SHANGHAI ZENDAI
上海証大房地產有限公司

SHANGHAI ZENDAI PROPERTY LIMITED

(incorporated in Bermuda with limited liability)

Stock Code : 00755

INTERIM REPORT 2013

Contents

The Board of Directors of Shanghai Zendai Property Limited (the "Company") is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2013.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		Six months ended	
	Notes	30 June 2013 *HK$'000* (Unaudited)	30 June 2012 *HK$'000* (Unaudited)
Turnover	4	1,081,212	464,283
Cost of sales		(698,873)	(254,959)
Gross profit		382,339	209,324
Other income and gains	5	59,112	1,041,034
Distribution costs		(35,322)	(50,891)
Administrative expenses		(215,477)	(180,906)
Change in fair value of investment properties		61,677	–
Share of results of associates		(6,890)	(9,257)
Share of results of joint ventures		(14,249)	(4,461)
Finance costs		(110,995)	(104,995)
Profit before tax credit/(expenses)	6	120,195	899,848
Tax credit/(expenses)	7	161,362	(340,782)
Profit for the period		281,557	559,066
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		135,186	36,400
Release of other revaluation reserve on disposal of properties for sales held by associates		(11,668)	2,819
Tax expenses/(credit) related to release of other revaluation reserve		2,917	(423)
Release of foreign exchange reserve upon disposal of subsidiaries		–	(539,506)
Other comprehensive income for the period, net of tax		126,435	(500,710)
Total comprehensive income for the period		407,992	58,356

	Notes	Six months ended 30 June 2013 HK$'000 (Unaudited)	Six months ended 30 June 2012 HK$'000 (Unaudited)
Profit/(loss) for the period attributable to:			
– Owners of the Company		281,367	561,601
– Non-controlling interests		190	(2,535)
		281,557	559,066
Total comprehensive income attributable to:			
– Owners of the Company		404,126	60,850
– Non-controlling interests		3,866	(2,494)
		407,992	58,356
Earnings per share			
– Basic	9	HK2.26 cents	HK4.51 cents
– Diluted		HK2.26 cents	HK4.51 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	30 June 2013 HK$'000	31 December 2012 HK$'000
Non-current assets			
Property, plant and equipment	10	390,876	385,910
Investment properties		2,625,660	2,575,421
Payment for leasehold land held for own use under operating leases		622,167	619,904
Goodwill		102,750	101,975
Interests in associates		545,899	545,918
Interests in joint ventures	11	1,379,922	43,389
Available-for-sale investments	12	67,102	30,906
Total non-current assets		5,734,376	4,303,423
Current assets			
Properties under development and for sales		6,366,352	5,877,086
Inventories		1,886	2,000
Trade and other receivables	13	676,324	624,666
Deposits for property development	14	–	441,838
Amount due from an associate		1,194,380	798,782
Amounts due from joint ventures		793,245	813,599
Available-for-sale investments	12	2,639	2,584
Amounts due from related companies		16,392	15,080
Pledged bank deposits	15	862,231	1,317,421
Tax prepayments		47,550	44,872
Entrusted loan receivables		251,319	110,728
Cash and cash equivalents		1,204,943	1,508,600
Total current assets		11,417,261	11,557,256
Total assets		17,151,637	15,860,679

	Notes	30 June 2013 HK$'000	31 December 2012 HK$'000
Current liabilities			
Trade, notes and other payables	16	1,002,034	1,278,137
Receipts in advance from customers		1,556,932	1,706,919
Entrusted loan payables		125,660	–
Amount due to a joint venture		693,642	–
Amounts due to minority owners of subsidiaries		112,977	42,714
Bank loans		1,469,933	1,325,085
Tax payables		1,049,253	1,261,738
Total current liabilities		6,010,431	5,614,593
Net current assets		5,406,830	5,942,663
Total assets less current liabilities		11,141,206	10,246,086
Non-current liabilities			
Bank loans	17	4,070,037	3,631,598
Deferred tax liabilities		589,419	642,773
Other payables		181,437	171,880
Total non-current liabilities		4,840,893	4,446,251
Total liabilities		10,851,324	10,060,844
TOTAL NET ASSETS		6,300,313	5,799,835
Capital and reserves attributable to owners of the Company			
Share capital		248,747	248,747
Reserves		5,751,050	5,346,924
Equity attributable to owners of the Company		5,999,797	5,595,671
Non-controlling interests		300,516	204,164
TOTAL EQUITY		6,300,313	5,799,835

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Special capital reserve HK$'000	Statutory surplus reserve HK$'000	Share option reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Foreign exchange reserve HK$'000	Other revaluation reserve HK$'000	Equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2013 (Audited)	248,747	1,871,660	1,074	157,315	68,541	437,272	35,817	(4,987)	2,593,204	171,546	15,482	5,595,671	204,164	5,799,835
Profit for the period	–	–	–	–	–	–	–	–	281,367	–	–	281,367	190	281,557
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	–	–	131,510	–	131,510	3,676	135,186
Release of other revaluation reserve on disposal of properties for sales held by associates, net of tax	–	–	–	–	–	–	–	–	–	–	(8,751)	(8,751)	–	(8,751)
Total comprehensive income for the period	–	–	–	–	–	–	–	–	281,367	131,510	(8,751)	404,126	3,866	407,992
Contribution by a minority owner	–	–	–	–	–	–	–	–	–	–	–	–	92,486	92,486
Release of statutory surplus reserve upon deregistration of subsidiaries	–	–	–	–	–	(102,513)	–	–	102,513	–	–	–	–	–
Transfer to statutory surplus reserve	–	–	–	–	–	5,273	–	–	(5,273)	–	–	–	–	–
At 30 June 2013 (Unaudited)	248,747	1,871,660	1,074	157,315	68,541	340,032	35,817	(4,987)	2,971,811	303,056	6,731	5,999,797	300,516	6,300,313

	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Special capital reserve HK$'000	Statutory surplus reserve HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Foreign exchange reserve HK$'000	Other revaluation reserve HK$'000	Equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2012 (Audited)	249,276	1,874,593	1,074	157,315	68,541	411,883	39,378	2,060,330	674,098	12,942	5,549,430	263,495	5,812,925
Profit for the period	–	–	–	–	–	–	–	561,601	–	–	561,601	(2,535)	559,066
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	–	36,359	–	36,359	41	36,400
Release of other revaluation reserve on disposal of properties for sales held by associates, net of tax	–	–	–	–	–	–	–	–	–	2,396	2,396	–	2,396
Release of foreign exchange reserve upon disposal of subsidiaries	–	–	–	–	–	–	–	–	(539,506)	–	(539,506)	–	(539,506)
Total comprehensive income for the period	–	–	–	–	–	–	–	561,601	(503,147)	2,396	60,850	(2,494)	58,356
Cancellation upon repurchase of own shares	(529)	(2,919)	–	–	–	–	–	–	–	–	(3,448)	–	(3,448)
Transaction costs attributable to repurchase of shares	–	(14)	–	–	–	–	–	–	–	–	(14)	–	(14)
Release upon lapse of share options	–	–	–	–	–	–	(2,891)	2,891	–	–	–	–	–
Transfer to statutory surplus reserve	–	–	–	–	–	28,370	–	(28,370)	–	–	–	–	–
At 30 June 2012 (Unaudited)	248,747	1,871,660	1,074	157,315	68,541	440,253	36,487	2,596,452	170,951	15,338	5,606,818	261,001	5,867,819

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Six months ended	
	30 June 2013 *HK$'000* (Unaudited)	30 June 2012 *HK$'000* (Unaudited)
Net cash used in operating activities	(500,601)	(1,309,400)
Net cash (used in)/from investing activities	(1,202,102)	2,252,445
Net cash from/(used in) financing activities	1,336,361	(768,971)
Net (decrease)/increase in cash and cash equivalents	(366,342)	174,074
Cash and cash equivalents at beginning of period	1,508,600	888,224
Effect of foreign exchange rate changes	62,685	60,744
Cash and cash equivalents at end of period	1,204,943	1,123,042

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

The HKICPA has issued a few amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following amendment is relevant to the Group's condensed consolidated financial statements:

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statement
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurements
HKAS 27 (revised)	Separate Financial Statements
HKAS 28 (revised)	Investments in Associates and Joint Ventures

HKFRSs (Amendments) – Annual Improvements 2009-2011 Cycle

HKAS 34 Interim Financial Reporting

The amendments clarifies that in interim financial statements, a measure of total assets and liabilities for a particular reportable segment need to be disclosed when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total assets and liabilities for that segment from the amount disclosed in the last annual financial statements. Since the chief operating decision maker reviews liabilities of the Group's reportable segments for performance assessment and resource allocation purposes, the Group has included total liabilities information as part of segment information in the interim report.

