in accounting policy:

(i) The effects of the changes in the accounting policy on the results for the six months ended 30 June 2013 and 2012 are not significant.

(ii) The effects of the changes in the accounting policy on the Group's equity on 31 December 2012 and 1 January 2012 are summarised below:

	As originally stated HK$ million	Effect of the adoption of HKAS 19 (2011) HK$ million	As restated HK$ million
At 31 December 2012			
Retained profits	5,041	(138)	4,903
Actuarial gain and loss	(183)	138	(45)
Total effects on equity	4,858	–	4,858
At 1 January 2012			
Retained profits	4,328	(117)	4,211
Actuarial gain and loss	(149)	117	(32)
Total effects on equity	4,179	–	4,179

The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective.

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

The cement operations through LSOC had been classified as discontinued operations and the segment information reported in this note does not include any amounts for the discontinued operations in the current and prior periods, which are described in detail in note 6.

3. SEGMENT INFORMATION (CONTINUED)

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

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 2013

	Property HK$ million	Construction and building maintenance HK$ million	Other businesses HK$ million	Total HK$ million
REVENUE				
Sales of goods	2,471	36	–	2,507
Rental income	21	–	–	21
Revenue from rendering of services	38	15	1	54
Construction contract revenue	–	2,202	–	2,202
Revenue from external customers	2,530	2,253	1	4,784
Inter-segment revenue	–	23	–	23
	2,530	2,276	1	4,807
Share of joint ventures/associates' revenue	618	6	35	659
Total segment revenue	3,148	2,282	36	5,466
Inter-segment revenue is charged at mutually agreed prices.				
Reportable segment results	416	72	(20)	468
Segment results have been arrived at after crediting (charging):				
Depreciation and amortisation	(11)	(2)	(1)	(14)
Interest income	20	2	2	24
Imputed interest income on loans to joint ventures/associates	14	–	–	14
Fair value changes on investment properties	17	–	–	17
Dividend income from available-for-sale investments	1	–	–	1
Share of results of joint ventures				
Cement operations in Guizhou	–	–	5	5
Venture capital investments	–	–	(32)	(32)
Property development	60	–	–	60
Imputed interest expense	(3)	–	–	(3)
				30
Share of results of associates				
Property development	2	–	–	2
Imputed interest expense	(11)	–	–	(11)
				(9)

3. SEGMENT INFORMATION (CONTINUED)

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

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 joint ventures/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 joint ventures/associates	14	–	–	14
Fair value changes on investment properties	77	–	–	77
Dividend income from available-for-sale investments	14	–	–	14
Share of results of joint ventures				
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)

(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 2013

	Property HK$ million	Construction and building maintenance HK$ million	Other businesses HK$ million	Total HK$ million
Reportable segment assets	**15,835**	**2,981**	**2,244**	**21,060**
Reportable segment liabilities	**3,823**	**2,352**	**484**	**6,659**

At 31 December 2012

	Property HK$ million	Construction and building maintenance HK$ million	Other businesses HK$ million	Total HK$ million
Reportable segment assets	16,159	2,915	2,242	21,316
Reportable segment liabilities	4,637	2,201	935	7,773

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

	Six months ended 30 June	
	2013 HK$ million	2012 HK$ million
Revenue		
Reportable segment revenue	**5,466**	2,967
Elimination of inter-segment revenue	**(23)**	(169)
Elimination of share of revenue of joint ventures/associates	**(659)**	(148)
Consolidated turnover	**4,784**	2,650

3. SEGMENT INFORMATION (CONTINUED)

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

	Six months ended 30 June 2013 HK$ million	Six months ended 30 June 2012 HK$ million
Profit (loss) before taxation		
Reportable segment profit before taxation	**468**	75
Unallocated other income	**2**	5
Finance costs	**(178)**	(145)
Other unallocated corporate expenses	**(47)**	(56)
Consolidated profit (loss) before taxation (from continuing operations)	**245**	(121)

