



瑞安建業
SOCAM DEVELOPMENT



Deleverage and REBUILD

穩固·重建



Interim Report 2016 中期報告

Stock Code 股份代號 : 983

CORPORATE PROFILE

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 two main areas:

- Niche **property development operations** in the Chinese Mainland that leverage on specialist knowledge in the turnaround of projects from financing, development to disposal. The Company also invested in Dalian Tiandi, an integrated knowledge community project.
- Burgeoning **construction business** in Hong Kong and Macau with 45 years of operations. The division has a strong track record of quality, site safety and environmental performance.

PROPERTY

- Special Situation Projects
- Knowledge Community Project

CONSTRUCTION

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

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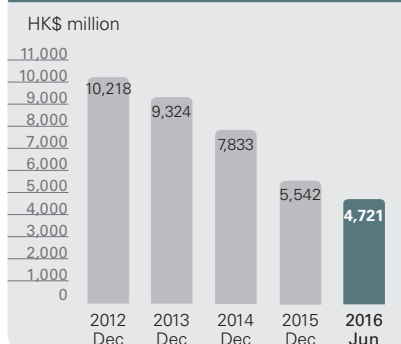
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FINANCIAL HIGHLIGHTS

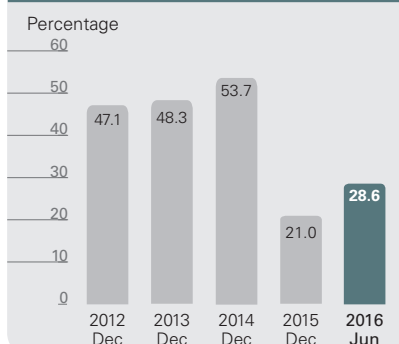
	Six months ended 30 June	
	2016	2015 (Re-presented)
Turnover		
Company and subsidiaries	HK\$2,463 million	HK\$2,786 million
Share of joint ventures and associates	HK\$894 million	HK\$298 million
Total	HK\$3,357 million	HK\$3,084 million
Loss attributable to shareholders	(HK\$711 million)	(HK\$629 million)
Basic loss per share	(HK\$1.47)	(HK\$1.30)

	At 30 June 2016	At 31 December 2015
Total assets	HK\$10.4 billion	HK\$12.3 billion
Net assets	HK\$4.7 billion	HK\$5.5 billion
Net asset value per share	HK\$9.75	HK\$11.44
Net gearing	28.6%	21.0%

EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

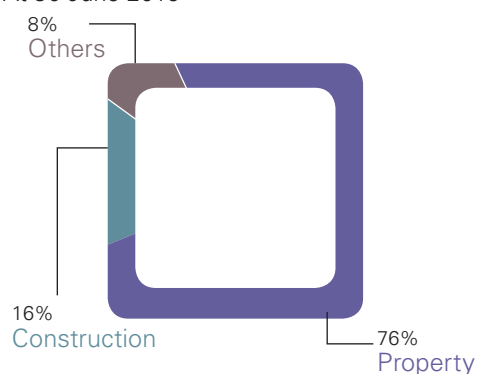


GEARING

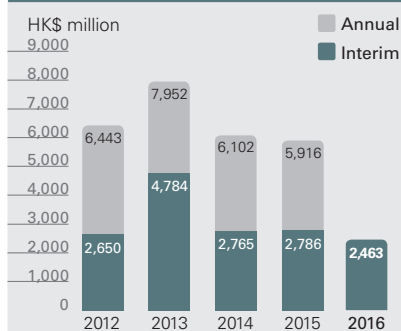


ASSETS EMPLOYED

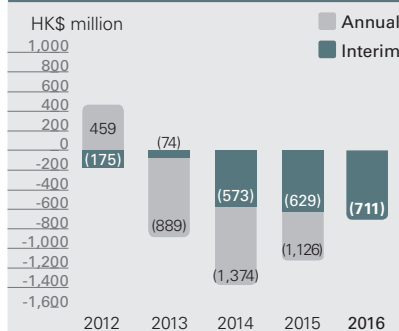
At 30 June 2016



TURNOVER

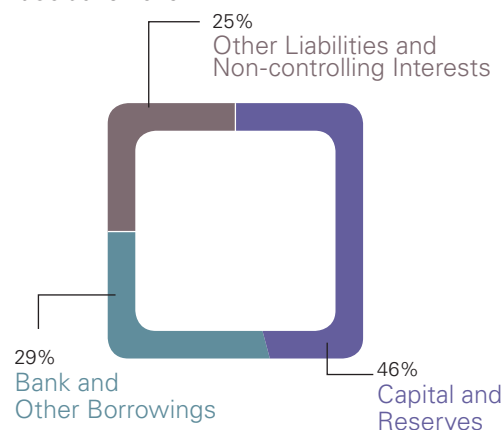


PROFIT (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY



CAPITAL AND LIABILITIES

At 30 June 2016



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group continued with the monetisation of its property assets in the Chinese Mainland, and completed the disposals of our remaining 20% interest in Shenyang Project Phase II and the land parcel in Guizhou Zunyi.

The China property market witnessed a strong start to the year, with robust demand driving residential sales on the back of a rapid expansion in credit and successive interest rates cut, amidst tough market conditions.

World economic growth remains subdued as major macroeconomic realignments took place in most countries and regions. These include the structural economic rebalancing in the Chinese Mainland, lower commodity prices, and a slowdown in investment and trade. Interest rates worldwide remain at unprecedented lows. The decision of the United Kingdom to leave the European Union further added uncertainty to the economic outlook worldwide. In June the World Bank adjusted its global growth forecast for 2016 downward from 2.9% to 2.4%.

China's economic performance in the first half of the year has been satisfactory with the GDP growth figure aligning with expectation, indicating a steadiness in overall conditions carrying through from the latter part of last year.

However, property investment and sales in China somewhat lost momentum in June. The Central Government has adopted a "two-tier" policy approach to curb the property price surge in first-tier cities, but on the other hand, continues to boost home sales in lower-tier cities. For retail properties, the average vacancy rate across major cities in China is still increasing, and the average rent is edging down. Prospects for an early revival look limited by the number of new projects in the pipeline and the robust growth of online shopping.

Hong Kong's economy continues to contract, hit by sluggish domestic demand and decline in tourist arrivals and retail sales, with real GDP growth in the HKSAR falling to a forecast of 1-2% in 2016. The lack of affordable housing continues to pose challenges, such that the

HKSAR government has pledged to provide about 97,100 public housing units over the next five years, which is higher than similar forecasts over the last two years. As tendering opportunities continue to rise in public housing construction contracts, SOCAM's construction arm will seek to be a major participant for the benefit of both the community and our shareholders. Nevertheless, the shortage of skilled labour continues to be an industry-wide concern. SOCAM, along with our sub-contractors, continues to provide training and attract local workers to join the industry as the HKSAR government is striving to ensure the sustainable development of the construction industry.

Monetisation Progress

The Group continued with the monetisation of its property assets in the Chinese Mainland. Earlier this year, we made further progress and completed two property project disposals. In January, we sold our remaining 20% interest in Shenyang Project Phase II for approximately HK\$364 million and completed the divestment of land parcels located in Zunyi, Guizhou for a total consideration of approximately HK\$463 million. From the sales launch last year up to the end of July, a total of 1,846 residential units in Chengdu Centropolitan has been sold, yielding RMB1,460 million revenue, and RMB357 million revenue was generated from the sales of 104 villas at Nanjing Scenic Villa Phase I over the twelve months to July 2016.

Since 2013, SOCAM has reduced its attributable gross floor area (GFA) of property assets in the Chinese Mainland from 2.1 million square metres to 494,500 square metres today, yet our monetisation progress is still facing a competitive market environment. SOCAM's immediate property business focus is to enhance the attractiveness and value of our retail portfolio.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW > PROPERTY

Tianjin Veneto



Chengdu Centropolitan

> PROPERTY

Since 2013, SOCAM has reduced its attributable gross floor area of property assets from 2.1 million square metres to 494,500 square metres today. Our immediate business focus is to enhance the attractiveness and value of our retail portfolio.

Since the Group's implementation of the monetisation strategy in 2013, a significant proportion of our property portfolio has been sold, resulting in a substantially improved net borrowing position in our balance sheet. The remaining properties now comprise a larger proportion of commercial properties.