2. PRINCIPAL ACCOUNTING POLICIES – Continued

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The Group's presentation of other comprehensive income in the interim report has been modified accordingly.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption of the standard does not change any of the control conclusions reached by the Group is respect of its involvement with other entities as at 1 January 2013.

HKFRS 11 – Joint Arrangements

Joint arrangements under HKFRS 11 have the same basic characteristics as joint ventures under HKAS 31. Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangement, it is regarded as a joint operator and will recognise its interests in the assets, liabilities, income and expenses arising from the joint arrangement. Where the Group has rights to the net assets of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and will apply the equity method of accounting. HKFRS 11 does not allow proportionate consolidation. In an arrangement structured through a separate vehicle, all relevant facts and circumstances should be considered to determine whether the parties to the arrangement have rights to the net assets of the arrangement. Previously, the existence of a separate legal entity was the key factor in determining the existence of a jointly controlled entity under HKAS 31. As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to interests in joint arrangements and re-evaluated its involvement with joint arrangements.

The Group has reclassified its interests in jointly controlled entities to interests in joint ventures. The interests continue to be accounted for using the equity method and therefore the reclassification does not have any material impact on the financial position and financial results of the Group.

2. PRINCIPAL ACCOUNTING POLICIES – Continued

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. Some of the disclosures are specifically required for financial instruments in interim financial reports. These disclosures have been provided in note 21.

The Group has not early applied the following revised standards, amendments and interpretations that have been issued, potentially relevant to the Group, but are not yet effective.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 10, HKFRS 11 and HKAS 27	Investment entities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
HK (IFRIC) Interpretation 21	Levies[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
HKFRS 9	Classification of financial assets and financial liabilities[2]

[1] Effective for annual periods beginning on or after 1 January 2014
[2] Effective for annual periods beginning on or after 1 January 2015

Having assessed the impact of these revised standards, amendments and interpretations on the Group's financial statements, the directors of the Company have so far concluded that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of these condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.

4. SEGMENT INFORMATION

The Group determines its operating segments based on the reports regularly reviewed by the chief operating decision maker that are used to assess performance and allocate resources. The chief operating decision maker considers the business primarily on the basis of the types of goods and services supplied by the Group. The Group is currently organised into four operating divisions which comprise (i) sales of properties; (ii) hotel operations; (iii) properties rental, management and agency services; and (iv) provision of travel and related services. The Group's operations are principally located in the People's Republic of China (the "PRC") and Hong Kong.

Certain revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision maker for assessment of segment performance.

Segment information is presented below:

(a) Information about reportable segment revenue, profit or loss and other information

	Sales of properties		Hotel operations		Properties rental, management and agency services		Travel and related services		Group	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2013 HK$'000 (Unaudited)	2012 HK$'000 (Unaudited)	2013 HK$'000 (Unaudited)	2012 HK$'000 (Unaudited)	2013 HK$'000 (Unaudited)	2012 HK$'000 (Unaudited)	2013 HK$'000 (Unaudited)	2012 HK$'000 (Unaudited)	2013 HK$'000 (Unaudited)	2012 HK$'000 (Unaudited)
Reportable segment revenue from external sales	845,765	253,942	72,066	71,068	157,659	133,150	5,722	6,123	1,081,212	464,283
Reportable segment profit before tax credit/(expenses)	165,962	858,485	(9,893)	376	98,392	162,263	(57)	7	254,404	1,021,131
Other information										
Bank interest income	17,673	6,551	–	–	480	362	–	–	18,153	6,913
Interest income from other receivables	4,261	–	–	–	–	–	–	–	4,261	–
Interest income from entrusted loans receivables	8,215	37,106	–	–	–	–	–	–	8,215	37,106
Depreciation of property, plant and equipment	(2,677)	(2,602)	(7,654)	(6,835)	(812)	(630)	–	–	(11,143)	(10,067)
Amortisation of payment for leasehold land held for own use under operating leases	–	–	(10,792)	(9,156)	–	–	–	–	(10,792)	(9,156)
Write-down of property under development	(3,276)	–	–	–	–	–	–	–	(3,276)	–
Impairment loss on other receivables	–	(5,787)	–	–	–	–	–	–	–	(5,787)
Change in fair value of investment properties	–	–	–	–	61,677	–	–	–	61,677	–
Gain on disposal of subsidiaries	117	826,645	–	–	–	–	–	–	117	826,645
Gain on disposal of investment properties	–	–	–	–	4,928	158,733	–	–	4,928	158,733
Share of results of associates	(1,065)	8	(5,825)	(9,265)	–	–	–	–	(6,890)	(9,257)
Share of results of joint ventures	(14,249)	(4,461)	–	–	–	–	–	–	(14,249)	(4,461)

4. SEGMENT INFORMATION – Continued

(b) Reconciliation of reportable segment profit before tax credit/(expenses)

	Six months ended 30 June 2013 HK$'000 (Unaudited)	Six months ended 30 June 2012 HK$'000 (Unaudited)
Reportable segment profit before tax credit/(expenses)	254,404	1,021,131
Unallocated bank interest income	518	547
Dividend income from available-for-sale investment	1,736	1,739
Finance costs	(110,995)	(104,995)
Unallocated head office and corporate expenses	(25,468)	(18,574)
Profit before tax credit/(expenses)	120,195	899,848

(c) Total segment assets

	30 June 2013 HK$'000 (Unaudited)	31 December 2012 HK$'000 (Audited)
Sales of properties	11,598,233	10,331,581
Hotel operations	1,374,884	1,350,136
Properties rental, management and agency services	2,897,093	2,705,614
Travel and related services	1,685	3,098
Total segment assets	15,871,895	14,390,429
Unallocated		
– Pledged bank deposits	862,231	1,317,421
– Head office and corporate assets	417,511	152,829
Total assets	17,151,637	15,860,679

4. SEGMENT INFORMATION – Continued

(d) Total segment Liabilities

	30 June 2013 HK$'000 (Unaudited)	31 December 2012 HK$'000 (Audited)
Sales of properties	5,904,824	7,610,684
Hotel operations	17,908	14,960
Properties rental, management and agency services	415,304	426,833
Travel and related services	1,328	2,683
Total segment liabilities	6,339,364	8,055,160
Unallocated		
– Borrowings	4,285,547	1,983,303
– Head office and corporate liabilities	226,413	22,381
Total liabilities	10,851,324	10,060,844

5. OTHER INCOME AND GAINS

	Six months ended 30 June 2013 HK$'000 (Unaudited)	Six months ended 30 June 2012 HK$'000 (Unaudited)
Bank interest income	18,671	7,460
Interest income from entrusted loans receivables	8,215	37,106
Interest income from other receivables	4,261	–
Gain on disposal of investment properties	4,928	158,733
Gain on disposal of subsidiaries *(note 19)*	117	826,645
Dividend income from available-for-sale investment	1,736	1,739
Rental income *(note)*	5,200	5,804
Advertising income	2,923	–
Exchange gain, net	1,835	1,394
Others	11,226	2,153
	59,112	1,041,034

Note:

Rental income was derived from certain office units included in properties for sales, which the Group intends to sell subject to the tenancy agreements.

6. PROFIT BEFORE TAX CREDIT/(EXPENSES)

	Six months ended 30 June 2013 HK$'000 (Unaudited)	Six months ended 30 June 2012 HK$'000 (Unaudited)
Profit before tax credit/(expenses) has been arrived at after charging:		
Depreciation on property, plant and equipment	11,143	10,067
Amortisation of payment for leasehold land held for own use under operating leases	10,792	9,156
Impairment loss on other receivables	–	5,787
Write-down of property under development	3,276	–

7. TAX (CREDIT)/EXPENSES

The amount of tax (credit)/expenses in the condensed consolidated statement of comprehensive income represents:

	Six months ended 30 June 2013 HK$'000 (Unaudited)	Six months ended 30 June 2012 HK$'000 (Unaudited)
Current tax – PRC Enterprise Income Tax ("EIT")		
– tax for the period	13,746	218,953
– (over)/under provision in respect of prior years	(13,395)	24,669
	351	243,622
Current tax – Land Appreciation Tax ("LAT")		
– tax for the period	64,998	117,141
– (over)/under provision in respect of prior years *(note)*	(166,292)	685
	(101,294)	117,826
Deferred tax		
– current period	20,231	(20,666)
– attributable to decrease in tax rate	(80,650)	–
	(60,419)	(20,666)
	(161,362)	340,782

Note:

Two property development companies in Shanghai province are subject to LAT calculated at a rate range from 5.3% of 5.5% on the proceeds from sales of properties, as agreed with the local tax authority in the period ended 30 June 2013 which differed from the management's estimated rate made in prior years, resulting in an overprovision of LAT in respect of prior years.

