



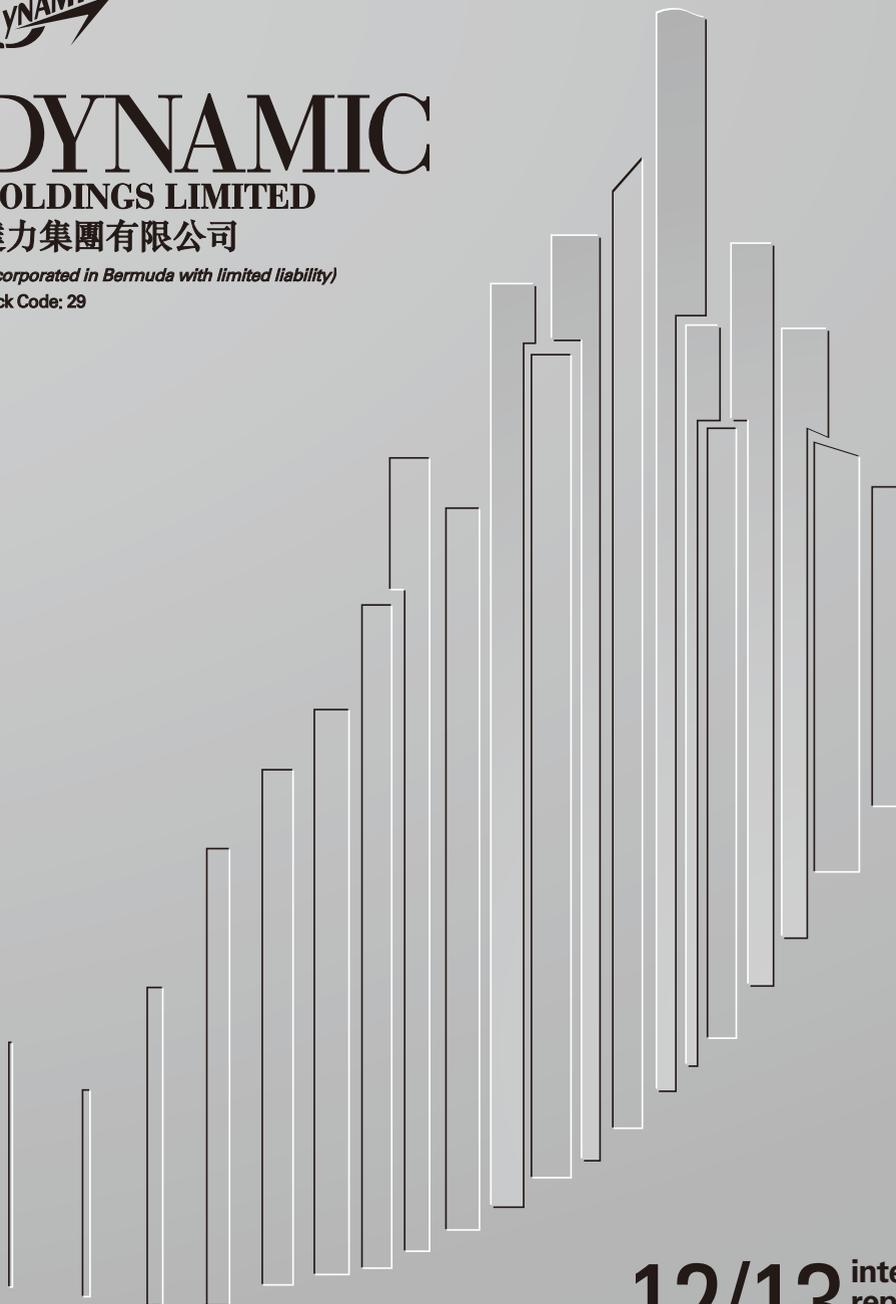
DYNAMIC

HOLDINGS LIMITED

達力集團有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 29



12/13 interim report

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Corporate and Investor Information

DIRECTORS

Executive Directors

TAN Harry Chua, *Chairman*
CHAN Wing Kit, Frank,
Chief Executive Officer
CHUA Domingo
TAN Lucio Jr. Khao
CHEUNG Chi Ming
PASCUAL Ramon Sy
CHIU Siu Hung, Allan
WONG Sai Tat

Independent Non-executive Directors

CHONG Kim Chan, Kenneth
SY Robin
FOK Kam Chu, John
GO Patrick Lim

REMUNERATION COMMITTEE

CHONG Kim Chan, Kenneth,
Chairman
TAN Harry Chua
CHAN Wing Kit, Frank
SY Robin
FOK Kam Chu, John

COMPANY SECRETARY

WONG Oi Yee, Polly

AUDIT COMMITTEE

CHONG Kim Chan, Kenneth,
Chairman
SY Robin
FOK Kam Chu, John
GO Patrick Lim

NOMINATION COMMITTEE

TAN Harry Chua, *Chairman*
CHAN Wing Kit, Frank
CHONG Kim Chan, Kenneth
SY Robin
FOK Kam Chu, John

AUDITORS

Deloitte Touche Tohmatsu

LEGAL ADVISERS

Ashurst Hong Kong
Deacons
Appleby

PRINCIPAL BANKERS

Hang Seng Bank Limited
China Merchants Bank Co., Ltd.
Bank of China Limited
Bank of Communications Co., Ltd.
Hua Xia Bank Limited



Corporate and Investor Information *(Continued)*

STOCK CODE

029

SHARE REGISTRAR

Principal Share Registrar

Butterfield Fulcrum Group
(Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

Branch Share Registrar

Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen’s Road East
Wanchai, Hong Kong

REGISTERED OFFICE

Canon’s Court
22 Victoria Street
Hamilton HM 12
Bermuda

PRINCIPAL PLACE OF BUSINESS

17th Floor, Eton Tower
8 Hysan Avenue
Causeway Bay
Hong Kong

REPRESENTATIVE OFFICE IN SHENZHEN

Unit 1321, Shenzhen Kerry Centre
2008 Renminnan Road, Shenzhen
The People’s Republic of China

WEBSITES

<http://www.dynamic.hk>
<http://www.irasia.com/listco/hk/dynamic>

FINANCIAL CALENDAR

Last Registration Date for Interim Dividend	12 April 2013
Book-close Dates	15 April 2013 – 19 April 2013 (both days inclusive)
Record Date for Interim Dividend	19 April 2013
Payment Date of Interim Dividend	3 May 2013



Management Statement

The board (the “**Board**”) of directors (the “**Directors**”) of Dynamic Holdings Limited (the “**Company**”) hereby present their management statement and the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for the six months ended 31 December 2012.