	30 June 2013 HK$ million	31 December 2012 HK$ million
Assets		
Reportable segment assets	**21,060**	21,316
Elimination of inter-segment receivables	**(1,665)**	(1,734)
Assets relating to discontinued operations		
– Assets classified as held for disposal	**4,060**	4,060
– Amount due from a joint venture	**112**	21
Other unallocated assets	**41**	25
Consolidated total assets	**23,608**	23,688

	30 June 2013 HK$ million	31 December 2012 HK$ million
Liabilities		
Reportable segment liabilities	**6,659**	7,773
Elimination of inter-segment payables	**(1,665)**	(1,734)
Unallocated liabilities		
– Bank borrowings	**7,083**	6,314
– Taxation and others	**980**	679
Consolidated total liabilities	**13,057**	13,032

4. FINANCE COSTS

	Six months ended 30 June	
	2013	2012
	HK$ million	HK$ million
Continuing operations		
Interest on bank loans and overdrafts and other loans	**193**	153
Other borrowing costs	**26**	23
Less: amounts capitalised to properties under development	**(41)**	(31)
	178	145

5. TAXATION

	Six months ended 30 June	
	2013	2012
	HK$ million	HK$ million
Continuing operations		
The charge comprises:		
Current taxation		
Hong Kong Profits Tax	**12**	7
PRC Enterprise Income Tax	**137**	17
PRC Land Appreciation Tax	**119**	4
	268	28
Deferred taxation	**(77)**	16
	191	44

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) on the estimated assessable profits for the period.

PRC Enterprise Income Tax is calculated at 25% (2012: 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.

6. DISCONTINUED OPERATIONS

Profit for the period from discontinued operations attributable to owners of the Company is HK$7 million (2012: HK$4 million), which includes other income of HK$7 million (2012: HK$4 million).

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

	Six months ended 30 June	
	2013	2012
	HK$ million	HK$ million
Profit (loss) 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	**15**	12
Less: amounts capitalised to properties under development	**(1)**	(1)
	15	12
Cost of properties sold	**2,079**	127
Share of tax of joint ventures (included in share of results of joint ventures)	**112**	–
Share of tax of associates (included in share of results of associates)	**4**	6

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend (2012: nil) for the six months ended 30 June 2013.

	Six months ended 30 June	
	2013	2012
	HK$ million	HK$ million
Final dividend recognised as distribution during the period (note)	**247**	196

Note:

On 26 July 2013, a dividend of HK$0.50 per share (2012: HK$0.40 per share) was paid to the shareholders of the Company as the final dividend for the year ended 31 December 2012.

9. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

	Six months ended 30 June	
	2013	2012
	HK$ million	HK$ million
Earnings (loss):		
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share	**53**	(175)
	Million	Million
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**493**	490
Effect of dilutive potential ordinary shares:		
Share options	**–**	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**493**	490

The computation of the diluted earnings per share for the six months ended 30 June 2013 does not assume the exercise of certain parts of the Company's share options, of which the relevant exercise price was higher than the average market price of shares of the Company for the period when those options were outstanding.

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

From continuing operations

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

	Six months ended 30 June	
	2013	2012
	HK$ million	HK$ million
Earnings (loss):		
Earnings (loss) for the period attributable to owners of the Company	**53**	(175)
Adjust: Profit for the period from discontinued operations	**(7)**	(4)
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share from continuing operations	**46**	(179)

From discontinued operations

Basic and diluted earnings per share for the discontinued operations is HK$0.01 per share (2012: HK$0.01 per share), based on the profit for the period from the discontinued operations of HK$7 million (2012: HK$4 million) and the denominators detailed above for both basic and diluted earnings (loss) per share.

10. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2013 HK$ million	31 December 2012 HK$ million
Available-for-sale investments comprise:		
Listed equity securities in Hong Kong (classified as level 1 fair value measurement and is derived from quoted market price)	**68**	84

Available-for-sale investments at 30 June 2013 and 31 December 2012 represent the Group's equity interest in Shui On Land Limited ("SOL"). At 30 June 2013, the Group held a 0.4% (31 December 2012: 0.4%) equity interest in SOL.