7. TAX (CREDIT)/EXPENSES – Continued

Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong for the current and prior periods.

EIT

PRC subsidiaries of the Company are subject to EIT at 25% (six months ended 30 June 2012: 25%).

Pursuant to the PRC tax law passed on 16 March 2007, a 10% withholding tax will be levied on dividends declared to foreign investors effective from 1 January 2008. However, a 5% withholding tax will be levied on dividends declared to Hong Kong investor under the tax treaty arrangement between the PRC and Hong Kong. Further to the issuance of Guofa (2007) No. 39, the Ministry of Finance and the State Administration of Taxation released notice Caishui (2008) No. 1 on 22 February 2008, stating that the distributions of the pre-2008 earnings of a foreign invested enterprise to a foreign investor in 2008 or later will be exempted from any withholding taxes.

LAT

LAT 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 expenditures including costs of land and development and construction expenditures.

8. DIVIDEND

The directors do not recommend the payment of an interim dividend for the period (six months ended 30 June 2012: Nil).

9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per shares is based on the Group's profit for the period attributable to owners of the Company of approximately HK$281,367,000 (2012: HK$561,601,000) and weighted average number of 12,437,352,000 (2012: 12,438,861,000) ordinary shares in issue during the period.

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise prices of those options are higher than the average market price for shares for both periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment at cost of HK$8,998,000 (six months ended 30 June 2012: HK$5,900,000).

11. INTERESTS IN JOINT VENTURES

Pursuant to the Agreement (as defined) as detailed in note 19, 南京証大大拇指商業發展有限公司 (Nanjing Zendai Thumb Plaza Development Co., Ltd.) ("Nanjing Zendai"), the then wholly owned subsidiary, became a joint venture of the Group. According to the Agreement, the Venturer is entitled to 23% of the profit of Nanjing Zendai since 5 January 2013, on which date the Group completed the disposal of 10% equity interest therein (the "Completion Date"). The Group is granted the right to request the Venturer to sell its Sale Interest (as defined) to the Group and the Venturer is granted the right to request the Group to repurchase its Sale Interest on the earlier of 45 months from the Completion Date and the date on which sales rate of all properties (including the pre-sale and delivered properties) on the property development project reaches 90%. The consideration for the Sale Interest under such repurchase is the aggregate of the registered capital of Nanjing Zendai contributed by the Venturer and 23% of all the distributable profit of Nanjing Zendai assuming Nanjing Zendai being liquidated, minus the profit already distributed to Nanjing Zendai during the period from the Completion Date to the date of such repurchase.

The Venturer has provided Nanjing Zendai a loan of RMB580 million at interest rate of 10% per annum with loan period ranged from 2 years to 2.5 years. The loan is secured by 45% equity interest in Nanjing Zendai as further disclosed in note 25(a).

12. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2013 *HK$'000* (Unaudited)	31 December 2012 *HK$'000* (Audited)
Unlisted equity interests, at cost *(note a)*	67,102	30,906
Investment funds, at fair value *(note b)*	2,639	2,584
	69,741	33,490

Notes:

(a) The balance represents investments cost of HK$67,102,000 (31 December 2012: HK$30,906,000) in three (31 December 2012: three) private entities established in the PRC and are classified under non-current assets. They are measured at cost less any impairment at the end of each reporting period because the directors of the Company are of the opinion that their fair values cannot be measured reliably.

(b) These funds are operated by the Agricultural Bank of China and Bank of Communication. According to the funds' prospectus, these funds invest in listed and unlisted securities in the PRC and other commodities contracts. The expected return on these funds ranged from 3% to 5% as estimated by the issuers.

13. TRADE AND OTHER RECEIVABLES

The Group generally grants no credit period to its customers on sales of properties, except for certain significant transactions where credit terms or settlement schedules are negotiated on an individual basis. A credit period ranging from 30 to 60 days is granted to customers in travel and related services.

Included in trade and other receivables of the Group are trade receivables of HK$34,054,000 (31 December 2012: HK$31,395,000). The aging analysis of trade receivables at the end of reporting period is as follows:

	30 June 2013 *HK$'000* (Unaudited)	31 December 2012 *HK$'000* (Audited)
Current	12,244	3,205
Less than 1 month past due	7,386	8,964
1 to 3 months past due	7,041	3,343
More than 3 months but less than 12 months past due	389	8,271
More than 12 months past due	6,994	7,612
Amount past due at end of reporting period but not impaired *(note)*	21,810	28,190
	34,054	31,395

Note:

The balance of HK$21,810,000 (31 December 2012: HK$28,190,000) was past due but not impaired. For past due but not impaired receivables relating to sales of properties, the Group has the right to cancel the sales contracts and take over the legal title and possession of the underlying properties for re-sales when the purchasers have default in repayment. For past due but not impaired receivables relating to properties rental, management and agency services, they related to a number of customers with good repayment history. Therefore, the management considered that no impairment loss is required to be recognised.

Included in the amount was an other receivable of approximately HK$52,500,000 in relation to an agreement signed between the Group and an independent third party for a property development project. The Group paid approximately HK$52,500,000 for the project pursuant to the terms of the agreement but the agreement was subsequently cancelled as agreed by both parties. The receivable of HK$52,500,000 was due to be refundable to the Group on 30 June 2013 and carried no interest. It is further subject to a six-months concession after 30 June 2013 which carried 10% interest per annum. The Group held four artworks as collateral for the receivable. The Group considers that the credit risk arising from the receivable is significantly mitigated by the artworks held as collateral, with reference to the estimated market value of the artworks at 30 June 2013.

14. DEPOSITS FOR PROPERTY DEVELOPMENT

Included in deposits for property development of the Group are deposits paid for acquisition of land use rights in the PRC of HK$Nil (31 December 2012: HK$414,276,000).

15. PLEDGED BANK DEPOSITS

The Group's pledged bank deposits represented deposits pledged to banks to secure bank loans granted to the Group. The pledged bank deposits carry interest ranging from 3.05% to 3.50% per annum (31 December 2012: ranging from 3.05% to 3.50% per annum).

16. TRADE, NOTES AND OTHER PAYABLES

Included in trade, notes and other payables of the Group are trade and notes payables of HK$770,273,000 (31 December 2012: HK$915,734,000). The aging analysis of trade and notes payables at the end of reporting period is as follows:

	30 June 2013 *HK$'000* (Unaudited)	31 December 2012 *HK$'000* (Audited)
Current or less than 1 month	676,691	695,539
1 to 3 months	15,898	59,339
More than 3 months but less than 12 months	12,429	6,483
More than 12 months	42,300	130,783
	747,318	892,144
Retention money	22,955	23,590
	770,273	915,734

The trade and notes payables mainly represented accrued construction costs payable to contractors and the amounts will be paid upon the completion of cost verification process between the contractors and the Group.

17. BANK LOANS

Included in HK$4,070,037,000 non-current bank loans is a loan of HK$300,000,000 which carries a covenant that requires Mr. Dai Zhikang, the controlling shareholder and an executive director of the Company to beneficially own, directly or indirectly, 35% or more of the issued share capital and ownership interests in the Company or to remain as the single largest shareholder of the Company.

18. SHARE OPTION SCHEME

No option was granted under the Share Option Scheme during the six months ended 30 June 2012 and 2013.

The exercise price of options outstanding at the end of the period range between HK$0.3840 and HK$0.3850 (six months ended 30 June 2012: HK$0.3840 and HK$0.3850) and their weighted average remaining contractual life were 0.63 year (six months ended 30 June 2012: 1.62 years).

Of the total number of options outstanding at the end of the period, options for 262,000,000 (six months ended 30 June 2012: 216,000,000) shares had vested and were exercisable at the end of the period.

During the six months ended 30 June 2013, no options for shares had been forfeited.

During the six months ended 30 June 2012, options for 23,000,000 shares had been forfeited. The value of forfeited options of HK$2,891,000 was released directly to retained profits.

