



C C LAND HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 1224

INTERIM REPORT



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DIRECTORS

Executive directors

Mr. Cheung Chung Kiu (*Chairman*)
Dr. Lam How Mun Peter
(*Deputy Chairman & Managing Director*)
Mr. Tsang Wai Choi (*Deputy Chairman*)
Mr. Leung Chun Cheong
Mr. Leung Wai Fai

Non-executive director

Mr. Wong Yat Fai

Independent non-executive directors

Mr. Lam Kin Fung Jeffrey
Mr. Leung Yu Ming Steven
Dr. Wong Lung Tak Patrick

AUDIT COMMITTEE

Mr. Lam Kin Fung Jeffrey (*Chairman*)
Mr. Leung Yu Ming Steven
Dr. Wong Lung Tak Patrick

NOMINATION COMMITTEE

Mr. Cheung Chung Kiu (*Chairman*)
Dr. Lam How Mun Peter
Mr. Lam Kin Fung Jeffrey
Mr. Leung Yu Ming Steven
Dr. Wong Lung Tak Patrick

REMUNERATION COMMITTEE

Mr. Leung Yu Ming Steven (*Chairman*)
Mr. Cheung Chung Kiu
Dr. Lam How Mun Peter
Mr. Lam Kin Fung Jeffrey
Dr. Wong Lung Tak Patrick

AUTHORISED REPRESENTATIVES

Dr. Lam How Mun Peter
Mr. Leung Chun Cheong

COMPANY SECRETARY

Ms. Cheung Fung Yee

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STOCK CODE

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LEGAL ADVISORS

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Conyers Dill & Pearman

SHARE REGISTRARS AND TRANSFER OFFICES

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6 Front Street
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Hong Kong branch share registrar and transfer office
Tricor Secretaries Limited
26th Floor
Tesbury Centre
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PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of Chongqing Co., Ltd.
Bank of Communications Co., Ltd.
Chong Hing Bank Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
The Bank of East Asia, Limited

On behalf of the Board of Directors (the “Directors” or the “Board”) of C C Land Holdings Limited (the “Company”), I am pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2012.

BUSINESS REVIEW

Year 2012 is a one of transformation for the Group. During the period, the Group undertook a series of corporate restructuring exercises to streamline its businesses. Following the disposal of its luggage business in March 2012, and the successful spin-off of its business of manufacturing and sale of packaging products and display products (the “Packaging Business”) as a separate listed company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in July 2012, the Group is able to focus principally on its core business of property development in Western China, and present to the investors a clear picture of the Group’s performance in the property business and, at the same time, unlocking and returning to its shareholders the value of the Packaging Business in the form of securities.

For the six months ended 30 June 2012, the Group’s revenue from its continuing operations of property development and investment business and treasury investment business reached a record high of HK\$3,711.8 million, a substantial increase of 251% over the same period of last year. The profit attributable to shareholders for the period was HK\$204.8 million, representing a significant increase of about 35% over the same period of last year. Excluding the one-off expenses of HK\$16.4 million in professional fees and other expenses incurred in the preparation for the spin-off and separate listing of the Packaging Business during the period and HK\$11.9 million loss incurred from the disposal of the luggage business, the profit would be HK\$233.1 million.

Other incomes recorded a fair value gain on investment properties of HK\$5.3 million (six months ended 30 June 2011: HK\$13.9 million) and gains of HK\$87.7 million (six months ended 30 June 2011: HK\$50.6 million) on partial disposals of the available-for-sale investments.

Other expenses sharply increased by HK\$88.2 million to HK\$88.4 million as a result of recording an unrealized loss on listed securities amounting to HK\$71.7 million and loss on disposal of the Group’s luggage business of HK\$11.9 million.

Despite the challenging operating environment during the period under review, with the Group’s extensive experience and strong market position in the packaging products industry, the Packaging Business, which was classified as a discontinued operation, recorded a revenue and profit of HK\$168.0 million (six months ended 30 June 2011: HK\$209.2 million) and HK\$14.5 million (six months ended 30 June 2011: HK\$21.9 million) respectively.

The profits attributable to shareholders for the period amounted to HK\$204.8 million (six months ended 30 June 2011: HK\$151.6 million). The basic earnings per share for the period were HK7.91 cents (six months ended 30 June 2011: HK5.82 cents).

Property Development

The Group continues to focus its property business in Western China where the fundamental demands for housing remains strong. In addition to Chongqing and Chengdu, the Group launched its first project in Guiyang in May 2012. These three cities have strong economic growth with the GDP growth of Chongqing, Chengdu, and Guiyang for the first half year of 2012 reaching 14.0%, 13.3% and 15.8% respectively, which are much higher than the nation’s average of 7.8% in the same period.

Recognized Revenue

During the six months ended 30 June 2012, the Group’s property sales revenue was HK\$3,699.8 million (RMB3,015.4 million) (six months ended 30 June 2011: HK\$1,020.6 million (RMB854.0 million)) against a total booked gross floor area (“GFA”) of 431,600 sqm (six months ended 30 June 2011: 128,500 sqm). The revenue from property sales and booked GFA represented a substantial growth of 263% and 236% respectively over the corresponding period of 2011 as more projects were completed and delivered in the first half of 2012. The average selling price (“ASP”) of recognized sales increased by 5.1% to RMB 6,990 per sqm (six months ended 30 June 2011: RMB6,650 per sqm) during the period under review. Overall booked gross margin for the period was 31% (six months ended 30 June 2011: 32%). If the effects of the fair value adjustment on the acquisition of the land banks in Yubei and Verakin New Park City on land cost were excluded, the booked gross profit margin would have been 47% (six months ended 30 June 2011: 48%).

MANAGEMENT DISCUSSION AND ANALYSIS

The recognized sales revenue by projects for the six months ended 30 June 2012 are as follows:

| Locations | Projects | Usage | Sales Revenue | | ASP Net of Business Tax (RMB) | The Group's Interest |
|---------------------------------|---|---|---------------|-------------------------------|-------------------------------|----------------------|
| | | | GFA (sqm) | Net of Business Tax (RMB'000) | | |
| Chongqing | L'Ambassadeur Phase I | Residential | 86,900 | 633,000 | 7,290/sqm | 100% |
| | Phoenix County Phase I | Residential | 24,900 | 273,200 | 10,960/sqm | 100% |
| | i-City Phases I, II & III | Residential | 4,300 | 31,100 | 7,210/sqm | 100% |
| | | Office | 7,800 | 80,400 | 10,350/sqm | |
| | | Commercial | 1,800 | 45,800 | 24,590/sqm | |
| | | Car Park | 1,700 | 5,000 | 90,070/unit | |
| | One Central Midtown & 9 Central Midtown | Residential | 900 | 9,800 | 10,540/sqm | 100% |
| | | Office | 3,900 | 42,700 | 11,180/sqm | |
| Riverside One, Wanzhou Phase II | Residential | 28,900 | 108,500 | 3,760/sqm | 100% | |
| Verakin New Park City — Zone W | Residential | 192,600 | 1,116,500 | 5,800/sqm | 51% | |
| Others | Residential/ Commercial/ Car Park | 3,000 | 24,300 | | | |
| Chengdu | Villa Royale Phase I | Residential | 26,100 | 325,400 | 12,480/sqm | 51% |
| | Others | Residential/ Commercial/ Car Park | 2,900 | 11,600 | | |
| Kunming | Silver Lining | Residential | 45,900 | 308,100 | 6,710/sqm | 70% |
| TOTAL | | | 431,600 | 3,015,400 | | |

In terms of geographic location, Chongqing accounted for 79% (six months ended 30 June 2011: 73%) and 83% (six months ended 30 June 2011: 81%) of the recognized revenue and booked GFA respectively, while Chengdu and Kunming accounted for the remaining 21% (six months ended 30 June 2011: 27%) and 17% (six months ended 30 June 2011: 19%) of the recognized revenue and booked GFA respectively. In terms of property usage, about 94% (six months ended 30 June 2011: 78%) was for residential and the balance was for non-residential purposes.

As at 30 June 2012, the unrecognized revenue was approximately RMB8,149 million, representing a pre-sold GFA of 956,300 sqm. The recognition of this revenue will depend on the time of completion of the relevant projects, the issuance of occupation permits and delivery of the completed units to the buyers. About RMB816 million of the unrecognized revenue is from projects which have been completed and pre-sold. The revenue will be recognized when the buyers physically collect the properties. This has laid a solid foundation for the second half of 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Six projects were completed on schedule in the first half of 2012. The total GFA completed by the Group in the period under review amounted to approximately 597,200 sqm. Details are as follows:

| Projects | Usage | GFA (sqm) | Percentage of Area Sold as at 30 June 2012 | The Group's Interest |
|---------------------------------|-------------|--------------|--|-------------------------|
| Chongqing | | | | |
| L' Ambassadeur Phase I | Residential | 93,400 | 96 | 100% |
| | Commercial | 15,600 | 16 | |
| | Others | 21,500 | | |
| Phoenix County Phase I | Residential | 36,400 | 95 | 100% |
| Verakin New Park City — Zone W | Residential | 194,100 | 100 | 51% |
| | Commercial | 3,800 | 93 | |
| | Others | 33,300 | | |
| Riverside One, Wanzhou Phase II | Residential | 28,700 | 100 | 100% |
| | Commercial | 8,300 | 55 | |
| | Others | 10,600 | 99 | |
| Chengdu | | | | |
| Villa Royale Phase I | Residential | 48,400 | 69 | 51% |
| | Commercial | 6,100 | | |
| | Others | 11,000 | 66 | |
| Kunming | | | | |
| Silver Lining | Residential | 54,800 | 84 | 70% |
| | Commercial | 14,800 | | |
| | Others | 16,400 | | |
| TOTAL | | 597,200 | | |

Contract Sales

The Central Government has imposed a series of tightening housing policies and measures since 2010 to curb the overheating property market, which include higher down payments, higher mortgage loan interest rates, a ban on third-home mortgage, property tax trials and the construction of social housing. These measures have been effective as some cities reported decreased property transaction volumes and month-on-month declines in housing prices. In view of the weak global economy, the Chinese authorities have recently taken steps to loosen its monetary policies. The central bank has cut the interest rate and reserve ratio requirements in the past few months in an effort to boost lending. With more favourable mortgage terms available to the first home buyers, the sales of residential properties began to pick up since March of 2012.

According to the sales schedule of the Group for 2012, several more projects will be launched in the second half of 2012. As a result, during the first half of 2012, the Group recorded contract sales of RMB2,816.2 million (six month ended 30 June 2011: RMB3,243.8 million), representing a decrease of about 13% from that of the corresponding period in 2011, and about 41% of the 2012 sales target of RMB6,800 million. The total contract sales area reached approximately 372,500 sqm of GFA (six months ended 30 June 2011: 358,800 sqm), representing an increase of about 4% from that of the corresponding period in 2011. As first-time homebuyers are the key customers to support the residential property market, the Group has adjusted its product mix to offer more mid-end products with smaller lump sum price tag per unit which, in turn, resulted in the decrease of the overall ASP of contract sales by about 16% to RMB7,600 per sqm in the first half of 2012 from RMB9,000 per sqm for the same period of 2011. On the other hand, to boost the sales of the units in Chengdu which was greatly affected by the home-purchase restriction, small downward adjustments were made to the ASP to increase competitiveness. The new pricing strategy proved effective and the sales of Chengdu rebounded. Geographically, the ASP for Chongqing, Chengdu and Guiyang were RMB7,000 per sqm (six months ended 30 June 2011: RMB8,500 per sqm), RMB8,900 per sqm (six months ended 30 June 2011: RMB11,800 per sqm), and RMB7,600 per sqm respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Twelve projects were launched during the period, out of which, two were new projects, namely, Brighton Place & Plaza in Chengdu and First City in Guiyang. During the period, Verakin New Park City, Brighton Place & Plaza, and Sky Villa were the top three projects, contributing most of the contract sales. The distribution of the first half of 2012 contract sales was 57.2%, 35.7% and 7.1% from Chongqing, Chengdu, and other districts respectively.

The breakdown of the contract sales in the first half of 2012 is as follows:

| Projects | Usage | Approximate Contract Sales Area (sqm) | Approximate Contract Sales Revenue (RMB'000) | Approximate Contract ASP Before Business Tax (RMB) |
|---|--|--|---|--|
| Chongqing | | | | |
| L' Ambassadeur Phases I, II & III | Residential | 16,500 | 136,800 | 8,300/sqm |
| | Commercial | 1,100 | 19,400 | 18,000/sqm |
| Verakin New Park City — Zones J, K, L, M, N, O & P | Residential | 121,900 | 881,400 | 7,200/sqm |
| | Commercial | 3,900 | 55,700 | 14,100/sqm |
| Riverside One, Wanzhou Phases I, II & III | Residential | 30,800 | 167,400 | 5,400/sqm |
| | Car Park | 7,000 | 18,900 | 89,200/unit |
| Phoenix County Phases I & II | Residential | 14,800 | 158,200 | 10,700/sqm |
| Academic Heights Phase I | Residential | 29,300 | 135,700 | 4,600/sqm |
| Others | Residential/ Commercial/ Office/Car park | 4,700 | 37,200 | |
| | | 230,000 | 1,610,700 | |
| Chengdu | | | | |
| Sky Villa Phase II | Residential | 18,700 | 299,600 | 16,000/sqm |
| | Car Park | 5,000 | 17,200 | 117,100/unit |
| Brighton Place & Plaza Phases I & II | Residential | 79,200 | 592,600 | 7,500/sqm |
| | Commercial | 100 | 6,300 | 42,300/sqm |
| Villa Royale Phases I & II | Residential | 6,700 | 78,800 | 11,800/sqm |
| | Car Park | 1,800 | 6,500 | 141,300/unit |
| Lagonda Gardens | Residential | 1,000 | 5,700 | 5,500/sqm |
| | | 112,500 | 1,006,700 | |
| Other Districts | | | | |
| First City, Guiyang Phase I | Residential | 19,000 | 144,200 | 7,600/sqm |
| Silver Lining | Residential | 600 | 4,100 | 7,100/sqm |
| Dazhou Project Phase I | Residential | 10,400 | 50,500 | 4,900/sqm |
| | | 30,000 | 198,800 | |
| TOTAL | | 372,500 | 2,816,200 | |

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of property usage, about 96% was for residential and 4% for non-residential properties. The ASPs for residential, commercial, office and carpark were RMB7,600 per sqm, RMB23,100 per sqm, RMB11,500 per sqm and RMB104,100 per unit respectively.