In May 2013, 7,461,984 new shares of SOL were allotted to the Group, which represented the rights shares subscribed by the Group in relation to the rights issue of SOL on the basis of one rights share for every three existing SOL shares then held by the Group.

11. DEBTORS, DEPOSITS AND PREPAYMENTS

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

Included in debtors, deposits and prepayments are debtors with an aged analysis (based on the repayment terms set out in sale and purchase agreements or invoice date) at the end of the reporting period as follows:

	30 June 2013 HK$ million	31 December 2012 HK$ million
Trade debtors aged analysis:		
Not yet due or within 90 days	**1,092**	804
91 days to 180 days	**147**	57
181 days to 360 days	**174**	40
Over 360 days	**26**	30
	1,439	931
Less: amounts reclassified as amounts due from joint ventures, associates and related companies (note 22)	**(422)**	(381)
Retention receivable	**205**	190
Consideration receivables in respect of disposal of subsidiaries/a joint venture	**36**	40
Prepayments, deposits and other receivables (note)	**739**	787
	1,997	1,567
Less: amount due for settlement after 12 months	**(38)**	–
	1,959	1,567

11. DEBTORS, DEPOSITS AND PREPAYMENTS (CONTINUED)

Note:

Included in prepayments, deposits and other receivables at 30 June 2013 are receivables of HK$386 million (31 December 2012: HK$363 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$151 million (31 December 2012: 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$151 million) and its related interest. In addition to these receivables, the Company has provided a guarantee in relation to a loan granted to the Debtor (see note 21(d)). In the opinion of the Directors of the Company, given that there have been continued positive outcomes in the legal disputes in relation to the property interest, 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.

12. BANK BALANCES, DEPOSITS AND CASH

Balances at 30 June 2013 include an amount of HK$274 million (31 December 2012: HK$196 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 2013 amounted to HK$2,425 million (31 December 2012: HK$1,854 million).

13. ASSETS CLASSIFIED AS HELD FOR DISPOSAL

	30 June 2013 HK$ million	31 December 2012 HK$ million
Interests in joint ventures		
LSOC (note a)	**4,060**	4,060
Other joint ventures (note b)	**–**	88
	4,060	4,148
Amounts due from other joint ventures (note b)	**–**	4
Total assets classified as held for disposal	**4,060**	4,152

The Directors of the Company consider that the carrying amount of the Group's investment in these joint ventures will be recovered principally through disposal transactions. Accordingly, the assets attributable to the above joint ventures are classified as held for disposal in the condensed consolidated statement of financial position.

Notes:

(a) The Group is committed to exit entirely from its 45% interest in LSOC, which is engaged in the production and sale of cement in the PRC. Various plans have been initiated and implemented to facilitate the exit of the Group from this joint venture. Though the divestment did not come to fruition in 2012 due to unexpected adverse market conditions, the Group remains committed to exit entirely from its investment in LSOC. The Directors of the Company are of the view that it is highly probable that the exit will take place by the end of 2013.

Should the investment cease to be classified as held for disposal due to the criteria for such classification being no longer met, the investment should be measured at the lower of (i) its carrying amount at 30 June 2013 of HK$4,060 million, adjusted for the aggregate of the Group's share of losses of LSOC for the year ended 31 December 2012 and six months ended 30 June 2013 totaling HK$493 million, being the amount that would have been recognised had the Group's interest in LSOC not been classified as held for disposal; and (ii) the recoverable amount at the date of the subsequent decision not to exit, with any adjustment to the carrying amount of the investment being recognised in profit or loss.