18. SHARE OPTION SCHEME – Continued

The following table discloses the movements of share options during the period:

Date of grant	Exercisable period	Exercise price *HK$*	Number of shares in respect of the options granted: Outstanding at 1 January 2013	Forfeited during the period	Outstanding at 30 June 2013
Options granted to directors					
12 November 2009	12 November 2010 – 11 November 2013	0.3850	17,000,000	–	17,000,000
12 November 2009	12 November 2011 – 11 November 2013	0.3850	9,000,000	–	9,000,000
12 November 2009	12 November 2012 – 11 November 2013	0.3850	9,000,000	–	9,000,000
30 March 2010	30 March 2011 – 29 March 2014	0.3840	68,000,000	–	68,000,000
30 March 2010	30 March 2012 – 29 March 2014	0.3840	46,000,000	–	46,000,000
30 March 2010	30 March 2013 – 29 March 2014	0.3840	36,000,000	–	36,000,000
			185,000,000	–	185,000,000
Options granted to employees					
12 November 2009	12 November 2010 – 11 November 2013	0.3850	30,000,000	–	30,000,000
12 November 2009	12 November 2011 – 11 November 2013	0.3850	15,000,000	–	15,000,000
30 March 2010	30 March 2011 – 29 March 2014	0.3840	15,000,000	–	15,000,000
30 March 2010	30 March 2012 – 29 March 2014	0.3840	11,000,000	–	11,000,000
30 March 2010	30 March 2013 – 29 March 2014	0.3840	6,000,000	–	6,000,0000
			77,000,000	–	77,000,000
			262,000,000	–	262,000,000
Weight average exercise price *(HK$)*			0.3843	–	0.3843

19. DISPOSAL OF SUBSIDIARIES

On 16 November 2012, the Group entered into an agreement (the "Agreement") with an independent third party ("Venturer") to dispose of its 10% equity interest ("Sale Interest") in Nanjing Zendai for a cash consideration of RMB120,000,000 (equivalent to approximately HK$148,240,000). The transaction led to the reduction of the Group's equity interests in Nanjing Zendai from 100% to 90%. According to the Agreement, Nanjing Zendai is jointly controlled by the Group and the Venturer and, therefore, Nanjing Zendai became a joint venture of the Group. The disposal was completed on 5 January 2013. The consideration was fully settled on 30 June 2013.

	Six months ended 30 June 2013 *HK$'000* **(Unaudited)**
Net assets disposed of	1,481,230
Gain on disposal of 10% equity interests in Nanjing Zendai	117
Total consideration	1,481,347
Total consideration satisfied by:	
Cash received	148,240
Fair value of 90% retained equity interests in Nanjing Zendai	1,333,107
	1,481,347
Net cash outflow arising from the disposal	791,005

20. COMMITMENTS

	30 June 2013 *HK$'000* **(Unaudited)**	31 December 2012 *HK$'000* (Audited)
Commitments in respect of properties under development and investment properties – contracted for but not provided	**1,155,148**	1,222,797

21. FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	30 June 2013			31 December 2012		
	Level 1	Level 3	Total	Level 1	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets						
Available-for-sale financial assets						
– Investment funds	2,639	–	2,639	2,584	–	2,584
Financial liabilities						
Financial liabilities measured at fair value						
– Contingent payable for acquisition of a subsidiary *(note)*	–	24,184	24,184	–	22,687	22,687

Note:

The contingent consideration is measured at fair value based on the discounted cash flow of the amount of approximately RMB25,000,000 (equivalent to approximately HK$31,410,000) which the Group will settle upon the completion of the development. The management of the Group used its internal budgets and cash flow forecasts which included information about the fair value measurement using significant unobservable inputs (level 3). Upon subsequent re-measurement, fair value changes on contingent payable for acquisition of a subsidiary are included in property under development.

22. CONTINGENT LIABILITIES

The Group provided guarantees to the extent of HK$319,062,000 at 30 June 2013 (31 December 2012: HK$246,505,000) for customers in favour of banks in respect of mortgage loans provided by the banks to customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks would be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

23. LITIGATION

On 4 June 2012, Shanghai Zendai Land Company Limited ("Shanghai Zendai Land"), a wholly-owned subsidiary of the Company, was served a document of summons issued by Shanghai No. 1 Intermediate People's Court ("the Court") in relation to disputes on asset damage and compensation and breaching of pre-emptive rights in shareholding of Shanghai Haizhimen Property Management Co., Ltd. ("Shanghai Haizhimen"), the then associate of the Company, initiated by Zhejiang Fosun Commerce Development Limited ("Zhejiang Fosun") (the "Claims").

On 24 April 2013, the Court issued a first instance judgment (the "Judgment") and granted an order to (i) invalidate the agreement on disposal of Shanghai Zendai Wudaokou Property Company Limited ("Shanghai Zendai Wudaokou"); (ii) invalidate the share transfer agreement relating to the transfer of the entire equity interests of Shanghai Zendai Wudaokou to an independent third party ("Purchaser"), and, (iii) restate the ownership of Shanghai Zendai Wudaokou within 15 days after the effective date of the Judgment to the state prior to the transfer.

On 7 May 2013, an appeal (the "Appeal") was lodged with the Higher People's Court of Shanghai against the Judgment.

The Company's PRC legal advisers have advised that since the Appeal has been duly lodged, the Judgment cannot be enforced and will not become effective pending the results of the Appeal. In addition, the Company's PRC legal advisers consider that the legal grounds on which the Judgment was based are mistaken. Accordingly, the Company's PRC legal advisers are of the view that there are valid grounds for the Appeal and that the Company has a reasonable chance to win the Appeal.

The Directors believe that the disposal of the equity interests of Shanghai Zendai Wudaokou does not constitute a breach of any pre-emptive rights based on the legal advice. As the Judgment will not become effective pending the results of the Appeal, the Directors consider that the Group does not control Shanghai Zendai Wudaokou and therefore it should not be consolidated in the Group's interim condensed consolidated financial statements. Further, the Directors are of the opinion that is not probable that the Group will incur any loss as a result of the Claims based on the legal advice.

In the event that the Appeal is unsuccessful, the agreement on Wudaokou Disposal and share transfer agreement in relation to the sale of Shanghai Zendai Wudaokou would be invalidated and ownership would revert to the Group. Should this happen, the Group may need to pay back the previously received consideration which amounted to RMB2,860,000,000 (equivalent to HK$3,593,867,000) to the Purchaser. The Group would also obtain control of Shanghai Zendai Wudaokou. Adjustments would need to be made to the consolidated financial statements to recognise the liability, if any, to the Purchaser and to recognise the assets and liabilities of Shanghai Zendai Wudaokou.

24. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these condensed consolidated financial statements, the Group had the following transactions with related parties during the period:

Compensation of key management personnel

The remuneration of directors and other members of key management during the period were as follows:

	Six months ended	
	30 June 2013	30 June 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Short-term benefits	**8,815**	6,668

The remuneration of directors and key executives is determined by the Board of Directors having regard to the performance of individuals and market trends.

25. PLEDGE OF ASSETS

At the end of the reporting period, the carrying amounts of following assets of the Group were pledged to secure the credit facilities granted to the Group, the carrying amount of the assets were analysed below:

	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Property, plant and equipment	**344,539**	343,286
Payment for leasehold land held for own use under operating leases	**622,167**	619,904
Investment properties	**2,390,985**	2,285,078
Properties under development and for sales	**1,202,440**	1,500,587
Pledged bank deposits	**862,231**	1,317,421
	5,422,362	6,066,276

(a) At 30 June 2013, the Group pledged 45% equity interest in Nanjing Zendai, with attributable carrying amount of approximately HK$674,441,000 (31 December 2012: HK$272,275,000) to secure a bank loan granted to the Group's joint venture.

(b) At 31 December 2012, the Group pledged 45% equity interest in Shanghai Himalayas Real Estate Company Limited, an associate of the Group, with attributable carrying amount of approximately HK$361,505,000 to Shanghai Forte Land Co., Ltd. ("Shanghai Forte"), an equity holder of a former associate of the Group, for securing Shanghai Forte's interests in Shanghai Haizhimen. The pledge was released during the period.

26. EVENT AFTER REPORTING PERIOD

On 21 June 2013, the Company entered into 2 share subscription agreements to issue 2,442,000,000 new shares at the subscription price of HK$0.14 each to 2 independent parties. All the shares ranked pari passu in all respects among themselves and all other existing shares. These new shares were issued on 16 July 2013 and the subscription money of HK$341,880,000 was duly received.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF SHANGHAI ZENDAI PROPERTY LIMITED

Introduction

We have reviewed the interim financial information set out on pages 2 to 24 which comprise the condensed consolidated statement of financial position of Shanghai Zendai Property Limited as of 30 June 2013 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and 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" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

Emphasis of Matter

Without modifying our conclusion, we draw attention to note 23 to the interim financial information which describes the significant uncertainty related to the outcome of the lawsuit filed against the Company by Zhejiang Fosun Commerce Development Limited.