INTERIM RESULTS

For the six months ended 31 December 2012, the Group recorded a turnover of HK\$59,932,000 (2011: HK\$50,813,000) and a gross profit of HK\$45,743,000 (2011: HK\$35,835,000). Both the turnover and gross profit increased by 18% and 28% respectively, as compared with those of the last corresponding period with the gross profit margin at 76% (2011: 71%). These results continued to be primarily derived from rental income of investment properties together with sales proceeds of properties of the Group as explained below.

During the period under review, the Group accounted for other income of HK\$12,218,000 (2011: HK\$18,281,000) including mainly imputed interest income and exchange gain. In addition, the Group recognised an aggregate increase of HK\$43,211,000 (2011: HK\$34,274,000) in the fair value of its investment properties for the period.

All in all, the profit for the period attributable to owners of the Company totalling HK\$68,015,000 (2011: HK\$50,905,000, restated) soared by 34% as against the last corresponding period, with basic earnings per share of HK\$0.3104 (2011: HK\$0.2323, restated).

Taking into account of other comprehensive income of exchange difference on translation to presentation currency, the total comprehensive income attributable to owners of the Company amounted to HK\$77,398,000 (2011: HK\$91,343,000, restated).

SEGMENT INFORMATION

Details of the segment information of the Group’s turnover and results by reportable segment for the period are set out in note 3 to the condensed consolidated financial statements.

INTERIM DIVIDEND

The Directors have declared an interim dividend of 2.5 Hong Kong cents (2011: 2 Hong Kong cents) per share for the six months ended 31 December 2012 to the shareholders of the Company whose names appear on the register of members on 19 April 2013. The warrants for the interim dividend are expected to be despatched to those entitled on or about 3 May 2013.



Management Statement *(Continued)*

BUSINESS REVIEW

In the period under review, the turnover and results of the Group were principally attributed to its operating segment in terms of property rental in the mainland China.

Benefited from the stimulative measures imposed by government authorities to revitalise domestic economy and market in China, the rental income of the Group generated from its investment properties in two major cities, namely Shanghai and Beijing aggregated HK\$47,277,000 (2011: HK\$41,406,000), representing 79% (2011: 81%) of the consolidated revenue income of the Group in the period and a rise of 14% from that of the last corresponding period. In line with improved rental, such investment properties of the Group comprising shopping mall and carparks in Beijing and office units in Shanghai appreciated in an aggregate of HK\$43,211,000 (2011: HK\$34,274,000) in the period. Consequently, the segment results of property rental recorded a profit of HK\$82,164,000 (2011: HK\$63,763,000), with a surge of 29% in contrast with that of the last corresponding period.

In Beijing, the well-established community shopping mall of the Group known as “Uptown Mall” witnessed a full level of occupancy while the segment reported an accelerated rental of HK\$19,187,000 (2011: HK\$15,782,000) and an increased fair value of HK\$15,345,000 (2011: HK\$9,793,000), contributing to an aggregate profit of HK\$30,069,000 (2011: HK\$21,595,000) in the segment result in the period.

In view of limited residential units available for sale by the Group, the proceeds of property sales amounted to HK\$12,655,000 (2011: HK\$9,407,000) resulting in an aggregate profit of HK\$8,715,000 (2011: HK\$8,054,000) in the segment result in the period.

In Shanghai, the quality offices of the Group known as “Eton Place” which is in the prime financial location of Little Lujiazui of Pudong remained at virtually full occupancy level with an increase in both rental in the sum of HK\$28,090,000 (2011: HK\$25,624,000) and capital value in the sum of HK\$27,866,000 (2011: HK\$24,481,000), boosting the segment result with an aggregate profit of HK\$52,095,000 (2011: HK\$42,168,000) in the period.

Management Statement *(Continued)*

BUSINESS REVIEW *(Continued)*

Regarding the jointly controlled entity of the Company known as Shenzhen Zhen Wah Harbour Enterprises Ltd. (“**Zhen Wah**”), which is entitled to the land use right of a piece of land located in Tung Kok Tau, Nanshan District, Shenzhen (the “**Land**”), the management of the Chinese joint venture partner has recently changed. The Group and the new management of the Chinese joint venture partner has been jointly negotiating on behalf of Zhen Wah with the municipal governmental authorities in relation to official land rezoning and compensation in an attempt to optimise use of the Land and ancillary facilities, to increase gross developable area and saleable floor area mainly in high-rise residential area and to procure favorable revised land premium for additional gross developable area of the Land. The operation period of joint venture of Zhen Wah will expire in early 2014, the Group is currently considering and is in discussions regarding various expedient options to procure the best interests of the Group.

FINANCIAL REVIEW

Capital Structure

The financial position of the Group remains sound and liquid, and its financing and treasury policies are managed and controlled at the corporate level and prudent manner during the period. The main objective is still to utilise the group funding efficiently and to manage the financial risks effectively. As at 31 December 2012, the equity attributable to its owners amounted to HK\$1,699,877,000 (30 June 2012: HK\$1,626,861,000, restated) with net asset value per share of HK\$7.76 (30 June 2012: HK\$7.43, restated). Total unsecured and secured bank borrowings of the Group amounted to about HK\$217,953,000 (30 June 2012: HK\$230,192,000), which were in Hong Kong dollars and repayable within 2 years on floating rate basis. As at 31 December 2012, the gearing ratio of the Group was about 13% (30 June 2012: 14%, restated) based on the total debt of the Group to its equity attributable to owners of the Company. The Group maintains a conservative approach to treasury management by constantly monitoring its exposure to interest rate and foreign exchange. The use of financial instrument is strictly controlled by the Group. No significant exposure to fluctuations of foreign currency affected the Group in the period under review and no financial instruments were used for hedging purpose in the period.



Management Statement *(Continued)*

FINANCIAL REVIEW *(Continued)*

Financial Resources and Liquidity

In the period under review, there was sufficient cashflow as generated by rental income of investment properties in Shanghai and Beijing as well as sales proceeds of properties in Beijing. As at 31 December 2012, the Group's bank balance and cash stood at HK\$197,294,000 (30 June 2012: HK\$174,563,000), denominated primarily in renminbi yuans and Hong Kong dollars. With sufficient cashflow, the Group maintained an un-utilised credit facilities of HK\$11,000,000 (30 June 2012: HK\$11,000,000) as working capital at floating interest rate as at 31 December 2012.