(b) The Group is also committed to sell the Group's equity interest in and the related shareholder's loans to certain joint ventures (the "Disposal Group"), which are engaged in the production and sale of cement and concrete in Guizhou (not operated through LSOC). However, in early 2013 the Group is exploring the redevelopment potential of the site area of the joint ventures (note 19(a)), and the criteria for classification of such Disposal Group as held for disposal are therefore no longer met during the current reporting period. The Group has ceased to classify such Disposal Group as held for disposal in the condensed consolidated statement of financial position since then.

14. CREDITORS AND ACCRUED CHARGES

The aged analysis of creditors (based on invoice date) of HK$574 million (31 December 2012: HK$771 million), which are included in the Group's creditors and accrued charges, is as follows:

	30 June 2013 HK$ million	31 December 2012 HK$ million
Trade creditors aged analysis:		
Not yet due or within 30 days	**242**	577
31 days to 90 days	**38**	41
91 days to 180 days	**42**	29
Over 180 days	**252**	124
	574	771
Retention payable	**322**	302
Consideration payable in respect of acquisitions of subsidiaries	**206**	249
Provision for contract work/construction cost	**472**	568
Dividend payable	**247**	–
Other accruals and payables	**551**	602
	2,372	2,492
Less: amounts due for settlement after 12 months	**–**	(116)
	2,372	2,376

15. BANK AND OTHER BORROWINGS

During the six months ended 30 June 2013, the Group raised new bank borrowings totalling HK$1,599 million (2012: HK$575 million), repaid bank borrowings totalling HK$692 million (2012: HK$940 million), obtained new bank loan facilities and renewed/refinanced existing banking facilities totaling HK$3,529 million. These new and renewed bank loan facilities carry interest at approximately 2.71% to 7.69% per annum.

16. SHARE CAPITAL

	30 June 2013 Number of shares	31 December 2012 Number of shares	**30 June 2013 HK$ million**	31 December 2012 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	**492,248,421**	489,530,487	**492**	490
Exercise of share options	**1,487,690**	2,717,934	**2**	2
At the end of the period/year	**493,736,111**	492,248,421	**494**	492

17. CAPITAL COMMITMENTS

(a) At 30 June 2013, the Group's capital commitment in respect of investment properties is as follows:

	30 June 2013 HK$ million	31 December 2012 HK$ million
Authorised but not contracted for	**451**	447
Contracted but not provided for	**30**	20

(b) In addition, the Group had other capital commitments in respect of investments in joint ventures contracted but not provided for in the condensed consolidated financial statements amounting to approximately HK$283 million at 30 June 2013 (31 December 2012: HK$137 million).

(c) At 30 June 2013, the Group's share of the capital commitments of its joint ventures mainly in relation to property, plant and equipment is as follows:

	30 June 2013 HK$ million	31 December 2012 HK$ million
Authorised but not contracted for	**–**	–
Contracted but not provided for	**81**	215

18. SHARE-BASED PAYMENTS

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

	Number of Shares subject to options
Outstanding at 1 January 2013	72,578,955
Granted during the period	4,890,000
Exercised during the period	(1,487,690)
Lapsed during the period	(4,854,339)
Outstanding at 30 June 2013	71,126,926

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

Date of grant	14 June 2013
Shares subject to options granted	4,890,000
Exercise price	HK$9.93
Vesting period	14 December 2013 to 13 June 2018
Average fair value of the share options	HK$1.65
Share price on the date of grant	HK$9.93

19. ACQUISITION OF PROPERTY INVENTORIES AND OTHER ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

(a) In May 2013, the Group acquired the remaining 10% equity interest in Guizhou Kaili Shui On Cement Co. Ltd. ("Kaili Shui On"), a 90% joint venture of the Group. Kaili Shui On was previously engaged in the production and sale of cement in Guizhou, which ceased operation in 2011 and it currently owns a land parcel for property development in Guizhou. Following the completion of the acquisition, Kaili Shui On became a wholly-owned subsidiary of the Company. 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 2013 was approximately HK$11 million.

(b) 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.