As at 30 June 2012, the Group recorded RMB922 million of subscription sales which will be converted to contract sales in the coming months.

Property Projects Under Development

There were sixteen projects in different stages of development during the period. The total area under construction as at 30 June 2012 was about 3.5 million sqm.

As at the report date, details of the projects held for development are as follows:

| Locations/Project Names | Expected Completion Date | GFA (sqm) | The Group's Interest |
|--|-----------------------------|-------------------|-------------------------|
| Chongqing, Yubei District | | | |
| — Phoenix County | 2012 — 2015 | 369,000 | 100% |
| — Mansions on the Peak | 2012 | 58,000 | 100% |
| — Lot #10 | 2014 | 436,000 | 100% |
| — L'Ambassadeur | 2012 — 2014 | 362,000 | 100% |
| — Lot #17-1 | 2014 or after | 210,000 | 100% |
| — Lot #9 | 2014 or after | 305,000 | 100% |
| — Lot #19 | 2014 or after | 296,000 | 100% |
| — Lot #4 | 2014 or after | 557,000 | 100% |
| — Lot #3-1 | 2014 or after | 260,000 | 100% |
| — Others | 2014 or after | 91,000 | 100% |
| Chongqing, Jiangbei District | 2014 or after | 1,369,000 | 25% |
| Chongqing, Nan'an District | | | |
| — Verakin New Park City | 2012 — 2017 | 1,373,000 | 51% |
| — Ertang Project | 2014 or after | 598,000 | 26% |
| Chongqing, Wanzhou District | | | |
| — Riverside One, Wanzhou | 2014 | 237,000 | 100% |
| — Wanzhou Project | 2014 or after | 271,000 | 100% |
| Chongqing, Shapingba District | | | |
| — Academic Heights | 2013 — 2015 | 509,000 | 100% |
| Chongqing, Bishan County, Ludao New District | | | |
| — Bishan Verakin New Park City | 2014 or after | 833,000 | 26% |
| Chongqing Rongchang County | 2014 or after | 157,000 | 26% |
| Chengdu, Jinjiang District | | | |
| — Sky Villa | 2012 — 2015 | 481,000 | 51% |
| Chengdu, Shuangliu County | | | |
| — Villa Royale | 2013 — 2015 | 204,000 | 51% |
| Chengdu, Xinjin County | | | |
| — La Concorde | 2014 or after | 249,000 | 51% |
| Chengdu, Qingyang District | | | |
| — Brighton Place & Plaza | 2014 or after | 365,000 | 51% |
| Sichuan, Dazhou, Tongchuan District | 2013 — 2015 | 413,000 | 100% |
| Guiyang, Jinyang New District | | | |
| — First City, Guiyang | 2013 or after | 1,343,000 | 85% |
| TOTAL | | 11,346,000 | |

MANAGEMENT DISCUSSION AND ANALYSIS

Land Bank

The Group's strategy to expand into other key cities in Western China enables it to benefit from the economic growth in the region while diversifying risks.

During the period, the Group has land bank in four major cities, namely Chongqing, Chengdu, Dazhou and Guiyang. As at the report date, the Group's land bank stood at 11.3 million sqm GFA (attributable GFA amounted to about 7.6 million sqm) held for development. The average land cost is around RMB2,090 per sqm. The land bank portfolio is sufficient for development for the next 5 to 6 years. The main land bank located at the Yubei District, Liangjiang New Area, Chongqing, accounting for 34% in terms of size of the Group's attributable land bank, is of the highest value due to its excellent location, and to the maturity of its neighborhood. A large portion of the Group's trophy investments properties will be developed on this core land bank.

The Group has maintained its prudent land banking strategy. Having acquired 6 parcels of land for a total GFA of about 3.8 million sqm in 2011, the Group bought only one land lot during the period. The Group acquired a 51% interests in a land lot in Rongchang County, Chongqing at a total consideration of about RMB124.7 million, through its 51% owned subsidiary holding the Verakin New Park City Project, with a permitted GFA of about 157,000 sqm. The accommodation value for this acquisition is approximately RMB790 per sqm GFA. It is planned for the development of a residential project. The Group has a 26% attributable interest in this land lot.

During the period, to further refine its land bank portfolio, the Group entered into an agreement to dispose all of its 60% interest in the Villa Splendido Project in Yutang Town, Dujiangyan District, Chengdu at a consideration of RMB332 million. The disposal is expected to be completed in year 2013 with an estimated profit before tax of RMB159 million.

As at the report date, the Group's land bank has a well-diversified portfolio. The breakdown by usage is as follows:

| Usage | Completed Properties held for Investment | Properties held for Own Use | Completed Properties held for Sale | Land held for Development | | Total GFA (sqm) | Percentage of Total GFA |
|--|---|-----------------------------------|---|------------------------------|------------------|--------------------|----------------------------|
| | GFA (sqm) | GFA (sqm) | GFA (sqm) | Total | Attributable | | |
| Commercial | 28,000 | 9,000 | 80,000 | 1,198,000 | 932,000 | 1,315,000 | 11.1 |
| Residential | 2,000 | | 64,000 | 5,296,000 | 3,219,000 | 5,362,000 | 45.1 |
| Office | | | 5,000 | 1,493,000 | 1,226,000 | 1,498,000 | 12.6 |
| Hotel & serviced apartment | | | 18,000 | 485,000 | 437,000 | 503,000 | 4.2 |
| Town-house & villa | | | 34,000 | 816,000 | 500,000 | 850,000 | 7.2 |
| Others (Car-park spaces and other auxiliary facilities) | 53,000 | 11,000 | 237,000 | 2,058,000 | 1,319,000 | 2,359,000 | 19.8 |
| TOTAL | 83,000 | 20,000 | 438,000 | 11,346,000 | 7,633,000 | 11,887,000 | 100.0 |

In respect of the total 98,000 sqm completed residential and town-house & villa properties held for sale, about 27% have been pre-sold and are pending delivery.

The breakdown of the land bank held for development by location is as follows:

| Locations | Total GFA (sqm) | Attributable GFA (sqm) | Percentage of Total GFA |
|--------------|--------------------|---------------------------|----------------------------|
| Chongqing | 8,291,000 | 5,416,000 | 73.1 |
| Sichuan | | | |
| — Chengdu | 1,299,000 | 663,000 | 11.5 |
| — Dazhou | 413,000 | 413,000 | 3.6 |
| Guizhou | | | |
| — Guiyang | 1,343,000 | 1,141,000 | 11.8 |
| TOTAL | 11,346,000 | 7,633,000 | 100.0 |

Around 73% of the land bank held for development is located in Chongqing whilst the balance is in Chengdu, Dazhou and Guiyang. In terms of usage, about 58% of the land held for development is for residential, hotel and serviced apartments as well as town-house and villa use and the remaining 42% for office, commercial and other developments.

Investment Property

As of 30 June 2012, the Group's portfolio of investment properties comprises an aggregate of 82,923 sqm (31 December 2011: 83,049 sqm) of which approximately 34.2% was commercial properties, 2.8% was residential properties and 63.0 % was car parks and auxiliary facilities.

As of 30 June 2012, the book value of the investment properties of the Group totalled HK\$375.6 million. In compliance with relevant accounting standards, the Group has conducted an evaluation for its investment properties. The portfolio's fair value appreciated by approximately HK\$5.3 million to HK\$375.6 million, the majority of which was the revaluation gain recognized in relation to the commercial properties. Moreover, leasing performance has been stable with a leasing rate of over 76%. The total attributable gross rental income from the investment properties amounted to approximately HK\$8.0 million for the period ended 30 June 2012 (six months ended 30 June 2011: HK\$6.4 million). On the back of growing demand, driven by business expansion and the prime location of the Group's commercial property sites, the Group will develop a portfolio of premier investment properties in the years ahead.

Investment Property Under Development

The Group's core land bank in the Yubei District is situated right at the heart of the Yubei District of Chongqing, a district where the regional government administration offices, light rail and underground transport systems, major highway junctions and a new rail transportation hub are located. The Yubei district is only 20 minutes by car from the Chongqing Airport. The Group's core land bank in the Yubei District has been earmarked for development as separate but interlinked projects, consisting of hotels, commercial and residential complexes. Internationally renowned architects and designers have been enlisted to help develop these projects. In view of the prime location of these projects, the Group intends to keep the trophy commercial properties for rental purposes and is expected to build up the investment property portfolio in the coming four years. Once completed, this portfolio will form a solid base of recurrent rental income and cash flow for the Group.

Four commercial land lots of the Group's core land bank are situated in the Yubei District, namely, Lot Nos. 3, 4, 9 and 10. Construction on the first commercial land lot, No. 10, started in May 2009, and the pre-sales of the residential project (One Central Midtown) and SOHO project (9 Central Midtown) on this land lot were launched in January 2010 and September 2010 respectively with great success. One Central Midtown and 9 Central Midtown started delivery in the second half of 2011. Other phases of Lot #10 are currently under development and are expected to be completed by 2014.

The Group has also formed a strategic partnership with New World China Land Limited ("NWCL"), a leading property developer and hotel operator in Mainland China, to jointly develop a 5-star luxury hotel and office block on this lot. The interest of this jointly-developed project is held as to 80% by the Group and 20% by NWCL. The hotel and office block project has an aggregate GFA of approximately 97,000 sqm and is scheduled to be completed by the year of 2014.

Treasury Investment Business

The treasury investments segment recorded a gain for the period of HK\$14.2 million (six months ended 30 June 2011: HK\$116.3 million). There were gains of HK\$87.7 million (six months ended 30 June 2011: HK\$50.6 million) realized on the partial disposals of available-for-sale investments held by the Group. Dividend income and interest income from investment in notes receivable totalled HK\$6.7 million (six months ended 30 June 2011: HK\$30.2 million). However, realized and unrealized loss on listed securities amounted to HK\$7.4 million and HK\$71.7 million respectively (six months ended 30 June 2011: unrealized gain on listed securities of HK\$35.8 million).

In view of the shrinking interest returns on bank deposits, the Group shifted its investment to a portfolio of listed securities and unlisted investment funds. To maintain a prudent treasury investment portfolio, the value of the portfolio is limited to no more than 10% of the total assets of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Position

The Group maintained a strong financial position during the period. As of 30 June 2012, the Group had aggregate cash and bank balances and time deposits amounting to HK\$7,055.4 million (31 December 2011: HK\$6,753.9 million). The net gearing ratio of the Group as at 30 June 2012 was 6.7% (31 December 2011: 2.7%) calculated by total borrowings less bank balances and cash divided by owners' equity. The increase in gearing ratio was mainly due to the payment of property development costs of about RMB3,037 million for payment of land premium and related costs as well as construction costs of RMB753 million and RMB2,284 million respectively. These payments were mainly financed by internal resources generated from cash received from property pre-sales and external bank borrowings. The cash collection ratio for the property business was 71% during the period under review. The average borrowing interest rate for the period ended 30 June 2012 was 5.26% (six months ended 30 June 2011: 4.36%) per annum which is relatively low in the market.

PROSPECTS

Although the Central Government has eased its monetary policy to boost the economy which in turn provides liquidity to the property market, measures to curb speculation are expected to remain in place throughout the year. However, new controlling measures are not expected. As a result, the Group expects property prices to be stable in the second half of the year. Affordability has improved due to income growth which also stimulates purchases from strong end-user demand. As more projects will be launched in the second half of 2012, the sales performance of the second half of 2012 should be better than that of the first half. The Group has confidence to achieve its 2012 contract sales target of RMB6.8 billion.

As at 30 June 2012, the unrecognized contract sales amounted to RMB8,149 million, representing a pre-sold GFA of 956,300 sqm. Together with the contract sales in July 2012 of RMB571 million, representing 71,700 sqm, the total unrecognized contract sales to be delivered in the second half of 2012 and beyond amounted to RMB8,720 million.

The target completion areas for the second half of 2012 and year 2013 are 390,000 sqm and 1,308,000 sqm respectively. Together with the completion area of 597,200 sqm for the first half of 2012, the target completion area for 2012 is 987,200 sqm. For the second half of 2012 and 2013 respectively, 83% and 47% of the target completion residential areas have been pre-sold as at 31 July 2012. As a result, the Group has a very low inventory level.

Completion schedule for the second half of 2012 and year 2013 is as follows:

| Locations | Projects | Residential Area (sqm) | Commercial/Car park/Other Area (sqm) | Total Area (sqm) | The Group's Interests |
|----------------------------|--------------------------------|------------------------|--------------------------------------|------------------|-----------------------|
| Second Half of 2012 | | | | | |
| Chongqing | Mansions on the Peak | 36,000 | 22,000 | 58,000 | 100% |
| | Phoenix County Phase I | 25,000 | 17,000 | 42,000 | 100% |
| | L'Ambassadeur Phase II | 105,000 | 50,000 | 155,000 | 100% |
| | Verakin New Park City — Zone J | 72,000 | 6,000 | 78,000 | 51% |
| Chengdu | Sky Villa Phase II | 57,000 | — | 57,000 | 51% |
| TOTAL | | 295,000 | 95,000 | 390,000 | |
| Year 2013 | | | | | |
| Chongqing | Phoenix County Phase II | 56,000 | 37,000 | 93,000 | 100% |
| | L'Ambassadeur Phase III | 78,000 | 24,000 | 102,000 | 100% |
| | Academic Heights Phase I | 104,000 | 34,000 | 138,000 | 100% |
| | Verakin New Park City — Zone K | 42,000 | 1,000 | 43,000 | 51% |
| | Verakin New Park City — Zone N | 174,000 | 59,000 | 233,000 | 51% |
| | Verakin New Park City — Zone P | 79,000 | 20,000 | 99,000 | 51% |
| | Verakin New Park City — Zone L | 67,000 | 21,000 | 88,000 | 51% |
| Chengdu | Sky Villa Phase II | 45,000 | 44,000 | 89,000 | 51% |
| | Villa Royale Phase II | 51,000 | 10,000 | 61,000 | 51% |
| Dazhou | Dazhou Project Phase I | 134,000 | 44,000 | 178,000 | 100% |
| Guiyang | First City, Guiyang Phase I | 91,000 | 93,000 | 184,000 | 85% |
| TOTAL | | 921,000 | 387,000 | 1,308,000 | |

The Group started its new construction in 2012 according to its original development schedule. The GFA of newly commenced construction in the first half of 2012 was around 0.7 million sqm. As at 30 June 2012, the Group has a total of 16 projects under development. Based on the existing development schedule, the Group expects the total area for construction start-up in second half of 2012 to be around 1.4 million sqm, making up a total area of about 2.1 million sqm for the whole year. Together with the area under construction of 3.5 million sqm as at 30 June 2012, the total area under development at the end of 2012 is expected to be over 4.9 million sqm — about 43% of the Group's total land bank. To ensure its long-term development, the Group will continue its efforts to acquire land banks with great upside development potential. Besides adding presence to its current cities in Chongqing, Chengdu, Guiyang and Kunming, the Group will continue to look for suitable land lots at other Western China cities for diversification, and for co-operation opportunities with foreign as well as domestic investors with an aim to expand its output in the coming years.