Market Review

Reflecting the China property market as a whole, the commercial sector is a tale of two tiers. In tier 1 cities, the vacancy rate averages some 8%, a relatively healthy state that allows quality, location and price to prevail. However, the rapid pace of development continued to be a significant issue in many tier 2 and 3 cities, leading to less stable market conditions and oversupply.

SOCAM continues to divest its remaining property projects, while looking to upgrade its current retail portfolio to meet market needs. The double digit retail growth and strong consumption power over the years have, however, led to a very rapid rise in shopping mall construction. Retail sales growth in China slowed during the period from an annual average approximately 13% over the past few years to 10.6% year-on-year in June 2016. Within

China, shopping mall stock is now moving away from tier 1 cities to tier 2 and 3 cities; in 2008 the latter had only 39% of mall square metres, yet by the end of next year that is expected to rise to 68%.

It is in tier 2 and 3 cities, notably Chengdu, Chongqing, Shenyang and Tianjin, that the Group is remodeling its malls as demand for a quality retail experience is rising. As Chinese consumers travel abroad in greater numbers, their knowledge, sophistication, and expectations have all risen accordingly. It is now necessary to provide an inclusive family experience of entertainment, theme and retail mix to counter the rapid rise of online shopping that currently accounts for 12% of retail spending in China.

Shenyang Project Phase I



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW > PROPERTY

Operating Performance

As of 30 June 2016, SOCAM owned seven projects, with a total developable GFA attributable to the Group of approximately 494,500 square metres. These projects command good locations in seven Mainland cities, as summarised below:

Project	Total developable GFA attributable to the Group (square metres)	Estimated completion year	SOCAM's interest
Chengdu Centropolitan	246,900*	2016	81%
Chongqing Creative Concepts Center	31,500*	Completed	100%
Guangzhou Parc Oasis	5,500*	Completed	100%
Nanjing Scenic Villa	67,200	2017	50%
Shanghai Lakeville Regency Tower 18	1,300*	Completed	100%
Shenyang Project Phase I	97,900*	Completed	100%
Tianjin Veneto	44,200	2017	45%
Total	494,500 square metres**		

* The GFA shown above has excluded sold and delivered areas

** Excluding that of the knowledge community project in Dalian

Current Project Status

Chengdu Centropolitan

The project consists of 11 residential towers, a SOHO tower, an office block, a shopping mall and car parking spaces. By the end of July, 1,846 residential units have been sold at an average price of RMB8,200 per square metre. We aim to dispose of all the remaining 141 residential units in the second half of 2016. In Q2 2016, the city's residential market in the main urban area showed signs of heating up, albeit transaction prices are still very competitive. The Chengdu government issued new supply side reforms in June with clear regulations for reducing and slowing down land supply for real estate development in downtown areas. Housing prices are expected to improve.

Six new retail projects are expected to raise market supply in 2016, pushing the total stock of Chengdu retail properties to 4.9 million square metres by the end of the year. With both domestic and international investors

remaining cautious towards investment in Chengdu, it requires a vibrant tenancy mix to attract en-bloc purchasers. Our efforts now focus on building retailer tenancy interest with a focus on lifestyle shopping for the middle class. Opening of our mall is targeted in the middle of 2017.

Sales of the SOHO and office blocks as well as car parking spaces will be launched later this year.

Chongqing Creative Concepts Center

With all of the Center's office and residential units sold, the challenge now is to refocus on the shopping mall aspect of the development and raise the occupancy. Current occupancy is at 64%. Chongqing's retail market is expected to be swamped with over 3.3 million square metres of new supply by 2018, increasing by over 50%. Finding a niche for this project is becoming increasingly difficult as developers quickly react to both oversupply and e-commerce alternatives by designing malls to be a multi-faceted family experience. Also, developers are typically sacrificing rental returns for occupancy.

Guangzhou Parc Oasis

Located in the Northern Tianhe District of Guangzhou, all residential and serviced apartment units have been sold, leaving approximately 400 car parking spaces unsold. The Company will continue to push sales of these car parking spaces.

Nanjing Scenic Villa

Average prices of new residential premises in Nanjing rose 3.8% in June 2016, registering a 16th consecutive monthly increase. Nanjing Scenic Villa is a residential project of 134,000 square metres upon completion. It comprises spacious low-rise apartment accommodation with lawns and balconies. Of the 114 units in Phase I, 104 units have been sold, with the second phase becoming available for sale in late July this year which met with good market response. 39 units with total revenue of approximately RMB190 million have been subscribed for over the last weekend of July when the launch of the first batch of 54 units took place.

Shanghai Lakeville Regency Tower 18

This luxury serviced apartment building located in the Xintiandi area has received good response, and all units have been subscribed for or sold as at the end of February 2016.

Shenyang Project Phase I

Shenyang is the hub city of northeast China, and an entertainment and shopping destination for its surrounding cities across Liaoning province. There is a growing population of higher-income earners as the city diversifies economically. The city has strong retail competition as a number of mall developers, including renowned Hong Kong and international property companies, are attracted to this modernising area of China.

Almost all of the apartment units and over 95% of the office space of the project have been sold. The shopping mall, Shenyang Tiandi, of about 62,000 square metres GFA, has a 60% retail occupancy as of June 2016. Our business focus is currently on upgrading the retail attraction to increase rental yield, while new malls will open in the vicinity that will further exert pressure on the market.

Tianjin Veneto

With a high-speed 35-minute rail link to Beijing, Tianjin is a prosperous outer suburb of China's capital with year-on-year GDP growth of 9.2% in Q2 2016. Six high-end shopping mall projects are expected to be launched onto the market during 2016, adding a total retail GFA of 400,000 square metres. Competition among malls is likely to remain intense, but "Veneto" has distinct advantages. The mall, specialising as an outlet shopping centre, is close to Wuqing Station – on the Beijing-Tianjin Line and features attractive Italian style pedestrian streets. With a total GFA of 98,100 square metres, Veneto is scheduled to be completed in 2017. The first phase of 65,500 square metres has commenced operation in stages since January 2015. Customer flow and business turnover are increasing with 68% retail spaces of the first phase leased as at July 2016. A number of renowned global retail brands will be joining in the coming months to enhance customer attractions.

Knowledge Community – Dalian Tiandi

Dalian Tiandi, in which SOCAM has a 22% interest, is a large-scale knowledge community jointly developed by Shui On Land, SOCAM and the Yida Group. As at 30 June 2016, the total developable GFA of the project was approximately 3.3 million square metres, of which approximately 1.7 million square metres GFA was completed or under construction. The overall occupancy of office spaces stood at 89% while that of IT Tiandi was 53%.

Chengdu Centropolitan



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW > CONSTRUCTION

Sports Centre, Community Hall and District Library Complex in Shatin



Hong Kong Children's Hospital

> CONSTRUCTION

Successful tenders, on maintenance, minor works projects and renovation works particularly, have given us contract momentum. New contracts totalling HK\$4.1 billion were secured since the beginning of the year.

Following the lead-in-water incident in 2015, Shui On Building Contractors resumed tenders submission to the Housing Authority in November of last year. In the first half of 2016, the Company saw an improved situation on tenders and secured more new contracts, particularly on maintenance, minor works projects and renovation works.

While delays in funding approval have been of growing concern for the sector as a whole, it is uncertain as to whether the logjam is only temporary after the Legislative Council election in September. Despite the funding delays of the past year, the figures for work-on-hand have continued on a positive growth trend. In the first quarter, the total value of construction works performed by main contractors in the public sector – SOCAM’s area of specialisation – was up 3% over last year to HK\$19.1 billion.

The market for the redesign of interior commercial space in Hong Kong, a key market for Pat Davie, our interior design and fit-out arm, remained strong. Macau’s economy, heavily dependent on gaming and hospitality revenues, fell 20.3% last year but is forecast to see a modest recovery for 2016.