Pledge of Assets and Contingent Liabilities

As at 31 December 2012, the Group pledged its investment properties with a total carrying value of HK\$762,163,000 (30 June 2012: HK\$739,561,000), an assignment of rental and sale proceeds from such properties and a charge over share(s) in respect of a wholly-owned subsidiary of the Company to financial institution as security against general banking facilities granted to the Group, and also pledged certain of its bank deposits in the sum of HK\$11,927,000 (30 June 2012: HK\$11,823,000) to banks to secure home loans granted to the home buyers of property project of the Group. As at the end of the reporting period, the Group has given guarantees in respect of the settlement of home loans provided by banks to the home buyers of a property project in Beijing. As at 31 December 2012, the Group had given guarantees in respect of such home loans of HK\$42,949,000 (30 June 2012: HK\$43,931,000). The Directors consider that the fair values of these financial guarantee contracts at their initial recognition and at the end of the reporting period are insignificant on the basis of the low loan ratio.

PROSPECTS

Notwithstanding ongoing gloomy risks in the global economic outlook and the sluggish sign in export growth in China, it is anticipated that domestic demand in China will remain resilient on the back of official incentive policies to spur positive economic and market sentiment, underpinning leasing demand and rental income of office and retail sectors.

Management Statement *(Continued)*

PROSPECTS *(Continued)*

In Beijing, it is expected that retailers will become more conservative when planning for store expansion in view of the citywide uptrend of e-commerce. However, leasing activities of retailers are forecasted to remain stable because of the steady development of the consumer market. Meanwhile, the Group will continue to adjust tenant mix and brand portfolio at the “Uptown Mall” with an aim to upgrade shopping experience and services to further strengthen its competitiveness for high occupancy rate and constant recurring revenue to the Group.

In Shanghai, it is likely that demand for offices will remain positive as the growth of demand from domestic companies is expected to be able to pick up the decrease in demand from foreign corporations. Additionally, continuing policy reform is expected to nurture the development of the financial sector in Shanghai, which should in turn further foster office demand in prime financial area in Little Lujiazui. To procure high occupancy rate and steady recurring revenue, the Group will strive for retention and expansion of existing tenants upon lease renewals at competitive rental strategies.

In view of booming financial and city development, in particular the pilot financial hub in Qianhai and the superb residential development in Nanshan District Shenzhen, which is integrating with Hong Kong for metropolitan development of Pearl River Delta Region, the Group will continuously endeavor to safeguard its best interests in Zhen Wah and to negotiate with the relevant governmental authorities with an aim to enhance redevelopment plan and maximise asset value of Tung Kok Tau in line with the rezoning, city, financial and infrastructural planning and development in the region.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 15 April 2013 to Friday, 19 April 2013 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 12 April 2013.

Management Statement (Continued)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2012, the interests and short positions held by the Directors or the chief executive(s) of the Company or any of their associates in the shares of the Company (“**Shares**”), shares of any of its associated corporations and underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“**SFO**”)) as recorded in the register required to be kept by the Company 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 Companies as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) were as follows:

Name of Director	Number of issued ordinary Shares of the Company held (long position)			Personal interests in underlying Shares pursuant to share options (long position) (note 3)	Aggregate interests	Total interests as approximate percentage of issued share capital (note 4)
	Corporate interests	Personal interests	Family interests			
Mr. TAN Harry Chua (note 1)	-	-	248,000	1,500,000	1,748,000	0.80%
Dr. CHAN Wing Kit, Frank	-	-	-	1,650,000	1,650,000	0.75%
Mr. CHUA Domingo (note 2)	89,321,279	4,000,000	-	1,800,000	95,121,279	43.41%
Mr. TAN Lucio Jr. Khao	-	-	-	1,500,000	1,500,000	0.68%
Mr. CHEUNG Chi Ming	-	-	-	1,500,000	1,500,000	0.68%
Mr. PASCUAL Ramon Sy	-	80,000	-	1,500,000	1,580,000	0.72%
Mr. CHIU Siu Hung, Allan	-	-	-	1,000,000	1,000,000	0.46%
Mr. WONG Sai Tat	-	-	-	1,000,000	1,000,000	0.46%
Mr. CHONG Kim Chan, Kenneth	-	-	-	1,000,000	1,000,000	0.46%
Mr. SY Robin	-	-	-	1,000,000	1,000,000	0.46%
Dr. FOK Kam Chu, John	-	-	-	1,000,000	1,000,000	0.46%

Management Statement *(Continued)*

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

(Continued)

- Notes:*
1. Mr. TAN Harry Chua was deemed or taken to be interested in 248,000 Shares beneficially owned by his spouse, Mrs. TAN Xing Hong Wei Wang, for the purpose of the SFO.
 2. The corporate interests of Mr. CHUA Domingo were held through Dynamic Development Corporation. Dynamic Development Corporation is wholly-owned by Carnation Investments Inc. of which Mr. CHUA Domingo is the sole shareholder and director.
 3. The Directors' interests in the underlying Shares are through share options granted by the Company on 25 October 2011 under the 2001 share option scheme, details of which is set out in note 16 to the condensed consolidated financial statements in this interim report.
 4. The calculation is derived from the aggregate interests as a percentage of the total number of issued Shares of the Company (i.e. 219,103,681 Shares) as at 31 December 2012.

Save as disclosed above, as at 31 December 2012, none of the Directors, the chief executive(s) of the Company or any of their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules. Save as disclosed above, none of the Directors, the chief executive(s) of the Company or any of their associates had been granted or exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) during the six months ended 31 December 2012.

Management Statement *(Continued)*

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of the Directors of the Company, all the Directors confirmed that they had complied with the required standards of dealings as set out therein during the six months ended 31 December 2012.

DISCLOSURE OF INFORMATION ON DIRECTORS

By virtue of rule 13.51B(1) of the Listing Rules, the updated information on Directors is as follows:

As announced by the Company on 8 February 2013, Mr. TAN Harry Chua, an executive Director, has been appointed as the chairman of the Board, a member and the chairman of the nomination committee and a member of remuneration committee of the Company; whereas Mr. CHUA Domingo (“**Mr. CHUA**”), an executive Director, has ceased to be the chairman of the Board, the chairman of nomination committee and a member of both nomination committee and remuneration committee of the Company, all with effect from 8 February 2013.

During the period under review, Mr. CHUA has ceased to be a director of LT Group, Inc. (formerly known as Tanduay Holdings, Inc.) which is listed on The Philippine Stock Exchange, Inc. (“**PSE**”). In addition, he has ceased to be a director of Eton Properties Philippines, Inc. which was delisted from the PSE but Mr. TAN Harry Chua and Mr. TAN Lucio Jr. Khao, an executive Director, remain as its directors. With effect from 9 February 2013, Allied Banking Corporation has merged with Philippine National Bank and the merged bank adopted the name of Philippine National Bank which is listed on the PSE, and both Mr. CHUA and Mr. GO Patrick Lim, an independent non-executive Director, ceased to be its directors while Mr. TAN Harry Chua and Mr. TAN Lucio Jr. Khao remain as its directors.

