瑞安建業有限公司*

SOCAM Development Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 983)

INTERIM RESULTS for the six months ended 30 June 2013

FINANCIAL HIGHLIGHTS

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

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

MARKET AND BUSINESS REVIEW

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

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

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

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

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

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

PROPERTY

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

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

Special Situation Projects

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

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

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

** The GFA shown above has excluded sold and delivered areas*

Property sales and leasing

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

Sales and leasing highlights during the period include:

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

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

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

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

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

Shanghai 21st Century Tower
Construction and fit-out of the Four Seasons Hotel Pudong were completed in less than two years after acquisition, culminating in its grand opening in November 2012. The initial occupancy rate of this new hotel was satisfactory.

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

Shanghai Lakeville Regency Tower 18
This luxury serviced apartment building is situated in the Xintiandi District. Its central location attracts both medium-term tenants and short-stay visitors and a current average occupancy rate of 85% has always been maintained.

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

Dalian Tiandi

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

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

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

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

CONSTRUCTION

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

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

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

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

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

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

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

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

Shui on Construction, Mainland (SOCM), the Group's 85%-owned construction arm in the Chinese Mainland, provided services for the Chongqing Tiandi, Foshan Lingnan Tiandi, Wuhan Tiandi, Shanghai Rui Hong Xin Cheng and Dalian Tiandi projects of Shui On Land, and Shenyang Project Phase I, Guangzhou Parc Oasis, Shanghai 21st Century Tower and Chengdu Centropolitan projects of SOCAM. SOCM completed the main construction contracts for lots A6 and A4-3 in Wuhan Tiandi, and secured approximately HK$560 million worth of new contracts, including construction works for Chengdu Centropolitan.

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

CEMENT

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

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

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

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

Lafarge Shui On Cement (LSOC)

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

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

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

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

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

OUTLOOK

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

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

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

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

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

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

RESULTS

The Board of Directors (the "Board") of SOCAM Development Limited (the "Company" or "SOCAM") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2013 HK$ million (unaudited)**	31 December 2012 HK$ million (audited)
Non-current Assets			
Investment properties		**4,192**	4,065
Property, plant and equipment		**67**	72
Prepaid lease payments		**41**	41
Interests in joint ventures		**805**	871
Available-for-sale investments		**68**	84
Interests in associates		**504**	511
Club memberships		**1**	1
Trade debtors		**38**	–
Amounts due from joint ventures		**2,211**	1,861
Amounts due from associates		**860**	860
		8,787	8,366
Current Assets			
Inventories		**24**	29
Prepaid lease payments		**1**	1
Properties held for sale		**591**	1,896
Properties under development for sale		**2,201**	2,569
Debtors, deposits and prepayments	7	**1,959**	1,567
Amounts due from customers for contract work		**380**	321
Amounts due from joint ventures		**795**	797
Amounts due from associates		**432**	393
Amounts due from related companies		**362**	308
Taxation recoverable		**41**	25
Restricted bank deposits		**1,276**	1,214
Bank balances, deposits and cash			
– Cash and cash equivalents		**2,425**	1,854
– Other bank balances		**274**	196
		10,761	11,170
Assets classified as held for disposal		**4,060**	4,152
		14,821	15,322
Current Liabilities			
Creditors and accrued charges	8	**2,372**	2,376
Sales deposits received		**339**	1,301
Amounts due to customers for contract work		**502**	347
Amounts due to joint ventures		**99**	65
Amounts due to associates		**–**	1
Amounts due to related companies		**1**	64
Amounts due to non-controlling shareholders of subsidiaries		**3**	4
Taxation payable		**239**	109
Bank and other borrowings due within one year		**7,381**	4,786
		10,936	9,053
Net Current Assets		**3,885**	6,269
Total Assets Less Current Liabilities		**12,672**	14,635
Capital and Reserves			
Share capital		**494**	492
Reserves		**10,000**	10,094
Equity attributable to owners of the Company		**10,494**	10,586
Non-controlling interests		**57**	70
		10,551	10,656
Non-current Liabilities			
Bank and other borrowings		**1,626**	3,293
Defined benefit liabilities		**112**	112
Other payables		**–**	116
Deferred tax liabilities		**383**	458
		2,121	3,979
		12,672	14,635