West Kowloon Law Courts Building



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW > CONSTRUCTION

Operating Performance

The Company's construction division continues to improve on operating efficiency and enhance core competitiveness. In the first half of the year, the Group's construction business in Hong Kong and Macau saw turnover decrease by 24% to HK\$1.96 billion (2015: HK\$2.60 billion). As of 30 June 2016, the gross value of contracts on-hand was approximately HK\$17.2 billion, and the value of outstanding contracts to be completed was approximately HK\$10.1 billion (HK\$18.4 billion and HK\$9.5 billion respectively as at 31 December 2015). New contracts totalling approximately HK\$4.1 billion were secured since the beginning of the year.

In late May 2016, the Commission of Enquiry published its findings into the lead-in-water incident in 11 public housing estates, comprising 29,077 units, last year. Shui On Building Contractors was the main contractor of Kwai Luen Estate Phase 2 comprising 1,507 units, one

of the estates impacted by lead trace pollutants, which accounted for 5% of the affected units. The Commission provided 17 recommendations, including establishment of an independent body to overlook the performance of the Water Supplies Department and water quality, the introduction of a water safety plan, and a review of the Housing Authority control mechanism on the construction projects.

With the public enquiry now concluded, the Group has closely reviewed its operating processes and procedures to further improve internal control and operation management.

SOCAM continues to pursue a strong culture in safety and quality. During the period, SOCAM received over 20 awards for Site Management, Site Safety and Building Quality. These include the Considerate Contractor Site Award (Gold), the Best Occupational Safety and Health Employees Award – Frontline Staff Group (Gold) and the Quality Building Award 2016, Non-Residential (Merit).

So Uk Estate Phase I



Long Ching Estate



Shui On Building Contractors (SOBC)

During the period, SOBC completed contracts for Architectural and Building Works for MTR Corporation (MTR), a Public Rental Housing Development at Ex-Yuen Long Estate and a five-year term contract for the Maintenance, Improvement and Vacant Flat Refurbishment for properties managed by the Property Service Administration Unit of the Housing Authority.

Contracts awarded included Construction of Public Rental Housing Development at Shek Kip Mei Estate Phases 3, 6 and 7 (HK\$1.6 billion), Construction of a housing development under Home Ownership Scheme at Kai Tak (HK\$755 million) and two term contracts for various projects for the Education Bureau of the HKSAR Government (HK\$1.1 billion). SOBC also continued with its public housing construction work at San Po Kong, and So Uk Estate Phases 1 and 2. Pacific Extend, the building maintenance arm, was working on several term contracts for the Housing Authority, the Architectural Services Department (ASD), MTR and CLP.

Shui On Construction (SOC)

SOC completed two contracts for the construction of a Sports Centre, Community Hall and District Library in Shatin and the Design and Construction of the West Kowloon Law Courts Building for the ASD. In addition, the construction of the Hong Kong Children's Hospital via a joint venture with the China State Construction Engineering (Hong Kong) has proceeded steadily.

Pat Davie (PDL)

PDL, the Group's interior fitting-out and building renovation arm, maintained satisfactory progress in winning new contracts and reported good results. Since the beginning of the year, PDL won 14 interior and fitting-out contracts worth approximately HK\$740 million.

Its order book remains strong. Contracts secured include those for Cathay Pacific's business class lounge at the Hong Kong airport, a Murray Building hotel development, interior work for Pacific Place Phases I and II, projects for The Link, MTR and many others. PDL completed 18 projects over the first-half period with an aggregate contract value of HK\$396 million.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Outlook

As the Group enters the latter phase of our monetisation strategy, the continuing deleveraging will put us in a stronger, more flexible position to consider the most appropriate business to re-building the Company.

As the Group enters the latter phase of our monetisation strategy, both the market and a softening economy still present challenges. Annualised GDP growth forecasts for China in 2016 (6.6%) and 2017 (6.2%) show modest weakening, but the slowing sales growth and increasing competition among developers, particularly in second-tier cities, are likely to impact on our en-bloc divestment plans. Nonetheless, regulatory measures will remain broadly supportive, and focus mainly on lower-tier cities where inventory risks are still high, as the Central Government seeks to support a more balanced development across China's property market. Though the direction of the Renminbi's exchange value is uncertain, China's foreign currency reserves are substantial giving the authorities ample tools to regulate the exchange fluctuation.

SOCAM currently has two residential properties in the Mainland for sale. Four retail properties are being upgraded in theme and retail mix to make them more attractive to middle-income consumers and, in consequence, property investors.

Our construction division – including maintenance and renovation works – is performing satisfactorily, although the tendering climate is currently presenting challenges in balancing contract award success with project profitability. A few recent projects have been hit by undue fluctuations in steel prices and rapid rises in labour costs due to a skilled labour shortage. Looking forward, we expect a degree of stabilisation in this area and, with greater predictability, our tender teams' long experience will come to the fore.

Opportunities in construction in Hong Kong are promising and SOCAM will focus on business development in public housing as well as the commercial, corporate office, hospitality and retail sectors.

Meanwhile, the Group will be ever mindful of the recurring losses and look to streamline manpower and overheads. The continuing deleveraging will put us in a stronger, more flexible position to consider the most appropriate business to re-building the Company.

Nursery Park of West Kowloon Cultural District



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Interim Results

The Group's loss attributable to shareholders for the six months ended 30 June 2016 was HK\$711 million on a turnover of HK\$2,463 million, compared with the loss of HK\$629 million and turnover of HK\$2,786 million for the corresponding period last year. The Board has resolved not to declare an interim dividend (2015: nil).

An analysis of the total turnover is as follows:

	Six months ended 30 June 2016 HK\$ million	Six months ended 30 June 2015 HK\$ million (re-presented)
Turnover		
SOCAM and subsidiaries		
Construction	1,961	2,597
Property	502	185
Others	–	4
Total	2,463	2,786
Joint ventures and associates		
Property	876	268
Others	18	30
Total	894	298
Total	3,357	3,084

Turnover from the construction business recorded a substantial decrease in the first half of this year, as compared with the same period last year. This was mainly due to the completion of certain construction contracts during the current interim period, including the relocation of the Department of Justice, construction of the West Kowloon Law Courts Building, and construction of the Sports Centre, Community Hall and District Library Complex in Shatin, valued at HK\$3.6 billion in total. Major new contracts were awarded in this interim period, and corresponding turnover will be reflected at a later stage in line with the progress of the construction works.

Revenue from the property business increased to HK\$502 million, from HK\$185 million in the last interim period, which mainly came from the disposal of the Zunyi project for a consideration of HK\$463 million in January 2016. Turnover in 2015 was mainly derived from the sales of the inventories in Guangzhou Parc Oasis.

The consideration of approximately HK\$364 million for the disposal of the remaining 20% interest in Shenyang Project Phase II in January 2016 and the revenue derived from the strata-title sales of the apartment units of an investment property – Tower 18, Lakeville Regency in Shanghai, amounting to HK\$268 million for the current period, have not been included in turnover according to applicable accounting rules.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's share of property sales revenue from jointly developed projects increased to HK\$876 million, from HK\$268 million in the last interim period. Revenue in the current period was mainly attributable to the 81 %-owned Chengdu Centropolitan, which commenced to hand over pre-sold residential units to buyers. Revenue in the last interim period mainly came from the 80%-owned Shanghai Four Seasons Place, which was disposed of together with the Four Seasons Hotel Pudong in July 2015. In addition, higher revenue was recognised by the 22%-owned Dalian Tiandi in the current period.

As the Group's 45% interest in LSOC was disposed of in August 2015, the cement operation through Lafarge Shui On Cement (LSOC) was classified as discontinued operations in 2015 and the prior period figures have been re-presented accordingly.

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

	Six months ended 30 June 2016 HK\$ million	Six months ended 30 June 2015 HK\$ million
Property		
Net loss on property sales and net rental expenses	(60)	(7)
Fair value changes on investment properties, net of deferred tax provision	(17)	(4)
Share of results of joint ventures and associates	(445)	(164)
Operating expenses, net of project fee income	(72)	(46)
	(594)	(221)
Construction	44	60
Cement – LSOC (discontinued operations)	–	(272)
Venture capital investments	(19)	(12)
Net finance costs	(66)	(127)
Corporate overheads	(35)	(37)
Taxation and others	(29)	(15)
Non-controlling interests	(12)	(5)
Total	(711)	(629)

Property

Property sales reported a higher loss for the current interim period, which was largely due to the transaction costs in relation to the disposal of the Zunyi project, while the Group's inventories available for sale in Guangzhou Parc Oasis have substantially been disposed of by end of last December.