20. ACQUISITION OF A SUBSIDIARY

In May 2013, the Group acquired the remaining 25% equity interest in Guizhou Kaili Ken On Concrete Co. Ltd. ("Kaili Ken On"), a 75% joint venture of the Group. Following the completion of the acquisition, Kaili Ken On became a wholly-owned subsidiary of the Company. The net cash outflow arising from the acquisition during the period ended 30 June 2013 was approximately HK$1 million.

21. CONTINGENT LIABILITIES

At 30 June 2013, 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 to secure a bank loan of RMB110 million (HK$138 million) (31 December 2012: HK$145 million) granted to a subsidiary of an associate.

(b) Effective share of guarantees issued in favour of banks amounting to HK$366 million (31 December 2012: HK$733 million) to secure bank loans granted to certain joint ventures.

(c) 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$138 million) (31 December 2012: RMB110 million (HK$136 million)) in respect of certain of the Group's payment obligations to the Joint Venture and the Joint Venture Partner.

(d) 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 11 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, which was subsequently supplemented by a supplemental restructuring deed dated 12 October 2012, whereby the New Lender agreed not to demand fulfilment of the Company's obligations under the Guarantee for two years, subject to extension after further discussions. The outstanding principal amount of the loan under the Guarantee amounting to RMB542 million (HK$680 million) at 30 June 2013 (31 December 2012: RMB542 million (HK$668 million)) and the related interests 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.

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 2013 HK$ million	2012 HK$ million
SOCL and its subsidiaries		
Construction work income	**273**	195
Dividend income	**1**	14
Rental expenses	**1**	2
SOCL's associates		
Construction work income	**–**	281

(b) During the period, the Group had the following transactions with joint ventures.

Nature of transactions	Six months ended 30 June 2013 HK$ million	2012 HK$ million
Interest income	**34**	27
Imputed interest income	**10**	3
Management fee income	**52**	52
Construction/subcontracting work income	**121**	142
Revenue from sales of goods	**36**	32

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

Nature of transactions	Six months ended 30 June 2013 HK$ million	2012 HK$ million
Management fee income	**6**	9
Imputed interest income	**11**	11
Interest income	**6**	6
Construction/subcontracting work income	**13**	13

22. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

(e) During the period, the Group repaid unsecured non-interest bearing short-term loans of HK$50 million and RMB10 million (HK$12 million) to the wholly-owned subsidiaries of SOCL.

(f) During the period ended 30 June 2012, the Group acquired the land use rights of the land parcels located in Zunyi, Guizhou from a joint venture at a consideration of RMB312 million (HK$383 million).

(g) During the period ended 30 June 2012, the Group received dividend income amounting to HK$49 million from a joint venture.

(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	
	2013	2012
	HK$ million	HK$ million
Fees	**1**	1
Salaries and other benefits	**14**	17
Bonuses	**15**	16
Retirement benefit scheme contributions	**1**	1
Share-based payments (note ii)	**(8)**	9
	23	44

Notes:

(i) 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.

(ii) The amount included credit adjustments made during the six months period ended 30 June 2013, which were resulting from the revision of the vesting probability of certain share options granted in previous years.

22. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(i) The emoluments paid or payable to each of the nine (2012: ten) Directors which were included in note (h) above are set out as follows:

Name of Director	Notes	Fees HK$'000	Salaries and other benefits HK$'000	Bonuses HK$'000	Retirement benefit scheme contributions HK$'000	Share based payments (Note iv) HK$'000	Six months ended 30 June 2013 Total HK$'000	Six months ended 30 June 2012 Total HK$'000
Mr. Lo Hong Sui, Vincent		5	–	–	–	–	5	5
Mr. Choi Yuk Keung, Lawrence		5	2,004	2,464	123	(1,722)	2,874	6,612
Mr. Wong Kun To, Philip		5	3,052	5,056	114	(2,910)	5,317	10,235
Mr. Wong Fook Lam, Raymond		5	1,914	2,348	117	(1,741)	2,643	6,185
Mr. Wong Yuet Leung, Frankie	(i)	195	–	–	–	–	195	1,322
Mr. Gerrit Jan de Nys	(ii)	210	–	–	–	–	210	210
Ms. Li Hoi Lun, Helen	(ii)	213	–	–	–	–	213	213
Mr. Chan Kay Cheung	(ii)	280	–	–	–	–	280	269
Mr. Tsang Kwok Tai, Moses	(ii)	205	–	–	–	–	205	180
Mr. David Gordon Eldon	(iii)	–	–	–	–	–	–	157
		1,123	6,970	9,868	354	(6,373)	11,942	25,388