Notes:

1. Basis of preparation

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

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments which are measured at fair values. The fair value of the Group's investment properties at 30 June 2013 and December 2012 has been arrived at on the basis of valuations carried out on those dates by an independent qualified professional valuer.

The accounting policies and methods of computation used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2012, except for the adoption of the revised standard HKAS 19 (2011) "Employee Benefits" as mentioned below. Joint ventures and associates of the Group adopt uniform accounting policies for like transactions and events in similar circumstances as those of the Group. In the current interim period, the Group has applied, for the first time, the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, which are mandatorily effective for the Group's financial period beginning on 1 January 2013.

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

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

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

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

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

1. Basis of preparation (continued)

The application of the new and revised HKFRSs, except for the revised standard HKAS 19 (2011), has had no material effect on the amounts reported and disclosures set out in the condensed consolidated financial statements of the Group for the current or prior accounting periods. The application of the HKAS 19 (2011) has resulted in changes to the Group's accounting policy and the Group is required to apply HKAS 19 (2011) retrospectively. Accordingly, comparative figures have been restated.

Summary of the effects of the changes in accounting policy:

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

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

	As originally stated HK$ million	Effect of the adoption of HKAS19 (2011) HK$ million	As restated HK$ million
At 31 December 2012			
Retained profits	5,041	(138)	4,903
Actuarial gain and loss	(183)	138	(45)
Total effects on equity	4,858	–	4,858
At 1 January 2012			
Retained profits	4,328	(117)	4,211
Actuarial gain and loss	(149)	117	(32)
Total effects on equity	4,179	–	4,179

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

2. 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, sales of building materials and provision of related consultancy services

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

The cement operations through LSOC had been classified as discontinued operations and the segment information reported in this note does not include any amounts for the discontinued operations in the current and prior periods, which are described in detail in note 4.

2. Segment information (continued)

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

For the six months ended 30 June 2013

	Property HK$ million	Construction and building maintenance HK$ million	Other businesses HK$ million	Total HK$ million
Revenue				
Sales of goods	**2,471**	**36**	–	**2,507**
Rental income	**21**	–	–	**21**
Revenue from rendering of services	**38**	**15**	**1**	**54**
Construction contract revenue	–	**2,202**	–	**2,202**
Revenue from external customers	**2,530**	**2,253**	**1**	**4,784**
Inter-segment revenue	–	**23**	–	**23**
	2,530	**2,276**	**1**	**4,807**
Share of joint ventures/associates' revenue	**618**	**6**	**35**	**659**
Total segment revenue	**3,148**	**2,282**	**36**	**5,466**

Inter-segment revenue is charged at mutually agreed prices.

	Property	Construction and building maintenance	Other businesses	Total
Reportable segment results	**416**	**72**	**(20)**	**468**
Unallocated items:				
Other income				**2**
Finance costs				**(178)**
Other corporate expenses				**(47)**
Consolidated profit before taxation from continuing operations				**245**
Segment results have been arrived at after crediting (charging):				
Cost of properties sold	**(2,079)**	–	–	**(2,079)**
Depreciation and amortisation	**(11)**	**(2)**	**(1)**	**(14)**
Interest income	**20**	**2**	**2**	**24**
Imputed interest income on loans to joint ventures/associates	**14**	–	–	**14**
Fair value changes on investment properties	**17**	**–**	**–**	**17**
Dividend income from available-for-sale investments	**1**	–	–	**1**
Share of results of joint ventures				
Cement operations in Guizhou	–	–	**5**	**5**
Venture capital investments	–	–	**(32)**	**(32)**
Property development	**60**	–	–	**60**
Imputed interest expense	**(3)**	–	–	**(3)**
				30
Share of results of associates				
Property development	**2**	–	–	**2**
Imputed interest expense	**(11)**	–	–	**(11)**
				(9)