The significant increase in the share of losses of the Group's jointly developed projects for this interim period was largely due to impairment losses provided on the property assets of the 81%-owned Chengdu Centropolitan project and 22%-owned Dalian Tiandi, given the substantial downward pressure on the selling prices of apartment and office units amid unfavourable property market conditions in these cities, together with revaluation loss on the investment properties in the 45%-owned Tianjin Veneto project, totalling HK\$310 million (2015: HK\$42 million).

Increase in net operating expenses for the current period was partly due to higher foreign exchange losses incurred on the borrowings of the Group's property projects, as a result of the continued depreciation of Renminbi against the Hong Kong dollar during the period. In addition, project fee income decreased following the completion of certain joint developments managed by the Group.

Construction

Construction business posted lower profit for the current interim period, which was attributable to decreased turnover in Hong Kong and Macau. Average net profit margin was 2.2% of turnover, which was close to the 2.3% margin in the previous interim period.

Net finance costs

Net finance costs decreased to HK\$66 million for the first half of 2016, from HK\$127 million for the same period in 2015, which was in line with the substantial reduction in bank borrowings starting from the second half of 2015 as a result of the disposal of the Group's 45% interest in LSOC in August 2015 and the continued realisation of property assets.

Assets Base

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

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Total assets	10,373	12,339
Net assets	4,721	5,542

	HK\$	HK\$
Net assets per share	9.8	11.4

Total assets of the Group decreased to HK\$10.4 billion at 30 June 2016, from HK\$12.3 billion at 31 December 2015. The decrease in both net assets of the Group and net assets per share was attributable to the HK\$711 million loss for the current period and reduction in the translation reserve of HK\$106 million as a result of the depreciation of Renminbi against the Hong Kong dollar.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

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

	30 June 2016		31 December 2015	
	HK\$ million	%	HK\$ million	%
Property	7,912	76	9,439	76
Construction	1,600	16	1,817	15
Others	861	8	1,083	9
Total	10,373	100	12,339	100

The proportion of total assets of each business segment remained stable at 30 June 2016, when compared with that at 31 December 2015. As the Group continues with its monetisation plan to dispose of its property assets, the value of property portfolio decreased during the period, and the sales proceeds were largely applied towards repayment of the Group's bank borrowings and settlement of other liabilities.

Equity, Financing and Gearing

The shareholders' equity of the Company was HK\$4,721 million on 30 June 2016, compared with HK\$5,542 million on 31 December 2015, which was attributable to the aforementioned reasons.

Net bank and other borrowings of the Group, which represented bank and other borrowings, net of bank balances, deposits and cash, amounted to HK\$1,349 million on 30 June 2016. This compared with HK\$1,163 million on 31 December 2015.

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

	30 June 2016	31 December 2015
	HK\$ million	HK\$ million
Bank and other borrowings repayable:		
Within one year	2,499	2,914
After one year but within two years	430	222
After two years but within five years	97	199
Total bank and other borrowings	3,026	3,335
Bank balances, deposits and cash	(1,677)	(2,172)
Net bank and other borrowings	1,349	1,163

The net gearing ratio of the Group, calculated as net bank and other borrowings over shareholders' equity, increased to 28.6% at 30 June 2016, from 21.0% at 31 December 2015, mainly as a result of the decrease in shareholders' equity during this period.

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 primarily at project level where the sources of repayment are also Renminbi denominated. Given that income from operations in the Chinese Mainland is denominated in Renminbi and property assets in the Chinese Mainland are normally priced in Renminbi on disposals, the Group expects that the fluctuations of Renminbi in the short-term will affect the Group's business performance and financial status. The Group has converted part of its existing Hong Kong dollars borrowings into Renminbi to hedge against currency risk exposure and may take out further appropriate financial instruments, at reasonable cost, to reduce potential foreign exchange risk in the short-term. It is the Group's policy not to enter into derivative transactions for speculative purposes.

Employees

At 30 June 2016, the number of employees in the Group was approximately 1,240 (31 December 2015: 1,340) in Hong Kong and Macau, and 500 (31 December 2015: 550) in subsidiaries and joint ventures in the Chinese Mainland. 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. Based on the financial performance of the Group as well as the individual performance and contribution of the staff members each year, share options may be granted to senior management and staff members under different schemes as reward and long-term incentives. Likewise, in the Chinese Mainland, staff benefits are commensurate with market levels, with emphasis on building the corporate culture and professional training and development opportunities are provided for local employees. It remains our objective to be regarded as an employer of choice to attract, develop and retain high calibre and competent staff.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



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 19 to 39, which comprise the condensed consolidated statement of financial position as of 30 June 2016 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 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 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

26 August 2016

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Six months ended 30 June	
		2016 HK\$ million (unaudited)	2015 HK\$ million (unaudited) (re-presented)
Continuing operations			
Turnover			
The Company and its subsidiaries		2,463	2,786
Share of joint ventures/associates		894	298
		3,357	3,084
Group turnover	3	2,463	2,786
Other income and gains		36	76
Changes in inventories of finished goods, work in progress, contract work in progress and cost of properties sold		(466)	(12)
Raw materials and consumables used		(163)	(219)
Staff costs		(345)	(336)
Depreciation and amortisation expenses		(6)	(7)
Subcontracting, external labour costs and other expenses		(1,653)	(2,265)
Fair value changes on investment properties		(27)	(5)
Dividend income from available-for-sale investments		1	1
Finance costs	4	(97)	(173)
Share of results of joint ventures		(385)	(136)
Share of results of associates		(75)	(38)
Loss before taxation		(717)	(328)
Taxation	5	18	(24)
Loss for the period from continuing operations		(699)	(352)
Discontinued operations			
Loss for the period from discontinued operations	6	–	(272)
Loss for the period	7	(699)	(624)
Attributable to:			
Owners of the Company			
Loss for the period from continuing operations		(711)	(357)
Loss for the period from discontinued operations		–	(272)
Loss for the period attributable to owners of the Company		(711)	(629)
Non-controlling interests			
Profit for the period from continuing operations		12	5
		(699)	(624)
Loss per share	9		
From continuing and discontinued operations			
Basic		HK\$(1.47)	HK\$(1.30)
Diluted		HK\$(1.47)	HK\$(1.30)
From continuing operations			
Basic		HK\$(1.47)	HK\$(0.74)
Diluted		HK\$(1.47)	HK\$(0.74)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2016 HK\$ million (unaudited)	2015 HK\$ million (unaudited)
Loss for the period	(699)	(624)
Other comprehensive (expense) income		
Items that may be subsequently reclassified to profit or loss:		
Fair value changes of available-for-sale investments	(5)	11
Exchange differences arising on translation of financial statements of foreign operations	(128)	2
Share of exchange differences of joint ventures	24	–
Share of exchange differences of associates	(2)	–
Reclassification adjustments for amounts transferred to profit or loss:		
– upon deregistration of a joint venture	–	(13)
– upon disposal of property inventories, net of deferred tax of nil (2015: Nil)	–	(1)
Other comprehensive expense for the period	(111)	(1)
Total comprehensive expense for the period	(810)	(625)
Total comprehensive (expense) income attributable to:		
Owners of the Company	(822)	(630)
Non-controlling interests	12	5
	(810)	(625)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2016 HK\$ million (unaudited)	31 December 2015 HK\$ million (audited)
Non-current Assets			
Investment properties		1,850	1,909
Property, plant and equipment		25	29
Interests in joint ventures		77	122
Available-for-sale investments		59	64
Interests in associates		49	146
Club memberships		1	1
Trade debtors	10	–	12
Amounts due from joint ventures		1,824	1,986
Amounts due from associates		1,327	1,296
		5,212	5,565
Current Assets			
Properties held for sale		328	354
Properties under development for sale		68	554
Debtors, deposits and prepayments	10	1,564	1,658
Amounts due from customers for contract work		315	342
Amounts due from joint ventures		651	617
Amounts due from associates		426	292
Amounts due from related companies		1	2
Taxation recoverable		19	27
Restricted bank deposits		612	732
Bank balances, deposits and cash		1,065	1,440
		5,049	6,018
Assets classified as held for disposal	11	112	756
		5,161	6,774