Management Statement (Continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2012, so far as is known to any Director or chief executive(s) of the Company, persons (other than the Directors or the chief executive(s) of the Company) who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity	Number of issued ordinary Shares and underlying Shares (long position)	Total interests (long position)	Total interests as approximate percentage of issued share capital
Dynamic Development Corporation	Beneficial owner	89,321,279	89,321,279	40.77%
Carnation Investments Inc.	Trustee of a private discretionary trust (note 1)	89,321,279	89,321,279	40.77%
Dr. TAN Lucio C.	Founder of a private discretionary trust	89,321,279	93,701,279	42.77%
	Beneficial owner (note 2)	2,190,000		
	Family interests (note 2)	2,190,000		
Mrs. TAN Carmen K.	Family interests (note 3)	91,511,279	93,701,279	42.77%
	Beneficial owner (note 3)	2,190,000		

- Notes:*
- Carnation Investments Inc. was taken to be interested in 89,321,279 shares in the Company as the entire issued share capital of Dynamic Development Corporation was held by Carnation Investments Inc. as trustee for a private discretionary trust. Mr. CHUA Domingo is the sole shareholder and director of Carnation Investments Inc.
 - Dr. TAN Lucio C. beneficially held 2,190,000 underlying Shares as derivative interests. Dr. TAN, being the spouse of Mrs. TAN Carmen K. who was interested in 2,190,000 underlying Shares as derivative interests, was deemed or taken to be interested in such Shares as family interests in which Mrs. TAN Carmen K. was interested under the SFO.
 - Mrs. TAN Carmen K. beneficially held 2,190,000 underlying Shares as derivative interests. Mrs. TAN, being the spouse of Dr. TAN Lucio C. who was interested in 89,321,279 Shares of the Company as a founder of a private discretionary trust and 2,190,000 underlying Shares as derivative interests, was deemed or taken to be interested in such Shares as family interests in which Dr. TAN Lucio C. was interested under the SFO.



Management Statement *(Continued)*

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES *(Continued)*

Notes: *(Continued)*

4. The calculation is derived from the aggregate interests as a percentage of the total number of issued Shares of the Company (i.e. 219,103,681 Shares) as at 31 December 2012.
5. The references to 89,321,279 Shares in the Company in which Dynamic Development Corporation, Carnation Investments Inc., Dr. TAN Lucio C. and Mrs. TAN Carmen K. were interested or taken to be interested relate to the same block of Shares.

Save as disclosed above, as at 31 December 2012, no other person (other than the Directors and the chief executive(s) of the Company) had any interests or short positions in the Shares and underlying Shares recorded in the register required to be kept by the Company under Section 336 of the SFO.

EMOLUMENT POLICY

At 31 December 2012, the Group had below 80 employees in Hong Kong and the mainland China at prevailing market remuneration with employee benefits such as medical insurance, provident fund schemes and share option schemes.

The emolument policy of the employees of the Group is recommended by the remuneration committee of the Company on the basis of the respective merits, qualifications and competence taking into account of comparable market level and operating results of the Group.

The emoluments of the respective Directors of the Company are recommended by the remuneration committee of the Company, having regard to the operating results of the Group, individual performance and comparable market statistics.

The Company has adopted share option schemes as incentive to Directors and eligible employees, details of the scheme is set out in note 16 to the condensed consolidated financial statements.

CORPORATE GOVERNANCE

Throughout the six months ended 31 December 2012, the Company has applied the principles and has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules, save and except deviation from code provisions A.6.7 and E.1.2. At the annual general meeting of the Company held on 14 December 2012 (“AGM”), the then chairman of the Board and one of the independent non-executive Directors, Mr. SY Robin, were unable to attend the AGM due to other business engagements. Meanwhile, management and external auditor of the Company together with the chairman and members of the Board’s committees attended the AGM to answer relevant questions raised by and understand the views of the shareholders of the Company thereat.

Management Statement *(Continued)*

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting practices and principles adopted by the Group and discussed with the management as to auditing, internal control, corporate governance and financial reporting matters including the review of this unaudited interim report for the six months ended 31 December 2012.

APPRECIATION

As announced by the Company on 8 February 2013, the Board has appointed Mr. TAN Harry Chua (“**Mr. TAN**”), an executive Director, as chairman of the Board (the “**Chairman**”) and Mr. GO Patrick Lim (“**Mr. GO**”) as independent non-executive Director of the Company both with effect from 8 February 2013.

Once again, the Board would like to thank Mr. CHUA Domingo, the executive Director and former Chairman for his valuable contribution to the Group during his tenure of office as Chairman and extend welcome to Mr. TAN in his new role and Mr. GO for joining the Board.

By Order of the Board



CHAN Wing Kit, Frank
Director and Chief Executive Officer

Hong Kong, 28 February 2013

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2012

	Notes	Unaudited Six months ended 31 December	
		2012 HK\$'000	2011 HK\$'000 (Restated)
Turnover	3	59,932	50,813
Direct costs		(14,189)	(14,978)
Gross profit		45,743	35,835
Other income	4	12,218	18,281
Increase in fair value of investment properties		43,211	34,274
Administrative expenses		(10,165)	(20,107)
Finance costs	6	(2,662)	(2,412)
Share of loss of a jointly controlled entity		(3,633)	(3,248)
Profit before taxation		84,712	62,623
Taxation	7	(15,418)	(10,773)
Profit for the period		69,294	51,850
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation to presentation currency		9,570	41,163
Total comprehensive income for the period, net of tax		78,864	93,013
Profit for the period attributable to:			
Owners of the Company		68,015	50,905
Non-controlling interest		1,279	945
		69,294	51,850
Total comprehensive income attributable to:			
Owners of the Company		77,398	91,343
Non-controlling interest		1,466	1,670
		78,864	93,013
Earnings per share (<i>Hong Kong cents</i>)	8		
Basic		31.04	23.23
Diluted		30.46	23.14