BDO Limited
Certified Public Accountants

Chan Wing Fai
Practising Certificate no. P05443

Hong Kong, 26 August 2013

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The Board of Directors (the "Directors") of Shanghai Zendai Property Limited (the "Company") is pleased to announce the interim results of the Company and its subsidiaries (collectively the "Group") for the period ended 30 June 2013 (the "period" or "period under review").

During the period under review, turnover of the Group amounted to approximately HK$1,081,212,000, representing a significant increase of 133% against approximately HK$464,283,000 in the first half of 2012. As the one off gain on disposal of subsidiaries in the previous financial period was not recorded in the period under review, profit attributable to shareholders of the Company (the "Shareholders") decreased by 50% to approximately HK$281,367,000 (first half of 2012: HK$561,601,000). Basic earnings per share of the Company (the "Share") were HK2.26 cents (first half of 2012: HK4.51 cents).

The Group's turnover and profit for the period were mainly generated from:

- Delivery of residential properties in Qingdao Zendai Thumb Plaza
- Delivery of residential properties in Xizhen, Changchun, Jilin and Haimen
- Delivery of "Mandarin Palace" villas in Shanghai
- Reversal of over provision of Land Appreciation Tax in previous years

Business Review

While the global economic recovery remained slow in the first half of 2013, the central government continued to strictly regulate the property market following the implementation of austerity measures in 2012, so as to achieve the healthy development of the real estate industry. The introduction of the five policy measures including the new "Five National Regulations" to strengthen the control on the real estate market by the State Council at its standing committee meeting on 20 February 2013 further tightened the control on the real estate market and curbed the continuously increasing demand as a result of property investment and speculation. Meanwhile, as the interim austerity measures such as purchase restriction and credit control continued to tighten, coupled with the successive implementation of differentiated housing credit and taxation policies, there are more uncertainties in the real estate industry, bringing more challenges to the Group's business.

Although property developers are facing increasingly more restrictions due to the central government's austerity measures, the Group will endeavor to promote its projects and continue to strengthen its position as an integrated real estate group featuring high-end residential and commercial properties. During the period, the Group continued to identify investment opportunities that are in line with our existing resources and capabilities in terms of scale, focused on expanding the development of "Thumb Integrated Commercial Projects", and capitalized on the rigid demand brought by the increasing urbanization to develop suitable residential and commercial projects, with a view to further improving the Group's diversified business model.

During the period under review, the Group also sought for suitable land parcels to expand its land reserves in a timely manner. In January 2013, the Group won the bid for a parcel of land at Longhe Industrial Zone in Langfang, Hebei at a consideration of RMB123,000,000 (equivalent to approximately HK$151,946,000), which was intended to be developed into a residential property with a total gross floor area of 90,984 square metres.

Commercial Property Projects in China

Shanghai

Shanghai Zendai Thumb Plaza

Shanghai Zendai Thumb Plaza is a modern integrated commercial complex in a prime location near Shanghai's Century Park and the Lujiazui financial district. During the period under review, the Group delivered 697 square metres of commercial space amounting to RMB45,300,000 (equivalent to HK$55,960,000). As at 30 June 2013, the area of retail shops in Zendai Thumb Plaza owned by the Group covers a total floor area of 40,331 square metres with 430 underground car parking spaces. As at 30 June 2013, more than 90% of the commercial space in the Plaza had been leased. Rental income recognised during the period was RMB23,322,000 (equivalent to HK$28,810,000).

Radisson Hotel Pudong

The Group's five-star Radisson Hotel is located in Zendai Thumb Plaza. The 18-storey hotel boasts a gross floor area of 31,529 square metres and 361 guest rooms, a four-storey ancillary building and one level of basement. It is managed under the "Radisson" brand by Carlson Companies. The average occupancy rate of the hotel was 65% in the first half of 2013. Total income of the hotel during the period reached approximately RMB58,338,000 (equivalent to HK$72,066,000), an increase of 1% as compared with the last corresponding period.

Himalayas Center

The Group's 45%-owned Zendai Himalayas Center is located in the heart of Pudong, Shanghai. Designed by Arata Isozaki, an internationally acclaimed architect, it is a landmark within the Pudong New District. The Center includes the city's largest "specially contoured" building complemented by the largest sky garden in Shanghai. The unique design of the project has received numerous awards. The Himalayas Center is an amalgam of the Jumeirah Himalayas Hotel Shanghai, Shopping Centre, the DaGuan Theatre and the Himalayas Art Museum. The project occupies a site area of 28,893 square metres with a total gross floor area (including underground parking space of 26,287 square metres) of approximately 171,563 square metres.

The Jumeirah Himalayas Hotel Shanghai, a five-star hotel in China managed by Jumeirah Hotel Group from Dubai, is the Jumeirah Hotel Group's first hotel in Asia Pacific. The hotel boasts a total gross floor area of 60,452 square metres, providing 401 guest rooms. Enjoying a favorable location, the hotel is adjacent to Shanghai New International Expo Center which connects No. 7 metro line and is within walking distance to the maglev station. The average occupancy rate of the hotel during the period under review was 73%, generating a total income of approximately RMB81,156,000 (equivalent to HK$100,254,000). In November 2012, the Jumeirah Himalayas Hotel Shanghai was named the International Hotel of the Year in the European Hospitality Awards 2012, listed as one of the Top 100 Hotels in China by "Travel & Leisure" magazine and was voted the 2012 Best in Design Hotel by "City Traveler" magazine. Besides, the hotel was also named as the Best New Opening Hotel in 2012 by "TimeOut" Shanghai magazine, was listed into Conde Nast Traveler's Hot List 2012 and was named as the Best Conference Hotel in Shanghai in the Extraordinary Journey Awards of "Oriental Morning Post".

The remaining parts of the Himalayas Center were completed and commenced business during the second half of 2012, among which including the Shopping Centre, the Himalayas Art Museum and the DaGuan Theatre with gross floor areas of 54,412 square metres, 10,786 square metres and 19,626 square metres respectively. In the first half of 2013, around 85% of the commercial space of the Shopping Centre was leased. The Himalayas Art Museum is the first large outdoor museum in the world and also the arts core of the Himalayas Center, an outdoor platform of contemporary and classical art; whereas the DaGuan Theatre is a performing stage with a seating capacity of 1,100 and the official venue of the Shanghai International Film Festival.

Parcel of Land in Qingpu District

The Group owns a parcel of land with an area of 140,099 square metres in the tourist district of Zhujiajiao Town, Qingpu District, Shanghai. It is to be developed as Zendai Xizhen Thumb Plaza comprising mid-range to high-end apartments, retail shops, hotels and a clubhouse in two phases, with a total gross floor area of approximately 168,914 square metres.

Phase I with a gross floor area of approximately 98,164 square metres contains both residential (41,168 square metres) and commercial areas (56,996 square metres). The Group intends to recruit tenants for commercial space including large international cinemas, mid-range to high-end restaurants and supermarkets. Construction of Phase I started in 2011, of which the residential area of town houses and commercial area already started pre-sale in December 2011 and will be delivered gradually in June 2013. During the period under review, total residential and commercial saleable areas of 1,279 square metres and 4,590 square meters were sold respectively, generating a total contract value of RMB33,697,000 (equivalent to HK$41,627,000) and RMB113,176,000 (equivalent to HK$139,810,000) respectively. As at 30 June 2013, total residential and commercial saleable areas of 6,759 square metres and 8,074 square metres had been sold respectively, generating a total contract value of RMB138,622,000 (equivalent to HK$171,244,000) and RMB206,372,000 (equivalent to HK$254,938,000) respectively. Residential areas of 3,397 square metres were delivered during the period and a total contract value of RMB62,428,000 (equivalent to HK$77,119,000) was recognised as turnover.

Construction of Phase II with a gross floor area of approximately 70,750 square metres will commence in the fourth quarter of 2013 with a commercial plaza (46,050 square metres) and a resort hotel (24,700 square metres) to be erected.