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2016 HK\$ million (unaudited)	31 December 2015 HK\$ million (audited)
Current Liabilities			
Creditors and accrued charges	12	1,431	1,772
Sales deposits received		115	255
Amounts due to customers for contract work		261	350
Amounts due to joint ventures		104	108
Amounts due to associates		–	2
Amounts due to related companies		340	337
Amounts due to non-controlling shareholders of subsidiaries		10	6
Taxation payable		36	217
Bank and other borrowings due within one year	13	2,499	2,914
		4,796	5,961
Net Current Assets			
		365	813
Total Assets Less Current Liabilities			
		5,577	6,378
Capital and Reserves			
Share capital	14	484	484
Reserves		4,237	5,058
Equity attributable to owners of the Company		4,721	5,542
Non-controlling interests		34	38
		4,755	5,580
Non-current Liabilities			
Bank and other borrowings	13	527	421
Defined benefit liabilities		152	152
Deferred tax liabilities		143	225
		822	798
		5,577	6,378

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company												Non-controlling interests HK\$ million	Total Equity HK\$ million
	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	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			
At 1 January 2016	484	3,172	450	197	(3)	967	47	(84)	9	303	5,542	38	5,580	
Fair value changes of available-for-sale investments	-	-	-	-	-	-	-	-	(5)	-	(5)	-	(5)	
Exchange differences arising on translation of financial statements of foreign operations	-	-	(128)	-	-	-	-	-	-	-	(128)	-	(128)	
Share of exchange differences of joint ventures	-	-	24	-	-	-	-	-	-	-	24	-	24	
Share of exchange differences of associates	-	-	(2)	-	-	-	-	-	-	-	(2)	-	(2)	
Loss for the period	-	-	-	-	-	(711)	-	-	-	-	(711)	12	(699)	
Total comprehensive (expense) income for the period	-	-	(106)	-	-	(711)	-	-	(5)	-	(822)	12	(810)	
Recognition of share-based payments	-	-	-	-	-	-	1	-	-	-	1	-	1	
Transfer upon lapse of share options	-	-	-	-	-	18	(18)	-	-	-	-	-	-	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(16)	(16)	
At 30 June 2016	484	3,172	344	197	(3)	274	30	(84)	4	303	4,721	34	4,755	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company												Total Equity HK\$ million
	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	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	
At 1 January 2015	484	3,172	1,497	197	(3)	2,063	74	(65)	–	414	7,833	37	7,870
Fair value changes of available-for-sale investments	–	–	–	–	–	–	–	–	11	–	11	–	11
Exchange differences arising on translation of financial statements of foreign operations	–	–	2	–	–	–	–	–	–	–	2	–	2
Deregistration of a joint venture	–	–	(13)	–	–	–	–	–	–	–	(13)	–	(13)
Disposal of property inventories	–	–	–	–	–	–	–	–	–	(1)	(1)	–	(1)
Loss for the period	–	–	–	–	–	(629)	–	–	–	–	(629)	5	(624)
Total comprehensive (expense) income for the period	–	–	(11)	–	–	(629)	–	–	11	(1)	(630)	5	(625)
Disposal of interest in a subsidiary	–	–	–	–	–	–	–	–	–	(3)	(3)	8	5
Deregistration of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	1	1
Recognition of share-based payments	–	–	–	–	–	–	3	–	–	–	3	–	3
Transfer upon lapse of share options	–	–	–	–	–	21	(21)	–	–	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(21)	(21)
At 30 June 2015	484	3,172	1,486	197	(3)	1,455	56	(65)	11	410	7,203	30	7,233

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 (2015: 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) other comprehensive item of nil (2015: HK\$102 million), which represented 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\$19 million (2015: HK\$20 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\$21 million (2015: HK\$21 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	
	2016 HK\$ million (unaudited)	2015 HK\$ million (unaudited)
Net cash used in operating activities		
Operating cash flows before movements in working capital	(109)	(12)
Decrease in properties held for sale	19	104
Increase (decrease) in sales deposits received in respect of properties for sale	21	(19)
Decrease in creditors and accrued charges	(311)	(108)
Movements in other working capital	73	41
Tax paid	(229)	(120)
	(536)	(114)
Net cash from investing activities		
Advances to joint ventures	(292)	(94)
Advances to associates	(160)	(205)
Payment for construction of investment properties	–	(5)
Net proceeds from disposal of an associate classified as held for disposal (note a)	331	–
Net proceeds from disposal of a property inventory through disposal of a subsidiary (note b)	403	–
Sales deposits received in respect of disposal of investment properties classified as held for disposal	114	501
Restricted bank deposits refunded	278	1
Restricted bank deposits placed	(168)	–
Other investing cash flows	73	18
	579	216

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2016 HK\$ million (unaudited)	2015 HK\$ million (unaudited)
Net cash used in financing activities		
New bank and other loans raised	1,113	828
Repayment of bank loans	(1,413)	(1,921)
Loan from related companies	–	400
Interest paid	(89)	(143)
Other financing cash flows	(19)	(47)
	(408)	(883)
Net decrease in cash and cash equivalents	(365)	(781)
Cash and cash equivalents at the beginning of the period	1,440	1,919
Effect of foreign exchange rate changes	(10)	(1)
Cash and cash equivalents at the end of the period	1,065	1,137
Analysis of the balances of cash and cash equivalents		
Bank balances, deposits and cash	1,065	1,137

Notes:

- (a) During the six months period ended 30 June 2016, the Group disposed of 20% interest in an associate, which indirectly owns a property development project in Shenyang and was classified as held for disposal. Accordingly, the net cash inflow of approximately HK\$331 million (2015: Nil) arising therefrom was included in cash flows from investing activities as such disposal was effected through disposal of an associate, rather than operating activities.
- (b) During the six months period ended 30 June 2016, the Group disposed of a property asset classified as properties under development for sale under current assets, through disposal of equity interest in a subsidiary holding this property asset. According to HKAS 7 "Cash Flow Statement", as such disposal was effected through disposal of subsidiary, the net cash inflow of approximately HK\$403 million (2015: Nil) arising therefrom was included in cash flows from investing activities, rather than operating activities.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2016 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 2016 and 31 December 2015 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 for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015. 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, certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, which are mandatorily effective for the Group's financial period beginning on 1 January 2016. The application of these amendments to HKFRSs has had no material effect on the amounts and disclosures set out in the condensed consolidated financial statements for the current interim period.

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

3. SEGMENT INFORMATION

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
3. Other businesses – venture capital investment and others

The cement operations through Lafarge Shui On Cement Limited ("LSOC") were classified as discontinued operations as the equity interest in LSOC was disposed of during the year ended 31 December 2015, and the Group after the disposal, did not have material investments that engaged in cement operations. Accordingly, the segment information reported in this note 3 does not include any amounts for the discontinued operations in the current and prior periods. Details of discontinued operations are described in note 6 and segment information for prior period has been re-presented.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

3. SEGMENT INFORMATION (CONTINUED)

(a) Reportable segment revenue and profit or loss

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 2016

	Property HK\$ million	Construction and building maintenance HK\$ million	Other businesses HK\$ million	Total HK\$ million
REVENUE				
Sales of goods	485	–	–	485
Rental income	7	–	–	7
Revenue from rendering of services	10	–	–	10
Construction contract revenue	–	1,961	–	1,961
Group's revenue from external customers	502	1,961	–	2,463
Share of joint ventures/associates' revenue	876	–	18	894
Total segment revenue	1,378	1,961	18	3,357
Reportable segment results	(575)	46	(52)	(581)
Segment results have been arrived at after crediting (charging):				
Depreciation and amortisation	(2)	(3)	–	(5)
Interest income	28	2	–	30
Fair value changes on investment properties	(27)	–	–	(27)
Dividend income from available-for-sale investments	1	–	–	1
Loss on disposal of investment properties classified as held for disposal	(15)	–	–	(15)
Share of results of joint ventures				
Property development	(370)	–	–	(370)
Other operations in Guizhou	–	–	4	4
Venture capital investments	–	–	(19)	(19)
				(385)
Share of results of associates				
Property development	(75)	–	–	(75)