2. Segment information (continued)

For the six months ended 30 June 2012

	Property HK$ million	Construction and building maintenance HK$ million	Other businesses HK$ million	Total HK$ million
Revenue				
Sales of goods	151	32	–	183
Rental income	26	–	–	26
Revenue from rendering of services	41	16	1	58
Construction contract revenue	–	2,383	–	2,383
Revenue from external customers	218	2,431	1	2,650
Inter-segment revenue	–	169	–	169
	218	2,600	1	2,819
Share of joint ventures/associates' revenue	105	1	42	148
Total segment revenue	323	2,601	43	2,967

Inter-segment revenue is charged at mutually agreed prices.

	Property HK$ million	Construction and building maintenance HK$ million	Other businesses HK$ million	Total HK$ million
Reportable segment results	15	71	(11)	75
Unallocated items:				
Other income				5
Finance costs				(145)
Other corporate expenses				(56)
Consolidated loss before taxation from continuing operations				(121)
Segment results have been arrived at after crediting (charging):				
Cost of properties sold	(127)	–	–	(127)
Depreciation and amortisation	(9)	(2)	–	(11)
Interest income	19	2	2	23
Imputed interest income on loans to joint ventures/associates	14	–	–	14
Fair value changes on investment properties	77	–	–	77
Dividend income from available-for-sale investments	14	–	–	14
Share of results of joint ventures				
Cement operations in Guizhou	–	–	(2)	(2)
Venture capital investments	–	–	(6)	(6)
Property development	(33)	–	–	(33)
Imputed interest expense	(3)	–	–	(3)
Others	–	5	–	5
				(39)
Share of results of associates				
Property development	1	–	–	1
Imputed interest expense	(11)	–	–	(11)
				(10)

3. Taxation

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

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

PRC Enterprise Income Tax is calculated at 25% (2012: 25%) on the estimated assessable profits for the period.

PRC Land Appreciation Tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditure including amortisation of land use rights, borrowing costs, business taxes and all property development expenditure.

4. Discontinued operations

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

5. Dividends

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

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

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

6. Earnings (loss) per share

From continuing and discontinued operations

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

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

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

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

From continuing operations

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

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

From discontinued operations

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

7. Debtors, deposits and prepayments

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

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

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

Note: Included in prepayments, deposits and other receivables at 30 June 2013 are receivables of HK$386 million (31 December 2012: HK$363 million) due from China Central Properties Limited's former subsidiaries (the "Debtor"), which hold a property interest in the PRC and were disposed of in 2008. The amounts are repayable on demand and out of the total outstanding balance, an amount of HK$151 million (31 December 2012: HK$148 million) carries interest at prevailing market rates. In December 2011, a court in the PRC issued a notice to attach the aforesaid property interest for two years until December 2013 to cause the Debtor to settle part of the outstanding receivable in the amount of RMB120 million (approximately HK$151 million) and its related interest. In addition to these receivables, the Company has provided a guarantee in relation to a loan granted to the Debtor (see note 9(d)). In the opinion of the Directors of the Company, given that there have been continued positive outcomes in the legal disputes in relation to the property interest, these receivables will be fully settled and the guarantee provided by the Company will be released either after completion of the transfer of the legal title to the aforesaid property interest to the Debtor or the sale of the equity interest of the entity holding the property interest, which is expected to take place within twelve months from the end of the reporting period.

8. Creditors and accrued charges

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

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

9. Contingent liabilities

At 30 June 2013, the Group had the following contingent liabilities, which have not been provided for in the condensed consolidated financial statements:

(a) Standby documentary credit arranged with a bank to secure a bank loan of RMB110 million (HK$138 million) (31 December 2012: HK$145 million) granted to a subsidiary of an associate.