Other Cities

Nanjing South Train Station Thumb Plaza

In July 2012, the Group won the bid for the G15 land parcel in a prime location around Nanjing South Train Station at a consideration of RMB1,169,000,000 (equivalent to approximately HK$1,444,101,000). In January 2013, the Group signed the land transfer contract in respect of the sales and purchase of the land and paid 50% of the land transfer premium, while the balance amount was already paid in June 2013. The site is planned to be developed into the "Nanjing South Train Station Thumb Plaza" with a total gross area of approximately 540,000 square metres, marking an important advance in the Group's implementation of the development of "Thumb Integrated Commercial Projects". It is expected that the construction will commence in January 2014. Besides, in November 2012, the Group sold 10% equity interest in the project company of the land development to Gefei Asset Management, an investment fund, at a consideration of RMB120,000,000 (equivalent to approximately HK$148,240,000), and Gefei Asset Management will provide an entrusted loan in the amount of RMB580,000,000 (equivalent to approximately HK$716,492,000) to the Group. The transaction was completed in January 2013. The Group is of the view that the land parcel has good development potential, and that the strategic cooperation with the investment fund to jointly develop the land parcel will enable the Group to maintain the potential profit and enhance its financial flexibility in the development process.

Qingdao Zendai Thumb Plaza

Qingdao Zendai Thumb Plaza is located in the central business area, Haier Road in Qingdao City, Shandong Province, the PRC. The project has a site area of approximately 38,092 square metres with a total gross floor area occupying approximately 215,860 square metres. It includes retail shops (66,928 square metres), a hotel (24,560 square metres), service apartments (66,815 square metres) and a car park (57,557 square metres).

During the period under review, a total saleable area of 2,087 square metres was sold, generating a total contract value of RMB32,767,000 (equivalent to HK$40,478,000). As at 30 June 2013, a total saleable area of 29,113 square metres had been sold, generating a contract value of RMB477,740,000 (equivalent to HK$590,167,000) for the Group. During the period, 19,843 square metres were delivered and the contract value of RMB324,434,000 (equivalent to HK$400,783,000) was recognized as turnover. Retail shops and car parks, which have been retained for leasing, commenced operation in May 2012. As at 30 June 2013, more than 81% of the commercial space was leased, generating a rental income of RMB9,459,000 (equivalent to HK$11,685,000). Meanwhile, construction of the hotel is underway and is expected to be completed in August 2013 and trial operation will commence in December 2013.

Zendai Nantong Yicheng Thumb Plaza

Zendai Nantong Yicheng Thumb Plaza occupies a total gross floor area of 281,912 square metres. Shanghai Zendai for its part owns 50% equity of the land parcels and is to assume a leading role in the management of the project. Due to its prime location, the project has been included among the "Key Cultural Industry Projects in Nantong City" and "Key Development Projects in Chongchuan District". The project occupies a saleable and leasable area of approximately 259,205 square metres (including car parking space and ancillary facilities of 34,044 square metres).

Construction is divided into three phases. The first phase, with a total leasable commercial area of approximately 26,033 square metres, already commenced operation in 2012. The second phase is a residential project with a total gross floor area of approximately 105,122 square metres. As at 30 June 2013, a total saleable area of 43,831 square metres had been sold, generating a total contract value of RMB605,887,000 (equivalent to approximately HK$748,471,000). During the period under review, a total saleable area of 15,534 square metres was sold, generating a total contract value of RMB233,480,000 (equivalent to approximately HK$288,425,000). The residential properties will be completed and delivered in batches from the fourth quarter of 2013 to the second quarter of 2014. The third phase is to cover a total leasable and saleable area of approximately 128,050 square metres, comprising a commercial area of approximately 84,122 square metres and a residential area of 43,928 square metres, and construction already started at the end of 2012.

Qingdao Shangshi International Plaza

The Group has a 45% interest in a parcel of land in the southwestern Laoshan District of Qingdao City, Shandong Province covering approximately 43,613 square metres. Bordered by the Hong Kong Road to its south and Songling Road to its west, this site is intended for the development of an integrated project "Qingdao Shangshi International Plaza" which comprises service apartments, residential apartments and an underground car park. The project, occupying a total gross floor area of approximately 143,000 square metres, is to be constructed in phases. Phase I comprising five 28-to 30-storey high-end residential buildings with a total gross floor area of approximately 66,190 square metres was completed and delivered in 2010. The other phases of the project are currently under planning.

Yangzhou Commercial Project

The Group is developing an integrated property project for commercial, cultural, leisure and entertainment use in the heart of Yangzhou City, Jiangsu Province, including a cultural sightseeing area and a commercial district. The project, to be developed in two phases, is to have a total saleable area of approximately 81,200 square metres. Phase I including 12 blocks and 243 units was completed in 2010 and the property has been reserved for leasing, with a gross floor area of approximately 20,089 square metres. During the period under review, the Group sold and delivered 154 square metres of commercial space, generating a total contract value of RMB7,971,000 (equivalent to HK$9,847,000). Planning of Phase II is currently underway.

Haikou Project

"Zendai International Financial Centre" is a project of the Group developed in Haikou City, Hainan Province with a saleable area of approximately 56,136 square metres. As at 30 June 2013, a total gross floor area of 39,828 square metres was sold and delivered, generating a total contract value of RMB782,520,000 (equivalent to HK$966,671,000).

Project in Chenmai County, Hainan Province

The Group owns 60% interest in a parcel of land in Chenmai County, Hainan Province with a site area of 1,309,563 square metres. The land is intended to be developed into a leisure-related commercial and residential property, including hotels, villas and other related facilities. Related layouts and concrete design are currently on the drawing board.

A Parcel of Land in Jingyue Economic Development Zone, Changchun City, Jilin Province

In September 2012, the Group acquired a parcel of land in Changchun City, Jilin Province at a consideration of RMB76,920,000 (equivalent to HK$95,022,000), which is intended to be developed into a commercial property comprising retail shops, offices and service apartments. The land parcel is located at the core business and commercial center of the western urban area of Jingyue Economic Development Zone, Changchun City, with a total site area of approximately 17,354 square metres and a total gross floor area of approximately 115,000 square metres, including 15,000 square metres of retail space, 79,000 square metres of office space and 21,000 square metres of an underground car-park. Construction started in July 2013 and pre-sale is expected to begin in December 2013.

Residential Projects in China

Shanghai

Mandarin Palace

"Mandarin Palace", the Group's premium residential project in Shanghai, comprises 54 villas with a total saleable area of approximately 39,347 square metres. The project is to be developed in two phases. The first phase, comprising 47 villas with a total saleable area of 33,636 square metres, was all sold and delivered before 2012. The second phase, comprising seven villas with a total saleable area of 5,711 square metres, was all sold as at 30 December 2012, generating a total contract value of RMB338,000,000 (equivalent to HK$417,542,000). Three villas with an area of 1,947 square metres was delivered during the period under review and a contract value of RMB138,000,000 (equivalent to HK$170,476,000) was recognized as turnover.

Other Cities

"Valley International" in Jilin

Occupying a site area of 191,108 square metres, the residential project "Valley International" located in Jilin is being developed in four phases, with a total saleable area of approximately 188,824 square metres.

The first phase of the project has a total of 129 units, comprising 118 town houses and 11 villas with a saleable area of 39,252 square metres. As at 30 June 2013, all units were sold and a total of 128 units had been delivered.

The second phase of the project has four low-rise blocks and seven high-rise residential blocks, providing 503 residential units and ancillary commercial facilities in aggregate, with a total saleable area of approximately 82,460 square metres (78,405 square metres will be for residential use and 4,055 square metres will be for commercial use). As at 30 June 2013, substantially all units were sold, with an area of 1,183 square metres remaining undelivered.

The third phase of the Jilin project is being developed into 117 villas and town houses with a saleable area of approximately 43,663 square metres. As at 30 June 2013, all units were sold and a total of 116 units had been delivered.

The fourth phase of the project is being developed into garden houses with a saleable area of approximately 22,392 square metres and pre-sale commenced in August 2012. As at 30 June 2013, a total saleable area of 14,384 square metres had been sold, generating a total contract value of RMB94,164,000 (equivalent to approximately HK$116,324,000). During the period under review, a total saleable area of 8,034 square metres was sold, generating a total contract value of RMB53,487,000 (equivalent to approximately HK$66,074,000).The properties are expected to be delivered in the third quarter of 2013.

"Zendai Ideal City" in Changchun

Located in Changchun, Liaoning Province, "Zendai Ideal City" is to comprise residential properties and ancillary commercial space on a 225,139-square metre site, with a total saleable area of 349,829 square metres. The project is to be constructed in three phases. The first phase is to have a total saleable area of approximately 110,859 square metres (105,871 square metres for residences and 4,988 square metres for commercial use) on a site covering approximately 76,176 square metres. It is to include 23 multi-storey residential buildings and three high-rise residential buildings, offering a total of 1,259 units and related commercial facilities. All residential units in the first phase were sold and delivered in 2011.