3. SEGMENT INFORMATION (CONTINUED)

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

For the six months ended 30 June 2015 (re-presented)

	Property HK\$ million	Construction and building maintenance HK\$ million	Other businesses HK\$ million	Total HK\$ million
REVENUE				
Sales of goods	137	–	3	140
Rental income	18	–	–	18
Revenue from rendering of services	30	–	1	31
Construction contract revenue	–	2,597	–	2,597
Group's revenue from external customers	185	2,597	4	2,786
Share of joint ventures/associates' revenue	268	2	28	298
Total segment revenue	453	2,599	32	3,084
Reportable segment results	(180)	62	(5)	(123)
Segment results have been arrived at after crediting (charging):				
Depreciation and amortisation	(3)	(2)	(1)	(6)
Interest income	41	2	1	44
Fair value changes on investment properties	(5)	–	–	(5)
Dividend income from available-for-sale investments	1	–	–	1
Loss on disposal of investment properties classified as held for disposal	(35)	–	–	(35)
Share of results of joint ventures				
Property development	(126)	–	–	(126)
Other operations in Guizhou	–	–	2	2
Venture capital investments	–	–	(12)	(12)
				(136)
Share of results of associates				
Property development	(38)	–	–	(38)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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 2016

	Property HK\$ million	Construction and building maintenance HK\$ million	Other businesses HK\$ million	Total HK\$ million
Reportable segment assets	8,181	1,942	1,144	11,267
Reportable segment liabilities	994	1,511	914	3,419

At 31 December 2015

	Property HK\$ million	Construction and building maintenance HK\$ million	Other businesses HK\$ million	Total HK\$ million
Reportable segment assets	9,711	2,159	1,404	13,274
Reportable segment liabilities	1,268	1,849	929	4,046

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

	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million (re-presented)
Revenue		
Reportable segment revenue	3,357	3,084
Elimination of share of revenue of joint ventures/associates	(894)	(298)
Consolidated turnover	2,463	2,786

3. SEGMENT INFORMATION (CONTINUED)

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

	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million (re-presented)
Loss before taxation		
Reportable segment loss before taxation	(581)	(123)
Unallocated other income	1	2
Finance costs	(97)	(173)
Other unallocated corporate expenses	(40)	(34)
Consolidated loss before taxation from continuing operations	(717)	(328)
	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Assets		
Reportable segment assets	11,267	13,274
Elimination of inter-segment receivables	(913)	(962)
Other unallocated assets	19	27
Consolidated total assets	10,373	12,339
	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Liabilities		
Reportable segment liabilities	3,419	4,046
Elimination of inter-segment payables	(913)	(962)
Unallocated liabilities		
– Bank and other borrowings	2,781	3,081
– Taxation and others	331	594
Consolidated total liabilities	5,618	6,759

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

4. FINANCE COSTS

	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million
Continuing operations		
Interest on bank loans and overdrafts and other loans	89	142
Other borrowing costs	8	31
	97	173

5. TAXATION

	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million
Continuing operations		
The (credit) charge comprises:		
Current taxation		
Hong Kong Profits Tax	9	12
PRC Enterprise Income Tax	14	39
PRC Land Appreciation Tax	37	69
	60	120
Deferred taxation	(78)	(96)
	(18)	24

Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) on the estimated assessable profits for the period.

PRC Enterprise Income Tax is calculated at 25% (2015: 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

Following completion of the disposal of the Group's 45% interest in LSOC in August 2015, the Group's cement operations through LSOC have been classified as discontinued operations for the year ended 31 December 2015. The prior period figures have been re-presented for conformity with the current period presentation.

Loss for the six months ended 30 June 2015 from discontinued operations attributable to owners of the Company was HK\$272 million, which included share of loss of joint ventures of HK\$276 million and other income of HK\$4 million.

7. LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million
Loss for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	6	7
Cost of properties sold	503	103
Impairment loss on trade and other receivables	21	–
Share of tax of joint ventures (included in share of results of joint ventures)	(7)	(1)
Share of tax of associates (included in share of results of associates)	(22)	(5)

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend (2015: Nil) for the six months ended 30 June 2016.

9. LOSS PER SHARE

From continuing and discontinued operations

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

	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million
Loss for the period attributable to owners of the Company:		
Loss for the purpose of basic and diluted loss per share	(711)	(629)
Number of shares:	Million	Million
Weighted average number of ordinary shares for the purpose of basic loss per share	484	484
Effect of dilutive potential ordinary shares:		
Share options	–	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	484	484

The computation of the diluted loss per share for the six months ended 30 June 2016 and 30 June 2015 does not assume the exercise of the Company's share options, because this would result in a decrease in loss per share.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

9. LOSS PER SHARE (CONTINUED)

From continuing operations

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

	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million
Loss for the period attributable to owners of the Company:		
Loss for the purpose of basic and diluted loss per share	(711)	(629)
Adjust: Loss for the period from discontinued operations	–	272
Loss for the purpose of basic and diluted loss per share from continuing operations	(711)	(357)

From discontinued operations

Basic and diluted loss per share from discontinued operations for the six months ended 30 June 2015 was HK\$0.56 per share, based on the loss for the period from discontinued operations of HK\$272 million and the denominators detailed above for both basic and diluted loss per share.

10. 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, net of allowance for doubtful debts, with an aged analysis (based on the repayment terms set out in sale and purchase agreements or invoice date, as appropriate) at the end of the reporting period as follows:

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Trade debtors aged analysis (note a):		
Not yet due or within 90 days	335	584
91 days to 180 days	–	1
181 days to 360 days	3	1
Over 360 days	4	7
Retention receivable	342	593
Consideration receivables in respect of disposal of a subsidiary and a joint venture	248	220
Prepayments, deposits and other receivables (note b)	71	25
	903	832
Less: amount due for settlement after 12 months	1,564	1,670
	–	(12)
	1,564	1,658

10. DEBTORS, DEPOSITS AND PREPAYMENTS (CONTINUED)

Notes:

- (a) Included in the trade debtors are receivables of HK\$18 million (31 December 2015: HK\$35 million), which are aged over 180 days, based on the date on which revenue was recognised.
- (b) Included in prepayments, deposits and other receivables at 30 June 2016 are receivables of HK\$425 million (31 December 2015: HK\$417 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\$140 million (31 December 2015: HK\$143 million) carries interest at prevailing market rates. A court in the PRC issued notices to attach the aforesaid property interest to cause the Debtor to settle part of the outstanding receivable in the amount of RMB140 million (approximately HK\$164 million) (31 December 2015: RMB140 million (approximately HK\$167 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 17(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, including the successful registration of title deed of the property under the name of the Debtor in May 2015, the Directors of the Company believe that these receivables will be fully settled and the guarantee provided by the Company will be released either through public auction of the aforesaid property interest 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.

11. ASSETS CLASSIFIED AS HELD FOR DISPOSAL

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Interest in an associate and shareholder's loan (note a)	–	364
Investment properties (note b)	112	392
Total assets classified as held for disposal	112	756

Notes:

- (a) In January 2016, the Group completed the disposal of its 20% interest in the associate, which indirectly owns a property development project in Shenyang, together with the outstanding shareholder's loan.
- (b) At 30 June 2016, all of the investment properties have been sold or subscribed.

12. CREDITORS AND ACCRUED CHARGES

The aged analysis of creditors (based on invoice date) of HK\$242 million (31 December 2015: HK\$531 million), which are included in the Group's creditors and accrued charges, is as follows:

	30 June 2016 HK\$ million	31 December 2015 HK\$ million
Trade creditors aged analysis:		
Not yet due or within 30 days	138	375
31 days to 90 days	11	30
91 days to 180 days	1	4
Over 180 days	92	122
Retention payable	242	531
Provision for contract work/construction cost	333	313
Other accruals and payables	690	694
	166	234
	1,431	1,772

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

13. BANK AND OTHER BORROWINGS

During the six months ended 30 June 2016, the Group raised new bank borrowings totalling HK\$1,113 million (2015: HK\$828 million), repaid bank borrowings totalling HK\$1,413 million (2015: HK\$1,921 million), and renewed existing credit facilities totalling HK\$484 million. New and renewed bank and other loan facilities of the Group carry interest at approximately 3.26% to 15% per annum.