Condensed Consolidated Statement of Financial Position

As at 31 December 2012

		Unaudited At 31 December 2012 <i>HK\$'000</i>	Restated At 30 June 2012 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current Assets			
Property, plant and equipment		2,083	2,222
Investment properties	<i>10</i>	1,790,891	1,737,936
Interest in a jointly controlled entity	<i>11</i>	57,781	60,972
Amount due from a jointly controlled entity	<i>11</i>	255,031	246,393
		2,105,786	2,047,523
Current Assets			
Properties held for sale		25,546	28,883
Loan receivables		–	–
Trade and other receivables	<i>12</i>	15,314	12,049
Amount due from a non-controlling shareholder		943	938
Bank deposits – pledged		11,927	11,823
Bank balances and cash		197,294	174,563
		251,024	228,256
Current Liabilities			
Trade and other payables	<i>13</i>	58,439	57,964
Pre-sale deposits received		3,835	281
Tax payable		102,672	99,500
Dividend payable		4,382	–
Bank loans – due within one year	<i>14</i>	24,464	24,474
		193,792	182,219
Net Current Assets		57,232	46,037
Total Assets less Current Liabilities		2,163,018	2,093,560



Condensed Consolidated Statement of Financial Position (Continued)

As at 31 December 2012

		Unaudited At 31 December 2012 HK\$'000	Restated At 30 June 2012 HK\$'000
	<i>Notes</i>		
Capital and Reserves			
Share capital	15	219,104	219,104
Reserves		1,480,773	1,407,757
Equity attributable to owners of the Company		1,699,877	1,626,861
Non-controlling interest		31,092	29,626
Total Equity		1,730,969	1,656,487
Non-current Liabilities			
Bank loans – due after one year	14	193,489	205,718
Deferred tax liabilities		238,560	231,355
		432,049	437,073
		2,163,018	2,093,560

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2012

	Attributable to owners of the Company										Non-controlling interest	Total
	Share capital	Share premium	Capital reserve			Share option reserve	Other reserve	Retained profits	Total	Total		
			Special reserve	redemption reserve	Translation reserve							
HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000		
At 30 June 2011 (audited)	219,104	426,608	55,018	1,644	309,403	–	92,451	509,874	1,614,102	31,359	1,645,461	
Change in accounting policy (note 2)	–	–	–	–	(5,611)	–	–	(97,196)	(102,807)	(3,570)	(106,377)	
At 30 June 2011 (restated)	219,104	426,608	55,018	1,644	303,792	–	92,451	412,678	1,511,295	27,789	1,539,084	
Profit for the period (restated)	–	–	–	–	–	–	–	50,905	50,905	945	51,850	
Exchange differences arising on translation (restated)	–	–	–	–	40,438	–	–	–	40,438	725	41,163	
Total comprehensive income for the period (restated)	–	–	–	–	40,438	–	–	50,905	91,343	1,670	93,013	
Recognition of equity settled share-based payments	–	–	–	–	–	8,213	–	–	8,213	–	8,213	
Cash dividends	–	–	–	–	–	–	–	(4,382)	(4,382)	–	(4,382)	
At 31 December 2011 (restated)	219,104	426,608	55,018	1,644	344,230	8,213	92,451	459,201	1,606,469	29,459	1,635,928	
At 30 June 2012 (audited)	219,104	426,608	55,018	1,644	342,580	8,213	92,451	592,667	1,738,285	33,480	1,771,765	
Change in accounting policy (note 2)	–	–	–	–	(7,674)	–	–	(103,750)	(111,424)	(3,854)	(115,278)	
As restated	219,104	426,608	55,018	1,644	334,906	8,213	92,451	488,917	1,626,861	29,626	1,656,487	
Profit for the period	–	–	–	–	–	–	–	68,015	68,015	1,279	69,294	
Exchange differences arising on translation	–	–	–	–	9,383	–	–	–	9,383	187	9,570	
Total comprehensive income for the period	–	–	–	–	9,383	–	–	68,015	77,398	1,466	78,864	
Cash dividends	–	–	–	–	–	–	–	(4,382)	(4,382)	–	(4,382)	
At 31 December 2012 (unaudited)	219,104	426,608	55,018	1,644	344,289	8,213	92,451	552,550	1,699,877	31,092	1,730,969	



Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2012

	Unaudited	
	Six months ended 31 December	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
NET CASH FROM OPERATING ACTIVITIES	49,474	32,430
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(5,364)	36,438
NET CASH USED IN FINANCING ACTIVITIES	(19,281)	(2,624)
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,829	66,244
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	174,563	97,761
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	(2,098)	(1,139)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	197,294	162,866

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2012

1. BASIS OF PREPARATION

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

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumption that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The condensed consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for the six months ended 31 December 2012 are unaudited and have been reviewed by the audit committee of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis, except for investment properties, which are measured at fair values, as appropriate. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Except as described below, the accounting policies used in the condensed consolidated financial statements are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended 30 June 2012.

In the current period, the Group has applied, for the first time, the following amendments to HKAS (“**revised standards**”) issued by the HKICPA.

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 require entities to group together the items of other comprehensive income that may be reclassified to profit or loss in the future by presenting them separately from those that would never be reclassified to profit or loss. The amendment is applicable retrospectively to annual periods beginning on or after 1 July 2012 and the Group has adopted this amendment for the six months ended 31 December 2012.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

The Group has applied for the first time the amendments to *HKAS 12 Deferred Tax: Recovery of Underlying Assets* in the current period. Under the amendments, investment properties that are measured using the fair value model in accordance with *HKAS 40 Investment Property* are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to *HKAS 12*, the directors of the Company (the “**Directors**”) reviewed the Group’s investment property portfolios and concluded that none of the Group’s investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore the Directors have determined that the ‘sale’ presumption set out in the amendments to *HKAS 12* is not rebutted.

The amendments to *HKAS 12* have been applied retrospectively, resulting in the Group’s deferred tax liabilities being increased by HK\$115,278,000 as at 30 June 2012, with the corresponding adjustment being recognised in translation reserve, retained profits and non-controlling interest. In addition, the application of the amendments has resulted in the Group’s taxation for the six months ended 31 December 2012 and 31 December 2011 being increased and decreased by HK\$524,000 and HK\$414,000 respectively and hence resulted in the profit for the six months ended 31 December 2012 and 31 December 2011 being decreased and increased by HK\$524,000 and HK\$414,000 respectively.