As at 30 June 2012, the outstanding land premium is about RMB1.9 billion. The expected construction cost for the second half of 2012 is about RMB3.0 billion. The Group will continue to be prudent in its cash flow management and keep its gearing at a healthy level in order to support its long term growth.

FINANCIAL REVIEW

Investments

At 30 June 2012, the Group held a portfolio of listed and unlisted equity securities and notes receivable (issued by companies listed on the Stock Exchange) with a carrying value of HK\$755.0 million (31 December 2011: HK\$1,181.4 million). Owing to the price fluctuation in the Hong Kong stock market for the period under review, the Group recorded a realized loss and an unrealized fair value loss of HK\$7.4 million and HK\$71.7 million respectively on listed securities held by the Group. The amount of dividends, interest and other income from investments for the period was HK\$11.4 million (six months ended 30 June 2011: HK\$31.0 million).

Liquidity and Financial Resources

As of 30 June 2012, the Group had aggregate cash and bank balances and time deposits amounting to HK\$7,055.4 million (31 December 2011: HK\$6,753.9 million) which included HK\$171.7 million (31 December 2011: HK\$152.1 million) of deposit pledged to banks. An analysis by currency denomination of the cash and bank deposit is as follows:

| Currency | 30 June 2012 HK\$'M | 31 December 2011 HK\$'M |
|-----------------------|------------------------|----------------------------|
| Renminbi | 6,085.1 | 6,477.6 |
| Hong Kong Dollars | 903.5 | 163.3 |
| United States Dollars | 66.8 | 113.0 |
| | 7,055.4 | 6,753.9 |

The following table shows the current ratio, working capital, and un-utilized banking facilities:

| | 30 June 2012 | 31 December 2011 |
|--|--------------------------|-------------------|
| Current ratio (Current assets over current liabilities) | 1.50 times | 1.54 times |
| Working Capital (Current assets less current liabilities) | HK\$8,226 million | HK\$7,720 million |
| Un-utilized banking facilities | HK\$1,035 million | HK\$1,229 million |

MANAGEMENT DISCUSSION AND ANALYSIS

The structure of the Group's bank borrowings as at 30 June 2012 is summarized below:

| Currency of Bank Loans | Total HK\$'M | Due within One Year HK\$'M | Due more than One Year but not exceeding Two Years HK\$'M | Due more than Two Years but not exceeding Five Years HK\$'M | Beyond Five Years HK\$'M |
|------------------------|-----------------|----------------------------------|--|--|--------------------------------|
| RMB | 4,888.8 | 2,620.1 | 1,158.5 | 1,019.4 | 90.8 |
| HK\$ | 3,037.4 | 585.6 | 2,035.6 | 416.2 | — |
| | 7,926.2 | 3,205.7 | 3,194.1 | 1,435.6 | 90.8 |

The average borrowing interest rate for the period ended 30 June 2012 was 5.26% (six months ended 30 June 2011: 4.36%) per annum. Finance costs charged to the consolidated income statement for the six months ended 30 June 2012 amounted to HK\$25.8 million (30 June 2011: HK\$28.8 million) after capitalization of HK\$170.1 million (30 June 2011: HK\$98.4 million) into the cost of properties under development.

Secured debts accounted for approximately 61.7% of total borrowings as at 30 June 2012 (31 December 2011: 65.3%).

As at 30 June 2012, the Group was at a net borrowing position of HK\$870.8 million (31 December 2011: HK\$345.7 million). Details are as follows:

| | 30 June 2012 HK\$'M | 31 December 2011 HK\$'M |
|--|------------------------|----------------------------|
| Cash and bank balances and time deposits | 7,055.4 | 6,753.9 |
| Less: Total bank and other borrowings | (7,926.2) | (7,099.6) |
| Net borrowing position | (870.8) | (345.7) |

The owners' equity was HK\$13,065.8 million (31 December 2011: HK\$12,981.8 million) and the book value net assets per share is HK\$5.05 (31 December 2011: HK\$5.10). After the distribution of the special interim dividend by way of distribution in specie of the entire 100% interest in the Packaging Business in July 2012, the book value of net assets per share will be adjusted to HK\$4.96.

Contingent Liabilities/Financial Guarantees

At 30 June 2012, the Group had the following contingent liabilities/financial guarantees:

- Guarantees given to banks in connection with facilities granted to a jointly-controlled entity in the amount of HK\$350 million (31 December 2011: HK\$350 million).
- Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's property units in the amount of HK\$3,885.2 million (31 December 2011: HK\$4,090.1 million).

Pledge of Assets

At 30 June 2012, the Group has pledged the following assets:

- Leasehold properties as security for general banking facilities granted to the Group. HK\$47.5 million
- Fixed deposits as security for general banking facilities granted to the Group. HK\$179.2 million
- Properties under development, prepaid land lease payments, completed properties held for sale and investment properties pledged to secure banking facilities granted to the Group. RMB8,533.7 million

Exchange Risks

The Group's property business mainly operates in the PRC. Sales transactions and all major cost items are denominated in RMB. Therefore, the foreign exchange exposure for the property business is considered minimal. The directors expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

EVENT AFTER THE REPORTING PERIOD

Following the approval by the Stock Exchange, the spin-off and separate listing of the Packaging Business on the Stock Exchange was completed on 12 July 2012, details of which are set out in the prospectus of Qualipak International Holdings Limited ("Qualipak") dated 28 June 2012. Upon the spin-off of the Packaging Business, the Group's entire 100% interest in Qualipak was distributed in specie as special interim dividend to the Company's qualifying shareholders ("Distribution") and Qualipak ceased to be a subsidiary of the Company thereafter.

EMPLOYEES

At 30 June 2012, the Group had approximately 1,513 employees in Mainland China and Hong Kong excluding those of the Packaging Business. The Group remunerates its staff based on their merit, qualification, work experience, competence and the prevailing market wage level. The Group has also established an incentive bonus scheme to reward employees based on their performance. Employees are also eligible to be granted share options under the Company's share option scheme at the discretion of the Board. For the period ended 30 June 2012, no equity-settled share option expense (six months ended 30 June 2011: HK\$0.1 million) was charged off as equity-settled share option expense to the income statement. Other benefits include contributions to a provident fund scheme, mandatory provident fund, and medical insurance.

INTERIM DIVIDEND

Save as disclosed below, the directors do not recommend the payment of any further interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

On 28 June 2012, the Board declared a conditional special interim dividend which was to be satisfied by way of the Distribution, which was subject to the listing of the shares of Qualipak on the Main Board of the Stock Exchange becoming unconditional. Under the Distribution, each qualifying shareholder of the Company would be entitled to receive one share of Qualipak for every whole multiple of twenty shares of the Company held by the qualifying shareholders. The Distribution was completed on 11 July 2012.

CHONGQING PROJECTS

Verakin New Park City (同景國際城) — a high-end multi-phased residential and commercial project with a total gross floor area (“GFA”) of about 2.1 million sqm. After deliveries of the earlier phases in the previous years, the remaining GFA is about 1.4 million sqm.

Construction work of Zone W with a total GFA of 231,000 sqm was completed and started delivery in June 2012. Zone W is a high-rise apartment project providing 4,006 residential units and 64 commercial units. As at 30 June 2012, all the residential and commercial units were sold at an average selling price (“ASP”) of RMB6,100 per sqm and RMB17,400 per sqm respectively.

Zone J, a high-end residential villa development, provides 444 residential units or a total GFA of 78,000 sqm. As at 30 June 2012, about 98% residential units were sold at an ASP of RMB11,000 per sqm. Zone J will be completed and start delivery in the second half of 2012.

Zones P and N are high-rise apartment projects with a few commercial units with a total GFA of 99,000 sqm and 233,000 sqm respectively. Over 96% of the residential units and all 18 commercial units of Zone P were sold at an ASP of RMB6,200 per sqm and RMB17,100 per sqm respectively. Over 96% residential units and 39 out of total 40 commercial units of Zone N were sold at an ASP of RMB6,400 per sqm and RMB14,100 per sqm respectively. Both Zones P and N are scheduled to be completed in 2013.

Zone K, a high-end villa development with a total GFA of 43,000 sqm, launched for presales during the period. As at 30 June 2012, about 47% of the launched residential units with a GFA of 17,000 sqm were sold at an ASP of RMB13,500 per sqm. Zone K is expected to be delivered in 2013.

Construction works of Zones L, M and O are currently in progress. Zone L is a low-rise residential property with a total GFA of 88,000 sqm and over 61% launched residential units with a GFA of 20,000 sqm was sold at an ASP of RMB7,500 per sqm as at 30 June 2012. Zone M is a mixed villa and high-rise apartment development with a total GFA of 234,000 sqm. Over 80% launched villa units with a GFA of 12,000 sqm and over 63% launched high-rise apartment units with a GFA of 11,000 sqm were sold at an ASP of RMB11,500 per sqm and RMB5,400 per sqm respectively as at 30 June 2012. Zone O is a high-rise apartment development with a total GFA of 36,000 sqm and over 95% of residential area of 21,000 sqm was sold at an ASP of RMB5,800. Zone L will be completed in 2013 and Zones M and O are scheduled to be completed in 2014.

Mansions on the Peak (御府) — a project with a total GFA of 58,000 sqm comprising of 46 luxury villas with a world-class resort style clubhouse and shops. Construction works of the clubhouse have been completed. The construction of the villas is in progress. Three villas were sold at an ASP of RMB32,000 per sqm as at 30 June 2012. The project is expected to be completed in the second half of 2012.

L’Ambassadeur (山頂道國賓城) — a four-phased development project of high-rise apartments with a total GFA of 493,000 sqm. Construction works of Phase I of about 131,000 sqm was completed in the first half of 2012. 96% of the residential area was sold at an ASP of RMB7,700 per sqm as at 30 June 2012. The other three phases with a total GFA of 362,000 sqm were under construction during the period. As at 30 June 2012, Phase II residential area of 93,000 sqm was launched for pre-sales and over 96% were sold at an ASP of RMB8,100 per sqm. Phase II is scheduled to be completed in the second half of 2012. Part of Phase III residential area with a GFA of 38,000 sqm was launched for pre-sales during the period and around 38% were sold at an ASP of RMB7,800 per sqm. Phase III is planned for completion in 2013.

Lot #10 — a landmark commercial development in the Group’s Yubei main land bank that provides a planned total GFA of 616,000 sqm. Phase I comprises of One Central Midtown, 9 Central Midtown, retail spaces and car parking spaces with a total GFA of 180,000 sqm. Construction works of Phase I have been completed and started delivery in 2011. Construction works of Phases II and III with a total GFA of 436,000 sqm, comprising of an up-market shopping mall, a 5-star hotel with an office block, 2 Grade-A office towers, were underway during the period. Phases II and III of the project are expected to be completed in 2014.

Phoenix County (梧桐郡) — a high-end residential town-house and high-rise apartment project near the new Yubei train terminal with a total GFA of 406,000 sqm. Part of the first phase residential area of 37,000 sqm was completed and started delivery in the first half of 2012. The remaining portion of the first phase of the project is scheduled for delivery in the second half of 2012. As at 30 June 2012, over 94% of Phase I residential units with a GFA of 59,000 sqm were sold at an ASP of RMB11,200 per sqm. Construction works of Phases II and III with a GFA of 93,000 sqm and 234,000 sqm respectively are underway as at 30 June 2012. Part of Phase II residential area with a GFA of 5,500 sqm was first launched for pre-sales in June 2012. Phase II is planned for completion in 2013.

Riverside One, Wanzhou (濱江壹號) — a project located in the Jiangnan New District in Wanzhou for development into an integrated complex, consisting of low-rise residential property, high-rise apartments and retail outlets with a total GFA of 407,000 sqm. Phase I with a GFA of 68,000 sqm was completed and delivered in 2010. Part of Phase II, a low-rise residential property, with a GFA of 53,000 sqm was completed and delivered in 2011. The remaining part of 49,000 sqm of Phase II was completed in the first half of 2012. All residential units of Phase II were sold as at 30 June 2012 with an ASP of RMB4,700 per sqm which was 40% higher than that of Phase I. Construction works of Phase III of the project, a high-rise apartment development with a total GFA of 237,000 sqm, were in progress during the period. As at 30 June 2012, about 40% residential area of 73,000 sqm were sold at an ASP of RMB5,400 per sqm. Phase III is expected to be completed in 2014.