At 30 June 2016, the Group had bank and other borrowings of HK\$3,026 million, of which HK\$167 million were in breach of certain financial covenants as stipulated in the relevant bank loan agreement. Subsequent to the end of the reporting period, the Group has signed the supplemental banking facilities letter with the lender concerned, in which the clauses relating to the financial covenant requirements have been revised, and accordingly, the lender will not demand for immediate repayment of the loan.

14. SHARE CAPITAL

	30 June 2016 Number of shares	31 December 2015 Number of shares	30 June 2016 HK\$ million	31 December 2015 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 and the end of the period/year	484,410,164	484,410,164	484	484

15. CAPITAL COMMITMENTS

At 30 June 2016, the Group had no significant capital commitments (31 December 2015: Nil).

16. SHARE-BASED PAYMENTS

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

	Number of shares subject to options
Outstanding at 1 January 2016	16,542,000
Exercised during the period	–
Lapsed during the period	(5,050,000)
Outstanding at 30 June 2016	11,492,000

17. CONTINGENT LIABILITIES

At 30 June 2016, 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 RMB83 million (HK\$97 million) (31 December 2015: RMB110 million (HK\$131 million)) granted to a subsidiary of an associate.
- (b) Effective share of guarantees issued in favour of banks and other financial institution amounting to HK\$1,147 million (31 December 2015: HK\$827 million) to secure bank and other loans granted to certain joint ventures and associates.
- (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 RMB18 million (HK\$21 million) (31 December 2015: RMB99 million (HK\$118 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 10(b) 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 supplemental restructuring deeds, whereby the New Lender agreed not to demand fulfilment of the Company's obligations under the Guarantee to October 2016, subject to extension after further discussions. The outstanding principal amount of the loan under the Guarantee amounting to RMB542 million (HK\$634 million) at 30 June 2016 (31 December 2015: RMB542 million (HK\$647 million)) and the related interest amounting to RMB314 million (HK\$367 million) (31 December 2015: RMB280 million (HK\$334 million)) are 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 and at the end of the reporting period 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.

18. MATERIAL RELATED PARTY TRANSACTIONS

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

Nature of transactions	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million
SOCL and its subsidiaries		
Dividend income	1	1
Interest expenses	-	1
Rental expenses	1	1

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

18. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

Nature of transactions	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million
Interest income	10	20
Imputed interest income	5	5
Management fee income	10	34
Interest expenses	12	10
Subcontracting work expenses	–	3

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

Nature of transactions	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million
Interest income	18	18
Imputed interest income	11	11

- (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 paid consultancy fee of HK\$1 million (2015: Nil) to Mr. Gerrit Jan de Nyes, a Non-executive Director of the Company, for providing certain consultancy services to the Company.
- (f) During the period ended 30 June 2015, the Group received dividend income amounting to HK\$237 million from a joint venture.
- (g) During the period ended 30 June 2015, the Group obtained unsecured interest bearing short-term loan of HK\$300 million and unsecured non-interest bearing short-term loan of HK\$100 million from the wholly-owned subsidiaries of SOCL.
- (h) Disclosures of the remuneration of Directors and other members of key management during the period under HKAS 24 “Related Party Disclosures”, were as follows:

	Six months ended 30 June	
	2016 HK\$ million	2015 HK\$ million
Fees	1	1
Salaries and other benefits	15	14
Bonuses	5	5
Retirement benefit scheme contributions	1	1
Other service fees	1	–
Share-based payments	–	2
	23	23

Note:

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.

18. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

- (i) The emoluments paid or payable to each of the seven (2015: eight) 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	Other service fees HK\$'000	Retirement benefit scheme contributions HK\$'000	Share Based Payments HK\$'000	Six months ended 30 June	
							2016 Total HK\$'000	2015 Total HK\$'000
Mr. Lo Hong Sui, Vincent		5	-	-	-	-	5	5
Mr. Wong Fook Lam, Raymond		5	2,381	-	9	-	2,395	2,440
Mr. Tsang Kwok Tai, Moses	(i)	125	-	-	-	-	125	158
Mr. Gerrit Jan de Nys	(i) & (iii)	210	-	766	-	-	976	225
Ms. Li Hoi Lun, Helen	(ii)	242	-	-	-	-	242	228
Mr. Chan Kay Cheung	(ii)	298	-	-	-	-	298	298
Mr. William Timothy Addison	(ii) & (iv)	26	-	-	-	-	26	-
Mr. Choi Yuk Keung, Lawrence	(v)	-	-	-	-	-	-	2,826
Mr. Wong Kun To, Philip	(vi)	-	-	-	-	-	-	103
		911	2,381	766	9	-	4,067	6,283

Notes:

(i) Non-executive Directors.

(ii) Independent Non-executive Directors.

(iii) Mr. Gerrit Jan de Nys has been re-designed from the role of Independent Non-executive Director to Non-executive Director with effect from 20 November 2015. He provided certain consultancy services to the Company during the six months period ended 30 June 2016, in return for a fee.

(iv) Mr. William Timothy Addison was appointed as an Independent Non-executive Director on 25 May 2016.

(v) Mr. Choi Yuk Keung, Lawrence retired as the Vice Chairman and Managing Director with effect from 31 December 2015.

(vi) Mr. Wong Kun To, Philip retired as a Non-executive Director at the annual general meeting of the Company held on 29 May 2015.

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

At 30 June 2016, the only financial instrument of the Group that was measured subsequent to initial recognition at fair value was 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. 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.

DISCLOSURE UNDER RULES 13.20 AND 13.22 OF THE LISTING RULES

Financial assistance and guarantees provided by the Group to its affiliated companies amounted to HK\$4,279 million at 30 June 2016, details of which are as follows:

Affiliated companies	Approximate effective percentage of interest	Balance at 30 June 2016			
		Unsecured loans		Guarantee HK\$ million	Total HK\$ million
		Interest free with no fixed repayment terms HK\$ million	Interest bearing with no fixed repayment terms HK\$ million (Note a)		
Cosy Rich Limited	50%	464	–	184	648
Gracious Spring Limited	81%	–	950	309	1,259
Lamma Yue Jie Company Limited	60%	17	–	–	17
Nanjing Jiangnan Cement Co., Ltd.	60%	164	–	–	164
Richcoast Group Limited	28%	473	854	493	1,820
Win Lead Holdings Limited	50%	277	–	94	371
		1,395	1,804	1,080	4,279

The pro forma combined statement of financial position of the above affiliated companies at 30 June 2016 is as follows:

	HK\$ million
Non-current assets	10,436
Current assets	10,328
Current liabilities	(9,774)
Net current assets	554
Non-current liabilities	(11,325)
Non-controlling interests	(618)
Shareholders' funds	(953)

Notes:

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

Affiliated companies	Interest rate per annum
Gracious Spring Limited	Fixed at 13%
Richcoast Group Limited	5% on a total amount of HK\$242 million, and 110% of the prevailing 1 year base lending rate published by the People's Bank of China on the remaining balance

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

GENERAL INFORMATION

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

At 30 June 2016, the interests of the Directors and chief executive of the Company in the shares and underlying shares of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long positions in the shares and underlying shares of the Company

Name of Director	Number of shares			Number of underlying shares	Total	Approximate percentage of issued shares (Note 1)
	Personal interests	Family interests	Other interests	Share options		
Mr. Lo Hong Sui, Vincent	–	312,000 (Note 2)	234,381,000 (Note 3)	–	234,693,000	48.44%
Mr. Wong Fook Lam, Raymond	32,000	–	–	700,000 (Note 4)	732,000	0.15%

Notes:

1. Based on 484,410,164 shares of the Company in issue at 30 June 2016.
2. 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 3 below.
3. These shares were beneficially owned by Shui On Company Limited ("SOCL"). Of these 234,381,000 shares beneficially owned by SOCL, 232,148,000 shares were held by SOCL itself and 2,233,000 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.
4. It represents the interests of Mr. Wong Fook Lam, Raymond in 700,000 underlying shares of the Company through a share option granted to him under the share option scheme adopted by the Company on 27 August 2002.