The effect of the change in accounting policy described above on the results for the current and preceding interim periods by line items presented in the condensed consolidated statement of comprehensive income is as follows:

	Unaudited	
	Six months ended 31 December	
	2012	2011
	HK\$'000	HK\$'000
		(Restated)
Increase (Decrease) in taxation of the Group and decrease (increase) in profit for the period	524	(414)
Decrease (Increase) in profit for the period attributable to owners of the Company	353	(585)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

The effect of the change in accounting policy described above on the consolidated statement of financial position of the Group as at the end of the immediately preceding financial year, i.e. 30 June 2012, is as follows:

	As at 30 June 2012 HK\$'000 (Originally stated)	Adjustments HK\$'000	As at 30 June 2012 HK\$'000 (Restated)
Effects on net assets:			
Deferred tax liabilities	116,077	115,278	231,355
Effects on equity:			
Translation reserve	342,580	(7,674)	334,906
Retained profits	592,667	(103,750)	488,917
Non-controlling interest	33,480	(3,854)	29,626
	968,727	(115,278)	853,449

The effect of the change in accounting policy described above on the consolidated statement of financial position of the Group as at the beginning of the comparative period, i.e. 1 July 2011, is as follows:

	As at 1 July 2011 HK\$'000 (Originally stated)	Adjustments HK\$'000	As at 1 July 2011 HK\$'000 (Restated)
Effects on net assets:			
Deferred tax liabilities	105,649	106,377	212,026
Effects on equity:			
Translation reserve	309,403	(5,611)	303,792
Retained profits	509,874	(97,196)	412,678
Non-controlling interest	31,359	(3,570)	27,789
	850,636	(106,377)	744,259

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impact on earnings per share

	Unaudited	
	Six months ended 31 December	
	2012	2011
	Hong Kong cents	Hong Kong cents
Basic earnings per share before adjustments	31.20	22.97
Adjustments arising from change in accounting policy in relation to:		
– Application of amendments to HKAS 12 in respect of deferred taxes on investment properties	(0.16)	0.26
	31.04	23.23
Diluted earnings per share before adjustments	30.62	22.87
Adjustments arising from change in accounting policy in relation to:		
– Application of amendments to HKAS 12 in respect of deferred taxes on investment properties	(0.16)	0.27
	30.46	23.14

Except as described above, the adoption of the above revised standards has had no material effect on the Group's financial performance and position for the current and prior periods and/or disclosures set out in these condensed consolidated financial statements of the Group.

The Group has not early applied the following new and revised standards, amendments and interpretation issued by the HKICPA that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle ¹
Amendments to HKFRS 1	First Time Adoption on Government Loans ¹
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities ¹
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance ¹
HKFRS 9	Financial Instruments ³
HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosure of Interests in Other Entities ¹
HKFRS 13	Fair Value Measurements ¹
HKAS 19 (as revised in 2011)	Employees Benefits ¹
HKAS 27 (as revised in 2011)	Separate Financial Statements ¹
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ¹
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ²
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ¹

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

- ¹ Effective for annual periods beginning on or after 1 January 2013.
- ² Effective for annual periods beginning on or after 1 January 2014.
- ³ Effective for annual periods beginning on or after 1 January 2015.

The Group is in the process of making an assessment of the potential impact of these standards, amendments and interpretation and the Directors so far concluded that the application of these standards, amendments and interpretation will have no material impact on the results and the financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

Information reported to the board of Directors (the “**Board**”) of the Company, being the chief operating decision maker, for the purpose of resource allocation and assessment of performance focused on the location of the properties for property rental and property sales.

The property rental segment includes property leasing operation in the People’s Republic of China (“**PRC**”). The Group’s investment properties portfolio, which mainly consists of offices, shopping mall and carparks, are located in Beijing and Shanghai. The property sales segment includes sale of the Group’s trading properties in Beijing.

These divisions are the basis on which the Group reports its segment information under HKFRS 8 “Operating Segments”.

The following is an analysis of the Group’s revenue and results by reportable segment for the period:

	Property rental		Property sales		Consolidated		
	Beijing		Shanghai		Beijing		
	Unaudited						
	Six months ended 31 December						
	2012	2011	2012	2011	2012	2011	
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	
SEGMENT REVENUE							
TURNOVER							
External sales	19,187	15,782	28,090	25,624	12,655	9,407	
SEGMENT RESULT	30,069	21,595	52,095	42,168	8,715	8,054	
Unallocated other income						10,455	14,897
Unallocated corporate expenses						(10,327)	(18,431)
Finance costs						(2,662)	(2,412)
Share of loss of a jointly controlled entity						(3,633)	(3,248)
Profit before taxation						84,712	62,623

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

3. TURNOVER AND SEGMENT INFORMATION (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the profit earned from each segment without the allocation of central administration costs, bank interest income, imputed interest income on amount due from a jointly controlled entity, finance costs and share of result of a jointly controlled entity. This is the measure reported to the Board for the purposes of resources allocation and performance assessment.

Turnover arising from property sales of HK\$12,655,000 (2011: HK\$9,407,000) included turnover of approximately HK\$7,695,000 (2011: HK\$6,478,000) which was contributed by the Group's largest customer.

4. OTHER INCOME

	Unaudited	
	Six months ended 31 December	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Included in other income are:		
Bank interest income	1,908	1,885
Exchange gain, net	1,228	6,127
Imputed interest income on other receivables	82	131
Imputed interest income on amount due from a jointly controlled entity	7,319	6,885

5. DEPRECIATION AND AMORTISATION

	Unaudited	
	Six months ended 31 December	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Depreciation	81	215
Amortisation	–	–

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

6. FINANCE COSTS

	Unaudited	
	Six months ended 31 December	
	2012	2011
	HK\$'000	HK\$'000
Interest on bank borrowings wholly repayable within five years	2,662	2,412

7. TAXATION

	Unaudited	
	Six months ended 31 December	
	2012	2011
	HK\$'000	HK\$'000 (Restated)
The tax charge comprises:		
Current tax in the PRC (other than Hong Kong)		
Current period	5,795	5,501
PRC land appreciation tax ("LAT")	3,692	790
Deferred tax liabilities		
Current period charge	5,931	4,482
	15,418	10,773

PRC enterprise income tax and LAT are calculated at the rates prevailing in the PRC.

Deferred tax has been provided on temporary differences using the current applicable rate.

8. EARNINGS PER SHARE

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

	Unaudited	
	Six months ended 31 December	
	2012	2011
	HK\$'000	HK\$'000 (Restated)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	68,015	50,905



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

8. EARNINGS PER SHARE (Continued)

	Number of shares Unaudited	
	Six months ended 31 December 2012	2011
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	219,103,681	219,103,681
Effect of dilutive potential ordinary shares on share options	4,223,571	892,194
Weighted average number of ordinary shares for the purpose of diluted earnings per share	223,327,252	219,995,875

9. DIVIDENDS

	Unaudited	
	Six months ended 31 December 2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Final dividend payable in respect of year ended 30 June 2012 of 2 Hong Kong cents (2011: 2 Hong Kong cents) per share	4,382	4,382
Interim dividend declared in respect of six months ended 31 December 2012 of 2.5 Hong Kong cents (2011: 2 Hong Kong cents) per share	5,478	4,382
	9,860	8,764

10. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
FAIR VALUE	
At 30 June 2012 (audited)	1,737,936
Exchange realignment	9,744
Increase in fair value	43,211
At 31 December 2012 (unaudited)	1,790,891

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

10. INVESTMENT PROPERTIES (Continued)

The fair value of the Group's investment properties as at 31 December 2012 and 30 June 2012 has been arrived at on the basis of valuations carried out on those dates by Savills Valuation and Professional Services Limited, an independent firm of qualified professional valuers not connected with the Group. Savills Valuation and Professional Services Limited is a member of the Hong Kong Institute of Surveyors. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The revaluation gave rise to a net gain arising from increase in fair value of HK\$43,211,000 (2011: HK\$34,274,000) which has been credited to profit or loss. All the investment properties are situated in the PRC under medium-term lease.