Academic Heights (春華秋實) — a three-phased high-end residential town-house and high-rise apartment project situated in the Xiyong University City with a total GFA of 509,000 sqm. Xiyong University City is a satellite city of the municipality noted for its advanced urban design, and is designated to be an education, research and high technology district. Construction of the first phase with a total GFA of 138,000 sqm and the second phase with a total GFA of 165,000 sqm were underway as at 30 June 2012. Apart from the launch of 25,000 sqm town-house residential area of Phase I in 2011, 62,000 sqm high-rise residential area was launched for pre-sales in the first half of 2012. As at 30 June 2012, around 64% of the launched town-house residential area and 48% of the launched high-rise residential area were sold at an ASP of RMB5,600 and RMB4,600 per sqm respectively. Phase I of the project is planned for completion and delivery in 2013.

Bishan Verakin New Park City (璧山 • 同景國際城) — a project located in the Ludao New District in Bishan County which will be developed into an integrated complex, consisting of high-end residential town-houses, high-rise apartments and retail outlets with a total GFA of 833,000 sqm. It takes 5 minutes to travel from Bishan County to the University City through the Bishan Tunnel and, Metro Line No. 1 is expected to connect Bishan County with Chongqing city centre in 2013. The project will be developed in six phases. The first phase of the project with a total GFA of 158,000 sqm is planned to commence construction in the second half of 2012.

Rongchang Project (同景 • 巴黎左岸) — a project located in Rongchang County which is a high-rise residential development with a total GFA of 157,000 sqm. Rongchang County is in the western part of Chongqing. The project was acquired in the first half of 2012 and is planned to commence construction works in the second half of 2012.

Jiangbei Project (御龍 • 天峰) — a 25% equity interest joint venture project having a total GFA of 1,369,000 sqm located along the north bank of the inner city section of the Jialing River, Jiangbei District, Chongqing. This project is one of the largest riverside developments in the city, having a river frontage of about 750 metres. An international city complex will be built that will provide high-end residential units, a Grade-A office tower, serviced apartments, and large-scale business and retail property. A 285,000 sqm twin multifunctional tower will be built which will be a landmark for the district. The project will be built in four phases with the first phase having commenced construction in June 2012.

PROPERTY PROJECTS PROFILE AND UPDATE

CHENGDU PROJECTS

Sky Villa (四海逸家) — a high-end residential project located in the Jinjiang District with a total GFA of 571,000 sqm. The first phase comprises of 682 residential units or 90,000 sqm GFA occupying 3 towers which were completed and delivered in 2010 and 2011. Phase II comprises of 5 towers with a total of 1,079 residential units or a total GFA of 146,000 sqm. Construction of the second phase is still underway. Three towers of Phase II will be completed and delivered in the second half of 2012 with the remaining 2 towers to be delivered in the second half of 2013. Over 77% of the Phase II residential units were sold as at 30 June 2012 at an ASP of RMB16,700 per sqm. Construction works of Phase III with a total GFA of 215,000 sqm in 6 towers are currently in progress.

Brighton Place & Plaza (光華逸家) — a high-end residential project located in Guanghua New City, Qingyang District with a total GFA of 365,000 sqm. The project is in close proximity to Guanghua Avenue and is supported by comprehensive ancillary facilities. The project is divided into three phases for development. Phase I and II with a total GFA of 80,000 sqm and 86,000 sqm respectively commenced construction in the first half of 2012. Pre-sales of Phase I was first launched in mid March 2012 and over 90% of Phase I residential area with a GFA of 57,000 sqm were sold as at 30 June 2012 at an ASP of RMB7,400 per sqm. Part of Phase II residential area with a GFA of 31,000 sqm was first launched for pre-sales in June 2012 and over 71% launched residential area was sold at an ASP of RMB7,700 per sqm which was 4% higher than that of Phase I. Both phases I & II are expected to be completed in 2014.

Villa Royale (城南逸家) — a luxury villa and town-house project with a total GFA of 272,000 sqm in the Shuangliu County, Chengdu. The project is just 8 minutes by car from the southern extension of the Chengdu South Renmin Road. Shuangliu County is a highly developed transportation hub and presently the sole aviation hub in Chengdu. It is the largest air traffic centre in Western China. The project is located opposite to the Sichuan University campus along a river bank and will be developed in phases. The first phase of the project with a total GFA of 68,000 sqm, of which 10,000 sqm are for show units and clubhouse facilities, has been completed and started delivery in the first half of 2012. As at 30 June 2012, over 77% of Phase I launched residential area was sold at an ASP of RMB 13,200 per sqm. Construction works of Phases II & III with a total GFA of 61,000 sqm and 39,000 sqm respectively are currently in progress. About 45% of Phase II launched residential area was sold at an ASP of RMB 12,500 per sqm. Phase II is scheduled for completion in 2013.

La Concorde (牧山逸家) — a high-end villa project with a total GFA of 249,000 sqm in the Huayuan Town, Xinjin County, Chengdu, a suburban district approximately 15 kilometres southwest of Chengdu. The project is close to the Shuangliu International Airport and the site has been cleared and upgraded by the local government from rural land into one for low-density residential property development. Construction works of display units and clubhouse have been completed. Foundation works of Phase I with a GFA of 14,000 sqm are currently in progress and construction work will start soon.

PROJECTS IN OTHER DISTRICTS

Dazhou Project (雍河灣) — a residential project located in the Tongchuan District with a total GFA of 413,000 sqm. Construction works of Phase I with a GFA of 178,000 sqm are underway during the period and pre-sales of the first batch of residential area of 67,000 sqm was launched in late 2011. As at 30 June 2012, 12,000 sqm residential area was sold at an ASP of RMB4,800 per sqm. Phase I is expected to be completed in 2013.

First City, Guiyang (中渝•第一城) — a pilot project in Guiyang with a planned total GFA of 1,343,000 sqm, comprising of town-houses, low-rise and high-rise residential towers, Grade-A office towers and commercial properties. The project is situated in the Jinyang New District which is a new urban district located 12 kilometres northwest of the old city centre of Guiyang. As a new city district of Guiyang, it will focus on government, finance, real estate, high-tech, aerospace and commercial services. The first phase of the project has a total GFA of 184,000 sqm. Construction works of Phase I began in the first half of 2012. Pre-sales of the first batch of low-rise residential units with a GFA of 46,000 sqm was launched in May 2012 and over 41% of the launched units were sold at an ASP of RMB7,600 per sqm as at 30 June 2012. Phase I is planned for completion and delivery in 2013.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS

As at 30 June 2012, details of the interests and short positions of each of the directors and the chief executive of the Company in the shares, 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 (the "SFO")) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), are as follows:

Interests in shares of the Company (long positions)

| Name of directors | Interests in shares | | Interests in underlying shares pursuant to share options granted by the Company ³ | Aggregate interests | Approximate percentage ⁴ |
|------------------------------------|---------------------|----------------------------------|--|---------------------|-------------------------------------|
| | Personal interests | Corporate interests | | | |
| Mr. Cheung Chung Kiu | — | 1,331,205,790 ^{1&2} | — | 1,331,205,790 | 51.44 |
| Dr. Lam How Mun Peter | 318,530 | — | 43,039,000 | 43,357,530 | 1.68 |
| Mr. Tsang Wai Choi | 3,394,242 | — | — | 3,394,242 | 0.13 |
| Mr. Leung Chun Cheong | 654,673 | — | 1,500,000 | 2,154,673 | 0.08 |
| Mr. Leung Wai Fai | — | — | 3,000,000 | 3,000,000 | 0.12 |
| Ms. Poon Ho Yee Agnes ⁵ | 104,000 | — | 2,000,000 | 2,104,000 | 0.08 |

Notes:

- 1,070,810,231 of such shares were held through Thrivetrade Limited ("Thrivetrade"), a company wholly-owned by Mr. Cheung Chung Kiu ("Mr. Cheung"). Accordingly, Mr. Cheung was therefore deemed to be interested in the same number of shares held through Thrivetrade.
- 260,395,559 of such shares were held through Regulator Holdings Limited ("Regulator"), a direct wholly-owned subsidiary of Yugang International (B.V.I.) Limited (Yugang-BVI), which is in turn a direct wholly-owned subsidiary of Yugang International Limited ("Yugang"). Yugang was owned by Chongqing Industrial Limited ("Chongqing"), Timmex Investment Limited ("Timmex") and Mr. Cheung as to 44.06% in aggregate. Chongqing was owned as to 35%, 30%, 5% and 30% by Mr. Cheung, Peking Palace Limited ("Peking Palace"), Miraculous Services Limited ("Miraculous Services") and Prize Winner Limited ("Prize Winner") respectively. Mr. Cheung had 100% beneficial interest in Timmex. Prize Winner was beneficially owned by Mr. Cheung and his associates. Peking Palace and Miraculous Services were held by Palin Holdings Limited ("Palin") as the trustee for Palin Discretionary Trust, a family discretionary trust, the objects of which included Mr. Cheung and his family. Accordingly, Mr. Cheung was also deemed to be interested in the same number of shares held through Regulator.
- Details of the directors' interests in the shares of the Company pursuant to share options granted by the Company are set out in the section headed "Share Options" below.
- Approximate percentage refers to the aggregate interests of a director expressed as a percentage (rounded up to two decimal places) of the issued share capital of the Company as at 30 June 2012.
- Ms. Poon Ho Yee Agnes ("Ms. Poon") has resigned as director of the Company with effect from 12 July 2012.

Save as disclosed above, as at 30 June 2012, the Company had not been notified of any other interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation of the Company (within the meaning of Part XV of the SFO) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF INTERESTS

SHARE OPTIONS

The Company adopted a share option scheme (the “Scheme”) on 29 April 2005, details of which were disclosed in the Company’s circular dated 13 April 2005. Details of share options granted under the Scheme and their movements during the period from 1 January 2012 to 30 June 2012 are set out below:

| Name or category of participants | Number of share options | | | | | At 30 June 2012 | Date of grant ¹ | Exercise period | Exercise price ² HK\$ per share | Closing price immediately before date of grant HK\$ per share |
|----------------------------------|-------------------------|---------------------------|-----------------------------|-----------------------------|--------------------------|------------------------|----------------------------|--------------------------|--|---|
| | At 1 January 2012 | Granted during the period | Exercised during the period | Cancelled during the period | Lapsed during the period | | | | | |
| Directors | | | | | | | | | | |
| Lam How Mun Peter | 17,500,000 | — | — | — | — | 17,500,000 | 07-05-2009 | 07-05-2009 to 06-05-2019 | 3.27 | 3.47 |
| | 21,539,000 | — | — | — | — | 21,539,000 | 03-09-2010 | 03-09-2010 to 02-09-2020 | 3.31 | 3.19 |
| | 4,000,000 | — | — | — | — | 4,000,000 | 03-09-2010 | 01-01-2011 to 02-09-2020 | 3.31 | 3.19 |
| | 43,039,000 | — | — | — | — | 43,039,000 | | | | |
| Leung Chun Cheong | 1,500,000 | — | — | — | — | 1,500,000 | 03-09-2010 | 03-09-2010 to 02-09-2020 | 3.31 | 3.19 |
| Leung Wai Fai | 3,000,000 | — | — | — | — | 3,000,000 | 03-09-2010 | 03-09-2010 to 02-09-2020 | 3.31 | 3.19 |
| Poon Ho Yee Agnes ³ | 2,000,000 | — | — | — | — | 2,000,000 | 03-09-2010 | 03-09-2010 to 02-09-2020 | 3.31 | 3.19 |
| Wu Hong Cho ⁴ | 1,800,000 | — | — | — | — | — ⁴ | 03-09-2010 | 03-09-2010 to 02-09-2020 | 3.31 | 3.19 |
| | 51,339,000 | — | — | — | — | 49,539,000 | | | | |
| Employees | | | | | | | | | | |
| In aggregate | 11,535,000 | — | — | — | — | 11,535,000 | 03-09-2010 | 03-09-2010 to 02-09-2020 | 3.31 | 3.19 |
| | 800,000 | — | — | — | — | 800,000 | 03-09-2010 | 01-01-2011 to 02-09-2020 | 3.31 | 3.19 |
| | 12,335,000 | — | — | — | — | 12,335,000 | | | | |
| Others | | | | | | | | | | |
| In aggregate | 3,000,000 | — | — | — | — | 4,800,000 ⁴ | 03-09-2010 | 03-09-2010 to 02-09-2020 | 3.31 | 3.19 |
| Total | 66,674,000 | — | — | — | — | 66,674,000 | | | | |

Notes:

1. Certain share options granted are subject to a vesting period beginning from the date of grant until the commencement of the exercise period.
2. The exercise price of the share options is subject to adjustment in case of any rights issues or bonus issues, or any other changes in the Company’s share capital.
3. Following her appointment as director of Qualipak International Holdings Limited (“Qualipak”) on 28 November 2011 and the resignation as director of the Company with effect from 12 July 2012, Ms. Poon continues to hold her 2,000,000 share options in her capacity as director of Qualipak (being a member of the Eligible Group as defined in the Scheme) instead.
4. As from 18 May 2012 following his retirement as director of the Company and appointment as director of Qualipak, Mr. Wu Hong Cho continues to hold his 1,800,000 share options in his capacity as director of Qualipak (being a member of the Eligible Group as defined in the Scheme) instead.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER SFO

As at 30 June 2012, details of the interests and short positions in the shares and underlying shares of the Company of every person other than the directors or the chief executive of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO are as follows:

| Name of shareholders | Capacity in which interests are held | Number of shares held | Approximate percentage ⁴ |
|---|---|----------------------------|-------------------------------------|
| (a) Long Positions | | | |
| Thrivetrade | Beneficial owner | 1,070,810,231 ¹ | 41.38 |
| Regulator | Beneficial owner | 260,395,559 ² | 10.06 |
| Yugang-BVI | Interest of controlled corporation | 260,395,559 ² | 10.06 |
| Yugang | Interest of controlled corporation | 260,395,559 ² | 10.06 |
| Chongqing | Interest of controlled corporation | 260,395,559 ² | 10.06 |
| Palin | Interest of controlled corporation | 260,395,559 ² | 10.06 |
| T. Rowe Price Associates, Inc. and its Affiliates | Investment manager | 178,893,000 | 6.91 |
| JPMorgan Chase & Co. | Beneficial owner and custodian corporation/approved lending agent | 176,275,406 ³ | 6.81 |
| (b) Short Positions | | | |
| JPMorgan Chase & Co. | Beneficial owner | 4,180,460 | 0.16 |

Notes:

- These shares were included in the interests in shares of the Company of Mr. Cheung as disclosed under the paragraph "Interests in shares of the Company (long positions)" of the section headed "Directors' and Chief Executives' Interests and Short Positions" above.
- The interests held by Regulator, Yugang-BVI, Yugang, Chongqing and Palin respectively as shown above refer to interests in the same block of shares. The said shares were also included in the interests in shares of the Company of Mr. Cheung as disclosed under the paragraph "Interests in shares of the Company (long positions)" of the section headed "Directors' and Chief Executives' Interests and Short Positions" above.
- Of its interests in 176,275,406 shares, JPMorgan Chase & Co. had interests in 4,180,460 shares as beneficial owner and in 172,094,946 shares as a custodian corporation/approved lending agent. 172,094,946 shares were in the lending pool.
- Approximate percentage refers to the number of shares which a shareholder held or had short positions in expressed as a percentage (rounded up to two decimal places) of the issued share capital of the Company as at 30 June 2012.