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

(c) Effective share of a guarantee issued in favour of a joint venture (the "Joint Venture", which was formed between an associate and an independent third party (the "Joint Venture Partner")) and the Joint Venture Partner for an amount not exceeding RMB110 million (HK$138 million) (31 December 2012: RMB110 million (HK$136 million)) in respect of certain of the Group's payment obligations to the Joint Venture and the Joint Venture Partner.

(d) In 2007, the Company issued a guarantee (the "Guarantee") in favour of a bank for a loan granted to an entity which was a wholly-owned subsidiary of China Central Properties Limited ("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 7 for details of receivables due from the Former Subsidiary arising from such disposal). In October 2011, the Company received a notice from the aforesaid bank that it had entered into an agreement to sell all its rights and interests, including the Guarantee, to a new lender (the "New Lender"). At the same time, the Company entered into a restructuring deed with the New Lender, which was subsequently supplemented by a supplemental restructuring deed dated 12 October 2012, whereby the New Lender agreed not to demand fulfillment of the Company's obligations under the Guarantee for two years, subject to extension after further discussions. The outstanding principal amount of the loan under the Guarantee amounting to RMB542 million (HK$680 million) at 30 June 2013 (31 December 2012: RMB542 million (HK$668 million)) and the related interests is secured by a property interest in the PRC held by the Former Subsidiary. Both of the parent company of the acquirer and the acquirer of the Former Subsidiary have agreed to procure the repayment of the loan and agreed unconditionally to undertake and indemnify the Group for all losses as a result of the Guarantee.

In the opinion of the Directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition after taking into consideration the possibility of the default of the parties involved. Accordingly, no value has been recognised in the condensed consolidated statement of financial position.

FINANCIAL REVIEW

INTERIM RESULTS

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

An analysis of the total turnover is as follows:

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

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

The Group's 45% interest in LSOC has been accounted for as "Assets classified as held for disposal" since 2012 and, in accordance with applicable accounting standards, the Group has discontinued to equity account for the results of this cement joint venture. Accordingly, the Group's share of LSOC's loss for the current interim period, amounting to HK$127 million, has not been included in the results for the period.

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

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

Property

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

The profit from property sales related to strata-title sales of residential units of Guangzhou Parc Oasis, and en-bloc disposals of Guangzhou Panyu project and an office tower of Shenyang Project Phase I. In the previous interim period, a lower property sales profit was reported as delivery of the pre-sold residential units in Guangzhou Parc Oasis commenced in the second half of 2012. Rental income continued to be derived from the Group's investment properties, Lakeville Regency Tower 18 in Shanghai and the retail portion of Chongqing Creative Concepts Center.

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

Construction

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

Cement operations

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

Dividend income from SOL

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

Venture capital investments

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

Net finance costs

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

Taxation

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

ASSETS BASE

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

	30 June 2013 HK$ million	31 December 2012 HK$ million
Total assets	**23,608**	23,688
Net assets	**10,494**	10,586
	HK$	HK$
Net assets per share	**21.3**	21.5

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

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

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

EQUITY, FINANCING AND GEARING

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

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

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

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

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

TREASURY POLICIES

The Group's financing and treasury activities are centrally managed and controlled at the corporate level.

The Group's bank borrowings are mainly denominated in Hong Kong dollars and have been arranged on a floating-rate basis. Investments in the Chinese Mainland are partly funded by capital already converted into Renminbi and partly financed by borrowings in Hong Kong dollars. Renminbi financing is at project level only where the sources of repayment are also Renminbi denominated. Given that income from operations in the Chinese Mainland is denominated in Renminbi, the Group expects that the steady appreciation of Renminbi in the long run will have positive effect on the Group's business performance and financial status. No hedging against Renminbi exchange risk has therefore been arranged. It is the Group's policy not to enter into derivative transactions for speculative purposes.