Notes:

(i) Non-executive Director.

(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.

(iv) The amount included credit adjustments made during the six months period ended 30 June 2013, which were resulting from the revision of the vesting probability of certain share options granted in previous years.

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

At 30 June 2013, the only financial instrument of the Group that was measured subsequent to initial recognition at fair value is available-for-sale investments, of which the fair value was derived from unadjusted quoted prices available on the Hong Kong Stock Exchange (active market).

The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate to their fair values.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

Financial assistance and guarantees provided by the Group to its affiliated companies amounted to HK$4,162 million at 30 June 2013, details of which are as follows:

		Balance at 30 June 2013			
		Unsecured loans			
Affiliated companies	Approximate effective percentage of interest	Interest free with no fixed repayment terms HK$ million	Interest bearing with no fixed repayment terms HK$ million (Note a)	Guarantee HK$ million	Total HK$ million
Brisfull Limited	50%	–	36	–	36
Cosy Rich Limited	50%	115	–	–	115
Eagle Fit Limited	53%	18	–	–	18
Gracious Spring Limited	51%	–	1,102	86	1,188
Guizhou Bijie Shui On Cement Co., Ltd.	80%	9	–	–	9
貴州遵義瑞安水泥有限公司	80%	21	–	–	21
Lafarge Shui On Cement Limited	45%	3	84	–	87
Lamma Yue Jie Company Limited	60%	17	–	–	17
Lead Wealthy Investments Limited	70%	–	856	280	1,136
Link Reach Holdings Limited	80%	148	–	–	148
Nanjing Jiangnan Cement Co., Ltd.	60%	142	–	–	142
Richcoast Group Limited	28%	611	242	276	1,129
Silver Reach Limited	65%	115	–	–	115
Super Race Limited	50%	–	1	–	1
		1,199	2,321	642	4,162

The proforma combined statement of financial position of the above affiliated companies at 30 June 2013 is as follows:

	HK$ million
Non-current assets	30,486
Current assets	22,234
Current liabilities	(22,314)
Net current liabilities	(80)
Non-current liabilities	(15,660)
Non-controlling interests	(3,521)
Shareholders' funds	11,225

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$210 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
Lead Wealthy Investments Limited	HIBOR + 3.5%
Lafarge Shui On Cement Limited	Fixed at 7.5736%
Richcoast Group Limited	Fixed at 5%
Super Race Limited	1-month HIBOR

(b) All affiliated companies are accounted for as joint ventures or associates of the Group.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

At 30 June 2013, 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

Name of Director	Number of ordinary shares				Approximate percentage of the issued share capital
	Personal interests	Family interests	Other interests	Total	
Mr. Lo Hong Sui, Vincent	–	312,000 (Note a)	234,381,000 (Note b)	234,693,000	47.53%
Mr. Choi Yuk Keung, Lawrence	540,000	–	–	540,000	0.10%
Mr. Wong Fook Lam, Raymond	32,000	–	–	32,000	0.01%
Mr. Wong Yuet Leung, Frankie	4,228,000	–	–	4,228,000	0.85%
Mr. Wong Kun To, Philip	–	192,533 (Note c)	–	192,533	0.03%

Notes:

(a) 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 234,381,000 shares mentioned in note (b) below.

(b) These shares were beneficially owned by Shui On Company Limited ("SOCL"). Of these 234,381,000 shares beneficially owned by SOCL, 220,148,000 shares were held by SOCL itself and 14,233,000 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.