Save as disclosed above, as at 30 June 2012, the Company had not been notified of any other interests or short positions in the shares or underlying shares of the Company of any other person other than the directors or the chief executive of the Company required to be recorded in the register kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

During the period under review, the Company complied with the code provisions set out in the Code on Corporate Governance Practices (the “old CG Code”) for the period from 1 January 2012 to 31 March 2012 and thereafter the enhanced Corporate Governance Code and Corporate Governance Report which came into effect on 1 April 2012 (the “revised CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), save for the deviations explained below.

The Company deviated from Code Provision A.4.1 of the old CG Code and the revised CG Code (the “Codes”) in that none of the existing non-executive directors of the Company are appointed for a specific term. Nevertheless, the tenure of non-executive directors is governed by the Company’s Bye-laws which stipulate that every director shall be subject to retirement by rotation at the annual general meeting at least once every three years. The Company considers that such arrangement is consistent with the requirements of Code Provision A.4.1 of the Codes.

The Company also deviated from Code Provision D.1.4 of the revised CG Code in that the Company has not yet prepared formal letters of appointment for its directors, with the exception of Mr. Tsang Wai Choi, setting out the key terms and conditions of their appointment. Given that all existing directors have served on the Board for more than 4 years and always meet the expectation of the Company, the Company considers that the directors understand the relevant duties and responsibilities applied to them as directors of the Company.

In respect of Code Provision A.6.7 of the revised CG Code, Independent Non-executive Director, Mr. Lam Kin Fung Jeffrey, was unable to attend the special general meeting of the Company held on 8 June 2012 due to his other engagement.

Notwithstanding the above deviations, the Board considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are on terms no less exacting than the required standard set out in the Codes.

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 of the Listing Rules as its own code of conduct regarding securities transactions by directors. Specific enquiries have been made of all directors who have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2012.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2012.

DISCLOSURE UNDER RULES 13.18 AND 13.21 OF THE LISTING RULES

1. On 6 July 2010, the Company as borrower executed a facility agreement (the “First Facility Agreement”) with, among others, various companies in the Group as guarantors and various financial institutions as lenders for a 3-year term loan facility in an aggregate amount of HK\$2,750,000,000 (the “First Facility”). Under the First Facility Agreement, it is (among other matters) an event of default if Mr. Cheung Chung Kiu (“Mr. Cheung”) (i) save for certain exceptions, does not or ceases to hold (directly or indirectly) 35% or more of the beneficial shareholding interest, carrying 35% or more of the voting rights, in the issued share capital of the Company; (ii) directly or indirectly, is not or ceases to be the single largest shareholder of the Company; or (iii) does not or ceases to have management control of the Company. Upon occurrence of an event of default, commitments of the lenders or any part thereof under the First Facility Agreement may be cancelled, and/or all or any part of the loan together with accrued interest and all other amounts accrued or outstanding under the First Facility may become immediately due and payable, and/or all or any part of the loan under the First Facility may become payable on demand. As at 30 June 2012, the outstanding loan balance was HK\$2,475,000,000.

- On 24 August 2010, a jointly-controlled entity held as to 25% by the Company entered into a facility agreement (the “JV Facility Agreement”) as borrower with, among others, various financial institutions as lenders for a 3-year term loan facility in an aggregate amount of HK\$1,000,000,000 (“Initial Facility”). On 22 December 2010, a supplement to the JV Facility Agreement was executed whereby the Initial Facility was enlarged to HK\$1,400,000,000 by an additional term loan facility in the aggregate principal amount of HK\$400,000,000 for a term of 36-month from the date of the JV Facility Agreement. Under the JV Facility Agreement, it is (among other matters) an event of default if Mr. Cheung ceases to (i) save for a certain exception, own beneficially (directly or indirectly, through any other entity or entities wholly and beneficially owned by him or by virtue of his entitlement as beneficiary under any family trust arrangement(s)) at least 35% of the issued share capital of the Company; or (ii) exercise management control over the Company. On and at any time after the occurrence of an event of default which is continuing, commitments of the lenders under the JV Facility Agreement may immediately be cancelled, and/or all or any part of the loans together with accrued interest and all other amounts accrued or outstanding under certain finance documents defined in the JV Facility Agreement may become immediately due and payable or payable on demand, and/or certain security documents defined in the JV Facility Agreement or any of them may become immediately enforceable. As at 30 June 2012, the outstanding loan balance was HK\$1,400,000,000.
- On 28 December 2011, the Company as borrower executed a facility agreement (the “Second Facility Agreement”) with, among others, various companies in the Group as guarantors and various financial institutions as lenders for a 3-year term loan facility in an aggregate amount of HK\$600,000,000 (the “Second Facility”). Under the Second Facility Agreement, it is (among other matters) an event of default if Mr. Cheung (i) save for certain exceptions, does not or ceases to hold (directly or indirectly) 35% or more of the beneficial shareholding interest, carrying 35% or more of the voting rights, in the issued share capital of the Company; (ii) directly or indirectly, is not or ceases to be the single largest shareholder of the Company; or (iii) does not or ceases to have management control of the Company. Upon occurrence of an event of default, commitments of the lenders or any part thereof under the Second Facility Agreement may be cancelled, and/or all or any part of the loan together with accrued interest and all other amounts accrued or outstanding under the Second Facility may become immediately due and payable, and/or all or any part of the loan under the Second Facility may become payable on demand. As at 30 June 2012, the outstanding loan balance was HK\$600,000,000.

UPDATE ON DIRECTORS’ INFORMATION

Dr. Lam How Mun Peter was appointed on 19 June 2012 as chairman and non-executive director of Qualipak International Holdings Limited (“Qualipak”), the shares of which have been listed on the Stock Exchange commencing from 12 July 2012.

Mr. Leung Chun Cheong was appointed on 28 November 2011 as director of Qualipak and on 18 May 2012 was re-designated as executive director of Qualipak.

Mr. Leung Wai Fai was appointed on 19 June 2012 as non-executive director of Qualipak.

Mr. Lam Kin Fung Jeffrey has been appointed as a member of the Fight Crime Committee for a term of two years from 1 April 2012 to 31 March 2014.

AUDIT COMMITTEE

The Audit Committee has discussed with the management and external auditors the accounting principles and policies adopted by the Group, and has reviewed the Group’s unaudited interim condensed consolidated financial statements for the six months ended 30 June 2012.

APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude and appreciation to our shareholders, strategic partners and bankers for their continued support. We also wish to thank the Group’s management and staff for their loyalty, dedication and contribution towards the Group’s success and prosperity.

By order of the Board
Lam How Mun Peter
Deputy Chairman & Managing Director

Hong Kong, 27 August 2012

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2012

| | | Six months ended 30 June | |
|---|-------|--------------------------|---------------------------------------|
| | | 2012 | 2011 |
| | Notes | (Unaudited) HK\$'000 | (Unaudited) HK\$'000 (Restated) |
| CONTINUING OPERATIONS | | | |
| REVENUE | 3, 4 | 3,711,756 | 1,058,037 |
| Cost of sales | | (2,563,897) | (694,161) |
| Gross profit | | 1,147,859 | 363,876 |
| Other income and gains | 4 | 131,401 | 185,475 |
| Selling and distribution costs | | (132,234) | (117,107) |
| Administrative expenses | | (179,330) | (172,351) |
| Other expenses | | (88,395) | (207) |
| Finance costs | | (25,845) | (28,838) |
| Share of profits and losses of jointly-controlled entities | | (13,829) | (13,158) |
| PROFIT BEFORE TAX FROM CONTINUING OPERATIONS | 5 | 839,627 | 217,690 |
| Income tax expense | 6 | (556,748) | (95,251) |
| PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS | | 282,879 | 122,439 |
| DISCONTINUED OPERATIONS | | | |
| Profit for the period from discontinued operations | 7 | 12,279 | 22,647 |
| PROFIT FOR THE PERIOD | | 295,158 | 145,086 |
| Attributable to: | | | |
| Owners of the parent | | 204,795 | 151,550 |
| Non-controlling interests | | 90,363 | (6,464) |
| | | 295,158 | 145,086 |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | | | |
| | 9 | | |
| Basic and diluted for profit for the period | | HK7.91 cents | HK5.82 cents |
| Basic and diluted for profit from continuing operations | | HK7.41 cents | HK5.05 cents |

Details of dividends are disclosed in note 8 to the condensed consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

| | Six months ended 30 June | |
|---|--------------------------|-------------|
| | 2012 | 2011 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| PROFIT FOR THE PERIOD | 295,158 | 145,086 |
| Available-for-sale investments: | | |
| Changes in fair value | (23,713) | 2,034 |
| Reclassification adjustment for a loss on disposal included in the consolidated income statement | 6,593 | — |
| Deferred tax | (571) | (509) |
| | (17,691) | 1,525 |
| Share of other comprehensive income of jointly-controlled entities | (4,846) | 21,332 |
| Exchange fluctuation reserve: | | |
| Exchange differences on translation of foreign operations | (75,051) | 261,304 |
| Release upon disposal of subsidiaries | (4,467) | — |
| | (79,518) | 261,304 |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX | (102,055) | 284,161 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 193,103 | 429,247 |
| Attributable to: | | |
| Owners of the parent | 113,315 | 404,123 |
| Non-controlling interests | 79,788 | 25,124 |
| | 193,103 | 429,247 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2012

| | Notes | 30 June 2012 (Unaudited) HK\$'000 | 31 December 2011 (Audited) HK\$'000 |
|--|-------|--|--|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 10 | 121,629 | 155,907 |
| Investment properties | | 375,580 | 372,949 |
| Prepaid land lease payments | | 761,552 | 784,860 |
| Investments in jointly-controlled entities | | 1,120,180 | 1,129,249 |
| Held-to-maturity investments | | — | 115,391 |
| Available-for-sale investments | | 643,172 | 696,920 |
| Properties under development | 10 | 8,521,615 | 7,350,068 |
| Interests in land use rights for property development | 10 | 1,354,805 | 3,150,527 |
| Total non-current assets | | 12,898,533 | 13,755,871 |
| CURRENT ASSETS | | | |
| Properties under development | 10 | 13,126,872 | 12,072,015 |
| Completed properties held for sale | | 2,042,731 | 1,184,707 |
| Prepaid land lease payments | | 22,425 | 18,128 |
| Inventories | | — | 21,600 |
| Trade and bills receivables | 11 | 1,685 | 38,262 |
| Prepayments, deposits and other receivables | | 1,354,344 | 943,290 |
| Equity investments at fair value through profit or loss | | 111,825 | 369,045 |
| Tax recoverable | | 224,974 | 157,912 |
| Deposits with brokerage companies | | 7,655 | 1,539 |
| Pledged deposits | | 171,733 | 152,075 |
| Restricted bank balances | | 1,902,862 | 2,543,736 |
| Time deposits with original maturity over three months | | — | 71,543 |
| Cash and cash equivalents | | 4,980,848 | 3,986,532 |
| Total current assets | | 23,947,954 | 21,560,384 |
| Non-current asset and assets of disposal groups classified as held for sale/distribution | 7 | 683,782 | 327,001 |
| Total current assets | | 24,631,736 | 21,887,385 |
| CURRENT LIABILITIES | | | |
| Trade and bills payables | 12 | 2,306,303 | 1,937,009 |
| Other payables and accruals | | 8,605,908 | 8,660,286 |
| Loans from non-controlling shareholders of subsidiaries | | 1,080,561 | 666,155 |
| Interest-bearing bank and other borrowings | 13 | 3,205,701 | 2,065,320 |
| Tax payable | | 1,060,441 | 767,666 |
| Consideration payable on acquisition of subsidiaries | | 1,100 | 1,100 |
| Total current liabilities | | 16,260,014 | 14,097,536 |
| Liabilities directly associated with the assets classified as held for sale/distribution | 7 | 146,204 | 70,030 |
| Total current liabilities | | 16,406,218 | 14,167,566 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2012

| | | 30 June 2012 (Unaudited) HK\$'000 | 31 December 2011 (Audited) HK\$'000 |
|--|-------|--|--|
| | Notes | | |
| NET CURRENT ASSETS | | 8,225,518 | 7,719,819 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 21,124,051 | 21,475,690 |
| NON-CURRENT LIABILITIES | | | |
| Interest-bearing bank and other borrowings | 13 | 4,720,527 | 5,034,261 |
| Deferred tax liabilities | | 1,635,457 | 1,835,769 |
| Total non-current liabilities | | 6,355,984 | 6,870,030 |
| Net assets | | 14,768,067 | 14,605,660 |
| EQUITY | | | |
| Equity attributable to owners of the parent | | | |
| Issued capital | 14 | 258,780 | 254,392 |
| Reserves | | 12,807,051 | 12,727,397 |
| Non-controlling interests | | 13,065,831 | 12,981,789 |
| | | 1,702,236 | 1,623,871 |
| Total equity | | 14,768,067 | 14,605,660 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