11. INTEREST IN A JOINTLY CONTROLLED ENTITY/AMOUNT DUE FROM A JOINTLY CONTROLLED ENTITY

	Unaudited At 31 December 2012 HK\$'000	Audited At 30 June 2012 HK\$'000
Cost of investment, unlisted	86,173	85,845
Share of post-acquisition loss and reserves	(28,392)	(24,873)
	57,781	60,972
Amount due from a jointly controlled entity	262,401	253,763
Less: Allowance for interest receivable	(7,370)	(7,370)
	255,031	246,393

The amount due from a jointly controlled entity is unsecured and repayable after the next twelve months from the end of the reporting period. The amount is carried at amortised cost at an effective interest rate of 6% (30 June 2012: 6%) per annum. As at 31 December 2012, the amount was partially impaired in respect of the interest receivable of HK\$7,370,000 (30 June 2012: HK\$7,370,000).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

11. INTEREST IN A JOINTLY CONTROLLED ENTITY/AMOUNT DUE FROM A JOINTLY CONTROLLED ENTITY (Continued)

A summarised financial information in respect of the Group's jointly controlled entity which is accounted for using the equity method is set out below:

	Unaudited At 31 December 2012 HK\$'000	Audited At 30 June 2012 HK\$'000
Non-current assets (<i>note</i>)	253,625	254,528
Current assets	58,717	55,839
Current liabilities	(14,922)	(14,636)
Non-current liabilities	(255,031)	(246,197)
	42,389	49,534
Group's share of jointly controlled entity's net assets	20,771	24,272
	Unaudited Six months ended 31 December 2012 HK\$'000	2011 HK\$'000
Income recognised in profit or loss	5,456	5,743
Expenses recognised in profit or loss	12,871	12,372
Group's share of jointly controlled entity's loss for the period	3,633	3,248

Note: The assets include properties held for development which represent prepaid lease payments of land use rights and direct reclamation costs for a piece of land situated at Tung Kok Tau in Shenzhen, the PRC with the land use right. The jointly controlled entity has paid all land premium and is in the process of negotiating with relevant government authorities for redevelopment due to the re-zoning and re-planning of the city on which the properties are located.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

12. TRADE AND OTHER RECEIVABLES

At 31 December 2012, the balance of other receivables include receivables from home buyers who defaulted on repayment to banks, representing the loans taken over by the Group, of HK\$313,000 (30 June 2012: HK\$63,000) with collateral of properties and are measured at amortised cost at an effective interest rate of 6.15% (30 June 2012: 5.85%) per annum. For property sales, other than home loans, the Group allows an average credit period of 30 days (30 June 2012: 30 days) to the buyers. Rentals receivable from tenants and service income receivables from customers are payable on presentation of invoices. The following is an aged analysis of trade receivables net of allowance for doubtful debt presented based on invoice date at the end of the reporting period:

	Unaudited At 31 December 2012 HK\$'000	Audited At 30 June 2012 HK\$'000
0–60 days	8,004	7,804
Over 60 days	–	–
	8,004	7,804

Before accepting any new customer, the Group carries out assessment on the creditability of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly. 95% (30 June 2012: 96%) of the trade receivables are neither past due nor impaired and have good settlement repayment history.

Included in the Group's trade receivable balances are debtors with a carrying amount of HK\$373,000 (30 June 2012: HK\$300,000) which are past due at the reporting date for which the Group has not provided for impairment loss. There has not been a significant change in credit quality and the management considers that the amounts are still recoverable. The Group does not hold any collateral over these balances. The average overdue age of these receivables is 37 days (30 June 2012: 30 days) overdue.



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

13. TRADE AND OTHER PAYABLES

At 31 December 2012, the balance of trade and other payables included trade payables of HK\$719,000 (30 June 2012: HK\$611,000). The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	Unaudited At 31 December 2012 HK\$'000	Audited At 30 June 2012 HK\$'000
0–60 days	252	123
Over 60 days	467	488
	719	611

The other payables mainly include rental deposits of HK\$25,013,000 (30 June 2012: HK\$25,135,000) and receipts in advance of HK\$4,258,000 (30 June 2012: HK\$5,060,000).

14. BANK LOANS

	Unaudited At 31 December 2012 HK\$'000	Audited At 30 June 2012 HK\$'000
Secured	217,953	230,192
Unsecured	–	–
	217,953	230,192
Carrying amount repayable:		
Within one year	24,464	24,474
More than one year, but not exceeding two years	193,489	205,718
More than two years, but not exceeding five years	–	–
	217,953	230,192
Less: Amounts due within one year shown under current liabilities	(24,464)	(24,474)
Amounts shown under non-current liabilities	193,489	205,718

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

14. BANK LOANS (Continued)

The bank loans are secured by the investment properties situated in Shanghai, the PRC and are denominated in Hong Kong dollars.

The loans carried interest at variable rate of 1.8% (2011: 0.61% to 1.8%) over Hong Kong Interbank Offered Rate per annum for the period.

15. SHARE CAPITAL

	Number of shares		Amount	
	Unaudited At 31 December 2012	Audited At 30 June 2012	Unaudited At 31 December 2012 HK\$'000	Audited At 30 June 2012 HK\$'000
Ordinary shares of HK\$1.00 each				
Authorised	300,000,000	300,000,000	300,000	300,000
Issued and fully paid	219,103,681	219,103,681	219,104	219,104

16. SHARE OPTION SCHEMES

On 9 December 2011, an ordinary resolution was passed by the shareholders at the annual general meeting of the Company approving the adoption of a new share option scheme (the "2011 Scheme") which will expire on 8 December 2021 and simultaneous termination of the share option scheme adopted by the Company on 21 December 2001 (the "2001 Scheme") with effect from 9 December 2011. Both the 2001 Scheme and 2011 Scheme were adopted for the purpose of providing incentives to Directors, employees and eligible participants.