(c) 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) 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.

Save as disclosed above, at 30 June 2013, 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) and the Model Code or which were required to be entered in the register required to be kept under section 352 of the SFO.

SHARE OPTIONS

During the period, options were granted to subscribe for a total of 4,890,000 shares of the Company under the share option scheme adopted by the Company on 22 August 2012 (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 1.1.2013	Granted during the period (Note a)	Exercised during the period	Lapsed during the period	At 30.6.2013	Period during which options outstanding are exercisable	Average closing reference price for exercise of options (Note b) HK$
Directors									
Mr. Choi Yuk Keung, Lawrence (Note c)	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	380,000	–	–	–	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	–	–	(300,000)	700,000	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 Fook Lam, Raymond (Note c)	12.4.2010	12.22	200,000	–	–	–	200,000	12.10.2010 to 11.4.2015	–
	12.4.2010	12.22	1,000,000	–	–	(300,000)	700,000	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, Philip (Note c)	12.4.2010	12.22	350,000	–	–	–	350,000	12.10.2010 to 11.4.2015	–
	12.4.2010	12.22	1,500,000	–	–	(450,000)	1,050,000	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	–
Sub-total			29,880,000	–	–	(1,300,000)	28,580,000		
Employees (in aggregate)	7.5.2008	19.76	1,971,043	–	–	(1,971,043)	–	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	1,768,616	–	(1,047,690)	(4,000)	716,926	9.10.2009 to 8.4.2014	10.63
	5.6.2009	11.90	550,000	–	–	(550,000)	–	7.5.2011 to 6.5.2013	–
	12.4.2010	12.22	4,660,000	–	–	(300,000)	4,360,000	12.10.2010 to 11.4.2015	–
	13.5.2011	10.66	4,790,000	–	(24,000)	(390,000)	4,376,000	13.11.2011 to 12.5.2016	10.92
	23.6.2011	10.90	1,030,000	–	–	–	1,030,000	23.12.2011 to 22.6.2016	–
	28.7.2011	10.00	22,500,000	–	–	–	22,500,000	1.5.2015 to 27.7.2021	–
	26.11.2012	8.18	5,210,000	–	(416,000)	(120,000)	4,674,000	26.5.2013 to 25.11.2017	10.37
	14.6.2013	9.93	–	4,890,000	–	–	4,890,000	14.12.2013 to 13.6.2018	–
Sub-total			42,698,955	4,890,000	(1,487,690)	(3,554,339)	42,546,926		
Total			72,578,955	4,890,000	(1,487,690)	(4,854,339)	71,126,926		

Notes:

(a) The closing price of the Company's shares preceding the date of grant of the share options on 14 June 2013 was HK$9.77.

(b) The average closing reference price represents 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 issued pursuant to the options exercised by such category of eligible participants.

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

(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 2013, 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 shareholder	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 b)	22.79%
Penta Master Fund, Limited	Beneficial owner	29,432,392 (L) (Note c)	5.96%

Notes:

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

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

(c) Among the interests owned by this shareholder, 4,321,420 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 2013.

CORPORATE GOVERNANCE

The Company is committed to maintain 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, two other Executive Directors, two Non-executive Directors 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. The member lists of the Board and its various Committees are set out in the Corporate Information section on page 57 of this Interim Report.

Audit Committee

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2013, 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 considered and approved the remuneration packages and annual bonuses of the Executive Directors. The Remuneration Committee has also considered the recommendations on vesting/grant of share options for the Executive Directors and other management staff.

Nomination Committee

During the period, the Nomination Committee has reviewed the structure, size and composition of the Board and its Committees as well as the time commitment required of the Directors. The Nomination Committee has also considered a Board Diversity Policy with a recommendation to the Board for approval.

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, the cash flow forecast and funding requirements of the Group.

Investment Committee

The Investment Committee has assessed the disposal recommendation on a property project of the Group during the period.