| | Attributable to owners of the parent | | | | | | | | | |
|--|---|--|--|---|---|---|---|----------------------------------|--|---|
| | Issued capital (Unaudited) HK\$'000 | Share premium account (Unaudited) HK\$'000 | Surplus account (Unaudited) HK\$'000 | Exchange fluctuation reserve (Unaudited) HK\$'000 | Available-for-sale investment revaluation reserve | Retained profits (Unaudited) HK\$'000 | Share option reserve (Unaudited) HK\$'000 | Total (Unaudited) HK\$'000 | Non-controlling interests (Unaudited) HK\$'000 | Total equity (Unaudited) HK\$'000 |
| | | | | | (Unaudited) HK\$'000 | | | | | |
| At 1 January 2012 | 254,392 | 9,455,753* | 90,554* | 1,906,913* | 56,802* | 1,036,737* | 180,638* | 12,981,789 | 1,623,871 | 14,605,660 |
| Profit for the period | — | — | — | — | — | 204,795 | — | 204,795 | 90,363 | 295,158 |
| Other comprehensive income for the period: | | | | | | | | | | |
| Changes in fair value of available-for-sale investments, net of tax | — | — | — | — | (24,284) | — | — | (24,284) | — | (24,284) |
| Reclassification adjustment for a loss on disposal of available-for-sale investments included in the consolidated income statement | — | — | — | — | 6,593 | — | — | 6,593 | — | 6,593 |
| Share of other comprehensive income of jointly-controlled entities | — | — | — | (4,846) | — | — | — | (4,846) | — | (4,846) |
| Release of exchange fluctuation reserve upon disposal of subsidiaries | — | — | — | (4,467) | — | — | — | (4,467) | — | (4,467) |
| Exchange differences on translation of foreign operations | — | — | — | (64,476) | — | — | — | (64,476) | (10,575) | (75,051) |
| Total comprehensive income for the period | — | — | — | (73,789) | (17,691) | 204,795 | — | 113,315 | 79,788 | 193,103 |
| Final 2011 dividend approved | — | — | — | — | — | (101,757) | — | (101,757) | — | (101,757) |
| Disposal of subsidiaries | — | — | — | — | — | — | — | — | 47 | 47 |
| Dividend paid to a non-controlling shareholder | — | — | — | — | — | — | — | — | (1,470) | (1,470) |
| Shares issued in respect of scrip dividends | 4,388 | 68,096 | — | — | — | — | — | 72,484 | — | 72,484 |
| At 30 June 2012 | 258,780 | 9,523,849* | 90,554* | 1,833,124* | 39,111* | 1,139,775* | 180,638* | 13,065,831 | 1,702,236 | 14,768,067 |

* These reserve accounts comprise the consolidated reserves of HK\$12,807,051,000 (31 December 2011: HK\$12,727,397,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

| | Attributable to owners of the parent | | | | | | | | | |
|---|---|--|--|---|---|---|---|----------------------------------|--|---|
| | Issued capital (Unaudited) HK\$'000 | Share premium account (Unaudited) HK\$'000 | Surplus account (Unaudited) HK\$'000 | Exchange fluctuation reserve (Unaudited) HK\$'000 | Available- for-sale | Retained profits (Unaudited) HK\$'000 | Share option reserve (Unaudited) HK\$'000 | Total (Unaudited) HK\$'000 | Non-controlling interests (Unaudited) HK\$'000 | Total equity (Unaudited) HK\$'000 |
| | | | | | investment revaluation reserve (Unaudited) HK\$'000 | | | | | |
| At 1 January 2011 | 255,996 | 9,488,203 | 90,554 | 1,355,116 | 71,199 | 805,728 | 198,930 | 12,265,726 | 950,098 | 13,215,824 |
| Profit for the period | — | — | — | — | — | 151,550 | — | 151,550 | (6,464) | 145,086 |
| Other comprehensive income for the period: | | | | | | | | | | |
| Changes in fair value of available-for-sale investments, net of tax | — | — | — | — | 1,525 | — | — | 1,525 | — | 1,525 |
| Share of other comprehensive income of jointly-controlled entities | — | — | — | 21,332 | — | — | — | 21,332 | — | 21,332 |
| Exchange differences on translation of foreign operations | — | — | — | 229,716 | — | — | — | 229,716 | 31,588 | 261,304 |
| Total comprehensive income for the period | — | — | — | 251,048 | 1,525 | 151,550 | — | 404,123 | 25,124 | 429,247 |
| Final 2010 dividend approved | — | — | — | — | — | (102,248) | — | (102,248) | — | (102,248) |
| Acquisition of a subsidiary | — | — | — | — | — | — | — | — | 46,444 | 46,444 |
| Acquisition of non-controlling interests | — | — | — | — | — | (13,823) | — | (13,823) | (55,606) | (69,429) |
| Disposal of a subsidiary | — | — | — | — | — | — | — | — | (22,334) | (22,334) |
| Disposal of partial equity interest in a subsidiary | — | — | — | — | — | 15,769 | — | 15,769 | 98,005 | 113,774 |
| Dividend paid to a non-controlling shareholder | — | — | — | — | — | — | — | — | (1,470) | (1,470) |
| Equity-settled share option arrangements | — | — | — | — | — | — | 30 | 30 | — | 30 |
| Repurchase of shares | (645) | (17,215) | — | — | — | — | — | (17,860) | — | (17,860) |
| At 30 June 2011 | 255,351 | 9,470,988 | 90,554 | 1,606,164 | 72,724 | 856,976 | 198,960 | 12,551,717 | 1,040,261 | 13,591,978 |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2012

| | Six months ended 30 June | |
|--|--------------------------|--------------------|
| | 2012 | 2011 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES | 346,377 | (349,360) |
| NET CASH FLOWS USED IN INVESTING ACTIVITIES | (596,685) | (1,159,130) |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | 1,274,497 | 1,166,857 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 1,024,189 | (341,633) |
| Cash and cash equivalent at beginning of period | 4,046,330 | 4,564,274 |
| Effect of foreign exchange rate changes, net | (20,821) | 86,255 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 5,049,698 | 4,308,896 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 4,835,588 | 4,310,917 |
| Non-pledged time deposits with original maturity of less than three months when acquired | 145,260 | — |
| Cash and cash equivalents as stated in the consolidated statement of financial position | 4,980,848 | 4,310,917 |
| Cash and bank balances attributable to disposal groups classified as held for sale | 68,850 | — |
| Bank overdraft | — | (2,021) |
| Cash and cash equivalents as stated in the consolidated statement of cash flows | 5,049,698 | 4,308,896 |

1. BASIS OF PREPARATION

C C Land Holdings Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and whose shares are publicly traded on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The principal activities of the Company and its subsidiaries (collectively the “Group”) are described in note 3 to the unaudited interim condensed consolidated financial statements.

These unaudited interim condensed consolidated financial statements of the Group 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 disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2011.

The accounting policies and basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group’s annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the new and revised HKFRSs as disclosed in note 2 below.

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties and certain equity and debt investments, which have been measured at fair value. Non-current asset and disposal groups held for sale are stated at the lower of its carrying amount and fair value less cost to sell. These unaudited interim condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period’s unaudited interim condensed consolidated financial statements.

| | |
|--------------------|--|
| HKFRS 1 Amendments | Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i> |
| HKFRS 7 Amendments | Amendments to HKFRS 7 <i>Financial Instruments: Disclosures — Transfers of Financial Assets</i> |
| HKAS 12 Amendments | Amendments to HKAS 12 <i>Income Taxes — Deferred Tax: Recovery of Underlying Assets</i> |

Other than as further explained below regarding the impact of HKAS 12 Amendments, the adoption of these new and revised HKFRSs has had no significant financial effect on these unaudited interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these unaudited interim condensed consolidated financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

HKAS 12 *Income Taxes — Deferred Tax: Recovery of Underlying Assets* (Amendments)

HKAS 12 Amendments include a rebuttable presumption that the carrying amount of investment property measured using the fair value model in HKAS 40 will be recovered through sale and, accordingly, that any related deferred tax should be measured on a sale basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time, rather than through sale.

The Group has investment properties measured at fair value and all such investment properties are held with the objective to consume substantially all of their economic benefits over time, rather than through sale. Accordingly, the Group continues to measure deferred tax liabilities arising from the fair value changes of their investment properties using tax rate that would apply on recovery of the assets through use. Therefore the adoption of the amendments has no impact on the financial statements of the Group.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2012

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

| | | |
|---|---|--|
| Sale of packaging products segment | — | Manufacture and sale of watch boxes, gift boxes, eyewear cases, bags and pouches, and display units (discontinued operation (note 7(a))) |
| Sale of travel bags segment | — | Manufacture and sale of soft luggage, travel bags, backpacks and briefcases (discontinued operation (note 7(b))) |
| Treasury investment segment | — | Investments in securities and notes receivables, and provision of financial services |
| Property development and investment segment | — | Development and investment of properties located in Mainland China |

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that finance costs and head office and corporate income and expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Information regarding these reportable segments is presented below.

Reportable segment information

For the six months ended 30 June 2012 — unaudited

| | Continuing operations | | | Discontinued operations | | | Total Group HK\$'000 |
|------------------------------------|---------------------------------|---|---|--|---------------------------------|---|-------------------------|
| | Treasury investment HK\$'000 | Property development and investment HK\$'000 | Total continuing operations HK\$'000 | Sale of packaging products HK\$'000 | Sale of travel bags HK\$'000 | Total discontinued operations HK\$'000 | |
| Segment revenue | | | | | | | |
| Sales to external customers | (738) | 3,712,494 | 3,711,756 | 168,007 | 31,675 | 199,682 | 3,911,438 |
| Segment results | 15,253 | 891,331 | 906,584 | 15,677 | (2,173) | 13,504 | 920,088 |
| Corporate and unallocated income | | | 1,720 | | | — | 1,720 |
| Corporate and unallocated expenses | | | (42,832) | | | — | (42,832) |
| Finance costs | | | (25,845) | | | (40) | (25,885) |
| Profit before tax | | | 839,627 | | | 13,464 | 853,091 |

3. OPERATING SEGMENT INFORMATION (Continued)

Reportable segment information (Continued)

For the six months ended 30 June 2011 — unaudited

| | Continuing operations | | | Discontinued operations | | | Total Group HK\$'000 |
|------------------------------------|------------------------------------|--|---|--|---------------------------------------|---|-------------------------|
| | Treasury investment HK\$'000 | Property development and investment HK\$'000 | Total continuing operations HK\$'000 | Sale of packaging products HK\$'000 | Sale of travel bags HK\$'000 | Total discontinued operations HK\$'000 | |
| Segment revenue | | | | | | | |
| Sales to external customers | 30,155 | 1,027,882 | 1,058,037 | 209,161 | 93,188 | 302,349 | 1,360,386 |
| Segment results | | | | | | | |
| | 116,343 | 146,961 | 263,304 | 24,444 | 1,541 | 25,985 | 289,289 |
| Corporate and unallocated income | | | 1,720 | | | — | 1,720 |
| Corporate and unallocated expenses | | | (18,496) | | | — | (18,496) |
| Finance costs | | | (28,838) | | | (788) | (29,626) |
| Profit before tax | | | 217,690 | | | 25,197 | 242,887 |

4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue, other income and gains from continuing operations is as follows:

| | Six months ended 30 June | |
|--|---------------------------------|---|
| | 2012 (Unaudited) HK\$'000 | 2011 (Unaudited) HK\$'000 (Restated) |
| Revenue | | |
| Sale of properties | 3,699,792 | 1,020,613 |
| Gross rental income | 7,982 | 6,380 |
| Losses on disposal of equity investments at fair value through profit or loss, net | (7,411) | — |
| Dividend income from listed investments | 3,930 | 14,400 |
| Dividend income from unlisted investments | 916 | 889 |
| Interest income from a convertible note receivable | — | 1,072 |
| Interest income from held-to-maturity investments | — | 7,452 |
| Interest income from available-for-sale investments | 6,547 | 7,231 |
| | 3,711,756 | 1,058,037 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2012

4. REVENUE, OTHER INCOME AND GAINS (Continued)

| | Six months ended 30 June | |
|--|--------------------------|----------------|
| | 2012 | 2011 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| | | (Restated) |
| Other income and gains | | |
| Bank interest income | 35,103 | 24,734 |
| Other interest income | 2,456 | 5,629 |
| Exchange gains, net | — | 18,155 |
| Fair value gains on equity investments at fair value through profit or loss, net | — | 35,826 |
| Gain on disposal of available-for-sale investments | 87,714 | 50,596 |
| Gain on disposal of subsidiaries | — | 36,192 |
| Gain on disposal of items of property, plant and equipment | — | 384 |
| Fair value gains on investment properties, net | 5,287 | 13,877 |
| Others | 841 | 82 |
| | 131,401 | 185,475 |

5. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/(crediting) the following:

| | Six months ended 30 June | |
|---|--------------------------|-----------------|
| | 2012 | 2011 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| | | (Restated) |
| Cost of properties sold | 2,562,110 | 692,063 |
| Depreciation | 11,066 | 11,135 |
| Less: Amount capitalised | (604) | (498) |
| | 10,462 | 10,637 |
| Amortisation of prepaid land lease payments | 11,248 | 21,174 |
| Interest on bank and other borrowings wholly repayable: | | |
| Within five years | 189,109 | 127,218 |
| Beyond five years | 6,803 | — |
| | 195,912 | 127,218 |
| Less: Interest capitalised | (170,067) | (98,380) |
| | 25,845 | 28,838 |
| Employee benefit expense (including directors' remuneration): | | |
| Wages and salaries | 129,224 | 115,439 |
| Equity-settled share option expense | — | 30 |
| Pension scheme contributions | 3,832 | 2,563 |
| Less: Amount capitalised | (54,434) | (26,503) |
| | 78,622 | 91,529 |
| Loss/(gain) on disposal of subsidiaries | 11,935 | (36,192) |

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China.

| | Six months ended 30 June | |
|--|---------------------------------|--------------------|
| | 2012 | 2011 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| | | (Restated) |
| Current charge for the period | | |
| Mainland China | 361,929 | 56,192 |
| Underprovision in prior periods | | |
| Hong Kong | 1,046 | — |
| Mainland China | 8,158 | 52 |
| | 9,204 | 52 |
| Land appreciation tax charge for the period | 375,856 | 121,995 |
| Deferred tax | (190,241) | (82,988) |
| Total tax charge for the period from continuing operations | 556,748 | 95,251 |