The second phase of the project has been developed into 19 multi-storey residential buildings, 10 high-rise residential buildings and ancillary commercial facilities, with a total saleable area of about 114,220 square metres. Of this, an area of 102,371 square metres is for residential use and 11,849 square metres for commercial use. Construction was completed in 2010. As at 30 June 2013, a total residential and commercial saleable area of 102,371 square metres and 11,656 square metres had been sold respectively. During the period under review, a total area of 1,764 square metres was delivered and a total contract value of RMB12,376,000 (equivalent to HK$15,288,000) was recognised as turnover.

The third phase of the project is being developed into 16 multi-storey and eight high-rise residential complexes with retail shops, with a total saleable area of about 124,750 square metres (111,909 square metres for residences and 11,849 square metres for commercial use). Construction commenced in May 2010, while pre-sale started in late 2010. As at 30 June 2013, a total saleable area of 123,753 square metres has been sold. During the period under review, an area of 10,142 square metres was delivered and a total contract value of RMB69,844,000 (equivalent to HK$86,280,000) was recognised as turnover.

"Zendai Garden-Riverside Town" in Haimen

The "Zendai Garden-Riverside Town" project in Haimen, Jiangsu Province comprises two parcels of land occupying a total site area of 1,388,872 square metres. The first parcel covers 577,336 square metres and is to be developed in two parts. "Dong Zhou Mansion", the first part of the parcel, is being developed in three phases with Phase I offering 52 villas. All of the units were sold in 2011. Phases II and III of the "Dong Zhou Mansion" are still in the planning stage.

"Multiflora Garden", on the second part of the parcel of land, is being developed in three phases into an integrated residential area comprising low density town houses. Phases I and II offer a total of 212 units with a saleable area of approximately 57,500 square metres. As at 30 June 2013, all the units had been sold.

Besides, Phase III of Multiflora Garden has a total gross floor area of approximately 112,190 square metres and a saleable area of approximately 91,979 square metres. Construction commenced at early 2010 while pre-sale started in September of the same year. As at 30 June 2013, a total saleable area of 54,628 square metres had been sold, generating a total contract value of RMB342,812,000 (equivalent to HK$423,486,000). During the period, a total saleable area of approximately 13,091 square metres was sold, generating a total contract value of RMB78,647,000 (equivalent to HK$97,155,000). During the period, an area of 6,705 square metres was delivered and a total contract value of RMB46,315,000 (equivalent to HK$57,214,000) was recognised as turnover in the period.

The second parcel with an area of approximately 811,536 square metres is being developed into residential properties in phases. The construction of the first phase, Qinghua Garden Ecological Houses, with an area of approximately 42,070 square metres and a saleable area of approximately 56,169 square metres, was completed in 2010. As at 30 June 2013, a cumulative area of 46,362 square metres had been sold, generating a total contract value of RMB207,724,000 (equivalent to HK$256,608,000). A total area of 1,899 square metres was sold during the period, generating a total contract value of RMB8,393,000 (equivalent to HK$10,368,000). During the period under review, an area of 3,151 square metres was delivered and a total contract value of RMB14,950,000 (equivalent to HK$18,468,000) was recognised as turnover.

The Phase II, Shui Qing Mu Hua Garden, with a site area of 148,059 square metres, is to be developed into small high-rise residential properties in two phases with a saleable area of 244,787 square metres. Construction of the first phase, with a saleable area of 96,937 square metres, started in May 2011 and pre-sale commenced in December 2011. As at 30 June 2013, a cumulative area of 16,709 square metres had been sold, generating a total contract value of RMB75,245,000 (equivalent to HK$92,952,000). During the period, an area of 11,314 square metres was sold, generating a total contract value of RMB51,810,000 (equivalent to HK$64,002,000), and is expected to be delivered in the second half of 2013. Other aspects of the development are still under planning.

The Phase III, named as Spanish Exotic Street with a site area of 5,319 square metres, is to be developed into a commercial plaza with a saleable area of 7,497 square metres and has already started pre-sale. As at 30 June 2013, an area of 623 square metres had been sold, generating a total contract value of RMB4,527,000 (equivalent to HK$5,592,000).

Land Parcels in Inner Mongolia Autonomous Region

The Group owns two parcels of land in Dongsheng Kangbashi New Area, Ordos City, Inner Mongolia Autonomous Region, the PRC, with a total site area of 248,118 square metres. The two land parcels are intended to be developed into villas in phases with a planned saleable area of 122,890 square metres. The construction of the first phase, with a saleable area of 25,221 square metres, commenced in March 2011, and pre-sale already started in the fourth quarter of 2012. An area of 1,840 square metres has been sold, generating a total contract value of RMB30,914,000 (equivalent to HK$38,189,000).

Parcel of land at Changpu Road, Langfang, Hebei Province

The Group owns a parcel of land with an area of 105,534 square metres at Longhe Industrial Zone, Langfang, Hebei Province, which will be developed into an integrated complex with high-end residential properties, commercial spaces and offices with a total saleable area of 247,249 square metres, of which 180,794 square metres, 52,155 square metres and 14,300 squares metres will be for residential, commercial and office uses respectively. Construction on the parcel of land already commenced in May 2013.

Parcel of Land at Longhe Industrial Zone in Langfang, Hebei Province

In January 2013, the Group succeeded in the bid for a parcel of land at Longhe Industrial Zone in Langfang, Hebei at a consideration of RMB123,000,000 (equivalent to approximately HK$151,946,000). As the relatively high industrial output and high population density of Longhe Industrial Zone in Langfang will have a positive impact on the demand of housing, the Group is planning to develop the parcel of land with a site area of approximately 45,492 square metres into a residential property with a gross floor area of 90,984 square metres in order to cater for the local demand. Construction is expected to commence in the second half of 2014.

Overseas Project

Residential project in New Zealand

In November 2012, Top Harbour Limited, a company incorporated in New Zealand and in which the Group holds 45% equity interests, acquired a parcel of land in Whangaparaoa Peninsula, Auckland, New Zealand with an area of approximately 320,000 square metres. The site is about 25 kilometres away from downtown Auckland for high-end residential development. The project, with a total gross floor area of approximately 170,000 square metres, can be developed into about 1,000 detached houses with a gross floor area of approximately 147,000 square metres, a 200-room hotel with a gross floor area of approximately 20,000 square metres, commercial space of 2,000 square metres and an office tower of 1,000 square metres. The project will be developed in phases, and some portions of the land parcel will be sold to small-scale developers for their own development and specific planning is currently in progress. The formation work of the project commenced in March 2013 and the whole project will be completed in five years.

Prospects

Looking into the second half year, the Group expects the administrative austerity measures such as purchase restriction will continue. Coupled with the slowdown of China's overall economic growth, the Group believes that property sales will be affected. However, from a long-term perspective, the central government is accelerating the establishment and improvement of the long-term mechanism for the healthy development of the property market, as well as rationalizing the property market through introducing a series of policies such as affordable housing policy, housing information networking and real estate registration regulations as well as expanding the pilot coverage of property tax. Accordingly, the Group remains confident in the long-term real estate development in China.

On 19 June 2013, Premier Li Keqiang explicitly stated at the State Council's standing committee meeting to support mortgage loans on the first-time homeowners. Coupled with the gradual increase in consumption power as a result of the accelerating urbanization progress, the Group believes that there will still be rigid demand for real estate in the future. Facing the potential opportunities in the market, the Group will further promote its "Thumb Integrated Commercial and Residential Projects" on the basis of its existing projects and projects under planning in order to cope with the substantial demand for commercial and residential properties in the future. The Group will also strengthen its brand building and consolidate its position as a diversified property development company. Meanwhile, benefited from the relaxation of the interest rate control on loans from financial institutions, the Group will closely monitor the market changes and prudently assess various potential business opportunities so as to develop new projects when opportunities arise to expand income source.

Apart from focusing on the mainland market, the Group will also focus on the international market in line with the capital outflows from China. The Group will look for real estate development projects that suitable for the Group in terms of scale, in order to expand into the overseas market so as to expand its income sources. Besides, The Group's first overseas project located in New Zealand is currently progressing as scheduled.