Executive Committee

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

Compliance with the Corporate Governance Code

Throughout the six months ended 30 June 2013, the Company complied with all the code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Listing Rules, except for the deviations explained below.

A code provision of the CG Code provides that the terms of reference of the Remuneration Committee should include, as a minimum, the responsibilities to (i) determine or make recommendations to the Board on the remuneration packages of the individual Executive Director and senior management; (ii) review and approve compensation payable to Executive Directors and senior management for any loss or termination of office or appointment; and (iii) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives. The Remuneration Committee has reviewed its functions 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 their daily business operations. The Remuneration Committee would continue to be primarily responsible for the review and determination of the remuneration package of the individual Executive Director. After due consideration, the Board adopted the revised terms of reference of the Remuneration Committee with the said responsibilities in relation to the remuneration and compensation of management excluded 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 amendment to the terms of reference of the Remuneration Committee in this respect. The Non-executive Directors abstain 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, all Directors have confirmed that they complied with the required standard set out in the Model Code throughout 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 2012 Annual Report of the Company are set out as follows:

Name of Director	Details of changes
Mr. Choi Yuk Keung, Lawrence	• Appointed as a Managing Director of the Company in addition to his role of Vice Chairman with effect from 1 July 2013. • Monthly salary and allowances increased to HK$376,000, with bonus payment 100% based on Company performance (salary and bonus components to be normally related to his aggregate remuneration in a 50:50 proportion), with effect from 1 July 2013. • Appointed as a member of the Nomination Committee of the Company with effect from 1 July 2013.
Mr. Wong Fook Lam, Raymond	• Appointed as a Managing Director of the Company in addition to his role of Chief Financial Officer with effect from 1 July 2013. • Monthly salary and allowances increased to HK$350,500, with bonus payment 100% based on Company performance (salary and bonus components to be normally related to his aggregate remuneration in a 50:50 proportion), with effect from 1 July 2013.
Mr. Wong Yuet Leung, Frankie	• Appointed as the chairman of the Finance Committee of the Company with effect from 1 July 2013. • Annual fee for serving the Finance Committee increased to HK$95,000 with effect from 1 July 2013. • Ceased to act as the managing director of Shui On Holdings Limited (being a wholly-owned subsidiary of SOCL, the Company's controlling shareholder), but remains as an executive director of the company and appointed as an advisor to the chairman of the Shui On Group with effect from 1 August 2013.
Mr. Wong Kun To, Philip	• Ceased to act as the Managing Director and Chief Executive Officer of the Company as well as a director of certain of its subsidiaries with effect from 1 July 2013. • Re-designated as a Non-executive Director of the Company for a term of three years commencing from 1 July 2013 at a Director's fee of HK$250,000 per annum. • Ceased to act as the chairman of the Finance Committee and a member of the Nomination Committee, Investment Committee and Executive Committee of the Company with effect from 1 July 2013. • Appointed as the Chief Executive Officer of China Xintiandi Limited (being a wholly-owned subsidiary of Shui On Land Limited, which is a subsidiary of SOCL, the Company's controlling shareholder) with effect from 1 July 2013.
Mr. Gerrit Jan de Nys	• Service contract for serving as an Independent Non-executive Director of the Company renewed for a term of three years commencing from 28 May 2013.

Further details about the emoluments of all the Directors of the Company for the six months ended 30 June 2013 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 and Managing Director)
Mr. Wong Fook Lam, Raymond
(Managing Director and Chief Financial Officer)

Non-executive Directors

Mr. Wong Yuet Leung, Frankie
Mr. Wong Kun To, Philip

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. Choi Yuk Keung, Lawrence
Mr. Gerrit Jan de Nys
Mr. Chan Kay Cheung
Mr. Tsang Kwok Tai, Moses

FINANCE COMMITTEE

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

INVESTMENT COMMITTEE

Mr. Choi Yuk Keung, Lawrence (Chairman)
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 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

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

STOCK CODE

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