7. NON-CURRENT ASSET AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE/DISTRIBUTION

(a) Discontinued operation — Packaging Business

On 29 December 2011, the Group announced its proposal to spin-off its business of manufacturing and sale of packaging products and display products (the “Packaging Business”) through separate listing of its wholly-owned subsidiary, Qualipak International Holdings Limited (“Qualipak”) on the Main Board of the Stock Exchange. The Group has on 29 December 2011 submitted a spin-off proposal to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules. As at the end of the reporting periods, the proposed spin-off was subject to the approval of the Stock Exchange and the Packaging Business was classified as a discontinued operation. The assets and liabilities attributable to the Packaging Business have been classified as a disposal group held for distribution and are presented separately in the consolidated statement of financial position.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2012

7. NON-CURRENT ASSET AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE/DISTRIBUTION (Continued)

(a) Discontinued operation — Packaging Business (Continued)

The results of the Packaging Business for the period are presented below:

| | Six months ended 30 June | |
|---|--------------------------|-------------|
| | 2012 | 2011 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Revenue | 168,007 | 209,161 |
| Cost of sales | (133,986) | (163,493) |
| Gross profit | 34,021 | 45,668 |
| Other income and gains | 1,668 | 1,713 |
| Selling and distribution costs | (6,979) | (4,452) |
| Administrative expenses | (11,857) | (17,895) |
| Other expenses | (684) | 277 |
| Share of profits and losses of associates | (492) | (867) |
| Profit before tax from the discontinued operation | | |
| — Packaging Business | 15,677 | 24,444 |
| Income tax expense | (1,188) | (2,555) |
| Profit for the period from the discontinued operation | | |
| — Packaging Business | 14,489 | 21,889 |
| Attributable to: | | |
| Owners of the parent | 14,225 | 19,758 |
| Non-controlling interests | 264 | 2,131 |
| | 14,489 | 21,889 |

7. NON-CURRENT ASSET AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE/DISTRIBUTION *(Continued)*

(a) Discontinued operation — Packaging Business *(Continued)*

The major classes of assets and liabilities of the Packaging Business classified as a discontinued operation as at 30 June 2012 and 31 December 2011 are as follows:

| | 30 June 2012 (Unaudited) HK\$'000 | 31 December 2011 (Audited) HK\$'000 |
|---|--|--|
| <i>Assets</i> | | |
| Property, plant and equipment | 119,736 | 119,592 |
| Prepaid land lease payments | 19,395 | 19,395 |
| Investments in associates | 133 | 625 |
| Inventories | 37,515 | 39,007 |
| Trade and bills receivables | 46,642 | 45,916 |
| Prepayments, deposits and other receivables | 6,511 | 4,553 |
| Pledged time deposits | 7,506 | — |
| Cash and cash equivalents | 62,900 | 59,798 |
| Assets classified as a discontinued operation — Packaging Business | 300,338 | 288,886 |
| <i>Liabilities</i> | | |
| Trade and bills payables | 40,664 | 38,329 |
| Other payables and accruals | 33,943 | 29,783 |
| Tax payable | 2,096 | 901 |
| Deferred tax liabilities | 1,011 | 1,017 |
| Liabilities directly associated with the assets classified as a discontinued operation — Packaging Business | 77,714 | 70,030 |
| Net assets directly associated with the discontinued operation — Packaging Business | 222,624 | 218,856 |

At 30 June 2012, certain of the leasehold land and buildings of the Packaging Business with a net book value of HK\$5,434,000 (31 December 2011: HK\$5,434,000) and time deposits of HK\$7,506,000 (31 December 2011: Nil) were pledged to secure general banking facilities granted to the Packaging Business.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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7. NON-CURRENT ASSET AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE/DISTRIBUTION (Continued)

(a) Discontinued operation — Packaging Business (Continued)

The net cash flows incurred by the Packaging Business are as follows:

| | Six months ended 30 June 2012 (Unaudited) HK\$'000 | 2011 (Unaudited) HK\$'000 |
|--|---|---------------------------------|
| Operating activities | 21,449 | 11,559 |
| Investing activities | (7,626) | 550 |
| Financing activities | (10,721) | 83,004 |
| Net cash inflow | 3,102 | 95,113 |
| | Six months ended 30 June 2012 (Unaudited) | 2011 (Unaudited) |
| Basic and diluted earnings per share from the discontinued operation — Packaging Business | HK0.55 cents | HK0.75 cents |

The calculations of basic and diluted earnings per share from Packaging Business are based on:

| | Six months ended 30 June 2012 (Unaudited) | 2011 (Unaudited) |
|---|---|---------------------|
| Profit attributable to ordinary equity holders of the parent from the discontinued operation — Packaging Business | HK\$14,225,000 | HK\$19,758,000 |
| Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation | 2,587,799,895 | 2,602,397,187 |

(b) Discontinued operation — Luggage Business

On 1 February 2012, the Group entered into a sale and purchase agreement with an independent third party and a non-controlling shareholder of Hoi Tin Universal Limited (“Hoi Tin (HK)”), a then 60% owned subsidiary of the Company, to dispose of its entire 100% equity interest in Ensure Success Holdings Limited (“Ensure Success”) for an aggregate consideration of HK\$20 million. Ensure Success and its subsidiaries engage in the manufacture and sale of soft luggage, travel bags, backpacks and briefcases (the “Luggage Business”). The Group has decided to cease the Luggage Business because it plans to focus its resources on the property development and investment business. The disposal of the Luggage Business was completed on 26 March 2012.

7. NON-CURRENT ASSET AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE/DISTRIBUTION *(Continued)*

(b) Discontinued operation — Luggage Business *(Continued)*

The results of the Luggage Business for the period are presented below:

| | Six months ended 30 June | |
|--|---------------------------------|--------------------|
| | 2012 | 2011 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Revenue | 31,675 | 93,188 |
| Cost of sales | (30,005) | (82,185) |
| Gross profit | 1,670 | 11,003 |
| Other income and gains | 337 | 316 |
| Selling and distribution costs | (714) | (2,051) |
| Administrative expenses | (3,455) | (7,406) |
| Other expenses | (11) | (321) |
| Finance costs | (40) | (788) |
| Profit/(loss) before tax from the discontinued operation | | |
| — Luggage Business | (2,213) | 753 |
| Income tax credit | 3 | 5 |
| Profit/(loss) for the period from the discontinued operation | | |
| — Luggage Business | (2,210) | 758 |
| Attributable to: | | |
| Owners of the parent | (1,303) | 496 |
| Non-controlling interests | (907) | 262 |
| | (2,210) | 758 |

The net cash flows incurred by the Luggage Business are as follows:

| | Six months ended 30 June | |
|---------------------------|---------------------------------|--------------------|
| | 2012 | 2011 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Operating activities | 2,549 | 802 |
| Investing activities | 617 | (83) |
| Financing activities | (1,428) | (1,472) |
| Net cash inflow/(outflow) | 1,738 | (753) |

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7. NON-CURRENT ASSET AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE/DISTRIBUTION (Continued)

(b) Discontinued operation — Luggage Business (Continued)

| | Six months ended 30 June | |
|--|--------------------------|--------------|
| | 2012 | 2011 |
| | (Unaudited) | (Unaudited) |
| Basic and diluted earnings/(loss) per share from the discontinued operation — Luggage Business | HK(0.05) cents | HK0.02 cents |

The calculations of basic and diluted earnings/(loss) per share from Luggage Business are based on:

| | Six months ended 30 June | |
|---|--------------------------|---------------|
| | 2012 | 2011 |
| | (Unaudited) | (Unaudited) |
| Profit/(loss) attributable to ordinary equity holders of the parent from the discontinued operation — Luggage Business | HK\$(1,303,000) | HK\$496,000 |
| Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings/(loss) per share calculation | 2,587,799,895 | 2,602,397,187 |

(c) Interests in an associate classified as held for sale — Sichuan Hengchen

On 30 November 2010, the Group entered into a share transfer agreement with a non-controlling shareholder of Sichuan Hengchen Real Estate Development Company Limited (“Sichuan Hengchen”) to dispose of its entire 60% equity interest in Sichuan Hengchen. Sichuan Hengchen is principally engaged in property development and investment in Mainland China. The partial disposal of 30% equity interest in Sichuan Hengchen has been completed on 30 March 2011 at a consideration of RMB30 million.

Following completion of the first 30% disposal, the Group ceased to have control over Sichuan Hengchen thereafter and the Group has accounted for the investment retained in Sichuan Hengchen as an associate held for sale which was stated at its fair value at the date the control was lost and was presented as a non-current asset held for sale of HK\$37,904,000 (31 December 2011: HK\$38,115,000) as at 30 June 2012. The disposal of the remaining 30% equity interest in Sichuan Hengchen is expected to be completed in second half of 2012 at a consideration of RMB30 million plus a premium of 1.25% per month on the consideration calculated for the period from 1 January 2011 to the completion date of the disposal.

(d) Disposal group classified as held for sale — Keen Star Group

On 23 April 2012, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire 100% equity interest in Keen Star Limited (“Keen Star”) and a shareholder’s loan owed by Keen Star to the Group of HK\$135,747,000 for a total consideration of HK\$408,212,000. Keen Star and its subsidiary (collectively as “Keen Star Group”) is principally engaged in property development and investment in Mainland China. The disposal of Keen Star Group is expected to be completed in early 2013 and the assets and liabilities of Keen Star Group have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position.

7. NON-CURRENT ASSET AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE/DISTRIBUTION *(Continued)*

(d) Disposal group classified as held for sale — Keen Star Group *(Continued)*

The major classes of assets and liabilities of Keen Star Group classified as held for sale as at 30 June 2012 are as follows:

| | 30 June 2012 (Unaudited) HK\$'000 |
|---|---|
| <i>Assets</i> | |
| Property, plant and equipment | 2,042 |
| Properties under development | 333,109 |
| Prepayments, deposits and other receivables | 4,439 |
| Cash and cash equivalents | 5,950 |
| Assets classified as held for sale | 345,540 |
| <i>Liabilities</i> | |
| Trade payables | 35 |
| Other payables and accruals | 7 |
| Loans from a non-controlling shareholder | 68,448 |
| Liabilities directly associated with the assets classified as held for sale | 68,490 |
| Net assets directly associated with the disposal group — Keen Star Group | 277,050 |
| Cumulative income or expense recognised in other comprehensive income | |
| Exchange fluctuation reserve | 11,588 |

8. DIVIDENDS

During the six months ended 30 June 2012, the Company declared a final dividend of HK\$0.04 per share amounting to HK\$101,757,000 for the year ended 31 December 2011 with a scrip alternative offered to shareholders to elect to receive the final dividend by an allotment of new shares in lieu of cash (six months ended 30 June 2011: cash dividend of HK\$0.04 per share amounting to HK\$102,248,000 was declared and paid for the year ended 31 December 2010). A scrip dividend of HK\$72,484,000 was paid on 19 June 2012 by issuing 43,876,637 ordinary shares of HK\$0.10 each in the Company at a market value determined to be HK\$1.652 per share and a cash dividend of HK\$29,273,000 was paid.

On 28 June 2012, the board of directors declared a conditional special interim dividend which was to be satisfied by way of a distribution in specie of the entire 100% interest in the issued share capital of Qualipak to qualifying shareholders of the Company (the "Distribution"), which was subject to the listing of the shares of Qualipak on the Main Board of the Stock Exchange becoming unconditional (six months ended 30 June 2011: Nil). Under the Distribution, each qualifying shareholder of the Company would be entitled to receive one share of Qualipak for every whole multiple of twenty shares of the Company held by the qualifying shareholders.

Save as disclosed above, the directors do not recommend the payment of any further interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

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9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent of HK\$204,795,000 (six months ended 30 June 2011: HK\$151,550,000) and the weighted average number of ordinary shares of 2,587,799,895 (six months ended 30 June 2011: 2,602,397,187) in issue during the period, as adjusted to reflect the scrip dividend issued during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2012 and 2011 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

The calculations of basic and diluted earnings per share are based on:

| | Six months ended 30 June | |
|---|---------------------------------|-------------|
| | 2012 | 2011 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| | | (Restated) |
| Earnings | | |
| Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation: | | |
| From continuing operations | 191,873 | 131,296 |
| From discontinued operations | 12,922 | 20,254 |
| | 204,795 | 151,550 |

| | Number of shares | |
|--|---------------------------------|---------------|
| | Six months ended 30 June | |
| | 2012 | 2011 |
| | | (Restated) |
| Shares | | |
| Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation | 2,587,799,895 | 2,602,397,187 |

10. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT/PROPERTIES UNDER DEVELOPMENT/INTERESTS IN LAND USE RIGHTS FOR PROPERTY DEVELOPMENT

During the six months ended 30 June 2012, the Group incurred HK\$11,979,000 (six months ended 30 June 2011: HK\$18,950,000) on the acquisition of items of property, plant and equipment.

During the six months ended 30 June 2012, the Group incurred HK\$2,959,259,000 (six months ended 30 June 2011: HK\$2,296,104,000) on the additions of properties under development.

During the six months ended 30 June 2012, the Group incurred HK\$1,354,361,000 (six months ended 30 June 2011: HK\$1,025,622,000) on the additions of interests in land use rights for property development.

11. TRADE AND BILLS RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 60 days, extending up to 105 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. No credit terms are granted to the customers of the Group's property development and investment business. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade and bills receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the due date and net of provisions, is as follows:

| | 30 June 2012 | | | 31 December 2011 | | |
|-------------------|--|--|----------------------------------|--|--|--------------------------------|
| | Neither past due nor impaired (Unaudited) HK\$'000 | Past due but not impaired (Unaudited) HK\$'000 | Total (Unaudited) HK\$'000 | Neither past due nor impaired (Audited) HK\$'000 | Past due but not impaired (Audited) HK\$'000 | Total (Audited) HK\$'000 |
| Less than 1 month | 1,638 | 47 | 1,685 | 25,069 | 9,802 | 34,871 |
| 1 to 2 months | — | — | — | — | — | — |
| 2 to 3 months | — | — | — | — | — | — |
| Over 3 months | — | — | — | — | 3,391 | 3,391 |
| | 1,638 | 47 | 1,685 | 25,069 | 13,193 | 38,262 |

12. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period is as follows:

| | 30 June 2012 (Unaudited) HK\$'000 | 31 December 2011 (Audited) HK\$'000 |
|----------------|--|--|
| Within 1 month | 1,595,120 | 1,406,370 |
| 1 to 2 months | 202,017 | 126,100 |
| 2 to 3 months | 109,623 | 137,060 |
| Over 3 months | 399,543 | 267,479 |
| | 2,306,303 | 1,937,009 |

The trade payables are non-interest-bearing.