Under both the 2001 Scheme and 2011 Scheme, the Board of Directors of the Company may grant options (the "Options") to Directors, employees of the Company and its subsidiaries and such eligible participants at the discretion of the Board of Directors of the Company pursuant to the terms thereof, to subscribe for shares of the Company (the "Shares") at a price per Share not less than the highest of (i) the closing price of a Share as stated in the Stock Exchange's daily quotation sheets on the date of grant of the relevant Option, which must be a trading day; (ii) the average of the closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant of the relevant Option; and (iii) the nominal value of a Share.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

16. SHARE OPTION SCHEMES (Continued)

On 25 October 2011, the Company granted a total of 21,900,000 Options under the 2001 Scheme to certain eligible participants, including the Directors of the Company and director of the Company's subsidiary (15,450,000 Options in aggregate being granted to such persons), employees of the Group (1,070,000 Options in aggregate being granted to such persons) and consultants of the Group (5,380,000 Options in aggregate being granted to such persons). The services rendered by the consultants to the Group were similar to employee's services. All such Options may be exercised from 25 October 2011 to 24 October 2019 at an exercise price of HK\$1.13 per Share with no vesting period. No Director, employee or eligible participant has been granted Options in excess of individual limit. Options are cancelled if the grantee leaves the Group before the options are exercised, if applicable. As at 31 December 2012, the number of Shares in respect of which options had been granted and remained outstanding under the 2001 Scheme was 21,900,000 Shares, representing 10% of the Shares of the Company in issue as at the date of approval of the 2001 Scheme.

The breakdown of the numbers of Options granted to each Director or substantial shareholders of the Company and their respective associates is set out in the column headed "Personal interests in underlying Shares pursuant to share options (long position)" in the table under the section headed "Directors' Interests and Short Positions in Shares" and the section headed "Substantial Shareholders' Interests and Short Positions in Shares" respectively in the Management Statement in this interim report.

The following tables disclose details of the Company's Options held by employees (including Directors and consultants) and movements in such holding during the period:

For the six months ended 31 December 2012

Date of grant	Exercise price per share HK\$	Exercisable period	Number of Options				Outstanding at 31 December 2012
			Outstanding at 1 July 2012	Granted during the period	Exercised during the period	Lapsed during the period	
2001 Scheme							
25.10.2011	1.13	25.10.2011 to 24.10.2019	21,900,000	-	-	-	21,900,000
Exercisable at the end of the period							21,900,000
Weighted average exercise price (HK\$)			1.13	-	-	-	1.13

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

16. SHARE OPTION SCHEMES (Continued)

Details of the movements of the Options during the period held by the Directors of the Company included in the above table are as follows:

For the six months ended 31 December 2012

Date of grant	Exercise price per share HK\$	Exercisable period	Number of Options				Outstanding at 31 December 2012
			Outstanding at 1 July 2012	Granted during the period	Exercised during the period	Lapsed during the period	
2001 Scheme							
25.10.2011	1.13	25.10.2011 to 24.10.2019	14,450,000	-	-	-	14,450,000
Exercisable at the end of the period							14,450,000
Weighted average exercise price (HK\$)			1.13	-	-	-	1.13

Share-based payment of HK\$Nil (2011: HK\$8,213,000) was recognised for the six months ended 31 December 2012.

Saved as disclosed, no other Option was granted under 2001 Scheme and 2011 Scheme since their adoption, and was outstanding as at 31 December 2012 and 30 June 2012.

During the six months ended 31 December 2012, no Option was exercised, had lapsed or was cancelled.

17. CONTINGENT LIABILITIES

The Group has given guarantees in respect of the settlement of home loans provided by banks to the home buyers of a property project in Beijing, the PRC. At 31 December 2012, the Group had given guarantees in respect of such home loans of HK\$42,949,000 (30 June 2012: HK\$43,931,000). The Directors of the Company consider that the fair values of these financial guarantee contracts at their initial recognition and at the end of the reporting period are insignificant on the basis of the low loan to value ratio.



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2012

18. RELATED PARTY TRANSACTIONS

Other than the amount due from a jointly controlled entity as shown in the condensed consolidated statement of financial position, the Group has entered into the following transactions with related companies during the period:

	Unaudited	
	Six months ended 31 December	
	2012	2011
	HK\$'000	HK\$'000
Rental income received	283	357
Rental and management fees paid	1,079	1,022
Consultancy service fees paid	500	500
Agency fees paid	368	504

Other outstanding balances with the following related companies, which were unsecured, interest-free and repayable on demand, at 31 December 2012 and 30 June 2012 are as follows:

	Unaudited	Audited
	At	At
	31 December	30 June
	2012	2012
	HK\$'000	HK\$'000
Deposits due from related companies included in trade and other receivables	350	350
Amounts due from related companies included in trade and other receivables	691	616
Amount due to a related company included in trade and other payables	500	500
Amount due from a non-controlling shareholder	943	938

The related companies are companies controlled by certain Directors of the Company.

The Group's key management personnel are all Directors, whose remuneration were in short-term employee benefits of HK\$2,406,000 (2011: HK\$1,275,000) and share-based payments of HK\$Nil (2011: HK\$5,409,000) during the period.

Proforma Combined Balance Sheet of Affiliated Company

Details of advances given to an affiliated company as at 31 December 2012, which exceeded 8% under the assets ratio as defined under rule 13.16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) are as follows:

Affiliated company	Percentage of equity held by the Group	Amount of advances HK\$'000
Shenzhen Zhen Wah Harbour Enterprises Ltd. (“ Zhen Wah ”)	49%	255,031

The advances to Zhen Wah by the Group have been accounted for as amount due from a jointly controlled entity, details of which are disclosed in note 11 to the condensed consolidated financial statements.

The amount of advances are unsecured and repayable after the next twelve months from the end of the reporting period.

Pursuant to the continuing disclosure requirements under rule 13.22 of the Listing Rules, the proforma combined balance sheet of Zhen Wah and the attributable interest of the Group in Zhen Wah as at 31 December 2012 are disclosed as follows:

Proforma combined balance sheet of the affiliated company

	Proforma combined balance sheet HK\$'000	Group's attributable interest HK\$'000
Non-current assets (<i>note</i>)	253,625	124,276
Current assets	58,717	28,772
Current liabilities	(14,922)	(7,312)
Non-current liabilities	(255,031)	(124,965)
Net assets	42,389	20,771

Note: The assets include properties held for development which represent prepaid lease payments of land use rights and direct reclamation costs for a piece of land situated at Tung Kok Tau in Shenzhen, the People's Republic of China with the land use right. Zhen Wah has paid all land premium and is in the process of negotiating with relevant government authorities for redevelopment due to the re-zoning and re-planning of the city on which the properties are located.