EMPLOYEES

At 30 June 2013, the number of employees in the Group was approximately 1,090 (31 December 2012: 1,100) in Hong Kong and Macau, and 8,320 (31 December 2012: 8,640) in subsidiaries and joint ventures in the Chinese Mainland. While staff costs are kept stable during the current interim period, employee remuneration packages are maintained at competitive levels and employees are rewarded on a performance-related basis. Other staff benefits, including provident fund schemes and medical insurance, remained at appropriate levels. The Group continued to retain and develop talents through executive development and management trainee programmes. Share options are granted annually by the Board of Directors to management staff as reward and long-term incentives. Likewise, in the Chinese Mainland, staff benefits are commensurate with market levels, with emphasis on building the corporate culture and providing professional training and development opportunities for local employees. It remains our objective to be regarded as an employer of choice to attract, develop and retain high calibre competent staff.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2013.

CORPORATE GOVERNANCE

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

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2013, including the accounting principles and practices adopted by the Group. It has also considered selected accounting, internal control and financial reporting matters of the Group, in conjunction with the Company's external auditor.

COMPLIANCE WITH THE CODES ON CORPORATE GOVERNANCE

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

A code provision of the CG Code provides that the terms of reference of the Remuneration Committee should include, as a minimum, the responsibilities to (i) determine or make recommendations to the Board on the remuneration packages of the individual Executive Director and senior management; (ii) review and approve compensation payable to Executive Directors and senior management for any loss or termination of office or appointment; and (iii) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives. The Remuneration Committee has reviewed its functions and considered that these responsibilities in relation to the remuneration and compensation of management should be vested in the Executive Directors who have a better understanding of the level of expertise, experience and performance expected of the management in their daily business operations. The Remuneration Committee would continue to be primarily responsible for the review and determination of the remuneration package of the individual Executive Director. After due consideration, the Board adopted the revised terms of reference of the Remuneration Committee with the said responsibilities in relation to the remuneration and compensation of management excluded from its scope of duties, which deviates from the code provision. Notwithstanding such deviation, the Remuneration Committee is still responsible for reviewing, approving and making recommendations to the Board on the guiding principles applicable to the determination of the remuneration packages of senior management.

Having reviewed the practices and procedures of remuneration committees in other jurisdictions, the Remuneration Committee decided that it would be better practice for the Non-executive Directors to cease involvement in recommending their own remuneration. Such recommendations were made to the Board by the Chairman of the Company, taking the advice of external professionals as appropriate. This practice was formally adopted and the Board approved the amendment to the terms of reference of the Remuneration Committee in this respect. The Non-executive Directors abstain from voting in respect of the determination of their own remuneration at the relevant Board meetings.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' securities transactions. Following specific enquiries by the Company, all Directors have confirmed that they complied with the required standard set out in the Model Code throughout the period.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's condensed consolidated statement of financial position as of 30 June 2013, the condensed consolidated statement of profit or loss, the condensed consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the period then ended as set out in this announcement have been extracted from the Group's unaudited condensed consolidated financial statements for the period, which has been reviewed by the Group's auditor, Deloitte Touche Tohmatsu, 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 HKICPA.

By order of the Board
Lo Hong Sui, Vincent
Chairman

Hong Kong, 28 August 2013

At the date of this announcement, the Executive Directors of the Company are Mr. Lo Hong Sui, Vincent, Mr. Choi Yuk Keung, Lawrence and Mr. Wong Fook Lam, Raymond; the Non-executive Directors of the Company are Mr. Wong Yuet Leung, Frankie and Mr. Wong Kun To, Philip; and the Independent Non-executive Directors of the Company are Mr. Gerrit Jan de Nys, Ms. Li Hoi Lun, Helen, Mr. Chan Kay Cheung and Mr. Tsang Kwok Tai, Moses.

** For identification purpose only*

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