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13. INTEREST-BEARING BANK AND OTHER BORROWINGS

| | 30 June 2012 (Unaudited) | | | 31 December 2011 (Audited) | | |
|--------------------------------------|--|-----------|--|--|-----------|-----------|
| | Contractual interest rate | Maturity | HK\$'000 | Contractual interest rate | Maturity | HK\$'000 |
| Current | | | | | | |
| Discounted bills with recourse | — | — | — | Bank's funding rate + (1.375% to 1.5%) | 2012 | 12,292 |
| Bank loans — secured | RMB base lending rate/ RMB base lending rate × (1 + 5% to 20%) | 2012-2013 | 2,620,091 | RMB base lending rate/ RMB base lending rate × (1 + 10% to 25%) | 2012 | 1,518,626 |
| Bank loans — unsecured | HIBOR + 1.9%/ HIBOR + 4.0% | 2012 | 585,610 | HIBOR + 1.9% | 2012 | 534,402 |
| | | | 3,205,701 | | | 2,065,320 |
| Non-current | | | | | | |
| Bank loans — secured | RMB base lending rate/ RMB base lending rate × (1 + 10% to 25%) | 2013-2018 | 2,268,713 | RMB base lending rate/ RMB base lending rate × (1 + 10% to 25%) | 2013-2018 | 3,116,443 |
| Bank loans — unsecured | HIBOR + 1.9%/ HIBOR + 4.0% | 2013-2014 | 2,451,814 | HIBOR + 1.9% | 2013 | 1,917,818 |
| | | | 4,720,527 | | | 5,034,261 |
| | | | 7,926,228 | | | 7,099,581 |
| Analysed into: | | | | | | |
| Bank and other borrowings repayable: | | | | | | |
| | | | Within one year or on demand | | | 2,065,320 |
| | | | In the second year | | | 4,213,982 |
| | | | In the third to fifth years, inclusive | | | 788,208 |
| | | | Beyond five years | | | 32,071 |
| | | | 7,926,228 | | | 7,099,581 |

14. SHARE CAPITAL

| | 30 June 2012 (Unaudited) HK\$'000 | 31 December 2011 (Audited) HK\$'000 |
|---|--|--|
| Authorised: | | |
| 5,000,000,000 (31 December 2011: 5,000,000,000) ordinary shares of HK\$0.10 (31 December 2011: HK\$0.10) each | 500,000 | 500,000 |
| Issued and fully paid: | | |
| 2,587,799,895 (31 December 2011: 2,543,923,258) ordinary shares of HK\$0.10 (31 December 2011: HK\$0.10) each | 258,780 | 254,392 |

During the period ended 30 June 2012, 43,876,637 ordinary shares of HK\$0.10 each in the Company were issued at HK\$1.652 per share as scrip dividends.

15. BUSINESS COMBINATION

For the six months ended 30 June 2011

Acquisition of a subsidiary that is not a business

On 1 February 2011, the Group entered into an acquisition agreement with Verakin Group Company Limited (the “Verakin Group”, a non-controlling shareholder of the Group’s subsidiary), to acquire a 51% equity interest in Chongqing Lian Xing Investment Company Limited (“Lian Xing”) and 51% share of the aggregate shareholder’s loans owed by Lian Xing to the Verakin Group at a cash consideration of RMB106,915,000 (equivalent to HK\$126,940,000). Lian Xing is principally engaged in property development in Chongqing, the PRC. Up to the date of acquisition, Lian Xing has not carried out any significant business transactions except for holding certain parcels of land in Chongqing.

The above acquisition has been accounted by the Group as an acquisition of assets as the entity acquired by the Group does not constitute a business.

The net assets acquired by the Group in the above transaction are as follows:

| | (Unaudited) HK\$’000 |
|-----------------------------|-------------------------|
| Net assets acquired: | |
| Prepaid land lease payments | 252,883 |
| Cash and bank balances | 5 |
| Accruals | (3,986) |
| Shareholders’ loans | (154,119) |
| Non-controlling interests | (46,444) |
| | 48,339 |
| Satisfied by: | |
| Cash | 126,940 |
| Shareholders’ loans | (78,601) |
| | 48,339 |

An analysis of the cash flows in respect of the acquisition of Lian Xing is as follows:

| | HK\$’000 |
|---|-----------|
| Cash consideration | (126,940) |
| Cash and bank balances acquired | 5 |
| Net outflow of cash and cash equivalents in respect of acquisition of Lian Xing | (126,935) |

The result of Lian Xing acquired during the period ended 30 June 2011 had no significant impact on the Group’s consolidated revenue or profit for the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2012

16. DISPOSAL OF SUBSIDIARIES

For the six months ended 30 June 2012

On 1 February 2012, the Group entered into a sale and purchase agreement with an independent third party and a non-controlling shareholder of Hoi Tin (HK) to dispose of its entire 100% equity interest in Ensure Success for an aggregate consideration of HK\$20 million. The disposal was completed on 26 March 2012 and a loss on disposal of a subsidiary of HK\$11,935,000 was recognised in the consolidated income statement. For details please refer to note 7(b) to the condensed consolidated financial statements.

Details of the aggregate net assets of Ensure Success disposed of in the current period and their financial impacts are summarised below:

| | (Unaudited) HK\$'000 |
|--|-------------------------|
| Net assets disposed of: | |
| Property, plant and equipment | 29,944 |
| Prepaid land lease payments | 3,356 |
| Trade receivables | 30,816 |
| Prepayment, deposits and other receivables | 3,019 |
| Tax recoverable | 20 |
| Inventories | 18,055 |
| Cash and bank balances | 3,453 |
| Trade payables | (28,895) |
| Other payables and accruals | (5,011) |
| Shareholder's loan | (17,927) |
| Deferred tax liabilities | (475) |
| Non-controlling interests | 47 |
| | 36,402 |
| Exchange reserve release upon disposal of Ensure Success | (4,467) |
| Loss on disposal of subsidiaries | (11,935) |
| Total consideration — satisfied by cash | 20,000 |

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Ensure Success is as follows:

| | (Unaudited) HK\$'000 |
|--|-------------------------|
| Cash consideration | 20,000 |
| Cash and bank balances disposed of | (3,453) |
| Net inflow of cash and cash equivalents in respect of the disposal of Ensure Success | 16,547 |

16. DISPOSAL OF SUBSIDIARIES *(Continued)*

For the six months ended 30 June 2011

On 30 November 2010, the Group entered into a sale and purchase agreement with a non-controlling shareholder of Sichuan Hengchen, a then 60%-owned subsidiary of the Group. The partial disposal of 30% equity interest in Sichuan Hengchen has been completed on 30 March 2011 and the Group ceased to have control over Sichuan Hengchen thereafter. For details, please refer to note 7(c) to the condensed consolidated financial statements.

Details of the aggregate net assets disposed of in the prior period and their financial impacts are summarised below:

| | HK\$'000 |
|--|----------|
| Net assets disposed of: | |
| Property, plant and equipment | 309 |
| Interests in land use rights for property development | 59,706 |
| Prepayment, deposits and other receivables | 1,440 |
| Cash and bank balances | 19,666 |
| Trade payable | (2,137) |
| Other payables and accruals | (3,759) |
| Shareholder's loan | (16,540) |
| Non-controlling interests | (22,334) |
| | 36,351 |
| Gain on disposal of a subsidiary | 36,192 |
| Fair value of retained interests in an associate classified as held for sale | (37,156) |
| Total consideration — satisfied by cash | 35,387 |

An analysis of the net inflow of cash and cash equivalents in respect of the partial disposal of Sichuan Hengchen is as follows:

| | HK\$'000 |
|--|----------|
| Cash consideration | 35,387 |
| Cash and bank balances disposed of | (19,666) |
| Net inflow of cash and cash equivalents in respect of the partial disposal of Sichuan Hengchen | 15,721 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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17. COMMITMENTS

The Group had the following commitments in respect of property development expenditure at the end of the reporting period:

| | 30 June 2012 (Unaudited) HK\$'000 | 31 December 2011 (Audited) HK\$'000 |
|----------------------------------|--|--|
| Contracted, but not provided for | 6,734,834 | 8,150,967 |

The Group had the following share of commitments of jointly-controlled entities in respect of property development expenditure at the end of the reporting period:

| | 30 June 2012 (Unaudited) HK\$'000 | 31 December 2011 (Audited) HK\$'000 |
|----------------------------------|--|--|
| Contracted, but not provided for | 17,468 | 17,999 |

18. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the condensed consolidated financial statements were as follows:

| | 30 June 2012 (Unaudited) HK\$'000 | 31 December 2011 (Audited) HK\$'000 |
|---|--|--|
| Guarantees given to banks in connection with facilities granted to: | | |
| Jointly-controlled entity | 350,000 | 350,000 |
| Associates | — | 9,000 |
| | 350,000 | 359,000 |

19. FINANCIAL GUARANTEES

At the end of the reporting period, the Group had the following financial guarantees:

| | 30 June 2012 (Unaudited) HK\$'000 | 31 December 2011 (Audited) HK\$'000 |
|---|--|--|
| Guarantees in respect of mortgage facilities provided for certain customers | 3,885,236 | 4,090,067 |

The Group have arranged bank financing for certain purchasers of their property units and provided guarantees to secure the obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within one year upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loans by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group are responsible to repay the outstanding mortgage principals together with any accrued interest and penalty owed by the defaulted purchasers to the banks and the banks are entitled to take over the legal titles and possession of the related properties. The guarantee period starts from the dates of grant of the mortgages. The directors of the Company consider that the fair value of the guarantees is not significant and in the case of default on payments, the net realisable value of the related properties will exceed the repayment of the outstanding mortgage principals together with the accrued interest and penalties. Therefore no provision has been made in the financial statement for the guarantees.

20. SHARE-BASED PAYMENTS

The following share options were outstanding during the period:

| Date of grant of share options * | Number of share options | | | | | At 30 June 2012 | Exercise period of share options | Exercise price of share options HK\$ per share | Closing price of the Company's shares** HK\$ per share |
|----------------------------------|-------------------------|---------------------------|----------------------------|-----------------------------|--------------------------|-----------------|----------------------------------|--|--|
| | At 1 January 2012 | Granted during the period | Exercise during the period | Cancelled during the period | Lapsed during the period | | | | |
| 07-05-2009 | 17,500,000 | — | — | — | — | 17,500,000 | 07-05-2009 to 06-05-2019 | 3.27 | 3.47 |
| 03-09-2010 | 44,374,000 | — | — | — | — | 44,374,000 | 03-09-2010 to 02-09-2020 | 3.31 | 3.19 |
| 03-09-2010 | 4,800,000 | — | — | — | — | 4,800,000 | 01-01-2011 to 02-09-2020 | 3.31 | 3.19 |
| | 66,674,000 | — | — | — | — | 66,674,000 | | | |

* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

** The price of the Company's shares disclosed as at the date of grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of grant of the options.

The Group did not recognise any share option expense during the six months ended 30 June 2012 (six months ended 30 June 2011: HK\$30,000).

21. PLEDGE OF ASSETS

At the end of the reporting period, the Group pledged certain of its assets as securities for banking facilities granted to the Group. The aggregate carrying values of the assets are listed below:

| | 30 June 2012 (Unaudited) HK\$'000 | 31 December 2011 (Audited) HK\$'000 |
|------------------------------------|---|---|
| Property, plant and equipment | 47,539 | 5,434 |
| Investment properties | 169,517 | 135,149 |
| Prepaid land lease payments | 731,670 | 746,508 |
| Properties under development | 9,563,973 | 8,983,705 |
| Completed properties held for sale | 2,837 | — |
| Time deposits | 179,239 | 152,075 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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22. RELATED PARTY TRANSACTIONS

During the period, the Group entered into transactions with related parties as follows:

- (a) Compensation of key management personnel of the Group:

| | Six months ended 30 June | |
|---|--------------------------|-------------|
| | 2012 | 2011 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Short term employee benefits | 8,389 | 9,780 |
| Post-employment benefits | 404 | 455 |
| Total compensation paid to key management personnel | 8,793 | 10,235 |

- (b) At 30 June 2012, the Group did not execute any guarantees (31 December 2011: HK\$9,000,000) to banks as securities for banking facilities granted to its associates.
- (c) At 30 June 2012, the Group executed guarantee amounting to HK\$350,000,000 (31 December 2011: HK\$350,000,000) to banks as securities for banking facility granted to its jointly-controlled entity.
- (d) Certain of the Group's buildings and prepaid land lease payments with an aggregate carrying amount of HK\$14,232,000 at 30 June 2012 (31 December 2011: HK\$14,845,000) were provided to a family member of a director for the operation of a school free of charge during the period.

23. EVENT AFTER THE REPORTING PERIOD

Following the approval by the Stock Exchange, the spin-off and separate listing of Qualipak on the Stock Exchange was completed on 12 July 2012, details of which are set out in the prospectus of Qualipak dated 28 June 2012. Upon the spin-off of Qualipak, the Group's entire 100% interest in Qualipak was distributed in specie as special interim dividend to the Company's qualifying shareholders and Qualipak ceased to be a subsidiary of the Company thereafter.

24. COMPARATIVE AMOUNTS

The comparative consolidated income statement has been re-presented as if the operations classified as discontinued operations during the current period had been discontinued at the beginning of the comparative period (note 7(a) & (b)).

25. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited interim condensed consolidated financial statements were approved by the board of directors on 27 August 2012.