LIQUIDITY, FINANCIAL RESOURCES, CAPITAL STRUCTURE AND GEARING

As at 30 June 2013 the Group had a healthy financial position with net assets value of HK$6,300 million (31 December 2012: HK$5,800 million). Net current assets amounted to approximately HK$5,407 million (31 December 2012: approximately HK$5,943 million) with current ratio decreased from 2.06 times at 31 December 2012 to approximately 1.90 times at 30 June 2013. The Group adopted relatively prudent financial policy and closely monitored its cash flow. As at 30 June 2013, the Group had consolidated bank loans and entrusted loans payable of approximately HK$5,666 million in which HK$1,596 million was repayable within one year and HK$4,070 million was repayable more than one year. As at 30 June 2013, the Group's bank balances and cash including pledged bank deposits are approximately HK$2,067 million. The gearing ratio of the Group increased from 0.89 times at 31 December 2012 to 0.96 times at 30 June 2013 (basis: total of amounts entrusted loans payable, bank loans, and amount due to minority owners of subsidiaries divided by Shareholders' funds).

SEGMENT INFORMATION

Sales of properties

The turnover of this segment for the period amounted to HK$845,765,000 (2012: HK$253,942,000) increased substantially due to more properties were delivered.

Travel and related business

The turnover of this segment for the period reached approximately HK$5,722,000 (2012: HK$6,123,000).

Property rental, management and agency services

The turnover of this segment for the period was approximately HK$157,659,000 (2012: HK$133,150,000). The increase was due to more properties were available for leasing and managed by the Group.

Hotel Operations

The turnover of this segment for the period was HK$72,066,000 (2012: 71,068,000) which remained stable.

FOREIGN CURRENCY EXPOSURES

The operations of the Group are mainly carried out in the PRC with most transactions settled in RMB. The Group undertakes certain transactions denominated in currencies other than RMB, hence exposures to exchange rate fluctuations arise. The Group's cash and cash equivalents and senior loan notes also expose to such foreign currency risk. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

EMPLOYEES

As at 30 June 2013, the Group employed approximately 1,650 employees (31 December 2012: 1,680 employees) in Hong Kong and the PRC. They were remunerated according to the nature of the job and market conditions. Other staff benefits include a mandatory provident fund scheme, local municipal government retirement scheme, insurance and medical insurance and share option scheme.

MAJOR DISPOSAL OF ASSETS

On 16 November 2012, the Group has entered into an agreement with an independent third party ("Venturer") to dispose of its 10% equity interest in 南京証大大拇指商業發展有限公司 (Nanjing Zendai Thumb Plaza Development Co., Ltd.) ("Nanjing Zendai"). The transaction led to the reduction of the Group's equity interests in Nanjing Zendai from 100% to 90%. Pursuant to the relevant agreement, Nanjing Zendai will be jointly controlled by the Group and the Venturer and therefore become a joint venture of the Group. The disposal was completed on 5 January 2013, on which date the Group lost control of Nanjing Zendai and all conditions precedent to the agreement were satisfied.

CHARGE ON ASSETS

At 30 June 2013, the carrying amounts of following assets of the Group were pledged to secure the credit facilities granted to the Group, the carrying amount of the assets were analysed below:

	HK$'000
Property, plant and equipment	344,539
Payment for leasehold land held for own use under operating leases	622,167
Investment properties	2,390,985
Properties under development and for sales	1,202,440
Pledged bank deposits	862,231
	5,422,362

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

As at 30 June 2013, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, are set out below:

Name of Director	Number of Shares	Capacity and nature of interests	Approximate percentage of issued share capital as at 30 June 2013
Mr. Wang Fujie *(Note 2)*	10,000,000 (L)	Beneficial owner	0.08%
Mr. Dai Zhikang ("Mr. Dai") *(Note 1)*	5,753,635,000 (L)	Interests of controlled corporations	46.26%
Mr. Dai *(Note 2)*	10,000,000 (L)	Beneficial owner	0.08%
Mr. Zhu Nansong	50,000,000 (L)	Beneficial owner	0.40%
Mr. Wu Yang *(Note 2)*	30,000,000 (L)	Beneficial owner	0.24%
Mr. Tang Jian	10,000,000 (L)	Beneficial owner	0.08%
Mr. Tang Jian *(Note 2)*	5,000,000 (L)	Beneficial owner	0.04%
Mr. Lo Mun Lam, Raymond *(Note 2)*	5,000,000 (L)	Beneficial owner	0.04%
Mr. Lai Chik Fan *(Note 2)*	5,000,000 (L)	Beneficial owner	0.04%

(L) denotes long position

Notes:

1. Mr. Dai was deemed to be interested in an aggregate of 5,753,635,000 Shares held by Giant Glory Assets Limited, Jointex Investment Holdings Limited, Shanghai Zendai Investment Development (Hong Kong) Company Limited and Gold Lucky Investment Holdings Limited, respectively, as follows:

   (a) 2,326,560,000 Shares were held by Giant Glory Assets Limited which is wholly-owned by Mr. Dai;

   (b) 2,932,000,000 Shares were held by Jointex Investment Holdings Limited which is owned as to 85% by Giant Glory Assets Limited and as to 15% by Mr. Zhu Nansong, a non-executive Director;

   (c) 455,175,000 Shares are held by Shanghai Zendai Investment Development (Hong Kong) Company Limited which is indirectly owned as to 60% by Mr. Dai; and

   (d) 39,900,000 Shares are held by Gold Lucky Investment Holdings Limited which is wholly-owned by Mr. Dai.

2. These Shares represent the Shares to be allotted and issued upon the exercise of share options granted.

Save as disclosed above, none of the Directors or chief executive of the Company had any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO on or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as at 30 June 2013.

PERSONS HAVING 5% OR MORE INTERESTS

As at 30 June 2013, the interests or short positions of the persons, other than a director or chief executive of the Company, in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name	Name of company	Nature of interests	Number of shares interested or amount of registered capital interested	Approximate percentage of the issued share capital or registered capital
Giant Glory Assets Limited *(Note 1)*	The Company	Beneficial owner	2,326,560,000 Shares (L)	18.71%
Giant Glory Assets Limited	The Company	Interests of controlled corporation	2,932,000,000 Shares (L)	23.57%
Jointex Investment Holdings Limited *(Note 1)*	The Company	Beneficial owner	2,932,000,000 Shares (L)	23.57%
China Alliance Properties Limited *(Note 2)*	The Company	Beneficial owner	2,431,815,000 Shares (L)	19.55%
Shanghai Forte Land Co., Ltd. *(Note 2)*	The Company	Interests of controlled corporation	2,431,815,000 Shares (L)	19.55%
Shanghai Fosun High Technology (Group) Co., Ltd. *(Note 2)*	The Company	Interests of controlled corporation	2,431,815,000 Shares (L)	19.55%
Fosun International Limited *(Note 2)*	The Company	Interests of controlled corporation	2,431,815,000 Shares (L)	19.55%
Fosun Holdings Limited *(Note 2)*	The Company	Interests of controlled corporation	2,431,815,000 Shares (L)	19.55%
Fosun International Holdings Ltd. *(Note 2)*	The Company	Interests of controlled corporation	2,431,815,000 Shares (L)	19.55%
Guo Guangchang *(Note 2)*	The Company	Interests of controlled corporation	2,431,815,000 Shares (L)	19.55%

(L) denotes long position

Notes:

1. These Shares constitutes part of the deemed interest of Mr. Dai as referred to in note 1 under the section headed "Directors' interests in shares or debentures" above.

2. Guo Guangchang has 58% control of Fosun International Holdings Ltd., which has 100% control of Fosun Holdings Limited, which has 79.08% control of Fosun International Limited, which has 100% control of Shanghai Fosun High Technology (Group) Co., Ltd, which together with Fosun International Limited have a 99.05% control of Shanghai Forte Land Co., Limited, which has 100% control of China Alliance Properties Limited.

SHARE OPTIONS

The Company adopted a share option scheme on 26 June 2012 and is valid for a period of 10 years from 12 July 2012 (the "Scheme"), for the primary purpose of providing incentives to directors and eligible persons. Under the Scheme, the Company may grant options to eligible persons, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

Movements of share options during the period are detailed in note 18 to the unaudited condensed financial statements.

CORPORATE GOVERNANCE

The Company has adopted the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules (the "Code") as its own code of corporate governance and has taken careful measures to ensure that the provisions have been duly complied with from time to time. The Directors are of the opinion that the Company has met the code provisions in the Code during the period. The Company's interim results for the period ended 30 June 2013 have been reviewed by the audit committee of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules. Based on specific enquiry of the directors of the Company, the directors of the Company have confirmed they have complied with the Model Code.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The interim results for the six months ended 30 June 2013 are unaudited, but have been reviewed 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, by the Company's auditor, whose independent review report will be included in the interim report. The audit committee has also reviewed with the management the accounting principles and policies adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim financial statements for the six months ended 30 June 2013.

On behalf of the board of
Shanghai Zendai Property Limited
Dai Zhikang
Chairman

Hong Kong, 26 August 2013