Save as disclosed above, at 30 June 2016, none of the Directors or chief executive of the Company had any interests or short positions in the 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 under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

GENERAL INFORMATION

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

At 30 June 2016, the following substantial shareholder (not being a Director or chief executive of the Company or his/her respective associate(s)) had interests in the shares and underlying shares of the Company (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholder	Capacity	Number of shares/ underlying shares	Approximate percentage of issued shares (Note 1)
Penta Investment Advisers Limited	Investment manager	96,852,728 (L) (Note 2)	19.99%

Notes:

1. Based on 484,410,164 shares of the Company in issue at 30 June 2016.
2. It included the interests held by this shareholder in 18,140,603 underlying shares of the Company, representing approximately 3.74% of the issued shares of the Company, pursuant to certain unlisted cash settled derivatives.
3. The letter "L" denotes a long position.

Save as disclosed above and under the foregoing section headed "Interests of Directors and Chief Executive", at 30 June 2016, no interests or short positions of substantial shareholders and other persons in the shares and underlying shares of the Company were recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTIONS

The Company adopted a share option scheme on 22 August 2012, which has a life of 10 years until 21 August 2022, to replace the share option scheme adopted on 27 August 2002 (the "Old Scheme") that had expired on 30 August 2012. Since then, no further option can be granted under the Old Scheme, but all options granted previously remain exercisable in accordance with the terms of the Old Scheme and the relevant letters of offers to the respective grantees.

The movements in the share options of the Company during the six months ended 30 June 2016 are set out as follows:

Name or category of eligible participant(s)	Date of grant	Subscription price per share HK\$	Number of shares subject to options					At 30.6.2016	Period during which the options are exercisable
			At 1.1.2016	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period		
Director									
Mr. Wong Fook Lam, Raymond (Note 1)	12.4.2010	12.22	700,000	-	-	-	-	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
Sub-total			950,000	-	-	(250,000)	-	700,000	
Former Director									
Mr. Choi Yuk Keung, Lawrence (Notes 1 and 2)	9.4.2009	7.63	380,000	-	-	-	-	380,000	9.4.2012 to 8.4.2019
	12.4.2010	12.22	700,000	-	-	-	-	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
Sub-total			1,330,000	-	-	(250,000)	-	1,080,000	
Employees (in aggregate)									
	13.5.2011	10.66	3,210,000	-	-	(3,210,000)	-	-	13.11.2011 to 12.5.2016
	23.6.2011	10.90	730,000	-	-	(730,000)	-	-	23.12.2011 to 22.6.2016
	28.7.2011	10.00	2,886,000	-	-	(268,000)	-	2,618,000	1.5.2015 to 27.7.2021
	26.11.2012	8.18	3,396,000	-	-	(152,000)	-	3,244,000	26.5.2013 to 25.11.2017
	14.6.2013	9.93	4,040,000	-	-	(190,000)	-	3,850,000	14.12.2013 to 13.6.2018
Sub-total			14,262,000	-	-	(4,550,000)	-	9,712,000	
Total			16,542,000	-	-	(5,050,000)	-	11,492,000	

Notes:

- Mr. Wong Fook Lam, Raymond and Mr. Choi Yuk Keung, Lawrence were previously granted share options in excess of their respective maximum individual entitlement of 1%.
- Mr. Choi Yuk Keung, Lawrence retired from employment of the Company on 31 December 2015. In accordance with the terms of the Old Scheme and subject to the terms of the relevant offer letters, all the outstanding share options held by Mr. Choi remain exercisable within 12 months from the date of his retirement.
- The share options granted on 28 July 2011, 26 November 2012 and 14 June 2013 are exercisable by the eligible participants during the exercise period in accordance with the schedules as set out in the respective offer letters.

GENERAL INFORMATION

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 2016.

CORPORATE GOVERNANCE

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

The Board

The Board currently comprises seven members, including two Executive Directors and five Non-executive Directors, three of whom are Independent Non-executive Directors. Six standing 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 of this Interim Report.

Audit Committee

The principal responsibilities of the Audit Committee include the review of both the Group's consolidated financial statements and the effectiveness of its risk management and internal control systems. The Audit Committee also oversees the engagement of the external auditor and reviews its independence as well as the effectiveness of the audit process.

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2016, including the accounting principles and practices adopted by the Group. It has also considered selected accounting, internal control and financial reporting matters of the Group, in conjunction with the Company's external auditor.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on the policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy. It is also given the tasks to determine the remuneration package of individual Executive Director, and review and approve performance-based remuneration of Executive Directors with reference to the corporate goals and objectives.

Nomination Committee

The Nomination Committee is responsible for regularly reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board composition to meet the needs of the Company. Its duties also include making recommendations to the Board on the appointment or re-appointment of Directors and membership of the Board Committees, regularly reviewing the time required from a Director to perform his/her responsibilities and assessing the independence of the Independent Non-Executive Directors.

Finance Committee

The Finance Committee is responsible for reviewing the Group's financial strategies, compliance of the finance policy and bank loan covenants, as well as monitoring the overall banking relationship and the cash flow position of the Group.

Investment Committee

The Investment Committee is responsible for assessing investment and disposal recommendations on property projects of the Group and reviewing its overall investment/divestment strategy.

Executive Committee

The Executive Committee reviews, 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 2016, the Company has 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.

Code provision B.1.2 of the CG Code provides that the terms of reference of the Remuneration Committee should include, among others, 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 code provision B.1.2. 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.

GENERAL INFORMATION

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, which also deviates from the stipulation in code provision B.1.2 that the Remuneration Committee should make recommendations to the Board on the remuneration of Non-executive Directors. The Non-executive Directors abstain from voting in respect of the determination of their own remuneration at the relevant Board meetings.

As stipulated in code provision E.1.2 of the CG Code, the Chairman of the Board should attend the annual general meeting of the Company. Due to sickness, the Chairman of the Board was unable to attend the annual general meeting of the Company held on 23 May 2016. In his absence, the Managing Director and Chief Financial Officer of the Company chaired the meeting to answer shareholders' questions about the Group's affairs.

Compliance with the Model Code

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its 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 six months ended 30 June 2016.

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 change in the biographical details of a Director of the Company since publication of its 2015 Annual Report is set out as follows:

Name of Director	Details of change
Mr. Wong Fook Lam, Raymond	<ul style="list-style-type: none">Resigned as an independent non-executive director of Wenzhou Kangning Hospital Co., Ltd., a company listed on the Stock Exchange, with effect from 14 June 2016

Details about the emoluments of the Directors of the Company for the six months ended 30 June 2016 are set out in note 18 to the condensed consolidated financial statements.

CORPORATE INFORMATION

BOARD

Executive Directors

Mr. Lo Hong Sui, Vincent (Chairman)
Mr. Wong Fook Lam, Raymond
(Managing Director and Chief Financial Officer)

Non-executive Directors

Mr. Tsang Kwok Tai, Moses
Mr. Gerrit Jan de Nys

Independent Non-executive Directors

Ms. Li Hoi Lun, Helen
Mr. Chan Kay Cheung
Mr. William Timothy Addison

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Ms. Li Hoi Lun, Helen (Chairman)
Mr. Lo Hong Sui, Vincent
Mr. Chan Kay Cheung

NOMINATION COMMITTEE

Mr. Lo Hong Sui, Vincent (Chairman)
Ms. Li Hoi Lun, Helen
Mr. Chan Kay Cheung

FINANCE COMMITTEE

Mr. Gerrit Jan de Nys (Chairman)
Mr. Wong Fook Lam, Raymond
Mr. Tsang Kwok Tai, Moses
Mr. Chan Kay Cheung
Mr. William Timothy Addison

INVESTMENT COMMITTEE

Mr. Wong Fook Lam, Raymond (Chairman)
Ms. Li Hoi Lun, Helen
Mr. Chan Kay Cheung
Mr. William Timothy Addison

EXECUTIVE COMMITTEE

Mr. Wong Fook Lam, Raymond (Chairman)
Mr. Lo Hong Sui, Vincent
Other key executives

COMPANY SECRETARY

Ms. Chan Yeuk Ho, Karen

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

Codan Services Limited
Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
Level 22, Hopewell Centre
183 Queen's Road East, Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank, Limited
Standard Chartered Bank (Hong Kong) Limited
Industrial and Commercial Bank of China Limited
Shanghai Commercial Bank Limited
BNP Paribas

STOCK CODE

983

WEBSITE

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